

**LOCAL ECONOMIC DEVELOPMENT: A CASE STUDY OF THE  
INTERNATIONAL CONVENTION CENTRE IN DURBAN**

**BY**

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2002

## **DEDICATION**

**THE DEDICATION OF THIS THESIS IS FOURFOLD**

**FIRSTLY, IT IS DEDICATED TO THOSE WHO WERE DEPRIVED A RIGHT TO EDUCATION.**

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**THIRDLY, TO ALL THOSE WHO STRUGGLED AND DIED FOR LIBERATION.**

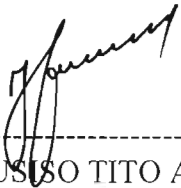
**LASTLY, TO ALL THOSE WHO WERE WILLING TO ACCOMPLISH THEIR EDUCATIONAL CAREER BUT, OWING TO UNFORSEEN CIRCUMSTANCES, COULD NOT**

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## DECLARATION

I hereby declare that this thesis is my original work. The use of other sources has been duly acknowledged. The thesis has not previously been submitted for a degree or diploma to any other tertiary institution.



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## **SYNOPSIS**

The study reviews local economic development in relation to the International Convention Centre. Different initiatives, strategies, programmes and approaches have been employed not only by the sample size but also by the Durban Metropolitan Council which deals with local economic development.

Basically, the thesis discusses the role played by the Economic Development Department in bringing about local economic development and how local economic development can be achieved. The study also deals with different strategies for development.

Although the central focus of the study is based on the city of Durban other areas would be cited as well. Areas like Inanda and Stutterheim. This clearly explains the fact that local economic development is not the urban concept.

A comparative analysis amongst the three major metropolitan areas that is Durban, Cape Town and Johannesburg will be dealt with, with focus on the urban economy in relation to its local challenges. The challenges facing the Durban International Convention Centre and also factors that have an impact in the process of local economic development would be dealt with.

A study also deals with the question of how other cities have applied local economic development and how they have achieved it.

This research study makes recommendations in terms of achieving local economic development and suggests mechanisms that can be employed in dealing with local economic development. In this regard, it is of crucial importance to note the fact that local economic development should be a long learning process and of course be applied at its early stages, at the same time, it should not only benefit the current generation but also other generations to come.

## ABBREVIATIONS

DMC	DURBAN METROPOLITAN AREA
DMC	DURBAN METROPOLITAN COUNCIL
CDB	CENTRAL BUSINNE DISTRICT
ICC	INTERNATIONAL CONVENTION CENTRE
DMCU	DURBAN METROPOLITAN UNICITY COUNCIL
IDP	INTERATED DEVELOPMENT PLANNING
RDP	RECONSTRUCTION AND DEVELOPMENT PROGRAMME
DEAT	DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND TOURISM
T&D	TOWN AND DEVELOPMENT
IBID	AS REFERRED ABOVE
IV	INDEPENDENT VARIABLES
DV	DEPENDENT VARIABLES
EDD	ECONOMIC DEVELOPMENT DEPARTMENT
SD	SUSTAINABLE DEVELOPMENT
SA	SOUTH AFRICA
UK	UNITED KINGDOM
USA	UNITED STATES OF AMERICA
DMCC	DURBAN METRO CITY CENTRE
PPP	PUBLIC PRIVATE PARTNERSHIP
PEP	POLITICAL AND ECONOMIC PLANNING

OECD	ORGANISATION FOR ECONOMIC CO-OPERATION and DEVELOPMENT
ANC	AFRICAN NATIONAL CONGRESS
LED	LOCAL ECONOMIC DEVELOPMENT
ESRC	ECONOMIC SCIENCE RESEARCH COUNCIL
CBOs	COMMUNITY BASED ORGANISATIONS
NGOs	NON GOVERNMENTAL ORGANISATIONS
EAP	EARLY GOVERNMENTAL ORGANISATION
ED	ECONOMIC DEVELOPMENT
OJ	OPERATION JUMPSTART
GDMA	GREATER DURBAN MARKET AUTHORITY
PRP	POINT REDEVELOPMENT PROJECT
GDP	GROSS DOMESTIC PRODUCT
DCC	DURBAN CITY COUNCIL
UF	URBAN FOUNDATION
CA	COMPARATIVE ANALYSIS
LEED	LOCAL ECONOMIC EMPLOYMENT DEVELOPMENT
SANCO	SOUTH AFRICA NATIONAL CIVICS ORGNISATION
UNCRD	UNITED NATIONS CENTRE for REGIONAL DEVELOPMENT
KZN	KWAZULU NATAL
SDI	SPATIAL DEVELOPMWENT INITIATIVE
SAP	SPATIAL ADJUSTMENT PROGRAMME

CDCs	COMMUNITY DEVELOPMENT CREDIT
IFP	INKATHA FREEDOM PARTY
DURMAC	DURBAN MANUFACTURING ADVICE CENTRE
SMME's	SMALL MEDIUM AND MICRO ENTERPRISES
CHOGM	COMMONWEALTH HEADS OF GOVERNMENT MEETING
HIPC	HIGHLY INDEPTED POOR COUNTRIES
GEAR	GROWTH EMPLOYMENT AND DESTRICTION
DP	DEMOCRATIC PARTY
DHA	DURBAN HOTEL ASSOCIATION
ICCA	INTERNATIONAL CONGRES and CONVENTION ASSOCIATION
BLA's	BLACK LAND AUTHORITIES's
LGTA	LOCAL GOVERNMENT TRANSITIONAL ACT
MLC's	METROPOLITAN LOCAL COUNCIL's
WP	WHITE PAPER
RSC's	REGIONAL SERVICE COUNCIL's
IDP	INTERGRATED DEVELOPMENT PLAN
KPI's	KEY PERFORMANCE INDICATOR's
AGN's	AREAS OF GREATEST NEED's



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## CHAPTER ONE

### 1.1 INTRODUCTION

The advent of democracy in South Africa resulted in the opportunities being extended especially to those people and areas, which were previously disadvantaged. Since the new government assumed power in 1994, a number of policies and strategies have been introduced to address the question of development equity and growth. There is however, a general sense that such policies and strategies are in themselves not sufficient to address the socio-economic problems facing the country.

Although there have been radical changes in the government and governance, local authorities are yet to effectively deal with deficiencies in service delivery. In the city of Durban, the nearby underdeveloped areas and other smaller towns and townships feel marginalised. In rural areas and other towns the problem is the dire shortage of resources that create ineffectiveness.

As a strategy for development and growth, Local Economic Development (hereafter known as LED) is a process in which local government, community based organisations (CBO's) public and private sector, church groups and other sectoral stakeholders come into an extended and dynamic partnership arrangement for the purpose of building a sustainable local economy and improving the socio-economic conditions of local areas. It is a process, which requires harnessing of resources in a given area. Since resources are relatively scarce, it is important to include all aspects of community input (Bennett 1991:22).

Local economic development could also include the redistribution of assets, changing of attitudes, the promotion of entrepreneurship and the re-alignment in the relationship between the formal and informal sector (Urban Sector Network 1998:1). On the other hand, Harris (1994:4) argues that LED refers to endogenous economic development

where "local community could be actively shapers of their own destiny; local action could serve to regenerate the economy of a particular area".

Local economic development should develop appropriate strategies to achieve development goals. Such strategies are discussed in this research study and will be dealt with in chapter five. Local government as an elected body, with a mandate to represent the interest of the entire community, can provide this in a manner that balances the concerns of different interest groups and facilitates redirection of resources in a socially responsible and economically viable manner.

The National RDP Office (1995:11) and A Handbooh for Community Leaders (1997:67) defines the objectives of LED as:

- formulating strategic plans intended to restructure the local economy in the response to change in the national and international political economy;
- mobilise public private and community resources;
- promoting participatory development at community and neighbouring level increasing
  - the accountability of elected representatives and officials, redefining their roles and;
  - responsibility in improving efficiency and strengthening community participation and
  - domestic input in the policy process.

There has been little research on LED within a specific setting such as the International Convention Centre in Durban. It is within this background that a research study in this field has been undertaken.

## 1.2 BACKGROUND OF THE STUDY

Over the past decades, the policy of "separate development" has been applied by the past apartheid regime in all spheres of life. This resulted in a situation where Blacks were disadvantaged. The services offered to Blacks were poor and resulted in a situation where Blacks lived in poor and badly conditions. This situation has resulted in Blacks being poorly educated and with inadequate skills and lacking experience required in today's workplace. For many decades Blacks were plagued by extreme high rates of unemployment, and strained by a rapid deteriorating family structure.

Most Blacks are part of a number of what analysts call an "urban underclass" that is increasingly isolated from the mainstream of society and its opportunities (Robinson 1989:283).

When people live under these conditions, it is evident that insufficient financial resources are allocated, that administrative structures have no potential for effective and efficient administration in addressing the socio-economic conditions of the country.

In this country, large-scale economic development is essential to meet the needs of the poor. The urban reconstruction and development was seen as the highest development priority of the Government of National Unity (GNU) in the sense that it introduced projects which address poverty within the Africa continent.

The capacity of the government to meet the growing needs for urban services is limited by the lack of financial and human resources. This has resulted in an inadequate and inequitable access to services.

Provincial government as a link between central and municipal governments, must guide and support local government to ensure that the highest standard of public services and good governance is maintained.

Municipal government often has neither the financial resources nor administrative capacity to extend services. Therefore, as its objectives, local government has to:

- ensure the provision of services to communities in a sustainable manner;
- promote social and economic development;
- encourage the involvement of communities and community organisations in the matters of local government. (The Constitution of the Republic of South Africa 1996:81).

A combination of approaches would be required towards the beginning of the millennium. Approaches that would address the socio-economic development of this country.

### 1.3 PROBLEM STATEMENT

The focal point of local economic development is the operation of locally bounded fiscal and regulatory autonomy in regions where economics and social activity transcend local boundaries. In other words, the problem is how local economic development in Durban can operate in the absence of other structures and important stakeholders.

To further explain this, several questions are posed as follows:

- How does local government work in terms of budget allocation?
- Is this problem which threatens the entire metropolis or a problem which can be spatially contained within the metropolis?
- What was the objective behind building the International Convention Centre (ICC)?
- What was the motive behind the construction of the ICC?
- Who would benefit from it?
- How does it contribute to local economic development?



There should be a variety of options, which can deal with these problems given the fact that such problems have been defined in which local government in Metropolitan areas function without the institution of metropolitan governance. In addition, there should be policies, mechanism, strategies and initiatives for a sound local economic development, these problems will be addressed as this research study progresses.

#### 1.4 MOTIVATION AND OBJECTIVES

Local economic development is part of the broader process of development planning and management. Basically LED refers to a process in which local government and the community-based organisations are engaged to stimulate or to maintain business activity and employment.

Currently many countries are experiencing rapid economic decline, rising unemployment, rapid population growth and decreasing food security and widespread poverty. Africa as a continent is a victim of these circumstances. The reason being that African governments are often unable to address the needs of the people. This requires alternative strategies for resource mobilisation. These factors have resulted in many local initiatives being launched as a means for survival. Currently, it has become necessary for local governments to embark on local economic development initiatives. In the case of South Africa, it has become imperative in the context of ushering of the new developmental role of local government (National RDP Office 1995: 13).

Durban is experiencing local economic growth, this is evident in the R240 million International Convention Centre (ICC) which has been built. It is the largest and the most modern convention centre in Africa and has become the focus of international attention as a local economic development project. A total of 15 international conferences were held over the 16-month period since its opening, attracting some 11 000 delegates. More than R35 million has been generated in foreign currency since its establishment (Sanibonani, May 1998).

With the establishment of the ICC, additional funding was injected into the local economy, thereby creating job opportunities to combat poverty in the Durban Metropolitan Area. It is generally accepted that the ICC is having an impact on the local economy in terms of revenue generation and job creation. This is expected to positively impact on the local economy. Consequently, the main objectives of the study are to:

- Examine the process of local economic development in Durban in the context of the establishment of the International Convention Centre;
- To undertake a comparative analysis of the organisational and management capacity of the International Convention Centre;
- Evaluate the strategies of the Durban Metropolitan Council in local economic development;
- Examine the impact of the International Convention Centre on the Durban local economy in relation to job creation, development of infrastructure and redistribution;
- Formulate strategic plans intended to restructure the local economy in line with the national and international economy;
- Develop a model for management and development of the International Convention Centre.

In addition, this study has several aims, the research itself intends to answer the following question:

- How does the provision of LED improve the quality of the community life?
- What role can be played by the DMC in bringing about LED?

- How should the Reconstruction and Development Programme (RDP) influences the provision of LED to disadvantaged people at the local authority level?
- How can ICC contribute to the development of the city?

## 1. 5 HYPOTHESES

The following hypotheses are considered relevant to the study

- 1.5.1 That both local government and Durban Metropolitan Council administration need to be improved in order to take existing problems confronted by disadvantaged communities.
- 1.5.2 That the local government is delivering services to the community.
- 1.5.3 That the ICC created more job opportunities, which contributed to the achievement of local economic development.
- 1.5.4 That the programmes, projects and initiatives are not sufficient enough to achieve local economic development.

These aforementioned hypotheses are tested in this study and are more appropriate to a quantitative analysis.

Besides the above-mentioned hypotheses, some key questions need to be taken into consideration pertaining to local economic development. These questions will also be proven in line with the hypotheses. These questions are as follows:

- How does the International Convention Centre contribute to local economic development of the Durban Metropolitan Area?

- Is the International Convention Centre being effectively and efficiently managed to achieve its objectives?
- What are the factors hampering the process of local economic development in the City of Durban? ;and
- What is the local economic development strategy of the Durban Metropolitan Council and how successful is it?

## 1.6 RESEARCH APPROACH AND METHODS

The methodology chosen for this research is the case study. The reason being that case study tends to address issues clearly as compared to a theoretical approach. It focuses on local economic development using the ICC as the case study. In dealing with the objectives outlined in this study, the research methodology consist of the following aspects

### 1.6.1 **Theory search and research model construction**

An appropriate literature survey was conducted on local economic development nationally and internationally this included *inter alia* consulting relevant books, journals, periodicals, manuals, reports, acts, handbooks, departmental rules, discussion papers, newsmagazine of the ICC and local economic development, minutes of the Management Committee of the ICC. These form part of the secondary data gathering.

### 1.6.2 **Empirical Survey**

Interviews with key stakeholders, namely Chief Executive Officer of the ICC, the high ranking officials of the Economic Development Department in Durban, high ranking

officials of the Durban Metropolitan Council were conducted. Questions were compiled. These served as a primary data collection.

### **16.3 Data Interpretation**

After the interviews were conducted, data was interpreted and coded in a computer base.

The questionnaires were administered to four different groups of personnel's that is International Convention Centre, Economic Development Department Durban Metropolitan Council. Data interpretation encompassed the following:

- (a) Questionnaires, which were administered, were also completed by respondents and were collected thereafter.
- (b) The data was coded and put on a database in order to identify trends which emerged from the empirical research.
- (c) A normative model for local government ensuring transparency and accountable administration was developed with information gleamed from empirical and literature studies.

### **1.7 SIGNIFICANCE OF THE STUDY**

The study addresses the initiatives and programmes undertaken by the Durban Metropolitan Council (more specifically the Department of Economic Development) to ensure local economic development.

The study also highlights important points as to how Durban Unicity Council has achieved local economic development. Different strategies and policies will be highlighted in this study. Such strategies and policies contribute to the implementation

and the achievement of local economic development. In addition, the study highlights how other cities are dealing with local economic development.

The study also shows how the transformation of the city has so far gone (Such transformation contributes to the achievement of local economic development).

The study also shows whether local economic development has the future in Durban or not.

The International Convention Centre will be quoted quite extensively in this research study. The study is significant in the sense that it will be used in future for development project purposes as a reference.

## 1.8 CHAPTER SEQUENCE

The study comprises of nine chapters:

### **CHAPTER ONE: INTRODUCTION**

This chapter deals with an introductory background and the reasons for research. It highlights the research problem, the motivation and objectives of the study, the research approach and the limitations of the study. It also clarifies important and commonly used terms in the study.

### **CHAPTER TWO: CONCEPTUALISATION OF THE FIELD OF STUDY**

Chapter two discusses the conceptualisation of the field of study within a public administration and local government paradigm. In this chapter, the emphasis is on the

locus and focus of the study, reflecting on the relevance of local economic development within public administration and local government. The use of an innovative approach, fusing the Cloete and Public Management models and a model for local economic development and local government is discussed.

### **CHAPTER THREE: THE ROLE OF LOCAL GOVERNMENT IN LOCAL ECONOMIC DEVELOPMENT**

This chapter discusses the role of local government in local economic development. A variety of issues covered in this chapter, include *inter alia* principles governing local government, historical background of local government, local government, administration and the democratic Durban Metropolitan Council, local government role initiatives and challenges facing local government.

### **CHAPTER FOUR: LOCAL ECONOMIC DEVELOPMENT THEORIES AND APPROACHES**

Chapter four emphasises the theoretical approach to local economic development. It strengthens the theme of local economic development. It also furnishes a perspective on international trends that are in vogue, emphasizing positive and negative lessons that may have an impact on the study.

### **CHAPTER FIVE: LOCAL ECONOMIC DEVELOPMENT STRATEGIES IN DURBAN**

Chapter five deals with the strategies employed by local governments in dealing with economic development. There are a number of strategies and sub-strategies that have

been highlighted. The reason of employing these strategies is to deal strategically and critically with different issues in order to achieve a sound local economic development

## **CHAPTER SIX: THE ESTABLISHMENT AND DEVELOPMENT OF THE INTERNATIONAL CONVENTION CENTRE (ICC)**

This chapter deals with the establishment and development of the International Convention Centre. A detailed discussion on the establishment and development of the ICC, the legislation governing ICC, the nature of the ICC, its management and related issues are emphasised. The ICC and its contribution to local economic development is also discussed.

## **CHAPTER SEVEN: RESEARCH METHODOLOGY**

This chapter deals or entails a discussion on the research design, the sampling strategy, and the problems encountered, future solutions, the measuring tools are identified and justified.

## **CHAPTER EIGHT: DISCUSSION OF THE FINDINGS/RESULTS**

In chapter eight a detailed presentation and analysis of results in relation to local economic development is furnished. This chapter discusses critically the insight of the research in terms of the problems and questions posed in the first chapter. Research texts have been used in support of the results.



## **CHAPTER NINE: CONCLUSIONS AND RECOMMENDATIONS**

This is the final chapter of the research study. It furnishes general conclusion. The recommendations are clearly spelt out in this chapter. The final part of this chapter refers to areas of further research interest.

### **1.9 THE SCOPE AND THE LIMITATIONS OF THE STUDY**

The study aims to explore the role which local economic development can play in developing areas. The scope is not limited for any version because local economic development can take many forms. The study also highlights some of the references outside the Durban Metropolitan Area. Durban falls under the Durban Metropolitan Area, which comprises six local councils. This does inevitably constrain the applicability of the study to local economic development in Durban, as the study is extremely intensive.

The study contextualises local economic development by exploring both national and international application and draws on many examples. It also focuses on the more well known urban economic initiatives.

While the present study is an in-depth and extensive one which seek to address as many factors as possible, it was constrained by limitations such as the following:

- The image and sensitive nature of some of the views from various respondents regarding finances of the ICC implies that problems of construct validity cannot be over ruled.
- Time constraints, a limited sampling frame and the collection of subjective data in certain circumstances were a few limitations of the study.
- There is no readily socio-scientific framework to assert local economic development as a social discipline. A further difficult is that there are wide divergent views, sometimes pitted at the extreme opposite of a conceptual continuum, related to local economic development

## 1.10 DEFINITION OF TERMS

For the purpose of the study, it is important to provide certain definitions in this dissertation for clarity and understanding.

### 1.10.1 **LOCAL ECONOMIC DEVELOPMENT**

Local Economic Development (LED) is a process in which local government, community based organisations (CBO's) public and private sector, church groups and other sectoral stakeholders come into an extended and dynamic partnership arrangement for the purpose of building a sustainable local economy and improving the socio-economic conditions of local areas. It is a process, which requires harnessing of resources and support of all stakeholders in a given area. Since resources are relatively scarce, it is important to include all aspects of community input (Bennett 1991:22).

The objective is to address poverty alleviation and income generating opportunities within a holistic framework. Local economic development implies a process, which seeks to unblock the obstacles to maximise participation of economically marginalised groups. It could also include the re-distribution of assets, changing of attitude, the promotion of entrepreneurship and the re-alignment in the relationship between formal and informal business sector.

All resources of an area are used in this process. These resources are as follows: (Urban Sector Network 1998:1)

- human resources such as labour skills and knowledge;
- natural resources such as water and earth;
- physical resources such as buildings and trucks; and
- institutional resources such as the council and community based organisations.

This process is supported through financing and training from national and provincial government. Other resources of support are non -governmental organisations (NGO's) and aids agencies.

The kind of economy that is developed depends on the potential of local economy. It will also depend on the division of power between groups that are involved. For example, in some areas, the private sector has power to control decision in its area even if local government, organised labour and community based organisation are involved since there are unequal relationship between stakeholders (Urban Sector Network 1998:1).

### **1.10.2 LOCAL GOVERNMENT**

The objective of local economic development as purported by Nel (1994:4), is to address poverty, income generating opportunities, employment creation and economic opportunities within a holistic framework. Such a concept has been popularised in South Africa as one of the accepted ways for unblocking the obstacles and to maximise participation of previously economically marginalised groups.

Local government is that sphere of government closest to the people, entrusted with the responsibility of rendering basic services such as water, electricity transport and health for the welfare of the community.

### **1.10.3 PUBLIC ADMINISTRATION**

Van der Waldt and Du Toit (1993:13) describe public administration as follows:

*--- public administration is concerned with handling of public matters and the management of public institutions in such a way that resources are used to promote the general welfare of the public.*

It can be deduced that public administration involves a holistic approach to the delivery of goods and services for the benefit of the community it serves.

#### 1.10.4 GROWTH AND DEVELOPMENT

Growth and development are often used synonymously in economic discussion, and this usage is entirely accepted (Kindleberger 1975:3). But where two words exist, there is point in seeking to draw a distinction between them. Implicit in general usage and explicit in what follows, economic growth means more input and economic development implies both more output and changes in the technical and institutional arrangements by which it is produced. Growth may well imply not only more efficiency, i.e. an increase in output per unit of input. Development goes beyond these to imply changes in the structure of output. Development goes beyond these to imply changes in the structure of outputs and in the allocation of inputs by sectors. By analogy, with human being, growth involves focussing on height, while to emphasize development draws attention to the change in functioning capacity-in physical co-ordination, for example, or learning capacity: Kindleberger (1975:3).

#### 1.10.5 DEVELOPMENTAL LOCAL GOVERNMENT

The White Paper on Local Government (1998:37) calls on local government to become developmental. It defines developmental local government in the following way:

***"Developmental local government is local government committed to work with citizens and groups within the community to find sustainable ways to meet their social economic and material needs and improve the quality of their lives"***

The White Paper on Local Government (1998:42) defines four key developmental outcomes:

- Provision of household infrastructure and services;
- Creation of liveable, integrated cities, towns and rural areas
- Local economic development; and
- Community empowerment and redistribution.

The White Paper on Local Government (1998:12) also outline four characters of 'developmental local government' namely:

- Using municipal powers and functions to maximise social developmental and economic growth, by providing "basic household infrastructure" (i.e. essential municipal services);
- Ensuring integration and co-ordination at the local level and to provide vision and leadership;
- Ensuring that development is democratised and that benefit accrue to marginalised communities; and
- Building social capacity and empowering marginalised communities.

#### **1.10.6 A CITY**

According to the World Book Encyclopedia Millennium (2000:576) A city is defined by specific political boundaries. However, the people business and organisations that participate in the life of a city frequently extend well beyond these boundaries. The population within a city's political boundaries often represents only a fraction of the total urban population of an area.

#### **1.10.7 A METROPOLITAN CITY**

Is a giant community with suburb nearby, expressing ways connecting the centre of town and surrounding communities. These high-speed highways enable millions of people to

travel from their homes in the suburbs to their jobs in the city (World Book Encyclopedia Millennium 2000:589).

#### **1.10.8 MUNICIPAL GOVERNMENT**

In order to understand the concept municipal government, it is important to analyse the word "municipal". Craythorn (1990:53) note that the word "municipal" means a town or city and has its roots in the Latin word *municipal*, referring to a town in Italy, the inhabitants of which had Roman citizenship but were governed by their own magistrate and laws that is a free town.

According to the Collier's Encyclopedia (1973:703) a municipality is a defined geographic area which has a governing body created and vested with authority and power and is a term often used to cover cite, boroughs, towns and villages.

On the other hand, Vosloo, Kotze and Jeppe (1974:10) states fact that municipality is generally used to refer to a decentralised representative institution with powers that have been devolved upon which it is responsible to exercise within a demarcated geographic area in the state.

For the purpose of this study "local" and "municipal" will be used interchangeably.

#### **1.10.9 METROPOLIS AND METROPOLITAN AREA**

The term metropolis and metropolitan commonly refer to a major city together with its suburbs and the nearby cities, towns and the countryside over which the city exercises commanding influence. Literally construed a metropolis or a metropolitan area refers to a central or dominant city of an urban conglomeration of several municipalities and other urban units (Gildenhuys, Fox & Wissink 1991:87).

On the other hand, The World Book Encyclopedia Millennium (2000:442) states that "most metropolitan areas have no central government to handle problems that affect the entire area". In most cases, government is almost completely decentralised- that each city, town village or other community in the metropolitan area has its own government. Little or no relationship exists between these government and that of the central city

#### **1.10.10 DURBAN METROPOLITAN AREA**

The Durban Metropolitan Area (DMA) covers a land of 1330 square kilometres. This makes up just under 1.5% of the total area of KwaZulu-Natal.

The Durban Metropolitan Area is located on the East Coast of South Africa within the province of KwaZulu-Natal and is located on the 29° 53' latitude and 31° 00' E longitude.

The present DMA comprises of six (6) local councils and a Metropolitan Council (refer to map 1.1) Under the new local government dispensation entities will be amalgamated into one Unicity Council after the local elections held in 2000. The present Council and Party structure for the DMA based on party affiliation as at September 1999 is as follows:

**Table 1.1 Number of Councillors per Council**

Council	Number of Wards	Wards (60)	PR (40%)	Total
Metro			28	28
North Central (NC)	40	42	28	70
South Central (SC)	34	36	24	60
North (N)	16	18	12	30
South (S)	16	18	11	29
Inner West (IW)	26	26	16	42
Outer West (OW)	24	24	17	41
Total	156	164	136	300

The DMA has a total of 184 wards. Based on a 60/40 ward/proportional representation (PR) split, there are a total of 164 ward councillors and 136 PR councillors

**Source: Durban Metropolitan Area, Profile 1999**



**Table 1.2 Indicate the Number of Counsellors per Party per Council**

<b>Party</b>			<b>Council</b>					
	<b>Metro</b>	<b>NC</b>	<b>SC</b>	<b>N</b>	<b>S</b>	<b>IW</b>	<b>OW</b>	<b>TOTAL</b>
ANC	14	29	28	15	17	26	20	149
NP	7	17	11	4	7	7	2	55
DP	1	6	4	3	0	3	11	28
IFP	4	10	8	4	2	3	3	34
MF	2	2	3	4	0	0	0	11
UDM	0	1	3	0	0	0	0	4
Indep	0	4	1	0	3	1	0	9
URF	0	0	0	0	0	0	3	3
Vacant	0	1	2	0	0	2	2	7
Total	28	70	60	30	29	42	41	300

The ANC has the highest representation on the Council with a total of 50% of the seats. The next most representative party is the NP with 18%, followed by the IFP with 11% and the DP with 9%

**Source: Durban Metropolitan Area, PROFILE 1999**

### 1.11 SUMMARY

Local government in South Africa is about to enter the final phase of the transitional process defined in the Local Government Transitional Act 209 of 1993. A lot has changed in the last five years. But local government still has some way to go before it is able to live up to the vision set out in the new Constitution.

Municipalities are making a profound contribution to development and democracy. Many still face conditions which make it very difficult for them to be accountable, provide equitable and efficient services, and promote rapid social and economic development. Poor communities, which were ignored for such a long time by apartheid local government, expect and deserve the best form of municipalities possible. Reaching this form of local government is what the last stage of the transition is set to achieve.

The drawing of new boundaries is the first step in the further transformation of local government. Much needs to be done on top of demarcation to ensure that municipalities have administrations that are properly organised, have sustainable and adequate sources of income, have well functioning neighbourhood structures to encourage community participation, and so on. But demarcation will set the structural conditions within which processes of transformation in motion and developing local government can occur.

The chapter has outlined all the important aspects and how all the levels of government should address local economic development. The following chapter will try to capture the conceptual framework of the study. The reason being that local economic development phenomenon should be put into perspective and also other related issues and this should also link to the methodology of the study.

## CHAPTER TWO

### CONCEPTUALISING THE FIELD OF STUDY

#### 2.1 INTRODUCTION

This chapter furnishes a conceptual framework on local economic development within the context of public administration and local government administration. Both public administration and local government administration are fundamental to this study. The reason is that both public administration and local government administration could make a contribution to local economic development. \*

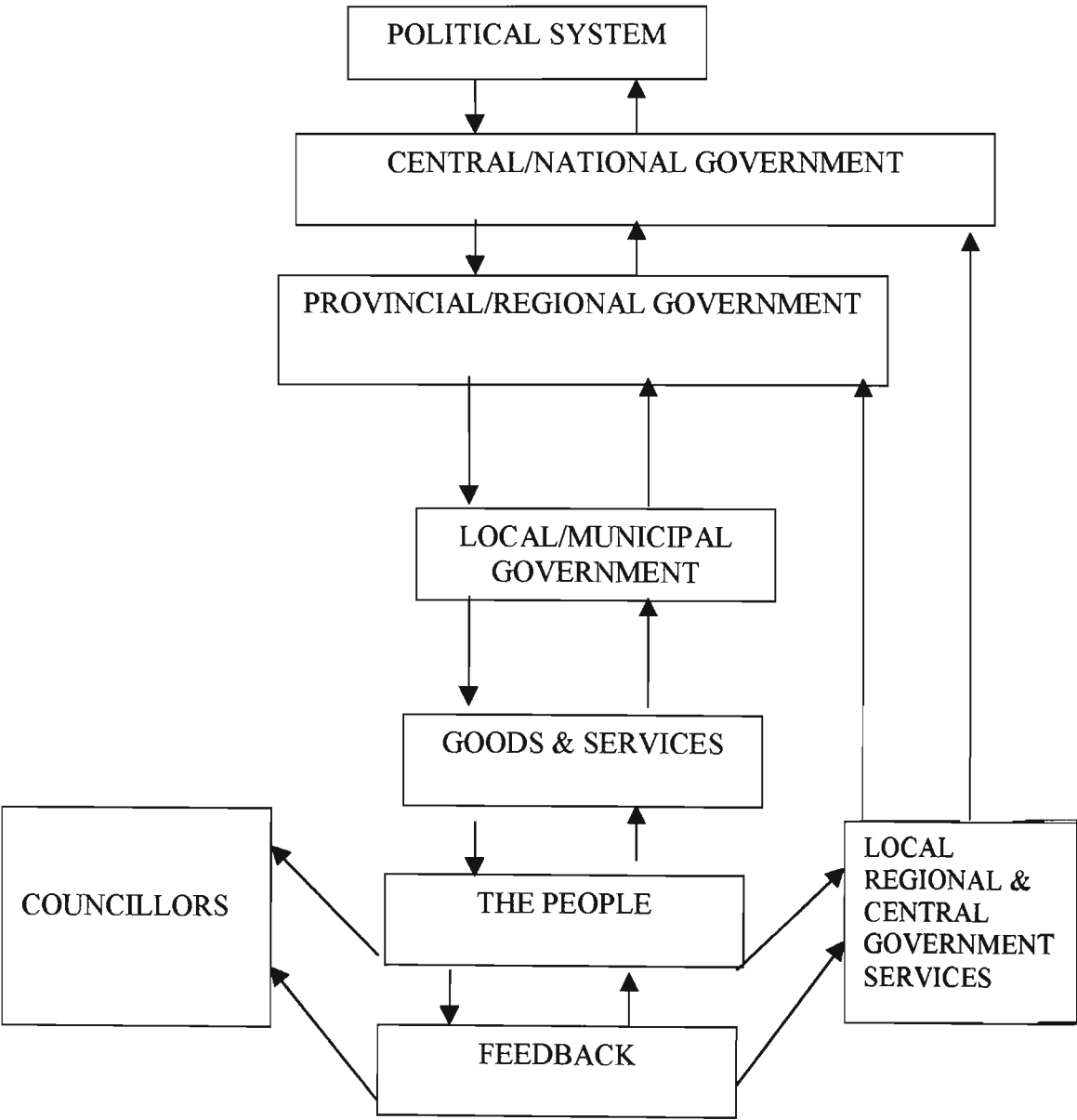
This research highlights different definitions of public administration and local government administration. In this chapter, an attempt is made to highlight the principles of co-operative government. The role of local government, as a direct provider of services and its ability to meet the challenges of accelerated local economic development. The relationship amongst political, public administration and local government administration is highlighted.

The three spheres of government namely national, regional and local are provided for in Section 40 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

#### 2.2 POLITICAL AND ADMINISTRATIVE SPHERES OF GOVERNMENT

The White Paper on Local Government (1998:40-41), stipulates that all spheres of government must co-operate with one another in mutual trust and good faith through fostering friendly relations. These spheres of government are interdependent and interrelated. This is depicted in Figure 2.1 below.

**FIGURE 2.1 DEPICTING SPHERES OF GOVERNMENT**



**SOURCE: ADAPTED FROM THE DAILY NEWS, 22 JULY 1994**

A synopsis of governmental relations follows.

### 2.2.1 POLITICAL SYSTEM

The political system consists of structures with different political powers, this structure is referred to as political and administrative spheres of government. The structure starts with the political systems. Different political parties or organisations have different political ideologies, but in this structure their functions are based on the improvement of peoples' lives and service delivery. Schwella (1996:19) argued "the political system also include national political parties, interest and pressure groups involved in the process of policy making and when they are in power, in the process of law making". The government of the day has mechanisms to turn the political policies of the party it represents into state policy, acts, laws, directives and regulations. In this way, political structures exercise profound influence of public sector managers providing direction and creating managerial parameters.

#### 2.2.1.1 NATIONAL GOVERNMENT

The National Government has a number of roles and responsibilities. Among other roles are as follows (Local Government: White Paper 1998:59):

- **A strategic role:** National government is responsible for setting the overall strategic framework for the economic and social development of the nation, and for all spheres of government. It ensures that local government operates within an enabling framework and is structured and capacitated in a way that best enables it to promote the development of the citizens, local communities and the nation (section 41 of the Constitution of the Republic of South Africa, 1996; Local Government: White Paper 1998:59).
- **Co-ordinating the transition:** Local government is still in the process of transition, in partnership with other spheres of government, is responsible for the co-ordination,

management and oversight of this transition process. It is also responsible for taking local government into the final phase envisaged by Local Government Transitional Act (LGTA) 209 of 1993 through legislating for a new local government system.

Other responsibilities for national government, include *inter alia* (Local Government Whiter Paper 1998: 60):

- the provision of legislative framework for local government;
- the provision of a framework for municipal capacity-building and supporting municipalities;
- support for key institutions;
- local government finances;
- monitoring and oversight; and
- intervention.

#### 2.2.1.2 PROVINCIAL GOVERNMENT

The provincial government establishes municipalities and is entrusted with promoting the development of local government capacity to enable municipalities to perform their functions and manage their own affairs. Provincial government has a key role in monitoring local government in order to ensure that high standards of public service and good governance are maintained (section 139 of the Constitution of the Republic of South Africa, 1996; Local Government: White Paper 1998:41).

The Provincial government's responsibilities include the following (Local Government: White Paper 1998:61-63):

- strategic role;
- development role;
- intergovernmental role;
- regulatory role;
- institutional development and capacity building role;

- fiscal role;
- monitoring role; and
- intervention role.

### 2.2.1.3 LOCAL GOVERNMENT

The Local Government Transitional Act 209 of 1993, mapped out three phases of transition:

- **The pre-interim phase**, which prescribe the establishment of local forums to negotiate the appointment of temporary Councils, which would govern until municipalities' elections.
- **The interim phase**, beginning with municipal elections and lasting until a new local government system has been designed and legislated upon.
- **The final phase**, when a new local government system has been established (Local Government: White Paper 1998:24). This process is still underway.

Local government's core function needs to be understood as part of the functioning of the state and the three spheres of government system as a whole. The constitutional definition of local government's powers and functions in relation to provincial and national government, requires further clarification. This situation is further complicated by the fact that most powers and functions have several components, not all of which are best performed by the same sphere of government. The Constitution makes these distinctions to some extent (for example, between trade and trading regulations) but grey areas remain (Local Government: White Paper 1998:30).

It can therefore, be deduced that the central, provincial and local spheres of government need to work together in harmony in order to achieve public goals successfully.

## 2.2.2. DEFINITION OF LOCAL GOVERNMENT

There are various definitions of local government. For the purpose of the study two definitions would be highlighted.

### 2.2.2.1 LOCAL GOVERNMENT

Meyer (1978:10) defines local government as

*... local democratic units within the unitary systems,... which are subordinate members of the government vested with prescribed, controlled governmental powers and sources of income to render specific local services and to develop, control and regulate the geographic, social and economic development of defined local areas.*

The Durban Metropolitan Environmental Policy (1998:51) explain local government as'

*... the political representatives and administration of metropolitan and local council. The governing body is either elected or locally selected.*

It can therefore, be affirmed that local government:

- is the sphere of government that is closer to the people;
- consists of local authorities that have stable and clearly marked boundaries;
- renders a wide range of services that affect the lives of the people residing within its area of jurisdiction; and
- has an independent power of local taxation.



### 2.2.2.2 PUBLIC ADMINISTRATION

Public administration is a distinct field of activity and as such, is part of the political life of society (Cloete 1998:91). It is imperative that a definition of public administration be provided for clarification.

It is apparent that there is a considerable amount of administration occurring within local government. The form that local government takes depends on many factors. These include the perceptions of local officials as to the nature of the economic problems; perception as to the causes of the administration problems that serve to inhibit local action in dealing with administrative issues; and other local factors, such as state legislature restriction, availability of manpower, budgetary restrictions and the extent of public support (Cloete 1998:91).

Although there are many administrative innovations and changes occurring in local government the appointment of a local government co-ordinator is the most important and popular mechanism in dealing with administrative issues.

Despite the number of administrative efforts that are occurring, there are relatively few local governments that stand out as leaders in their ability to deal effectively with economic problems. Some of the problems such as lack of funding, difficult compliance standards, and unclear or overlapping jurisdictional responsibility require state action. Nevertheless, there are tools and techniques available that could be instituted relatively simply (Cloete 1998:91).

*Corson and Harris (1963:12) argued that Public Administration is...formulating objectives and goals, working with the legislature,...establishing and revising organisation, directing and supervising employees,...determining working methods and procedures...and exercising control. It is the action part of the government, the means by which the purposes and goals of government are realised.*

Coetzee (1988a:16) states that public administration may be regarded as a particular type of administration concerned with the execution of the rules, laws and regulations of the government of a country, i.e. the execution of public affairs geared towards meeting the needs of the citizens. He maintains that what a government accomplishes for a society depends on the policies it formulates and adopts, as well as the effectiveness with which these are put into practice.

It also appears that public administration, when defined in this way, is much wider both in scope and nature than public management. Public management is therefore only part of the wider phenomenon of public administration.

### 2.2.3 PUBLIC ADMINISTRATION APPROACHES

There are two approaches that will be dealt with in this chapter, namely, the **traditional approach** and the **innovative (new) approach**. The discussion provides both Coetzee and Cloete's definition both of whose emphasis is on the traditional approach, whereas Schwella's emphasis is on the innovative approach to Public Administration.

#### 2.2.3.1 THE TRADITIONAL APPROACH

In his book *Public Administration: A South African Introductory Perspective*, Coetzee (1988:21) examines numerous definitions of public administration and concludes that:

*...public administration distinctly refers to that particular kind of administration prevailing in the public sector where it concerns the executive of public policies which find expression in laws, rules and regulations made by legislative bodies at various levels of government. In order to attain this objective (execution of public policies), public administration involves the performance of a variety of functions, namely the generic administrative functions of policy making, organising, financing, staffing, determining work methods and procedure and control; the functional activities (the line functions at the operational level) such as, for example, the nursing of patients*

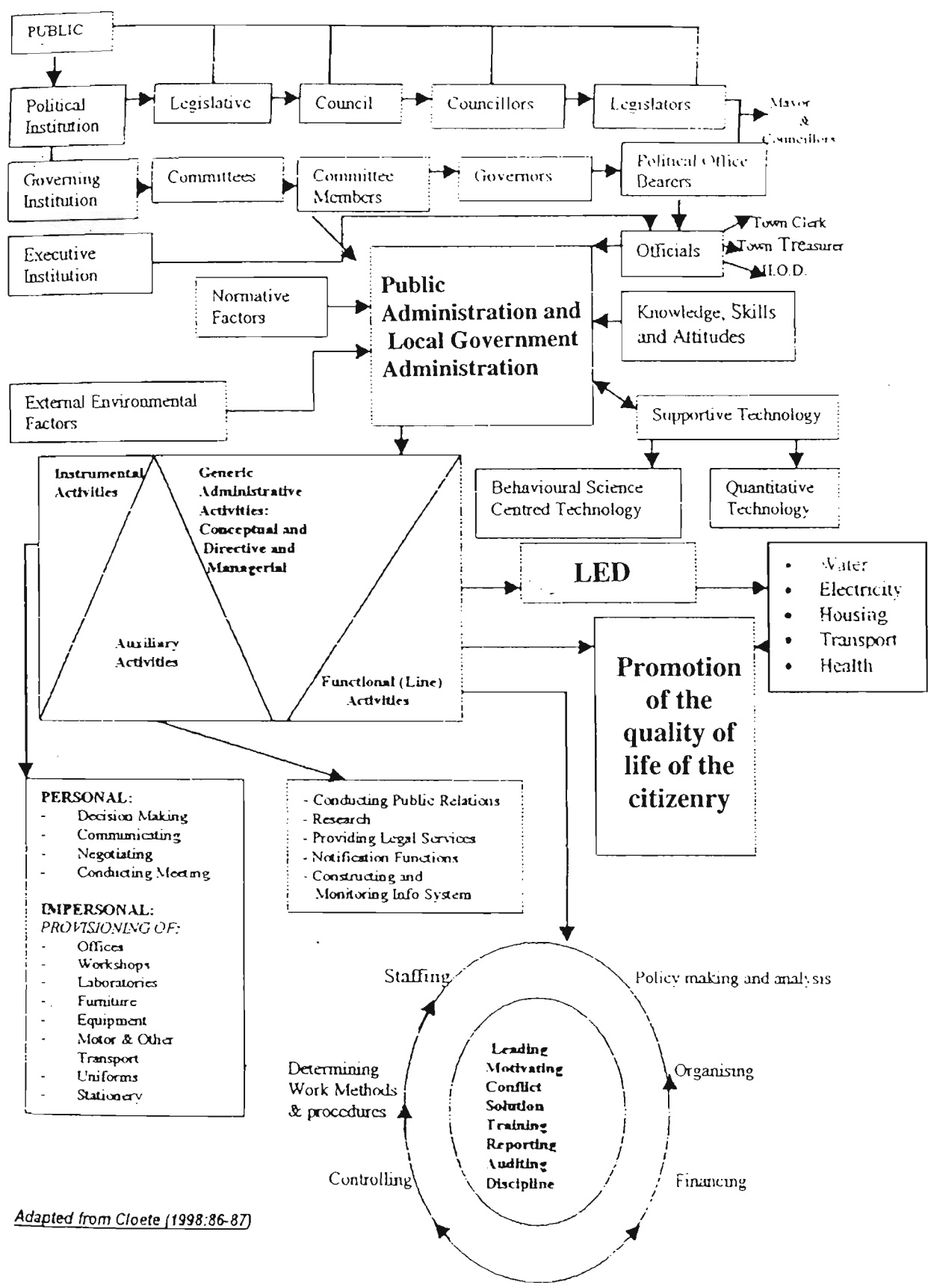
***and educating scholars; and the auxiliary activities (aid functions) such as data processing, collecting and analysing statistics, research and decision-making.***

Public Administration is further defined by Cloete (1998:85-87) under the following aspects:

- generic administrative and managerial;
- auxiliary;
- instrumental; and
- functional (line) activities,

which are performed by public functionaries in public institutions to achieve institutional goals and to ensure the improved quality of life of the citizenry. These aspects are illustrated in Figure 2.2

FIGURE 2.2 MODEL OF PUBLIC ADMINISTRATION AND LOCAL GOVERNMENT ADMINISTRATION



Adapted from Cloete (1998:86-87)

(Cloete 1998:86-87) asserts that the generic public administration approaches have two dimensions, viz.:

#### **(a) Conceptual and Directive Dimensions**

The conceptual and directive functions consist of:

- policy-implementation;
- organising;
- financing;
- staffing;
- determining procedures; and
- exercising control

The conceptual framework in this study has incorporated aspects like public administration; local government, local economic development and many other issues which are inter related. Therefore, each and every aspect will be highlighted. Both public administration and public management relationship should be considered and it should be borne in mind that every generic administrative function consists of two parts, namely (Cloete 1998:86-87):

- the conceptual (initiatory and innovative) and directive parts and
- the managerial part.

The conceptual and directive part of each of the generic administrative function will be the task mainly of

- the institutions charged with overall direction and surveillance of specific functions (for example, the Department of Finance and the State Expenditure in the case of financing and the Commission for Administration in the case of staffing).
- the head of offices of state department (for example, the head of office of a provincial administration with regional and local offices, as well as the head office of the

Department of Justice with its numerous magistrate's offices, and the top officials of public institutions (for example, the director-generals of state departments and the town clerks who are the chief executive officers of local authorities).

The managerial parts of the generic administration functions will be performed mainly by the institutions and officials who are charged with the implementation of the directives issued by the conceptual functions, which culminate in directives such as laws, ordinance, regulations, proclamation, instructions codes or other commands. It should be borne in mind that the legislative and governmental (political executive) functions will always precede and shape both dimensions of the generic administrative function. Indeed, the legislative and governmental institutions and office bearers could play a role in the performance of the conceptual and the directive functions. Indeed, the role of the legislative and governmental institutions will be small in the conceptual and directive and still smaller in the managerial dimension of the generic administrative functions. There can never be precise lines to administrative functions. There will always be jagged between these functions. The situation is the same with the dividing line between the conceptual and directive dimension of each of the generic administrative processes and its managerial dimension (Schwella et. al. 1996:11).

As the top officials devote most of their working hours to the conceptual and directive dimension of the generic administrative functions, they are usually referred to as administrators. The supervisory subordinates of the top official are then the managers who are the managerial dimension of the generic administrative functions (Schwella et. al. 1996:11).

At this stage, it could be asked whether it is indeed necessary to identify the two dimensions of the generic administrative functions and regard them as successive fields of work. Could the matter not be resolved simply by changing the name of the field of work known as public administration and public management?



## **(b) Delivery Function**

A synopsis of these processes is presented below and their important activities are reflected in sub heading 2.4 of this study.

### **2.2.3.1.1 Policy Implementation**

Policy implementation involves, *inter alia*, the following:

- Setting missions/ objectives/goals;
- Planing, programming, marketing mission/objectives/goals; and
- Identifying and reporting shortcomings

### **2.2.3.1.2 Organising**

Owing to the magnitude and complexity of government activities, it is necessary to group individuals into teams to realise the same goals (Botes 1994:28). Organising generally refers to delegation, co-ordination and effective lines of communication.

### **2.2.3.1.3 Staffing**

These processes relate specifically to the following (Cloete 1998:86-87):

- Leading, motivating, training, merit rating; and
- Maintaining discipline, counselling, reporting on personnel systems and individuals.

### **2.2.3.1.4 Financing**

According to Cloete (1989:127) the process of financing in municipal administration entails numerous activities, such as:

- Preparation of draft estimates of income and expenditure;
- Costing /cost-benefit analysis; and
- Accounting; auditing; and reporting.

#### **2.2.3.1.5 Determining work methods and procedures**

Specific work methods and procedures will result in inefficient work performance and that will be done in the shortest time, using the minimum amount of labour and at the lowest cost (Cloete 1981:70-73).

#### **2.2.3.1.6 Controlling**

The process of control in municipal administration entails numerous activities, *inter alia*,

- applying standards prescribed;
- checking on quantity and quality of products;
- internal auditing; and
- reporting (feedback).

This process is done in order to facilitate the smooth running of activities within municipal administration.

#### **2.2.3.1.7 Auxiliary Functions**

These are enabling functions which help or aid in the provision of the necessary support services to local authorities so that they may render improved and efficient services to the community (Cloete 1986:2). Within this group are included, *inter alia*, the following types of activities (Cloete 1990:50):

- conducting public relations;
- research;
- providing legal services;
- notification function;
- constructing and maintaining information systems-data collection, processing and retrieval.

It is necessary that continuous research on the nature, scale and pace of local economic development be undertaken so that the local authorities can provide adequate levels of service to urban areas. It is therefore, vital to collect data and have statistics readily available to match service delivery with local economic development patterns.



#### 2.2.3.1.8 Instrumental Activities

The instrumental activities may be regarded as tangential because they are performed with both the administrative and functional activities (Cleote 1991:223).

**Personal:** Includes the following

- decision-making;
- communicating;
- conducting meeting; and negotiating.

**Impersonal:** provision of:

- offices;
- workshops;
- laboratories;
- furniture;
- equipment;
- motor and other transport;
- uniforms; and
- stationery.

#### 2.2.3.1.9 Functional or line activities

The functional activities undertaken by municipal institutions are determined by the physical and social conditions prevailing in the municipality and the local community, as well as the ideologies of the functionaries who are in power in the legislative and governmental institutions. Examples of functional/line activities are as follows (Cloete 1988:86-87):

- building roads;
- nursing patients;
- local economic development;
- providing health services;
- water and sanitation;

- electricity;
- transporting goods;
- education;
- foreign affairs;
- environmental conservation; and library services.

The generic administrative/managerial, function (line) and auxiliary (instrumental) function are necessary to achieve the goals of a local authority, viz., meeting urban needs and the efficient and effective rendering of goods and services such as local economic development for the promotion of community welfare (Cloete 1988:86-87).

#### **2.2.3.1.10 CRITICISMS OF THE CLOETE'S APPROACH**

Cloete's administrative process model still has a very strong influence on the theory and practice of public administration in South Africa today. However, there have been several criticisms of Cloete's approach. Schwella (1992:4-11) discusses these in terms of reduction, reification and relevance.

##### **\* Reductionism**

One criticism is that the generic administrative process model reduces the complex phenomenon of public administration to the administrative process by equating public administration to the administrative process. The administrative process is then further reduced to the six generic functions of policy-making, organising, financing, staffing, determining work methods and procedures, and control. The logical consequence of this is that public administration is reduced to these six administrative functions (Schwella 1992:4-11).

### \* **Reification**

When intellectual or abstract ideas are confused with reality, reification takes place. Many public administration academics were exposed to the regulating practices of government when they worked as public officials themselves. As a result, practices in the South Africa civil services were reified to the status of theory in Public Administration (Schwella 1992:4-11).

### \* **Relevance**

Another criticism is that the very nature of the generic administrative process inhibits critical and relevant theorising about the relationship between the system of public administration and the society in which it operates. Cloete's administrative process model does not take into account the ever-changing and troubled **environment** (political, economical, social cultural and technological) of a society and the way in which this environment influences administrative activities (Schwella 1992:4-11).

## **2.2.3.2 INNOVATIVE APPROACH**

In his definition of public administration, Schwella also points to the key concepts of processes or activities and to the setting of government policy and the **execution of this policy**, he adds another element to this definition, namely that public administration **operates within a particular society as environment**.

Schwella (1991:2) defines public administration as:

- that system of structures and processes;
- operating within a particular society as environment;
- with the objective of facilitating the formulation of appropriate governmental policy; and
- the efficient execution of that policy.

Management of public affairs is an important aspect of public administration. The assessment of public management functions is dependent to a large degree, on the

environment it serves. It is for this reason that a public management model becomes necessary (Schwella 1991:1). According to Schwella (1991:2) the public management model stresses the importance of the environment for the theory and practice of public management.

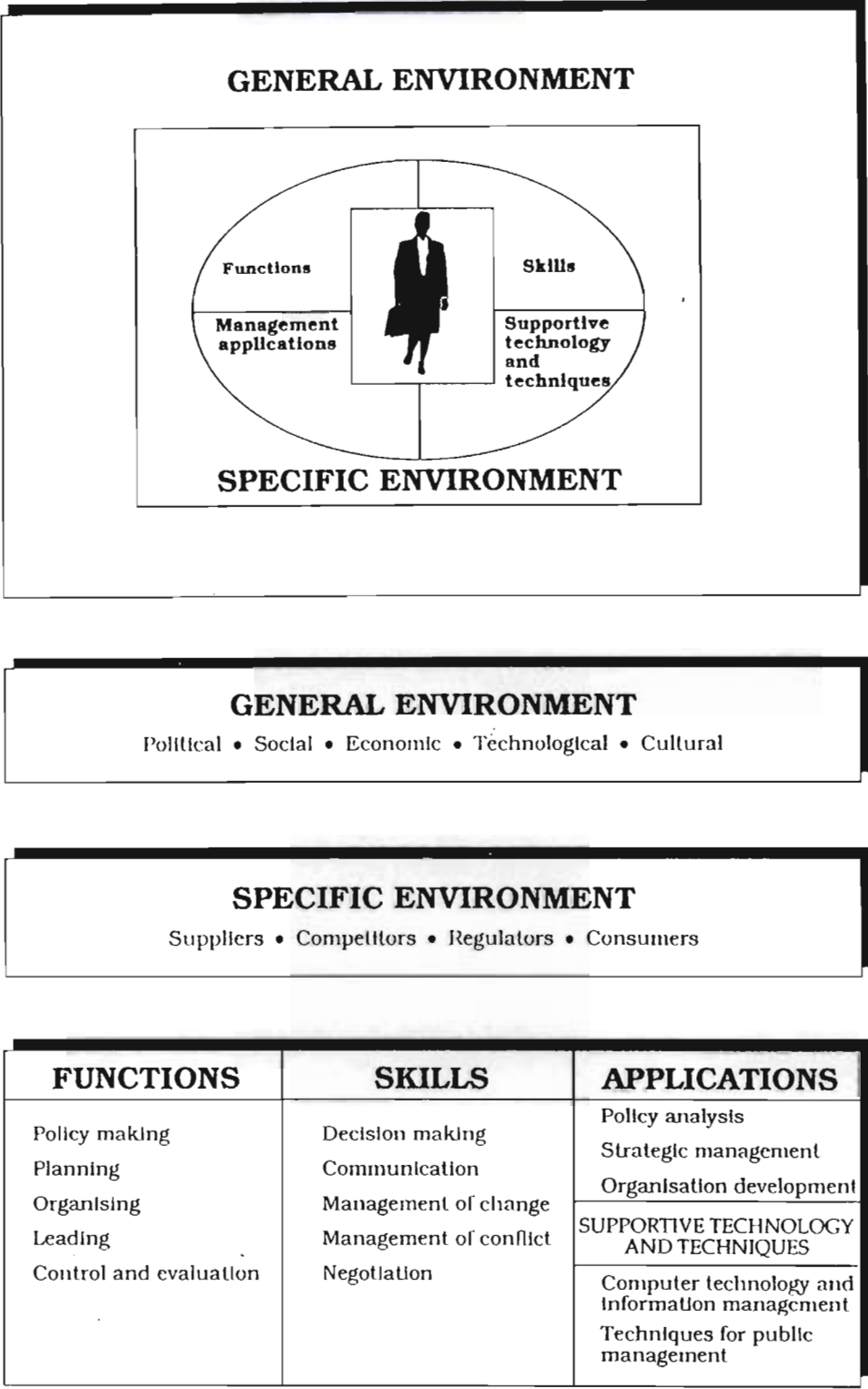
Public management application attempts to incorporate a wide spectrum of management, knowledge and skills into integrated and systematic approaches, to improve the quality of public management. Examples include policy analysis, strategic management and organisation development. Supportive technology and techniques provide tools and aids that may be used, when necessary in conjunction with and in support of public management function and skills and when using public management application (Schwella 1991:2).

The public management environment consists of general specific components (Schwella 1991:5). The general component includes the political, economics, social, cultural and technological aspects of the environment. The specific environment includes suppliers, regulators, competitors and consumers. Public management functions include policy-making, planning, organising leadership, motivation, control and evaluation (Schwella 1991:5).

Public management like management, generally, requires skills for competent decision-making, constructive negotiation, the successful management of conflict, change and bargaining. In exercising public management functions and skills, public managers can be assessed by using available supportive technological aids and techniques.

Computer technology and information management are examples of this. In order to enhance the function of public management, areas of operation need to be constantly researched (Botes 1994:191-192; Schwella 1991:6). Schwella et al also illustrates his model of Public Management in figure 2.3 below:

Figure 2.3 Schwella's at al Public Management Model.



Adapted from Schwella, Burger, Fox & Muller (1997:7)

#### 2.2.3.2.1 THE EMPHASIS ON THE CLOETE-SHWELLA APPROACH

Cloete et al (1996:8) expresses the following key generic administrative processes within a conceptual and directive dimensions, in public administration, viz.

- Policy-making, organising, financing, staffing, work methods and procedures and control.

Schwella stresses the importance of the environment (general and specific) in public administration. The general environment includes the following (Schwella at.al. 1996:8) viz.

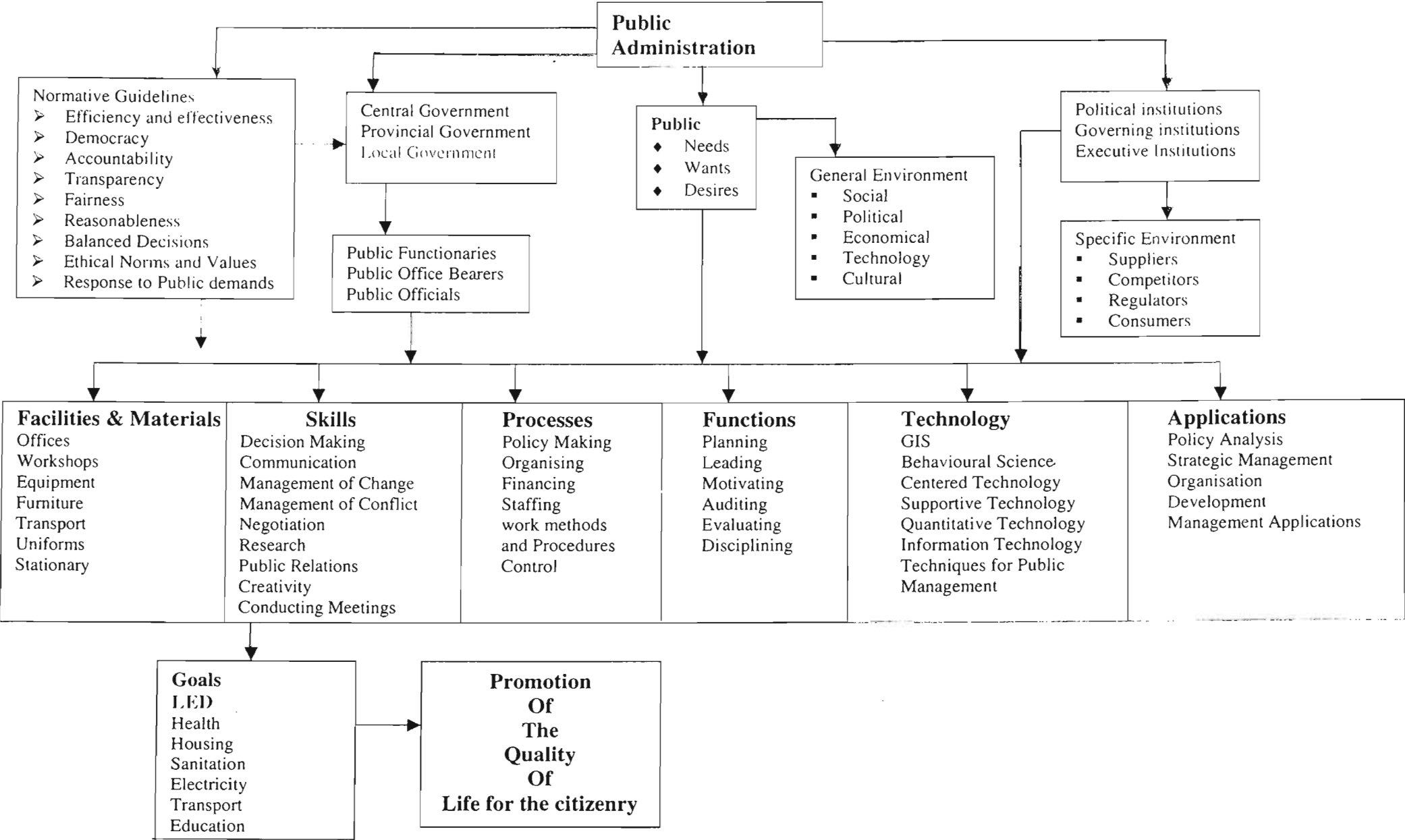
- political;
- social;
- economical;
- technological; and
- cultural.

The specific environment comprises viz.

- suppliers;
- competitors;
- regulators; and
- consumers.

An illustration of the Cloete-Schwella approach is presented in figure 2.4 below and the discussion and the discussion thereafter.

Figure 2.4 CLEOTE-SCHWELLA Approach



This approach calls for innovative combinations of alternative arrangements (generic processes and environment) to promote service delivery in the face of rapidly growing urban population.

The process of local economic development calls for specific urban policies and initiatives in South Africa. These policies should be part of a balanced and integrated development strategy to ensure growth and effective service delivery (Local Government: White Paper 1998:78).

The policy implementation is a very difficult stage because of various resources, such as financial, human resources, and equipments which are not sufficient to render the services expected.

In addition, policy implementation has an impact on urban population in developing countries which are growing at a phenomenal rate. This poses a huge challenge to local government for the management of urban development (Devas & Rakodi 1993:1). Furthermore, urban dwellers are placing unprecedented strains on the financial and administrative capacity of local governments to provide the basic urban social services and infrastructure such as local economic development, transport, water, health and education (Hillard 1992:169).

When local economic development is identified, as a basic need, a formal arrangement of people is needed to perform particular activities. An organisational structure such as branches, divisions, sections or units are formed for the smooth facilitation of goals. Aspects of co-ordination and delegation of power is inevitable in service rendering institutions (Sing & Moodley 1996:86).

A staffing function consists of a network of functional activities which must be exercised in order to provide, utilise, remunerate, train, develop and motivate corps of personnel for the public sector (Andrews 1988:35).



Local government often lacks skilled personnel to plan and manage service delivery especially to the poorer sections of the city. The type of experience knowledge and attitude that engineers, consultants, contractors and municipal functionaries and leaders possess, to reach public goal, cannot be compromised (Gilbert, et al 1996:30-33).

Urban dwellers need access to basic services such as water economic development and these can only be achieved if municipal functionaries are professional, competent, responsive and sensitive to peoples needs (Bayat & Meyer 1994:36-39).

All types of institutions whether public or private rely heavily on effective communication for their efficient performance (Cloete 1986:79). In this study, the Department of Economic Development the International Convention Centre unit and the Durban Metropolitan Council is no exception.

The citizens pay taxes to finance the activities of public institutions. It is imperative, therefore, that financial resources are utilised effectively and efficiently commensurate with proper financial guidelines, monitoring techniques and reporting systems (Moodley & Sing 1996:184).

Local authorities are accountable for the collection of rates and levies. In the same vein, they should be transparent in their action and dealings with the municipal electorate and avoid all forms of mal-administration and unethical conduct of municipal officials. The normative guidelines of public administration must prevail at all times (Moodley & Sing 1996:184; Section 195 of the Constitution of the Republic of South Africa, 1996).

It is imperative that work methods and procedures are constantly reviewed, improved and devised to meet the basic needs of a society in transition (Cloete 1991:53).

The main responsibility of control function is to ensure that account is given in public for everything public authorities do or neglect to do. There are different types of control

measure, for example, written reports, inspection, investigation and internal auditing (Cloete 1991:53).

The quantity and quality of products, goods and services such as economic development and health must be continuously reviewed to prevent impurities and other harmful sicknesses.

Local economic development also has a profound effect on the environment and a public manager is expected to act as a leader, initiator and stimulator to manage change and promote effective service delivery.

The policy of separate development by the National Party Government has been the main cause of uneven and unequal local economic development patterns in South Africa (Maharaj 1995:33).

There was separate social, residential, industrial and political development among the different races. Whites were a privileged minority group that lived in urban areas with fully functional and high quality services whilst the majority of South Africans were denied political representations and lived under the most marginal conditions in rural areas, often with lower quality or non-existent service delivery (Smith 1992:2)

Today, a stable and democratic political environment is a recipe for addressing urban development and the efficient and effective delivery of local economic development for all South Africans, irrespective of race, colour or creed.

The economic decline that South Africa faces has impacted negatively on the ability of ordinary citizens to pay for basic services, thus crippling the financial base of local structures (GEAR 1996:1).

It can, therefore, be deduced that local government needs a concerted economic strategy to address urban issues if it is to respond more effectively to the changing needs of its

These institutions control the impact of monetary values in the provision of local economic development and undertake a continuous research to solve development issues. It can be stated that citizens have unlimited needs, wants, desires which include housing, transport, water, and electricity but limited resources with which to satisfy these needs.

Competitors could include the private sector, international donors, funders and non-governmental organisations who can provide the same services as public institutions. The private sector generally has adequate financial resources, technical expertise and superior quality goods which can be provided at either a cheaper or more expensive rate.

It is essential that public functionaries have the necessary facilities and materials to perform their duties. In view thereof, the need for offices, workshops, equipment, furniture, transport, uniforms and stationery are emphasised. Public managers also require the following management functions, skills and applications:

#### FUNCTIONS

Planning, leading, motivation, auditing, evaluation and disciplining.

#### SKILLS

Decision-making, communication, management of change, management of conflict, negotiation, research, public relations and conducting meetings.

#### APPLICATIONS

Policy analysis, strategic management, organisation development and management application.

Ultimately the goals (local economic development, transport, housing electricity, education and health) will be accomplished and the quality of life of the citizenry will be promoted.

#### **2.2.3.2.2 LOCAL GOVERNMENT ADMINISTRATION**

Local government administration is a specialised branch of public administration found at the municipal or local government sphere (Cloete 1998:85). Consequently, the functions and processes carried out in municipal administration are very similar to those in public administration.

##### **2.2.3.2.2.1 PRINCIPLES GOVERNING LOCAL GOVERNMENT ADMINISTRATION**

The principle governing public administration is *mutandis mutatis* to local government administration. It is important for municipal functionaries to abide by the following principles (Bayat & Meyer 1994:40; Loxton 1994:105; Ramokgopa 1997:232-233; Gildenhuys 1997:111; Cloete 1998:91):

- professional ethics must be promoted and maintained;
- efficient, economic and effective use of resources must be promoted;
- services must be provided impartially, fairly, equitably and without bias;
- people's needs must be responded to, and the public must be encouraged to participate in policy-making;
- every official is accountable for his/her actions or inaction's;
- every official must display insight and take balanced decisions without ulterior motives; and
- transparency must be fostered by providing the public with timely accessible and accurate information.

##### **2.2.3.2.2.2 Public Resource Management**

The management of public resources can only be analysed and discussed or in the context in which it takes place. One needs to understand both the context and the functions; skills and techniques required for managing public resources properly. Because of this, public resource management must be linked to the public administration system and the public management model designed by Fox Schwella and Wissink (Schwella et. al. 1996:3).

Public resource management takes place in the contexts of general and specific environments generated by the public administration system. The general environment is

political, economical, social cultural and technological in nature. Suppliers, regulators, competitors and consumers constitute the specific environment. Further analyses of the environment and contextual impacts must relate to public management functions, skills and applications.

Public resource management, therefore, aims to manage resources allocated by politically legitimate means to public institutions in the most effective and efficient way. It seeks to attain the policy goal and objectives of constitutional government structure. The most public resources are human, financial, information and natural resources.

The effective, efficient and productive management of public resources is subject to political economic and social imperatives. The more theoretical and technical aspect of public management should always be considered in pursuing legitimate policy goals and objectives (Schwella et. al. 1996:3).

People often erroneously assume the introduction of public management into the theory and practise. Public administration suspends, subsumes or replaces that discipline. This fallacious assumption is especially prevalent among those who view public administration as merely a process. This is to say public management and public resource management are disciplines within public administration.

Their study does not suspend the need to study public administration as a whole, with its own societal contexts, structures and functions. In this sense, public management and public resource management represent foci within public administration. Theoretically and practically, such foci are useful for teaching and for managing public institutions. They do not negate the need to study other aspects of public administration (Schwella et. al. 1996:6).

There are new approaches that deal with public management. These approaches recognise the dynamic nature of the public resource management and attempt to explore the possible consequences of recent developments and emerging issues. These emergent



approaches are on a rapidly nearing horizon and demand consideration. Noteworthy approaches raised include:

- the impact on and implications for public sector resource management of an increasing diversity permeating societies and the public sector workforce;
- introducing the philosophy, ideas and technique of entrepreneurship to public sector institutions;
- the impact of post modernism on public sector organisations- how they are managed, their resource utilisation, etc;
- the ideal of sustainable development and the issues relating to it; and
- ensuring care for the managed resources through sustainable development. (Schwella et. al. 1996:12).

#### **2.2.3.2.3 Information Management**

Information management is also called information resource management; the planning, organisation, development and control of the information and data in an organisation and of the people, hardware, software and systems that produce the data and information (Fox & Meyer, 1995:64).

#### **2.2.3.2.4 Financial Management**

In the same way as the individual needs money to buy goods and services, a local authority needs money to perform its function. The local authority needs money to obtain the services of personnel, to buy machines and equipment with which to provide services and to pay for the services rendered to it by other institutions and individuals. No expenditure is possible without income.

The safekeeping and the spending of money are significant activities of local authorities. For every financial transaction, public accountability must be possible. Therefore, it is understandable that all financial activities which have to be undertaken are subject to strict directives Cloete (1998:125).

#### **2.2.3.2.2.5 Human Resources Management**

The process of economic development is normally slow and requires co-operation among many groups. Firstly, the developing countries like South Africa must recognise its need to improve the living standard and then try to bring about change. South Africa should establish a national plan for growth. Sources for funding must be found to finance projects. Finally, groundwork must be established to allow market forces to work in the country as development occurs.

Improvement in the standard of living may be a goal of every country, but because of differences in each country, improvement in the living standard may be difficult to attain. Such traits as positive work attitudes, an emphasis on education, and slow population growth may lead to an improved standard of living. A large supply of capital and a stable government also promote economic growth.

Every country has physical and human resources. Physical resources are the tools and materials of production, such as machines, equipment and land. Human resources include the labour force of a country and the skills that individuals in the labour force possess. Such resources are part of the country's capital.

Several factors determine the productivity of both types of resources. Physical capital such as machinery may become productive with technological advances. A country itself may become more productive as the amount of available capital increases. Usually as a country develops, the quality of human capital also improves Mc Dougal (1991:514).

#### **2.2.3.2.2.6 Technology**

The concept of technology has different meanings, Anthony (1984:125) for example describes technology as "the art and science employed in the production and distribution of goods and services". In other words, technology is the way goods and services are produced through a specialised process. Information technology can therefore, be defined as the art and science of producing and distributing information in a particular manner to suit the needs of the users (Fox et. al. 1991:255).

On the other hand, management technology has however, been devised to suit any particular setting inspired by the urge to rationalise public decisions. The Industrial Revolution introduced new forms of technology and organisation where people were replaced by machines and mass production systems were established. In this era, the emphasis is on technological development and the trend towards work specialisation acted as obstacles to the formulation of an integrated and systematic study of production Fox et. al. (1991:275). Until the end of the 19<sup>th</sup> century the decision making relied on the cumulative experience of the managers and the mental patterns of that time.

#### **2.2.4 LOCAL GOVERNMENT MANAGEMENT**

Local government does not determine the sustainability of human settlement alone. Other spheres of government, either by independently conducting their own programme in the same area as a municipality, or by regulating the operation of municipalities in line with their own sectoral objectives, also affect the overall shape of settlements and the livelihood of people who live there.

#### **2.3 PUBLIC MANAGEMENT ENVIRONMENT**

According to Schwella et. al. (1996:14) Public Resource Management consists of four environments, namely values, general environments, specific environment and the laws, but for the purpose of this study, only the first three will be dealt with. The environment forms an integral part of all-public management decisions and applications (Schwella, 1991:18-20). The environment can be discussed in terms of values constitutionalism, democratic values, economic values and other values. The general environment (political, economical, social, cultural and technological and specific environment) (suppliers, regulators competitors and consumers).



### **2.3.1 VALUES**

According to Klingner (1980: 20), a system of shared beliefs or values underpins any institution. In a democratic public administration system, important values influence both the systems and the attendant resource management discussions and actions. In a very real sense, these values provide the basis for the norms that should govern the conduct of the public sector resource managers (Schwella et. al. 1996:15).

#### **2.3.1.1 Constitutionalism**

Constitutionalism requires that all actions by public resource managers should be according to their country's constitution. In a democratic society the Constitution provides a framework for the rights and obligations of citizens, the state and its officials. It attempts to protect human rights, entrench democratic governance and ensure proper practice in public organisations. The constitution is a country's supreme authority and the action for special courts in which citizens can enforce their right against the state and its administrative institutions.

In this way, citizens have protection against arbitrary, unconstitutional actions of the state authority and public officials (Schwella et. al. 1996:15).

#### **2.3.1.2 Democratic Values**

Democratic values underpin the ideas of popularly elected representatives systems of governance and public administration. Democratic values include amongst others:

- representativity;
- legitimacy;
- transparency;
- responsiveness; and
- accountability.

All these values have important implications for public resource management.

#### **2.3.1.3 Economic Values**

Public organisations, fulfilling a vital role and providing essential services, use scarce societal resources. The nature and size of the public sector relative to the country's economic resources enhance the importance of these roles. The extent to which public organisations can use their economic clout to influence the use of scarce resources depends on national economic policy and the country's level of development. Even in the developed market oriented countries, public sector organisations, adhering to standard economic values and principles, play a significant part in the economy. The extent of their participation underlines the need for public sector adherence to universally accepted economic practices (Schwella et. al. 1996:16).

Important economic values are effectiveness, efficiency and productivity. Measuring effectiveness, efficiency and productivity is often more complicated in the public sector. There are many reasons for this, including the complexity of goals and objectives aimed at improving the quality of life and the often-conflicting assessments made because of public sector management's highly politicised context. It is however, still very important to strive towards improved performance (Schwella et. al. 1996:16-17).

#### **2.3.1.4 Other values**

There is no finite, final or exhaustive list of values public resource managers must consider when making decisions or taking actions. This is due to the dynamic and changing societal and public sector contexts within which public resource managers must make their decisions. It is also difficult to provide a logistical classification scheme for values as they change continuously, and are also subject to, being classified under different categories.

The following values are therefore, classified as "other values:

- societal equity;
- rule of law;
- professionalism; and
- entrepreneurship.

Values provide guidelines for public resource managers' decision and action. They are one part of the context of public resource management. The general and specific component of the environment and laws are other parts (Schwella et. al. 1996:18).

A brief discussion of the general environment follows:

### **2.3.2 THE GENERAL ENVIRONMENT**

The general environment refers to all those factors external to an organisation that influences the management of an organisation. According to Schwella (1996:18) the components of the general environment can be identified as follows, viz:

#### **2.3.2.1 Political Component**

The political component impacts on the political system to deal with fundamental political demands of the people:

- public managers need to be aware of the impact that the political system has on organisations;
- political ideas, philosophy and political ideology form the basis of the political environment; and
- public organisations are influenced by national power and process structures such as political parties, pressure and interest groups, political policy, governmental laws, acts and regulations as well as political and executive authorities.

#### **2.3.2.2 Economic Component**

The economic component comprises key issues such as national income, reducing poverty and unemployment, equitable distribution of wealth and job creation:

- the economic system of a society is the way in which society creates and distributes wealth;
- economic ideas, philosophy and ideology provide a basis for international and national economic structures and processes;
- national economic factors include the structure of the economic growth, inflation trends, rates of exchange, trends, balance of payment trends and saving and investment trends and
- climatic conditions to be taken into account since they influence the availability of land, water, mineral and energy resources, as well as the international competitiveness of the national economy.

#### **2.3.2.3 Cultural Component**

The cultural component is intertwined with cultural beliefs, practices and customs.

- the cultural system of a society includes the basic beliefs, attitudes, role definitions, and interactions of that society; and
- the family, religious institutions and educational institutions transmit cultural patterns from one generation to the next, they also redefine and build upon cultural values.

#### **2.3.2.4 Technological Component**

The technological component impacts on efficiency, effectiveness, speed, accuracy and precision:

- the technological environment refers to the use of machinery and processes to produce and distribute goods and services; and
- public managers need to consider the importance of the technological environment which influences their functioning in public organisations.

### **2.3.2.5 Social Component**

The social environment necessitates the provision of basic services in order to improve the quality of life of the community.

- For management and organisational purposes, the social environment includes trends regarding demographic characteristics of the population, trends affecting urbanisation, human development and improvement in the social being of the people.

### **2.3.3 THE SPECIFIC ENVIRONMENT**

The general environment of public resource management in the specific environment is influenced by various trends. The influence of the general environment on the resource management system is constant but they are not easily observable. The specific environment comprises of regulators, suppliers, consumers and competitors. They act as focus mechanism throwing the more general trends into stark relief for the organisation and its managerial system. This provides the means for an organisation to experience its environment.

Schwella in Fox et al (1991:21-23) presented the following as components of the specific environment namely:

- regulators;
- suppliers;
- consumers and competitors.

#### **2.3.3.1 *Regulators***

Regulators mediate control or regulate the relationship between the organisation and its suppliers, consumers and competitors. Regulators are vested with the authority to determine enforceable rules with which the organisation falling under their authority has to abide. These regulators also have powers to sanction deviant organisations or the deviant behaviour of the organisation functionaries. Within the public sector and governmental contexts the authority, coercive powers and sanctioning capacity are



usually formally defined and described by statutory provision. These regulating authorities are sometimes mandated by citizens to serve as their controlling agents in an organisation, or they derive their power from being suppliers of resources to the organisation (Schwella et. al. 1996:21).

#### **2.3.3.2 *Suppliers***

Suppliers produce, mobilise and allocate various resources to particular organisations. In public organisations, financial resources are mobilised by taxes, levies or service and are allocated to public organisations according to political and policy priorities. Political support for initiating and implementing action programmes is one of the important resources required by public organisations.

Suppliers of resources gain power over the organisations or individuals they supply. One of the consequences is that these suppliers also gain authority and power to act as regulators over their customers, (Schwella et. al. 1996:22).

#### **2.3.3.3 *Consumers***

Consumers make voluntary use of services or they may be compelled to consume the services provided. Consumers of products or services supplied by public organisations in a democracy are often empowered to act for them, (Schwella et. al. 1996:22).

Consumers of products or services supplied by public organisations in a democracy are often empowered to act as regulators or to elect or appoint regulators to act for them. As taxpayers and voters consumers are also suppliers of economic or political resources, for this reason their preference and views may have important consequences for the functioning of public organisations (Schwella et. al. 1996:22).

#### **2.3.3.4 *Competitors***

Competitors comprise of those societal institutions competing for scarce resources with the public organisation concerned.

It is important to note the fact that the study takes into account two other approaches which in this regard would be fused together. This is the Cloete and Public management model. These processes relate specifically to the following, Cloete (1998:86-87).

#### **2.3.4 LAWS**

Law profoundly influences and affects public resource management. The legally become binding authoritative norm with which people have to comply. In this sense, they have a wider authority than they do as acts of legislative bodies, for example, parliaments, provincial legislatures and or local councils. They encompass, for example, the rule of common and customary law. Also included are the enforceable regulators passed by executive and administrative authorities, Acts, ordinances, bylaws and regulations passed by competent and authoritative rule making institutions in the legislative, executive, administrative and judicial branches of government, constituting the body of statutory law. Laws also directly affect the policies of public resource management. Some of the influences and implications are as follows (Schwella et. al .1996:23):

- Policy and planning influences;
- System design influences;
- Implementation influence; and
- Evaluation influence.

#### **2.4 NORMATIVE FACTORS THAT IMPACT ON LOCAL GOVERNMENT ADMINISTRATION**

The factors serve as a basis for a value critical approach to Public Administration within which officials perform their duties (Bayat & Meyer 1994:31).

According to Bayat & Meyer (1994:31) "normative" suggests a value-orientated approach both in teaching and practice of Public Administration; an approach where government administration (central regional and local) is no longer in conflict with the

community at large but in constant harmony with the community's needs and expectations.

The normative foundations that should guide public officials in the performance of their duties are *inter alia* (Bayat & Meyer 1994:31):

- democracy;
- representativeness and responsibility;
- the rule of law;
- response to public demands.
- culture and value system
- administrative responsibility for programme effectiveness and degree of openness.

#### **2.4.1. DEMOCRACY**

According to Marx (1959:62), democracy rests on an understanding between the citizen and his government. This indicates that there are set requirements that have to be honoured by both the ruler and the subordinate. According to Stahl (1976:271), public administration at every sphere must serve the public in a manner that strengthens the integrity and processes of democratic government office in the following manner:

- all citizens must be served, equally and impartially;
- this must be achieved with full respect for reliance on representative institutions; and
- internal administration in public institutions must be consistent with these codes of conduct.

#### **2.4.2. REPRESENTATIVENESS AND RESPONSIBILITY**

Representativeness indicates that in a democratic form of government, the wishes of the people are reflected in the decisions taken in their name. It is not possible for every member of society to take part in the legislative process, which is why representatives must be chosen to govern on behalf of the masses. This is normally done through the electoral process. Parliament is thus the supreme representative body of one's duties (Bayat & Meyer 1994:37).



With representativeness comes responsibility, since office bearers not only represent the public but are also responsible for the public. In addition, the value responsibility binds the public administrative system to the supreme legislative body.

### **2.4.3 THE RULE OF LAW**

This concept allows for the powers of government to be conditioned by law. The activities of the authorities should conform to particular ethical norms. Those in authority should exercise their authority with the trust of the people, a factor that is definitely lacking in South Africa at this stage. Public administration should take place in such a way that the "rule of law" prevails (Bayat & Meyer 1994:37):

- executive institutions should not be given powers that are too wide and that could go unchecked;
- all citizens are equal in the eyes of the law and are subordinate to the law; and
- courts of law should function separately from both the legislature and the executive, and judges should act as impartial protectors to ensure that the rights and freedom of individuals are guaranteed.

### **2.4.4 RESPONSE TO PUBLIC DEMANDS**

The responsiveness of public institutions to individual problems, needs and values, as well as those of specific groups, should be increased and secured. The historical development in South Africa has resulted in imbalances among the various components of the total population. Recent changes have resulted in higher aspirations among those who have been relatively under privileged. This has created certain expectations and demands, especially in socio-economic fields such as housing education and urban infrastructure. What is important is the fact that officials should provide a satisfactory response to these needs and demands (Bayat & Meyer 1994:38).

It is crucial that public functionaries adhere to and respect the aforementioned guidelines in order to maintain confidence in government, promote professionalism and enhance service delivery to the public.

#### **2.4.5 CULTURE AND VALUE SYSTEM**

South African society has diverse cultural and traditional practices. These cultural beliefs and value systems of communities play a vital role in the daily lives of the people. What is acceptable to one segment of the population may not be acceptable to another. In preventing conflict when performing duties public administrators must, therefore, be mindful of the various cultural and traditional practices (Bayat & Meyer 1994:38).

#### **2.4.6 ADMINISTRATIVE RESPONSIBILITY FOR PROGRAMME EFFECTIVENESS**

Programme effectiveness is an open system approach that requires public administration to be consistent equilibrium with the environment and to be functioning in harmony with the general and particular values and concepts of the community. This implies the execution of a programme in such manner that it satisfies the values and needs of individuals and the community both efficiently and effectively (Bayat & Meyer 1994:39).

Programme effectiveness requires administrative decentralisation, delegation of decision-making authority and the predetermination of long-term objectives, short-term targets and performance standards. Furthermore, it calls for the timeous measurement and evaluation of results to determine whether they comply with the predetermined performance standards, and most important of all, whether the values and the needs of the service target group have been satisfied (Gildenhuys 1998:337).

## 2.5 THE INTERNATIONAL CONVENTION CENTRE

The International Convention Centre (ICC) has been a proposed developed initiative spearheaded by the Durban Metropolitan Council. Up to so far, the ICC has brought a lot of economic growth not only in Durban but also to South Africa. Lots of state officials have visited this country having, hitherto not thought of coming here because of the history of this country. The Common Heads of Government Meeting is one case in point.

Lots of people and companies have benefited from the construction of the gigantic building. The operation of ICC has put South Africa into a tourist map. Durban now is in a position to compete with other centres in terms of conference facilities.

## 2.6 DEMOCRATIC DURBAN METROPOLITAN GOVERNMENT

The definition of Metropolitan Government has been provided in chapter one yet in this country it is still a new concept and it can be expected that a great deal of controversy and confusion will surround its early years. The extent to which the location of responsibility for development planning has actually been shifted to the local level in South Africa is not clear but it is inevitable that should a vacuum develop at this level, local government will be forced to fill it or suffer a long term decline in competitiveness in both a local and global context (Steyn 1994:111).

It is probably too soon to judge the significance of metropolitan government in South Africa under a democratic system given its short history. The diversity in cultures and the differences in resources make comparisons between the metropolitan areas difficult, so that it is not tenable to derive more than a few general principles for practical application.

In general the emphasis should be on facilitating the process of innovation, allowing various metropolitan areas to seek their own solutions within a framework that emphasises justice, equity as well as the rights and responsibilities of the individual. The

difficulties experienced in establishing the Joint Service Board in the DMA proved sufficiently that solutions from elsewhere might not receive local support and have a difficult road to implementation.

In the DMA, the Durban Metropolitan Council has a responsibility of urban planning and development in terms of the (Local Government Transitional Act 209 of 1993). Careful management has built up a relatively large resource base as well as significant capacity in urban infrastructure development. Therefore, both its institutional mandate and its influence over key resources, places the Durban Metropolitan Council in a unique position to undertake the task of metropolitan development in the Durban Metropolitan Area.

There are essentially two different but inter-related challenges facing metropolitan government with regard to metropolitan planning and development within the DMA. The first challenge relates to urban development, and the second is related to institutional challenge. The urban development challenges in South Africa have their roots in the legacy of apartheid, and the impact of the rapid rate of urban growth on the operation of urban area. Both these aspects have placed significant pressures on the DMA and have prompted to respond appropriately.

After the 1996 local government elections were formalised with the proclamation of six local councils and the Durban Metropolitan Council consolidating the previous 49 authorities that administered the same area (Robbins, interview 28 June 1999).

The Durban Metropolitan Council provides services at a municipal level for their area ([http: www.durbanmetro.ac.za](http://www.durbanmetro.ac.za)).

The structure of the Durban Metropolitan Council is reflected in figure 2.5 below.

## 2.7 OBJECTIVES, POWERS AND FUNCTIONS OF MUNICIPALITIES

Section 152 (1) of the Constitution of the Republic of South Africa, (Act 108 of 1996) and the KwaZulu Natal Provincial Enactment Act (Act No 38 of 1996 set out the objectives of local government.

### **2.7.1 OBJECTIVES**

Zybrands (1998:205-208) provides an overview of each objective

#### ***(a) Providing democratic and accountable government for local communities***

There is an obligation on the part of the Government of National Unity (GNU) to provide democratic local government. This implies free, fair and regular elections based on voters' rolls that are comprehensive to reflect the potential number of voters adequately. Democracy is not restricted to elected government structures only. It implies that ways and means should be found for the broad public to give input on a continuous basis. For this to be successful, a municipal council should also report back regularly to its electorate. This is where the aspect of accountability comes into play, viz. Accountable government. A council must give feedback to its community regularly, but what can a community do if it is dissatisfied with such feedback? The offices of the Public Protector and the Auditor-General have been established as public watchdogs.

#### ***(b) Ensuring the provision of service to communities in a sustainable manner***

This underlines the fact that a local authority is a service-rendering institution. Such services are rendered to satisfy the need of the people. Sustainability could guarantee that the services should continue in the future and not be easily abandoned. A service is also only sustainable if it is affordable and addresses a real need of the public. The identification and prioritisation of services to be rendered are, therefore, key objectives of a municipality.

The services rendering function of a municipality is crucial to the study. The provision of water and electricity are fundamental services that should be made accessible to all citizens, especially the poorer section of the population at affordable cost.

Sustainable development (Hunter 1995:238) is development that meets the needs of the present without compromising the ability of the future generations to meet their own needs.

Cook (1995:279) assert that people are at the heart of the quest for sustainability, both as the means by which development activities are carried out (through direct or indirect funding), and as a reason why development happens in the first place (to improve the quality of life).

### ***(c) Promoting social and economic development***

Both these aspects are particularly new to local government and have not, in the past, been part of their traditional function. Social development could include aspects such as child welfare functions, for example, feeding schemes, creches, day care centres and recreational facilities. It could also include the care of the aged by promoting the homes, and even pension pay-outs. It could address issues such as unemployment, family violence, drug dependence, alcohol abuse and marriage counselling.

All these services, if rendered, would require highly skilled employees and, in turn, also substantial funding. In this regard, Section 10D(1) (b) of the Local Government Transitional Act, 1993 (Act 209 of 1993) states that the powers and duties conferred or imposed upon or delegated/ assigned to a council can only take place if sufficient resources for the exercise of such power or the performance of such duty are made available. Economic development can only take place if a municipality has adopted its own Local Economic Development (LED) plan.



In order to address urban problems such as unemployment and the affordability of levels of services such as water and electricity, it follows that urban local government will, in future, be obliged to stimulate its local economy and create jobs.

***(d) Promoting a safe and healthy environment***

"Safe", from a healthy point of view, could mean preventing the spread of contagious diseases and ensuring a healthy life, *inter alia*, by providing primary health care services. It could also refer to matters such as environmental pollution, which could include noise, water and air pollution. "Safe" could also refer to the combating of crime. Authority to combat crime can be found in Section 10D (1) (a) of the LGTA of 1993 (Act 209 of 1993), which states that a council may establish and control a municipal law enforcement agency subject to the South African Service Act, 1995 (Act 68 of 1995).

As policing is primarily a function of concurrent national and provincial competence, it should be understood that local government is not obliged to do local law enforcement and may only do so if it has the financial resources available. One of the major challenges will be to strike a proper balance between economic development which implies industrialisation and its concomitant negative impact on the environment and the promotion of a safe and healthy environment.

***(e) Encouraging the involvement of communities and community organisations in the matters of local government***

Section 152 (1) (e) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) states that one of the objects ("purposes") of local government is to encourage the involvement of communities and community organisations in the matters of local government.

Similarly, Section 10G (1) (g) of the LGTA, 1993 (Act 209 of 1993) states that a municipality must actually report to and receive feedback from its community regarding the objectives set in its integrated development plan. The audited account of a

municipality must also be considered in public at a meeting to which the public has specifically been invited.

***(f) Achieving objectives within financial and administrative capacity***

The attainment of the stated objectives is qualified by Section 152 (2) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) which states that a municipality must strive, within its financial and administrative capacity, to achieve its objectives. The constitutional recognition that a municipality's own financial and administrative capacity could inhibit the attainment of the objectives is very meaningful. It implies that a local community cannot raise unrealistic expectations, which are beyond the financial and administrative means of a municipality.

**2.7.2 POWERS**

Section 156 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996) stipulates that a municipality has executive authority in respect of, and has

- (a) the right to administer the local government matters,
- (b) any other matter assigned to it by national or provincial legislation.

In the general elections of 1994, the Inkatha Freedom Party won 51 percent of the vote (41 seats) in the KwaZulu Natal provincial legislature, the ANC won 32 percent (26 seats), the National Party won 11 percent (9 seats), the Democratic Party won 2 percent (2 seats), and the African Christian Democratic Party (1seat), the Minority front (1 seat) and the Pan African Congress each won 1 percent.

The Cabinet portfolio were assigned according to the formula in the interim constitution which stipulated that all parties with at least 10 percent of the seats in a provincial legislature would be entitled to one or more cabinet portfolio in proportion to the number of seat held by other parties, Constitution of the Republic of South Africa, Act 200 of 1993. Section 149 (2) portfolio and Mr Jacob Zuma of the ANC became MEC of Economic Affairs and Tourism portfolio.



Given the combative nature of the ANC-IFP relation, the implementation of National policy at provincial level, could not be taken as a foregone conclusion. The most important legislation in this respect was, of course, the Reconstruction and Development Programme.

In terms of Section 156 (5) of the Constitution of the Republic of South Africa 1996 (Act 108 of 1996), municipalities also have the incidental right to exercise any power concerning a matter reasonably necessary for, or incidental too, the effective performance of their functions. These schedules contain a wide range of functions ranging from traditional aspects such as the provision of water; sewage, sanitation, electricity and roads, to other less traditional functions such as child care facilities and the control of undertakings that sell liquor to the public.

The powers mentioned above make the Durban Metropolitan Council the primary infrastructure and service provider in the Durban Metropolitan Area.

### ***2.7.3 FUNCTIONS OF MUNICIPALITIES***

A new local government system needs to be building on the strengths of the current system. Equally, it needs to address its weakness, and build the capacity of municipalities to address the considerable challenges they face.

Municipalities face the challenge of managing environmentally urban and rural systems. Municipalities need to function extensively in order to address some of the challenge functions.

The powers and functions of municipalities should be exercised in a way that has a maximum impact on the social development of communities in particular meeting the basic needs of the poor and on the growth of the local economy. Through its traditional responsibilities (service delivery and regulation), municipalities exert a great influence over the social and economic well being of local communities. Each year municipalities collect a large sum in rates, user charges and fees.

They employ thousands of people throughout the country. In many cases, they are responsible for water, electricity and roads. They control the use and development of land. In parts of the country they own substantial amounts of land.

They purchase goods and services and pay salaries and therefore contribute to the flow of money in the local economy. They set the agenda for local politics, and the way they operate gives strong signals to their own residents and to respective migrants and investors. These functions give municipalities a great influence over local economies. Municipalities therefore, need to have a clear vision for the local economy, and work in partnership with local business to maximise job creation and investment.

Both local government and municipalities should work together. Local government can also promote social development through functions such as arts and culture, the provision of recreational and community facilities, and the delivery of aspects of social work services.

Municipalities have the constitutional power to provide child care facilities, and may provide grant to associations for this purpose in terms of the Child Care Act of 1993. The empowerment of marginalised and disadvantaged groups is a critical contribution to social development. Municipalities should also seek to provide an accessible environment for disabled people so as to facilitate their independence (Local Government: White Paper 1998:39).

## 2.8 DEVELOPMENT CHALLENGE AND LOCAL GOVERNMENT

Durban is at the cutting edge of the most crucial challenges facing South Africa. The challenge is that of local economic development, with literally hundreds of thousands of people continuously streaming into the surrounding areas (The Daily News, 25 May 1988).

The question, which needs to be taken into consideration, is that who makes plans and manages the city? The usual normative assumption is that local governments do. The underlying rationale is the belief that enhanced participation by local rather than central government in urban management will (Davey 1993:153):

- improve the efficiency and urban investment through the involvement of local knowledge and choices;
- improve the execution of urban investment through the local accountability of management; and
- increase the recovery of costs of urban infrastructure from its beneficiaries through local taxes and charges.

## 2.9 POWER RELATIONS IN DURBAN

The Local Government Transitional Act 97 of 1996 (LGTA) allows for a local negotiation process to define the allocation of powers and functions between the Metropolitan Council and Metropolitan Local Councils (MLCs). This has resulted in different allocations in each area. In some cases the location of municipal function does not enable sound management and administrative practices, and simply reflects the lack of clarity regarding the specific powers and duties of each tier which has resulted in considerable confusion and inefficiency between the Metropolitan Council and MLCs (Local Government: White Paper 1995:25).

## 2.10 AN INSTITUTIONAL APPROACH TOWARDS DIFFERENT LEVELS OF PUBLIC POWERS

Local government holds the promise of being the crucial sphere of the state action to change the relations of power and wealth. To this end, The Local Government Transitional Act (Act 97 of 1996) and the new Local Government White Paper (March 1998) ushered in a number of fundamental changes to the laws controlling the running of cities: the role of traditional leaders is circumscribed; the number of municipal authorities is reduced with the aim of containing the costs of local government and professionalising political office; the principle of financial accountability is introduced as local authorities obtain the power to raise their own funds. Most importantly, the functions of local government are expanded to include eradication of poverty and local economic development. The institutionalised mechanism for local authorities achieving these responsibilities is entrenched in Integrated Development Planning or an IDP.

All local authorities are required to produce an IDP which conforms to the LDO's each year. The aims are that, through the IDP mechanism, the post-apartheid objectives of restitution, (re)development and growth will be achieved at the local level. Integrated Development Planning embodies the core purpose of local government and guides all aspects of revenue raising and service delivery activities, interaction with the citizenry and institutional organisation (Parnell & Pieterse 1998: 14)

It is also the primary tool to ensure the integration of local government activities with other tiers of development planning at provincial, national and international levels (e.g. Local Agenda 21) requirements. In this sense it serves as the basis for communication and interaction between the different tiers of government and spheres of governance. The IDP is thus the gearing mechanism through which national constitutional obligations are matched with the autonomous priorities of locally generated development agendas, (Parnell & Pieterse 1998:14).

An IDP is a process through which a municipality can establish a development plan for the short, medium and long term. It enables a municipality to (Integrated Development Planning 1998:3):

- (1) assess the current reality in the municipal area, including economic, social and environmental trends, available resources, skills and capacities;
- (2) assess the varied needs of the community and different interest groups;
- (3) prioritise these needs in order of urgency, importance, and constitutional and legislative imperatives;
- (4) establish frameworks and set goals to meet these needs;
- (5) devise strategies to achieve the goals within specific time frames;
- (6) develop and implement projects and programmes to achieve key objectives;
- (7) establish targets and monitoring tools/instruments to measure impact and performance;
- (8) budget effectively with limited resources and meet strategic objectives; and
- (9) regularly monitor and adapt the development programme based on the underlying development framework and development indicators. Developmental Local Government as enshrined in the White Paper therefore extends way beyond the scope of UDS and spells out a vision for transforming South African cities that relies on both the latest technical procedures of environmental, economic and physical planning, and democratic political process at the local scale.

Integrated development essentially recognises the complex inter-relationship between various aspects of development: political social, economic, environmental, ethical, infrastructural and spatial. Given their inter-relationship, it is impossible to address one dimension only and expect to make an impact on inequality or poverty. In fact IDPs recognise that any sustainable and successful strategy must address all of these elements in a co-ordinated way, based on an analysis of the underlying structural factors that sustain economic growth, poverty and inequality. In theory at least, the IDP also makes it essential for a local community to identify development needs and, simultaneously, to



execute agreed to poverty and growth strategies that emanates from a common vision that spells out how local needs will be reached (Parnel & Pieterse 1998:15).

It is difficult to reach agreement about the goals and tasks of local government for at least three reasons:

- there is constant disagreement about the existence and severity of problems
- there is fear of addressing structural aspects of development problems; and
- the limited frameworks for organising social, economic and environmental spheres alternatively to ensure integrated and sustainable development process.

However, the IDP's provide a systematic framework to allow different stakeholders, who are all critical for integrated development, to come together and with local government to prioritise key programmes to address the major problems and ensure social and economic development (IDP 1998:3).

Many of the ideas encapsulated in the IDP process will be familiar to international development professionals. The history of South African governments' racist appropriation of international notions of urban planning makes it unsurprising that the post-apartheid government has also drawn extensively on global trends in urban planning, policy and governance to formulate its agenda. In any reconstruction process, governments draw on available and dominant discourses to interpret, package and advance their agendas (Parnell & Pieterse 1998:16).

Unlike earlier regimes the new government is committed to justice, participatory democracy, poverty alleviation, the physical development of underprivileged zones of the city and racial redress. In the late twentieth century casting about for equitable and just solutions to urban problems meant a very competitive reflection on urbanisation, inner city revitalisation, environmental sustainability and social exclusion. The model of developmental local government has also drawn from the literature on democracy and development and is of course reflective of the experience of the anti-apartheid struggle.

As an option to sustainable governance, the new utility of the approach to developmental local government will be tested on the ground rather than in academic or policy forums.

Basically, Integrated Development Plan means bringing together the efforts of national, provincial, regional and local government, and at a municipality level, the efforts of individual residents, groups (such as NGOs and civics) the private sector and other stakeholders, to set goals and work together in a planned way to achieve these goals in the interests of all in the community and a country as whole (Integrated Development Plan 1998:3).

Such integration requires holistic thinking. Issues and sectors are looked at in relationship to each other, not in isolation. This enables the very best use of resources to achieve development aims (Integrated Development Plan 1998:3).

## 2.11 URBAN DEVELOPMENT AND POLICY DEBATES OF DIFFERENT LEVELS OF POWERS

The practical experience of policy development in South Africa shows that two components are necessary. The first is the development of the principles and content of the new policy. The second is the creation of process whereby agreement on the implementation of new policy is negotiated between various parties with legitimate interest.

In practise, the most viable system of local government will be based on functionally - defined municipal areas, government by local authorities which represent all the inhabitants and interest groups in that area. This means that the present boundaries of existing local authorities will need to be changed and new local authority jurisdiction negotiated (Parnell & Pieterse 1998:8).

As a second principle, it is argued that the legislative framework of local government must provide some variation in the structure and powers of individual local authorities. South Africa's urban system now comprises a hierarchy of urban places ranging from small, rural towns to very large metropolitan areas. These will need different institutional structures for future management and, within central guidelines such as non-racialism and economic viability, should be allowed to develop their own appropriate structures.

There are three primary themes in urban development debates that have emerged:

- urban productivity;
- environmental sustainability; and
- effective governance.

These issues are articulated to each other under the banner of creating an 'enabling environment' for urban development in cities of the South. Concretely it has meant an emphasis within urban development policy debates on: (Parnel & Pieterse 1998:8)

- The primacy of the local as the sphere for resolving the contradictory and complex imperatives of sustainable development and democratic governance, reflected in broader debates about 'decentralisation' and 'subsidiarity';
- The imperative of financially sustainable (translates into notions of full cost-recovery) and complementary policies at the urban level to reinforce macroeconomic policy objectives and build a defence and strategy around the implications of globalisation process;
- The need for pro-growth policies which involve composite investment promotion strategies such as tax and other incentives, supply-side support measures, training and SMME support, and many more;
- The valorisation of 'partnerships' as a paradigm for urban management and fostering economic growth, which involves the possibility of privatisation initiatives, and joint actions to ensure service delivery;
- An emphasis on environmentally sustainable policies through the introduction of Environmental Impact Assessments and monitoring systems, although these are



usually placed in second-order to policy objectives related to the promotion of economic growth and the enhancement of urban productivity, (with superficial attempts to suggest that the two imperatives are complementary);

- A growing focus on explicit anti-poverty framework and strategies to deal with concerns around social exclusion and link the different economic activities across the formal and informal boundaries; and lastly,
- In recent years there is a growing tendency to complement these wide-ranging urban development objectives around the imperative of infrastructure development, which can be articulated simultaneously in terms of the need to enhance urban productivity and poverty (Parnel & Pieterse, 1998:9). Notwithstanding these consensual trends in urban development discourse, it is important to remember that a substantial gulf persists between policy agreements at this global level (both national and local) that give meaning to the principles. It is this dynamic that makes the South African experiments post-1994 interesting because a really substantive and uncynical approach mark attempts to translate international debates into local strategies. It is also the local sphere where different stakeholders/actors have to agree and argue about their differing interpretation of such framework, i.e. the politicisation of policy-making, which is an indispensable part of our analysis of development approaches and their genealogies (Parnel & Pieterse, 1998:9).

Furthermore, in establishing the international influence on South African policy formulation, it is important to highlight some of the crucial themes that have not been resolved in the rethinking of the development endeavour, in spite of the significant areas of confluence and their institutionalisation through the multitude of global summits in the 1990's. The most fundamental disagreement revolves around the nature of economic development. The continuing polarities in the debate can be traced to the contradictory development in the 1980's, when the development perils of SAPs were acknowledged whilst neo-liberalisation as an unquestionable policy mantra grew into virtual omnipotence, especially after the collapse of the socialist bloc. Concretely, this has translated into policy schizophrenia. The negative outcomes (on the poor and the environment) of structural adjustment are recognised by its key proponents such as the

World Bank, whereas the broader economic model of liberalised trade and open markets are simultaneously promoted. This contradictory situation interests advocates of alternative approaches to development. Moreover, this tension between an acceptance of mainstream economic policy and dealing with its structural consequences infuses policy frameworks, especially as they emanate from official sources and translate into official discourse and practice (Parnell & Pieterse 1998:9).

Development Local Government in South Africa is thus born of the consensus and the conflict apparent in international development thinking. Against this background one can begin to anticipate the issues that will inform debate and contestation about translating policy frameworks into implementable developmental action. Before exploring these issues in the South African context it is worthwhile recalling that the international development debates are mediated by local specificity, notably the spatial and institutional legacy of apartheid segregation (Parnell & Pieterse, 1998:9).

## 2.12 TOOLS TO ASSIST MANAGEMENT

For the management of the city to be successful (all factors being equal), its policies need to be conducive to "social sustainability". Social sustainability for a city is defined as development (and /or growth) that is compatible with the harmonious evolution of civil society, fostering an environment conducive to the compatible cohabitation of cultural and socially diverse groups while at the same time encouraging social integration, with improvements in the quality of life for all segments of the population (Polesa and Stren 1995:8).

## 2.13 RECONSTRUCTION AND DEVELOPMENT PROGRAMME (RDP)

The Reconstruction and Development Programme (1994:133) is an integrated, coherent, socio-economic policy framework, which seeks to mobilise the people and the country's

resources towards the eradication of apartheid and the building of democratic, non-racial and non- sexist future. Therefore, it is fundamental for local government. The RDP has as one of its principles an attempt to address poverty alleviation and employment creation and as such to address local economic development in the country as a whole. Basic principles for RDP are presented below.

### **2.13.1 Basic principles of the RDP**

According to the Basic Guide to the RDP (1994:4) the following principles can be identified:

***\* A programme to address to whole problem***

The effect of apartheid cannot be overcome by policies which only look at some of the problems and ignore others. The RDP addresses all of the problems. It brings together strategies to make the best use of all the resources, both now and for the future.

***\* A programme which puts people first***

People, with their hopes and strength, are the most important resource. The RDP focuses on people's most immediate needs, and it relies, on the energies to meet these needs.

***\* A programme for peace and security***

In the past police, the security forces and the law served apartheid and were unable to control the wave of violence against its people. In order to rebuild and develop the country, it is necessary to establish security forces which protect people and a legal system which will treat all people fairly and equally, according to the Constitution.

***\* A programme to build the nation***

Apartheid divided people into developed "first world" communities and underdeveloped "third world" communities. The RDP aims to build a strong nation which cannot only develop itself but also play a part in the development of the whole Southern African region. It aims to build a nation that can play its full part in the world community.

***\* A programme to link reconstruction and development***

Building the economy and developing the country must happen side by side.

***\* A programme based on democracy***

Under apartheid, a minority of people controlled everything. This led to great inequality and underdevelopment. The way to real development is through democracy that allows everyone the opportunity to shape their own lives and to make a Constitution to development

**2.13.2 Key programmes for RDP**

The RDP (1994:7) sets out five key programmes that need to rebuild and develop the country:

- meeting the basic needs;
- developing human resources;
- democratising the state;
- building the economy; and
- implementing the RDP.

Central focus would be on meeting the basic needs of people and the implementation of the RDP.

According to the Basic Guide to the RDP (1994:7; The RDP-The First Year Reviewed (1995:1) provides a list of important facts showing that almost half of the people do not have basic things such jobs, houses and medical care. A list of these important facts is presented below:

- About 17 million people live below the poverty level;
- In 1990, there was a shortage of about 1.3 million homes;
- About 12 million people have no reasonable access to water and about 21 million do not have adequate sanitation;
- There is spare electricity in South Africa but only 36% of household are electrified;

- About 3 million homes do not have electricity; and
- Millions of people do not have adequate health care.

Many RDP projects are infrastructural and directed towards poorer areas and communities. By sector, the biggest spending has been on urban housing, infrastructure and renewal (R3 billion), health (R2,7 billion) and water (R500 million). However, considerable amount of unspent money was controlled over after the first years of the RDP. This was mainly due to government departments not being geared to spending money according to the RDP principles (Steward 1997:12).

The implementation of RDP promises and plans, and especially the lack of implementation, has been the subject of much debate and negative comment. This debate and comment is based both on the RDP's impending failure to meet its own standards (for example, the one million houses in the first five years), and the visible persistence and growth of poverty and inequality. The delay in establishing democratic local government structures clearly impeded RDP processes of that level until the beginning of 1996 (Steward 1997:10).

It is undeniable, that non-payment for services rendered hampered the delivery of basic services to many impoverished communities. Some of the reasons for this situation are as follows: (Kroukamp 1995:194).

- non-payment consumers having adjusted their lifestyles in accordance with the increase of disposable income;
- a common complaint from residents is that the services for which they are being overcharged are non-existing, or are of a very poor quality;
- there is suspicion that tariffs charged in townships are not the same as those charged in the city areas; and
- unemployed people simply being too poor to pay for services.

In addition, many knowledgeable, senior treasury officials have left local government in large numbers, thereby leaving a void that cannot easily be filled. Sound financial management requires a high degree of financial expertise and without such expertise, financial mismanagement becomes inevitable, thereby exacerbating an already complicated situation. Political supremacy must also lead to political and financial accountability and unless that happens, local government finances will remain precarious (van der Linde 1996:92).

The role of local government in implementing RDP will be discussed in chapter three of this study.

#### 2.14 GROWTH EMPLOYMENT AND REDISTRIBUTION (GEAR)

The National government launched its new macro-economic strategy, "Growth Employment and Redistribution" or GEAR in March 1996. This set out to create an average of 270 000 new jobs each year by promoting private investment in internationally competitive industries. Government committed itself to reduce the budget deficit, control inflation, reduce tariffs and exchange controls, offer tax incentives, and invest in infrastructure backlogs in order to create an investment-friendly environment (Industrial Development Corporation, July 1997).

The principle of GEAR are institutionalised in so far as all municipal priorities have to be formulated within the context of a budget that cannot be overspent and in the context of locally generated revenue (Parnell & Pieterse 1998:13).



## 2.15 SUMMARY

It does not matter what type of approach is used to develop an area what is important is that it should be for the benefit of the community. It is, therefore, important to note the fact that with the advent of the new millennium, citizen's thoughts should reflect a positive approach towards development. This development should empower people. A part of development, poverty should be alleviated, employment should be created, and racial discrimination should be eradicated at all cost.

Cities in the world should interact with one another so as to create good relationships thus promoting globalisation. The confrontation period is over. The levels of thinking for the new generations should be in line with local economic development. The coming generations should not suffer from any failure or unwillingness of the leaders to dog their work, as this could bring confrontation between them. Cities should play a major role in local economic development especially in urban areas but this does not necessarily mean that rural areas should be excluded, because the potential for development of the economy of the country is in both urban and rural areas therefore, it would be a mistake when one is left behind.

The leadership, the Durban Metropolitan Council management, public and private sectors and other different stakeholders should work hand in hand to achieve local economic development. With the public participation, this is possible and has been demonstrated over the past couple of years from projects in which the public has participated. If this could be enhanced further Durban could match the economic standard of cities like New York, Sydney, London Paris and many other developed cities.

In summary, research should be informed by the findings of the second area of research. There is a need to investigate an appropriate system of monitoring the success of the method chose, at every level of the incorporation process. The success of incorporation and control of problems envisaged seem to be the function of a good policy and a policy

model of collaboration which is adjustable according to modality inclusion chosen. This model, if well developed can be applied in all disciplines.

It is useful to describe the history of the South African local economic development and public management system in order to contextualise the role of local government in dealing with local economic development. This is done in the ensuing chapter.



## CHAPTER THREE

### THE ROLE OF LOCAL GOVERNMENT IN LOCAL ECONOMIC DEVELOPMENT

*Local Economic Development needs planning. There is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than the creation of a new system. For the initiator has all the enmity of all who would profit by the preservation of the old institutions and mere lukewarm defenders in those who would gain by the new ones. (Machiavelli).*

#### 3.1 INTRODUCTION

Local government in the Durban Metropolitan Area (DMA) is facing a considerable task of redressing the inequalities of the past and improving the quality of life of the people it serves. A healthy, growing economy is central to those endeavours. It provides people with jobs and economic opportunities, as well as a health financial base for the operation of local government itself.

The Local Government Transitional Act 209 of 1993 took a step in specifying the range of responsibilities of the then transitional local government councils. Schedule 2 of the Act identifies areas of metropolitan competence that include the promotion of tourism, economic development and job creation. Other functions include land and transport planning, environmental conservation and the provision of infrastructural services.

#### 3.2 THE WHITE PAPER'S CONTRIBUTION TO LOCAL ECONOMIC DEVELOPMENT

The White Paper on the role of local government specifies the following areas of responsibility for local government in relation specifically to local economic development (Local Government: White Paper 1998).

- Local Economic development strategies for local government
- Local economic development

- Public/ private partnerships.

In addition to these roles which relate directly to economic development, the White Paper sets out more traditional functions and responsibilities such as land-use planning, development control, service provision and zoning. Local government has also recently taken major responsibilities for housing development. (Economic Development Rapid-Action Programme 1996:21).

The Durban Metropolitan Council, as part of the local government structure, has a proactive role to play in terms of shaping the city into a well-established democratic non-racial and crime free city. At the same time it is the responsibility of the local government to see to it that resources are distributed equally within the community of Durban.

### 3.3 HISTORICAL BACKGROUND OF LOCAL GOVERNMENT

In South Africa, the system of local government has developed to reflect the political policies and goals of the apartheid state (Friedman 1990:33; Mawhood 1993:10). In 1948, the National Party government assumed power and introduced a policy of separate development (Picard & Garrity 1995:168; Planact 1997:10). The intention of central government was to reflect apartheid at all spheres of government and in all spheres of life. As the apartheid city developed, so did the apartheid system of government (Cloete 1994:42).

Since the African National Congress led government assumed power in 1994 they changed all the apartheid legislation, and it only the scars of apartheid that exist. The year 1994 was the rebirth of the first democratic government.

Local government basically is that sphere of government deliberately created to bring government to the grass roots (Reddy 1996:3). National government is increasingly looking to local government as a logical point of co-ordination and the necessary vehicle

for the implementation of policies and programmes. The Provincial governments are also decentralising certain functions to local government. At the same time, local government is constitutionally obliged to participate in national and provincial development programmes (Section 153 (b) of the Constitution of the Republic of South Africa, 1996, Cloete 1998:34-37).

The past apartheid government was solely responsible for bringing the economy of the country into standstill. It was up until 1994 that the ANC government introduced flexible regulations and changed many policies including the industrial policy, and it was also at during this time that the economy was revived.

South Africa's cities are leading the country towards the future. It is in the urban areas that the challenge of urbanisation is increasingly obvious and that the failure of racial policies and approaches is so evident; it is here that the consequences of that failure manifest themselves so harshly visibly and violently, and it is here that a new society encompassing 35 million South Africans is being forged. (Policy Overview 1998:2).

As South Africa moves towards the new millennium, the cities are playing their historical role as vehicles for modernity. Such a role needs to be recognised and encouraged and also be managed in such a way as to respond positively to the challenges of urbanisation. South Africans brought to believe in the inherent advantages of a rural past, must start to face the future. This future is an urban one and it is spearheaded by South Africa's largest and most productive cities.

The management of cities is a key mechanism for coping effectively with urbanisation, for they provide the core environment in which (Policy Overview 1998:2):

- economic growth must occur, expand and provide jobs,
- the benefits of urban agglomeration (e.g. ready access to hospitals, modern sewerage systems, big department stores, places of entertainment and many more.) must become available to an expanding population.

South African cities today are at the crossroads; they face two serious obstacles:

- the negative consequences of apartheid and racial segregation for the structure and functioning of cities and the impact this has had on race relations and the urban economy,
- the belated recognition of black urbanisation and the millions of South Africans who must now be fully integrated into urban society, government, economy service network and all the other benefits of urban living.

For these obstacles to be removed, there is a need to make a choice: are cities going to be overwhelmed by the growing but as yet mainly unmet needs of an expanding urban population, or are South Africans going to harness the inevitable process of growth and urbanisation so as to manage it productively and to the benefit of all South Africans?

Today, South Africa is in transition to inclusive government. A negotiated settlement of political conflict is a daily topic in the media. Quite correctly, most observers are concerned at the economy's ability to support the rising demands for services and benefits, which a new political system will bring in its wake.

Of equal importance is the question of whether or not the quality of urban life, urban opportunity and urban management can facilitate this economic expansion as well as support the political changes, which seem inevitable. The fundamental question then is our cities ready to cope with the best intentions in our new mood of national conciliation? (Policy Overview 1998:2).

### 3.4 LOCAL GOVERNANCE

Local government is uniquely placed to analyse and understand power dynamics within a community, and ensure that those who tend to be excluded and marginalised can become

active and equal participants in community and the transformation of the settlements where they live (Local Government: White Paper 1998:34).

### 3.5 THE NEED FOR LOCAL GOVERNMENT

Local government is required to pursue developmental outcomes as

- the provision of household infrastructure and services;
- the creation of liveable, integrated areas;
- the promotion of LED through reviewing current policies and providing special economic services; and
- community empowerment and redistribution.

In this research study, it is imperative to highlight the facets of LED. Such key facets include *inter alia* the following (LED NEWS Magazine 1999):

- local procurement, especially from the informal sector, ensuring labour intensity of local projects;
- simplification of planning and applications
- sanctioning mixed land use;
- one stop shops;
- small business support services; and training and placement.

There are three approaches to actualise outcomes which include (LED NEWS Magazine 1999):

- integrated development planning and budgeting, through the pursuit of defined, local level planning and development of key local level strategies,
- performance management, and
- working with local citizens and partners, this include the establishment of forums and the establishment of partnerships with business and community based organisations

### 3.6 THE INVOLVEMENT OF MUNICIPALITIES IN LOCAL ECONOMIC DEVELOPMENT

A municipality has all the powers and duties conferred by or assigned to it in terms of section 44(1) (a), 104 (1) (c), 156 and 229 of the Constitution, and must exercise them subject to Chapter 5 of the Municipal Structures Act. A municipality may do anything reasonably necessary for, or incidental to, the effective performance of its functions (Local Government: Municipal Systems Bill; Government Gazette No 21071 of April 2000).

Municipalities in South Africa have played a role in local economic development. Municipalities employ people from the local area, purchase goods and services, develop infrastructure and regulate the development of land. All of these activities impact on the local economy.

In addition, to these ‘traditional roles’ of service provision and regulation, the Constitution defines one of the objectives of local government as the promotion of social and economic development (LED Manual Series 4/5 2000:1).

The White Paper on Local Government reinforces this mandate. The White Paper introduces the concept of “development local government”, which is defined as;

*“local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and, improve the quality of their lives”.*

### 3.7 INTERNATIONAL TRENDS THAT IMPACT ON LOCAL GOVERNMENT

Globalisation consists of a bundle of interrelated ideas; economic, political, technologically and cultural. In this research study, focus will be based on the economic aspect. Economic globalisation can be described in a number of ways. At the most basic

level, it refers to the expansion of the world market economy during the past two decades; The rise of the South East Asian economies, the fall of communism in Eastern Europe and the former Soviet Union and the emergence of market economies notably in Chile Argentina and Brazil. More than ever before, there is a growing international integration of markets for goods and service and capital (Centre for Development Enterprise 1996:7).

Globalisation involves a number of discrete but interrelated economic processes. It was not until the 1960's and 1970's that a true 'global economy' emerged, despite a long history of international flows of capital, labour goods and service.

Globalisation poses real threats to business for cities all over the world, while it simultaneously creates exciting opportunities for growth and prosperity. The new opportunities for developing countries are accompanied by tough new challenges of economic management. Integration with the global economy requires a liberal trade and investment regime. In trade, competition is increasingly stiff, and the rapidly changing possibilities favour the more agile. A classic example of a state that responded to changes in global trade and investment patterns is Hong Kong. (Centre for Development Enterprise, 1996:8).

The trajectory of emerging growth coalition in metropolitan Durban may well represent the best possible plan that can be promoted in the age of globalisation, offering an expansion of the economy based above all on Durban's location and infrastructure. This may provide jobs indirectly rather than far more directly and also create the financial basis whereby services can be delivered to the poor people. (Sowetan, 10 November 1999).

At the Commonwealth Heads of State Meeting held in Durban Secretary General Chief Emeka Anyoaku stated that there is likely to be new impetus towards tackling some of the civil society in Commonwealth countries. It deals with globalisation and was intended to the lot of the poor. He argues that globalisation and pluralism are the two major

challenges facing most developing countries and how that is managed has enormous implications for development (Sowetan, 10 November 1999).

His concern is what he terms 'divisive pluralism'. Since the end of the Cold War era, there has been an increase number of countries riven by internal conflicts.

Within the Commonwealth, there has been a culture of advocacy, which, besides mustering support against apartheid South Africa, and supporting the independence of Zimbabwe, has also introduce new approaches to global matters, such as the cancellation of poor countries' debt (Sowetan, 10 November 1999).

He also added that the Highly Indebted Poor Countries (HIPC) initiative which allow for poverty stricken countries like Mozambique to have some of their debt cancelled originated in 1994. CHOUGH. "We actively advocated the merits of the HIPC initiative. Now that has been shown to have it, can be reviewed. This is then the purpose to call this conference.

Economic experts argue that globalisation is seen to benefit the poor. They argue that unless globalisation is seen to be creating conditions for the eradication of poverty, the advancement of world peace and the promotion of a safe environment, the world's poor will believe it is "a useless concept".

At the opening of Commonwealth Business Forum in Johannesburg, Gauteng Premier Mbazima Shilowa told the delegates that most of the developing countries need to reap a rich harvest from seasons of globalisation. He added that it is for this reason that we must emphasise the need for co-operation and the vigorous pursuit of economic interest. This is a millennium during which globalisation will be driven even more by knowledge and significance of communication and technology (Sowetan, 10 November 1999).

The Forum which will be held in Durban will bring together government and business leaders to discuss global business trends, the effects of globalisation and review the



interaction between business practises and government policies under the theme “Making Globalisation Work”(Sowetan, 10 November 1999).

There is hope that the Commonwealth leaders might become just another talk shop, let alone a rubber stamp for willy-nilly economic globalisation and instead set a pace for international bodies by beginning to address the concerns of small developing countries. Not least because on the one hand South Africa is playing host and will chair the meeting. On the other hand, even in the camp of Britain Prime Minister Tony Blair- an ardent proponent of liberalised trade and globalisation as the path to development. there is a concern that globalisation must not be perceived as undermining human development in poor countries. (City Press, 7 November 1999).

It is not only the poorer parts of the globe where opposition to accelerated globalisation lurks. Summer in Britain this year saw thousands of protestors descend on London for a “take-over” that was ironically, organised through the internet, one of the major facets of globalisation (City Press, 7 November 1999).

It is also important to consider the fact that local government has a key role to play not only in tackling degeneration and poverty, but also in helping remove the barriers to economic development. Barriers such as

- Low levels of investment
- Paucity of good managers and skilled workers; and
- Inadequate economic development planning skills

Bearing in mind the implications of operation in the era of a global society, that all spheres of national government have to place these problems at the heart of their analysis of the requirement of economic progress.

The evidence from the Commonwealth was that all member states must embrace the ideal of good governance, and it was also noted that not only is good governance a *sine qua*

*non* for economic development, but also, without it, the tribal wars such as those experienced in parts of Europe and Africa will remain a permanent feature of political landscape (Sowetan, 16 November 1999).

The challenge is that the exciting opportunity of ensuring that the impoverished majority does not continue to be bypassed by the benefits of economic growth. This growth must give people the possibility to feel the heartbeat of the rebirth of the continent as this is happening in some communities who now have clean water electricity and even sewers.

In the present day society, there is a phenomenon that requires an organised response from government at national, provincial or regional level all over the world. Strong local government can give local communities access to the benefit of globalisation by harnessing the best elements of the phenomenon. In this era people-centred development is not guaranteed unless the community leaders take steps to ensure that proponents of globalisation do not only focus on the global movement of capital, but are also made to pay attention to the real needs of local communities and environment.

Many people have expressed different thoughts on globalisation. Some say it will only serve developed countries while others say it will further cause poverty in poor underdeveloped and some developing countries. It is an undisputed fact that globalisation can never be avoided since people are living in a global world.

### 3.8 DEVELOPMENTAL ROLE FOR LOCAL GOVERNMENT

Municipalities have a critical role to play at the programme level. The combination of their inclusive democratic mandate to represent the full range of local interest, and the functions they fulfil (e.g. delivering services and managing spatial development), places municipalities in a unique position to play a leadership role at the programme level.

Municipalities have a range of choices regarding the way in which they structure their institutional capacity to play a co-ordinating role at the programme-role.

Programme-level institution arrangements can be structured in a way, which supplements the municipality's resources and capacity. Some municipalities are in a position to use the municipal capacity and resources to drive the LED programme. Other municipalities may wish to structure programme level LED institutions in a way, which harnesses additional resources and capacity. The different roles that municipalities can play in an LED will influence the type of institutional arrangement that is most appropriate in that area.

### 3.9 DURBAN METROPOLITAN AREA AND LOCAL GOVERNMENT

Metropolitan areas are large urban settlements with high population densities, complex and diversified economies, and a high degree of functional integration across a large geographical area than the normal jurisdiction of a municipality (Local Government: White Paper 1998:78).

Durban has been declared a metropolitan area, meaning that it has a Category A municipality. The Durban Metropolitan Council is part of Local Government, and both have similar responsibilities and challenges. These include the need to (Local Government: White Paper 1998:89):

- Build appropriate municipal institutions in areas which have no existing administrative capacity, which are unlikely to attract strong local government personnel, and which have little or no financial base to support staff complements and sustain service delivery;
- Respond creatively to changes in local economies. This includes kick-starting development in areas where economic potential has not been realised, partly because of the high production and distribution costs imposed by poor municipal

infrastructure; initiatives to manage decline in many market towns and some regional service centres; and measures to anticipate and manage the effects of rapid growth in others;

- Anticipate shifts in settlement patterns, especially with a large number of people leaving farmland, and with informal settlements rapidly growing on vacant land in agricultural areas and on the edges of towns;
- Provide for the basic needs of people living in historically derived settlement patterns, which are difficult and costly to serve. These include settlements on communally owned land where dispersed homesteads are the norm, and in denser areas of 'displayed urbanisation' on the borders of homelands; and
- Rapidly build capacity so that municipalities can respond to new opportunities, including the availability of national funding for infrastructure investment, the devolution of national and provincial functions, and a range of sectoral and spatial initiatives.

Some of these challenges and responsibilities can only be dealt with at the local level, and require strong and effective primary-tier local government. Other challenges play themselves out on a larger scale, and clearly demand regional attention through some form of cross-municipal authority.

According to the Local Government Transitional Act (LGTA) 209 (Act 1993) the metropolitan areas were defined by the following characteristics:

- (i) Comprise the area of jurisdiction of multiple local government;
- (ii) Densely populated with an intense movement of people, goods and services within the area;
- (iii) Extremely developed or urbanised with more than one central district, industrialised area and concentration of employment, and forms a functional unit comprising various smaller units, which are interdependent economically and respect of services.

### 3.9.1 Local Government Activities with Direct Economic Impact

Local government in the DMA has had a major impact on the development of the local economy through the exercising of a wide range of functions. However, this impact has not been clearly recognised and assessed in terms of their economic impact. Since there has been very little in terms of explicit local government economic programmes, the functions that had an impact can be categorised into four main areas.

- *Planner-* In the past planning occurred within the framework of racial policy, which made coherent planning impossible across the different racially structured local government systems in the DMA. Planning within the white urban core was inhibited by the existence of different local authorities. Planning was informed by the principle of land use zoning and the ideal of suburban residential development based on apartheid residential patterns. Generally, planning was reactive and control orientated.
- *Regulator-* Local government has traditionally exercised a wide range of functions as watchdog or custodian of public interest, many of which impact directly or indirectly on the economy. This function is performed through the application of regulations and by-laws designed to secure public health and safety, standards of building, infrastructure and services and the environmental protection. Many of these controls are applied through zoning regulations, which govern the types of activity allowed in different areas such as industrial, commercial and residential areas.
- *Employer and consumer-* Local government has played a major role as employers and consumers in the DMA. The scale and nature of local government as an economic actor means that the way in which the city has been managed as an economic entity can have a major impact on the economy of the urban area.
- *Service provider-* Local government has traditionally engaged in basic service provision (electricity, waste and water), However, within the DMA this role has also

involved other services such as those of Durban City's Informal Trade and Small Business Department in facilitating street trading activities, and the tourist marketing efforts of Tourism Durban. (Economic Development Rapid-Action Programme 1996:17).

### **3.9.2 Evaluating Durban Local Government's Impact on Local Economic Development**

In broader terms, the strength of local government lies in the concentration of financial, institutional, technical and managerial resources within the core of the DMA. In some areas major development activities have been designed to build on the comparative advantages of the local economy. The prime example of this is the beachfront development undertaken by the Durban City Council to enhance the tourist potential of the city. Both Durban and Pinetown have been successful in facilitating the range of property developments in their areas. In Pinetown success has been achieved in attracting new industrial investment through the provision of effective services and offering of incentives to potential investors. These are the major strengths.

The major weakness in local governments' performance of their economic functions lie in the failure to plan economic interventions within a coherent policy framework, the failure to address infrastructural and service needs on the metropolitan peripheries and the overly bureaucratic application of planning criteria and regulations. In general the way in which local government has functioned has not been guided by clear policy with respect to the economic system and its sustainability. (Economic Development Rapid-Action Programme, 1996:17).

Furthermore, local government did little to address distribution issues. Beyond limited charity work, provision of some services such as health etc, local government did not see a role for itself in working to address problems of poverty in the DMA.



The key institutional weaknesses were, and remain, the lack of an economic policy capacity and the lack of institutional mechanisms to enable co-ordination between different service departments. The numerous agencies and institutions which undertook activities with economic impacts did so in isolation from one another. This prevented local government from responding rapidly and effectively to changing pressures on the economy (Economic Development Rapid-Action 1996:17).

In addition, the continuing concentration of powers over key local economic activities in provincial and central government departments remains a barrier to local economic development co-ordination. Prime examples are the control of the port and airport being in the hands of national government and their lack of proper integration into the local economy. Furthermore, the performance of local government was inhibited by a failure to explicitly recognise the economic development impact of local government actions and by the reliance on bureaucratic forms of control to regulate economic activities (Economic Development Rapid-Action Programme 1996:19).

### **3.9.3 Current Development**

The mission of the Economic Development Department (EDD) is to advise and guide the Durban Metropolitan Council on how it should act to promote economic development, job creation and redistribution in the Durban Metropolitan Area.

**The following core competencies represented within the EDD illustrate the wide range of LED activities undertaken by the Department:**

- negotiation and facilitation skills for improving the management of economic development projects and activities within the municipal government;
- policy and strategy formulation skills in the areas of private sector development, investment promotion, SMME development, the support of economic activities in low income areas, and tourism promotion;

- implementation skills in the areas of investment promotion and marketing, procurement and tender reform, creating effective development institutions and monitoring their performance;
- economic information collection and collation;
- design and management of in-depth economic development research projects;
- advanced data analysis and report writing; and
- communication and advisory skills.

The Department uses a project-based management format. It is organised into a Private Sector Development Unit, an SMME Development Unit, a Community Economic Development Unit, a Tourism Unit, and an Economic Research and Information Unit.

Recent achievement and development of the Economic Development Department include (Local Economic Development Manual Series 1/5 1998:11):

- the facilitation of the Durban Convention Centre development;
- establishing a 'Best Practice Commission' which investigated the city's planning and approval procedures;
- building a partnership with other stakeholders to develop an innovative beach management plan;
- assist the Metropolitan Local Business Service Centre;
- guiding the allocation of a R5 million fund to SMME development projects;
- managing a large census survey of street traders in the city;
- conducting a study of 100 manufacturing firms in the Southern Industrial Basin, and
- initiating research into urban agricultural opportunities.

There are also many projects which still need to be implemented, the Durban Waterfront Development is one of them. The Point Development which is already in place.



### 3.10 SERVICE DELIVERY

The global economic restructuring process has forced cities to undertake local economic development (LED) planning. The idea behind is that LED would increase employment opportunities and the local tax base by making the city's business climate more 'attractive' to mobile capital. Throughout Europe this planning (that is), LED has been a driving force for development and growth.

Since there has been an economic outcry in Durban it was suggested that the ICC as a local economic development strategy or initiative be put in place which was to be closer to the Central Business District (CBD) of the city (Gilbert A interview, 23 June 1999).

The project was marketed as a well-timed initiative coinciding as it does with growing international interest focussed on post apartheid South Africa (and) will establish Durban as a unique international business destination (Maharaj B et al 1997 citing ICC Media Release, 29 June 1994).

The overwhelming support received by the ICC, civic organisations and the community is incredible but nonetheless they laid some conditions for example

- (1) The need for community participation in the control and management of the ICC
- (2) The community must benefit directly from the building of the ICC.
- (3) The development of the ICC should be linked to a social responsibility programme.
- (4) The construction of the centre must provide opportunities for skills acquisition through affirmative action (Letter from the Durban Housing Action Committee 2000).

It is then upon to the administrators and the Durban official or DMC to deliver services that would make sure that projects like the ICC become a reality.

The remedy to address socio-economic conditions may be, among other things, service delivery. According to the National RDP Office (1995), areas which were previously disadvantaged should be given a first priority. This was an initiative from the ANC government in to attempt addressing problems facing the society, like, for example, poor living conditions, healthy working environment, clean water and so on.

Such an idea does not exclude other cities in South Africa. Both the national government and local government should play a vital role in service delivery. At the same time both the community stakeholders and the community itself should also play a pivotal role in addressing problems which are affecting the community. There is no doubt that if such a process (of service delivery) is well executed; there will be progress equity and growth or development in a community.

The questions then, which needs to be taken into consideration, are as follows:

- What is the mode of delivery
- How can such services be addressed;
- How can service needs be met;
- How can people be served, and the critical views about service delivery

All these questions will be addressed in the forthcoming sub headings.

### **3.10.1 The mode of delivery**

Metropolitan councils with extensive power and functions may operate as ‘policy heads’, retaining policy control but limiting the size of their administrative component. Delivery should take place via special purpose utilities, partnerships (PPP), community contracting

and agency agreements. Alternatively, the metropolitan level could retain an administration for in house delivery, the size of which would depend on the allocation of powers, and functions. Various combinations, which fall between the 'policy heads' and 'in-house administration' mode of delivery, are possible. (Local Government- Research input for the Local Government, Green Paper; Political/ Institutional Systems Cluster, Paper Two 19 August 1997) Dominique Wooldridge.

### ✓ 3.10.2. Addressing Service Needs

Territorial development should primarily be a strategy geared towards the satisfaction of the basic needs, using purpose community action based on decentralised participatory decision making, small and medium-sized projects, labour- intensive mode of production, appropriate technology and self management, and the development of local small-scale enterprise aimed at providing basic or social needs. Wilson (1995:650) citing Evangelinides & Arachovitou (1990:64).

It is important to note the fact that local development policies are characterised by a shift in emphasis away from the provision of social services and public goods towards accelerated growth in order to create jobs and tax base in cities. (Gottidiener 1987; Harvey 1989; Lietner 1990). Widespread concern has been raised about the gap between LED promises and outcomes (Fainstein 1990; Giloth 1992). The assumption of the 'trickle down' of benefits to the poor is questionable, and urban inequalities have often been exacerbated. These problems can be reduced if the public-and private democratic planning, linkage policies and economic development scheme which hold the promise of directing the private sector to redevelop the city and simultaneously bring social benefits from such policies, and has been shifted towards greater community participation in the planning process. (Maharaj citing Barlow 1995, Savitch & Kantor 1995). This would result in cities getting better deals from developers, asserting greater control over the LED process, and targeting resources better to meet the needs of the disadvantaged (Levine 1989).

### 3.10.2. (1) Meeting the Needs for Service Delivery

- The caring society must address successfully the challenges of meeting the material needs of the people.
- Our first democratic government to achieve socio-economic transformation and macro-economic stability implemented the Reconstruction and Development Programme (RDP) and the Growth Employment and Redistribution (GEAR) strategy.
- The structural changes entailed within these processes were also to take place within the context of our economy becoming more competitive as it integrated itself within the global economy.
- The RDP and GEAR will remain the basic policy objectives of new government to achieve sustainable growth, development by public authorities and public corporations reported in the GDP.
- The further transformation of state machinery will result in changes to the public expenditure patterns, against personnel cost.
- These processes will also involve the provincial sphere of government in local government financial management.
- It also requires concerted action to promote public-private partnership's which must be constructed on a fiscally sound and sustainable basis.

It is also important to note the fact that the government will continue to give priority to the issue of job creation, however this is debatable. If perception or realities influence the process negatively, these must be addressed. To improve the quality of all people, especially the most disadvantaged, the government will remain steadfast in its approach

to reprioritise public spending to maintain and improve the safety net available to the most disadvantaged in our society.

The quality of improving spending and delivery of services is important to the people. This will be done by managing downwards the amounts spent on personnel, rooting out corruption and theft, improving management skills throughout the social sector and ensuring an integrated, interdepartmental approach to the delivery of services.

Special programmes will also be introduced to speed up the improvement of the quality of life of various sections of our populations. Also the government will tighten its tracking of the poverty policies and programmes that are actually succeeding to reduce the level of poverty in our country. (Sowetan, 2 July 1999).

### 3.10.2. (2) **Serving the People**

The government is also determined to ensure that the machinery of state is geared towards serving the people in keeping with the vision of 'Batho pele'. The government will speed up the completion of the Skills and Service Audits currently being carried out which is aimed at management and to release more resources for the provision of services to the people (Sowetan, 2 July 1999). The services that ICC is rendering to different communities are part of the broader focus of local government service delivery.

## 3.11 PRINCIPLES OF SERVICE DELIVERY

In choosing the delivery for their areas, municipalities should be guided by the following:

**Accessibility of service:** Municipalities must ensure that all citizens - regardless of race, gender or sexual orientation have access to at least a minimum level of service. Imbalances to access of services must be addressed through the development of new

infrastructure, and rehabilitation and upgrading of existing infrastructure. The Consolidated Municipal Infrastructure Programme has been established to provide capital grants to assist municipalities in funding bulk and connector infrastructure for low-income households and so extend access to services.

Accessibility is not only about making services available but also making services easy and convenient to use. Municipalities should particularly aim to ensure that people with a disability are able to access municipal services and amenities.

**Affordability of services:** Accessibility is closely linked to affordability. Even when service infrastructure is in place, service will remain beyond the reach of many unless they are financially affordable to the municipality. Municipalities can ensure affordability through:

- Setting tariffs which balance the economic viability of continued service provision and the ability of the poor to access services;
- Determine appropriate service levels. Service levels, which are too high, may be economically unsustainable and jeopardise continued service provision. However, inadequate service levels may perpetuate stark spatial division between low, middle and high-income users (particularly in urban areas) and jeopardise the socio-economic objectives of the council;
- Cross-subsidisation (between high and low income users and commercial and residential users within and between service).

**Quality of products and services:** The quality of services is difficult to define, but includes attributes such as sustainability for purpose, timeless, convenience, safety, continuity and responsiveness to service-users. It also includes a professional and respectful relationship between service-providers and service users.



**Accountability for service:** Whichever delivery mechanism is adopted, municipal Councils remain accountable for ensuring the provision of quality services which are affordable and accessible.

**Integrated development and services:** Municipalities should adopt an integrated approach to planning and ensuring the provision of municipal services. This means taking into account the economic and social impact of service provision in relation to municipal policy integration and job creation through public works.

**Sustainability of services:** Ongoing service provision depends on financial and organisation systems, which support sustainability. Sustainability includes both financial viability and environmentally sounds and socially just use of resources.

**Value -for-money:** Value in the public sector is both a matter of the cost of inputs, and of the quality and value of the outputs. The above principle requires that the best possible use be made of public resources to ensure universal access to affordable and sustainable services.

**Ensuring and promoting competitiveness of local commerce and industry:** The job-generating and competitive nature of commerce and industry must not be adversely affected by high rates and service charges on industry and commerce in order to sustain domestic users. Greater transparency is required to ensure that investors are aware of the full costs of doing business in a local area.

**Promoting democracy:** Local government must also promote the democratic values and principles enshrined in the Constitution, including the principle provided in Section 195 (1) (White Paper 1998:113/114).

### 3.12. CRITICAL VIEWS ON SERVICE DELIVERY

Local government in South Africa faces many critical challenges. Millions of people, particularly poor and rural communities with little or no financial resources have no access to even the most basic of municipal services. Since the mega city debate in 1997, the Democratic Party (DP) has welcomed the chance to re-evaluate local government and look for innovative and co-effective ways to better deliver these services to all South Africans.

While the DP is in complete agreement with the stated objectives of local government as outlined in the Constitution, the DP fundamentally disagree with many of the proposed and legislated mechanisms and demarcation process designed to achieve them. The much hyped “mega city” concept is not the answer to Durban's woes, and can never address the desperate needs of poorer communities, particularly those in rural areas. On the contrary, the size of Durban’s metro needs to be dramatically reduced. International experience has shown that

- Mega city governments tend to be more costly per capita.
- Mega city governments tend to be less responsive to their citizens.
- Mega city governments are too bureaucratic and inflexible to deliver services where needed most – the rural poor.
- Regional policy objectives can be effectively served without amalgamation.

A 1997 review of all 171 US cities with population greater than 100 000 showed that cities of more than one million are 21% more expensive, per capita than cities under one million. Mega cities weaken and violate democracy, threaten their very existence and compound their stagnation and flexibility. When the ANC-led Durban Unicity, committee in July called for the boundaries of the metro for the further expanded, the DP opposed this move as sheer lunacy. The DP said that the ANC’s call was simply one of



blatant political opportunism, designed to shore up their declining metro support base and to accommodate the IFP in the province.

The publication of the board's initial report confirmed our fears. The board has ignored evidence that strongly indicates the need for the reduced metro. Instead, it proposed boundaries that will increase the metro by more than 50% and include another million people to bring the metro population to a staggering 2.8 million (The Mercury, 10 September 1999).

There has been almost no consultation with local government institutions and key stakeholders in KZN. The meetings held with the House of Traditional Leaders (amakhosi) and the provincial (MEC) do not constitute an inclusive consultative process. Until this is rectified, the path to meeting the noble constitutional objectives of local government will be fraught with litigation and other constitutional and legal obstacles. These delays are not in the interest of the people.

The Board identifies criteria distinguishing metropolitan areas from other authorities, based on a diverse complex economic base, high density, land use, high land values interlocking service centres and the need for a specialised system of local government. But beyond the existence of dense settlement patterns on the metropolitan fringe, the board's criteria actually mitigate against the inclusion of the vast land mass to the north and south of the existing Durban Metro, as combined in its new proposals.

Critically, the Board fails to explain how the Durban Metro is going to provide the service delivery of infrastructure to this vastly expanded area when it cannot even meet the existing demands placed on it.

What is crucial is not so much the inclusion or exclusion of certain areas, but rather how the people who live there are to be best saved. This shabby piece of political opportunism is part of predetermined political plan by the ANC for KZN. How else does

the Board account for its inclusion of vast areas of Ilembe (arguably the best-run and most economically viable regional council within the Metro).

If the board is serious about addressing the very real municipal needs of millions Of people in KZN, then it is going to have to radically change its stance in line with Economic reality, while the poor in rural areas have to receive at least a minimum level of service, it is crucial that local authorities established for those poorer areas become self-sufficient and sustainable in the long term.

Inclusion in the metro will place enormous pressure on existing overburdened sub-structure councils, resulting in communities living in these extended boundary areas getting a much smaller slice of an over-divided cake.

The board's proposals are quite simply about consolidating ANC control in Pretoria hoodwinking the IFP in KZN (The Mercury-Friday 10 September 1999).

### **3.12.1 Service Delivery in Durban**

It is crucial to note the fact that cities are giving up on manufacturing and returning to their ancient economic roots-trade, commerce finance and transport. The services that are now provided, include data processing and software programming (which is part of information technology) hospital and clinical services, top-level schools and universities, and professional cultural and sports events and even tourism.

Such grand plans can only succeed in cities where streets are free of garbage, water is drinkable, food is safe the air is generally clean and quiet and risk of being mugged is low. Improving the quality of life is not just a pleasant option for hard-pressing citizens; it is the economic precondition of any successful metropolis. It is upon this context that issues like poverty alleviation, employment creation and land development should be addressed.

Much has been said about service delivery in South Africa particularly in Durban. Taking the city back to the apartheid era, obviously there have been vast improvements and changes. So this implies that there is service delivery around the country. Although at some stages such developments or improvements happen at the slow pace. The criticisms levelled by the DP on the ANC are to a lesser extent not real or uninformed. If really there was no service delivery whatsoever, things would have been as they were a decade or so ago (Mlaba interview, 6 July 1999).

Likewise, in any country, there are opposing political parties who would like to capitalise on the mistakes or misfortunes of the ruling political party, rather than jointly bringing concrete ideas that would remedy the situation. May be the government of national unity would do as expected much well.

Service delivery, therefore, should be a joint effort, the government should play a leading role, the opposing political parties relevant stakeholders and big companies as well need to address service delivery. Service delivery should be, among other things, in the form of poverty alleviation, employment creation, land development management, the eradication of joblessness and unemployment crisis and its implication.

### **3.12.2 Poverty Alleviation**

Recent advance in the policy debates surrounding urban poverty and local economic development may signal the forging for stronger links between two policy areas. In his contribution to the urban poverty forum, William Julius Wilson (1987) attributes many of the problems of the black urban poor to structural change in the economy and focus particularly on how these changes have led to high levels of joblessness among black males. In proposing a solution to the problem he advocates “macroeconomic policies to promote balanced economic growth and create a tight-labour-market situation [and] a nationally oriented labour market strategy”.

Within the local economic development arena, discussion has recently emphasised the ways in which the policy debate can be expanded to incorporate the employment needs of economically disadvantaged central city residents. According to Long (1987) "Getting the poverty and near-poverty population that subsists outside the mainstream economy usefully employed is a major task of urban economic development." Within both policy context, then, appears to be some agreement that the urban poverty problem is closely linked to the economic development process.

The challenge of urban management in the economic environment of the 1990's is how to improve productivity while directly alleviating the growing incidence of urban poverty and thereby also improving equity. This does not require a trade-off between strategies to promote economic growth and to reduce poverty; poverty reduction is possible in part through improving productivity at the individual, household, firm and urban levels. This approach involves both directly increasing the labour intensity productive instrument and improving the human capital of the poor through better education, health and nutrition.

While data is not available to determine the effects of adjustment on the urban income distribution, it is nonetheless evident that relatively higher income of middle class has been reduced in real terms by reduced subsidies of which they had been the major beneficiaries. This has also affected lower middle-class groups for whom these subsidies constituted a significant part of their real incomes. The process has pushed them into the lower income category at least until the resumption of growth leads to improved opportunities for employment, higher productivity and increase wages, Buckley & Mayo (1989).

These consequences have been a necessary part of the process of returning to sustainable economic balances and improving overall equity between the urban and rural population. In Durban, there are lots of programmes and initiatives that have been put in place to address the issue of poverty; Employing local labour for the building of the ICC is one of them.

### 3.12.3. Employment Creation

Employment is often addressed under effects such as health housing homelessness and job training (Harloe et al 1990). McArthur (1993) posits that community-based economic development in Britain attempts to create jobs and provide services by community-owned and controlled organisations- are limited by the lack of professionalism and access to foundation funding available in South Africa.

For the poor, their greatest asset is their capacity of labour, (Moser 1996; 1998). Accordingly, municipal actions towards employment creation can represent important options for poverty alleviation. Indeed, it is stressed that employment generation as a means for alleviating urban poverty has historically been one of the major strategies for alleviating poverty in the developing world, (Stren & Gombay 1994:16).

In the developing world context (Stren & Gombay 1994:40) stress that 'research literature scarcely touches on either the actual or potential role' of municipalities in regard to sustainable informal and micro-enterprise activities. The existing support or policy intervention can both be direct or indirect (Dawson & Jeans 1997).

The notion of inequality underlies most thinking about economic policy, but this emphasis is probably misplaced. African incomes are rising considerably faster than those of white Tomlison (1994:18).

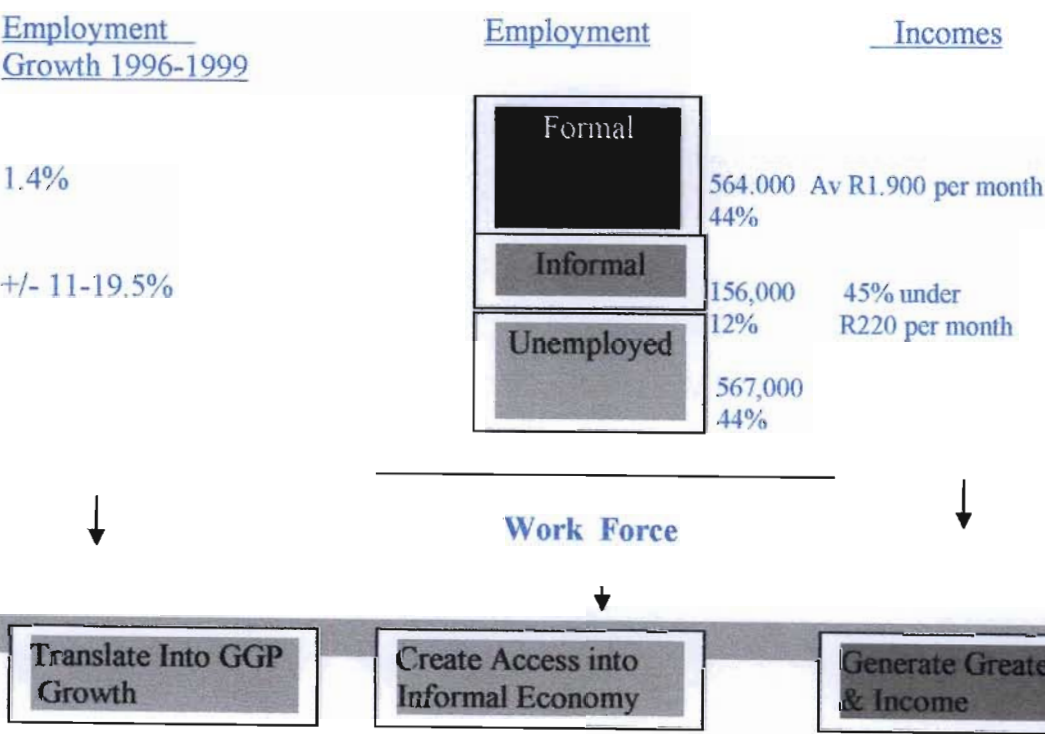
The white share of household incomes, as a proportion of the national total, is declining rapidly. Once one moves away from the cruder racial inequalities rather different problems come to the fore. Almost half the African population lives in poverty. Formal employment among African is now about 50 per cent.

Currently, Durban industries are really not creating the desired outcomes that are required to be able to achieve one of the visions of Durban. Only the fastest growing sectors or industries are meeting the target growth rate. The manufacturing sector as a whole, which

has always been the engine of the Durban economy, is growing very slowly and high performers (like industrial chemicals or food) are removed, the results is growth of less than 1% per annum over the past decade. Tourism, which has the greater potential and was once strong drawcard of Durban (especially for domestic tourists) is sluggish, and is attracting increasingly lower value customers. Durban is seeing a loss of share for its industries to other cities within South Africa, is not replacing capital and has not taken advantage of global opportunities.

As far as job growth is concerned, the informal economy is growing rather quickly, but is of questionable sustainability. This is also true of the number of small business.

Figure 3.1 Illustrates Durban’s Employment and Income



Source: Durban At The Crossroads



The figures above show the informal economy growing at somewhere between 11 to 19%, while the formal sector is growing very slowly. There is a large unemployed population, which needs access into both the formal and informal economy.

The growth in the informal sector is translating into incomes that are very low with 54% of workers under the poverty line of R220 a month. What is required is to translate the growth in jobs into GDP growth. In other words, the ability to increase the wealth and value that has been generated by each of these jobs. In order to do this, there needs to be a shift away from the cycle of supporting the creation of any jobs to a cycle of supporting those jobs which are going to be value creating and sustainable.

The starting point therefore, needs to be an understanding of the industry or sector involved. Thus, the informal economy must be viewed in a manner similar to the analysis presented above. The informal economy is not a homogenous entity and includes a variety of jobs with different skills and different industry conditions. This shift from concentrating on an informal 'sector' to the small and informal part of formal sectors is a crucial step to finding a sustainable solution (Durban At The Crossroad 2000:48).

The good news is that in many studies in traditional medicine, retail, clothing, craft and chickens, great opportunities for meeting the objectives of increasing sustainable employment of higher return were found.

The table (table 3.1) below shows the percentage of the national population in each province and the percentage in each province that is unemployed. Provinces with large rural populations and which contain former homelands experience have the highest level of unemployment.

PROVINCE	% POPULATION	% UNEMPLOYMENT
GAUTENG	18.1	28.2
NORTH WEST	8.3	37.9
FAR NORTH (Limpopo)	12.1	46.0
MPUMALANGA	6.9	32.9
KWAZULU-NATAL	20.7	39.1
FREE STATE	6.5	30.1
EASTERN CAPE	15.5	48.5
NORTHERN CAPE	2.1	28.5
WESTERN CAPE	9.7	17.9
	TOTAL. 40,5	AVARAGE 33.9%

SOURCE [http:// www.css.gov.za/censupr/population.htm](http://www.css.gov.za/censupr/population.htm)



TABLE 3.2: EMPLOYMENT STATISTICS IN DURBAN METRO

AGRICULTURE	6318
MINING	1126
MANUFACTURING	156892
UTILITY	6949
CONSTRUCTION	44873
TRADE	92933
TRANSPORT	50637
FINANCE	63892
SOCIAL	125280
PRIVATE	80751
DIPLOMAT	273
NEC	132 991
TOTAL	762715

SOURCE: CENSUS 1996

Economic experts argue that globalisation is seen to benefit the poor. They argue that unless globalisation is seen to be creating conditions for the eradication of poverty, the advancement of world peace and the promotion of a safe environment, the world's poor will believe it is "a useless concept".

At the opening of Commonwealth Business Forum in Johannesburg, Gauteng Premier Mbazima Shilowa told the delegates that most of the developing countries need to reap a rich harvest from seasons of globalisation. He added that it is for this reason we must emphasise the need for co-operation and the vigorous pursuit of economic interest. This is a millennium during which globalisation will be driven even more by knowledge and significance of communication and technology (Sowetan, 10 November 1999).

The Forum which will be held in Durban will bring together government and business leaders to discuss global business trends, the effects of globalisation and review the interaction between business practises and government policies under the theme "Making Globalisation Work"(Sowetan, 10 November 1999).

There is hope that the Commonwealth leaders might become just another talk shop, let alone a rubber stamp for willy-nilly economic globalisation and instead set a pace for international bodies by beginning to address the concerns of small developing countries. Not least because on the one hand South Africa is playing host and will chair the meeting. On the other hand, even in the camp of Britain Prime Minister Tony Blair- an ardent proponent of liberalised trade and globalisation as the path to development, there is a concern that globalisation must not be perceived as undermining human development in poor countries. (City Press, 7 November 1999).

It is not only the poorer parts of the globe where opposition to accelerated globalisation lurks. Summer in Britain this year saw thousands of protestors descend on London for a "take-over" that was, ironically, organised through the internet, one of the major facets of globalisation (City Press, 7 November 1999).

It is also important to consider the fact that local government has a key role to play not only in tackling degeneration and poverty, but also in helping remove the barriers to economic development. Barriers such as

- Low levels of investment
- Paucity of good managers and skilled workers; and
- Inadequate economic development planning skills

Bearing in mind the implications of operation in the era of a global society, namely that all spheres of national government have to place these problems at the heart of their analysis of the requirement of economic progress.

The evidence from the Commonwealth that all member states must embrace the ideal of good governance, and it was also noted that not only is good governance a *sine qua non* for economic development, but also, without it, the tribal wars such as those experienced in parts of Europe and Africa will remain a permanent feature of political landscape (Sowetan, 16 November 1999).

The challenge is that the exciting opportunity of ensuring that the impoverished majority does not continue to be bypassed by the benefits of economic growth. This growth must give people the possibility to feel the heartbeat of the rebirth of the continent as this is happening in some communities who now have clean water electricity and even sewers.

In the present day society, there is a phenomenon that requires an organised response from government at national, provincial or regional level all over the world. Strong local government can give local communities access to the benefit of globalisation by harnessing the best elements of the phenomenon. In this era people-centred development is not guaranteed unless the community leaders take steps to ensure that proponents of globalisation do not only focus on the global movement of capital, but are also made to pay attention to the real needs of local communities and environment.

Many people have expressed different thoughts on globalisation. Some say it will only developed countries while others say it will further entrench poverty in poor underdeveloped and some developing countries. It is an undisputed fact that globalisation can never be avoided since people are living in a global world.

South Africa had lost more than 500 000 manufacturing jobs since 1995, as part of an inexorable world trend, Mr Tony Ardington chairman of the KZN branch of the National Business Initiative (NBI) confirmed last week.

The secret was to create jobs through small business; Ardington stressed, citing examples in the UK and the US. In Britain, it had new technology-and not former UK premier Margaret Thatcher- which had also eroded the number of jobs in manufacturing (he pointed out). He further said in 1850, the UK had three million manufacturing jobs. By 1950 this has risen to 11 million, in the electoral code of conduct observer commission. It was also very active in the EQUIP education outreach aimed at improving the management in schools around the province.

In his address, Dr Theuns Eloff, the NBI chief executive, said it confined its programme to working in partnership with the public sector. It was felt that great progress had been made in national housing provision –so much so that the NBI would ease out of this area. The government had processed more than one million housing opportunities. Among other things the NBI had installed a housing information system to enable the national department to access provincial housing statistics. It had developed a cash flow forecasting and financial reporting system to significantly improve financial management in the department (The Mercury, 8 September 1999).

The following table (table 3.3) indicates the basic statistics for Durban Metropolitan Area

Sector	Indicator
Population	2.6 million (1996)
Formerly Employed	750 646 (1996)
Unemployed	390 066 (1996)
Area	1366km <sup>2</sup>
Gross Geographical Product	R31bn or 9% of RSA GDP (1994)
Main economic sectors	Manufacturing, Trade and Catering, Finance and Transport
Average House Price in Durban at 2 <sup>nd</sup> quarter 1999	R197 047
Average for KwaZulu Natal	R193 603
Rest of the province	R187 936

Sources: Statssa, ABSA Quarterly Housing Review

#### 3.12.4 Joblessness

Despite the reported growth in South Africa's economy for the second quarter, the country will still continue to experience joblessness. So said the Statistics South Africa yesterday. The survey reported that the economy grew by 1,7 percent in the second quarter of 1999. This figure compares with a growth rate of a revised 0,6 per cent in the first quarter (Sowetan 24 August 1999).

This was below a Reuter's consensus of economists, who predicted a growth rate of 0,8 per cent. Economist Mike Schussler from FBC Fidelity and Nedcor's Mogan Mistry said

while the growth was not enough to translate into jobs it was good news for the economy. Schussler said many sectors of the economy such as mining were still under pressure because of low commodity prices. South Africa's unemployment rate stands at 30 per cent.

The overall growth rate was boosted by a surge in agricultural production, which grew by 19,7 per cent after a 1,3 per cent growth rate in the first quarter. "GDP is improving but it indicates that South Africa needs to cut interest rates further to get the magic numbers of between three and five per cent". This was confirmed by Colen Garrow an ABN AMRO economist.

ING. Baring chief economist, Kristina Quatteck, stated that while the turn around in the retail and wholesale industries was encouraging, key productive sectors such as mining manufacturing and construction remained very weak. "Room to manoeuvre will be limited because inflationary expectations are picking up"(Sowetan, 24 August 1999).

Since the economic status, the country appears to be in a state of collapse, it is pretty obvious that there is a lot that needs to be done in order to improve it. Although the establishment of the ICC created job opportunities but this is for the short duration in solving employment problems in Durban in the sense that if the ICC can never afford to maintain the basic salaries for its employees, definitely it is doomed to fail. To put it straight, if the economy of the country decreases drastically, obviously the operation of the ICC will be affected, thus be unable to maintain its economic status as a result employees will be retrenched thus losing jobs and this will further entrench poverty. In addition, the tourism industry will be affected.

At the same time it is unwise to speculate on the figures and predict the future economic growth and development because the rand has its ups and downs. The startling aspect of the data released by Statistics South Africa is not so much unexpected, 1999 first quarter growth of 0,4% or the revelation that South Africa was not in a technical recession at all (third and fourth quarter figures have been revised to show a decline of 2,3%



respectively). It is that South Africa appears set to outrank some of the wealthiest emerging market countries in terms of gross domestic product (GDP) per capita- the most useful measure of how developed a country is (Sowetan, 24 August 1999).

The data is preliminary and, in previous cases, will almost inevitably change once the figures are revisited. More importantly, though, is that these figures will have the effect of elevating South Africa's status above that of most emerging countries. Analysts are saying SA will increasingly be regarded as a developed country (Consensus Report, 1996).

The upside of this rerating is that SA is able to attract a better credit rating, cheap foreign capital and more investment. The downside is that the data conveys a distorted picture of the level of SA's standard of living. The higher-than-expected real GDP per capita (at current and constant prices) hides SA's highly unequal income distribution- Most income in SA accumulates to a few people (Consensus Report, 1996).

A case in point is provided by the 1996 Consensus Report by Statistics South Africa. It shows that 26% of those people who are employed earn R500 or less while 62% earn R1 501 or less. Only 11% earn more than R4 500 (Consensus Report, 1996).

A re-rating does not take cognisance of the earnings factor. It means most poor people will be increasingly judged as developed, a factor (which may deny the country certain benefits it could receive if it was classified as a developed country (Sunday Times, 27 June 1999).

### **3.12.5 Land Development Management**

Lack of access to land is a major blockage which prevents the poor from meaningful participation in the urban economy (Moser 1990), in many developing countries, however, access to land is restricted by a mixture of old and inadequate land legislation, a

confusing and expensive institutional frame work, unnecessary costly land registration procedures, and high standards associated with land development (Mc Auslan & Farvacque 1991). Indeed, as a result of bureaucratic controls, the land market is often distorted and dysfunctional, which makes it difficult for the poor to get access to land.

Even where certain land is specifically targeted for the poor, wealthier groups often influence and 'hijack' the policy process in order to develop land for commercial gains (Rogerson 1991 citing Vanderscheren et al 1996).

Improved land management procedures, therefore, can be an important step in providing an 'enabling framework' for poverty alleviation (Stren & Gombay 1994:19). Indeed, Vanderschueren et al (1996:16) assert that a 'prerequisite for urban poverty reduction interventions is to make the land market work efficiently and effectively'.

Improving land management, is only one component in enhancing the poor's access to improve shelter. Housing is a critical element in the survival strategy for the poor, providing them with socio economic stability as well as a source of asset creation and saving. Moreover, in urban areas, housing is an important productive asset that can cushion households against severe poverty providing an access point to the urban economy, particularly, through the establishment of home- based enterprises (Rogerson 1999:4).

Territorial development should be a first strategy towards the satisfaction of basic needs, using purposeful community action based on decentralised participatory decision-making, small and medium-sized projects, labour intensive models of production, and the development of local small-scale enterprises, aimed at providing basic needs (Wilson 1995: 650 citing Evangelinides & Arachovitou 1990).

The basic question then is how land can be managed to ensure LED? It is very important that the Council develops a land policy. A land policy that says land will be available for industrial, commercial purposes and so on. But the Council has not done that that and it



have learnt through harsh experiences. The second point is what policy, if the Council to dispose of land should the Council should put in place so that it make sure that the citizens will be comfortable. One example is that a portion of land which is within the periphery of Durban is not owned by the Durban Metropolitan Council, it is owned by the national offices, Portnet, Public Works and so on, and in their own way, they dispose the land or part of it to Renong and to Waterfront Development. (Mlaba interview, 6 July 1999).

A critical view is that it was not good just to give that land without any conditions. That is why it is so difficult for the Council to push for Renong to develop that land at a pace the Council would like to be simply because Renong is moving around the circles. So, for the Council land management policy is very important to a city. Like Johannesburg, they have now developed a policy, which says if they sell a piece of land, they give conditions. One condition says 'within a certain time frame they must have developed it but also before they develop it, they had to put a certain figure of money which guarantee that they are committed to develop the land because if they do not continue with development they forfeit that amount of money they have already paid, but at the same time if they have developed the land within that stipulated time frame they take their money and continue with development (Mlaba interview, 6 July 1999).

It is apparent that the problems of housing, urban development and economic development are closely interrelated. Indeed, for housing policy to have any real meaning, it must be consciously used to tackle urban and economic problems and over, time, to change the nature of urban form and urban economics. This is not happening now. For housing policy to contribute to a better urban future, it needs to encourage urban compaction; at the moment, it is a major force entrenching the characteristic sprawling, fragmented from the South African cities.

For it to contribute significantly to economic development, it needs to promote a vigorous processes of housing consolidation and to stimulate a restructuring of the construction sector, in order to encourage a wide spread of income and labour-intensive practices.

Currently, the policy emphasis is on the provision of serviced sites, while major obstacles to vigorous consolidation remain, the housing sector remains relatively capital-intensive; and finance invested in housing has a relatively narrow circulation.

Such land should not only be developed and properly managed as to suit those who were deprived access to it, but it is also important to develop the land for future economic gains. Therefore, the land should also be in a position to attract tourists and investments in and outside the country.

### **3.12.6 Unemployment Crisis and its Implications**

Unemployment crisis and its implications do not necessarily fall within this category of service delivery, but its emphasis would be of significant value in as far as service delivery is concerned. In an economy operating at fairly high level of resource utilisation, unemployment can be explained without appeal to wage rigidity. At any point in time, the voluntarily unemployed job seekers can be considered to be above the going wage on their supply curve. The general static model explains how changes in demand conditions alter this equilibrium level of unemployment. (Branson 1989:203).

Since there are a variety of implications and problems regarding unemployment therefore, there is a need to implement a policy, which will deal directly with unemployment not only in Durban but also to other cities as well. One of the requirements for this policy is to create employment for the marginalised poor.

The second requirement is that wage policy should set maximum levels for basic rates rather than the actual rates paid at the point level. It is the downward rigidity of the basic money wage that keeps the marginal worker in unemployment by preventing him or his potential employer, from bidding down the money wage. The unemployed majority should at least receive R500 monthly from the government to look after their families (Sowetan, July 2001).

The final requirement is that fiscal policy should be organised as an automatic stabiliser by obliging the government to act as an employer of the last resort. By replacing unemployment benefit payments with guarantees of employment on public works, the government would at once avoid the forecasting problems associated with discretionary fiscal policy and also eliminate many of the abuses of the unemployment benefit system.

These criticisms are immune to many of the criticisms that have been levelled against wage policies and against discretionary fiscal policies in the past. They are designed to improve efficiency at the macroeconomic level without significantly impairing efficiency at the macroeconomic level. They are less restrictive than many of the conventional Keynesian macroeconomic policies. Some Keynesians may object that they concede too much to the opponents of Keynesian theory, and this may well be correct. But, on the other hand, the policies described form the basis for an initiative on stagflation which could attract support from a broad spectrum of opinion, excluding of course the more doctrinaire socialist and neo-classical economist (Casson 1981:228).

Having considered the above points, it is noteworthy that the local government has to be seen not as an inhibition to the exercise of choice but as a prime means of providing choice for both individual and communities. Its legitimate lies not only in the ballot box but also in daily contact of members and officers with the communities we serve, balanced with each other and with the needs and aspirations of individuals. The atomisation of local government through the hiding off of responsibilities to appointed agencies negates the strategic role which is at the core of local government's rationale, whether in the form of planning or providing services or acting as spokesmen for an individual (Jeremy Beecham, Chairman of the Association of Metropolitan Authority 1992).

With the advent of the glamorous ICC and attractive Durban world tourists think of no any other place than Durban and the tourism industry has boosted the economy of this city at a tremendous rate.

### 3.13 LOCAL GOVERNMENT LEGISLATION

Municipalities are required by the Development Facilitation Act (DFA) to produce land development objectives (LDOs) (with the exception of municipalities in the Western Cape and Kwa Zulu-Natal). The Local Government Transitional Act (LGTA) (Second Amendment Act) requires municipalities to produce IDPs. Municipalities should see the development of land development objectives as part of their IDP's and cannot separate planning process (Local Government: White Paper 1998:48).

Municipalities are required to be multi-sectoral in their approach to integrated development planning. They are therefore required to prepare plans that meet the requirements of different departments such as the Department of Water Affairs and Forestry, the Department of Transport, the Department of Housing and the Department of Environmental Affairs and Tourism. These requirements will, nevertheless, be linked to a single planning cycle and process within municipalities as envisaged by IDP's (Local Government: White Paper 1998:48).

The future legislation will endeavour to reduce the legislative complexity of the various planning requirement placed on municipalities. In particular, it will ensure that IDP's incorporate other planning requirements into a single planning cycle (Local Government: White Paper 1998:49).

As part of this process, it may be necessary to revisit parts of the Development Facilitation Act. As the local government environment stabilise the role of the Development Tribunals established by the Development Facilitation Act needs to be reassessed to ensure that local governments executive authority over development procedures and approvals is not undermined (Local Government: White Paper 1998:49).

### 3.14 LOCAL GOVERNMENT RESTRUCTURING IN SOUTH AFRICA

The responsibility for building the institutional framework that would manage development has fallen on local government. Local elites were also competing over the definition of local state and for political control over the ward demarcation and local electoral process. They also had to build local management capacity both in government and in civil society, and had to secure sufficient financial resources to fund local development.

These challenges were to unfold within the legislative framework set out by the Local Government Transitional Act 209 of 1993 (LGTA). The LGTA made provision for (Reddy 1996:59):

- the pre-interim and interim phase for the restructuring of local government;
- the establishment of provincial committees for local government;
- the establishment of local forum for negotiating the restructured form of local government in each area for pre-interim period; and
- provincial demarcation boards to set the boundaries of local authorities and delimit the electoral wards within them.

The pre-interim phase ran from the promulgation of the Act (February 1994) until the local government elections in November 1995 (elections delayed in KZN until June 1996). A number of steps were required during this phase of local government transition. First, local government negotiating forums were established. Second, old apartheid structures had to be abolished and replaced with pre-interim local government structures.

Pursuant to the provisions of the LGTA, this process was negotiated through the Greater Durban Metropolitan Negotiating Forum (GDMNF). Half the members of the forum were drawn from a statutory component of the former local government established while the other non-statutory half of the members were drawn from those who were previously excluded from local government. The DMC was established covering an area previously governed by 52 local authorities of various kinds. Four transitional local councils (TLC)

were also established and functions were assigned to each level of council in accordance with the LGTA provisions for the pre-interim phase of local government. However, although these structures were proclaimed there, nevertheless, remained considerable confusion over their roles during the pre-interim period? According to one summary report:

*This lack of clarity has contributed to a delay in the formulation and execution of development initiatives in the different areas. This tendency has been exacerbated in those areas which are currently engaged in boundary disputes. There remains a level of confusion in some areas about the spatial extent of administrative responsibility regarding service provision.*

While this overall evolution was especially applicable to rural districts and small towns throughout KZN, the DMA was no exception.

Although DCC had undergone a restructuring in 1993 it still suffers from a lack of co-ordination across line functions. For example, statutory planning functions were located in Development Control and Physical Services, whereas strategic planning was located in Town Planning and Corporate Services. Similarly, public transport administration was located in Durban Transport while traffic and transport planning functions were located in Traffic and Transportation and Physical Environment. In addition, there was a general emphasis on control and regulation capacities in council rather than community facilitation and development support.

This fractured nature of development and planning responsibilities would assume ever greater importance throughout the pre-interim period of local government as the policy frameworks developed at national level had to inform the newly defined levels of responsibility at metropolitan and sub structure levels of government.

A major challenge facing the newly constituted TMC in Durban was how to avoid a top-down policy approach in the absence of an overall development framework in the DMA.

While the new political structures of the TMC and the 4 TLCs were democratically constituted, they were only statutory rather than elected and therefore lacked the legitimacy to carry through a full scale development programme. To guide the broader process of administrative restructuring a change management committee comprised 8 members of the transitional metropolitan council and two members from each of the four-substructure council was convened. In the absence of either an overall development plan, or the desired legitimacy of elected government, ad-hoc relationships tended to predominate development initiatives throughout the DMA.

In the pre-interim period there was considerable role confusion over housing responsibility at the local level. Local officials and politicians agreed that the division of powers between local and metropolitan councils was unclear. In this period housing remained a substructure function but metropolitan government held responsibility for co-ordinating across the region and gearing finances from central government and other finance sources. According to one municipal councillor, the actual home for housing responsibilities remained in hot dispute throughout the pre interim period of local government. The TMC Change Management Committee was discussing where best to invest the housing function.

Meanwhile, in the absence of a holistic development plan, municipal staff ran things on an ad-hoc day-to-day racial basis with money allocated on a project by project basis.

Prior to 1994, state financed accommodation was allocated in accordance with the directives of the directives of the tri-cameral administration until 31 March 1994 and thereafter on a non-racial basis. Consistent with the national trend way from demand-side intervention such as council housing, and price controls, DCC housing has moved to favour supply-side schemes such as housing support in line with the housing subsidy process.

Under the previous system the DCC would advance capital grants which were subsidised by national government. DCC retained ownership title of the housing unit and the



residents then paid off the grant in instalments over a 30 year period to effect ownership transfer. As of May 31 1994 the DCC still administered a substantial number of housing accounts. Of a total of 35 538 units, DCC was letting 17 547 and was in the process of selling the remaining 17 889.

In an effort to reduce the holding and maintenance costs of housing, the remaining 17,000 DCC units were put up for sale at their original rather than their units for cut-rate prices through an extended benefit scheme designed to accelerate the sale of council units.

The scope of the market does not exist for large-scale apartment dwellings for low-income earners since no one wants to carry the holding costs of such development.

There are a variety of factors that concern the restructuring of DCC, three factors will be dealt with. Firstly, instead of being able to add greater value downstream in the value chain, Durban creates lower value added items. Secondly, there is under- representation in the worlds fastest growing sectors. Durban does not have a presence in a number of areas where the world is currently growing very quickly, such as in computers, micro electronics, health care and so on.

Thirdly, the base which Durban has developed, was developed under the broad umbrella of import substitution/protection, resulting in diversification and the development of many different industries, none of which are sufficiently strong to be able to dominate or compete very effectively on the global stage.

Attempts at municipal restructuring in South Africa have been fraught with problems and may have argued that within the context of the Interim Constitution there is a danger that local government could lose some of its powers. At a general level, a distracted central government; increased power for the provinces, an effective framework for local transformation and self interested bickering between local actors is delayed transition and creating animosities, with serious implications for the future of strong local government (Christianson 1994:27).



One of the principal reasons why local government restructuring lagged behind in the institutional transformation underway in this country was the relatively distracted of central government which viewed transformation of the first and second tiers as the necessary starting point for fashioning a new non racial and democratic order.

The early days of the new government's housing policy promised to fill this gap. In its first tranche of funds released, by the end of June 1994, the PHB approved 46 housing projects for the creation of 22 835 houses involving R173, 3 million in subsidy payments. This represented a 62 percent success rate among applicants. Of these, 17 405 were in Durban (76 percent), 2,239 were in Pietermaritzburg (10 percent) and 3,181 (14 percent) were in pre dominantly urban areas. However, the bulk of the subsidies were to be paid out of future budgets, and only 24 percent would come from the 1994/5 budget.

This pace soon slowed down, and by the end of the first tranche of payments two years later in 1996, a total of 143 projects for a total of 54,052 subsidies worth R647, 247.713 million had been allocated. A further R54,700,000 for 12 projects had been approved for consolidation subsidies over the same period.

Under the pre-interim arrangements, the executives of each substructure met each week but other than that there was little co-ordination in the system. As a result, the DCC area and the townships remained two separate worlds, especially since the pre-interim arrangements were never intended to last as long as they did. Despite these sustained difficulties, Corbett attests to the surprising fact that government was still working: "The system is functioning, people attend committee meetings, officials do their work, they are attempting to modify their administrative decisions to accommodate the metro/substructure system.

In concluding, it was precisely throughout the pre-interim period that even as institutional relationships were in their infancy, and as councillors appointed from the non-statutory component were learning on the job, communities were demanding participation and consensus building exercise along with rapid service and infrastructure delivery. One

major structure that held the potential to help un-block development in the DMA was the Durban Functional Region Development Forum (DFR-DF).

### 3.15 CHALLENGES FACING DURBAN

The challenges facing Durban goes a long way. Dating back from 1994 to 2002 December elections. The challenges have been a very big task not only to local government but also to national government. Challenges like for example transformation, the old apartheid legacy, and the white mans dominance.

The daunting challenges were the obstacles towards development also to the lives of the majority of South Africans. Most of the Whites were not willing to transform as a result apartheid ideology was still on their minds and they were still having old perception that white man dominates everywhere. When these was suppose to end, it was a challenge on their part.

Most of the City Council officials were whites but currently there is only one female while in the Council who represents the Democratic Alliance.

In view of the vision for Durban, the challenges against current outcomes can be assessed, as follows:

#### **3.15.1 The Prosperity Challenge.**

Durban will need to arrest the decline in prosperity, which has occurred over the last decade. Prosperity has declined by -0.34% over the past decade, meaning that, on average, the people in Durban are worse off now than they were 10 years ago. Average per capita incomes are about R19, 900 in Durban, compared to Johannesburg, which is at a level of R31, 000 and middle income countries at about R33, 000. The growth challenge at this stage, in order to catch up with middle income economies (and Johannesburg), requires a massive increase almost a doubling of per capita income over the next decade. To be able to achieve this vision requires growth

rates in per capita income of over 7% (assuming a flat population growth, which is driven by the AIDS phenomenon in Durban) (Durban At The Crossroads 2000:7).

### **3.15.2 The Growth Challenge**

Durban needs a quantum leap in its current growth rates. Output has grown by 1.8 % over the decade far below the required growth of about 7.5%.

### **3.15.3 The Jobs Challenge**

Unemployment is currently at about 30-40%. More precise figures are difficult to come by, due to the multiple sources of data and different definitions-in use of employment and unemployment. Jobs in the formal sector have grown 0.7% over the past decade. To achieve this vision will require job growth of 3.1% per year to 2020. This challenge is set in a current context of formal sector job losses of about 10,000 per annum in the manufacturing sub sector of the formal economy over the past four years (a trend which seems to be continuing the year 2000) (Durban At The Crossroads 2000:6).

### **3.15.4 Sustainable Jobs Challenge**

The city needs to double the number of people employed in secure sectors, defined as those sectors with relatively high incomes and sustainable jobs for longer periods of time. Only 1 of 3 economically active people are in declining industries. To meet the vision 2 in 3 economically active people need to be employed in a healthy growing formal sector of the Durban economy (Durban At The Crossroads 2000:7).

### **3.15.5 The Skills Challenge**

Durban needs to invest in upgrading skills of the population. Durban has an exaggerated skills deficiency, relative to both Johannesburg and Cape Town. It has a relatively higher proportion than either other city in the category of 'below standard 5 education' and a lower proportion of people with matric/tertiary qualifications. Overall, 66% of the population is classified as 'skilled'. Further compounding this problem in Durban is the acute "brain drain problem-graduates tend to leave Durban

and move both to other parts of South Africa and to countries abroad. Therefore, investing in upgrading the skills-base in Durban includes both the elimination of illiteracy and a reversal in the trend of skills 'leaking' out of the city (Durban At The Crossroads 2000:7).

#### **3.15.6 The Distribution Challenge**

In order to meet its vision, Durban needs to eliminate its poverty. Currently Durban has a Gini coefficient of 0.54. The Gini coefficient is a measure of the percentage of income associated with a proportion of households. A Gini coefficient of 1 represent a situation where 1% of household earn all the income, where as a Gini of 0 describes a situation where there is an equal distribution of income amongst all households. Durban's Gini of 0.54 compares favourably with South Africa's as a whole (which is about 0.63), but South Africa's Gini is higher than any other country in the world, with the exception of Brazil. In other words, while Durban's distribution of income is better than that for South Africa, it is still very unequal relative to what is possible in the world. In this regard, 7%of household earn no income at all, and 45% of households earn less than R1500 per month. In order to achieve the vision, Durban will need to create a situation where all citizens are living above the poverty line within the next two decades (Durban At The Crossroads 2000:7).

#### **3.15.7 The Empowerment Challenge**

Within the city, the African population fares worse than other groups. It has a higher concentration of both unemployed people and poor people, and has relatively much fewer degrees, matric qualifications and averages income: (Durban At The Crossroads 2000:8).

#### **3.15.8 The Service Delivery Challenge**

Services charges in Durban are relatively high compared to other cities in South Africa, suggesting that there is limited potential to increase the price of services (while Durban is well positioned financially to deliver the required services, it has the

highest service charges in the country according to the Department of Finance: Intergovernmental Review).

Durban therefore, requires economic growth rather than increased service charges to sustainably deliver more growth rather than increases charges to sustainably deliver more services. The quality of services delivered in Durban is believed to be of the highest standard than the services delivered in the rest of South Africa. In addition, the funding burden is distributed more evenly, given a greater concentration. The central role for economic growth, as an engine that will drive services upgrading and improved delivery, is clear. The alternative is either limited growth in service delivery- or increasing fiscal imbalances.

The need for service substantial 1 in 4 residences still have unmet basic needs. An analysis from the Water Department suggested that a growth rate of over 6% is required to be able to deliver the required infrastructure and services to meet the quality of life goal that have been set (Durban At The Crossroads 2000: 8).

Durban is facing significant challenges. In the next decade it will need to (Durban At The Crossroads 2000: 9):

- Increase per capita incomes to R33 000 per annum;
- Create 650 000 jobs in the most sustainable areas of the economy;
- Increase its growth rate to over 7% per annum;
- Improve the standard of living of the poorest 50% of its population;
- Empower the African population to own an increasing share of assets;
- Improve income distribution;
- Deliver improved services to all in Durban;
- Increase the contribution of GDP of small and micro businesses;
- Train the best formal educated population in the country;
- Ensuring across the board literacy, numeracy and entrepreneurial skills, and to align skills to sectoral and growth needs.

Table 3.1 Shares for both African and Whites Population

Share of	Mean for Durban	Share of African population in Durban	Share of White population in Durban
Poor population	44%	67%	2%
Unemployed Population	31%	46%	6%
University Degrees	3%	1%	10%
Matriculation Qualification	24%	17%	40%
Average Income	R 10.542	R4.570	R32.389

Source: (Durban At The Crossroad 2000:8)

Clearly, the legacy of apartheid can be read from this data comparing average income as determined from the poverty survey in Durban the number is much lower, but there is a tendency within surveys of this nature to understate income. Comparison within the survey is meaningful since the same bias applies to all- the white population earns on average R32.000 per annum, and the African population has an average income of about R4.500 (about 1/7 of the white level). The average white income for the white population is currently at the level, which the vision suggests for Durban as a whole. (Durban At The Crossroad 2000:8).

3.16 LOCAL ECONOMY IN RELATION TO NATIONAL ECONOMY

History, culture and geography have all endowed cities with a diverse set of assets and liabilities that either help or hinder their efforts to engage the regional and global system, and find a place for themselves in the international economy. (Cisnoris 1995: 7-9).

Local economy in Durban is not only concentrated on one sector, rather it is concentrated on a different number of sectors that is why it has a diverse type of economy, and that is also why it links easily national and global economies.



There are limits to how local and regional economies can change themselves. Powerful national and international forces have an extraordinary influence on their potential. Local leaders in many regions have learned how they can turn market forces to their advantage and aggressively develop their economies using that knowledge. But first they must understand how these forces work (Cisnoris 1995:1).

Cities are ill equipped for their role as economic players. One of the most substantial weaknesses concerns basic information on a city's economy, with the result that leadership (and officials) is often surprised by economic shifts or new urban development trends. The remedy to this can be good consultation communication and sharing knowledge and information with the other cities that are experiencing the same difficulty or problem. This situation is usually worsened by the fact that local officials pose no information regarding the way local activity fits into the national picture, i.e. what is produced in the local region, where it is shipped and to what current cost-competitive of local production is how and how it has changed in recent national demand is likely to grow fastest in coming years; who the locality's chief competitors (national and international) are and what cost structures these competitors face? (CDE citing Peterson et al 1991:49).

Both national and international economies should have a strategy of dealing with problems that directly affect them. And local economies in particular need to adapt to external market forces which often cannot be reversed. A hard-nosed assessment of a city or regions must be the first step. As a solution to this, it must be placed in the context of national and international market trends. This information can become a mechanism for bringing local leaders together to assess the current and future prospects of their city.

CDE (1996) states that cities need "social glue a way of bringing people together to define the common good, create joint plans and identify strategies that will benefit a wide range of people and organisations". She further argues that besides the physical infrastructure of a city or region, communities need an infrastructure or 'social

collaboration'. On the other hand (Weiping Wu: Economic competition p149) argues that to compete effectively in a harsh competition environment, a city, government coalition, that is key leadership and stake holders will need to crystallise and endorse a vision of the future that is acceptable to both business and citizens.

Public and private sectors, writes Weiping Wu 'must collaborate so as to share vision to guide realistic development for the future of the city'.

At the same time the Durban Metropolitan Area should be attractive to local and international business, therefore, it had to: (Economic Development Rapid-Action Programme 1996:23).

- Maintain fiscal discipline in the DMA;
- Establish an efficient investor service in the DMA with up-to-date information and guaranteed responses to investors within specified time frames;
- Undertake flagship infrastructure investment projects to boost investor confidence and leverage private sector investment (for example ICC);
- Enhance the Metro's tourism potential through planning and co-ordination with other stakeholders; and
- Target the CBDs for development and upgrading

In concluding local economy should also take into cognisance the national and regional economies in order to function effectively and at whatever level they are being applied. It is also not proven that local economy can never function on its own, if it is isolated, that is why there is a great need for it to collaborate with the other economies so as to come up with a concrete and positive attitude in whatever relationship they have. Likewise the national and regional economies should do this.



### 3.17 DURBAN FUNCTIONAL REGION DEVELOPMENT FORUM (DFR-DF)

The DFR-DF was established in November 1993 to pull together organisations from civil society with an interest in unblocking development in the Durban region during the pre-interim period of local government. The DFR-DF was a voluntary association, funded by metropolitan government to encourage and facilitate development in the Durban region (DFR-DF, 1993). A central activity of the DFR-DF was to ensure that development programmes were high on the agenda during the transition phase and to assist authorities with development decisions in the absence of democratically elected local government.

The DFR-DF also sought to create an effective network of organisations from civil society in order to take advantage of the development participation opportunities that were available in Reconstruction and Development Programme (RDP) programmes. Related to this, while laying the foundation for civil society access to local government with a link to all sectors of civil society. By 1996 the DFR-DF had one hundred and three member organisations and had established a track record in development facilitation (Warwick Avenue, Piesang River, Bhambayi, Block AK, Cator Manor Beachfront development), in policy development (short term deliverables, DFR Strategic Plan) and institutional building (Housing Think Tank, Development Facilitation Unit) (DFR-DF 1996).

In terms of policy development the DFR-DF made considerable inputs on an integrated development plan for the Durban Region to the Metro Technical Committee on Short Term Development Deliverables (MTC 1994). The DFR-DF also held a series of meetings with political parties in an effort to facilitate development in the Durban region. Members of the IFP, ANC as well as DCC and the DFR-DF met to discuss proposals for the establishment of task forces on development facilitation and policy. Each task force was constituted by two representatives each from IFP, ANC and DCC and four from DFR-DF) (DFR-DF Think Thank September 1994).

The list of functions associated with these task forces, as well as the DFR-DF, was filling the gap left by a local government in transition. In the absence of clear guidelines for statutory representation or administrative arrangements, local authorities lacked the capacity to channel social conflict over resource distribution or to undertake effective development initiatives. But the DFR-DF was aware that it could not, nor did it want to, replace democratically elected local government. For example, with respect to structuring community involvement in housing delivery, the DFR-DF Think Tank September (1994). proposed that:

*In the first instance it is recognised that community participation is an essential ingredient of any allocation procedure. However, community groups should not be the sole determinants of site allocations. Such an approach removes from the respective authorities the right to govern (assuming, of course, that they have earned this right through the democratic process) and allows them to abrogate their responsibilities (for the management/administration of development) to ill-defined, under-resourced groups.*

Part of the success of the DFR-DF was its lack of an especially local power base. Instead it was a metropolitan wide body established on the basis of inclusively, consultation and accountability. Therefore, it could not be so easily captured by a set of local interests. Unlike the civil organisations associated with a struggle against apartheid, the DFR-DF was a constitutionally structured organisation with defined functions. The primary goal of the DFR-DF was to: construct an inclusive process, which will enable diverse actors on the development terrain in the DFR to constructively manage the process towards realising a collectively identified vision (Constitution of the DFR-DF 1993).

It was this strength that led the TMC to request DFR-DF management of 28 local development forums in the new outer west substructure in 1996. But with democratically elected local government, this function has fallen away as councillors began to claim that they were the representatives of the community (CDE citing Musa Xaba interview 12 September 1996).

This outcome is suggestive of a dual role of organisations of civil society: both electoral and development support. Moreover, given the DFR-DF's financial dependence on the TMC for funding, the DFR-DF was under pressure from the TMC to perform as a corporate entity, selling its services to local government on a project basis. The independent, non-statutory role of the DFR-DF and its middle man role as a metro-wide development facilitator was offset by its lack of secure financing and bureaucratic support.

### 3.18 DEMOCRATIC LOCAL GOVERNMENT: A DEVELOPMENT ROLE

In the past, the city of Durban has relied mainly on reactive mechanisms as a response to urban problems. An example is the lack of an overall spatial development framework to guide development in the city. The main guide to spatial development is still the statutory and inflexible Town Planning Scheme that was brought into operation more than 40 years ago. In terms of a 1972 Cabinet directive that guides plans be prepared for all metropolitan areas both the Pietermaritzburg/Durban Regional Guide Plan and the Metropolitan Draft Plan were prepared and published. Both these plans were, for various reasons, never accepted by the Durban City Council. With the few exceptions, development in response to development applications brought by the private sector (Steyn cited by Reddy 1994:116).

The problem was exacerbated during the period from 1985 onwards, when increasing political unrest ushered in a period of uncertainty and economic stagnation. The watershed year of 1990, which brought the un-banning of all political organisations also, opened doors to increased political participation.

In the same year, Durban also saw the advent of Operation Jumpstart; an initiative by a broad base of public and interest groups focussed on jumpstarting Durban's moribund economy and the development process. This was achieved by strategies, which included

(among others) the promotion and marketing of the DMA to investors and facilitation of the development of major projects.

It was after the 1994 general elections that things changed. Processes such as restructuring, transformation, reshuffling, reorganising and so on were to take place. A process of restructuring of the Local Councils and the Metro Council has been underway since their proclamation in June 1996. Although the restructuring has been attempted with the best intentions, it can be expected that many constraints such as agreements with trade unions will conspire to make the new organisational structure less than optimal. The success and failures of these arrangements will be proportional to the extent in which the structure reflects the priorities that have been identified by Local Councils themselves.

It should be clear from the foregoing that the transformation of local government at the metropolitan level will be fraught with difficulties, but with a new found political legitimacy will be able to act effectively in a way central to all its citizens. Strategic development planning will need to be central in the move from institutions on prevention, control and reactive operations, to organisations characterised by development orientation and facilitative style. The process of reconstruction, restructuring planning and transformation will be highlighted in the foregoing subtopics.

Development local government as an official policy objective and broad strategic framework represents the first sign that the second wave of post apartheid reconstructing is beginning (Parnell & Pieterse 1998:1).

According to Craythorne (1997:50) a municipality must:

- (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- (b) participate in national and provincial development programmes.

Although accountability to national and provincial government, the local authority assumes responsibility both for defining and implementing development priorities. Institutionally, development response such as the IDP required of all South African local authorities are tools for achieving integrated planning by democratically elected local government structures (Parnell & Pieterse 1998:13).

### 3.19 LOCAL GOVERNMENT ROLE INITIATIVES

Local government has five important role initiatives to play especially in local economic development. These role initiatives are as follows:

- Entrepreneur/ developer;
- Co-ordinator;
- Facilitator;
- Stimulator/Inducer; and
- Strategic leader.

#### 3.19.1 **Entrepreneur/ Developer**

Local government serves as an entrepreneur or a developer. It acts like a business in the sense that it buys the land and develops it. The income from this development is used to develop infrastructure and services where they are mostly needed. Maharaj (1998:4) argues that development opportunities must break with the past and should include the ethic of equality income groups, and maximise opportunities for participation of all people as users entrepreneurs and investors.

At the same time, it has to make sure that its projects create jobs for the unemployed. The example of this is the development of the beachfront or a civic centre. Local government

decides on good ideas whether to spend money on buying or developing land and also weight the benefits against from the uses of the money.

When a local government has as its objectives, the redevelopment of depressed industrial or commercial areas in order to increase local trade, employment revenue, and so on, it can take an active role either industrially or in partnership with community based groups or private enterprise. Use of planning expertise, compulsory acquisition powers and provision of incentives for relocation or upgrading of premises is some of the options available (Blakely 1994:72).

The developing role of local council will be determined by the institutional arrangements, which they choose to undertake in the process of local economic development. Local governments have various options in this regard, which could vary from taking full responsibility for the operation of a business enterprise to establishing a joint venture partnership with the private sector or an NGO (Department of Provincial and Local Government 2000(a): 2). These options will also be influenced by the needs and circumstances of a particular local government, its perception of the role of local government in LED and other constraints such as limited expertise, weak economies, and infrastructure backlog and so on. The decision to take full responsibility for the operation of a business enterprise would, for example, normally occur in a larger or well-resourced local government, where financial resources are more available and the institutional capacity is well developed. Department of Provincial and Local Government 2000(a): 7). The options available to local governments in terms of institutional arrangements for LED are as follows:

- municipal LED unit;
- community development trust;
- section 21 companies; and
- partnership with other stakeholders.



Local government may choose to establish municipal LED units or departments to develop and promote LED. These local governments are characterised by the comprehensive nature of their organisation, highly skilled staff, and also the financial and personnel capacity to run these units. There are, according to the Applied Fiscal Research Centre ([S.a.]:12), usually three areas in a local government's organisation where these units can be established.

The first option is to establish it at the centre of the municipal administration, which is usually the office of the chief executive officer, giving such a unit the opportunity to play a highly strategic role and influencing policy in support of LED. The second option is to place it within a line department and giving it an operational rather than a strategic role. The third option is to place the unit in a planning and development department where the focus is on the development of a policy agenda through such department's integrated planning functions.

The Durban Metropolitan Council chose to establish a fully-fledged municipal LED department to develop and promote LED. The Economic Development Department (EDD) of the Durban Metropolitan council has as its mission to advise and guide the Metropolitan Council on how it should promote LED. Some of the activities undertaken by EDD have to do with policy and strategy formulation skills in the areas of private sector development, investment promotion, SMME development, the support of economic activities in low-income areas, tourist promotion, the design and management of economic development research projects and the creation of effective development institutions (Applied Fiscal Research Centre, [S.A.]:13; Department of Constitutional Development [S.A.]:145.) A few of the achievements of EDD include building a partnership with other stakeholders to develop an innovative beach management plan, guiding the allocation of an R5 million fund to SMME development project and the facilitation of the Durban International Convention Centre Development (Department of Provincial and Local Government, 2000(a): 11).

### 3.19.2 Co ordinator

Local government acts as planner and co-ordinator in situations where it has to co-ordinate the actions of many different groups or stakeholders, such as organised labour, Community Based Organisation (CBOs). In relation to local government acts as a co-ordinator when calling meetings where stakeholders are informed of the present economic problems and opportunities, and where common goals are developed. Local government establishes policy or proposes strategies for areas of development, for example, Point Redevelopment Project. Local government ensures that all sectors focus their approaches and resources on similar goals. An example could be if local government decides to concentrate development in a corridor. In one area, local government co-ordinates the efforts of business and community based organisation and where stakeholders could agree that mixed-use development is important. The business could invest money and the community-based organisation could supply labour to ensure future maintenance.

### 3.19.3 Facilitator

Local government also serves or works as a facilitator or an enabler. As facilitator local government plays the role of creating and improving the environment of an area. The example of this is the ICC itself, which is the case study of this research study. Local government makes sure that regulations obstructing development are changed. It ensures that application procedures are simplified and also ensures that common standards are set.

Local government conveys to other spheres of the government the problem and opportunities that are present within the area, so that laws can become enabling, for example, procedures to develop houses can be made easy by local government. This might mean that local government will have to change its zoning regulations and its application procedures to facilitate development, this might also mean that local



government lobbies national government to increase housing subsidy. Local government facilitates or enables local economic development processes by supporting local economic development, community based organisations with funds and training.

The positive use of planning powers may also include establishing employment or development zones, and standards that encourage a particular class, scale or character of development. Although this is often related to environmental conditions, they can also have objectives. These opportunity areas, then, have the potential to be marketed to prospective business clients through direct approaches and advertising in one form or another.

Finally, local council members, as elected community representatives, can advocate local concerns and bring economic problems and opportunities to the attention of higher levels of government. Their advocacy role will be strengthened to the extent that local government can demonstrate community and business sector support for this position and put forward realistic and achievable remedies (Blakely 1994:72).

#### **3.19.4 Stimulator/Inducer**

In South Africa, the private sector has not invested in building housing and other local economic development strategies, as much as expected. For this reason local government plays a role as a stimulator in trying to stimulate private sector to invest in housing with the aim of promoting private investments and community resources. This means that local government produces brochures calling on private sector to invest and this also means that local government invests in, for example, building houses. This is based on the idea that investment by the public sector will attract investment by the private sector.

Another example is the Spatial Development Initiative (SDI) and government plans and design the development corridor and community then invest a major proportion of the outstanding resources requirement (finance and labour to complete the project).

In some cases, approaches have been included providing industrial building. In at least one state, small manufacturing workshops have been built and leased to operators at reduced rents for the first few years of operation. This is an option for local government in areas where the provision of suitable premises is a problem.

In tourism a local government may itself promote a particular 'theme' or activity in a key venue when private sector action is not forthcoming. Outlets for crafts, craft demonstrations, or a periodic market are some of the possible uses for council-owned premises. In numerous overseas areas, for example, local government has provided premises to reduce rents to community-based enterprises and co-operatives to help meet local employment objectives. The course of action of local council decides to take will depend on the local situation. It would be inappropriate for a council not to use its resources in intelligent ways to benefit the total community. Although local development initiatives are not a panacea for local government or solution to all local problems, they are significant complements to state as well as federal efforts to stimulate economic and employment development. The issue is seldom whether the council should or should not act, but what action to take and how to take it (Blakely 1994:72).

### **3.19.5.Strategic Leader**

As the elected representatives of the entire community, municipalities, can play a leading role as policy makers and innovators, and as institutions of local democracy. They seek to mobilise a range of resources to meet basic needs and achieve development goals. This implies a fundamental shift from being a traditional administration to being a decision-maker, clearly delineating the future of the area (Urban Sector Network 1998:1/2).

Local government has to be seen not as an inhibition to the exercise of choice but as a prime means of providing choices of both individual and communities.

### 3.20 CHALLENGES FACING LOCAL GOVERNMENT

Internationally, local government authorities are facing a crisis of confidence, due to the new way they are unable to assert their presence within the communities they serve. In Great Britain, for example, much of the reform in modern local government was based on the ideal of municipal socialism based on the advocacy of the Fabian Society (Reddy & Naidu 1996:222 citing Sheldrake 1989:1/7). Local government had a strong community base particularly because of its integral role in social services rendering. With current forms under the Conservative Party many of the essential services are increasingly being earmarked for privatisation, leading to a weakening of the public profile of local authorities.

In 1980, the Committee on Future Horizons of the International Management Association based in the United States of America engaged in a scenario setting for the year 2000. Adopting a strong value base for vision for future local government, the Commission adopted the following premises:

#### 3.20.1 **Representative Democracy:**

Representative institutions such as local authorities should represent the democratic spirit. Elected officials are considered to be at their most productive when they are attuned to their constituents' needs and wants. They can provide expedient and equitable ways of solving social conflicts within communities.

### 3.20.2 Strong Local Government:

Local authorities offer essential direct services to citizens, and serve as best forum for the expression of political needs. Dependent or weak local governments lead to a dependent and powerless citizenry.

### 3.20.3 Equity:

Local government must strive continuously to achieve equitable service delivery against the knowledge that factors such as tight budgets, modern growth, shifting populations, and political frustrations, generally dilute the concept of equity.

### 3.20.4 Limits of Government

People should not expect the government to serve their needs indefinitely or without limit. A free people are those who are modestly dependent on government. (The Essential Community Local Government in the year 2000:7/8).

Central to the value directive of a representative, strong and equitable local government structure would be recognised that when there is meaningful power relationships between the state and the citizenry, a common appreciation is developed about potential and constraints to local government evolution. Against the backdrop of domestic change in South Africa, the key challenges are *inter alia*, (The Essential Community Local Government in the year 2000:7/8).

- transformation;
- development; and
- meeting social needs.

There are also some challenges, which the local government should implement in order to achieve a meaningful relationship with civil society and its representatives. Such challenges are as follows (The Essential Community Local Government in the year 2000:7/8).

- To devise an effective corporate communication strategy that would promote democratic government, that would contribute to transformation and development, provide information and knowledge about the governments' role and functions, secure in the form of tourism towards developing its resources and ensuring efficiency, effectiveness and economy in the government administrative apparatus.
- To establish the required infra-structure towards sustaining an effective corporate communication strategy, and consolidating the different aims within government in a way that all stakeholders and role players are able to perceive a common picture of the road ahead.

An effective communication strategy would be based on:

- An understanding of the factors that dictate its implementation;
- Philosophical and organisational consensus between local government and the citizenry;
- An understanding of the historical growth path of government-civil society relations;
- An understanding of the expected role of government in enhancing corporate communication goals; and
- Image building in terms of communication mechanisms marketing and public relations

### 3.21 FUTURE OPPORTUNITIES

The establishment of new local government structures, and in particular, the formation of a metropolitan authority, provides for the first time the opportunity for the development of genuinely integrated administration and service provision for all residents. However, the legacy of historical fragmentation and unevenness is evident in the differing capacities within and between the new local government structures. The formation of a Metro does not guarantee that the problems will be addressed, especially considering the sluggish nature of institutional change.

Efforts to transform local government so that it addresses the imperatives of growth and redistribution need to receive more attention than they have in the past, and must be acted on within a clear economic framework (Economic Development Rapid-Action Programme 1996:19/20).

### 3.22 CONCLUSION

The future of the South African cities will be decided by development and growth. South Africa's prospect for growth and development hinges events, trends, perceptions and dynamics in the country's large cities. Urban crime, urban joblessness, urban politics and urban perceptions are mostly important in determining South Africa's future especially in Durban. This insight must determine the priorities of national leaders in both public and private sectors. It must determine both economic and development priorities. The government's macro-economic programme must link up with, and indeed depends on the successful approach to the big cities. The reconstruction and Development Programme (RDP) should balance its focus on rural land reform and water provision with significant initiatives in big cities (Centre for Development Enterprise 1996:27).

South African cities are the engine rooms of the national economy and will continue to play this role. The future of the city depends upon the leaders becoming globally competitive. National decision-makers need to understand the urban implications of their policies and actions. The future of Durban will not be incidental to national success. Macro economic reforms with enormous implications for country's urban areas and particularly its largest cities should be adhered to in order for development to prosper. These implications need to be thought about, debated and creatively managed. Macro economic thinkers and policy makers in government, business and trade unions need to start taking the 'where' of production and trade very seriously. Indeed, the future of the cities is their business. Central government department should actively include the big cities in their strategies and national projects. National policies should be assessed for their impact on big cities and their competitiveness (Centre for Development Enterprise 1996:27).

At present urban issues are dealt with in many central government ministries. The question, which needs to be asked, is, is urban strategy and policy being given sufficient attention by the cabinet? Another question is what are the objective timetables and targets in this sphere?

Large cities need to understand their own importance and put concerted efforts into persuading national players of the importance of big cities in national economic development.

## CHAPTER FOUR

### LOCAL ECONOMIC DEVELOPMENT THEORIES AND POLICY APPROACHES

#### 4.1 INTRODUCTION

There are three dimensions within which economic development policy approaches can be conceptualised. This includes the roles of the public and the private sectors, public sector planning, and public sector interventions. The reason why these dimensions have been selected is because they offer information on the nature of the participation of city administrations in local economic development. In addition, they provide information on the extent to which the economic development policy approaches of city administrations specifically address the needs of low income and ethnic residents.

The first policy dimension, the role of the public and private sectors, involves the respective role assumed by the sectors in planning and implementing economic development activities. One of the issues that arises here is which sector, if any, takes the lead in planning and implementing economic development activities. Another key issue is the role played by the public sector in private sector market decisions (APA Journal 1989:283).

In the second policy dimension, public sector planning, the main concerns are the goals or objectives of public sector participation in the economic development and the amount of openness in the processes used in planning and implementing development activities. Some administrators have economic development goals, while others do not. Among the ones that do, the goals vary. Some administrations allow a broader participation by citizens and local organisations, while others are closed to participation from the outside.

The third dimension, public sector intervention, involves the manner and conditions under which the public sector participates in economic development activities. Here, concern focuses on the conditions, if any, under which public sector resources are



provided for privately sponsored economic development activities. Also the issues are the general policy areas in which public sector intervention in economic development activities takes place, particularly the question of whether these activities are more directly related to the generation of growth or to the production of benefits for economically disadvantaged residents. Another area of concern is the targeting of economic sectors, establishment ownership types, geographic areas, occupation or skill areas and types of workers (Robinson 1984:284).

## 4.2 THE ANALYSIS OF THEORIES AND APPROACHES

The literature on local economic development policy and planning identifies three policy approaches used by city administrations in planning and implementing economic development activities. For the purpose of the study another approach will also be added. These approaches are as follows:

4.2.1 The common corporate centre approach;

4.2.2 The alternative approach;

4.2.3 The performance management approach; and

4.2.4 Integrated Development Planning approach, which will be dealt with in 4.4a and be highlighted in 4.5 i.e. LED and Integrated Development Planning processes.

### **4.2.1 The common corporate centre approach**

The common corporate centre approach emphasises growth and real estate development, particularly in the central business district. It focuses on the demand side of the labour market by attempting to create a favourable investment climate. The creation of jobs for local residents is viewed as an indirect outcome of this approach. In contrast, "the alternative economic development policy approach" involves more direct efforts to generate benefits for local residents. Although this method also tends to stress real estate

development, it balances that emphasis with additional emphases on human resource development and other labour supply and distributional considerations designed to ensure that local residents (especially economically disadvantaged residents) benefit from economic development activities.

Consequently, the policy approach followed by any particular administration will probably consist of a combination of elements from the corporate-centre and alternative approach.

This approach primarily seeks to improve local opportunities for capital investment. Often it emphasises the attraction of advanced services establishments and other growing sectors along with the reshaping of urban space, especially in central business districts. (Hill 1986) refers to this approach as the "corporate-centre-strategy" and describes it as follows:

***In Detroit, as in all large US cities today, the logic shaping investment priorities and practical application of development plans is the corporate centre strategy. Overall investment priorities are to transform this aging industrial city into the modern corporate image: a financial, administrative, and professional service centre for auto and related industries; a research and development site for new growth industries (e.g., robotics, new auto materials and components technology, leisure related activities); an emphasis upon recommercialization, rather than reindustrialisation, and an orientation toward luxury consumption that is appealing to young corporate managers, educated professionals, convention goers, and the tourist trade.***

This approach operates under strong private sector leadership. It tends to emphasise the importance of private sector market decisions in determining economic development outcomes. Relatively little attention is devoted to ways in which the public sector can influence these decisions to generate outcomes that are consistent with specific economic development goals. The primary role of the public sector is assumed to be the creation of an economic and social environment conducive to increased private investment (Robinson 1989:285).

The economic development goals pursued under this approach emphasise economic growth and tax base expansion. Even public sector officials who stress the importance of job creation as a means of addressing the needs of the chronically unemployed tend to believe that these needs can be met only by a strategy that focuses on increased investment. Under this approach, goals focusing on the demand side of labour market are dominant. Even when goals like the creation of jobs for local residents are included, they tend to be linked to demand-side strategies.

Henig (1982) argues that under this approach the planning processes are relatively insulated from the influence of the low income and ethnic minority residents. Often participation in negotiations concerning specific privately sponsored projects is limited to government and business representatives. The justification is that such narrow participation increases the likelihood that an agreement acceptable to all parties involved will be reached. (Robinson 1989:286).

In some cities, major economic development planning issues, such as the formulation of goals, are addressed by quasi-public economic development corporations, which usually do not allow for broader-based participation (Rich 1982).

The public sector interventions that take place under this approach also reflect the emphasis on economic growth. In most economic development projects, the provision of public resources is an important component of public intervention. Under this approach public resources serve as a means of accommodating the interests of large private investors by, for example, filling the gap between the level of resources which investors are willing to devote to projects and the level required for project implementation. Relatively, few significant efforts are made to link the provision of public resources to the production of specific economic development outcomes, such as the training or hiring of economically disadvantaged residents. Instead, interventions are mainly in policy areas that are widely viewed as stimulating growth, such as the attraction of businesses from outside the city, while policy areas addressing the distribution of the benefits of growth largely go ignored (Rich 1982).

The targeting of economic sectors, establishing types, geographical areas, and labour needs seems to result from implicit assumptions concerning the nature of the economic development process. The assumptions are that economic growth and economic development are synonymous, and that growth in and of itself generates benefits for "the city as a whole" (Peterson 1981), including economically disadvantaged residents. The areas and activities selected for targeting are viewed as obvious choices, so they tend not to be critically assessed in relation to other areas and activities that could be targeted instead.

The targeted areas are usually advanced services, high-tech activities, and tourism. White collar and highly skilled workers constitute the primary labour categories benefiting from this approach, although the high-tech and tourism sector also generate significant numbers of jobs requiring only low skill levels. Few efforts are made to co-ordinate job creation with the upgrading of the skills of the local labour force, although in some cases jobs not requiring high skill levels are reserved for city residents. The geographic emphasis favours central business districts and their surrounding areas. Headquarters and branch on capital investment usually win out over locally owned and worker-owned establishments.

#### **4.2.2 The Alternative Approach**

The failure of proponents of the corporate-centre economic development policy approach to address adequately the distributional issues associated with local economic development policy have stimulated interest in alternative approaches. Neighbourhood organisations have objected to the concentration of public sector economic development activities in central areas (Haider 1986), and planners and researchers have suggested that greater public accountability would provide a more balanced distribution of economic development cost and benefits (Krumholz 1982; McGrath 1982; Mier 1984). Critics have

called for the decentralisation of more direct policy links between these activities and the needs of low income and ethnic minority residents.

Although this policy approach is still emerging and has not been elaborated on as fully or implemented as often as the more common corporate-centre approach, it can be generally described in terms of the three economic development policy dimensions. Since the strategy has not been formally labelled, it is referred to here as simply the "alternative" approach. This approach includes public sector leadership in the economic development planning process. It allows the public sector a more activist role in its interaction with the private sector. In addition, it includes efforts to relate economic development outcomes to public policy objectives designed to address specific economic development problems. (APA Journal 1989: 286).

An important assumption here is that although private sector market decisions are important determinants of economic development outcomes, they are greatly influenced by public sector investment that affects the market environment in which investment decisions are made. As a result of this relationship, the public sector must take charge of designing interventions that guide private investment decisions toward the creation of desired outcomes (APA Journal 1989: 286).

Although, like the corporate-centre approach, the alternative approach may emphasise growth, it combines the emphasis with public sector planning goals stressing the distribution of benefits. Goals aimed at the specific needs of the economically disadvantaged and ethnic minority residents are included in the policy elements addressing jobs and income, business and industry, district development, and the equalisation of economic opportunity (APA Journal 1989:287).

Planning processes associated with the alternative approach are much more open than they are under the corporate-centre strategy, and, thereby, permit the incorporation of a broader range of interests, including those of low income and ethnic minority residents.

An essential feature of the alternative economic development policy approach is the way in which public sector interventions are pursued. Under the alternative approach, city administrations use the provision of public resources as a means of ensuring that economic development projects produce specific outcomes. Public resources are sometimes provided on a conditional basis that benefits local interests and the economically disadvantaged. For example, in some cases, private developers agree to hire local residents or to share project ownership with the public sector in exchange for public sector financial assistance. (APA Journal 1989:287).

The differences in the general objectives under the two policy approaches have fostered differences in the types of public intervention undertaken. Under the alternative approach, cities pursue interventions thought to be more likely to produce benefits for low income and ethnic minority residents, such as retraining and other human resource development programmes. Targeting is presented as an integral part of economic development policy. Economic sectors are targeted not only on the basis of their economic performance and growth potential, but also on their ability to meet important economic needs (e.g., the expansion of employment opportunities and the provision of necessary goods and services). Policy makers seek to address a range of local labour needs, including those of underemployed, unskilled, and blue-collar workers.

They sometimes use close co-ordination between training programmes and economic development programmes to ensure that these workers derive benefits from publicly assisted economic development activities. In some cases, community-based organisations co-operate with public agencies in designing and implementing projects, thereby, allowing residents' interests to be addressed more directly. The alternative approach also emphasises the development of locally owned businesses, since local owners are often more committed to their hometowns (APA Journal 1989:287).

### 4.2.3 The Performance Approach

Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. Municipalities currently set their own measures of performance, or Key Performance Indicators (KPIs). KPIs vary greatly from municipality to municipality, and cover both efficiency measures and human development indices.

KPIs can provide valuable information for two purposes:

- Firstly, development indices (such as the Household Development Index or HDI) can help municipalities to know their areas better and plan more effectively. Development indices also assist municipalities to assess the impact and effectiveness of the development strategies which they adopt, and make adjustments to their plans as required. The Central Statistical Service already provides useful indicators to assist municipalities in planning for their areas. Following the demarcation of new municipal boundaries, it will be possible to disaggregate (lift out) information according to municipal jurisdiction, which will be of particular value in the planning process. Development indicators should be disaggregated according to gender to allow municipalities to assess the impact of their strategies on women, and ensure that the needs and interests of women are incorporated into municipal planning (APA Journal 1989: 288).
- Secondly, indicators which measure value-for-money in service provision can provide valuable guidance for municipal organisational information. Efficiency and quality indicators enable municipalities to ensure municipalities set targets for continued improvement in their operations, to prioritise areas where organisational change is required, and assess the success of their transformation programmes (APA Journal 1989:28).



Involving communities in developing some municipal KPIs increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting KPIs and reporting to communities on performance, accountability is increased, and public trust in the local government system enhanced.

Municipal Councils will also find that developing some KPIs in consultation with internal municipal stakeholders (i.e. management and organised labour) can assist in developing a shared organisational vision and common goals for improved performance and delivery.

Performance monitoring indicators need to be carefully designed in order to accurately reflect the efficiency, quality and value-for-money of municipal services. International experience shows that poorly designed performance indicators can have a negative effect on delivery, and that it is critical that indicators focus on outcomes and not only inputs and outputs. For example, a municipality has a programme for cutting the grass verges. The aim is to maintain an orderly appearance in the streets and to discourage the dumping of rubbish in public spaces.

However, if the municipality fails to collect the cut grass, it will build up and lead to the dumping of garden refuse by residents. This defeats the municipality's original objectives. A performance management system which only measures the frequency of cutting the grass (the output)-and not the effect that this has on the maintenance of the public spaces (the outcomes)- will give a misleading report on the effectiveness of the municipality's action (Local Government: White Paper 1998:51/52).

In the medium-term, a national performance management system is required to assess the overall state of local government, monitor the effectiveness of development and delivery strategies adopted by different municipalities and ensure that scarce resources are utilised efficiently. It would provide 'early warning' where municipalities are experiencing difficulties, and enable other spheres of government to provide appropriate support before



a crisis develops. It would also enable municipalities across the country to identify successful approaches or 'best practice', and learn from one another.

National government will work closely with municipalities, provincial governments and other agencies that can contribute to the development of a national performance management system (such as the Central Statistical Service and Auditor-General's Office) to develop a set of indicators which can be piloted by different municipalities and ultimately lead to the establishment of a national system (Local Government: White Paper 1998:51/52)

While it is envisaged that the national system will apply in all municipalities, it will not replace the need for municipalities to set their own KPIs as part of the IDP process. A national system can only incorporate indicators which are relevant to all municipalities. Municipalities will need to continue to develop KPIs which are specific to their circumstances and goals, and to the priorities of local communities. (White Paper 1998:51/52).

Besides these aforementioned approaches, there are other approaches that need to be highlighted in this study. These approaches have been taken by municipalities around the world. Each rests on particular assumption about local economies and the impact on local authorities therein. The essential approaches can be distinguished as follows (Department of Constitutional and Development 2000).

#### 4.3 INTERNATIONAL APPROACHES TO LOCAL ECONOMIC DEVELOPMENT

4.3.1 **Traditional** approaches assert that the key to prosperity is attracting (primary manufacturing) investment through concession such as tax breaks, cheap land, reduced rates, and even direct financial rewards in return for locating in the area. The argument is that investment creates jobs and provides taxes, which can be used for service provision. Variations on these themes are attempts to attract other forms of economic activity and

funding, such as tourism, government and financial institutions, or spending on national social programmes.

4.3.2 *Entrepreneurial-Competitive* strategies emphasise the importance of local comparative advantages and small businesses in job creation. Local authorities play a pro-active role in identifying actual or potential growth sectors and in directly supporting local businesses through research, loans, grants, consultancy, premises, technical infrastructure and so on. Municipalities have to engage in research to identify the particular economic strengths of their locality, and some have even produced a local industrial strategy.

4.3.3 *Urban Efficiency* proponents argue that local authorities should raise urban productivity, in part by lowering the cost of living and doing the business in the locality. Some have argued that this is best achieved by minimising government intervention, especially by cutting taxes and services charges, and by privatising services where possible. By contrast, others believe that strong government planning is the key to achieving efficiency. This argument has particular relevance in South Africa, where apartheid's spatial planning has led to enduring inefficiency. For example, the metropolitan corridors in Cape Town and Johannesburg aim to bring people and jobs closer together, reducing travelling times and costs.

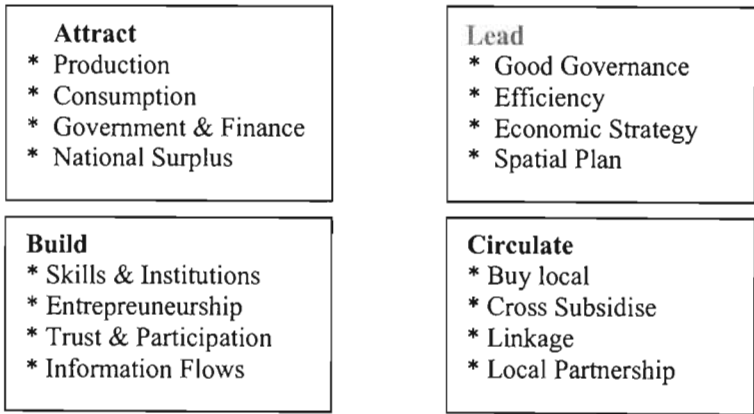
4.3.4 *Human Resource Development* is also identified as an essential focus for local economic development strategies. The argument is that low skill levels, especially amongst the poor, are key constraints facing potential investors. Furthermore, poor people are unlikely to benefit from whatever new jobs there are unless they have appropriate skills. Local authorities can support the establishment of local training agencies in local areas. In addition, conditions can be imposed on companies doing business with the municipality, requiring that firms provide a minimum amount of training for their employees (Department of Constitutional and Development 2000).

4.3.5 *Community-based* approaches emphasise the importance of working directly with low-income communities and their organisations. Investment is all very well, but the benefits are unlikely to accrue to the most needy unless they are active participants in new development, with the capacity to plan, monitor and enforce wider benefits. Support for institutions such as community credit unions or development corporations is a key feature of this approach.

4.3.6 *Progressive* approaches explicitly aim to link profitable growth and redistributive development. An example is construction linkage (also known as planning gain), where planning permission in profitable areas is linked to investment in more impoverished neighbourhoods. Another example of a progressive approach is a requirement that banks or other financial institutions opening a branch in an area must invest a certain proportion of their turnover in local small businesses. Where banks are hesitant to even open branches in low-income areas (such as many townships), municipalities have been known to make such branch opening a condition of access to municipal funds and accounts. Over the past years, several municipalities in the United States have introduced *living wage* legislation at local level, to outlaw exploitation.

In reality the right balance between these approaches should be established. Such a balance should be based on the priorities and circumstances. Figure 4.1 illustrates four conceptual building blocks for local economic development which must be used together.

FIGURE 4.1 LED BUILDING BLOCKS



Source: Local Economic development: Department of Constitutional Development

#### 4.4 A New Local Government Development Approach

- The new local economic development approach is known as the Integrated Development Planning (IDP). IDP is a process through which a municipality can establish a development plan for a short, medium and long term. It enables a municipality to (Integrated Development Planning for Local Authorities 1992:2):
- assess the current situation in the municipal area, including available resources, skills and capacities;
- assess the needs of the community;
- prioritise these needs in order of urgency and importance;
- set goal to meet these needs;
- devise strategies to achieve the goals within a set time frame;
- develop and implement projects and programmes to achieve key objectives;
- set targets so that performance can be measured;
- budget effectively with limited resources; and
- regularly monitor and reassess the development programme and make changes to it where necessary (Integrated Development Planning for Local Authorities 1992:2).

##### (a) *Integrated Development Planning*

The Land Development Objectives, or LDOs (in terms of the Development Facilitation Act) and Integrated Development Plans, or IDPs (in terms of the Local Government Transitional Act Second Amendment Act) provides municipalities with powerful statutory instruments through which to define local priorities. In combination, they can form the basis of a participatory planning process to establish clear objectives, targets and strategies for local areas, ranging from economic growth, investment, and employment

creation to training, poverty alleviation or reduction and service and tariff levels. If these plans are realistic, that is, based on a thorough assessment of current realities and available resources, they can provide important signals to local and external stakeholders.

#### 4.4.1 The meaning of Integrated

“*Integrated*” is probably the key to what is the difference about Integrated Development Planning. Integrated means considering not just one sector (e.g. Transport) or one group of issues (e.g. Environment), but instead bringing together all important sectors, issues, and concerns into a whole (Integrated Development Planning 1996: 2).

#### 4.4.2 Who is involved in the IDP planning process?

In many municipalities, the primary responsibility for preparing Integrated Development Planning will rest with the Councillors, Officials and staff. In some cases, strategic technical support can be obtained from professional town planners, environmentalists, engineers, architects, economists, sociologists and institutional strengthening specialists. There are lots of people who are involved in planning for the IDP, among others are (Department of Constitutional Development :2000):

- Council;
- NGO's and civics;
- Community leaders; and
- Organisation and many other many more.

#### (b) *Municipal Budgeting*

10 g. (1) ***Every municipality shall*** (Department of Constitutional and Development 2000).

- (a) conduct its affairs in an effective, economical and efficient manner with a view to optimising the use of its resources in addressing the needs of the community;
- (b) conduct its financial affairs in an accountable and transparent manner;
- (c) prepare a financial plan in accordance with the integrated development plan in respect of all its powers, duties and objectives;
- (d) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of its community, and promote social and economic development within its area of jurisdiction and support the implementation of national and provincial development programmes;
- (e) manage its financial resources to meet and sustain its objectives;
- (f) regulate monitor and assess its performance against its integrated development plan; and
- (g) annually report to and receive comments from its community regarding the objectives set in its integrated development plan.

### ***Local Government Transitional Act Second Amendment Act***

Municipal budget generally operates on the basis of 'last year plus inflation'. This makes it very difficult to evaluate the effectiveness of municipal expenditure, or to assess whether or not the right priorities are being addressed. The introduction of a financial plan prepared in accordance with the IDP will help to solve this problem. The financial plan should be medium-term; that is it should look at the income and expenditure of the community over several years. This is important since infrastructure investments may take several years to finance, and other loans or other liabilities may also span several years. The financial plan should look at a wide range of issues related to municipal revenue, such as tariffs and payment levels, land markets and rates income, intergovernmental grants, subsidies and private loans. In general the aim of the financial plan should be to maximise municipal revenue and the impact of municipal expenditure (Local Economic Development 1996:12).



(c) *Town Planning, Land Development and Linkages*

Many municipalities currently have reactive towns and regional planning; when crises occur, planning starts. This reduces the ability of the municipality to use spatial planning as a tool to promote social and economic development. LDOs should be used to put planning on a more proactive footing. The land development principles of the Development Facilitation Act are a sound basis for more development planning.

These principles mean that municipalities should actively promote land development, rather than merely seeking to control it. In other words, local government should identify land with potential, prepare it for development, and make its willingness to issue certain rights. This will stimulate investment in return for relatively little risk. Examples of projects where municipalities have played an active role in promoting land development are Cape Town's Waterfront and Durban's International Convention Centre.

Such prestige projects are often celebrated as drivers of economic development because of the effect they have on the image of the city and the jobs they create (Local Economic Development 1996:14).

(d) *Infrastructure Investment*

*Infrastructure represents, if not the engine, then the 'wheels' of economic activity... Users demand infrastructure services not only for direct consumption but also for raising their productivity by, for instance, reducing the time and effort needed to secure safe water, to bring crops to market, or to commute to work. Much studies attempting to link aggregate infrastructure spending to growth of GDP show very high returns...What is evident is that a strong association exists between the availability of certain infrastructure-telecommunication (in particular), power, paved roads and access to safe water- and per capita GDP. (World Development Report 1999; Infrastructure for Development-World Bank).*

Investment in infrastructure can have important implications for economic growth, income distribution and poverty alleviation, and municipalities can employ this

investment as an important LED tool. The direct consequences of investing in infrastructure is the generation of jobs, incomes and business opportunities, which can be targeted in favour of emerging enterprises and labour-intensive methods.

Through investment in infrastructure the municipality can influence where growth occurs and so combat the apartheid form of cities and towns. Finally, the effective management of services-extending services to low-income neighbourhoods, restraining prices, the rapid delivery of services to new business development, prompts response to queries-reduces poverty and contributes to the business environment. The Consolidated Municipal Infrastructure Programme (CMIP) funded by the Department of Constitutional Development provides grants to subsidise the provision of the basic services to the poor.

Municipalities should develop infrastructure investment plan which aims to cater for homes and business, which combined CMIP funds with private investment and loans where possible, and which maximise the impact of new investment through densification and mixed-use development.

#### *(e) Marketing and Investment Promotion*

Inward investment is very important to South African localities. Marketing a local area can play an important role in uniting and mobilising local stakeholders as well as attracting outside interest. Technical help can also be provided to investors, such as assistance in accessing national tax incentives.

Other economic development approaches include among others the following: (Local Economic Development 1996:16-19).

- Entrepreneurship and small business support;
- Training and labour market support;
- Procurement power;
- Community institutional support;
- Partnerships



- Local economic development in urban areas; and
- Promoting participation of local stakeholders.

#### 4.5 NATIONAL POLICY ON LOCAL ECONOMIC DEVELOPMENT

The following National Policy has been provided by Local Government and Constitutional Development and they are summed up as follows:

The National Government is responsible for the implementation of policies amending developing and also doing away with them. In South Africa the National Government is responsible for implementing LED programmes and projects within this framework. This national framework is still in the process of development

The National Government will not fund LED programmes and projects. It will assist with starting up funds for Local Service Centres (LSC). It will also make finance available to lending institutions such as NEPA and Khula for loans and credit guarantees schemes for small business.

The National Government is phasing out decentralised grants. These are replaced with one off capital grants for addressing cost of addressing backlogs. Also local government needs to raise local funds to pay for ongoing maintenance and support. Presently, many local governments are facing financial difficulties because of these policies.

The National Government provides supply side support to industry and business. In the past, the government provided demand side measures such as tax relief based on the number of employees. Concessionary industrial finance schemes have been introduced along with a reformed system of industrial finance.

The National Government supports small and medium enterprise development by attempting to operationalise the White Paper. Various programmes and institutions have

been established to give effect to the strategy. (Local Government & Constitutional Development 1998).

#### 4.6 POLICY BEHIND LOCAL ECONOMIC DEVELOPMENT

Local economic development has over the past decade assumed major importance as a policy issue in many developing countries of Europe, North America and Australasia (Harvey 1989; Leither 1990; Syrett 1995; Clark & Gaile 1998). Increasingly, the potential for LED is acknowledged as a critical sphere for policy development in the developing world, not least in SA (Rogerson 1995:1997). In several policy documents and statements, the national government has placed great importance on the role of LED as a way of reaching the objectives of reconstruction and development in the post-apartheid SA (Republic of South Africa 1997; Department of Housing 1997; Department of Constitutional Development 1997). In particular, the White Paper on Local Government emphasises the vital need to foster a culture of developmental local economic development in South Africa including the promotion of LED, (Ministry of Provincial Affairs and Constitutional Development).

Durban is one of the cities in South Africa which need to implement LED as a means to address economic problems faced by the community (Robbins interview 28 June 1999). The interest in LED planning and policy has increased remarkably or substantially over the last twenty years. This interest is shared by local government officials, business leaders, and residents everywhere in large cities as well as small cities and rural areas (Malizia 1986 cited by Robinson 1989). In most cases, the increased efforts to influence the structure and the performance of local economies are responses to the local effects of global and national economic restructuring (Feagin & Smit 1987). These effects are also responses to reductions in federal funding for urban programmes and to growing proportions of economically disadvantaged residents, especially in larger central cities (Sternlied & Hughes 1983).

In spite of the increased interest in local economies, urban economic policy development policy has yet to identify effective ways of addressing the problems of urban poverty, particularly among black and Hispanic residents of the nation's largest cities. Although this problem is frequently described in ways that place it primarily within the realm of social policy; it is undoubtedly too complex and severe to be addressed effectively by policy responses based on such a narrow perspective.

The literature on LED policy and planning identifies two contrasting types of policy approaches used by city administrations in planning and implementing economic development activities. The more common corporate approach emphasises growth and real estate development, particularly in CBDs. It focuses on the demand side of the labour market by attempting to create a favourable investment climate. The creation of jobs for local residents is viewed as an indirect outcome of this approach. In contrast, the alternative economic development policy approach involves more direct efforts to generate benefits for local residents. Although this method also tends to stress real estate development, it balances the emphasis with additional emphasis on human resource development and other labour supply and distributional considerations designed to ensure that local residents especially economically disadvantaged residents benefit from economic development activities (Robinson 1989:284).

#### 4.7 THE IMPLEMENTATION OF LOCAL ECONOMIC DEVELOPMENT POLICIES

The implementation of economic policies mostly entails a great deal of state intervention, certainly much more than during the laissez-faire economic growth of the West, where the by-now socially and politically well-integrated mass consumption economies make modified "free enterprise" the logical system. Maximization of labour-intensive infrastructure works would require massive organisational and executive programmes of a public character

The establishment of criteria and guidelines designed to avoid excess capital intensity of new investments (as well as of private financed or executed construction), and thus to spread available capital more widely through government sponsored studies and planning. Their application would necessitate government controls, incentives, and disincentives for private industrial investment and, in some cases, even direct government investment and operation. Government would have to shoulder a large portion of the cost of training and urbanising labour in order to encourage private enterprise to maximise employment.

Since the urgency of the task requires the forced draft mobilisation of all available resources, it is already quite clear that accelerated economic development of the underdeveloped countries entails, in any case, much more public control and intervention than did the gradual process in a much different national and political climate of the advanced countries. Thus, it seems advisable to drop the pseudo-ideological battle over the degree of government intervention and over the pros and cons of the 'private' versus the 'public' sector, in order to concentrate on funding the most practical measures for assuring private enterprise in conformity with public policy, and the politically least dangerous institutions and most efficient administration for public undertakings.

Much damage has already been done around the world by equating "free enterprise capitalism" with democracy; and public control over, and ownership of, certain means of production with communism (or doctrinaire socialism). In the underdeveloped countries striving desperately for higher levels of living via the shortest possible route, it is not so called "creeping socialism". (that is forceful and social-minded public planning) which poses a threat to free political institutions. On the contrary, the great danger lies in the probability that uncontrolled private enterprise alone will not be able to meet the expectations of the awakening of hundreds of millions. Should their government also fail them, their most likely reaction will be to turn to the communist panacea, particularly if democracy continues to be identified with types of capitalism and technocracy more appropriate to capital-abundant, labour-scarce economies than labour-abundant, capital scarce economies (Spiegelglas 1970:189).

#### 4.8 EVALUATING LOCAL ECONOMIC POLICIES AND INITIATIVES

A major boom has occurred on the literature and practice of LED evaluation in the main English-speaking countries of the developed world (broadly United Kingdom North America and Australasia). Not long ago an ESRC study concluded that ‘an attempt to develop a systematic policy impact analysis procedure, involving all government departments and with a specific urban focus, would be very radical in a British context (Breheny 1984:31 cited by Bovaird 1992:360).

Since there has been a burgeoning of evaluations of individual public sector policies, grant regimes and initiatives in the LED sphere has grown tremendously. As LED has become more routinised local government, it might have been expected that productivity and unit-cost measures of efficiency would have become more widespread. In fact, there are few examples in the literature, possibly because the very wide range of LED initiatives in most agencies makes comparability between units, and programmes very problematic.

Since a regional policy framework continues to be operated by central government, that is an argument that LED should be planned and implemented with this framework. However, there are pre-conditions to justify the fitting of LED strategies regionally determined framework do not appear to obtain in England nor they seem strongly present in Scotland or Wales (Bovaird 1992:357 citing Bovaird & Martin 1990).

In South Africa policies and initiatives are being put in place but it may well be that the officials would be the ones who would violate the implementation of the policies. This basically explains the fact that policies play a less more significant role because in a long run these policies become ineffective, but since the government has introduced measures in dealing with such kind of behaviour, this would be unlikely to continue.

#### 4.9 LOCAL ECONOMIC DEVELOPMENT POLICY EVALUATION

The evaluation of LED follows a very long line of research on the effects of policy, from Political and Economic Planning (PEP) 1939 to Moore et al (1986) and more recently, urban development policy (Cameron 1990).

If the structure of the government and the policy making process is important, if there were no concomitant distinction, in the analysis of its efficiency and effectiveness. A distinction has been drawn between evaluation and policy analysis; policy analysis was distinct from evaluation, because the latter was essentially *ex post* while policy analysis was, at heart forward looking and change seeking (Hughes 1991:90 citing Gray & Jenkins 1983:25 emphasis in the original). Both terms are, however, elusive, have different manifestations on the part of the government machine and overlap considerably.

The evaluation studies and policy analysis require a careful study of the performance measures, which will be to assess efficiency, and effectiveness. The desirable attributes as specified by public sector managers are as follows (Hughes 1990:911 citing Palmer: 1989:2):

- Ability to make comparisons of actual against target performance;
- Ability to highlight key issues and areas of interest;
- Comparison with similar departments and programmes;
- Identification of trends over time;
- Development of specific norms or target.

The framework for evaluation, therefore, should be one, which considers the organisational structure of the agencies involved in the internal pressures of competing policy objectives and feasibility of designing a practical evaluation and analysis system. The analysis of the policy-making process in LED has traditionally been less rich in analytic technique and research methodologies. Policy analysis models tend to assume normative framework, rather than to analyse how they were arrived at.

This system should reflect the range and relative importance of policy objectives, and include performance measures which provide ex-post evaluation, but with discrimination among effects, which give guidance on amendments that will increase the effectiveness of policy and programmes. In other words, there should be “more emphasis--- on understanding mechanisms and processes when evaluating local policies (Hughes 1991: 911 citing Turok 1989).

In practice, most evaluation studies have not sought to provide fresh empirical evidence of multiplier effects in the local economy, although some have investigated local industrial linkages. They have either ignored the multiplier effects (implicitly or explicitly assuming that they are equal for all initiatives) or have used the value generated in previous studies (many of them in the 1960's and 1970's) (Bovaird citing Lewis 1988:362). Neither of these procedures is conceptually indefensible but they would both be more convincing if a larger bank of up to date multiplier studies were available.

The jointness of LED outcomes created by the multi-agency nature of many initiatives has rarely been tackled satisfactorily. This has led to several agencies each claiming the credit for particular programmes and projects. The most public example was probably the “Action for Cities” document from the then DOE, in which it appeared to claim, as its own work, the success of the first 10 years of the Urban Programme (by the simple expedient of hardly ever mentioning its 57 local authority partners). Conceptually, this problem would best be solved by increased variety in the design of LED programme, so that the overall level of project funding and the balance of agency input, would differ substantially between projects within each project and some control groups would be designated. While such approaches were tried on a significant scale in US, federal urban government in the 1970's (Ferber & Hirsch 1982) they have not been found acceptable in the UK at central or local government level.

In practice, LED evaluations have most commonly sought to explore ‘additionality’ in the case of those public agency initiatives where surveys could be undertaken of the firms



benefiting from the initiatives. These surveys have attempted to establish whether the public intervention influenced the likelihood of the projects taking place, its final size or the date at which it was undertaken; examples include Public Sector Management Research Centre (1985).

#### 4.10 CHALLENGES FOR LOCAL ECONOMIC DEVELOPMENT POLICY EVALUATIONS

All LED evaluations face four major modelling challenges, the estimation of the gross direct effects of LED initiatives, the incorporation of multiplier effects in the economy, the separation out of the agency's net effects from those caused by other agencies and estimation of the 'additionality' of the public sector contribution.

The estimation of the gross direct effects of LED initiatives requires data for the 'before' and 'after' periods and a way of controlling for the effects of the initiatives (for example recession or interest rates). The most common approaches involve interview survey of firms, sometimes in a longitudinal panel to establish changes over time, but more often, simply asking firms to establish the changes which have occurred (since they receive the LED initiatives) in employment turnover, profit investment, and so on. Wallis (1990) argued that contingent evaluations are used where firms know how they would have responded in the absence of the initiative.

The main alternative here is components-of-change analysis, usually on the employment statistics but sometimes on investment, which attempts to separate those local or regional economic changes during the period of LED policy or initiatives which were not attributed to national trends, to the industrial structure of the area or to the local effects of the business cycle (Bovaird 1992: 362 citing Moore et al 1986).

The idea requires a clear cut start and end dates for LED initiatives (or clear time periods) between which the 'strength' of the LED initiatives varies. Forthergill & Gudgin

(1979,1982) significantly extended the external factors considered- including measures of the urban rural shift and the size structure of the firms.

Econometric estimation of the influence of these various independent variables are rare but can provide important corroboration of the components-of-change analysis and a valuable change to separate out the effects of individual components of 'policy packages', where the balance of these packages has altered over time (Moore et al 1986).

#### 4.11 LESSONS FOR LOCAL ECONOMIC DEVELOPMENT

Local economic development is linked to the combination of factors and, as such, economic development strategies and theories should build on the advantages of the area. A number of advantages resulted from the location of the area, such as proximity to major transport roles. Other advantages such as good infrastructure are available in Durban although some need to be improved or upgraded.

Perhaps the key lesson is that good governance makes a difference. The provision of good infrastructure and efficient development of services is a major contribution which municipalities can make to promote economic growth. Municipalities can help to realise investment opportunities with private investors, and by providing interested investors with a personalised efficient service. Good relationships and open channels of communication make the local area a far more attractive location for business and industry.

#### 4.12 SUMMARY

A wide range of matters have been dealt with. Regarding the theory, it has been indicated that various attempts at theorising have been made. As McCurdy in Hanekom & Thornhill (1994:87) argues "no theory, approach or technique is indispensable.

Therefore, although some of the attempts may have been proved unacceptable, they contribute to an understanding of administrative phenomena. That each attempt should be continued is clear, if it is accepted that lack of guiding theory could damage the potential of Public Administration as a major field of study.

Having established the need for theories and approaches and having explained the obstacles encountered in both these aforementioned attention has been devoted to particular theories that could serve a useful purpose in local economic development. In particular, theories on decision making policy formulation and organisation have been reviewed.

At the same time different approaches have been dealt with, regarding local economic development and these approaches have proved to be relevant both in terms of the study of Public Administration and also to local economic development as a field of study.

These theories and approaches have to be complimented by local economic development strategies, which are in place in Durban Metropolitan Area. These strategies will be dealt with in ensuing chapter.

## CHAPTER FIVE

### LOCAL ECONOMIC DEVELOPMENT STRATEGIES IN DURBAN METRO AREA

#### 5.1 INTRODUCTION

This chapter is based on the strategies for local economic development employed in the Durban Metropolitan Area. Strategies in the context are planned actions for specific development goals of a community based on the specific option and opportunity.

Projects emerge from specific courses of action undertaken within a given strategy. The distinction between strategies and projects is necessary because, in too many instances, a single project or group of projects with no particular focus are often described as a “local economic strategy”. Mostly, these ad hoc efforts are reactions to current circumstance. The most common rationale for the majority of the uncoordinated efforts is that “something had to be done”.

Strategies, however, constitute an overarching set of principle that form the concept to guide general to specific action (i.e., from clarity of thought and generating consensus during the local economic development process). It is therefore important to examine alternative strategies along with a set of specific projects or proposals as the building blocks of an economic development plan (Blakely 1994: 135).

A local economic development strategy must include both short-term, visible objectives as well as long-term, process objectives. It is important that the local decision-makers (in DMA, politicians and other stakeholders) consider clearly how to incorporate both short-term as well as long term goals in any economic development strategy.

## 5.2 LOCAL AND NATIONAL STRATEGIES

Local and national strategies may be seen as different functions in overall economic strategy formulation for which growth occurs, local government and people can play an important role in taking advantage of available opportunities (Tomlinson R 1994 citing Fergusson 1990b). Something along these lines appears to guide Cosatu's participation in sub national development initiative; while the NEF is considered to be the place where an enabling policy environment should be negotiated, the sub national initiatives are seen as the arenas which can achieve concrete delivery.

Murray (1994:2) argues that national initiatives may be able to deal more easily with circulation than with production. Local initiatives and government are closer to the particular and detailed, and can therefore perform specific planning, animating and financing functions more effectively. They are in a better position to have an effect on industrial restructuring.

In general when local areas have obvious local needs and obvious local skills and resources, it seems self evident that the two should be combined in a strategy. The combine-sense thrust of this argument makes it hard to argue against local economic strategies (Beauregard 1992:39).

Lastly, local economic strategies may be favoured because they are potentially a means of exposing economic development to democratic pressures (Murray 1988:3).

This is obviously worthwhile in its own right, but it may be a means of ensuring the sustainability of development initiative both where there is the prospect of drawing on local ideas and knowledge and because local ownership of an initiative may generate commitment and enthusiasm which national strategies have little hope of achieving.

Nevertheless, it is easy to be over-optimistic about the potential impact of a local economic strategy. A typical cautionary remark is that, given the nature of the current

global economy, attempting a local economic strategy is like trying to empty the sea with a spoon (Planact 1992c: 8) Even major practitioners and prospects concede that if the goal is economic regeneration, local economic strategies are likely to have only minor effects (Cochrane 1988:164).

Kroon (1995:135) identified the word “strategy” as referring to a specifically selected pattern of behaviour within a changing environment, taking into consideration institutional abilities. In this sense, strategies refer to a plan, which links resources to future possibilities in the market (in a proactive manner).

Baird et al (1990:135) identified strategy as ‘the overall mission of the institution and the set means for utilising resources to accomplish the mission. Strategies in Durban are used to achieve local economic development and they require a certain institutional capacity in order to be implemented.

The Metropolitan isolation, specifically the inability to create regional strategies was a significant problem. Some of the best strategies would have required metropolitan action, yet regional planning structure existed for development purpose. (Darden et. al. 1987).

Recently, the city has improved, economic development took and somewhat better federal support. The experience of Durban and other cities suggests that modern strategies of economic development have evolved. There is also a need for broader policy initiatives, which are necessary for development. Durban needs to have effects in several basic areas of social and economic reform, efforts that would often require the assistance of state and national government.

There are many local economic strategies, which are grouped in many areas. There are strategies with regard to improving the income and the economic opportunities of disadvantaged communities and this relate primarily to two areas. The one is small business promotion and the second one looks at upgrading the economic fabric in townships and improving business centres for people to start business.

The delivery of services is one category. There is also a lot of work to be done on tourism and strategies focussing on tourism, as it is a big employment creator in the country. This work is driven by a national strategy to promote tourism.

Sipho Ntuli (interview 28 June 1999) added that *“we are looking at providing opportunities for new tourism business to start, and we are also looking at improving the product because tourism depend on people and places, and we need to make sure that the places are suitable and that the Durban Metro council is delivering services to people”*.

One of the strategies around tourism is marketing because there is a need to attract tourists to Durban. “We also have a lot of focus on investment promotion more generally supporting the existing business sector, to establish business that would generate the majority of business jobs in our region”. (Carol MacNab interview, 24 June 1999).

There is a need to make sure the economic conditions are suitable for people in that area and to attract new investment, foreign investment and investment from people living within our country and we have a lot of programmes to improve and presently we are working with other arenas in terms of influencing other departments within local government structures like, for example, in service water delivery. “We are involved in programmes to make sure that there is employment creation in terms of involving local contractors mostly” (Melanie Dass-Moodley interview, 28 June 1999).

Besides this, for Durban to achieve local economic development, Durban had to embark on some key effort. Such key efforts will contribute in the achievement of local economic development, not only for Durban, but also for the community as a whole.



### 5.3 FOUR MAIN STRATEGIES FOR LOCAL ECONOMIC DEVELOPMENT

The following main strategies will be strongly dealt with in this study research

- Locality/Physical Development
- Addressing infrastructure development and service delivery
- Housing Delivery
- Business Development

#### 5.3.1 **Locality/ Physical Development**

As part of the local economic development plan the following locality development strategies should be taken into consideration

5.3.1.1 Managing land to ensure development

5.3.1.2 Addressing the infrastructure and service needs

5.3.1.3 Housing delivery

5.3.1.4 Promoting local tourism

All the aspects should be addressed in activities of the council other than LED strategies. These strategies should be part of the Integrated Development Planning Process of the council. Each of the four aspects would be dealt with in more details.

##### 5.3.1.1 **Managing land to ensure development**

Land is one of the most important factors in local economic development .It is necessary to manage to (Urban Sector Network, 1998:2):

- overcome the fragmentation left by the year of apartheid;
- to counter costly urban sprawl;

- to even out the skewed delivery of services and infrastructure;
- to address the significant structural unemployment;
- to ensure that tourism potential is fully developed; and
- to stimulate the economy to ensure long term growth and development.

Land management for the DMA is implemented with the aim of Spatial Development Framework to develop a more environmentally sustainable spatial form for the city including the promotion of a compact urban form.

Land management is diverse in a manner that avoids conflict between land-use, particularly between heavy industrial and residential use, and promotes compatibility of land uses and also provides urban agriculture in terms of development.

Possible implementation strategies (Durban Metropolitan Environmental Policy Initiative 1998:15/16):

- detailed land security mapping;
- guidelines for development in coastal zones;
- land use planning and zoning for aesthetically sensitive development in keeping with Durban's unique natural heritage and scenic landscape; and
- investigation of phased relocation of inappropriately sited activities.

Land management strategies could include the following

#### 5.3.1 1. (1) ***Integration***

Integration of cities and towns is important in local economic development. Considering the following strategies a vital for local economic development;

- Land use planning must include mixed-used and mixed income developments. Residential and business should be mixed. Travel distance must be reduced.

- Intensification along existing transportation corridors should be encouraged.
- Proper opportunities and facilities must be provided in the previously disadvantaged areas.
- Transport policy should be changed along with other strategies Transport must ensure better links between the townships and the centres.
- Land use planning and planning must be integrated. Areas of economic opportunity must be accessible by public transport. Distance should be short as possible.
- Social and racial integration can only be promoted only if levels of services provided to the different social and racial groups are the same. People who can afford more can use more, but everybody must have access to medium or high level of services.

The right to develop land should be linked to development of land and facilities in the townships. This could mean that a developer who gets the rights to develop a big shopping centre in a township or in a development corridor must also invest in a service to the community, for example a clinic or a library or a shopping project. The local government must develop criteria to evaluate projects and to decide what links will be required.

Local government plays the role of co-ordinator. Local government does this by making sure that business and community accept the ideas that the business in identifying where and how development should happen.

Integration is then necessary in all local governments to ensure a more equal distribution of benefit of local economic development.

The integration of the city of Durban as a Unicity is an import factor in the economy of the city as a whole. Places like for example Umhlanga and Mt Edgecombe will be integrated to Durban Unicity. As the results of this integration, development of the city of Durban will be strengthened and the economy will be generated than ever before.

#### 5.3.1.1. (2) *The Development Facilitation Act (DFA) 67/1995*

The DFA is part of the national strategy to streamline the land management system. The DFA allows for “fast tracking”. This means that a developer can apply directly to a tribunal, which will approve development. The local government approvals are thus bypassed. This ensures faster implementation.

Local government has to develop Land Development Objectives (LDOs) according to the DFA. This means that local government set up workshops with business and the community to determine how land should be developed. Integrated Development Planning is based on these objectives or goals.

#### 5.3.1.1(3) *Community Land Trust*

A community land trust means that a board, consisting of members from the community, decides how the land should be used. In this way, the community can control how development should take place and local economic development benefits go to the community. These trust can only be set up where there is strong community based participation in local economic development.

#### 5.3.1.1. (4) *Integrated Development Planning*

The Local Government Transitional Act 209 of 1993 (LGTA) requires that local government should develop Integrated Development Plans. This requires a participatory planning process.

Integrated Development Plan (IDP) has the goals objectives and priorities of local government which are based on the needs and priorities expressed by stakeholders. This IDP includes criteria for evaluating all expenditure.

The final priorities and goals are based on the good understanding of local realities, stakeholders' demands and needs available resources. This means that local government must evaluate the effects of its expenditure.

The local government must undertake medium term financial planning according to the IDP. Annual budgets are often based on this financial plan and the IDP. This requires that local government changes its budget system. Old budget described the expenditure in terms of input per line item. IDP budgets should describe expenditure in terms of goals, that is output. LED goals are then part of the IDP (Urban Sector Network 1998:3).

#### 5.3.1.1(4). 1 *Why Integrated Development Planning*

Municipalities face immense challenge in developing sustainable settlement, which meet the need and improve the quality of life of local communities. To these challenges, municipalities need to understand the various dynamics operating within their area, develop a concrete vision for the area, and strategies for realising and financing that vision in partnership with other stakeholders.

Integrated Development planning is a process through which a municipality can establish a development plan for the short medium and long terms. The main steps in producing an IDP are (Local Government: White Paper 1998:47):

- An assessment of the current social economic and environmental reality in the municipal area – the current reality.
- A determination of community needs through close consultation.
- An audit of available resources skills and capacities.

- A prioritisation of these needs in order of urgency and long term importance.
- The development of integrated frameworks and goals to meet these needs.
- The formulation of strategies to achieve the goal within specific time frames.
- The implementation of projects and programmes to achieve key goals.
- The use of monitoring tools to measure impact and performance.

### **5.3.2 Addressing Infrastructure Development and Service Delivery**

Both infrastructure development and service delivery should form part of any local economic development strategy. The infrastructure and service delivery strategy of local government must ensure local economic development. Meeting the needs of citizens through the effective delivery and distribution of services is critical, and the government plays a direct role in the delivery of such services.

To achieve the outcome the required, services must be prioritised and effective access to services must occur so that people utilise the services to improve the quality of living. Spatial component will need to be considered very carefully relative to the development of the city. These are basically are some of the needs, initiatives and activities that the Durban Metropolitan Council together with other stakeholders are engaged in.

The following aspects need to be considered in order to do this:

#### **5.3.2.1 Land**

Land is only attractive to business and industry if there is a high level of service available. This often includes services such as advanced communication technology, buildings, parking and street lighting. Development of this kind must not be at the expense of delivery services to previously disadvantaged communities. Redressing the backlogs must be the priority in all instances.

In Durban, there have been major steps that have been taken to protect the land. Land has also been used to benefit the majority of the citizens. People are also being taken to live in areas where transport and other commodities are available.

Local government is also trying to avoid inappropriate use of land such as the Southern Industrial Basin and the emergence of polluting industry in the North. In addition, logistics are not organised in efficient ways compromising the long-term competitiveness and hence sustainability of the industry reliant on logistics as well as the industry itself (Durban At The Crossroads 2000:14).

#### **5.3.2.2 Value Added Service**

A programme to develop value added services should be considered. An example of a value added service is a community hall with a resource centre. Thus, value added service is where an existing service can be given more value by piggy backing and additional service to it.

Durban needs to increase downstream production in manufacturing. In other words, being able to capture more of the value chain than is currently the situation. For example, where Durban is producing industrial chemicals, the aim is to produce some of the products which incorporate the chemicals but only where Durban can be competitive.

Durban must grow in parts of the economy, which have high multiplier effect and lead the creation of real value such as industrial and supporting functions and specialised input. Where multipliers are high, linkages are great and innovation is able to further sustained and developed off the back of certain industries, those industries suggest greater opportunity for development. Examples of this are motor vehicles and machinery (both electrical and non-electrical) (Durban At The Crossroads 2000:31).

### **5.3.2.3 Service Level**

Local governments must make their own policy about service levels. It must cost less money in the long term to deliver a higher level of environment costs of basic service levels. This is because of the costs involved in upgrading basic service levels.

Durban's vision will be achieved only if it creates a strong economic platform which requires Durban to capture much more value, therefore, needs to increase productivity of downstream high value added products and services.

### **5.3.2.4 Job Creation/Income opportunities generation**

It is important that infrastructure delivery creates jobs. The Public Works Programme is seen as the main vehicle for job creation in delivery infrastructure. Most of these jobs are temporary but still have important multiplier effects in the economy. A multiplier of 7 temporary jobs for every R 1 million spent on infrastructure delivery is average.

The Self Employed Women's Union suggest that the Public Works Programme should be orientated to include women, by the provision of training for women (by means of quotas if necessary) and child care for women participation. Local government has an important role to make sure that there is Public Works Programme in their areas.

Local government must also think about how permanent jobs or self-employment can be created through infrastructure delivery. For example, people could be set up from the community to maintain infrastructure. Mostly the Community Works Programme targets rural communities.



### 5.3.2.5 Environmental Implications

Local government should be concerned about natural resources and the global environment (the green agenda). At the same time, they must promote the environmental sustainability of human settlements (the Brown agenda), (World Development Report 1994).

Of special concern are:

1. the impact of sewage service levels on the environment;
2. negative environmental consequences of increased water supply and;
3. environmental costs and benefit related to electricity delivery.

Therefore, Durban needs to institute an environmental management system in the DMA that enables the implementation of the Environmental Management Policy is to deal firstly with the objectives. Among the objectives are *inter alia* the following

- To implement the Policy in DMA through developing appropriate structures and procedures;
- To enable a phase of implementation of the Policy;
- To enable ongoing and incremental improvement in the management and quality of Durban's environment;
- To develop an environmental information system that can be regularly updated to enable informed decisions on issues affecting the environment;
- To that appropriate environment evaluation procedures are undertaken for all policy, plans and development in Durban Metropolitan Area that are likely to have a significant impact on the environment; and
- To ensure that civil society plays a meaningful role in metropolitan environment governance.

The Durban Metropolitan Council is fully engaged in activities like for example

- Development and Planning;
- Education, Training and Environment;
- Resource Management;
- Pollution Control; and
- Waste Management Human Health and Safety.

These activities are implemented with the aim of creating a healthy environment, which aims at effective integrated management of Durban's environment.

#### 5.4 HOUSING DELIVERY

Housing is not just about building houses. It includes aspects of ensuring delivery of:

- Service land, making land available at a reasonable price is crucial to the success of housing delivery.
- Diverse housing types, This includes social housing and rental stock.
- Social services, for example, health, education, childcare and sports facilities.

Delivery of housing and social services is a crucial LED strategy because it creates jobs, redresses the imbalances of the past and creates an environment in which people can create their own income.

The local government could become an aggressive housing developer by setting up non-profit housing corporations to build houses for sale or rental. This would depend on the capacity of local government. Local government has the role (as indicated in chapter four) of being a facilitator thus it had to ensure that processes and procedure in housing delivery are streamlined.

The vision for Durban in 1996 aimed amongst other things, to achieve acceptable housing for 90% of its inhabitants and less than 10% unemployment amongst its economically active population within 20 years.

In four years since the adoption of this vision, local government in the Durban Metropolitan Area has made significant strides in housing and service provision.

Some 100 000 housing units have been produced, leaving a backlog of 180 000 units, or some 65% of the backlog. Service provision has been more rapid, supplied to all but 35% and electricity to all but 5% of household (Unicity Service Delivery in the DMA: Status Quo 2000). With respect to delivery of housing, infrastructure and services, then the records seems fair for the four past years (Community Economic Development 2000:23).

Housing delivery forms an important part of local economic development plan because of the following reasons:

#### **5.4.1 Employment Creation**

Six local jobs, eight provincial jobs (e.g. in material supply) and six national jobs (e.g. in material and equipment supply and financing) can be created for every R1 million spent in housing construction.

Housing associations and rental housing generates additional permanent employment at the rate of three jobs per hundred housing units. These jobs are in maintenance, collecting payments, tenant liaison and administration.

At the centre of Durban development challenge is the need to strengthen the economic base of the city. Clearly, the welfare and quality of life of all eThekweni's citizens as well as the ability of the Council to meet their needs is largely dependent on the ability of the city's economic base to generate jobs and wealth.

Whilst Durban's per capita GGP income of R199, 993 pa is higher than that of South Africa as a whole, it is far less than that of comparable middle income countries. In fact, it has declined at the rate of 0,34% pa between 1990 and 1999 resulting in declining standards of living. Durban economy is currently growing at a slow 1,8% pa.

In addition, the city faces a severe worsening unemployment situation with estimates placing unemployment between 30 and 40%. Since 1997 there has been a net loss of formal jobs of 1,5% pa that is 40, 000 jobs (Towards a Long Development Framework for Durban Unicity, 2000:2).

#### **5.4.2. Small Business Development**

There are many possibilities for establishing small businesses to deal with tasks related to housing construction. Small businesses could be set up to do the jobs such as security, building, painting, electricity supply and plumbing.

Housing associations and rental stock small businesses could be created that rent out the housing. The local government must play the role of facilitator to ensure that processes and procedures as well as zoning and standards are in place to make this possible.

The Durban Metropolitan Council is also engaged in promoting small businesses and some areas have been opened for the operation of small businesses for example traders in beachfront, "muthi" traders in Berea station and some traders around the city centre.

The problem is that the small business sector is struggling to build a sustainable presence above subsistence levels. Durban has a strong oligapolistic industry mimicking that of South Africa as a whole, with a few large businesses exploiting scale advantages making it very difficult for small businesses to compete. Small businesses have often emerged in low value adding areas of the economy, or are reliant on cost based competition. There

are many sub-scale-fragmented players, which limit the ability to compete and take great opportunities. There is also a lack of skill and finance limiting growth in the small business sector (Durban At The Crossroads 2000:14).

#### **5.4.3 Economic Activity**

The economy plays a crucial role in local economic development in the Durban Metropolitan Area. A growing economy provides jobs and wealth. The wealth generated can enhance the quality of people's lives by funding the provision of goods and services such as housing, electricity, water supply, sewerage disposal, education and health. Generating economic investment in Durban also depends on creating a good quality of life, which will attract investors. Economic activity can have a negative effect on many spheres and in human beings if it is not carefully managed.

The Durban Metropolitan Area is a major economic hub, providing hundreds of thousands of jobs, and a large proportion of KwaZulu Natal's income. Many in Durban work in formal and informal trading, in the tourism and service industries and in factories which produce textiles, clothing, footwear, cars, paper, pulp, chemicals, petrochemicals and plastics (Durban Metropolitan Environment Policy Initiative, 1998:25). These workers are generating a lot of income for the city and the country as a whole. In this way, this contributes to the achievement of local economic development and with Durban's population escalating every year, there is a need for more job opportunities to be created to prevent rising unemployment and poverty levels in parts of the Metropolitan Area.

There are four pillars on which Durban should build its future economic system.

- To build Durban as a centre of excellence in high-value adding manufacturing;
- To build Durban as a centre of freight logistics excellence providing differentiated capacities for high value added exports;

- To build Durban's presence in global growth industries, particularly in tourism but to also create opportunities in other global growth industries; and
- To build urban as a centre of entrepreneurial activity particularly for micro and small businesses and to ensure that Durban becomes a quality of life destination attracting and retaining the people that are going will drive growth into the future.

A successful implementation of a strategy of this nature will deliver (Durban At The Crossroad, 2000:64):

- target per capita income (R33,000 pa);
- 150, 000 jobs in manufacturing over the next decade on target for full employment within 20 years, sustainable high wage employment;
- growth of over 7,5% per annum;
- improvement in the standard of living of the poor; and
- Increased strength of small and micro businesses.

#### **5.4.4 Promoting Local Tourism**

Tourism creates many jobs and brings money into an area. Tourism has been identified nationally as the growth sector. To facilitate this task local government needs to develop a detailed physical improvement plan for tourism. This should be done in conjunction with other players. The role of local government is as co-ordinator and also facilitator (as indicated in chapter four) Local government must also ensure that procedures are easy. They must also ensure that the clear goals that business and the community also agree on the tourism plan which should consider the following points (Urban Sector Network 1998:8):

- A tourism plan should demarcate areas "sacred" to the community, which should be relatively inaccessible to tourists. The easiest way of doing this is not sign posting these areas. Whereas tourists sites would be clearly marked, Routes to tourist should

also be clearly marked, there should also be a need for areas with biggest tourism potential to be identified;

- Tourism potential hinges on natural resources as well as on technological development in the information and entertainment industry;
- Of the total 4,48 million tourists to South Africa annually, 73% are from the rest of Africa. This is presently South Africa's biggest tourism market;
- Very little resource is available from national and provincial government for tourism development. Local government in this instance has to find funding;
- Tourism in the past has been largely left to the big hotel groups. Hotels however, have a limited view of tourism. They mostly do not have surrounding communities as service providers and suppliers and often they do not consider their responsibility to the environment;
- South Africa suffers from adequate tourism training and awareness;
- South Africa has a poor service standard as compared to other important tourist destinations;
- In general there is a shortage of infrastructure and transport possibilities for tourists,
- Tourist security is important;
- Strong linkages between the tourism and promotion by local government are necessary. This would be aimed at local tourists as well and tourists that are already in the locality;
- An important missing link is the availability of financing to operators. The IDC only accommodates larger operators with substantial collateral. Also needed are information and service support for small business that operates in the tourist sector. Tourism is the important sector in SMME development;
- Tourism could be established as a subject in the school curriculum;
- A local government could encourage youth travel and summer job programmes;
- Other options are to encourage eco-tourism and cultural tourism. Environmental conservation is thus important;
- Local government should ensure an enabling land use and regulatory framework which preserves sites and attraction, ensures adequate parking and ensures appropriate public transport and the like;

- Local government should not provide services that could be provided by the private sector. Collaboration and partnership with the community, The Casino bid could serve as an example;
- The tourism strategy of local government should be part of an Integrated Development Plan (IDP) and should be based on the goals and objectives of the IDP. Decisions should not be swayed by advantage to certain "elites" but should adhere to objective criteria set out in the IDP

It must be important to note the fact that tourism is both cyclical and fickle. It is thus only part of local economic strategy and never the entire strategy. Tourism at best adds 10% to GDP. At present in South Africa, this figure is 2%. Tourism is mostly not a solution for areas in decline or for small towns or rural areas lacking a unique attraction (Urban Sector Network 1998:9)

#### **5.4.5 Institutional Framework for Tourism**

The Provincial government has a mandate through the Constitution to develop and promote the tourism industry in South Africa. Thus, the Provincial Tourism Agencies have been set up in most provinces to take this on. The structure and organisation of these bodies have been left to the discretion of the provinces. The only existing guidelines relate to representation and a proposed framework structure, which mirrors the national structure. The problems which exist in the setting up of these bodies are due to a lack of funding and lack of supporting legislation to sort the jurisdiction of the bodies.

The Provincial Tourism agencies are attempting to co-ordinate the work of Local Publicity Association to ensure provincially co-ordinated representation on international trade shows the co-ordination of public efforts.

Councillors need to ascertain whether efforts have been co-ordinated before approving attendance at trade shows. Recent trade shows have been an embarrassment due to a



number of different representations. (often from one city) all with their separate, often competing and conflicting exhibitions. Until now exhibitions have also been Eurocentric, rich and white.

The Department of Environment and Tourism and SATOUR have set up a Provincial initiative, this body attempts to avoid selfish marketing and competition amongst provinces (Urban Sector Network, 1998:10).

Durban is therefore, attracting many different tourists, and has inadvertently positioned itself as being a little bit of something to everyone. Tourists want different experiences and the challenge is very different for the two groups. For domestic tourists, the aim thus to increase the spend of the attractive domestic segments. For international tourists, Durban's challenge is to increase the number of visits to Durban from this pool

Good experience results in word of mouth, creating a positive cycle of people returning to Durban and growing the local economy. If people are not using the tourist opportunities and local demand is weak, then it will be hard to translate that into sufficient high returns to be able to build the tourist sector Durban requires. Therefore, a starting point may involve Durban residents (Durban At The Crossroads 2000:46).

## 5.5 BUSINESS DEVELOPMENT

Business development is an important local economic development strategy. The SMMEs are relatively underdeveloped in South Africa. There is enormous potential here for income generating opportunities. The National Government has put some support measures in place for small business development in specific growth sectors. Creating viable businesses is the best way to ensure economic growth in an area.

The local government takes on the role of stimulator to stimulate business development. Strategies are mostly aimed at employment creation and ensure that growth is not jobless.

The local economic development goal redistribution strategy is addressed through business training and assistance in setting up business in previously disadvantaged areas. Business development does not many important alien commercial interests (The USN Local Government Training Programme 1998: 10).

It is true that this strategy must be devoted to ensuring that marginal savings rates both public and private are as high as possible. Public savings rates can be elevated in a number of ways. Firstly, the tax structure must be designed to be as income sensitive as possible. From this point of view property and land taxes are poor and excise, taxes are much better. Secondly, the expansion of current public expenditure, especially those not directly related to productivity, improvement, must be resisted in order to free resources for public capital investment. Certainly, pricing policy of public enterprises which in a number of less developed countries are quantitatively quite important, should in general, be such as at least to cover full cost and may, in some cases, appropriately yield substantial net revenues.

The second thing is input-out balance. It is characteristic of an advanced economy that a large part of its products consists of intermediate goods or, to put it differently, that many producers produce outputs that are the purchased as input by the producers. (Millikan 1970:25).

In developed countries, producing limits in agriculture, industry and services also rely on financial, legal information, commercial and other services supplied by other organisations. In primitive economies, intermediate transactions, part from trade, represent a very small part of total economic activity. One way of characterising development is by the growing importance of intermediate activities and the increasing interdependence of economic units that it reflects. This is revealed by what economists describe as input–out put analysis.

In a developed economy, a fairly full complement of intermediate goods and services can be presumed to be a shortage of critical goods and services. In rapidly developing economies, on the other hand, the proliferating demand for these intermediate inputs is frequently not properly anticipated and plants may stand idle for some time for want of raw material power or transport, new agricultural techniques may not be adopted, because farmers cannot obtain the requisite fertilisers, seed varieties, or pumps or factory or power plants run short of fuel.

Basically, the take-off strategies of the developing countries like South Africa require massive efforts, a balance of a variety of activities and a special emphasis of foreign trade, and that in a process, planners may pay close attention to marginal saving rates to input-output balance, to supply demand balance, and to economies of scale. At the same time, there should be an essential role to be played during the process by transfers to be made clearly, both public and private, from the developed countries, by transfers of technology and invention of new technology through community of trading environment favourable to the expansion of underdeveloped country's exports (Millikan 1970:29).

## 5.6 HUMAN RESOURCE DEVELOPMENT

Human resource development strategies form part of any LED. The literacy and skill levels of the people partly determine their potential ability to generate income for themselves. Training to ensure access to new different kinds of employment in the constantly changing technological environment is important as well as for self-employment. Training to ensure increased productivity is also important.

A whole range of human resources development strategies are required to address different goals of local economic development. In this regard, the local government can do the following

- Improve the training provided to its own employees. All employees need an understanding of LED not just LED staff. Training of LED staff to engage in participative processes is also required
- Establish requirements for the companies that do jobs for local government or provide goods. One requirement could be that the companies must do a certain level of training to its employees,
- Ensure councillor training and training of community-based-organisation structure in LED (Millikan 1970:18).

The question which then needs to be addressed is how human resource development can be created and implemented to achieve LED? “By assisting people to develop their own business, to get loans, sticking to their business plan in that peripheral support system will begin to develop. If people are illiterate that would be of assistance, but I would also think that depends very much on each person in whatever they want to set up. But in a more general sense, I think that education must have an impact on LED. The general level of education needs to be upgraded but that is a long-term solution”. (Winter interview, 11 August 1999).

For a human resource development strategy to be implemented needs a cohesive effort. Just an individual person can never implement such a strategy, it also needs community co-operation. The design of a strategy calls for integrated rather than compartmentalised planning. The implementation of a strategy requires co-ordinated activity. Assuming that a strategy can be developed, what machine is necessary for its implementation?

Since manpower problems are the concern of many ministries, the problem of human resource development should be implemented by an interministerial board. In addition to the members of the government, this board should normally have representation as well from non-governmental employment institutions and organised labour. As a general rule, this board should report to the head of state, rather than to a particular ministry. It is

essential, however, that such a board with whatever machinery is established for general economic development planning. Among its key features would be the following (Spiegelglas & Welsh 1970:122).

- (1) The assessment of human resource problems through periodic manpower analysis
- (2) The integration of human resource development strategy with other components of the country's plan of economic and political development
- (3) The promotion and stimulation of planning activity on the part of employers and workers organisation
- (4) The co-ordination of the above planning activities
- (5) The determination of priorities in the strategy of resource development and the continuous reassessment of priorities as the programme progresses
- (6) The selection and design of research projects which may be useful for the formulation, implementation, and evaluation of the strategy of human resource development
- (7) Co-ordination and approval at the national level of all requests for external and technical assistance involving manpower and human resource development
- (8) The general review of all activity connected with human resource development, and periodic evaluation of the work of the various agencies, which assume responsibility for it.

Formal machinery such as that suggested above is not difficult to establish. Its effectiveness, however, will, depend upon people who provide its leadership and the kinds of personnel recruited for its secretariat. Its success will be related also to the effective use of the right kind of foreign experts as consultants. In short, the critical element in the creation of machinery for the implementation of the strategy of human resource development is the kind of high-level manpower.

A human resource strategy board should neither a statistical agency, a study commission, nor a long range-planning organisation. Though primarily concerned with policy

formulation, it is at the same time involved in certain critical operations. (Spiegelglas and Welsh (1970:122) also argued that it may have both advisory and executive responsibilities, its top staff, therefore, should be neither statisticians, professional educators, nor economists as such. Its key personnel should be strategists; persons who combine political insight with a rational understanding. Such strategies of necessity are generalists, in that they must be able to comprehend the interrelationships between the component parts of an intricate programme for accelerated development and they are difficult to find and to train in development.

In terms of Human Resources, two issues are worth some attention. Firstly, the restructuring of service delivery which has invariably led to a loss of jobs, though the extent has been difficult to quantify. Notwithstanding this limitation, it has also been established that more staff who are vulnerable to job losses and redundancies are in the marginal employment categories and women in particular and those with no recognisable and portable skills have been badly affected. This has led to the division of employees and the employer-union relations deteriorated into the adversarial mode, and the morale of staff has been reduced because of uncertainty and fear. Secondly, shift from traditional local government to service delivery and to more sophisticated methods required commensurate changes within human resources management. Local government has been forced to rethink performance measurement criteria and focus, as well as incentive schemes. Human resources strategies needed to be aligned with the new reality and strategic corporate plans. New forms of learning and developments especially in areas such as management of contractors became essential.

## 5.7 COMMUNITY BASED ORGANISATION

In this strategy, development institutions are required to manage the resource flows, decision making and detailed project planning and implementation that lie at the heart of the development process.



A distinction needs to be drawn between financial capacity trust and a development agency trust. A financial capacity trust is established with the sole aim of being a conduit for funds only. A development agency trust has a wider brief, to access funds and facilitate projects implementation.

Community based organisation strategies are very important to ensure democratisation and participation in development. Community based development is necessary to ensure that the community is organised to create local economic development opportunities and get benefits from opportunities for social economic and institutional development. Due to the high levels of poverty and the ability of social infrastructure the community needs to organise themselves to influence their environment to their benefit.

It is also the duty of the community to continue pressing for control over the job creation process and local economic development in their areas. To do this, community based organisations need to be established and the community initiatives are really supported by the government and the government could provide such kind of support by doing the following:

- Work with community groups to establish a common vision and goals for LED;
- Give funds for capacity building of community based organisation as well as other financial assistance;
- Assist in setting up a Local Business Service centre to address the training and financial needs of small business and community based organisation;
- Sub contract jobs to, and buy from community groups and agencies. The local government could enter into a partnership with a community group and private sector business;

- As it has been stated earlier on, it is important to note the fact that LED can never take place without role players and the community being together. There is also a need to consider other strategies to attract tourists and outsiders to the ICC. In ICC, there is a marketing and development plan in place, which is very extensive and also, has three components.

A number of forms are being attended within Africa. Europe, United State Australia and other countries and there is a representation in those areas so as to minimise business out of those countries (Brokenshire interview, 23 June1999; and Winter interview, 11 August 1999) also added that there are three elements that are required in terms of LED and they can be summarised into three categories or three strategic directions.

Firstly, is getting the basic right, this means that we need the condition for investment at present and we also need to face well serviced high quality urban environment that is run by competent local government. The second category is the development of global competitive city, which means that we must provide world class investment environment. The third and the last category is Black Economic Forum and that has to occur with the benefits of LED and spread more widely in the Durban Metropolitan Area, (Brokenshire interview, 23 June1999; and Winter interview, 11 August 1999).

## 5.8 INSTITUTIONAL DEVELOPMENT

Institutional development generally refers to the creation of institutions and the support of those institutions in terms of administration, staffing and funding. The monitoring and evaluation capacity has historically received very little attention. For the sake of transparency and accountability, it is, however, very important.

Institutional development aims at creating avenues of co-operation between levels of government and other stakeholders in local economic development process. This is important in the sense that the local area for a local economic development strategy



includes more than one local government and sometimes even more than one local government has to be involved and play a vital role (Urban Sector Network 1998:21). Every strategy should outline what this institutional capacity is, and this is outlined in graph 5. 1 below:

**GRAPH 5.1 Institutional Capacity**

STRATEGY	INSTITUTIONAL REQUIREMENT
Develop a Community Development Corporation	<ul style="list-style-type: none"> <li>• Support to the local development forum: Need to train members of forum to set up and manage and monitor: need funding.</li> <li>• Recruitment and training of staff for the CDC: operation systems and an office need to be set in place.</li> <li>• Networking arrangement between the CDC and councillors and official needs to be set in place.</li> </ul>
Develop a Local Business Service Centre	<ul style="list-style-type: none"> <li>• Support to LBSC: Need to train staff and management: Need funding and management of funds: Need monitoring and evaluation capacity.</li> <li>• LBSC staff must be recruited and trained and monitored.</li> <li>• Training for councillors and CBOs on use of the LBSC is also important, this capacity needs to be developed.</li> </ul>

Source: Urban Sector Network 1998

## 5.9 LOCAL ECONOMIC DEVELOPMENT

Local economic development can play an important role in promoting job creation and boosting the local economy. Investing in the basics-by providing good quality cost-effective services and by making the local area a pleasant place to live and work is the key starting point. However, two other types of initiatives are important”

- Reviewing existing policies and procedures to promote local economic development.
- Provision of special economic services.

### 5.9.1 **Reviewing existing policies and procedures to promote local economic development**

Small businesses rely on the actions of local government in a number of ways. They are also subject to a number of municipal regulations. A review and simplification of municipal procedures and regulations can have a significant impact on the local economy, For example:

*Procurement procedures\** can be revised to maximise the impact of municipal purchasing on job creation and the local economy. In particular, preference can be given to local suppliers and small enterprises, particularly those in the informal sector. Principles such as *labour intensity* and affirmative action can be introduced. It is essential to ensure that selection criteria and procedures are clear and transparent to avoid abuse. Cost and quality must still be central criteria: however, support can be given to emerging contractors by breaking tenders down into smaller parts providing targeted information and training, or allowing exemption from large securities.

Rezoning request and application for building permits by developers are frequently held up in cumbersome bureaucratic approval processes. In many cases, theses can be

simplified. The establishment of the spatial framework which identifies land for residential, commercial and mixed development can help to speed up rezoning by establishing clear guidelines up-front.

Customer management and billing are often handled by several different municipal departments with office in different locations. The establishment of user-friendly stop shops, which can advise residents and deal with single accounts for all municipal services can increase the quality and efficiency of local services.

### **5.9.2 Provision of special economic services**

The Constitution states that local government is responsible for promoting the social and economic development of communities. This provides municipalities with basic social and economic services to all, without threatening the viability of the ecological and community system upon which these services depend. They help municipalities to develop a holistic strategy for poverty alleviation. Poverty is not just about low household income. It includes other aspects of deprivation such as a lack of assets to help household cope with shocks and stresses, to secure political advantage, a lack of access to education, health care and emergency services, and the lack of safe, secure, and adequately sized housing with basic services.

With the idea behind IDPs to build up comprehensive integrated plan, municipalities cannot plan everything in detail in the first year. Rather, IDPs should empower municipalities to prioritise and strategically focus their activities and resources. An attempt to plan too comprehensively may result in unrealistic plans that lack the human and financial resources for implementation.

IDPs should be viewed as *incremental plans*. In the annual process of review, new or changed priorities can be incorporated. Integrated development planning is a normal and required municipal function, IDPs are not “add ons” and should not be “farmed out” to

consult". The development of IDPs should be managed within municipalities and provide a way of enhancing the strategic planning capacity of the administration, building organisational partnerships between management and labour, and enhancing synergy\* between line functions (Local Government: White Paper 1998:47/48).

#### 5.10 COMMUNITY PARTICIPATION AND INVOLVEMENT IN LED

The involvement of the community in development projects took a different angle especially after the 1995 National Elections. Such involvement succeeded in dealing with some of the core problems faced by the community and it became clear that the government could provide only a fraction of the resources needed and that communities themselves would have to carry much of the cost of service provision (Khuzwayo 1995:15). The reasoning behind the statement is that the resources from the apartheid era towards the first half years of the last century were not equally distributed.

Co-option and active involvement is central to effective urban and rural development policy, with respect to urban, economic and financial policy, if the introduction of services at a level which is both affordable and popularly acceptable is desired. Community participation in their development is essential. Even with their best designed policies, tension can be expected over the levels of state assistance to various groups. If policies are imposed on groups without their consent, these tensions will erupt into active resistance in the form of a refusal to comply with cost recovery mechanisms, as the experience of the last few years demonstrates. Naturally, the management of this problem will be easier if the economic growth is high. But even in difficult circumstances, the ability of communities to respond reasonably to offers of development should not be underestimated. The World Bank has recorded that effective cost recovery in its development projects depends significantly on the degree of community participation in their management and implementation (Policy Overview 1996:27).

As a result of the problems in February 1995, the government launched the Masakhane Campaign with the intention of motivating all South Africans to take part in building the country. The campaign calls on people to work together to create a society which can develop and grow (The Daily News, 17 September 1998).

#### 5.11 MASAKHANE CAMPAIGN

This is part of the broader national strategy to create conditions necessary for the success of the Reconstruction and Development Programme (RDP). It is aimed at mobilising all sectors of society to be actively involved in redressing imbalances of the past and creating new values and norms, a new consciousness and sense of responsibility among all citizens to transform governance and build a united nation (SA Yearbook 1997:53).

In order for the Masakhane Campaign to be successful, it must be supported by all sectors of government, business, labour and non-governmental organisations and also the communities.

The Centre for Development & Enterprise (1998:6-7) criticises the White Paper on local Government for its lack of clarity on the progress on the Masakhane Campaign;

*...other than a passing mention of the Masakhane Campaign, progress with respect to this absolutely critical component of local government viability is not documented. How is this campaign going? What exactly is the measure it encompasses? What impact is it having and in which spheres of a multi-faceted campaign?...What does it tell us about government capacity to implement major initiatives.*

Some scholars argued that the Masakhane Campaign did not do what it was expected to do that is why the government later on introduced a Reconstruction and Development Programme with the intention of reconstructing and developing all areas especially those which were marginalised and disadvantaged.

On the other hand, (The Daily News, 17 September 1998) argues that Masakhane Campaign is however, ongoing and encourages citizens to be responsible and play their part in building the country by paying for services. There are different kinds of services but each one of them helps to keep the engine of society in motion. Without water, electricity and roads, for instance, it would be difficult for factories to manufacture and transport goods and for people to have access to a healthier environment.

Therefore, a culture of payment should prevail in order for government initiatives to be successful. Government needs to market this campaign more vigorously and intensively to educate the masses about the importance of paying for basic services.

#### 5.12 RECONSTRUCTION AND DEVELOPMENT PROGRAMME (RDP)

The RDP can be defined as an integrated, coherent socio-economic policy framework, which seeks to mobilise the people and the country's resources toward the final eradication of apartheid and the building of a democratic, non-racial and non-sexist future. Hence, it is fundamental to local government. (The Reconstruction and Development Programme 1994:133).

The RDP has employment creation as its central priority, and proves a platform for local economic development. The RDP principles are the fundamental basis for local economic development:

*"This programme must become a people-driven process. Our people, with their aspirations and collective determination, are our most important resources. The RDP is focused on people's immediate as well as long-term needs and it relies, in turn, on their energies. Irrespective of race or sex or age, or whether they are rural or urban, rich or poor, the people of South Africa must shape their own future together. Development is*

*not about delivery of goods to a passive citizenry. It is about involvement and growing empowerment".*

The RDP document further states:

*"In order to foster the growth of local economies, broadly representative institutions must be established to address local economic development needs. Their purpose would be to formulate strategies to address job creation and community development (for example, leveraging private sector funds for community development, investment strategies, training, small business and agricultural development etc). If necessary, the democratic government must provide some subsidies as a catalyst for job creation programmes controlled by communities and/or workers.*

This key principle and process is well expressed in the Rural Development Strategy (October 1995) released by the Government of National Unity:

- the first goal of rural development is "helping rural people set the priorities for development in their own communities, and supporting their access to government and non-government funding in promoting LED";
- sets out the mechanisms by which rural people and their elected representatives "can take charge of the development process in their own areas";
- states that community development facilitators with skills in mediation, participation, facilitation, project management, bookkeeping and gender issues will be employed;
- highlights some of the important LED rural options, namely "market development, small and medium scale enterprise development, small scale agriculture, tourism and labour based infrastructure development.

Similar themes were expressed by the former President Nelson Mandela in his introduction to the Urban Development Strategy document (October 1995):



*"By mobilising the resources of urban communities, government and the private sector we can make our cities centres of opportunity for all South Africans, and competitive within the world economy. The success for this will depend on the initiative taken by urban residents to build their local authorities and promote local economic development".*

### 5.13 THE ROLE OF LOCAL GOVERNMENT IN IMPLEMENTING RDP

As at national level, the RDP was initiated to redirect the state budget and reform state institutions to meet ANC commitments to service delivery across a range of public goods. In KZN, however the Premier argued that RDP initiatives should be regionally driven rather than nationally (RDP Monitor 1994:1). The fact that the RDP was driven by the ANC further politicised the situation. During the first few years of the RDP, over R2 billion in RDP funds were allocated in KZN. But of this total, only R500 million was spent with a further R325 million committed and a remaining R1.055 uncommitted.

There were a number of questions which arose as to whether the local government and metropolitan government would be in a position to address the RDP demands with limited resources, among the demands are *inter alia*:

- represent communities;
- meeting basic needs such as water;
- improve the quality of life of communities;
- empower marginalised and disadvantaged groups;
- leverage resources and investment for both public and private sectors to meet developmental targets;
- promote local democracy;
- promote investment of citizens and community groups in design and delivery of municipal programmes;



- undertake integrated development planning with very sophisticated requirement;
- negotiate a public investment plan around all government investment in the municipal area;
- develop strategies and mechanisms to continuously engage with citizens, business and community groups;
- be the point of co-ordination and necessary vehicle for implementation of national policies and programmes;
- ensure the environmental sustainability of delivery and development strategies;
- adopt a holistic strategy for poverty alleviation;
- attract investment; and
- support the growth of local enterprises.

Since these demands seem to be a big challenge, obviously some of these demands would not be met and as a result of this the national government should try to adopt some holistic approaches in dealing with them. Such holistic approaches would address these demands amicably. At the same time, the local government together with the metropolitan government had to play a pivotal role in trying to address these demands.

#### 5.14 THE GROWTH EMPLOYMENT AND REDISTRBUTION (GEAR)

Over the few years, there have been a number of questions raised by different people, different political organisations, different agencies and so on, over the introduction of this macro-economic strategy. Such questions are *inter alia*:

- What is the need of introducing GEAR?
- Did the RDP fulfil what it was anticipated?
- Who would GEAR be serving?
- Wouldn't GEAR's ideas clash with those of the RDP?

The Growth Employment and Redistribution (GEAR) is a macro-economic strategy created with the aim of creating job opportunities and economic growth through strict fiscal control and tough deficit reduction schedule. This strategy has a major implication for urban areas. These include privatisation, the rationalisation of civil service, the issuing of bonds for municipal investments and the introduction of principles of budget accountability in local project management. The tension between GEAR and RDP will be contested at the local level within the context of developmental local government. Crucially GEAR places higher priority on debt reduction rather than on social spending (GEAR 1996:1).

Parnell & Pieterse (1998:13) argue that in the urban context privatisation and the promotion of the principle of the cost recovery will reflect in inadequate subsidies, which are targeted at the poor.

The principles of GEAR are institutionalised in so far as all municipal priorities have to be formulated within the context of a budget that cannot be overspent and in the context of locally generated revenue (Parnell & Pieterse 1998:13).

GEAR is necessary to ensure that South Africa reduces its international debt and thus retains a reasonably strong rand. The National Government has decided on the policy to cut government expenditure and move towards partnerships with the private sector to deliver infrastructure and services.

In the past two years, the liberalisation of trade has resulted in some growth in the South African economy but without employment creation and without enough happening to address the backlogs in infrastructure and service delivery.

For local government at all levels, the GEAR strategy has resulted in less funds coming to it, at a time when funds for transformation and addressing the backlogs is sorely needed. Local government is being called on by national government to become more

self-sufficient and to generate their own incomes to cover costs. For this reason, they are encouraged to develop LED strategies. These strategies must address:

- how to maximise benefits from present resources (human, physical, financial, natural); and
- how to facilitate growth and employment (Urban Sector Network 1998:1).

#### 5.15 LOCAL ECONOMIC DEVELOPMENT AND RECONSTRUCTION

Before reconstruction could be implemented, there is a need for local government officials, community citizens' stakeholders and many more other structures to identify an area that needs to be reconstructed. This would allow the contractors more time to have resources available for the construction of a particular area and at the same time to estimate how much money would be spent in such a process and also the period for the reconstruction.

A great number of the South African citizens are under the impression that reconstruction and development of South Africa will be financed out of the RDP Fund. This is an incorrect perception as reconstruction and development requires an incremental, but-over time-substantial shift in the manner in which all the country's resources are used generally. While attending to the very basic needs through a measure of redistribution through the public sector, the key is to establish fast economic growth of a pattern that can increase employment and ensure a great allocation of resources to the poor.

This in turn implies, amongst other things, public spending on the provision of education and training and other social services on a more effective and even basis than before. It also implies a new growth-enhancing framework for the regulation of trade and industry, (van Ryneveld 1995:10).

There is no doubt that in the case of Point Waterfront Project such a scenario would happen. In the reconstruction and development different sectors also play a crucial role, for example, the public sector including all the three levels of government, accounts for about a third of R480 billion which is the total economic activity of the country's region. The RDP Fund was established in 1994 when planned expenditure amounted to R2,5 billion was taken off the budget of the line function departments at national government level and re-allocation to the fund.

In 1995 this was increased to about R5 billion. Resources from RDP funds were then re-allocated back to the line function department with the aim of re-orientating departmental spending in line with the goal of the Reconstruction and Development Programme.

For the reconstruction of the Point, there is no clear direction as to where the funds would come from, although the reconstruction is in place, presumably, the funds would come from the same RDP Fund or alternatively from different donors. The RDP Fund is therefore a mechanism essential for re-directing government spending in the line department budget, it is allocated for non-recurrent spending only. Thus is also intended to increase capital expenditure (van Ryneveld 1995:10).

The real focus of those in government needs thus to be on how the whole budget is aimed. Local, provincial national level can be better used for reconstruction and development, including how this can influence spending in the private sector. Additional resources for reconstruction and development will not be forthcoming without growth in the economy leading to higher tax income for government.

For Durban to be reconstructed, it can be easy because Durban has the highest budget than any other metropolitan city in South Africa. It should be incumbent upon the municipalities to make many resources available for the reconstruction of a city. As the new millennium dawns, people should have new ideas but also not forget those that form part of our history.

### 5.16 ECONOMIC RESTRUCTURING AND LOCAL ECONOMIC DEVELOPMENT

The process of economic restructuring is now widely seen as spatially specific, with dynamism stemming from combinations for factors in specific places. Yet, there is a wide consensus that local government are able to master these processes and that their intervention has a marginal effect. They often have a wrong scope, especially in fragmented systems either to master the problems or to capture the external benefits of their own expenditures. They lack real powers of intervention or discretionary resources to make a major impact, and the state of knowledge about appropriate policies is still unsatisfactory. Only a few cities have the capacity to share in the tertiary or high technology sectors of the future creating increased resource inequalities between them (King 1990).

There is an imbalance between policies favouring long-term development and growth, such as human resource investment, or encouraging local economic networks, and short-term political advantage. Indeed, the social and political effects of development policies may be more simply in those cases in which the theme of development hides a policy of investment in high-income consumption activity. Local government's tendency to act on those items that they can most easily master and that have the highest short-term political payoff can have some rather perverse effects.

The effects of concentrating on development are usually an increase in inequality within and between cities because the most attractive sites for capital are favoured. Politics then become less a means of correcting markets and caring for their casualties than accentuating existing advantages. It also requires a degree of political restructuring to certain social demands. Critical decisions are moved into agencies and partnership, mechanisms and development separated from wider social pressures and considerations.

In the advanced economies, the twin process of uneven development and economic restructuring have resulted in new spatial divisions of labour both internationally and at

intra national level (Henderson & Castells 1987; Massey 1988). Economic restructuring spurred on by the long recession of the 1970's and 1980's has resulted in fundamental changes not only in what is produced and how it is produced. In terms of its territorial effects, restructuring has resulted in a decline in the manufacturing base of the old industrial regions and cities and the emergence of new types of *loci* of economic activities (Paddison 1993:339).

Indeed, restructuring could significantly strengthen the financial account of the balance of payment, reduce the level of government borrowing, support lower interest rates and contribute to faster economic growth (City Press Business, 31 October 1999).

#### 5.17 LOCAL ECONOMIC DEVELOPMENT AND PLANNING

Planning is a tool that may be used to bring about desired change. In effect, it sets up each step towards bringing about the change. Planning has long been used by government throughout the world. Local government in particular finds this tool useful. On the other hand, Integrated Development Planning (IDP) uses a normal planning process as its basis. It usually consists of a number of steps that follow into each other, typically forming a circle of behaviour. It involves visualising and then drawing linkages between a range of interventions. These connecting points are then factored into the planning process on an ongoing basis.

The purpose of development planning is to facilitate economic growth and employment creation within an urban area, and to contribute to the area's tax base. Many would add that it is intended to enhance the community's ability to resume greater control over its economic destiny.

The origins of development planning lie in the ineffectiveness of regional planning and the structural transformation which has created economic problems in many American and European cities. While there is consensus on the relationship of development

planning to structural transformation, its relationship to regional planning is often debated (Tomlinson 1994:38).

The basic planning approach for local economic development is firstly, self-education, secondly, strategy development and thirdly, the projects. Rather than viewing communities only as venues for externally determined economic activity, local development planning sees communities as the essential building blocks of the national economy. The development process begins, therefore, by looking inside the community for the objectives, resources methods and personnel available to build the local economic and employment base (Blakely 1994:83).

There are two conditions that affect local economic development planning process; the pressures exerted by international and domestic circumstances, and the realisation that local economies across the nation are affected directly; that is, some have growing industrial sectors and others are experiencing industrial decline.

These conditions have some effects on community orientation towards economic development. The orientation of the community usually shapes its view toward the economic development process. Moreover, localities had to be cautious of their expectations towards economic development in order to improve alter their development strategy.

The question which needs to be addressed is to whom development planning intended. There are a variety of responses to this question. Firstly, to those who were economically marginalised. Secondly, those whose areas were poorly planned and administered. Thirdly, those who deserve economic empowerment and who suffered economic decline and lots of other responses.

A view which needs a more widespread economic renewal development planning is that local development planning in middle-income countries does not focus on minorities, on those with marginal (low paid part-time) employment, on 'inner cities', but rather on a



mass of the low income competitive posture of cities, from high to middle income countries. High-income countries have seen the flight of capital, and middle class countries have often been beneficiaries. The upshot of global economic restructuring is that quite different employment strategies or *sectoral foci* are likely to emerge. In particular, middle-income countries are in a position to adopt labour-intensive industrial strategies and seek an economic structure which contrasts sharply with those in American and European cities. (Tomlinson 1994:86).

The responsibility for local economic planning lies with local jurisdiction and private organisations, because there is only a minimal federal commitment to ease the plight of communities suffering from the negative impacts of fundamental economic restructuring.

For local economic development planning to be effective, the policies towards industry, labour and enterprises should respond to local needs. Local development policies should attempt to stabilise industrial sectors with the long-term goal of protecting the locality's economic base. Economic development planning is responsible for estimating what a 'sustainable' level of industry activity would be in that local economy. Knowing the structure and linkages among the full competent of remaining industries as their likely tenure, as well as new industrial investment potential and the total need for local expected to help local officials devise industrial stabilisation policies geared to the realities of the situation. Such planning should also anticipate the worst and best possible outcome.

#### 5.18 THE SUCCESSES AND FAILURES OF LOCAL ECONOMIC DEVELOPMENT

There are so many attributes in which LED can be successful. These attributes should be in line with what the politicians, local authorities, leaders, local government officials and so on, have in common. Mostly the common factor under consideration is development. Therefore, if there can be co-operation and cohesion, understanding and unity between these stakeholders, obviously LED can succeed.



These stakeholders should develop a plan in order to accomplish development objectives thus ensuring LED's success. There is also a need to divide tasks for the work to be undertaken, at the same time there should be regular consultation so as to prevent confusion.

Therefore, a vision needs to be clearly defined in order for Durban ICC to be a world class convention centre. A question which needs to be taken into consideration, is what is the ICC leadership anticipation? Are there any alternatives for progress and growth?

An agreed vision of the city's future projects needs. The process of developing such a vision will be built on a thorough understanding of the nature of the city's economy and the trend that affects it, taking into cognisance the current state of affairs in this country. At the same time, there is also a need to define the obstacles in order for LED to be successful in its process of implementation. Given an agreed vision which is 'collectively owned' by all the important stakeholders in the city, therefore, it is possible to

- define the programme of action necessary to achieve this vision
- choose priority areas for public and private sector intervention and
- make the tough tradeoffs required to achieve results (CDE 1996:24).

Cities like companies, organisations or business groups need effective vision. Likewise, turning market forces to Durban's advantage will require dynamic leadership. The opportunities and threats associated with its new role in the regional and global economy will require new forms of urban initiative and drive. Across the globe, cities that succeed are led by bold individuals who identify the opportunities, and take others with them.

Durban already has a competent, tight knit and committed business and political leadership. The challenge facing this emerging group is to turn around the legacy of parochialism, and to move beyond racial constraints, and to build on the city's unusual diverse political and ethnic mix. At the same time there is a need to think globally while

acting locally, making the right policy tradeoffs and to communicate the reasons for these decisions to their constituencies (CDE 1996:25).

If such things are not adhered to, a city can never be successful and whatever project is implemented would be a failure. A weakness for Durban in future development lies in its relatively low skill, low design component workforce; there is little sense yet that the city can take steps to alter this even though critical international literature suggests that interlocking, high skill, small to medium enterprise industrial nexuses may have the best chance of taking advantage of the changing nature of international capitalism (Piore & Sabel 1984).

There is a growing spatial decentring in Durban, if less advanced than in many other part of the world, which is difficult if not impossible for the city authorities to control. This could be enabling poor communities but the main tendency is for economic activity to move into 'edge city' complexes on the American model, but accessed from the new frontiers of the affluent suburbia. Mt Edgecombe – Umhlanga Rocks, in good part propelled by the entrepreneurial activities of Tongaat-Hulett, is the northern hub for that kind of movement overtaking. (Freund 1998:27).

To sum up, attributes of the government tools must be examined in order to identify patterns in project successes and failures. The lesson for development projects designed or supported because of their revenue generating potential appears to be fairly orthodox, albeit with a slight twist. The orthodox is that the city's economic condition (measured according to a city's level of fiscal stress) is an important predictor of the revenue generating success of [an economic development] project. The more healthy the city's economy, the more likely a profit can be realised from the city's investment. Officials in fiscally stressed cities would be ill-advised to invest in projects for the purpose of generating profit. Further, although innovative finance seems to enjoy great popularity among city development finance experts, this suggests that the less complicated and the more routine or standard the bundle of incentives offered (especially by economic healthy cities), the greater the probability of revenue- generating (Pagano & Bowman 1992:183).

In making decisions about which projects to support and how to support them, the critical calculation for local officials is to the degree of political risk in the project. It alone speaks volumes about project success as measured by the perception of local officials. Although the data indicate that city governments do indeed support both –and –high risk projects. One could argue that city officials should mobilise public capital for politically non-controversial projects or projects that enjoy widespread public support. The more controversy during the preliminary stage of the project, the less likely the project will enjoy success regardless of how success is defined. City officials would be well advised to gauge the breadth and depth of public discontent and apprehension about city development projects or to postpone or halt funding for projects that generate political conflict and controversy. The probability of those project's success is related importantly to its political risk.

By examining the attributes of city-supported development projects and by identifying micro patterns of decision making, some of the key features of the policy design process have been uncovered. As local officials assemble bundles of development tools in support of a project, they are designing economic development policy.

## 5.19 SUMMARY

Local economic development sets of conceptual parameters in so far as planning is concerned need to be laid out – forming its basis, that is strategy development and design. The planning system or orientation taken by the community will shape the goals of process and the resources used.

The collective experience of many hundreds of local areas working to develop their economies will shape new strategic models. Unavoidably, perspectives favouring corporate and local needs will exist side by side in the same locality. Similarly, nearly every area comprises some growing industrial sectors and others that are declining. Thus,

these areas will exhibit simultaneously two or three requirements for economic development (Blakely 1994:151).

Communities cannot remain as complacent or indifferent to questions of economic development as they did a decade ago. The economic development planner will sort through the economic development strategies outlined. It is in these circumstances that strategies emerge but none will confirm to ideal types depicted in this chapter.

There is absolutely no doubt that these strategies would bring about improvement in the city of Durban and such strategies would also try to address sectors that are declining. Since improvements are to be sought through a mix of these strategies focusing on the enhancement of the central areas and the upgrading of the City's infrastructure, such as the airport, strong interdependencies are identified between these strategies and the image-building campaign. The latter which would in turn bolster the changes of the city being able to strengthen its service industry base, which is to be identified as a key sector underpinning economic regeneration.

Such a programme would ensure a continued place for the image campaign within the overall process of the city's development though in so far as the latter would need to become targeted to attract specific types of economic activity and investor, so too, would the nature of the image campaign need to become focussed.

The overall nature of the strategies adopted evolved from indirect to more targeted forms of marketing. Subsequently, more directed forms of marketing were developed, aimed at specific types of marketing, tourism and service industries in addition to a focus on hallmark events and the art as a means of fostering the urban economy.

The catalyst for change centred on the image-reconstruction campaign, which was interpreted as the most feasible point at which to break into the city's decline.

As the strategies, approaches, initiatives and policies have been highlighted in previous chapters. It is then important to provide a frame of reference from which local economic development would have its foundation. The establishment and development of the International Convention Centre has served as a reference of the study. This is detailed in the ensuing chapter.

## CHAPTER SIX

### ESTABLISHMENT AND DEVELOPMENT OF THE INTERNATIONAL CONVENTION CENTRE IN DURBAN

*All the buildings are unique, but some are more unique than others. Some involve a relative simple arrangement between client, designer and builder. Others invent new rules as they progress. Durban's International Convention Centre is one of the latter. An exceptional collaboration between architects, engineers, quantity surveyors contractors and specialists in everything from air flow and acoustic to seating and sound systems. As you walk across the Workshop Shopping Complex towards Kings Park, it is not hard to believe that something quite new has taken place.*

#### 6.1 INTRODUCTION

This chapter highlights the establishment of the International Convention Centre. Different aspects in this chapter including *inter alia* the management of the ICC, institutional arrangement, an overview of the new dispensation, the economy of the city and many other issues relating to the establishment and development management of the ICC in Durban. It also provides relevant information on local government and service delivery and a wide range of other issues as well.

The Durban City Council officially launched its international convention project, known as ICC Durban with a media briefing held in December 1992. This followed the completion in September of that year of a comprehensive feasibility study carried out over nine months by a team of six core consultants supported by a dozen additional specialist consultants, which included one of the most in-depth and exhaustive research programmes of its kind. The consultants and officials in various centres in Europe to investigate successes and failures undertook a study tour.

ICC Durban is the single largest investment ever undertaken by Durban and represented a statement of confidence by the people of the city in their future. The question at the time

was: Why was Durban chosen as the venue for a convention centre of this nature? The answer was that the city's infrastructure, its hotels, visitor facilities and services made it an ideal destination for meeting's delegates. Durban was well placed to host international visitors with its airport, rail and road networks. The city also had the largest accommodation on a city of any centre in Southern Africa, which was another important factor.

Finally through sound financial planing, Durban was also in the fortunate position to be able to fund the projects. The mode of an International Convention Centre for Durban had been mooted for many years. But it was only in November 1991 that support for the development of such a centre really began to gather momentum with separate initiatives emanating from within the City Council and also from Operation Jumpstart.

On 6 December 1991, the City Council approved in principle the establishment of a convention centre of international standards and a consultant team consisting of 16 different discipline was appointed, headed by Rod Andrew, of Andrew & Boule, to assist the city's officials in this investigation.

The study was based on the principle that a convention facility had to be market driven it could not be allowed to become a "white elephant" that would constitute a burden on the city's ratepayers. Provided the Centre was operated on sound business principle, it was envisaged that it could be run at an operating profit within three to five years. More than this, however, it was envisaged that the centre would create jobs, earn foreign revenue, boost local entrepreneurs and stimulate tourism.

To ensure total acceptability by all the community groups in the region consultation was a priority right from the start and all major representative groupings were kept fully informed of developments.

The media launch was also attended by leading businessmen and politicians. November 4 1994, saw the turning of the first sod on the construction of the ICC Durban in Walnut Road by the then premier of Kwa Zulu-Natal, Dr Frank Mdlalose.

The prestigious ICC building contract which began on November 14 of that year was awarded to the Convention Centre Joint Venture (CCJV), a combined effort by Murray & Roberts, Natal in association with Kwazumba African Builders, and Grinaker Building Natal, in association with Phambili Construction. So began the establishment of Durban as the meeting destination of Southern Africa, if not Africa as a whole.

## 6.2 THE DEVELOPMENT OF THE INTERNATIONAL CONVENTION CENTRE

The ICC has an interesting history. One of the reasons why it was built was to stimulate economic growth. It has thus far hosted many local and international conferences. The XII Non Aligned Summit is one of them. This Summit put both the ICC and the city to the ultimate test of their ability to successfully stage a conference of a significant international political stature. Durban passed the test with ten out of ten was the Daily News editorial comment following the August Convention. The report continued; the city coped splendidly with the logistical nightmare of receiving, accommodation feeding and protecting thousands of delegates; including Head of State and Government and hundreds of foreign journalists who descended on it for the Summit of the Non Aligned Movement (Daily News, 9 October 1999).

The ICC showed itself to be world class as a venue for such gatherings, and Durban showed itself at its sparkling best when it is climatically at its kindest. The city is now on the international map, both as a convention centre and as a tourist destination, in a way it was not before. Durban's potential to become a global player is a step closer to reality (Sanibonani, December 1998).



At the same time Durban's ICC was hoping to inject more than R300 million into the economy of the metro region before June 2000. These news follow not on the heels that the ICC had indirectly contributed R420 million to the local economy since its opening. (Sanibonani, December 1998).

According to the 1999/2000 financial year budget plan presented to the Metro Council, the centre has improved the profile of the region by hosting major national and international events, some of which had attracted the world's decision makers and people who are capable of influencing investment and tourism. The plan prepared by the ICC Chief Executive Officer, Mr Peter Brokenshire and its chairman Mr Rogers Sishi has recommended funding by the council of at least R2 367 404.

Although the proposed budget indicated a loss for the centre, a direct financial benefit of R323 000 would be generated during the Commonwealth Heads of Government Summit in November alone. The event will see Britain's Queen Elizabeth 11 and up to 56 Heads of Commonwealth countries attending. In addition, at least 1000 members of the world media will cover the event, directly or indirectly reflecting a good image of the city overseas. It is clearly obvious that such improvements do not only market the ICC or the city but the whole of South Africa (The Mercury, 12 May 1999).

### 6.3 INSTITUTIONAL ARRANGEMENT

Institutional arrangement for LED refers to the range of organisations, structures and networks through which LED can be co-ordinated, managed, implemented and monitored. The design of an institutional arrangement for LED also deals with the way that these institutions relate to each other, to the municipality, other spheres of government and other stakeholders. Municipalities remain politically accountable for any institutional arrangement opted for. In other words, municipalities cannot delegate political responsibility for economic development. Institutional options outside the

municipal administrations are simply vehicles for implementing specific LED strategies (Local Economic Development, Manual Series 1998).

The most important issue to bear in mind when designing an institutional arrangement for LED is that the particular needs and circumstances of the community concerned should determine the nature of the institutional arrangement. However, municipalities can gain valuable insight into the design of institutional arrangements by networking and learning about the institutional arrangements of other municipalities (Local Economic Development, Manual Series 1998).

#### 6.4 OVERVIEW OF A NEW DISPENSATION

Although the institutional structure of local authorities differs, general international trends in institutional development have materialised over the past century. Global economic changes and the evolution of information technology have, to a large extent, shaped these trends. However, national ideologies and political motives have also influenced the manner in which government institutions have been structured. This is particularly the case in South Africa.

With the South African local government now entering the final phase of a restructuring process, the challenge is for its local authorities to start conceptualising the most appropriate institutional set-up to be able to carry out its mandate for democratic and developmental local government (The Changing Role of Local Government as a Service Provider, January 2000).

#### 6.5 THE ECONOMY OF THE CITY

Cities recognise the potential of operating in a new global, political and economic context. Even a cursory examination finds city economies caught up in a surging wave of

globalisation (with its emphasis on competition, on-time delivery and seamless standards), a nearly overwhelming force that obliges national government to open their economies, liberalise their rules and regulations and pass down much of their political and fiscal power to cities (Spring Urban Age, 1999:11).

Now, cities are no longer seeking shelter under the financial wings of national economies and central government's policies. They are accruing taxing and spending power – responsibilities monopolized in the past by national governments and putting themselves into competition with other cities even those in other countries as well (Spring Urban Age 199:11).

They strive to outdo each other in the products and services, and they strut their stuff to attract and capture foreign capital. This process changes what cities must do to succeed and prosper; they had to worry about structural changes in their economies, ensure that they have enough income to provide services, give their citizens the means to secure a decent living and minimise the problems of poverty. To do this requires a new way of managing the business fundamentals of running a city; the right information (in the guise of accurate and timely data) is the pre condition for managing the increasingly complex municipal system. Information also becomes a crucial tool for citizen participation in municipal affairs for transparency and for full accountability in the conduct of a municipality's operation (Spring Urban Age, 1999:11).

What also changes is the political form in which the city is managed. Management and planning are now about the politics of creating consensus. Witness the emerging coalitions for city management that now include all the players, government, business, NGOs, trade unions CBOs, universities and so on (Spring Urban Age, 1999:11).

Consensual planning is in; the old master plan is out. The 21st century city is no longer a manufacturing entrepot. It functions in an emerging service economy, whose strengths and exports lie in transport, finance, technology, culture, commerce and trade. In short peoples business, the quality of life thus becomes pre-eminent. Just as the success of the

city depends on the quality of its citizen's work, the ability to compete effectively depends on its agenda for improving the conditions of overall urban life issue will, ultimately, distinguish successful cities from those that merely survive (Spring Urban Age, 1999: 11).

The macro economic context of the country has changed significantly in recent years. These changes provide the context for understanding why an economic development response at the local level becomes important, but also why it was constrained in important ways. Following a decade of weak economic performance, the South African economy started growing in 1992. However, formal sector employment growth has not kept pace with the renewed growth. Early in 1996, the currency depreciated significantly, and it is in this context that the national government announced that it would not bailout provinces and municipalities, which overspent. As a result, the major banks have formed a forum to consider the possibility of blacklisted creditors defaulters (Robbins 1998:14 citing Saturday Star, 12 June 1997). Although Durban is one of the very few solvent municipal authorities, the financial constraints are severe.

## 6.6 FINANCING DEVELOPMENT PROJECTS

Local economic development projects cannot take any initiative themselves they need to be financed in order to kick-start development and as such, a key issue relating to local governance finance may briefly be stated. Far from restoring local accountability, the community charge scheme should be understood as an extension in centralisation. The impact of nationalisation of non domestic rate, the volatility of central grant assessment and the high gearing effect of the community charge seemed likely from the outset to combine to destroy the scheme's capacity to restore local accountability, and its highly regressive impact (together with the retention of capping powers) made it almost impossible for local authorities to diverge significantly from central government spending assessment (Sanibonani, May 2000).

Municipalities require access to sufficient buoyant sources of revenue to provide local services. Most local governments have local revenue sources, commonly the property tax and some business taxation, but sources typically account for less than half of the total revenue. Improvement in tax assessment and collection can increase revenues over the long term, but additional sources are frequently necessary to meet short-term needs. Centrally controlled revenue-sharing programmes are usually managed arbitrarily. If local governments are to achieve meaningful autonomy, they require access to credit so that they can finance major capital investment (Sanibonani, May 2000).

It is also important to note the fact that financial considerations lead to the importance of strengthening the technical capacity of municipal institutions as well. The ambiguity of central local responsibilities often reduces local accountability and the efficiency of service delivery, for example, responsibilities for important local services, such as water supply and sewerage, are often retained by central government agencies. These state monopolies can be a means of consolidating scarce technical skills, but they can also lead to unclear responsibilities at the local level.

Where central agencies design and construct infrastructure and turn it over to local authorities, poor operation and maintenance often follows. In this sense, problems of local responsibility can be compounded while local government's report to central ministries, which must approve the municipality's budget and tax rates and other operations. That often makes local government more accountable to the central government than to their own citizens. The problem is exacerbated because the local government ministries themselves are insufficient, lacking information or expertise for decision making.

Another problem is that the region's reputation as a place of labour conflict and violence is likely to deter many investors. It would be difficult to convince investors that Durban is a profitable place for capital investors. The slow economic growth of the region would also deter potential investors. There is also a concern that it had lost out on millions of rands of investment opportunities to other waterfront developments like Cape Town, Port

Elizabeth and East London due to the delaying of the Point Redevelopment Project (Maharaj interview with Roland Bohmer 30 June 1994).

Despite problems, with the establishment of the ICC the economy of Durban has gained much momentum as it was in 1994 and as such there are many development projects which are to take place. The driving force behind these projects is the Economic Development Department. Most of the development projects in Durban are financed by the Durban Metropolitan Council (Eric Watkinson interview 29 June 1999), but to be specific the ICC's funding was envisaged to be a joint public and private sector contribution. The tax-payer was to put the initial funding and, thereafter the ICC was to be funded by a loan from the DCC to the Trust. Furthermore, The DCC set aside R1, 78 million to market the convention centre in its 1994/5 budget (Maharaj 1998:143). One of the initiatives by the local government was the establishment of the ICC, in which the local government played a vital role in so far as development of Durban is concerned.

#### 6.7 THE SCOPE OF THE ICC PROJECT

The brief to the professional team, which included the criterion that the convention centre was to be of an international standard and able to accommodate any event from five to 5000 people give rise to the following space requirement (Sanibonani, May 2000):

- Basement parking for 700 vehicles
- A main entrance and foyer area, with associated concourse
- A plenary hall with ranked seating for 1800 delegates, which can be sub divided and the seated retracted into the roof void (Hall 1)
- An open unencumbered that floor area of 7000m<sup>2</sup> subdivisible accoustically into variety of room sizes for exhibition or meeting venue ( Hall 2 and 3)
- The linking of halls 1 and 2 to form a single large continuous venue
- In excess of 20 flexibility break-away venues
- A fully serviced kitchen

This was achieved by means of a total constructed floor area of the order of 42 000m<sup>2</sup>, with some 28 000m<sup>2</sup> comprising the structural roof covering to the internal area, and a project budget of around R200 million. Statistically the project comprised some 25km of piling, 24 000m<sup>3</sup> of concrete tons of reinforcement and 1600t of structural steel (Civil Engineering May 1999).

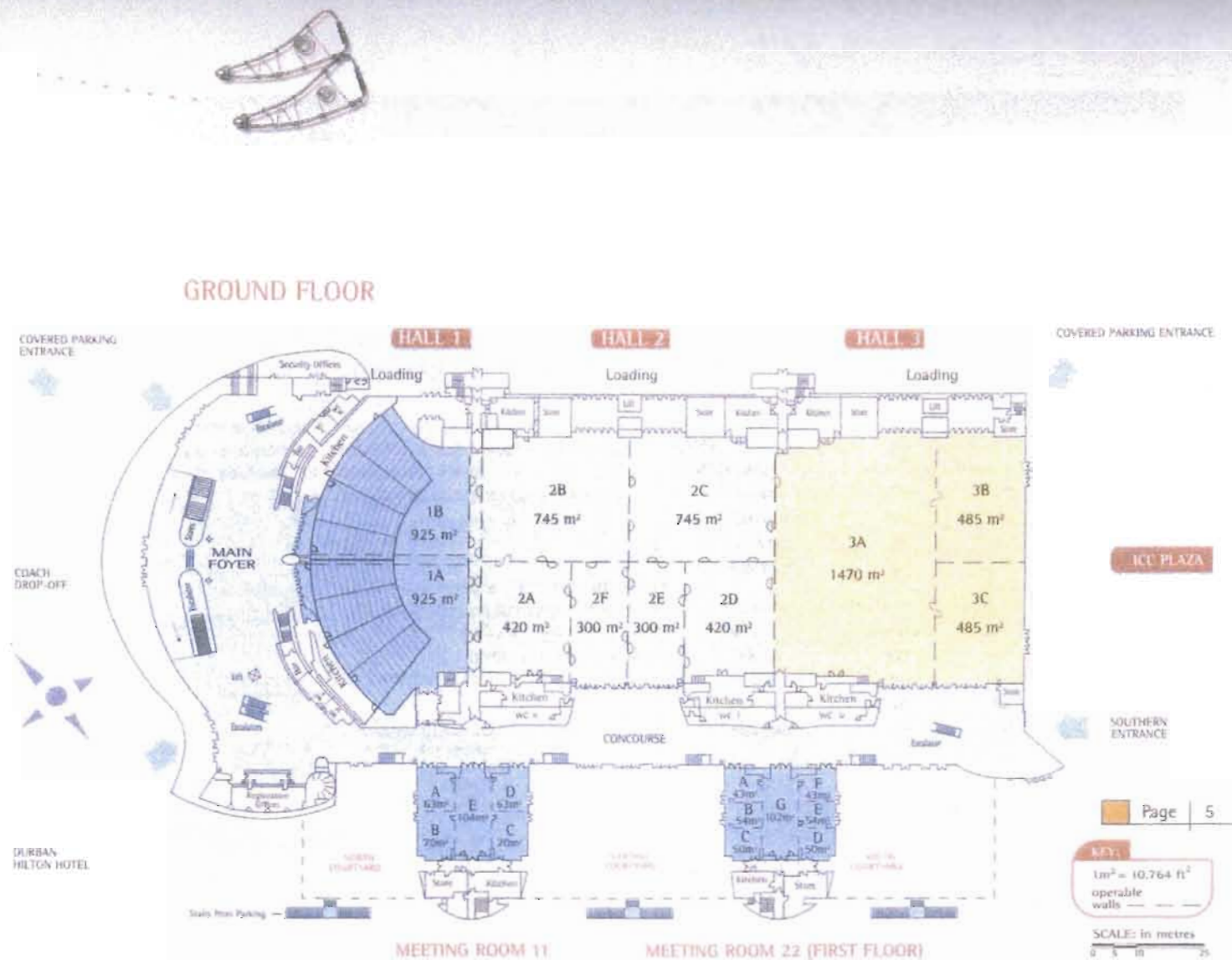
ICC Durban has become the largest conference and exhibition facility in the country following its recent take over of the management of the adjacent Durban Exhibition Centre. This move effectively increases ICC's capacity from 8 789 square metres to 22 000 square metres of usable, mainly column-free space. It also increases delegate capacity to around 6 000 pax whilst still catering for exhibition space and breakways (Civil Engineering, May 1999).

The open space between the two venues (Walnut Road) can be closed to traffic during events, adding an additional outdoor exhibition area of 6 000 square metres to existing 14 000 square metres. A covered walkway provides an ideal pedestrian link between the two facilities (Sanibonani, May 2000).

This internal structure is reflected in figure 6.1 of the research study. Also the venue capacity of the ICC is reflected in figure 6.2 of this study.



FIGURE 6.1: THE ICC INTERNAL STRUCTURE





## CONFIGURATIONS - A World of Options

### VENUE CAPACITIES (Number of Delegates)

Venue	Hall 1	Hall 1A	Hall 1B	Hall 2	Hall 2A/D	Hall 2B/C	Hall 2E/F	Hall 3	Hall 3A	Hall 3B	Hall 3C
Theatre	1800	840	840	2600	450	650	180	2050	1250	400	400
Classroom	750	375	375	1040	160	260	100	1150	650	250	250
Cocktail	1050	525	525	2400	400	600	200	2100	1400	350	350
Banquet	600	300	300	1400	210	350	140	1400	900	250	250

Maximum room capacities are listed - additional set up requirements including audio-visual equipment, podiums, buffet layouts, dance floors, etc. will reduce capacities. Banquet capacities are based on 1.8m round tables for 10 guests each.

Additional venues include:- up to 23 Meeting Rooms ranging from 43m<sup>2</sup> to 396m<sup>2</sup> situated on the ground and first floors, three Hospitality Suites and Press Rooms.

#### MEETING ROOMS 11 & 12 - GROUND FLOOR

Venue	Whole Floor	Rooms A+B	Rooms A+B+E
Theatre	320	120	200
Classroom	126	36	90
Cocktail	240	60	180
Banquet	200	40	160

#### MEETING ROOMS 21 & 22 - FIRST FLOOR

Venue	Whole Floor	Rooms A+B+C	Rooms A+B+C+G
Theatre	400	140	260
Classroom	150	40	110
Cocktail	280	80	200
Banquet	220	40	180



## 6.8 CONVENTIONS AND CONVENTION CENTRES IN SOUTH AFRICA

### *International Competition*

Although South Africa is the number one international conference destination in Africa, it only rates 24<sup>th</sup> in the world. Australia has taken over from Japan as number one convention destination in the Asian Pacific Region and third in the world. Presently, the most popular convention centre in the world is Sydney, Australia. The Sydney Conference and Exhibition Centre, which opened 10 years ago, hosted 44 international conferences in 1997. Paris Barcelona and London are other cities noted for convention destinations, which seems to reaffirm it is not the centre itself, but the prestige enjoyed by the city internationally which in turn augurs well for the convention centre. The Cape Town Bombing and NAM bomb in Durban have sent out further negative signals, particularly to the North American markets, although the NAM Conference made a major impact for Durban and its ICC (Economic Development Monitor 199911).

### *South Africa Convention Centre*

The table below (that is table 6.1) gives some indication of the relative shares of conference venue capacity in each province. Gauteng ranked highest, followed by KwaZulu Natal

Table 6.1 Indicates the relative share of conference venue capacity per province

Province	Number of facilities	% of total	Capacity	% of total
Mpumalanga	2	8%	590	2%
Eastern Cape	2	8%	1.192	4%
Western Cape	8	31%	2.296	7%
KZN	5	19%	11.814	38%
Gauteng	9	35%	15.270	49%
GrandTotal	26	100%	31.162	100%

***Major Challenges for the ICC- National and international***

Besides having to compete with Sandton and Cape Town, the other challenges facing ICC Durban is the successful marketing of not just the convention centre, but Durban itself as the main destination, the attributes of which lie outside the ICCs control, the safety factor, recreation, service quality, hotel prices and the perception of Durban overseas which exposes Cape Town as an even bigger threat for acquiring future bookings. The city must be perceived as a safe, attractive place, which is crucial to the well being of visiting delegates (Economic Development Monitor, 1999:10).

But how is the hosting of the big conference accomplished? Presently, the ICC attracts institutional-type businesses through rigorous marketing. In short, they locate the business instead of the other way round. Institutions big enough to host conferences are investigated and then invited to choose ICC Durban as the venue for their annual conferences. In terms of the venue decision making, the price is the most important factor followed by the quality of the facilities and services (Economic Development Monitor, 1999:11).

### ***Profile of ICC Business***

Since the Durban ICC's official opening in 1997, more than 300 events have been staged, including 25 conferences involving more than 3000 delegates and ten international events instead of the original forecast of four in its first year.

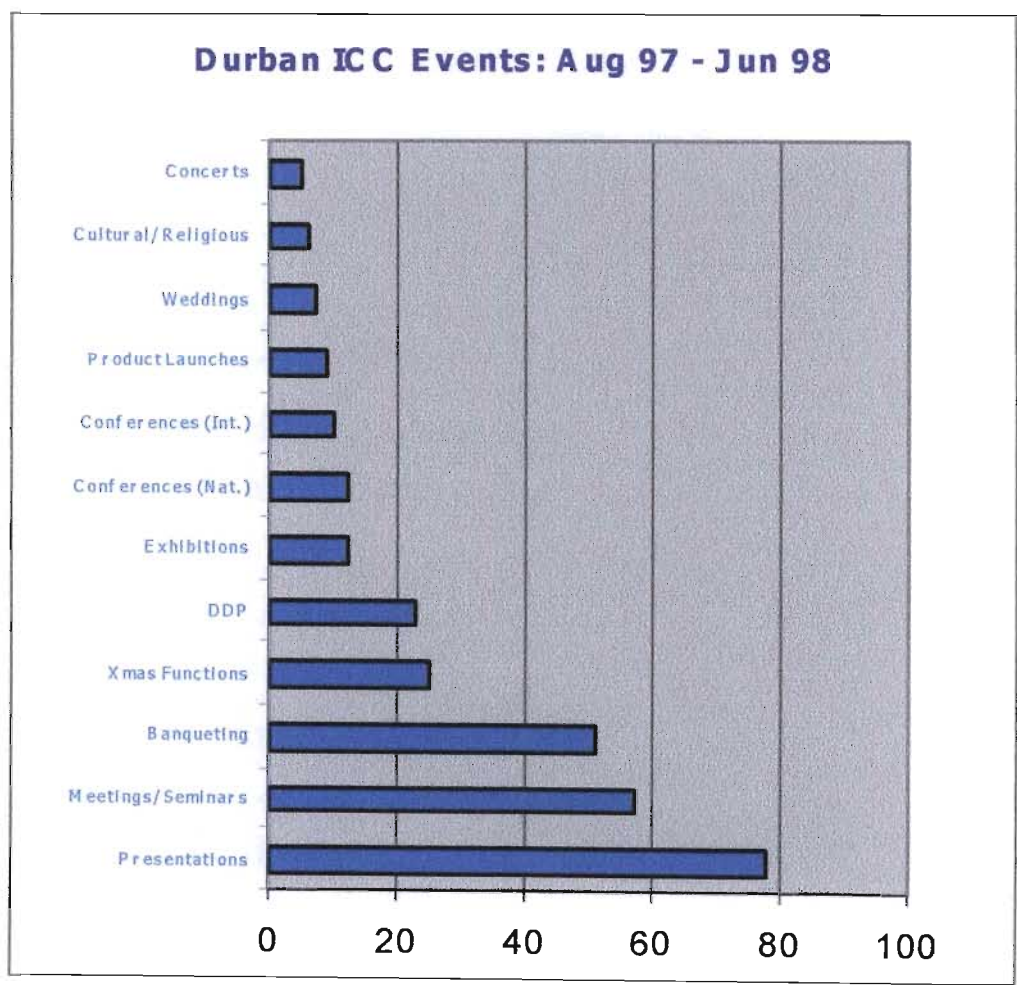
The 1999 Tourism Indaba which was hosted in co-operation with the Durban Exhibition Centre is one of the biggest events of this year. The centre has confirmed events and bookings as far ahead as 2008 including World Aids Convention in 2000, the 35<sup>th</sup> Agricultural Congress in 2002, the International Congress on Chemotherapy in 2003, the World Congress on Surgery in 2005 and the World Federation of Societies of Anaesthesiologists in 2008.

The ICC is trying to ensure further development of Tourism Indaba as it return to Durban, since internationally, many of the major travel and tourism events traditionally operated from a particular city. The advantages gained from such a strategy are twofold: Firstly, from an organiser's perspective it is easier to market, organise and improve on the event and effect cost savings. Also, from the city's point of view, both the private and public sector could build on experience and develop what it has to offer. Durban ICC's most significant achievement was the hosting of the 12<sup>th</sup> Non -Aligned Movement Summit (NAM) when 70 Heads of States and a large number of foreign ministers graced the event for Africa's largest conference to date. The success of this event led to the ICC securing the Commonwealth Heads of Government meeting held from November 11-14 in 1999 and was attended by Queen Elizabeth and Prince Phillip as well as heads of states and government form 50 commonwealth countries.

World-wide recognition for ICC Durban was evidenced by the acquisition of two highly sought-after awards- the International Congress Convention Association (ICCA) 1998 Best Market Award, and the European Incentive and Business Travel and meetings Exhibition (EIBTM) Award for the Most Environmentally-Conscious Congress Centre.

The various types of events held in Durban ICC for the period August 1997 to June 1998 are reflected in figure 6.3 below. Events at the centre are dominated by presentations, seminars and banquets, but the national and international conferences, although fewer in number, is what puts ICC Durban in the spotlight. Since its opening in August 8<sup>th</sup> 1997, nearly a quarter of a million visitors have passed through its doors and the total revenue received was R14.7 m, exceeding the projected budget by some R600 000 (Economic Development Monitor 1999:12).

Figure 6.3 Indicates the events held in Durban ICC



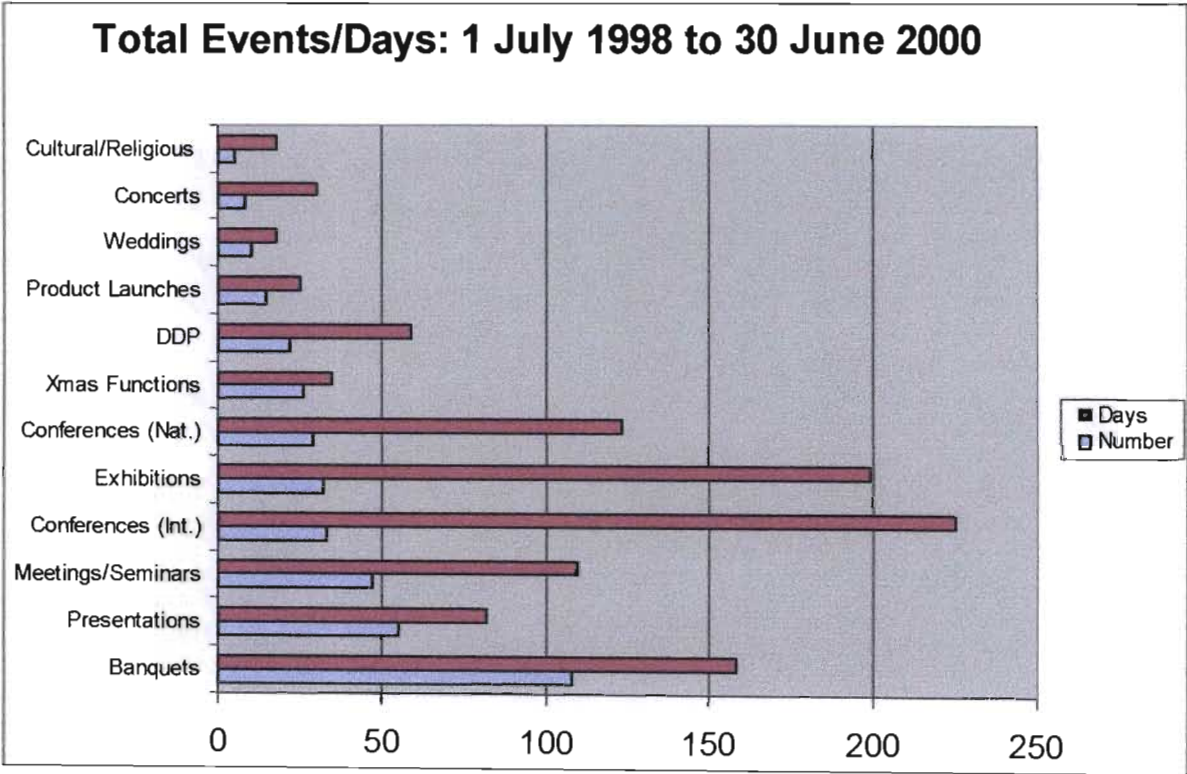
Source: Economic Development Monitor 1999



The following figure (figure 6.4) depicts the various events planned at Durban ICC for the period 1 July 1998 to 30 June 2000.

Banquets, presentations and seminars are the most popular events during this period but the national and international conferences and exhibitions command the most number of days as depicted in figure 6.4

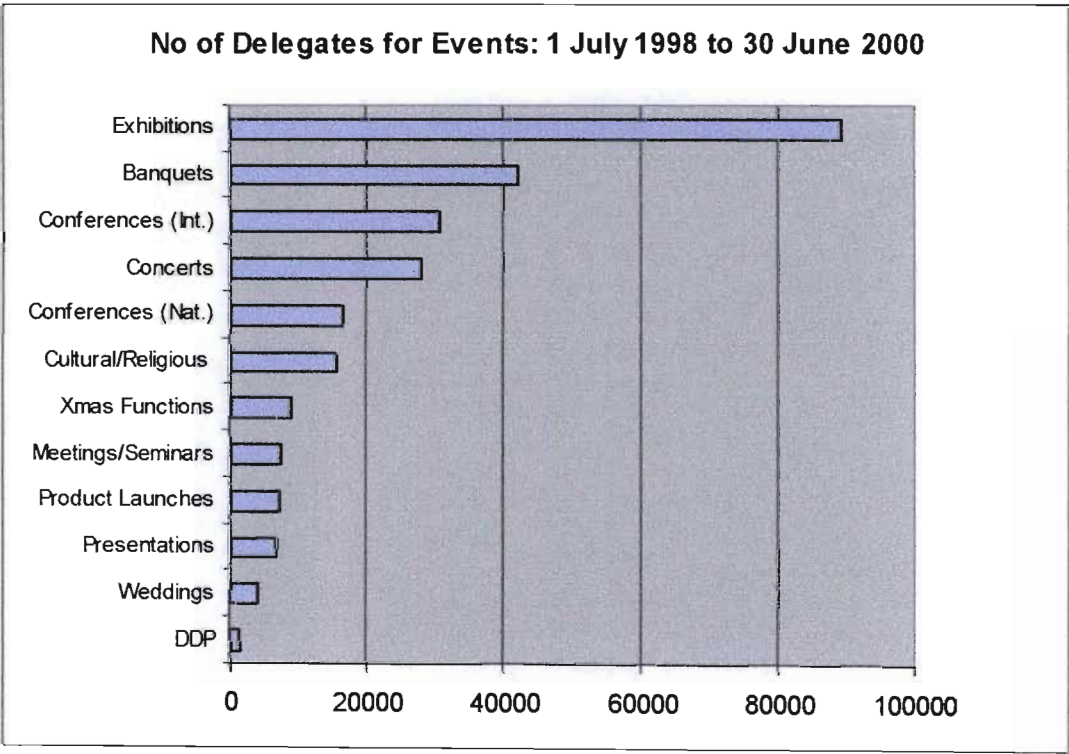
Figure 6.4 Depicting the national and international events held in ICC



Source: Economic Development Monitor 1999

The exhibitions, banquets and international conferences usually bring in the most number of delegates as well. This is depicted in figure 6.5 whilst product launches and weddings have the smallest number in terms of attendance.

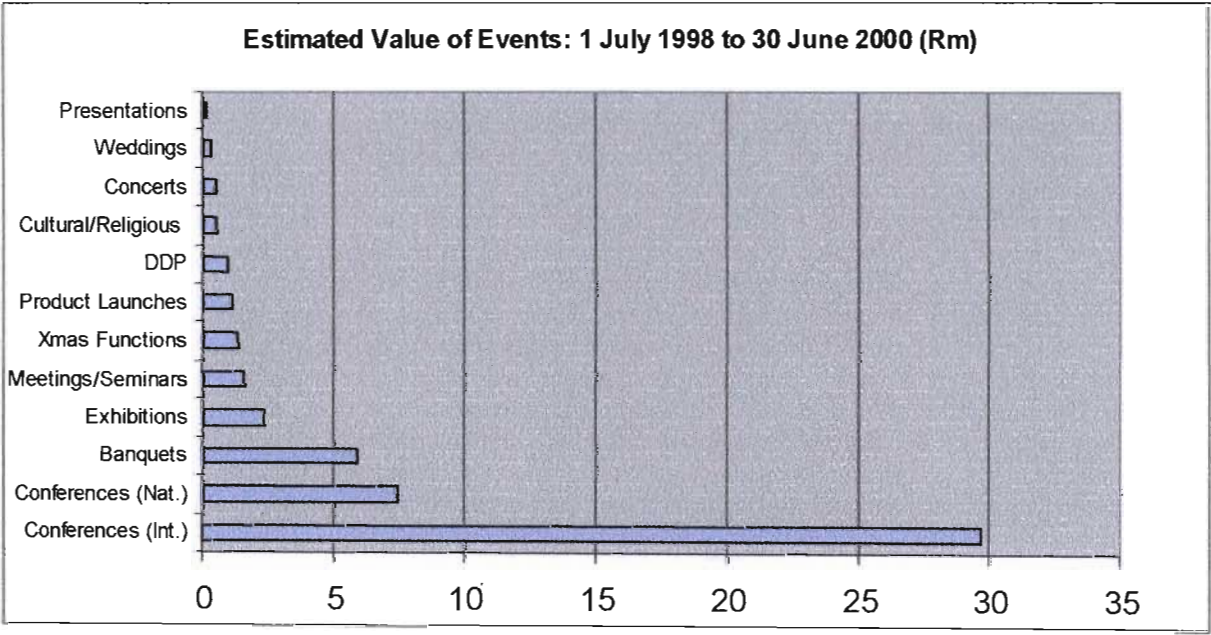
Figure 6.5 Depicting different events and number of delegates for events



Source: Economic Development Monitor 1999

For the period 1 July 1998 to 30 June 2000, international conferences were expected to total proximately R29.7m - the highest event- earner for the centre. Second to this are the national conferences totalling R7.3m.

Figure 6.6 Depicting the estimated value for events



Source: Economic Development Monitor 1999



Presently ICC Durban enjoys the status of being the number one destination in Africa, however, it must soon compete with the new centres in Sandton and Cape Town. Durban's success in marketing itself internationally and people's viewpoint of Durban as a tourist destination will fare well for ICC Durban (Economic Development Monitor 1999:12)

## 6.9 CLIENT COMMENTS

Most of the comments raised by the clients were positive and most of the clients are thinking of coming back to Durban to experience such a warm welcoming attitude and the warm weather of Durban. Some of the comments are as follows:

### **Abduls Minty, Acting Director General. Department of Foreign Affairs.**

"On behalf of President Mbeki and the South African Government, as a host of the CHOGM, I would like to express my sincere gratitude to ICC for their excellent effort in ensuring the unqualified success of the Commonwealth Heads of Government Meeting. I convey my personal appreciation for your warm hospitality, co-operation and patience during the Summit"(Sanibonani, May 2000).

### **Debbie Goldthorpe, former HM Consul British Consulate Durban**

"On behalf of the British Consulate team, thanks to all at ICC for the thorough professional service provided during the CHOGM meeting as well as in the many months of planning beforehand. The team's friendly and helpful manner ensured that the Meeting ran smoothly and was such a success. I heard many delegates commenting on the efficiency and smooth running of the ICC. The management of the Meeting was a credit to Peter Brokenshire and his team"(Sanibonani, May 2000).

### **Ian McIntoch, retired Sharks Rugby Coach**

"You guys can feel very proud of the way you run your operation. The feedback from the guests at my farewell dinner was hugely complimentary" (Sanibonani, May 2000).

**Henriette Bijl, ICEM (INT. Confederation of Mineworkers Union)**

"I have never been around more dedicated people who, with a magnificent display of teamwork, manage to perform just anything you need! Congratulations and thank you to you all"(Sanibonani, May 2000).

**Christiane Dhorne, Secretary General (International Hotel & Restaurant Association)**

"I have received nothing but compliments from our delegates and the IH&RA personnel about the efficiency of your staff and the first class facilities you offer. From the secretariat office to the Gala banqueting room, everything was perfectly organised"(Sanibonani, April 2000).

**Bridget Ward, Regional Marketing Manager (MTN)**

Your staff was the most professional and efficient in every respect and contributed tremendously towards the success of what I believe was the biggest Comrades Expo yet"(Sanibonani, May 2000).

These were some of the positive comment by the clients who have used ICC and what is fascinating is that not even a single negative comment was raised by any delegates. There is no doubt that these comments will put Durban ICC into the world map and there is also no doubt that many visitors all over the world will come to Durban and this will boost the economy of the city and of South Africa as a whole.

**6.10 COMPARATIVE ANALYSIS (The South Africa experience)**

In this research study much would be said about Durban's ICC as a focal point of the study but less would be said about Johannesburg's Sandton Convention Centre as it is still under construction and Cape Town as it has been said in still in the pipeline. The amount of rates per each centre will also mentioned.

The comparison will be, for example, the amount for the construction of the centre, the duration of the construction, the capacity per square metres, the amount thus far generated by the centres.

The amount for the construction of the ICC was estimated to be R240 million and both the ICC and the PRP projects cost were estimated at the amount of R400 million. The Carlton Centre in Johannesburg had proposed a bid for a R500 million casino and a convention centre. The proposed international convention centre in Cape Town with a five star hotel might cost a huge amount than the ICC in Durban and also the Johannesburg convention centre because of the competition between these three Metropolitan cities. The Cape Town City Council may be willing to set a trend for a new millennium and try to attract more tourists to the city than the other two cities.

The Durban City Council and Propnet argued that the ICC and PRP projects would create about 6000 to 8000 new jobs in the construction, maintenance, manufacturing and related industries. This excluded the indirect jobs, which would be created (Maharaj's interview with Roland Bohmer 30 June 1994).

On the other hand Maharaj citing Alec Gilbert on the (Sunday Tribune of the 30<sup>th</sup> of January 1994 argues that the ICC would provide 200 direct jobs and 2500 indirect jobs; professional conference organisers, printing and publishing translators and service industries. (Another point is that competition between localities is vast for the convention trade). In addition to the 400 convention cities in 28 countries, the ICC is competing with other centres in South Africa and also in and around the world (Mr Roger Sishi interview, 8 July 1999). Since the Carlton will not be starting from the scratch, the centre could be in operation within 18 months (Daily News, 9 October 1992). Cape Town and its plan of the convention centre is also part of the Olympic bid. With the competition taking place around the world this appears to be unlikely.

Unlike Durban's R280 million project. The Sandton R357 million project, which at 20.500 sqm is twice the size of the ICC in Durban. The first phase of construction includes the parking garage, retail segments, casino, cinemas, entertainment areas and luxury hotel. Its construction period fast tracked, and reduced from 29 to 21 month meaning the first phase should open in the second half of 2000. Apart from 8.500 sqm casino other key areas are the Piazza del Duomo retail promenade, a four star Palazzo Hotel with 250 suites; the three-star room Castel di Monteli Hotel, Casentino's Mediterranean restaurant; Citadell Riverwalk and Venetian market (Travel News, 12 May 1999).

The competition between these centres would be really tough. Nonetheless, Durban has had the mass conference business to itself but there are dark mutterings in Durban in that beachfront rates are increasingly high. The reasoning behind is that the centre leased by Tsogo Sun from Liberty Life developed consortium, would prove far more profitable on a management only basis and to complement this Durban's ongoing popularity as a vacation venue would take care of vacancies at Southern Sun's top beach front establishment. The Sandton Centre has already about 100 confirmed conference bookings and it should hotly contest the 150-odd major world conference identified as good opportunities (F&T Finance Week, 30 July 1999).

The Sandton Convention Centre is aimed directly at attracting a significant number of tourists to Gauteng. "We strongly believe in the future of South Africa and our vision is to see Gauteng flourish through its rebirth as a powerful destination for all people, from Gauteng, Southern Africa and also international communities", confirms Jabu Mabuza CEO of Tsogo Sun, a partnership between Tsogo Investment and Southern Sun.

Nevertheless, the ICC in Durban is striving to be Africa's leading venue, ICC Director of Marketing and Sales, Mr Alec Gilbert commented, "South Africa was recently officially designated as the top international conference destination of Africa by International Congress and Convention Association (ICCA) and we are putting out all stops to position ICC Durban, as soon as possible after the opening, as Africa's number one convention

venue, lastly, Durban has moved from not featuring in the top ten, to second position” (Sanibonani, August 1999).

The Cape Town’s first major convention centre is to be developed by an independent company set up by the Western Cape government, two local authorities and business sector. The Provincial Finance Minister Leon Markovitz was appointed as the first chairman of the company to be known as the Cape Town International Convention Centre Company. His role will be among things to rotate every three months with a new official from the company’s board of directors.

Cape Chamber president Dennis Skeate said Cape Town was rated as one of the top international tourists destination and “we must have a facility which will do justice to our international status” (Cape Argus, 4 June 1999). He further argued that the venue will accommodate major conventions with up to 3000 delegates, provide restaurant facilities and the house trade exhibition, the centre will offer top class catering facilities, provide adequate parking and security system. It must also be able to accommodate other major indoor events. Durban’s ICC similar to the proposed Cape Town facility, is already booked for the next two years, and has bookings stretching well into the next century.

In this analysis it is very difficult to comment whether ICC Durban will lose its popularity because of the competition from other centre in SA, but chances are very minimal. The point is that no matter how much strategy can be employed but if people's safety is not guarantee and, if the weather is not conducive, such a strategy is doomed to fail no matter how similar the centres can be.

As President of the International AIDS Society, Professor Mark Wainberg commented; "I rate ICC Durban amongst the five conference facilities in the world. Its sophisticated state-of-the-art features and flexibility, coupled with Durban's wonderful July weather conditions will contribute considerably to ensuring the success of our event (Sanibonani, May 2000).

At this point in time, it is also very difficult to judge which amongst the three convention centres will generate more income, be more successful and prosperous and will be the top among the others. It is better to wait until the other centres are finished then we can comment and surely our comments will be based on the assumptions.

The mere fact that South Africa is about to have three convention centres shows that the economy of the country is improving as it was a decade or two ago. There is hope that this centre will attract more foreign investment, tourism, creating more job opportunities, thus further improving the economy of the country.

#### 6. 11 COMPARATIVE ANALYSIS (An International Experience)

In this research study, an international experience would serve a crucial role in ascertaining the development of the Durban ICC also it would channel Durban ICC on how to do or organise events functions and activities. Four aspects would be highlighted for the development of the Birmingham International Convention Centre. These areas are as follows (ICC Birmingham Report 1993):

- Events and visitor characteristics
- Visitor origin (to the nearest percentage point)
- Expenditure
- Economic impact

##### 6.11. 1 **Events and visitor characteristics**

The venues host a wide range of events

- ICC - International and National Association conferences;
- SH - classical concert; other entertainment;
- NIA - international, national and regional sports events; entertainment events;
- NEC - international, national and regional trade and consumer exhibitions;

- concerts, conferences, products launches, sports events and animal shows.

The table 6.2 below shows the total number of events and visitors to the venues during the 12-month period drawn from the analysis of the venues records and surveys.

	ICC	SH	NIA	NEC	Total
Number of events <sup>1</sup>	263	242	40	183	728
Number of events <sup>2</sup> (000)	114	409	584	3,375	4,482

1.

Many events last more than one day. This table shows the number of events, not the number of events days

2.

"Visitors" comprises event spectators, exhibition visitors, conference delegates, exhibitors, performers, conference speakers, technical support staff, competitors

In total, around 730 events arose during the yea attracting about 4.5 million visitors to the venue.

Table 6.3 illustrates the origin of these visitors

	Total Visitors (m)	Birmingham %	Rest of West Midlands %	Rest of UK %	Overseas %
ICC	0.11	4%	5%	73%	18%
SH	0.41	44%	44%	12%	0%
NIA	0.58	11%	22%	66%	1%
NEC	3.38	7%	19%	71%	3%
TOTAL	4.48	11%	21%	65%	3%

Over two thirds of the visitors to the venues originate from outside the West Midlands region reinforcing the venues' objective of attracting additional expenditure to the region. Some 49.000 (or 37%) of the estimated 134.000 international visitors to the venues used Birmingham International Airport as their point of entry to the UK.

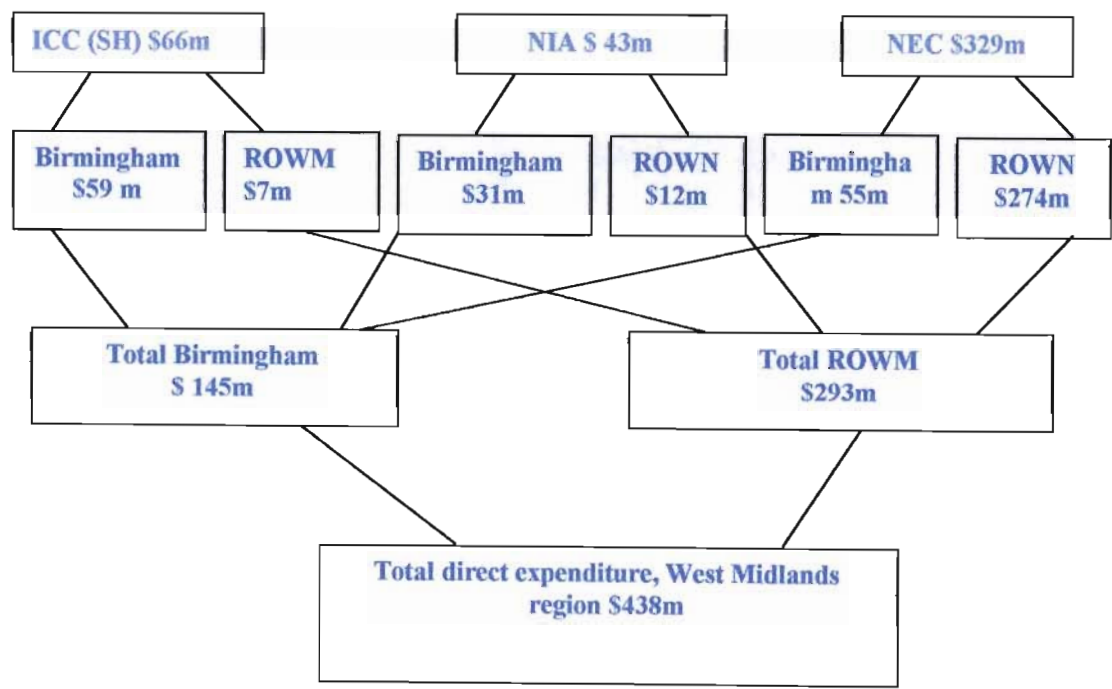


The visitor profile comprises approximately 3.9 million day-trippers and 0.6 million overnight stayers who stay on average 2.25 additional nights in a variety of different types of accommodation in the region. This generated 1.3 million bed nights in the region of which just under one million were hotel bed nights during the year, some 12% of the available hotel bednights or 23% of the hotel bednights sold.

6.11. 2 Expenditure

Survey revealed that personal expenditure by the visitor to the venues, together with business expenditure by organisers, promoters and exhibitors expenditure in the city of Birmingham specially and the rest of the West Midlands, have been identified and that the proportion of the expenditure which truly additional has included. This is presented in table 6.

Table 6.4 Total direct expenditure in Birmingham and the rest of the West Midlands (ROWM) 1/9/92 to 31/8/93.



Source: Birmingham Executive Summary Report 1993

### 6.11.3 Economic impact

Under this sub heading, four issues or aspect will be highlighted. These aspects are as follows:

- Qualitative impacts;
- Retained income;
- Employment; and
- Orders placed.

#### 6.11.3.1 *Qualitative impacts*

The 728 events held at the venues, some of which were televised widely, attracted some 4.5 million visitors during the year, over two third from outside the West Midlands region of which 134 000 were from overseas. The impact to Birmingham of this exposure through increased visibility and awareness is additional to the qualitative impacts of the results of the expenditure (Birmingham Report 1993:9).

Similarly, nearly one third of the visitors to events at the venues were from the West Midlands region. Specifically, nearly 0.5 million of these visits were by Birmingham City residents. The qualitative benefits to Birmingham and West Midlands residents of the venues and the events hosted are additional to the qualitative impacts.

#### 6.11.3.2 *Retained income*

In order to derive a retained income research should be undertaken on the relevant multipliers of the expenditure which take into account leakage's and induced expenditure. Additional research should also be done and incorporated into the annual retained income at those business specifically located in the region or city of the venues, which added retained income from the year of \$10m. The total retained income is reflected in table 6.5

Table 6.5 Retained income in Birmingham and the rest of the West Midlands 1/9/92 to 31/8/93

	ICC (+SH)	NIA	NEC	Total
Total expenditure	\$66m	\$43m	\$329m	\$438m
Retain income Birmingham	\$11m	\$7m	\$40m	\$58m
Retained income ROWN	\$17m	\$10m	\$95m	\$122m
Total retain income	\$28m	\$17m	\$135	\$180m

The table illustrates the total retained income in the West Midlands region at \$180 million during the year and, of that, specifically in Birmingham at \$58 million. The latter significantly exceeds the net running costs of the venues (including funding costs) in 1992/3 of \$22 million, borne by Birmingham City Council (Birmingham Report 1993:8).

6.11.3.3 *Employment*

Research on the relevant employment multipliers of expenditure in the region has been undertaken to derive the full time equivalent (FTE) employment arising as a results of the expenditure and industry attraction. This is illustrated in table 6.6

Table 6.6 FTE employment in Birmingham and ROWM

	ICC (+SH)	NIA	NEC	Total
FTE employment in Birmingham	1.100	700	4.000	5.800
FTE employment in ROWN	1.600	1.200	8.200	11.000
Total FTE employment	2.700	1.900	12.200	16.000

Table 6.6 illustrates a total FTE employment in the West Midlands region of 16. 000 jobs and, of that specifically in Birmingham 5.800 jobs. These compare with the net running cost (including funding costs) to Birmingham City Council in 1993/3 of \$22 million

equivalent to an annual cost of about \$ 3.800 per job created in Birmingham or about \$1.300 per job in the West Midlands region in that year (Birmingham Report 1993:9).

#### 6.11.3 4 *Orders placed*

In addition to the retained economic impact of \$180 million and 16.800 FTE jobs in the West Midlands region during the year, it should be borne in mind that the prime roles of exhibition and conference venues such as NEC and ICC is as places where business is conducted. The survey revealed that during the 12-month period, some \$2.2 billion of orders were placed by visitors with exhibiting companies at the venues (Birmingham Report 1993:9).

### 6.12 CRITICAL ASSESSMENT

Local Economic Development is not the sole prerogative of any specific agency. Evidence from around the world clearly indicates that LED can be initiated and led by any key local stakeholders acting in partnership. Groups as diverse as church organisations, community groups, local and regional governments, parastatals, business organisations, NGOs and unions can play an active role in LED for example, the public private sectors contribution to the funding of ICC (LED News, Vol.2 No3).

Although the international experience suggests that LED is a slippery concept and one, which is sometimes difficult to precisely, define (D'Arcy & Guissani 1996), nevertheless, there is an emerging consensus that some of its core element would include initiatives designed both to promote growing local economies and address poverty alleviation.

Ultimately, LED depends on the action taken by committed local stakeholders with a vested interest in improving social and economic conditions in their community. However, capacity constraints will often oblige them to seek ways to address such

shortfalls, for example through training, external facilitation and, most importantly, by co operative actions.

While many local governments are starting to accept the challenge of promoting social and economic development, relatively few have participated meaningfully so far. Often, this is the result of resources and capacity constraints but in some areas it is caused by uncertainty about the role of local government and the action it could take (LED News, Vol. 2 No 3).

Hexonia in her analysis is extremely correct but she forgets that there is a lot of competition in the three South African major metropolitan cities. Basically, she did not indicate the time that Durban will cease up the kind of publicity (it has). Although she admits that Durban is competing with other centres in the world, but few can offer the variety of attraction for pre and post conference activities (Travel News, Weekly 14 July 1999).

According to the research, Durban, generally, and ICC, in particular, is being marketed well now, but there is really no place for complacency in the future. A challenge to this is brought by Cape Town and Johannesburg conventional centres which could soon diverge business from the coast of Durban but nonetheless the city's role in supporting ICC delegates with world-class services is critical for future success.

On the other hand (Daily News, 15 July 1999), Nyasula is having high expectations that ICC can never be compared with any other centre in South Africa in terms of conference facility. The question is what about Sandton convention centre, which, it is said, will be twice as big as ICC. To a lesser extent, Hexonia is right, but at the same time it is important to note the fact that South Africa is a developing country. Therefore, the challenge can be very much huge in comparing Durban's ICC with Birmingham as an example. So it is better for South African cities to compete within themselves, such competition might bring about a sound local economic development; it will only be after that successful competition that South Africa can compete with countries like England.

At this point in time, it is not clear whether the Sandton convention centre which amounted to R357 million Concrete/ Beton in April 1999 will outclass the Durban ICC. As it has been said earlier on that there are already 100 confirmed bookings for the Sandton convention centre, this clearly suggests competition between other centres.

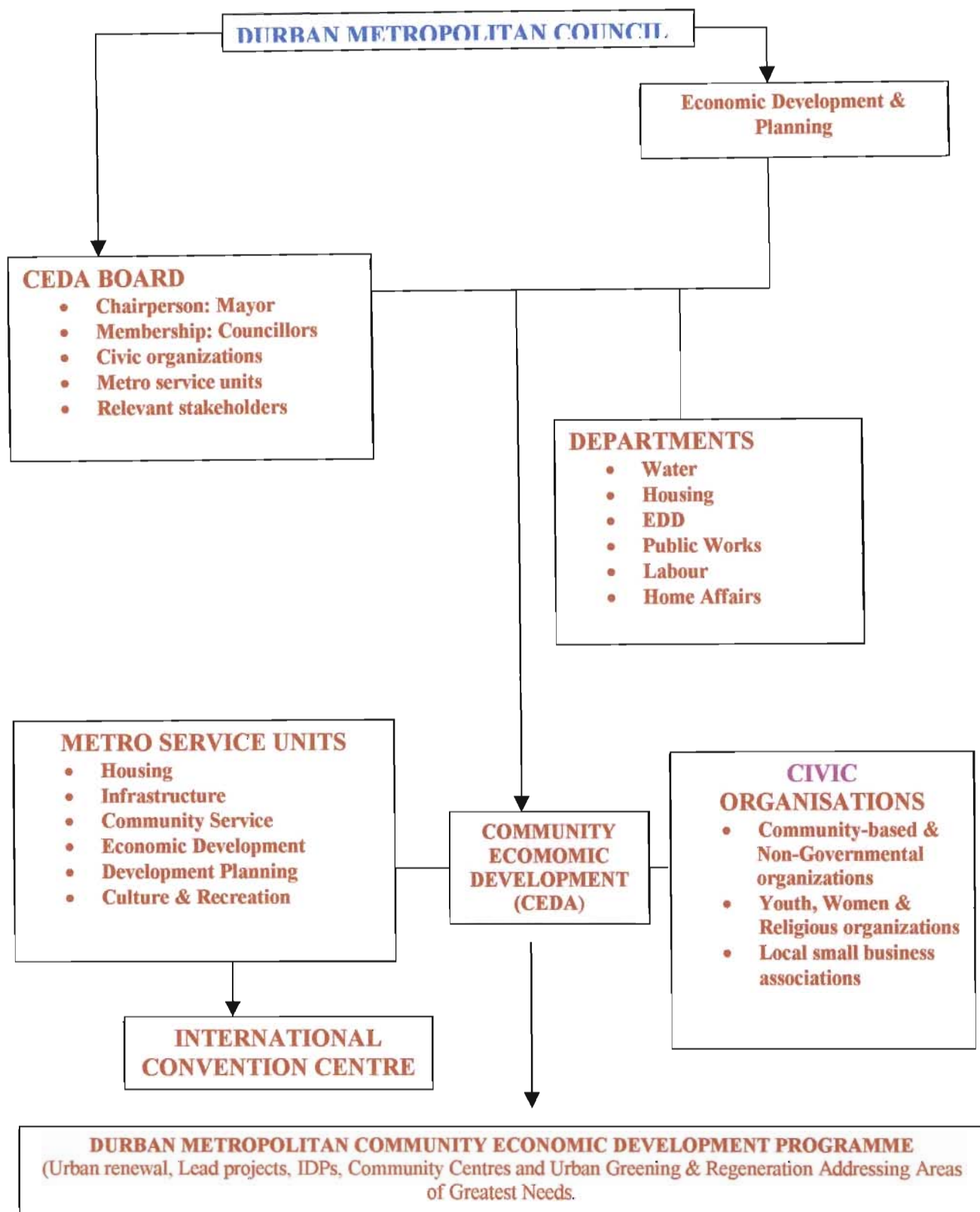
Durban might have an advantage because people want the African Experience, and Durban is being marketed successfully as the African city, where East meets West in a cross-cultural experience (Travel News Weekly, 14 July 1999).

From a political point of view, a person can have difficulties if he/she tries to do everything at once without a good plan that is (doing things in an ad hoc way) So there is a need to have a good strategy in terms of what a person is trying to achieve (Mlaba, interview 6 July 1999). One of the difficulties is that our communication is not good with everyone we need help or guidance from. But I think communication seems to be a problem between government and people and there should be a mechanism to work this out. A mechanism that would benefit the government, people and relevant stakeholders in order to achieve a sound local economic development.

#### 6.13 THE LINK BETWEEN DURBAN METROPOLITAN COUNCIL, ECONOMIC DEVELOPMENT DEPARTMENT AND INTERNATIONAL CONVENTION CENTRE

It is important to emphasise the fact that, it may not be financially possible and practically feasible to establish Community Economic Development Agencies (CEDA) in all Areas of Greatest Needs (AGNs) immediately. Therefore, strategic thinking is required as to the specific prioritise of AGNs and timing for establishment of CEDAs within them. It is. For example possible to conceive of the development delivery phase being undertaken by the specific agency that operates in one or more AGN either parallel or in sequence, while the planning processes and post construction phase could be overseen by smaller structures located more permanently within specific AGNs.

The structure of the Durban Metropolitan Council, Economic Development Department and the International Convention Centre and linkages is reflected in figure 6.7 below.



Source: Community Economic Development



#### 6.14 THE MANAGEMENT STRUCTURE OF THE INTERNATIONAL CONVENTION CENTRE

The management structure of the International Convention Centre is constituted by the Chief Executive Officer whose duties are among others

- facilitates the ICC events;
- speak on behalf of the ICC
- together with the Sales and Marketing Director market the centre not only in South Africa but also globally.

In marketing the centre, the Durban International Convention Centre won the International Congress and Convention Association (ICCA) “1998 Best Marketing Award”. The coveted award was presented at the 37<sup>th</sup> ICCA General Assembly in Tokyo.

Among the duties for the Sales and Marketing Director are *inter alia*

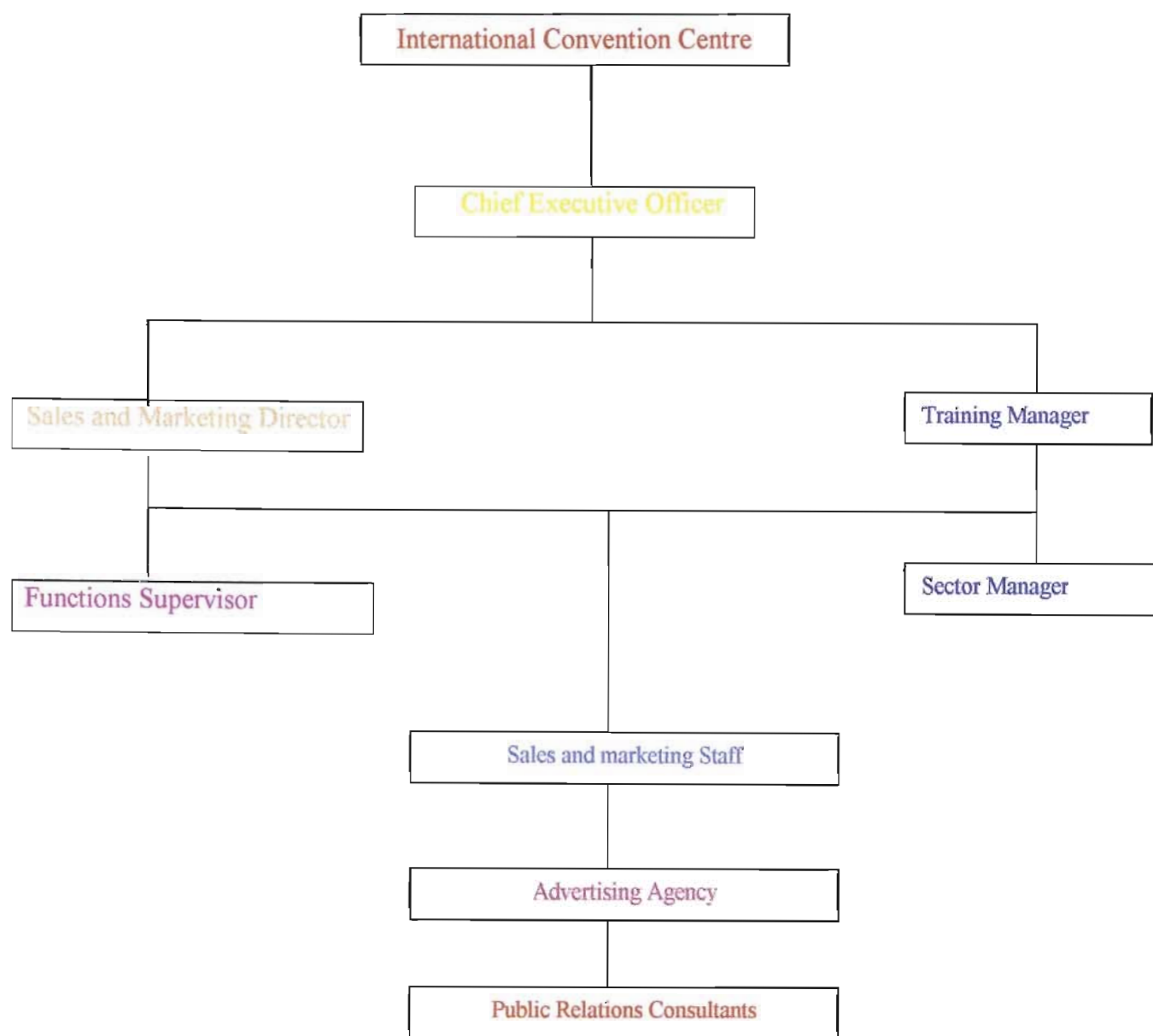
- Oversees the sales and marketing staff;
- Liases with the advertising agency; and
- Liases with the public relations consultants.

Other positions include the following

- Training Manager;
- Sales Manager;
- Functions Supervisor

The portfolios for the above personnel's have also different duties and responsibilities. Nevertheless, teamwork is what built the International Conventional Centre capacity to function effectively.

Figure 6.8 Reflects the International Convention Centres organogram



Source: Sanibonani Newsletter May 2000

There is a general agreement that tourism is labour-intensive. Job creation is widely recognised in tourism business. As one of the world's largest industries, it has recently entered a high growth phase that is displaying strong long-term growth and prospects and a wide range of investment opportunities. It is becoming a major force in the economy and has a great potential to contribute to economic growth in short and medium term than any other country. The positive out look of tourism makes it a key component of economic planning and development. If our significant and diverse natural environment is effectively managed and developed, tourism could significantly grow and become a major economic force for Durban (Neighbourhood Alive Tours, 1998).

In the Daily News (15 July 1999), Durban Mayor, Obed Mlaba commended that Tourism Durban for its fine work in selling Durban as a convention destination, but questioned whether it was doing enough to market the city to ordinary, non-business tourists. He and other councillors also criticised the body for not doing enough to promote and develop other attractions in the Metro, particularly in poorer areas. Tourism Chief, Geoff Austin, responded that Tourism Durban concentrated on points where they could get the greatest value for Metro funds (R14 million). He stated that "the body could simply not afford to market to the general international tourism market".

In trying to solve this problem, a massive new South African Tourism (Satour) marketing campaign should be put in place. This marketing strategy should aim at dramatically increasing the number of foreign tourists to the country. The plan or marketing strategy is to increase the current 1,5 million overseas visitors to 2,5 million by 2002. And the ultimate goal is to double the tourist number by 2005 with the country becoming one of the top 20 leading destinations in the world.

On the other hand, Mr David Frost (Pretoria News, 12 May 1999) argues that South Africa had never marketed itself in any sustainable way. Satour's future marketing strategy and the R130 million budget will develop a strategy to put South Africa on the tourist map.

Durban Africa, the marketing arm of Durban Metro, was finalising its marketing strategy aimed at increasing the number of overseas tourists by at least 10% during the next 12 months “Durban is the events capital of South Africa so the strategy is being worked around four main themes: a festival of the sea during Easter, sport in July, musical and cultural events for Michaelmas and the millennium celebration in December.

A partnership between Durban Africa, Tourism KZN, the Millennium Project and Millennium 2000 Trust had pumped R4, 6 million into an advertising campaign to showcase Durban internationally, increasing the number of tourists and fostering unity among its citizens (The Mercury, 5 August 1999).

The government and the Business Trust each gave R50 million for the initiative, while the Tourism Business Council will provide R25 million. A R45 million comes from the budget of South African Tourism while South African Airways gave R10 million. The first focus of the plan was short term, markets campaigns to boost South Africa’s share of tourists from the United Kingdom, the United States, Italy, the Netherlands and France. In the longer term, comprehensive research will be done with a view to also tapping into emerging tourism marketing in Asia, the Middle East and the rest of Africa (Sowetan, 17 September 1999).

The Environmental Affairs and Tourism Minister, Valli Moosa, in launching the project said the project would be headed by advertising and marketing expert Paul Bannister, and Satour chief executive, Stewart Lumka, described the plan as “ground-breaking initiative.” He further said “we are extremely enthusiastic that tourism will at last realise its potential and make a meaningful contribution by impacting significantly on job creation and foreign exchange earnings”(Sowetan, 17 September 1999).

Moosa said the plan or the project was the first joint tourism effort by the government and the private sector. “In the past five years, we have more than held our market share, but to leave it to fortune and chance would open the doors to complacency”. He also added that the initiative was expected to bring about 8,5 million tourists to South Africa

by the year 2002, Compared with 5,7 million that visited the country last year (Sowetan, 17 September 1999).

#### 6.16. THE ICC AND THE ROLE OF NON GOVERNMENT ORGANISATION'S IN BRINGING ABOUT LOCAL ECONOMIC DEVELOPMENT

Non governmental organisations (NGOs) are essential to the promotion and development of democracy; are key champions of the poor; and promote the active participation of communities in their own development (Job Choices 1999:22). The term NGO is often associated with private (as against public or government) not for profit (as against private profit maximising) institutions, dependent on outside financial support, whose principal focus would be the disadvantaged or poorest sector. Traditionally, NGOs provide support to grassroots or community-based-organisations (CBOs) in the following ways: Providing and disseminating information, research and evaluation, technical assistance and human resource development; organisational capacity building, networking, acting as intermediaries and linking to funders, and advocating and influencing policy (Brown 1990).

Non Government Organisations complementary relationship with government is only possible within the context of a democratic government and the new political environment in South Africa provides such an opportunity. The work of NGO can make state action more effective or the latter can support NGOs action since the NGO is the better positioned to respond to the particular needs of specific regions or social groups (Planact citing Frantz 1987).

On the other hand, NGOs are often understood as the necessary intermediary between government and the citizen, implying that governments have to be committed to formulating policies in such a way as to take account of the hopes and desires of the general public and their intermediaries, the NGOs (Planact citing ENDA1995). This, in turn, implies that government policy related to LED has to be drafted in such a way that it

provides an enabling environment for NGOs to continue the work that they do in relation to “the grassroots”.

Several special features of NGOs point to their potential involvement and role in LED

- Their ability to innovate and adapt responsively to the needs of particular groups in society, means that they can become vehicles for targeted initiatives or pilot projects, which can be replicated, and also for community-driven LED strategies.
- Their commitment to experience with organisational leadership and human resource development means that they can bring this aspect to LED which, in some interpretations of LED, is not given enough importance resulting in strategies which are not sustainable in the long term, and which are not related to the needs of the people they are targeted at.
- NGOs have more restricted and localised perspectives and generally respond to local interest of specific parts of civil society. NGOs work at the micro level and the ability to adapt to local conditions that LED is a natural extension of their mode of working. Furthermore, a particular NGO has a broader understanding of the local environment in which it is working, socially and politically, and how these dynamics affect the local economy, and therefore it is well placed to contribute to LED both in terms of unpacking it as a concept and in terms of designing programmes and projects.
- Working from the assumption that community involvement is central to LED, NGOs have an important role to play because they have the ability and experience to translate local needs and peculiarities in the formulation of their objectives and methods of action which government or private sector usually cannot successfully do.
- Because NGOs support the local mobilisation of groups or communities, they are able to ensure that there is a balance in the power relations that could make certain other actors dominant within a partnership or coalition set up around an LED strategy.

Furthermore, because NGOs do not often support the agenda's of government or the private sector, they are in a better position to support the objectives of local groups without directly interfering in their formulation in trying to influence their direction.

- Because of their autonomy and independence, and their lack of a profit motive, international agencies and government funders commonly use NGOs as intermediaries to channel funds for community-based organisations. This means that NGOs can become the central focus and point of access for community groupings of local community development initiatives.

Emeka Anyoaka Commonwealth Secretary General argues that there has been a significant shift in member countries towards allowing more of the role and voice for non-government organisations. NGOs have an important role to play---they ensure that the people of the Commonwealth are able to be part of the development process. At the third NGO Forum held in Durban 8 to 12 October 1999, a report titled "Citizens and Governance: Civil Society in the new Millennium" was released for discussion. Thousands of citizens in 47 countries were surveyed and the overwhelming conclusion was that ordinary people needed to be more involved in development. While a report detailing poverty and the marginalisation of the under- privileged is not new, Anyoaka added that the report distinguished itself as it details the role NGOs can play in promoting development and good governance (Sowetan, 9 November 1999).

#### 6.17 THE ICC AND THE ROLE OF COMMUNITY-BASED-ORGANISATION'S IN BRINGING ABOUT LOCAL ECONOMIC DEVELOPMENT

In the recent past, community-based-organisations (CBOs) have taken on the role of delivery given the political reluctance on the part of the state. Even though there have been enormous political changes, there remains a strong inability to deliver in accordance with the needs, due to capacity and fiscal constraints. The role played by communities



therefore continues to be important. However, the political shift means that this role-played by communities' needs to complement government inputs.

This change in context signifies a change for community organisation and by extension for NGOs. The overall needs remain, however, very similar. The change relates primarily to the means of addressing these needs. In the past CBOs of a representative nature were the prime bodies necessary for communities to respond to declining conditions and lack of development.

Section 152(1) (e) of the 1996 constitution states that local government must encourage the involvement of community organisations in the matter of local government. One of these matters of local government, is local economic development. CBOs must be empowered so that they can participate effectively. This can be done through skills training, literacy programmes and mentorship programmes. For CBOs to function effectively they should be supplied with information about LED. The South African Civic Organisation (SANCO), for example, has committed itself to mobilise communities around the issue of LED and SANCO has taken an initiative to popularise LED and to launch LED programmes.

One of the strategies that CBO could plan to undertake is to encourage the improvement of the infrastructure, an example is in Northern Durban where the La mercy International Airport will be built, The Inanda Development Forum (IDF) from the neighbouring township has identified this as a major opportunity. It must now lobby to be part of development initiative and to negotiate opportunities within the related projects (Urban Sector Network 1998:4).

The CBO, which develops a LED strategy, follows a strategic approach. This means that they must analyse their needs, look at their goals and look at what capacity they have to address their needs and goals. At the same time CBOs must look at the full range of development options and strategies. In this regard, there is a need to use a comparative

advantage of their community. In dealing with these tasks, there are five steps, which are involved (Urban Sector Network 1994):

- (1) Community analysis
- (2) Goal formulation
- (3) Strategic design
- (4) Implementation
- (5) Evaluation, monitoring and feed back.

There are also strategic tasks that CBOs should undertake, for example, helping local business in order to improve their productivity. The LED (CBO) could organise “built business” type training. This could include marketing, merchandising, customer service, management, performance measures, new market opportunities new technology and so on (Urban Sector Network 1994).

The LED (CBOs) should assess the small medium and macro enterprise (SMMEs) in its attempt to find out what type of training they need. The CBOs should liase with NGOs, local business, service centre and local government not to duplicate, but to compliment other initiatives. CBOs should also set up a SMME Association to create a network of small businesses. Such an association should help in creating linkages between small and big businesses. It can give advice in the running of the Local Business Service Centre.

Some examples of actions are (Urban Sector Network, 1994:5):

- The Empangeni Business Advice Centre is an example of a CBO that undertake these initiative. They give business advice and training, assistance to acquire finance and marketing opportunities
- Another example is the Johannesburg Opportunities Centre

Another strategic task for the CBO is to attract industry, business, investment and resources from outside the community. The example for this is the Inanda Development Forum (IDF) which identifies a northern development corridor running from Central

Durban to the Northern Coast along the edge of Inanda. Industry could be attracted to this corridor due to favourable location and services that need to be upgraded. Opportunities for SMME's such as cleaning, maintenance and manufacturing of uniforms can be created (Urban Sector Network, 1994:5).

The CBO can lobby local government to ensure that local government changes its procurement strategy. This means that local government must have a strategy of buying basic goods and services from people in the privileged communities where this is possible. Communication of the strategy and support are two crucial aspects of this strategy.

#### 6.18. THE ROLE OF THE INTERNATIONAL CONVENTION CENTRE AND BUSINESSES IN LOCAL ECONOMIC DEVELOPMENT

There is a very important role that business should play. Robbins (interview, 28 June 1999) argues that Durban has a history in this country, where business has not played a collateral role in LED. It is an area where a lot of emphasis at the moment has been stressed that business should be committed in developing our areas. Obviously in an area where there is small business promotion, there is a lot that business can do in terms of creating business opportunities for small businesses. In the tourism field, there are major hotel groups and the rest of business and tourism, marketing activities and tourism product development activities. Those things would have been a failure if it had not for the involvement of businesses. In fact the old promotion structure in Durban partly failed particularly due to the fact that it could not build proper links with the business community and tourism structure. Durban Africa, which will be launched in July, has a much-needed link with business. Durban provides two obvious examples of what business has already done. One example is Operation Jumpstart and the other is Greater Durban Market Authority.

For Durban to have a specific competitive advantage and development, it needs a comparatively positioning within the national and world economy, as well as sensitivity to the needs of the urban majority. The question which needs to be addressed is who could be better equipped to manage this than some combination of the newly elected local and metropolitan authorities and representatives of the local business community (Centre for Development Enterprise 1996:24). Durban has an energetic group of business whose interests in future regional growth coincide with a broader concern for socio-economic development.

The sense of belonging in Durban combined with their business acumen and flair for innovation, has already notched up several successes on the planning and development frontiers that have not been matched by other South African cities. Besides this, some innovative thinking has emerged within the Durban Metropolitan Council on the city's competitive advantage in an international context for example, the economic units emphasis on Durban as a trade centre, and its notion of a potential 'gateway' role to the east and it these trends of innovative thinking among council staff itself that could be encouraged by a democratic council dedicated to the needs of the poor and the unemployed. In the meantime, a vibrant entrepreneurship among Durban's SMMEs is linked to the rapid rise of fortunes of the Indian and new increasingly black South African middle class.

Taken together, these factors suggest a potential 'growth machine' that could deliver jobs and homes to Durban's poor and unemployed on the scale unparalleled elsewhere in the country with some luck and good leadership. Durban could provide a competitive urban development model that others will find difficult to match (Centre for Development Enterprise 1996: 24).

The National Business Initiative (NBI) had published, for the Department of Housing, a project- programming guide that demonstrated how the time for delivery of housing under the Capital Subsidy Scheme could be cut by 50%. Under the NBI's Effective Governance section, it had completed a contract for the Local Government Training

Board (LGTB) to develop the official training programme on budgeting and financial management for councillors. The Local Government Development Programme (LGDP) had disseminated over 700 facilitators of local economic development processes in communities.

The NBI programme focuses on the development of Further Education and Training (FET) policy, as well as a major initiative in FET colleges that included the promotion of linkages between colleges and industry. The NBI assisted the Department of Education to draft the Green and White Paper on FET and was awarded a R100 million contract by the Business Trust for the establishment of an FET Collaborated Fund (The Mercury, 8 September 1999).

Although organised labour and organised business are formally represented in many Metropolitan Council decision making processes for the general experience is that labour does not have the capacity to play an active role in local policy formulation, while business remains well organised and actively involved. For example, there are close links between the Economic Development Department (EDD) and NBI around LED training and active involvement of business representatives in metropolitan spatial development framework planning process.

This complex web of interdependent style of operation means that a wide range of interests are involved in economic development intervention, which further conditions the goals of economic strategy in various ways. This places considerable limitations on what is and can be done, but it does improve the prospect of experimentation and the diversity of responses in the face of the goal uncertainty. Also the fact that the idea of metropolitan governance has been accepted as legitimate means that some local economic issues are approached with a metropolitan-wide perspective. In general, this is a positive development. Furthermore, the manner in which much of the work of the Economic Unit, and subsequently the EDD, has been undertaken, has struck a positive chord with senior politicians (Hall & Robbins 1998: 14).

#### 6.19 THE ROLE OF INTERNATIONAL CONVENTION CENTRE AND AGENCIES IN LOCAL ECONOMIC DEVELOPMENT

The agencies have been deeply involved in the promotion of LED for example, the SANCO and the United Nations for the Centre for Regional Development. The former's document "Strategies and Policies for Local Economic Development in the new South Africa" states "The South African National Civic Organisations is of the opinion that with the transition to a new democratic order and the resultant decentralisation of control into the hands of the people, LED needs to be promoted as a new growth strategy".

Sandi Mgidlana of SANCO at the conference on LED in August 1995, further enunciated this support for local economic initiatives when he stated that SANCO wished "to mobilise communities around the issue of LED" and "acknowledge the need to popularise the concept of LED, to support the launching of LED in local areas, to promote interaction between key stakeholders and to introduce some form of national or regional research and support structure". SANCO calls for the use of LED facilitators in the country and to launch a massive government support programme of LED promotion as a matter of agency. This endorsement for LED is echoed by the United Nations Centre for Regional Development (UNCRD) which believes that there is a powerful rationale for local economic planning and action to play a great role in development in Africa and gives the reasons (LED 1997:14).

LED is now well established and many developing and developed countries regard as an essential approach to complementary national macro economic policies and problems. The Organisation for Economic Co-operation and Development (OECD) which currently comprise 25 democratic nations with advanced market economies, was founded in 1960 as a forum for monitoring economic trends and promoting development policies. As an organisation, it strongly endorses the contribution of community based economic development efforts.

From 1982, the OECD has operated specific programmes in support of the study and promotion of LED. Currently, it operates the programmes on Local Economic Employment Development. (LEED) programme.

The LEED programme “advocates an approach to economic development and employment creation that combines new, flexible policies largely on a micro economic level with conventional macro economic policies. It believes that the national economic success in the future will come from an aggregate of strong regional and local economies. In turn, the performance of these regions will be based on effective use of local advantages, in terms of both physical and human resources. Rather than simply trying to promote national ‘competitiveness’. Economic policies should also concentrate on harnessing local resources and developing local capacity for endogenous development, upon which the economic future of a region largely depends’.

The economic and social challenges of the new South Africa are immense. At the national and provincial level, a considerable effort has been in creating the environment for appropriate policy and programme response, LED has been acknowledged not as a panacea, but as one of contributing strategy. To achieve its full and positive impact and potential, international and South Africa’s experience emphasise the need to give attention and focus to the following issues (Taking The Lead, 1997:16):

- The development and support of local leaders capable of designing and implementing LED;
- The development of appropriate process and facilitation services to ensure maximum participation;
- The determination of appropriate roles for national and provincial government and their agencies;
- Support for crucial co-ordination and facilitation role of local government and CBOs;
- Ways to ensure public and private investment maximise local economic efforts; and.
- Safeguard to ensure that the most disadvantaged in the community benefit.

The last is undoubtedly the most important factor of all. Without it, the courage and imagination that South Africa has shown in creating political change have been too little avail (Taking The Lead, 1997:16).

## 6.20 THE FUTURE OF THE INTERNATIONAL CONVENTION CENTRE

There are many views about the International Convention Centre's future, one view is that the city has so much potential to be a successful city, but if the Durban Metropolitan Council can focus on few deliverables, deliverables like for example, a safe city; job creation; good infrastructure and housing Durban's future would be even brighter.

Another view says, if the police department fails to implement crime prevention regulations, the city will fail and will never be marketed as a tourist destination. Another view is that as people are exploring the world they might have a different perception of visiting one and the same place whereas there are other beautiful places somewhere else.

The durability of the city's poor external image as a place in which to live is evident not so much of the failure of the image production campaign but rather that of the individual—the image of a city is compartmentalised. Hallmark events combined with an advertising campaign may influence specific aspects of a city's image—its perception as an important cultural centre, which in turn may influence the decision to visit the city. However, such events may leave relatively unaffected the overall image of a city, and particularly, more negative aspects. With this, the transience of the hallmark event tends to compound the problem in as much as there may be difficulties in maintaining the momentum gathered by it.

Such an argument appeared to be supported in the tracking survey of Glasgow 1990, where even by the beginning of the following year, perception of the city, both in general and as a cultural centre were reverting slightly and significantly few saw it as an “exciting place to visit” (Paddison 1993:347).



If Durban ICC has to retain its current status or improve in the near future there should be a joint working relationship between the city management, the police department and other relevant stakeholders. The ICC management should try its utmost best to market the city like for example, at the beginning of the 1980's when the marketing of Glasgow developed as a series of proactive or responsive strategies harnessing opportunities which city marketers, those responsible for initiating and implementing potential for increasing inward investment and contributing positively to the improvement of the city's image and there should be no blue print which had to exist at the outset detailing a marketing programme by which a closely specified set of objectives are to be met.

The KwaZulu Natal, Tourism Department should play a crucial role in marketing the city, and if this is successfully achieved lots of investors would come to the city and it would be where jobs are being created and the infrastructure would be upgraded.

The origins of the city's marketing were initiated through a promotional campaign based on well-known "Glasgow" Miles Better campaign slogan. So Durban too needs to come up with some development campaign that would put the city on a map thus competing globally.

As the ICC is about to be extended from where the temporary casino is. Durban will not just be a city where the north meets the south, it will be a destination where all the points of the world meet. This was amply demonstrated when it hosted the Commonwealth Heads of States Summit. The ICC, in this sense does not only benefit but it also benefits the city, its citizens and also South Africa as a whole.

Durban in the near future will be in a position to address socio-economic problems like, for example, service delivery, employment creation, poverty alleviation and many more from the income generated by the convention centre and also from other projects initiated (Winter interview, 11 August 1999).

## 6.21. SUMMARY

The issue of poverty and unemployment creation has to a lesser extent been solved with the establishment of the ICC. During the construction period lots of employment opportunities were created and, even at this point, more than 30 permanent staff members have been employed by the ICC. This means that ICC is not just an employer but also a poverty alleviator. On the other hand, many people may argue that ICC did create jobs but now since the construction period is over where are the people who were employed. It is too difficult to address the past inequalities but, nonetheless, it can be argued that the development of the PRP and the ICC would only benefit the public and the private elites, and it is the community which pays tax that the financing of the project comes from and at the end of the day this community gets nothing in return. Stone (1987) argues that the market-driven development process led to large-scale inequality since the role of local government was to provide subsidies for the private sector.

Ultimately, LED should not be about making deals or leveraging investment. Instead, it must entail creating quality jobs, improving living standards and increasing the capacity of community residents to be economically self sufficient (Levine 1988). In order for the community to receive any benefit from the redevelopment projects, there needs to be a direct targeting of benefits to this. There should also be a local state intervention in the restructuring of labour through job creation and job enrichment for the benefit of local workers and local communities. The emphasis should be on using firms for the development of an area for its people rather than development for capital.

Greater emphasis should be placed on policies that sustain growth through redistribution. This can be done by implementing linkage policies, which guarantee that benefits are channelled directly to the disadvantaged communities. This could ensure that more pressing problems in the community surrounding the metropolitan area, (housing shortages, the lack of services and educational and recreational infrastructure, the huge informal settlements around cities etc) could be alleviated. If such policies are to be effective, then businesses need to commit much greater resources to community

development projects than in the past. This will ensure that local economic development policies would contribute to the process of reconstruction, development and planning in the new South Africa.

In this study a great emphasis should be put upon its methodology. This should be done in order to validate the study and its importance in terms of its methodology. The ensuing chapter deals with the research methodology of the study.

## CHAPTER SEVEN

### RESEARCH METHODOLOGY

#### 7.1 INTRODUCTION

Research is often thought as a process, i.e. a set of interrelated activities unfolding overtime. The starting point is the problem to be studied. The problem, whatever, it might be and how it is perceived and defined, is a point of departure in research. Any problem dealt with is represented by a 'model', which either implicitly and or explicitly sets out the problem statement.

In many research studies, tools or survey methods should be applied in order to intensify the research. These research tools should be selected in a way that would correlate with the methodology of the research to give valuable results.

This chapter deals with research approach that has been used in this research study *inter alia* the sampling procedure, fieldwork, interview, research design, sampling strategy, pilot study, and the presentation of results. It is a fact that the nature of the data and the problem of research dictate the research methodology.

The use of both verbal and numerical and thus the use of the combination of quantitative and qualitative approaches is an important triangulation.

#### 7.2 RESEARCH DESIGN

Empirical research is conducted to answer research questions. The choice of the research design is strategically made so that it allows for a focussed approach to the research problem. A researcher should also be effective in collecting necessary data within the

constraints often faced by the researcher. These constraints include time capacity of research put on the researcher, such as time budgetary and skill constraints. The choice influences the subsequent research activities, such as what data to collect and how to collect it.

In real life it is often difficult to conduct a true experiment, for example, randomisation may become appropriate when studying stimulus-response relationship, i.e. in the situation where the 'treatment' can be manipulated (Ghauri et al 1995:35).

The research design applied often deviates from the 'true' experiment. This however, does not mean that the logic underlying the experiment is useless. In fact the ideas underlying the experiment to make (valid) causal inferences can be applied to evaluate-and-improve the research even when the experimental design cannot be directly applied (Ghauri et al 1995:35).

The problem and how it is perceived influence the following critical aspects (Ghauri et al 1995:14):

- choice of research design;
- tools of measurements;
- techniques of data collection;
- sampling and strategies;
- data analysis; and
- findings and recommendation

### 7.3 SELECTING THE RESEARCH TOOLS

Survey research is the systematic gathering of data from respondents through questionnaires. Questionnaires may be administered via the mail or through personal interview methods. In the selection of the appropriate research tools, questionnaires through personal administering interviews were used. The reason was because of the

multifaceted nature of the study survey (Survey Methods and Practice 1989:37).

It is logical that when gathering information from respondents, researchers should strive to utilise methods that secure accurate information in the shortest period with the least cost, while allowing flexibility and minimum supervision (Survey methods and Practice 1989:37).

Unfortunately, none of the methods mentioned above possess all these characteristics. This necessitates an assessment of the relative strengths and weaknesses of each before an appropriate method is accepted. Nothing precludes the use of more than one research tool /survey method at a time, although the cost may become prohibitive.

Owing to the nature of the study, more than one-survey method or research tool was utilised. These methods and the reasons for their adoption are discussed in the following paragraph.

#### 7.4 SOURCES OF INFORMATION

Two basic sources of information have been used in this research to gather data viz. primary and secondary sources of data.

##### 7.4.1 **Primary sources**

These sources were used as instruments in gathering data and they describe successfully experiments that contribute to knowledge. The instrument used in the primary data gathering exercise was interviewing respondents by the use of questionnaire. This is called expert interviews. This involves a sample of Durban Metropolitan Council high-ranking officials, the International Convention Centre (ICC) management staff, the Economic Development Department Staff and the general public.

Principally, the adoption of the face to face interview and administration with the interviewees at their workplace was strictly adhered to. This approach facilitated a quicker and higher rate of response than would otherwise have been the case, if the questionnaires were mailed. The face to face interview also allowed the interviewees to elaborate on answers to questions posed to them. At the same time it permitted flexibility and further probing where answers appeared to be irrelevant or inadequate detailed (Warwick & Liniger 1975:129).

#### **7.4.2 Secondary sources**

Secondary source of information is an obvious element in research; any good research must include a study of the available literature on the subject. Secondary analysis points out that information gathered in historical documents, statistic reports, records of institutions and so on may not be lacking but the problem might be their accessibility if they were gathered for some other purposes (Moser & Kalton 1994:42).

The secondary source of information was derived from articles, discussions, documents, handbooks, different literatures, magazines and also academic journals. Bailey (1994:299) defines secondary analysis as “the analysis of a document or data authorised by person”. While Hymans (1972) list of the benefit of secondary analysis includes:

- a saving of time and money by use of available data rather than collection of original new data;
- less invasion of privacy using data instead of collecting new data; and
- ease in making comparative analysis (for example comparing different countries through secondary analysis of data collected in the respective countries).

In this research study, interviews were arranged over the telephone. On the appointment date, the questionnaires were personally administered in a face to face interview with the respondents at the workplace. The strategy facilitated a quicker and higher rate of response than would have otherwise been the case if the questionnaires were mailed.

The face to face interview also allowed the respondents to expand on answers to the questions put to them. At the same time, it permits flexibility and further probing where answers appeared to be irrelevant or inadequately detailed (Warwick & Liniger 1975: 129).

The interviews were conducted from the 24th June 1999 to the 8th September 1999 and each lasted between 40 to 45 minutes. Principally, the adoption of the face to face interviews and the direct administration of questionnaires was largely dictated by the short time within which the data had to be gathered and analysed. The price, invariably, was a higher than it would have been if the questionnaires had been mailed.

The main source of information were derived from documents obtained at the following places:

- Libraries mainly University of Natal, University of Durban Westville, Don Africana;
- Reference Library in Durban, the Ecumenical Centre Library, the Municipal Library;
- Economic Development Department;
- International Convention Centre;
- Durban City Hall Records; and
- Internet website (computerised search).

## 7.5 RESEARCH METHODS

The key research method in this study is the case study which comprises an intensive study of a handful set of cases or a single unit, usually determined by the researcher, given the conditions of a particular industry or a sector at a given juncture.

Groenewald (1986:44) identifies some of the units in contemporary sociological



approaches as singular social actions, role relationship groups such as organisations, communities or societies norms sanctions institutions, rites de passage and other social categories such as sex, race, class and or generations.

From these examples, it is obvious that the case study is suitable in this study in which the research units are the International Convention Centre and the Economic Development Department, the Durban Metropolitan Council and the general public

## 7.6 MEASURING TOOLS

The rules or guidelines that have to be followed to ensure that the wording of the questionnaire is appropriate to minimise bias, so also are there some principles of measurement that are to be followed to ensure that the data collected are appropriate to test the hypothesis. These principles of measurement encompass the scales and scaling techniques used in measuring concepts, as well as the assessment of reliability and validity of the measures used. Appropriate scales have to be used depending on the type of data that needs to be obtained (Sekaran 1992:209).

The different scaling mechanisms help to anchor scales appropriately. Once data are obtained, the 'goodness of data' is assessed through tests of validity and reliability. Validity establishes how well a technique, instrument or process measures a particular concept, and reliability indicates how stably and consistently the instrument taps the variables. The data have to be obtained in a manner that lends itself to easy categorisation and coding Sekaran (1992:209).

## 7.7 QUALITATIVE STUDY

The main difference between qualitative and quantitative research is not 'quality' but procedure. In qualitative research, findings are not arrived at by statistical methods or

other procedures of quantification. The difference between the qualitative and quantitative methods is not just a question of quantification, but also a reflection of different perspectives on knowledge and research objectives. Both methods are therefore, not mutually exclusive. The difference is in the overall form and in the emphasis and objectives of the study (Ghauri 1995:83-84).

Qualitative research is a mixture of rational, explorative and intuitive, where the skills and experience of a researcher play an important role in the analysis of data. Qualitative research is often focussed on social structures, which is often the case in quantitative research (Ghauri et al 1995:83-84).

One argument for using qualitative data is that quite often-individual data is collected and aggregated to analyse organisations. In order to separate pre-decided elements the use of developed instruments and the analysis of results quantitatively are applied. In this manner only a limited reality is being obtained because pre-developed instruments may not suit the particular situation, and also because these methods cut reality into discrete pieces which are then combined into statistical clusters (Glaser & Strauss, 1967; Weiss, 1968; Light 1979; van Maanen 1983; Eisenhardt 1989).

In spite of the claim by the above authors that relatively few studies use qualitative methods, it is not difficult to find support for the usage of qualitative data. Qualitative data are attractive for many reasons. They are rich, full, earthly, holistic, real, their face validity seems unimpeachable, they preserve chronological flow where that is important, and suffer minimally from retrospective distortions, and they, in principle, offer a far more precise way to assess causality in organisational affairs than arcane efforts like cross-lagged correlations (Miles 1979: 117).

It is generally accepted that, for inductive and exploratory research, qualitative methods are most useful, as they can lead to hypothesis building and explanation. According to this view, qualitative and quantitative methods are suitable at different stages or levels of research. At the first level, the problem is of an unstructured nature and qualitative

methods are suitable. At the second level, quantitative methods are most useful when testing the hypotheses, which were arrived at through level one. At the third level, both methods can be used. This is called 'multi-method' or 'triangulation' (Ghauri et al 1995:85-86).

7.8 STATISTICAL ANALYSIS OF DATA

In order to provide empirical evidence to support or refute theories, which have been mentioned, statistics has been used. Maharaj (1993:87) describes statistics as “a collection of theory and methods applied for the purpose of understanding data”.

In this research study, data was analysed using both descriptive and inferential statistics.

Descriptive Statistics	Inferential Statistics
<b>Frequencies</b> <i>Measure of Central Tendency</i> <ul style="list-style-type: none"><li>• Mean</li><li>• Median</li><li>• Mode</li></ul> <i>Measures of Dispersion</i> <ul style="list-style-type: none"><li>• Range</li><li>• Variance</li><li>• Standard Deviation</li></ul>	<ul style="list-style-type: none"><li>• Pearson Correlation</li><li>• Chi-Square (x2) Test</li><li>• The t- Test</li><li>• Analysis of Variance (ANOVA)</li></ul>

7.8.1 **DESCRIPTIVE STATISTICS**

The characteristics of location, spread and shape describe distributions. Their applications and formulae are included under the heading of descriptive statistics (Cooper & Emory 1995:681).

### 7.8.1.1 **Frequency**

Frequencies are the number of times that a response occurs within a category (Sekaran 1998:250). It allows the researcher to calculate percentages of the occurrence (Sekaran: 1998: 260) and represent the data as bar charts, pie charts and histogram (Neuman: 1997). At a glance, the reader is able to follow a trend or pattern.

### 7.8.1.2 **Measures of Central Tendency**

The measures of central tendency summarise data into one number (Neuman: 1997), in order to give a shorthand description of the entire data set (Sekaran 1992:260). The measures of central tendency are the mean, median and mode.

#### 7.8.1.2.1 **Mean**

The mean measures central tendency and is the arithmetic average. It is the sum of the observed values in the distribution by a number of observations. It is the location measure most frequently used for interval-ratio data but can be misleading when the distribution contains extreme scores, large or small (Cooper & Emery 1995:681).

#### 7.8.1.2.2 **Median**

The median is the central item in a group of observation when they are arranged in ascending or descending order (Sekaran: 1992, Hysamen: 1998). The median is used in tests of statistical significance, where the mean is inappropriate (Kerlinger: 1986). The median is most appropriate for ordinal scale analysis (Hysamen: 1998). Rubin & Babie (1997:468) state that median represents the "middle" value; half are above it and half below.

#### 7.8.1.2.3 *Mode*

The mode is the value that appears most often in a set of data. The mode is used when it is not possible to calculate a mean or median (Sekaran: 1998:258). For example, it is difficult to calculate a mean of the racial group. Therefore, the group that has the largest number will be the mode. Rubin & Babie (1997:468) state that mode is the most frequent value.

### 7.8.2 Measures of dispersion

Measures of dispersion include the range, the standard deviation, and the variance (where the measures of central tendency are the mean) and the range (where the measure of central tendency is the median (Sekaran 1998:260).

#### 7.8.2.1 *Range*

The range is the extreme values in a set of observation. It is calculated by subtracting the lowest value from the highest value (Brijball: 1999:345) for example, cost saving had a minimum risk of 1 and a maximum rank of 4. Therefore, the range of the responses would be three ( $4-1=3$ ).

#### 7.8.2.2 *Standard deviation*

The standard deviation is also a measure of dispersion. It is the positive square root of the variance and is perhaps the most frequently used (Sekaran 1992:264). Measure of dispersion as it improves interpretability by removing the variance square and expressing deviations in their original units. Like the mean, the standard deviation is affected by extreme scores (Cooper & Emory 1995:681).

### 7.8.2.3 *Variance*

The variance measures dispersion and is the average of the squared deviation scores from the distributions mean (Cooper & Emory 1995:681). According to Kerlinger (1986), simply studying results in terms of the mean is not enough; researchers should examine differences between groups using variances.

## 7.8.3 INFERENTIAL STATISTICS

Inferential statistics are used for the purpose of estimation of population values and for testing statistical hypothesis. (Sekaran 1992:264). Inferential statistics tells the researcher how two or more variables are related to each other.

### 7.8.3.1 **The t-Test**

The t-test takes into consideration the mean and standard deviation of the two groups of the variable and examines if the numerical difference in the means is significantly different from 0 as postulated in the full hypothesis. The t-test may be used with two independent samples of two different groups on a variable. The decision rule would be to accept the alternative hypothesis if the t value is significant at the  $p < 0.05$  level (one tail test). If the results are significant at the 0.05 level when the hypothesis is stated directionally, one would conclude that there is a significant mean difference between the two groups as hypothesis (Cooper & Emory 1995:681).

### 7.8.3.2. Analysis of variance (ANOVA)

ANOVA indicates whether or not there is a significant mean difference in a dependent variable between two or more groups. The decision rule applied is that, if the statistics obtained is significant at the 0.05 level or better, accept the alternative hypothesis that there are significant mean differences among the groups. If the F statistic is not significant, retain the null and reject the alternative hypothesis (Cooper & Emory 1995:681).

### 7.8.3.3 Chi-square Analysis

A sample technique for describing sets of relationships is the cross-tabulation. A cross tabulation or contingency table is "a joint frequent distribution of observations on two or more sets of variables"(Maharaj 1993:91).

The tabulation of subgroups serves as a measure of comparison. The statistical significance of contingency tables is tested using the chi-square. The "chi-square analysis of a contingency table is an extension of the test to compare more than two percentages". It is used when data consists of categorical variables, that is, when data is presented in table or column form, whereby the different rows and columns frequent represent categorical variables. In this research study no chi-square analysis was used because there were no contingency tables applied (Reaves 1992:323).

According to Maharaj (1993:91) in the chi-square test, "a hypothesised population distribution is compared with a distribution generated by a sample". The objective of chi-square analysis " is to determine if the differences observed in two sets of data can be attributed to sampling variation". On the other hand, Reeves (1992:348) added that a statistical test is used to determine the probability that a frequently distribution is what would be expected by chance or that two or more frequently distributions are different symbolised by  $X^2$ .

#### 7.8.3.4 Pearson Correlation

Correlation is applied when one wishes to see the nature, direction and significance of the relationship between two variables. Pearson's correlation matrix indicates the direction, strength and significance of the bivariate relationship among the variables in the study. To determine if the correlation is significant or not, one examines the level of significance. For example, at the 5% level of significance, one can say that 95 times out of 100, one can be sure that there is a significant correlation between the two variables and there is only 5 % chance that the relationship does not exist. The range of correlation is between - 1.0 to + 1.0. The decision rule will be to accept the alternative hypothesis and reject the null hypothesis if  $p < 0.05$  and reject the alternate hypothesis and accept the null hypothesis if  $p > 0.05$  (Cooper & Emory 1995:681)

### 7.9 QUALITATIVE ANALYSIS OF DATA

In empirical research, phenomenon is observed. In a research study, statistics is the underlying logic that dictates the collection and analysis of data and the conclusions that are made. Statistics in the science by means of which valid conclusions can be drawn in such situations of uncertainty (Sekaran 1992:271).

In the planning and execution of an empirical research project, all relevant statistical principles should be taken into account.

Data collection is a vital link in the research process. Valid inferences about population characteristics can only be made if the sample data give a reliable picture of the population concerned. For this reason, the realised sample data should always be evaluated.

The result obtained from the observation of a phenomenon tends to vary in practice. This



is particularly true of the human science since no two persons think and react in the same way. This fact applies to characteristics such as a person's reaction to medication or his attitude towards a certain matter. Moreover, characteristics such as age and level of formal education also varies from person to person. This variation leads to uncertainty in drawing conclusions from the set of observation of the characteristics or phenomena under study (Sekaran 1992:271).

#### 7.10 BASIC FACTS ABOUT RESPONDENTS

The Economic Development Department (EDD) practitioners, the International Convention Centre (ICC) staff management, the Durban Metropolitan Council (DMC) high ranking officials were interviewed as a sample of the population size. The questionnaires were administered to the four above-mentioned practitioners. The questions asked pertained to the subject of local economic development. Later, interviews were conducted through questionnaires, and this is called expert interviews. The questions given in the interview were open-ended questions so that positive responses could be obtained.

#### 7.11 VARIABLES

A variable is anything that can take on differing forms or varying values. The values can differ at various times for the same object or person, or the value can differ at the same time for different objects or persons (Sekaran 1992:64).

Babbie (1998:45) argues that variables are logical groupings of attributes. Thus, for example, male and females are attributes, and sex or gender is the variables composed of those two attributes. In this research study, two sets of variables have been used, that is dependent and independent variables.

#### **7.11.1 Dependent Variables**

Sekaran (1992:65) states that the dependent variable depends on something; hence, it is called dependent variable (Babie 1998:45). The dependent variable is the variable of primary interest to the researcher. The researcher's goal is to explain or predict the variability in the dependent variable. In other words, it is the main variable that leads itself as a viable issue for investigation. Through the analysis of the variable (i.e., what variable influences it), it is possible to find answers or solutions to the problem. The researcher is interested in quantifying and measuring variable, as well as other variables that influence this variable. In this research study, the dependent variable is local economic development.

#### **7.11.2 Independent Variables**

Sekaran (1992:66) states that which the independent variable depends on, is called dependent variable. Babie (1998:47). An independent variable is one that influences the dependent variable in either a positive or a negative way. That is, when the independent variable is present, the dependent variable is also present, and with each unit of increase in the independent variable, there is an increase or decrease in the dependent variable also. In other words, the variance in the dependent variable is accounted for by the independent variable. To establish a causal relationship, the independent variable is usually manipulated.

## 7.12 LINK BETWEEN DATA AND HYPOTHESIS

The data that has been gathered and analysed should prove whether the hypothesis is accepted or rejected in using various research methods to test the hypothesis formulated at the beginning of the study. The testing of the hypothesis requires the deployment of sub hypothesis, some of which may be explicitly expressed while others may be implicitly expressed. Behr (1983:39) argued that “It is true to say that one of the most important uses of statistics is to access the significance of the hypothesis”.

## 7.13 PROVING THE HYPOTHESIS

In every research study the hypothesis should be proven to be either true or false. In this research study, as for an example hypothesis number one (as it appeared in chapter one of this research study) has been proven to be acceptable or correct. There is no distinction between DMC and local government. Currently, there is a need to improve administration in order to match other developed cities Metropolitan or Unicity Councils. Both members of DMC and local government work hand in hand and there are good relations and understanding. In addition, both terms “DMC” and “local government” are used synonymously.

Hypothesis number two (as it appears in chapter one of this research study) has been proved to be correct or accepted, since the new elected local government in Durban Metropolitan Area has been working to promote the quality of life for the community. Local government has identified areas, which need service delivery. Many areas have been upgraded. Service delivery, like for example, electricity, water, sewage, housing have been put in place.

A number of local contractors and subcontractors were employed during the ICC construction. This is called local labour, and this created job opportunities. Although this

project contributed to local economic development but it was for a short duration because some people who were trained and qualified are still struggling for employment. The training offered by ICC was intended for community participation especially for those who were previously disadvantaged. Therefore, hypothesis number three is rejected or false.

Programs, projects and initiatives cannot by themselves achieve local economic development. What is important is community participation, the implementers and initiators of the projects and initiatives. On this basis hypothesis number four is rejected or false.

What is important is to understand the idea behind such projects. In this hypothesis, community participation can play a major role in achieving local economic development only through such projects. A project on its own can never achieve local economic development.

#### 7.14 SAMPLING STRATEGY

Sampling is the selection of a small group (sample) from a large group (population) in such a way that it is the representative of that large group. This allows the finding based on the sample to be applied to the population. Sampling is necessary because it is not possible to study every member of the population.

Sampling means saving work by examining the sample instead of the whole population. Very often a research problem is structured in such a way that a researcher would like to hear the opinion of all the units within the population, which is the ICC staff members, Economic Development Department staff members, the Durban Metropolitan Council high ranking officials and the general public. To do this would be extremely time consuming and expensive. Therefore, the researcher interviews only a small collection of these staff members called the sample. The number of units included in the sample is

called the sample size and it is commonly referred to as  $n$ .

### 7.15 DATA COLLECTION

Achieving any research objectives usually requires new information. The method of data collection was a structured one. This method of data collection was customarily to draw a new questionnaire to obtain the information required for investigation.

Data should be collected keeping the protocol in mind and it is a good idea to keep a notebook in which every observation and every experiment is recorded in writing at the time it is conducted. Observation should be entered in a systematic fashion so that it is easy to retrieve the information later. Many original discoveries have been made by chance (The ABC of Research 1992 :34).

#### 7.15.1 **Data collection through personal/individual interview**

In this research study, interviews were conducted at the respondents' work place, that is the International Convention Centre (ICC) in Durban, the Economic Development Department (Shell House Durban) and City Hall (Durban) and prominent people who have visited ICC. In this research study, they are referred to as the general public. This presupposes adequate communication occurring between these parties by means of voice, body language and facial expression. This method like all the others has advantages and disadvantages.

#### 7.15.2 **Advantages and Disadvantages**

In research studies, the methods applied are expected to have both advantages and disadvantages.

#### **7.15.2.1 Advantages**

Among other advantages are the followings:

##### **7.15.2.1.1 Personal Contact**

Probably the greatest advantage to be derived is the interaction occurring between the interviewer and the respondent. The use that a professional interviewer can make of these assets to what can be achieved in postal and telephone surveys.

##### **7.15.2.1.2 Use of visual material**

Display cards sketches and other aids can be used to facilitate the interview and enhance the validity and reliability of response. In this study, a tape recorder was used to record information from the respondents. The researcher also referred to the tape recorder to cite the respondents.

##### **7.15.2.1.3 Greater flexibility**

There is greater flexibility with the respondent and the respondent is not limited to one word replies like "yes" or "no". The respondent can formulate his responses in his/her own words and qualifies it as he/she chooses. The interviewer can decide whether it is "yes" or "no" acceptable and can even resort to probing, if necessary to obtain a more response. However, if the interviewer suspects that the respondent is uncertain about something, further explanation can be given as it was the case in this research study and this is referred to as opportunity for explanation

#### 7.15.2.1.4 **Literacy unnecessary**

The interviewer poses a question and records the responses, so that unlike postal surveys the respondents need not to be able to read and write.

#### 7.15.2.1.5 **Sample more representatives**

In personal interviews, there are far few non-respondents and no-responses to questions as would be the case in postal and telephonic surveys. A sample realisation of more than 90% is possible if the sample is well designed. Basic information on parts of the sample, where realisation has not been achieved, for example unoccupied houses, business premises, open pilot etc can be obtained and recorded. It is, therefore, possible to analyse in details the representativeness of the sample.

### 7.15.3 **Disadvantages**

The following disadvantages are often experienced when collecting data

#### 7.15.3.1 **High unit cost**

A survey employing individual interviews is probably the most expensive method since it involves travels and subsistence allowances and interviewer remuneration. In this research study, travelling was only undertaken around the Durban Metropolitan Area.

#### 7.15.3.2 **Heterogeneous Stimulus**

Although the personal contact referred to the above is an advantage, it also has it disadvantages. Interviewer's perception of a respondent would tend to vary both between

interviewers and by the same interviewer over time. All interviewees are subject to some extent. Stereotyped responses to certain questions would tend to raise the expectation of similar responses, and this can result in leading questions. Changing the question for example, "How can LED be achieved"? to "What measures can be used to achieve LED"? will result in a significant change of the responses.

#### **7.15.3.3 Interview Control**

A thorough control system is necessary to ensure that interviews adhere to the instructions and that questionnaires are not completed by phantom respondents.

#### **7.15.3.4 Limited Geographic Coverage**

Samples are usually limited to selected areas, although cluster samples could be used, this method involves the possibility of an increase in sample error. This was stimulated through the face to face interview

#### **7.15.3.5 Limited time**

One interviewer can handle only a limited number of interviews per day. Efficiency peaks after a certain number of interviews, after which it declines rapidly. Interviewers should, therefore, not be required to conduct too many interviews. Interviewing should also be restricted to late afternoon and early morning when people, generally, are at home. After eight in the evening, the privacy of the respondents should be respected. The research interviews were only conducted from 10 mid morning until 1 in the afternoon; this gave the respondents enough room to prepare for the interview.



#### **7.15.3.6. Response Obligation**

Although appointment can be made to suit the respondents, one may feel obliged to accommodate the interviewer. Interruptions such as noise, telephone calls and visitors can delay the interview process. During this study few of these disruptions were experienced when the interviews were being conducted.

### **7.16 FIELD WORK AND INTERVIEWS**

It is important for the researcher to spend some time acquainting himself/herself with the environment of the respondents before conducting interviews. This enables the researcher to find an appropriate strategy to make the respondents feel comfortable during the course of the interview. The duration for the fieldwork was eleven (11) weeks. The research techniques that were used are as follows:

#### **7.16.1 Use of Questionnaire**

Appropriate research data sometimes lie deep within the minds or attitudes, feelings or reactions of people. To gather data, it is important to devise a mechanism to probe below the surface. A common place instrument for observing data which is beyond the physical reach of the observer, is the questionnaire (Leedy 1993:197).

A pre-test of questionnaire was undertaken to find out the admissibility of the questions. Later some of the questions had to be changed and reworded to elicit appropriate responses. The researcher administered the questionnaire himself to the respondents to speed up the process of data gathering (Sekaran 1992:200).

The researcher had to determine the wording of the questions and clarify the questions

that seem unclear to the respondents. This method, (that is descriptive survey method), of applying the questionnaire also enabled the researcher to control the interview situation by making certain that respondents answer all questions and not elicit help from other sources. This was to ensure that any information used as answers to the questions are exclusively that of the respondents. It also eliminated the mortality rate of the questionnaire to zero as the researcher made sure that the full sample size was interviewed. Furthermore, it made it possible for the researcher to collect any supplementary information that may be used in the data analysis stage of research (Sekaran 1992:201).

The objectives and hypothesis of the study influenced the structure and design of the questionnaire. The questionnaire took the form of open-ended-questions. This was done to encourage respondents to come up with their opinions with respect to the questions.

At the same time this was to maximise effects of the researcher's perceptions and to enable him/her to be familiar with the process by which the respondents arrived at the particular viewpoint. This was aimed at revealing some findings that the researcher had not thought of. Open- ended-questions were meant to elicit certain specific information from the respondents. In this case, no suitable responses to questions were furnished and the respondents were expected to think and give their own views. The questions asked pertained to local economic development (Sekaran 1992:201).

#### **7.16.2 Observation**

Research involves observation of some sort. But there are considerable numbers of social situations, which prohibits an observer when observation is allowed. The presence of the researcher is likely to influence the behaviour of those being observed. Despite this, in certain situations a researcher might judge that some useful and valid information could still be obtained (Haralambos & Holborn 1990:740)

In this research study, the researcher observed the respondents during the process of interviews only. This was done to ascertain the validity of the answers to the questions in the questionnaire; for example, the researcher was able to access the working relationship of the department with other stakeholders.

#### 7.17 DESIGNING A QUESTIONNAIRE

Within the operational phase of the research process, the measuring instrument is all-important. Churchill & Peter (1984) argued that the measuring instrument has the greatest influence on the reliability of data. Accordingly, the characteristics of measurement are best controlled by the careful construction of the instrument. The questionnaire as an instrument of data collection is well known. However, there is insufficient appreciation for the fact that the questionnaire should be constructed according to certain fundamental principles.

A well-designed questionnaire is the culmination of a long process of planning, the research objectives, formulating the problem and generating a hypothesis. A poorly designed questionnaire can invalidate any research results, notwithstanding the merits of the sample, the field workers and the statistical techniques. In their criticism of a questionnaire study, Berdie & Anderson (1974) object to poor design questionnaire, which they say, can boost the reliability and validity of the data to acceptance and tolerance.

The length of individual questions, the number of response options, as well as the format and wording of questions is determined by a researcher (Berdie & Anderson 1974):

- the choice of the subject to be researched;
- the aim of the research;
- the size of the test sample;
- the choice of the method of data collection; and

- the analysis of data.

Against this framework, a question can be tested for validity and reliability for its design. Therefore, a distinction is drawn between question content, format, order, question type, formulation and validity.

In this research study, the construction and design of a questionnaire was based both on drafts and on straight written question, which also require simple verbal responses. In designing a questionnaire, the aims of the study must be borne in mind, which were relevant to the objectives of the investigation.

The questionnaire comprises structured questions using the Likert scale. According to Zimbardo & Ebberson (1969:125), this method measured a persons attitude score as the sum of his individual ratings.

The bipolar questions were included for example "yes" or "no" but the respondents were supposed to substantiate these responses. This was done to generate and accumulate more data for the study.

There were no multiple choice questions provided in this study. The reason was that the respondents were not allowed or encouraged to guess thus choosing a wrong answer.

Some of the key elements in a sound questionnaire as postulated by Simon & Burstein (1985:43) are:

- keep the study purpose clearly in mind at all times. This will help to ensure that all questions related to the study are asked and that unnecessary questions that are irrelevant to the study are left out;
- begin by jotting down the topic which requires information without worrying about wording and logic;
- number the topic in a logical order;
- pre-test the questionnaire by personally going out and asking the questions in an

open-ended-manner;

- rewrite ambiguous questions, reorganise the questionnaire where necessary, convert some open-ended-questions and generally tighten up the questionnaire;
- give clear instructions and ask only relevant questions;
- writing an introduction that will persuade potential respondents to participate;
- improve the questionnaire;
- go into the field for part of the interview; and
- check the preliminary for satisfaction completion of the work.

The aforementioned elements of a sound questionnaire design were given due recognition for proper phrasing of the questions to avoid ambiguity and to facilitate questionnaire administration with active respondent co-operation.

#### **7.17.1 Description of a questionnaire**

The main objective for this survey was to facilitate the maximum responses and to obtain more detailed information. The questions for this survey were precoded and constructed carefully to fulfil the objectives

#### **7.18 HANDLING OF DATA**

Computers are the great boon to researchers. Many of the more complex statistical analysis are practically impossible without them. For others, countless hours of toil are saved and they are far more accurate than human beings (Bausel 1986:234).

For accuracy, speed and reliability a computer was used to capture the data in an appropriate sequence. Interpretation of data from questionnaires was done. In this research study, tables, figure and graphs were also used.

### 7.19 DATA ANALYSIS

In this research study, data was collected from different sources; in the form of academic journals, literature extracts newsletter, magazine and newspapers. Expert interviews were conducted on the basis of a questionnaire.

The examination results indicate how the researcher has done his work to support the original hypothesis thus supporting the likely conclusion. Nalwa (1993:35) argues that “A thesis which proves everything and explains nothing is hardly meritorious”.

Besides using data from the above-mentioned sources, questionnaires were also used in this research study as an aid in data analysis and the presentation of results. In this research study, interviews, different literature books, journals, magazines, handbooks discussion papers, a thesis have been used extensively to obtain information about the subject of local economic development.

### 7.20 THE PRESENTATION OF RESULTS

The results are presented in a way that the researcher answers the critical research. In this research study, tables and graphs form a major part of the script because they aim at aiding the intelligibility of the results of the study. In addition, they provide a quick way to acquaint the reader with the major findings. They also crystallise the concepts.

According to Nalwa (1992:44) figures and tables should be simplified and their message should be instantly understood. The statistics only support the conclusion. Basically, this part deals with the factual support without providing the conclusion.

This part also deals with the results of the interview conducted in four categories selected for the study. The quantitative response given by the respondents are presented in this

research work.

The results will be presented using appropriate tables, graphs and figures.

#### 7.20.1 The structure of questionnaire

This part has four sections. These sections are based on the questionnaires given to the respondents at different times and places while the field work was undertaken, i.e. the Economic Development Department, the International Convention Centre, the Durban Metropolitan Unicity Council and the general public.

#### PART A

##### Questionnaire One (Appendix One)

#### **DIRECTED TO THE ECONOMIC DEVELOPMENT DEPARTMENT (EDD)**

The questionnaire was directed to the Economic Development Department. The main aim of this questionnaire was to ascertain the impact of the Economic Development Department on local economic development. Questions asked pertained to the development and the process of local economic development. These were also simple open-ended questions.

This questionnaire comprised of ten (10) sections. Issues which were raised in this questionnaire include *inter alia*: staff status, profile of the Economic Development Department, tourism, strategic issues, objectives, development issues, financial management, community involvement, policy and transformation.

SECTION A

7.21.1 *STAFF STATUS*

This section deals with the question pertaining to race and gender. The information was essential to understand the staff profile within the Economic Development Department. The data reflected in Table 7.1 reflects the staff status regarding race and gender.

ECONOMIC DEVELOPMENT DEPARTMENT					
RACE					
AFRICAN	WHITE	INDIAN	COLOURED	TOTAL	
50%	17%	17%	16%	100%	
GENDER					
MALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	30%	10%	10%	10%	60%
FEMALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	30%	10%	10%	10%	60%
OVERALL	60%	20%	20%	20%	SUB TOTAL100%

The Table reflects the race component in the Economic Development Department. The department comprises of 12 staff members 50% of Africans 17% Whites 17% Indians and 16% of Coloured in the Department.



**Gender profile in the Department**

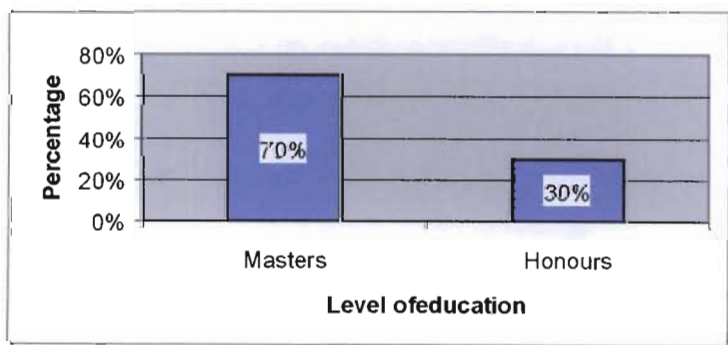
The Table indicates that there is 20% male Africans, 20% female Africans, There is both 20% male and female Whites. Ten percent Indian males and 20% Indian females and there is 10% Coloured in the Department. The gender profile in the Department is satisfactory and it reflects typical representation of gender equality.

**SECTION B**

**7.21.1.2 EDUCATIONAL PROFILE OF ECONOMIC DEVELOPMENT DEPARTMENT**

It was necessary to give a composite picture of the functioning of Economic Development Department inn their daily activities. Aspects like for example education profile of the Department determine the relevance of the study.

**FIGURE 7.1 Educational profile of the Department**



The educational profile explains the level of education and professionalism the respondents possess.

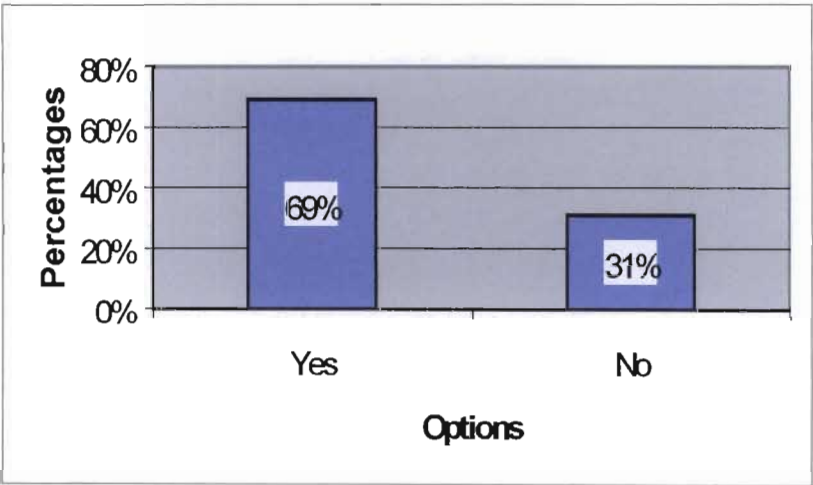
The educational profile of members in the Department is exceptionally high. All have postgraduate degrees, Eight at Masters level and four at Honours level. The level of education highlights the fact that the respondents are highly educated individuals and expected to have positive impact on their work activities.

SECTION C

**7.21.1.3 TOURISM**

The Economic Development Department has engaged in development functions, including tourism. This section tries to ascertain the impact on local economic development.

**FIGURE 7.2 Local government’s improvement on Tourism and Recreation in DMA**



One of the goals of the EDD is to facilitate the growth of the tourism industry in Durban. The objectives in this regard are to (Strategic Plan 1999:5):

- develop the Metro Tourism strategy further;
- facilitate co-ordination between local, provincial and national government tourism initiatives;
- develop a local government framework for support and funding of tourism marketing and information bureaus in the DMA;
- develop a framework for public-private investment in neglected tourism areas;
- facilitate development of community tourism opportunities;
- develop a framework for local government facilitation, support funding and monitoring of events and conventions; and
- develop a framework for cultural tourism.

Durban is being regarded as a tourist destination and it will continue to dominate other regions. This was confirmed by 69% positive response rate contrary to 31% negative response rate. The reason for these responses is because the conference market appears healthy but there is no place for complacency in the future. A new conference facility under construction at Sandton in Gauteng could soon divert business from the coast. The city's role in supporting ICC delegation with class services is critical for future success.

## SECTION D

### 7.21.1.4 *STRATEGIC ISSUES*

This section tries to gauge the response to collaborative partnership between local government and business. It elicited positive response.

As one of the objectives of EDD is “**to build co-ordination and coherence with other stakeholders including business and other relevant stakeholders**” (Strategic Plan 1999:3). This suggests that there is a correlation between different stakeholders in achieving LED objectives.

Both private and public sectors have a responsibility in achieving local economic development. These sectors especially in Durban work closely together to achieve the required standard of local economic development. The Economic Development Department, the International Convention Centre and the Durban Metropolitan Council form part of local government. These Departments work hand in hand with other stakeholders and as such business is one of the stakeholders.

**TABLE 7.2 Research undertaken to provide guidelines and recommendations for local government to effectively address urban development and comparative studies for both First and Third World Countries in addressing LED.**

RESEARCH UNDERTAKEN TO ADDRESS URBAN DEVELOPMENT
OPTIONS
COMPARATIVE STUDIES UNDERTAKEN IN FIRST WORLD COUNTRIES
OPTIONS
COMPARATIVE STUDIES UNDERTAKEN IN THIRD WORLD COUNTRIES
OPTIONS

**(i) Research undertaken to address urban development**

Seventy percent positively support the research undertaken to provide guidelines and recommendations for local government to effectively address urban development. This is evident from the fact that some of the respondents were part of the research team. Twenty seven percent responded negatively with regard to this.

Many research studies have been undertaken especially by Economic Development Department proved to be successful. Some of these research studies are being applied to undertake specific projects within the Durban Metropolitan Area.

Among the research studies undertaken are the following:

- Durban Central Business District Research;
- Job Creation Network Research Project;
- A Community Research project in collaboration with UND;
- Undertake access to finance project; and
- CESDA Research Project.

**(ii) Comparative studies undertaken with First World Countries to effectively address South Africa's local economic development for the future**

A range of ad-hoc studies, mainly through Best Practice City Commission Report 1999, were taken. Practitioners used internet and learnt from other people through network that were established from international delegates who addressed the Council and other stakeholders. The Department, therefore, unanimously reflects a positive response concerning comparative studies undertaken with First World Countries.

**(iii) Comparative studies undertaken with Third World Countries to effectively address South Africa's local economic development for the future**

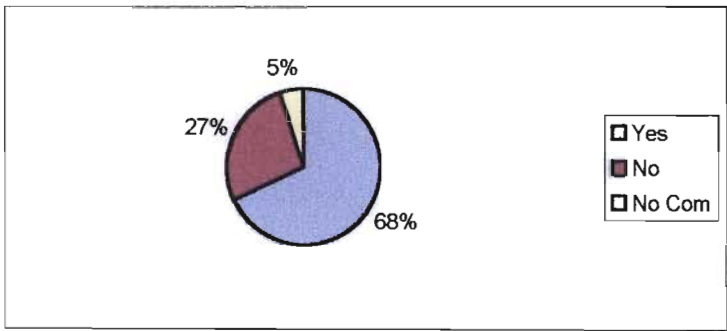
Comparative studies are being undertaken with Third World Countries to address South Africa's local economic development. The response rate in this regard was hundred percent. These studies focus on Small Business and Informal Trade, the Research Joint Project, International Labour Organisation. In addition, various research studies have been undertaken.

SECTION E

7.21.1.5 **OBJECTIVES**

This section deals with the objectives of Economic Development Department ad socio-economic factors affecting local economic development. I addition, it deals with how the Department is structured (organogram) and how it achieve its objectives. One of the objectives is to undertake development projects within Durban Metropolitan Area.

**FIGURE 7.3 Socio-economic factors affecting local economic development**



The figure clearly illustrates that 66% of EDD respondents agreed that there are socio-economic factors affecting local economic development. Twenty seven percent (27%) have a different view, and 5% did not agreed.

There are many factors that affect local economic development. Among the factors are the following *inter alia* (Community Economic Development 2000:4):

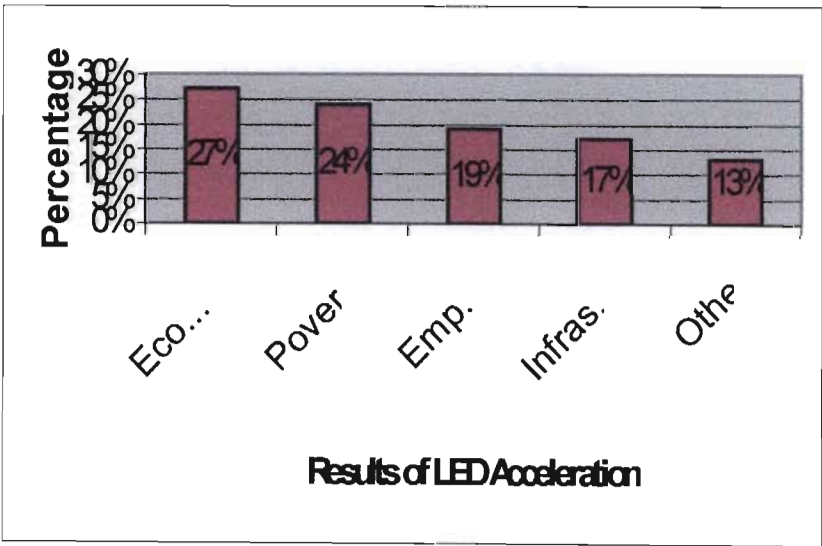
- The lack of trust within the officials;
- The lack of trust between the community and the officials; and
- The reluctance to participate in development projects.

SECTION F

7.21.1.6 *DEVELOPMENT ISSUES*

There have been debate and discussions about the subject of development. Some people raised concerns that development does not reach areas and places, which were targeted. Some argued that areas which are developed are continuing to be developed whilst the underdeveloped areas are being neglected. Th broaden this understanding, there is a need to come up with development issues that are relevant to the study and also to local economic development.

**TABLE 7.3 Results of Local Economic Development acceleration**



Unemployment and poverty were already high in 1996. This still to be a growing problem. Unemployment statistics are notoriously unreliable, but the available

Information suggests that Durban is experiencing a long-term increase in the problem (Urban Strategy Department, Quality of Life Survey 1999).

According to the population census, the rate of unemployment in the Metropolitan Area grew from 20-31% between 1991 and 1996 (Republic of South Africa Census 1991 and 1996). A large Metropolitan Quality of Life Survey undertaken in 1999, found that the rate of unemployment amongst household heads was 52% including that the city faces serious situation, especially in the poorest areas (Urban Strategy Department, Quality of Life Survey 1999).

In response to the question of local economic development acceleration in DMA. The response was positive. The Table illustrates that the socio-economic issues of Durban need to be addressed. Although these issues are being addressed but it is not to the expectation of the citizens of Durban.

TABLE 7.4 Local economic development progress influencing development in DMA

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
83%	11%	3%	2%	1%

The community has played a crucial role inn local economic development through participation I projects and programmes around Durban Metropolitan Area.

Ninety four percent agreed with local economic development process influencing development in DMA, whilst 3% were neutral and 3% disagreed.



TABLE 7.4 Department progress in terms of development in meeting global challenges and strategic planning embarked on to meet the challenges of the 21<sup>st</sup> century

DEPARTMENT'S PROGRESS	
OPTIONS	RESPONSE YES - 63% NO - 37%

STRATEGIC PLANING	
OPTIONS	RESPONSE YES - 68% NO - 32%

Department progress in meeting development and global challenges

Significant progress has taken place in DMA. This is evident to the following percentages. There was 63% positives response rate contrary to 37% negative responses. This means that meeting global challenges has a positive impact on the Department's progress.

7.20.1.7 Strategic planning embarked upon to meet the challenges of the 21<sup>st</sup> century

The Metropolitan local government's first priority is to ensure that it develops the capacity to plan and act strategically to maximise the economic opportunities of this new era. This requires that it acknowledge at every level its potential economic impact ad co-ordinates its activities for maximum effort. It also requires the timely collection and

analysis of information on the local economy and on international trend. Furthermore, the expanded economic demands facing local government require the establishment of capacity at the council level to undertake the range of activities by communities.

Strategic planning and co- ordination is indispensable for any meaningful economic policy to be developed and implemented by local government. This requires the establishment of an entity with the capacity and authority to gather and analyse information in a manner that feeds it into a strategic planning framework.

There is no development without planning. Planning is the first step towards development. This is evident from all the responses that is (100%).

**TABLE 7.5 Specific projects undertake at Durban Metropolitan Area by EDD**

PROJECTS	Percentage
Durban Metro Business Conference	26%
Millennium Programme	24%
Durban Metro Business Fair	23%
Contract Opportunities List	14%
Construction Project	13%
Total	100%

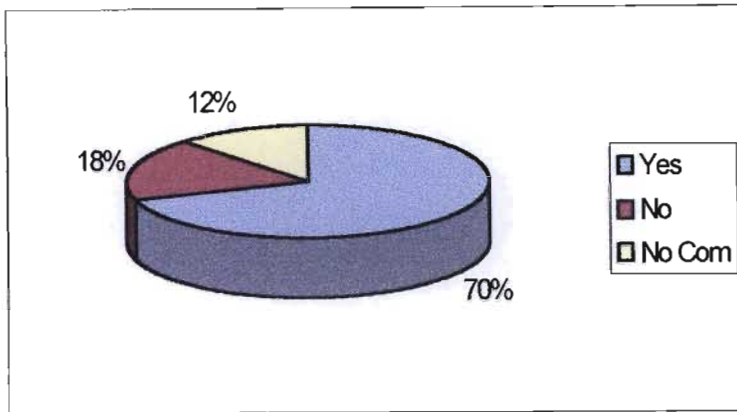
The aforementioned table reflects projects undertaken by different departments. The objectives of these projects are to upgrade the economic standard of the city and to empower young Black entrepreneurs. Other projects include Craft and Sector Support Project, Agricultural Project and Sewing Project.

## SECTION F

### **7.21.1.7 FINANCE AND MANAGEMENT**

This section outlines how finance is managed, how projects are being financed and how the objectives of the Economic Development Department are being fulfilled in achieving local economic development

**FIGURE 7.4 Role-played by local government in financing development projects**



The principal function of local government is to:

- raise development finance;
- co-ordinate operation between different housing, infrastructure and services agencies; and
- maintain financial and accountability and oversee projects to ensure that cost effectiveness and quality are secured. (Community Economic Development 2000:4).

Local government plays a crucial role in financing development projects. In respect to this question the Economic Development Department practitioners indicated an overwhelming 70% positive response and 18% negative response and 12% for no comment. The reason for negative comments is that in some areas local government has not played a leading role in financing development projects.

#### **7.21.1.8 Money budgeted for LED for the year 2000/2001**

For every Department to function it requires a reasonable budget and the EDD's budget for the year 2000/2001 is about R20 million.

The present Unicity budgeting is characterised by the following:

- budget is a result of negotiation by different departments, and not a result of a strategic decision by the Executive Committee.
- Budget allocation process is driven by projects rather than outcomes.
- Departments that deliver the same output formulate their budget independent of one another.

The above results in the inefficient use of resources. More importantly, the customers receive partial or incomplete output.

The Department indicated that there is a great need to make local economic development accessible to those who need it and therefore, sound financing would make this happen. In addition, it is important to recognise the fact that funds should be used to address specific needs of the people.

The distribution of money on capital and operational services has important implications in the development of local and urban areas and, as such, a 100% response rate was received from the Department. The Department indicated further that an amount of R20 million would be budgeted for the year 2000/2001.

### **7.21.1.9 Money to be received from the Government**

Section 151(1) of the Constitution lists the following as the objects of Local Government, which a municipality strives, within its financial and administrative capacity, to achieve (The Changing Role of Local Government as a Service Provider):

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote a social and economically healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

The Economic Development Department respondents confirm that millions of rands will be received from the Government. This substantial finance will be provided for local economic development purposes. This means that the process of local economic development would be achieved amicably.

### **7.21.1.10 Local Economic Development programme action for development**

The Economic Development Department practitioners unanimously agree with the local economic development programme of action for development. Programme of action for development is the guiding principle for development projects.

Among the agendas for EDD in developing a programme for action are, *inter alia*,

- provide sustainable and community development
- provide enough information to its citizens; and
- conduct research for development

## SECTION G

### 7.21.1.11 *COMMUNITY INVOLVEMENT*

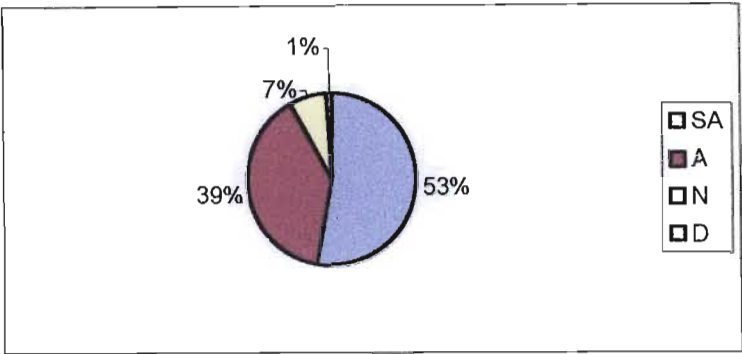
It was necessary to determine the contribution of the community in local economic development and how the community should play a role in achieving this. Involving the community in projects initiated by any local government structure is a right way to go.

### 7.21.1.12 **Communication with local stakeholders in ascertaining local economic development**

Local economic development is a joint venture, stakeholders should be involved in decision making concerning local economic development and as the result for this there are also methods of communication put in place. Over the next months up to just beyond the Public launch of the Durban Unicity Council, all city stakeholders will engage with local government in an organised and structured process, so that there is a fuller and deeper understanding of what the new role of civil society will be and how stakeholders can contribute in a genuine partnership approach. During this period, comments and suggestions from stakeholders (both internal and external) will be carefully compiled and documented, with a view to incorporate useful ideas into the final Long Term Development Framework (Towards a Long Term Development for Durban Unicity 2001:15).

Local economic development cannot be undertaken in isolation, it has to be a joint venture, with different stakeholders participation. These stakeholders have to communicate in order to function effectively. This was confirmed by hundred percent response rate.

**FIGURE 7.5 Role-played by the community to bring about local economic development**

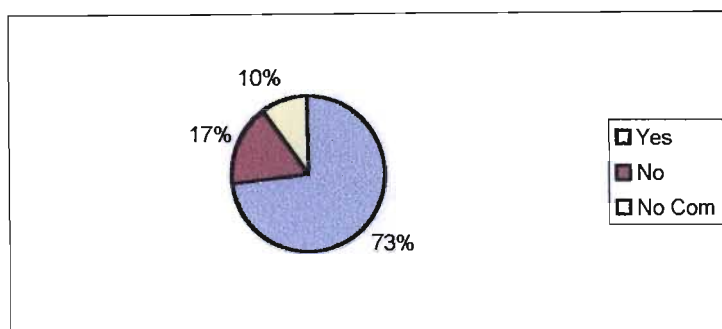


**Key**

- SA - Strongly Agree
- A- Agree
- N - Neither agrees nor disagrees
- D - Disagree
- SD- Strongly Disagree

Ninety-two percent (53% of which strongly agree and 39% agree) on the role-played by the community to bring about local economic development. Seven percent were neutral and one percent disagreed with this view.

**FIGURE 7.6 Public participation with regard to local economic development**



Chapter 3 in the Municipal System Bill deals with the proposed requirement for public participation with which municipalities must comply (the discussion below is based on the October 1999 amendment to the advertised Bill).

- The legislation lays down certain actions for municipalities in the hope that a *culture of public participation* will develop;
- It is intended that *public participation* will become an element of municipal governance which *stands alongside representative governance*;
- All municipalities must *encourage and create conditions for public participation* in local affairs.
- This is to be achieved by the municipal setting up structures, mechanisms processes and procedures for public participation in the IDP process, performance management system, the choice of service providers, the development and implementation of a tariffs policy and a credit control policy.
- Mechanisms, processes and procedures for public participation are
  - procedures for receiving petitions and complaints;
  - procedures for receiving written objectives and other representations;
  - public meetings;
  - public hearing by Council and other official bodies; and
  - public surveys.



The municipality must inform the public of these methods for public participation in a communication strategy which takes into account practical, financial and administrative considerations. Further, in setting up-mechanisms, procedures, the municipality must cater for special needs such as illiteracy and other disadvantages.

- The municipality must ensure that its business is easily *understood* by the public and *explained clearly*, its by-laws and other laws must be in plain and *simple* language, and *the public must be kept informed* of the main activities of the municipality.
- The *municipality is required to strive to build the capacity of its public* so that they *can participate in municipal affairs*, knowledgeably. Meetings of the council must be advertised and the public must be allowed to attend these and other committee meetings where possible.

Seventy three percent agreed that there is public participation in the activities undertaken by the EDD. Seventeen percent gave a negative response about the public participation and 10% were uncertain. Public gathering, meetings and forums involving the public are being held. The public is represented by counsellors.

## SECTION H

### 7.21.1.13 *POLICY*

This section deals with the policies for local economic development. These policies are implemented in such a way as to facilitate the role of local economic development.

Although these policies are not necessarily sufficient but they give a broader focus for local government intervention. The White Paper (1998) and the Green Papers (1996) also serve a vital role in determining these policies.

**TABLE 7.6 The success of policies in achieving local economic development**

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
EDD	EDD	EDD	EDD	EDD
3.72	8.28			
31%	69%			

According to The USN LGTP (1998:5) Local government is now a distinct sphere of government with developmental duties. This means that each municipality must develop distinct policies aimed at meeting the particular needs of its communities. This includes local economic development (The USN local Government Training Programme 1998:1).

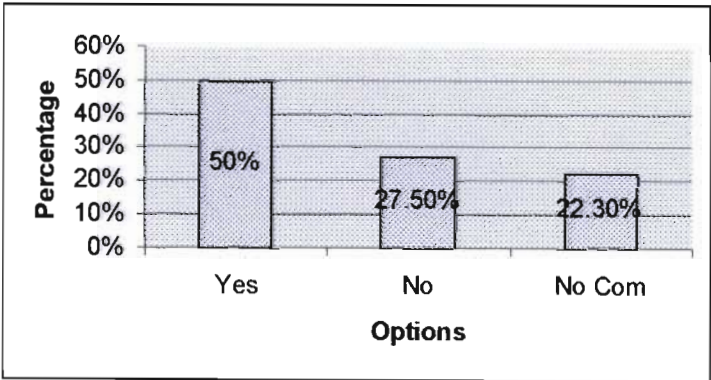
For decades apartheid policies tried to prevent the urbanisation of black people through influx control, forced resettlement and the expulsion of the unemployed and "idle" from the urban areas. Those allowed to stay in urban areas were relocated to monotonous and inhospitable dormitory townships on the urban peripheries. Poor education and the restriction of black people to unskilled and semi-skilled jobs left residents without the capacity to respond to the rapid economic changes and the growing demand for skilled work. (The USN local Government Training Programme 1998:1).

Rapid, un-planned urbanisation during the 1990's and the growth of informal settlements around townships increased pressure on an already inadequate municipal infrastructure and services. State-supported intra-communal violence under apartheid and social disintegration had left a stubborn legacy of economic marginalisation. (The USN local Government Training Programme 1998:2).

The success of local economic development policies has made a considerable impact as far as development is concerned. The overall positive response of 100% bears testimony

The success of local economic development policies has made a considerable impact as far as development is concerned. The overall positive response of 100% bears testimony to the success of policies in achieving local economic development (thirty one percent of EDD practitioners strongly agree with the success of policies, and 69% agree).

**FIGURE 7.2 Sufficient policies to address LED**



Fifty percent from EDD support the policies to address local economic development. The EDD practitioners had 27.5%. The EDD had 22.3% of no comment. These policies include *inter alia*:

- LED policy;
- Land development policy;
- Tourism policy; and
- Creation of infrastructure.

These policies are being implemented but what is lacking is an initiative to put them into practice.

SECTION I

7.21.1.14 *SOCIAL RESPONSIBILITIES*

This section deals with the social responsibilities that municipal authorities are to render to the community. Social responsibilities also have an impact on the delivery of public services.

**TABLE 7.8 Local government’s role in addressing poverty alleviation and housing in DMA**

LOCAL GOVERNMENT ADDRESSING POVERTY ALLEVIATION	
OPTIONS	1. YES - 62% 2. NO - 38%
LOCAL GOVERNMENT ADDRESSING HOUSING	
OPTIONS	1. YES -64% 2. NO -36%
LOCAL GOVERNMENT ADDRESSING HEALTH	
OPTIONS	1. YES - 63% 2. NO - 28% 3. NO COMMENT - 9%
LOCAL GOVERNMENT ADDRESSING INFRASTRUCTURE	
OPTIONS	1. YES - 67% 2. NO -30% 3. NO COMMENT 3%

### **Local government in addressing poverty alleviation**

Whilst poverty is multi-faceted and difficult to measure, the most common measurement is based on income levels. Using this indicator, it is estimated that 23% of the city's population suffers from extreme poverty (people earning less than R300 per month per person) and that 44% of the city's population suffers from poverty (people earning less than R410 per month per person (Towards a Long Term Development Framework for Durban Unicity 2001:3).

One of the responsibilities for local government is to address poverty alleviation. Sixty two percent responded positively contrary to a 38% negative response rate. Poverty is being alleviated but the pace at which this is done is tremendously slow. This is the reason for respondents giving negative responses.

### **Local government's role in addressing housing**

The vision for Durban adopted in 1996 aimed, amongst other things, to achieve acceptable housing for 90% of its inhabitants and less than 10% unemployment amongst its economically active population within 20 years.

In the four years since the adoption of this vision, local government in the Durban Metropolitan Area (DMA) has made significant strides in housing and service provision. Some 100 000 housing units have been produced, leaving backlogs of 180 00 units or some 65% of the backlog. Service provision has been more rapid. Water is now supplied to all but 24% of households, wastewater to all but 5% of households (Unicity, Service Delivery in the DMA: Status Quo 2000).

With respect to the delivery of housing, infrastructure and services, then, the record seems satisfactory for the past four years.

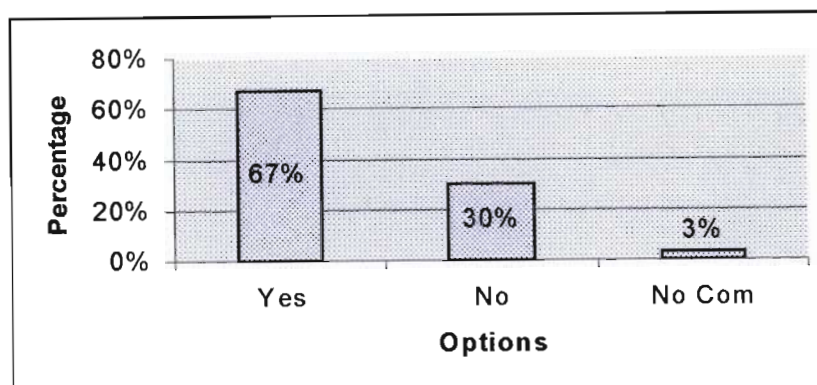
To a satisfactory extent, local government has addressed the housing issue in the DMA. The Economic Development Department had 64%. The Economic Development Department had 36% of no response.

### **Local government addresses health in DMA**

There have been a number of health clinics, which have been put in place since the new democratic South Africa. A number of mobile clinics are provided to areas where medical facilities are not easily obtained. In the Durban Metropolitan Area public and private hospitals are in place.

Sixty three percent from the Economic Development Department confirm that local government addresses health in DMA and 28% did not agree with this. There was 9% who did not respond. The majority of the respondents affirmed that local economic development addresses health whereas few did not agree at all. Some stated that they have seen nothing or any improvement in terms of health around DMA and also the government hospitals have not improved in addressing health. Those who did not comment felt uncertain about the whole issue of health.

**FIGURE 7.3 Infrastructure in Durban Metropolitan Area**



The kinds of infrastructure and services that are viable and appropriate will vary from one area to another depending on its existing assets base, human resource profile and location relative to markets.

Such infrastructure includes, for example (Community Economic Development 2000:6);

- Neighbouring commercial, service and industrial nodes;
- Sub-regional shopping centres;
- Sub-regional industrial incubators;
- Industrial and commercial parks;
- Cultural and tourism centres and routes;
- Urban agricultural areas; and
- Environmental and recreational spaces.

The infrastructure in DMA has improved tremendously since the Durban Metropolitan Council has been in power. A number of projects/programmes have been introduced to develop and to create infrastructure. This is a long time process. Roads have been built and upgraded, houses are being built and electrified, sport grounds and recreational centres are being have put in place. This has been delivered especially to low income residential areas like Inanda and Cator Manor.

In response to the question of infrastructure in DMA, 67% responded positively contrary to 30% and 3% who were neutral. The reason for 33% response rate is the uncertainty of the respondents.

**TABLE 7.9 Composition of a commission in terms of ascertaining development**

COMPOSITION OF A COMMISSION	Percentage
1.Representative from Central Government	21%
2.Representative from Provincial Government	29%
3.Representative from Local Government	24%
4.Rep from Community Based Organisation	15%
5.Rep from Private Sector/Business	11%
TOTAL	100%

There are also different representatives that can make a composition of a commission. Composition like, for example, representatives from tertiary institutions, representatives from traditional leaders, and representatives from the general public.

The scores above clearly indicate the way in which the Commission is composed.



**TABLE 7.10 City Transformation, South African democratic management change and Durban transformation in meeting global challenges**

CITY TRANSFORMATION	
OPTIONS	1. YES - 57% 2. NO - 43%
MANAGEMENT CHANGE IN DURBAN SINCE A NEW DEMOCRATIC SA	
OPTIONS	1. YES -61% 2. NO -39%
DURBAN TRANSFORMATION IN TERMS OF DEVELOPMENT TO MEET GLOBAL CHALLENGES	
OPTIONS	1. YES - 73% 2. NO -27%

**7.21.1.15 City Transformation**

Transformation has been a critical issue to many South Africans since 1994. This process has been successful in some areas while other areas still need to change. There are varieties of factors that need to be reviewed. Currently the main aim of the EDD is to contribute towards a better life for all the citizens. A suitable vehicle is needed in order to accomplish this task. The vehicle is a developmental local government.

In order for this structure to be developmental, it must meet certain key criteria namely (Toward a Long Term Development Framework for Durban Unicity 2001:12):

- It must be outcome led. i.e. driven by overall strategy developed by the executive committee and committed to in 5 year Integrated Development Plan (IDP);
- It must be customer focused. This means that the organisational form that is finally

adopted must be accessible, accountable and responsive to customers at a variety of levels, namely, individual consumers, community at large and other interest groups;

- It must be democratically representative. In other words, there should be a proportionate distribution of all population groups, reflecting the demographics of the Unicity

The response rate of 59% (for) and 43% (against) suggests a close marginal call with regard to city transformation. It is therefore, evident that much more work needs to be undertaken in this regard. The reason for this is that transformation is still an ongoing process.

### **Management changes in Durban since a new democratic South Africa**

The management of the city since 1994 has changed. The Durban Metropolitan Council has assumed power in the Durban Metropolitan Area. Many changes are evident

The municipality has a performance management system which is best suited for its circumstances. It is linked to the IDP objectives and targets. It is intended that a culture of performance management be developed in municipal structures.

The municipality has key performance indicators as yardsticks and monitor and measure development objectives. The entire performance management system and any results is reported widely and the report official is made available at the end of each financial year to the public and the provincial and national government functionaries (The Changing Role of Local Government as a Service Provider 2000:17).

This is evident to the scores above that are 61% positive response rate contrary to a 39% negative response rate. The negative response rate emanated from the fact that scars for the old regime and its policies are still evident in the city.

### **Durban transformation in terms of development to meet the global challenges**

The 20<sup>th</sup> century (especially the period after the Second World War) saw a gradual expansion in the role of the State in the economy. This is backed by the fact that the growth of public spending as a share of Gross Domestic Product (GDP) grew during this period (The Changing Role of Local Government as a Service Provider 2000:3).

Meeting global challenges is one of the motivating factors for many development departments. This is no exception to the Economic Development Department. This is depicted by the following percentages: This is evident from the scores, that is a 73% positive response, in contrast to a 27% negative response. The reason for this is that there has not been a complete transformation. Transformation is a long-term process. For it to be successful people also need to transform.

## **PART B**

### Questionnaire Two (APPENDIX TWO)

#### **DIRECTED TO INTERNATIONAL CONVENTION CENTRE (ICC)**

This questionnaire was directed to the International Convention Centre. The questionnaire consists of unstructured questions. In this questionnaire, sections were provided, but nonetheless it was important to determine the impact of local government had on local economic development.

This questionnaire comprised of six (6) sections

#### **SECTION A**

##### **7.20.1.16 *STAFF STATUS***

It was necessary to obtain gender and race as to give proper and supportive information about the study. Basically for the relevance of the study, it was imperative to furnish the demographic profile of the International Convention Centre. The conditions of employment of ICC is in accordance with the conditions of the Employment Equity Act 55 of 1998. Section 2 contains the major purpose of the Act namely to achieve equity in the workplace by (Nel et. al. 2001:96-97):

- promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workplace.

In ICC, there is no one who is unfairly discriminated, and people from disadvantages background are the most employed.

**Table 7.11 Race and gender profile for the ICC**

INTERNATIONAL CONVENTION CENTRE (ICC)				
RACE				
AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
40%	35%	22%	3%	100%

INTERNATIONAL CONVENTION CENTRE					
GENDER					
MALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	25%	23%	13%	2%	63%
FEMALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	15%	12%	9%	1%	37%
OVERALL	40%	35%	22%	3%	SUB TOTAL 100%

The above table indicates that there is 40% of African, 35% white, 22% Indian and 3% of Coloured in the Department. The table also indicates that there are 25% African males, 23% White males, 13% Indian males and 2% Coloured males and 15% African females, 12% White female, 9% Indian females and 1% Coloured female in the Department. This represent equity in the Department.

SECTION B

7.20.1.17 *MANAGEMENT*

This section tries to ascertain the effectiveness if the ICC management and how it functions in meeting the objectives of the ICC and also of local economic development.

## **The functions and effectiveness of ICC management**

The effectiveness and impact of ICC in performing its functions can be measured in the following key areas:

- Business;
- Catering;
- Conference hosting; and;
- Information and services (Sanibonani 2000:12).

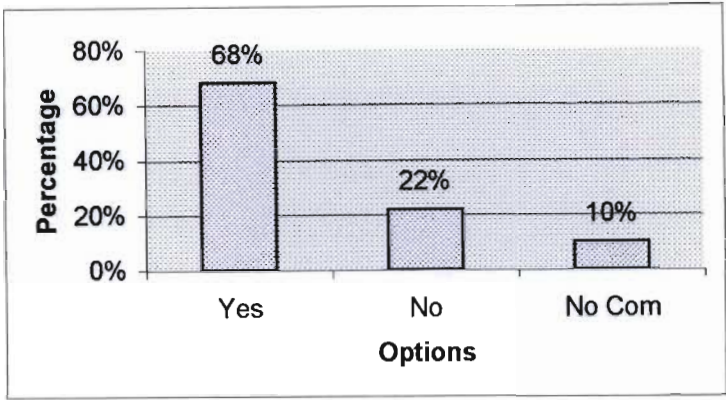
This means that ICC is the business centre and its services can be compared to any five star hotels. The functions and effectiveness of the ICC management has a great impact on the areas mentioned above in the sense that information pass from a major source to secondary source thereafter be distributed to people who are to be hosted in ICC and by so doing a business is performed. The management of ICC responded positively with regard to the effectiveness of the ICC and also its services in performing its daily duties.

## **SECTION C**

### **7.20.1.18 *FINANCE***

Finance is the golden thread that runs through all activities in providing local economic development to the people. Therefore, it is imperative to analyse the financial implications in delivering services.

**FIGURE 7.9 Role-played by local government in financing development projects**



There is no national funding in South Africa for local economic development. This is because, like the Reconstruction and Development Programme, local economic development is the responsibility of all government agencies, and all role-players throughout society. The most important resource available to meet local economic development objectives is existing local government revenues, intergovernmental grants and subsidies, private investment and the financial and human resources available within our communities. Donor funds might also be used to support local economic development (Local Economic Development 2000:20).

Local government plays a crucial role in financing development projects. The International Convention Centre had 68% positive response. The negative response rate was 22% and 10% did not comment.

The ICC management indicated that there is a great need to make local economic development accessible to those who need it. Therefore, a large financial investment would make this happen and at the same time it is also important to recognise the fact that this huge amount of money should be used to address specifically the needs of the people and also to alleviate poverty around Durban Metropolitan Area.

Ultimately, local economic development depends on the action taken by committed local stakeholders with a vested interest in improving social and economic conditions in their community. However, capacity constraints will often oblige them to seek ways to address such shortfalls, for example through training, external facilitation and most importantly by co-operation action.

## SECTION D

### 7.20.1.19 *PROFILE OF THE ICC*

It was necessary to draw a composite picture of ICC and its role in service delivery.

#### **Mission Statement for the International Convention Centre**

In order for the department to function effectively, its mission statement should guide it. In this case all the practitioners responded positively with regard to the International Convention Centre's mission statement. The mission statement serves as a guiding principle for the ICC therefore all activities and services rendered in ICC had to be in accordance with its mission statement.

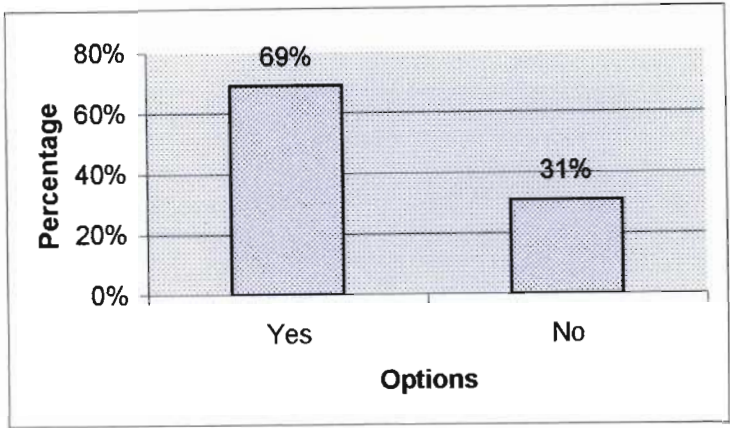
## SECTION E

### 7.20.1.20 *TOURISM*

It was imperative to determine the impact tourism had on local economic development.



**FIGURE 7.10 Local government's improvement on Tourism and Recreation in DMA**



The International Convention Centre and the Economic Development Department have the same principle in facilitating growth of the tourism industry in Durban. The objectives are as follows:

- Develop the Metro Tourism strategy further;
- Facilitate co-ordination between local, provincial and national; government tourism initiatives;
- Develop a local government framework for support and funding of tourism marketing and information bureau in the Durban Metropolitan Area;
- Develop a framework for public-private investment in neglected tourism areas;
- Facilitate development of community tourism opportunities;
- Develop a framework for local government facilitation, support funding and monitoring of events and conventions; and
- Develop a framework for cultural tourism (Strategic Plan 1999:5).

Durban is being regarded as a tourist destination and it will continue to dominate others. To confirm this, the International Convention Centre has 69% positive response rate contrary to 31% response rate. The reason for such a response is that lots of areas and places around Durban Metropolitan Area have knowledge of developing their areas as

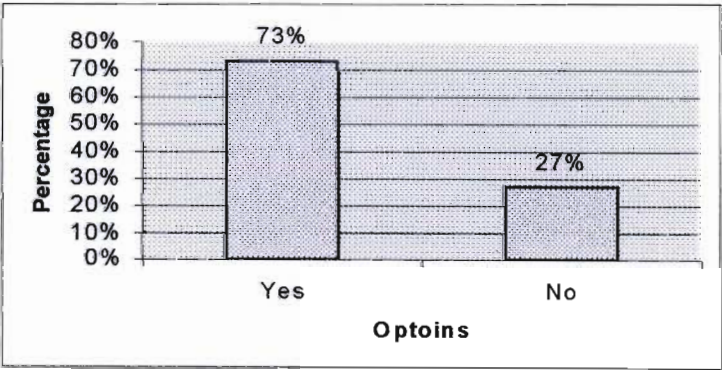
allocate tourists and also this needs a huge amount of money. The reason for a response is that lot of areas and places around DMA have not experience tourism and recreation and tourism projects have not being introduced in those areas.

**SECTION F**

**7.20.1.21 ALTERNATIVE VIEWS**

The theme of this section was to find alternative courses of action in order to manage local economic processes effectively and efficiently. ICC Durban is a global competitor and it needs to meet global challenges in competing with global convention centre like for example Birmingham States Convention Centre, Melbourne and Beijing Convention Centre.

**FIGURE 7.11 Department progress in terms of development in meeting global challenges**



A significant progress has been made in Durban Metropolitan Area. This is evident to the fact that 73% confirm with this and 27% responded negatively. Durban International Convention Centre is a global competitor, and it needs to meet global challenges in competing with other global convention centres. Like for example Birmingham State

Convention Centre, Melbourne Convention Centre and Beijing Convention Centre.

The International Convention Centre is committed in the following principles that guide its operation and its management in terms of meeting global challenges:

- Good administration;
- Interdepartmental co-operation;
- Co-ordinated partnerships; and
- Accountability (Sanibonani 1999:12).

All International Convention Centre respondents agreed (100%) with local economic development programme of action for development in meeting global challenges.

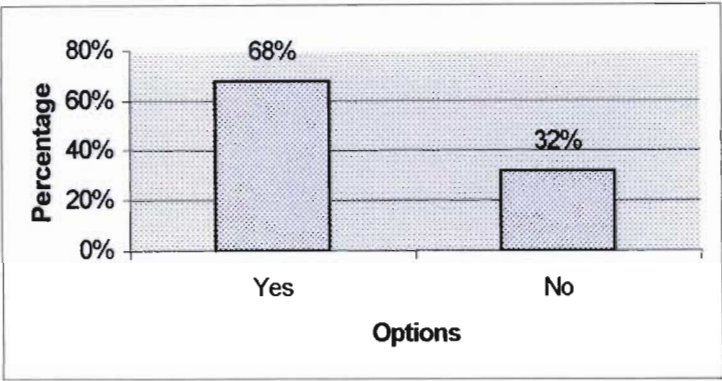
### **Local Economic Development Planning**

In several Areas of Greatest Needs (AGN's) in Durban, processes of integrated and participatory development began prior to the installation of the transitional metropolitan authority in 1996. In addition, Integrated Development Plans (IDP's) were produced in all local council areas in the late 1990's. These focused on the connection between AGN's and neighbouring well-services areas, rather than on the AGN's themselves.

Where planning has not yet occurred or where it needs further elaboration, local government's strategic role is to re-mobilise local communities around IDP's focused on their areas, revisiting and building upon existing planning frameworks (Community Economic Development 2000:4).

There is no development without planning. Planning is the first step towards development. This was evident from the 100% response rate from participants.

**FIGURE 7.12** Strategic planning embarked upon to meet the challenges of the 21<sup>st</sup> century



Metropolitan local government's first priority is to ensure that it develops the capacity to plan and act strategically so as to maximise the economic opportunities of this new era. This will require that it acknowledge at every level its potential economic impact and co-ordinates its activities for maximum effort. It also requires the timely collection and analysis of information on the local, economy and on international trend. Furthermore, the expanded economic demands facing local government require the establishment of capacity at the council level to undertake the range of activities by communities (Community Economic Development 2000:4).

Strategic planning and co-ordination is indispensable for any meaningful economic policy to be developed and implemented by local government. This requires the establishment of an economic entity with the capacity and authority to gather and analyse information in a manner and feed it into a strategic planning framework.

PART C

Questionnaire Three (Appendix Three)

DIRECTED TO DURBAN METRO COUNCIL (DMC)

This questionnaire was directed to the DMC high-ranking officials. These questions asked in this questionnaire slightly differ from the two above, because such questions require a deep policy framework for understanding as the DMC specialises on policy issues and as such these questions were also open-ended questions. It comprised of four (4) sections.

SECTION A

BIOGRAPHICAL DETAILS

7.21.22 *STAFF STATUS*

It was necessary to obtain gender, race to give more information for the study.

TABLE 7.11 Race and gender profile in the Department

DURBAN METROPOLITAN UNICITY COUNCIL					
RACE					
AFRICAN	WHITE	INDIAN	COLOURED	TOTAL	
60%	10%	30%	0%	100%	
GENDER					
MALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	40%	0%	30%	0%	70%
FEMALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	20%	10%	0%	0%	30%
OVERALL	60%	10%	30%	0%	SUB TOTAL 100%

The table focuses on racial profile. The race shows Durban Metro Council representation

The table focuses on racial profile. The race shows Durban Metro Council representation in Durban Metropolitan Area. The above table indicates that there are 60% of African, 10% white, 30% Indian and zero percent of Coloured in the department. The race profile illustrates demographic representation within the Council.

The table also indicates that there are 70% males and 30% female's persons in the Department. The reason for showing gender is because it is necessary to establish demographic representation. This means that the majority of people employed in DMA are the males.

## SECTION B

### 7.21.1.23 PROFILE OF DURBAN METROPOLITAN COUNCIL

This section aims at providing development and an overview of the activities undertaken in the Durban Metropolitan Area. It was necessary to give a composite picture of the functioning of Durban Metropolitan Council in their daily activities.

#### **Vision Statement for Durban Metropolitan Council**

The vision statement for Durban Metropolitan Unicity Council states, *"By 2020 Durban Unicity will enjoy the reputation of Africa's most caring and liveable city, where all citizens live in harmony. This vision will be achieved by growing its economy and meeting peoples needs so that all citizens enjoy a high quality of life with equal opportunities, in a city that they are truly proud of."*(Towards a Long Term Development Framework for Durban Unicity 2001:1).

As an African City, this vision draws on its rich and strong social heritage and principles of "ubuntu" which places great emphasis on reaching out and caring for each other.



Success in Durban needs to result in a measurable improvement in quality of life. It is intended that on an annual basis the change in the quality of life index. This index will be generated from clear indicators and this process will be highly participative. The quality of life index will be used to establish whether the city is succeeding in its goals of an improved quality of life for all and will be accessible to all citizens (Towards a Long Term Development Framework for Durban Unicity 2001:7).

The objective behind the vision statement was to ascertain the impact Durban Metropolitan Unicity Council has on development.

**TABLE 7.13 Result of Local Economic Development acceleration**

OPTIONS	Percentage
1. Poverty Alleviation	24%
2. Creation of infrastructure	22%
3. Economic Growth	21%
4. Other (Please Specify)	17%
5. Employment Creation	16%
TOTAL	100%

From the percentages listed by Durban Unicity Council, it is obvious that local economic development is being accelerated. This table illustrates the fact that there are many ways in which the Unicity Council is accelerating local economic development and there are also other projects and programmes, which the Durban Metro Council is, involved *inter alia* the following (Community Economic Development 2000:14):

- Sustainable development;
- Community economic development;
- Integrated Development Planning; and
- Point Waterfront Development.

The results show that there is 21% of economic growth, 24% poverty alleviation, 16% employment creation, 22% creation of infrastructure and 17% other.

The impact of this is to illustrate the fact that local economic development is the long term process, as this process is being accelerated, the socio-economic problems also need to be addressed

**TABLE 7.14. Local economic development process influencing development in DMA**

LED's INFLUENCE IN DMA				
Strongly AGREE	Agree	Neither agree nor Disagree	Disagree	Strongly Disagree
DMC	DMC	DMC	DMC	DMC
64%	24%	8%	4%	0%

The city's greatest assets are its people. Historically, Durban has not meaningfully invested in development. As the Council has not been involved in promoting skills development and overcoming this skills gap, this issue poses a considerable challenges (Towards a Long Term Development Framework for Durban Unicity 2000:3).

Eighty eight percent agree with local economic development process that influence development in the DMA (Sixty four and 24% agree), while 8% were neutral and 4% disagree. The 12% response rate indicates that the respondents were uncertain and it also indicates that local economic development process has not influenced development in DMA. In addition, the city’s greatest assets are its people. Historically, Durban has meaningfully invested in developing its people and the Council has not been involved in promoting skills for skills for development. This issue poses considerable challenges.



**TABLE 7.15 Department progress in terms of development in meeting global challenges/LED programme of action for development**

<b>DEPARTMENT'S PROGRESS</b>	
<b>OPTIONS</b>	<b>RESPONSE</b>
	1. YES - 65%
	2. NO - 35%
<b>LED PROGRAMME OF ACTION</b>	
<b>OPTIONS</b>	<b>RESPONSE</b>
	1. YES - 75%
	2. NO -25 %

In meeting development challenges, the Durban Metro Council has to work towards an efficient urban system. This has to be done by (Economic Development Rapid-Action Programme 2000:5):

- developing an integrated spatial planning framework for the DMA;
- supporting the development of a world class port;
- supporting the development of international passenger and cargo airport facilities for the DMA;
- facilitating joint airpor-city planning;
- targeting development of certain key corridors in the DMA; and
- reducing the level of crime and work tocreate crime free zone.

A significant progress has taken place in DMA. This is evident in the following percentages. The DMC has 65% positive response rate contrary to 35% negative response rate.

#### 7.21.1.24 Local **Economic Development programme of action for development**

- The purpose of Durban Metro Council is to facilitate and ensure the provision of infrastructure, services, and support, thereby creating an enabling environment for all citizens to utilise their full potential and access opportunities, which enable them to contribute towards a vibrant and sustainable economy with full employment, and thus created a better quality of life for all. (Towards a Long-Term development Framework for Durban Unicity 2001 6).

The Durban Unicity Metropolitan Council is committed to the following principles that will guide all its actions that it undertake in its new role as a more developmental local government (Towards a Long Term Development Framework for Durban Unicity 2001:6):

- Sustainable development
- Community participation
- Holistic and integrated
- Co-ordinated partnerships
- Interdepartmental co-operation
- Transparency and accountability
- Democracy non -racism and
- Good governance.

The programme of action is the one, which determines the activities of a department. All the respondents positively agree with local economic development programme of action for development

## SECTION C

### **7.21.1.25 SOCIAL RESPONSIBILITIES**

It is imperative to ascertain the social responsibilities and services rendered by both local government and the Durban Metropolitan Council.

#### **Local government addressing social responsibilities**

Whilst poverty is multi-faceted and difficult to measure, the most common measurement is based on income levels. Using this indicator, it is estimated that 23% of the city's population suffers from extreme poverty (people earning less than R300 per month per person) and that 44% suffers from poverty (people earning less than R410 per month per person) (Towards a Long Term Development Framework for Durban Unicity 2000:3).

Poverty is concentrated amongst Africans (with 67% classified as poor) and Indians and Coloureds (with 20% being poor). Women are three times more likely to fall into ultra poor category than are men, whilst children are the most vulnerable to poverty with half of all children in the city identified as being poor (Towards a Long Term Development Framework for Durban Unicity 2001:3).

The new democratically elected Council has tried to address all the socio-economic problems experienced by the majority of the poor and disadvantaged citizens of DMA. This is evident from the total response percentage.

SECTION D

7.20.1.25 RECONSTRUCTION AND DEVELOPMENT

This section deals with local economic development processes and its implications in so far as urban development planning and management is concerned.

TABLE 7.17 RDP funding, economic growth, services and RDP project for development

RDP FUNDING FOR LOCAL ECONOMIC DEVELOPMENT				
STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
66%	24%	8%	4%	0%
ECONOMIC GROWTH TO RDP				
STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
41%	22%	10%	6%	21%
RDP PROJECTS AND SERVICES				
STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
0%	12%	66%	12%	10%
PAYMENT OF LOCAL ECONOMIC DEVELOPMENT SERVICES				
STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
62%	29%	9%	0%	0%

Reconstruction and Development Programme is part of local economic development. Although the DMA has a generally well-developed infrastructural system, it is largely concentrated within the urban core and its principal development corridors. This system needs to be extended, maintained and upgraded, if the core and periphery areas of the

DMA are to become integrated, support internationally competitive business and attract new investment (Local Economic Development: Department of Constitutional Development 1996:1).

Ninety percent agree, (66% strongly agree with RDP funding, and 24% agree) with this and 8% are neutral and only 2% disagree. Therefore, the overwhelming majority agrees that RDP funding of LED is necessary. It is not clearly stated as to how much comes to Durban in terms of the RDP. The budget is only allocated for specific project the allocated of funds is only determined by the need for funds.

### **Economic growth to RDP**

The Reconstruction and Development Programme adopted in 1994 continues to provide an unprecedented opportunity to promote local economic development within Durban Metropolitan Area (DMA). Economic growth alone provides no guarantee that jobs and income will be created for the poor. Indeed, the trends that has been for growth in the formal sector located within Durban's urban core to occur with shrinking employment opportunities and declining house hold income for growing number of residents in DMA. It follows that a deliberate and focussed effort is required to break the cycle of poverty, employment and social disintegration within the DMA by means of an economic strategy (Community Economic Development 2000:28).

Sixty three percent agree (forty one percent strongly agree with economic growth and 22% agree) while 10% neutral and 27% disagree (6% disagree and 21% strongly disagree). The RDP as the government development programme has increase economic growth especially in urban areas whereas other areas especially the underdeveloped areas are not experiencing economic growth whether in terms of RDP or any other form of development.

## **RDP projects encourages people to pay for services**

The key economic challenge for the DMA is to build on its diverse and vibrant economy in a way, which promotes economic growth, while addressing the considerable economic inequalities. This needs to be achieved in a manner, which ensures a sustainable basis for sustainable basis for urban development (Economic Development 1996:13).

The manner in which payment of services is done depends largely on a local authority's institutional make-up (organisational design and structure), which generally determines the way it is managed. Apart from determining the manner in which the provision of various public goods and services are carried out the institutional make-up of the local authority also influences the manner in which it is able to fulfil its regulatory role. As the result for this 12% were positive in responding and 66% were neutral implying uncertainty and 22% disagree with the payment of services. This means that there is no significance in paying for the services because the government is taxing them.

## **Payment for local economic development services**

The public sector can be responsible for the provision of services if (The Changing Role of Local Government as a Service Provider 2000:20):

- no comprehensive charging is feasible (for example roads, police surveillance and free protection);
- the degree of collection benefit requires at least parallel provision (for example education, health care, domestic refuse collection and disposal); and
- the efficient and comprehensive private provision under monopoly conditions cannot be guaranteed (the case of water supply and sewage).

Ninety one percent agree (sixty two percent strongly agree with the payment of local economic development services, and 29% agree), and 9% neutral. The 9% shows that

there is no significance in paying for local economic development services as those services are rendered to developed areas whereas the underdeveloped areas are neglected.

### **The Community taking part in local economic development**

It is important to point out that with the new understanding of a more developmental Local Government comes a more challenging role for the actors of civil society. In the past, local government produced and tested plans and ideas with the stakeholders from civil society (Towards a Long Term Development Framework for Durban Unicity 2001:14). This means that the community has a huge role to play in local economic development.

Taking part of the community in local economic development is one of the objectives for DMC and the DMC responded positively concerning this question. By introducing projects or programmes to the community and the community had to take initiatives in taking part in local economic development.

PART D

Questionnaire Four (Appendix Four)

DIRECTED TO THE GENERAL PUBLIC

This questionnaire was directed to the public. This questionnaire is different from the above three questionnaires in the sense that it tries to ascertain what the general public can only perceive.

This questionnaire comprise eight (8) sections

SECTION A

7.21.1.27 BIOGRAPHICAL DETAILS

TABLE 7.17 Race and gender for general public

GENERAL PUBLIC					
RACE					
AFRICAN	WHITE		INDIAN	COLOURED	
60%	20%		20%	0%	
GENDER					
MALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	30%	30%	10%	10%	80%
FEMALE	AFRICAN	WHITE	INDIAN	COLOURED	TOTAL
	10%	10%	0%	0%	20%
TOTAL	40%	40%	10%	10%	SUB TOTAL 100%



Race in DMA shows council representation. The table below indicates that there is 60% of African, 20% white 20% Indian representative and no representative for Coloured in the general public.

Men have always dominated gender in DMA. This is also the case with the general public. As the Table indicates, there were 80% males and 20% females persons who were randomly selected to give their views and perceptions on ICC and other local economic development issues. There was no specific order in choosing the respondents and that is why they were randomly selected.

SECTION B

**7.21.1.28 PERCEPTIONS ON LED**

This section deals with the attitudes and perceptions of the general public on the International Convention Centre. Most of the general public responses showed similar views with those of other department in defining local economic development.

They also added that local economic development incorporates tourism and it is part of service delivery. Therefore, a community can play a crucial role in bringing about local economic development and that the resources should be distributed equally to meet local economic development objectives. The outcome of this is to achieve the quality of life for the citizens.

SECTION C

**7.21.1.29 THE ROLE OF LOCAL GOVERNMENT IN MEETING PEOPLE'S DEMANDS**

It is imperative to ascertain the social responsibilities and the services rendered by both local government and the Durban Metropolitan Council.

**TABLE 7.19 Local government addressing socio-economic demands**

LOCAL GOVERNMENT IN ADDRESSING THE FOLLOWING DEMANDS	
POVERTY ALLEVIATION	RESPONSE <ul style="list-style-type: none"><li>• YES -50%</li><li>• NO - 50%</li></ul>
HOUSING	RESPONSE <ul style="list-style-type: none"><li>• YES - 55%</li><li>• NO - 34%</li><li>• NO COMMENT 11%</li></ul>
HEALTH	RESPONSE <ul style="list-style-type: none"><li>• YES -55%</li><li>• NO - 40%</li><li>• NO COMMENT- 5%</li></ul>
INFRASTRUCTURE	RESPONSE <ul style="list-style-type: none"><li>• YES -50%</li><li>• NO -50%</li></ul>
TOURISM AND RECREATION	RESPONSE <ul style="list-style-type: none"><li>• YES -70%</li><li>• NO -30%</li></ul>

**Poverty alleviation**

The new democratically elected Council has tried to address all the socio-economic problems experienced by the majority of the poor and disadvantaged citizens of DMA. This is evident from the total response rate Poverty in DMA is being alleviated and this is

partly due to the fact that many projects have been put in place, projects that are anticipated to empower the disadvantaged community.

Durban has introduced development projects and centres where people can open their businesses in order to alleviate poverty. A typical example is the “muthi” market in Berea station and also a craft centre in Durban station. This in a long run alleviates poverty at the same time as it attracts tourists.

## **Housing**

Housing has been a critical issue for so many decades. At local government level many measures are being undertaken to address this problem. There was 55% positive response rate and 34% negative response rate and 11% of no comment. Many areas have been identified where houses would be put in place. Many people would find shelter as per the government’s promise. Although this is a process, the majority of the South Africans provision is made even for low-income earners by the government.

## **Health**

There have been a number of clinics which have been put in place since the advent of the new democratic South Africa. A number of mobile clinics are provided to areas where medical facilities are not easily obtainable. In DMA public and private hospitals are in place. As the country is experiencing economic growth, health is also given attention, an example is some medicines are being given for free, unlike before, in both government and private hospitals.

The health issue is being addressed not only in DMA but also to other places or areas as well. The response to support this statement was 55% and the response against this statement was 40% whereas there was 5% response rate of no comment.

## **Infrastructure**

The DMA has generally a well-developed infrastructure system; it is largely concentrated within the urban core and its principal development corridors. This system needs to be extended, maintained and upgraded if the core and periphery area of the DMA is to become integrated, support international competitive business and attract new investment (Economic Development Rapid-Action Programme 2000:2).

This means suggest that local government has not yet addressed infrastructure up to a satisfactory level. This is evident from the percentage obtained. There was a 50% positive response rate and 50% negative response rate about the question of infrastructure. This means that a lot of work has to be done to improve infrastructure.

## **Tourism and recreation**

Over time the growth of tourism has become central to the prosperity of local commercial within the Durban Central Business Area (CBD). The development of Durban as a national tourist centre has also led to tourism growth up and down to the coast and, to a limited extents inland. However, tourism in the DMA declined overall through the 1980's and early 1990's, largely due to the economic recession, sanctions, bad publicity regarding crime, violence and overcrowding on Durban's beaches and the aggressive marketing of other centre (especially Cape Town to which Durban has been losing market share). There are signs that this trend is reversing.

In 1995 Durban received 1.7. visitors who spent approximately R2.5 bn suggesting that Durban may have regained its status as SA's premier tourist destination (Economic Development Rapid -Action Programme 1996:8). Durban has regained its tourist status with the engagement of local government, which came up with strategies in attracting the outside world to Durban.

The Durban Metropolitan Council's engagement in development functions also includes tourism and recreation and this has positive effects on the tourism industry and this is evident in the percentage obtained. There was 70% positive response rate and 30% negative response rate and there were no comments.

SECTION D

7.21.1.30 RECONSTRUCTION AND DEVELOPMENT

The aim of this section was to provide an overview of people's expectation of the RDP and its effect on the development process.

TABLE 7.19 RDP AND DEVELOPMENT PROCESSES

RDP FUNDING FOR LOCAL ECONOMIC DEVELOPMENT				
STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
22%	25%	18%	25%	10%
ECONOMIC GROWTH TO RDP				
STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
53%	24%	29%	4%	0%
RDP PROJECTS AND SERVICES				
STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
9%	9%	44%	16%	0%
PAYMENT OF LOCAL ECONOMIC DEVELOPMENT SERVICES				

<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>NEITHER AGREE NOR DISAGREE</b>	<b>DISAGREE</b>	<b>STRONGLY DISAGREE</b>
<b>0%</b>	<b>4%</b>	<b>8%</b>	<b>24%</b>	<b>64%</b>

### RDP funding of local economic development

Local government has been described as the "hands and feet" of Reconstruction and Development in South Africa. It is certainly true that in the absence of effective local delivery bodies government is powerless, it cannot implement its policies and provide the services to which people are entitled. However, the example underplays the crucial role of municipalities as policy makers, innovators and key players in the creation of local economic development. Each year municipalities collect over R40 billion in rates, user charges and fees. They employ thousands of people throughout the country. In many cases, they are responsible for the price and quality of water, electricity and roads and they control the use of development of land (Local Economic Development: Department of Constitutional Development 1996).

The positive response rate of 47% clearly suggests that RDP does fund local economic development activities and 18% were doubtful about this and 35% disagree. The reason for negative response is that the RDP has not fulfilled its expectation in terms of people’s perception.

### Economic growth to RDP

The Reconstruction and Development Programme (RDP) adopted in 1994 continues to provide an unprecedented opportunity to promote economic development within the Durban Metropolitan Area (DMA).

Economic growth alone provides no guarantee that jobs and income will be created for

the poor. Indeed, the trend has been for growth in the formal sector located within Durban's urban core to occur with shrinking employment opportunities and declining household income for growing number of residents in DMA. It follows that a deliberate and focussed effort is required to break the cycle of poverty, unemployment and social disintegration within the DMA by means of an economic strategy (Community Economic Development 2000:28).

As the government project, RDP has increased economic growth, especially in urban areas, although the process seems to be moving at a slow pace, but it is expected that people from underdeveloped areas will also be privilege in getting benefits for the RPD. The 77% suggest that there is economic growth attributed to RDP and 14% disagree with this and 9% were uncertain, some indicated that RDP is long gone.

### **RDP projects encourages people to pay for services**

The essential economic challenge for the DMA is to build on its diverse and vibrant economy in a way which promotes economic development growth while addressing the considerable economic inequalities. This needs to be achieved in a manner that ensures a sustainable basis for urban development (Local Economic Development Manual 1996:13).

Nine percent strongly agree that RDP project encourages people to pay for the services and 9% agree 44% neither agree nor disagree, 22% disagree and 16% strongly disagree. This means that the majority of the general public were not sure whether RDP projects encourage people to pay for services.

The percentage shows that there is no need of paying for the services rendered by the government because the government is already paying itself for the services, so why is there a need to pay twice.

**Payment of local economic development services**

The public sector can be responsible for the provision of services, for example, roads, fire protection etc. (Towards a Long Term Development Framework for Durban Unicity 2000).

Four percent (4%) agree, with the payment of local economic development services and 8% neither agree nor disagree and 24% disagree and 64% strongly disagree. The majority of the respondent's i.e. 88% disagree with the payment of LED services, as they argue, these services are only rendered to areas that are already developed. Only 4% agree with this. The reason is that the payment of tax does not only accommodate developed areas. Eight percent were uncertain whether to respond positively or negatively.

**SECTION E**

**7.21.1.31 ROLE OF LOCAL GOVERNMENT IN SERVICE DELIVERY**

The main aim of this section is to critically evaluate the role of local government in the provision of the basic services and the constraints they experience in their daily activities.

**TABLE 7.20 Service delivery to cater for majority of the citizens**

SERVICE DELIVERY TO CATER THE MAJORITY OF THE CITIZENS	
OPTIONS	1. YES - 50%
	2. NO - 50%
LOCAL GOVERNMENT'S ROLE IN SERVICES DELIVERY	



LOCAL GOVERNMENT'S ROLE IN SERVICES DELIVERY	
OPTIONS	1. YES -59% 2. NO -30% 3. NO COMMENT 11%

### Service delivery to cater the majority of the citizens

The institutional implications of the changing role of local government from an international perspective (Section One) and the new requirement of local government in South Africa (Section Two) states that a great deal of service delivery around DMA needs to be put in place since the city is developing and new service delivery options are required to deal with inequalities between parts of the municipality and as a response to a clearer vision of what the city should be delivering to its citizens. A further reason for choosing new service delivery options is to open up the operation to involve citizens in these processes so that they understand the workings of a municipality but also to get their co-operation in establishing smooth processes (The Changing Role of Local Government as a Service Provider 2000:15)

From the table above, it is evident that 50% of the respondent from the general public responded positively whereas another 50% responded negatively with regard to the services to cater the majority of the citizens and there were no blank spaces this gives 0% and an overall total is 100%. The reason for the 50/50 percent response rate is that there are those who believe that service delivery is only in urban areas. And there are those who are of the idea that nothing is or less is offered in developing areas, for example, Inanda and Cator Manor.

### Local government's role in service delivery

Local government serves as a sole provider of local services in its area of jurisdiction then it is responsible (alone through its service sectors) for delivering planning, financing, co ordination, implementation and monitoring by making use of its own institutional resources. Public sector delivery can also occur through Public Private Partnerships.

Public authorities can enter into joint agreement to meet service delivery needs or development projects. Public authorities can share services, trade services or contract with one another for services (The Changing Role of Local Government as a Service Provider 2000:20).

The Table above suggests that 59% responded positively in support of the statement about local government's role in service delivery. Contrary to this statement 30% are not in support for local government's role in service delivery, this suggests that the significance of local government in providing service delivery has no value and 11% did not comment, this suggests that they were uncertain about the role of local government.

## SECTION F

### 7.21.1.32 THE INTERNATIONAL CONVENTION CENTRE (ICC)

The aim of this section is to evaluate the centre as a local economic development initiative and to what effect has this been successful and also to what extent do people recognise the centre.

In this section, all the respondents share the similar sentiments in viewing ICC and stated that it is not easy to point out as to who benefits from the Centre and what was the main purpose of building the ICC? Was it to generate the economy in this province? Is the Centre still abided by its objectives or vision statement? Seemingly this is not done or put into perspective because the socio-economic problems faced by the majority of citizens are not being solved, job creation has not yet been dealt with, as a matter of fact this centre is being managed properly but the question is who benefits out of it.

SECTION G

7.21.1.33 **ALTERNATIVE VIEWS**

The main aim of this section is to come up with alternative views that can contribute to the smooth running of the ICC, which also can be of benefit to the community. This is reflected in the table below.

**TABLE 7.21 Services and socio-economic needs for ICC**

SERVICES FOR THE INTERNATIONAL CONVENTION CENTRE	
OPTIONS	1. YES - 100%
ICC ADDRESSING UNEMPLOYMENT PROBLEMS	
OPTIONS	1. YES -50% 2. NO -50%
ICC STAFF ATTITUDE	
OPTIONS	1. YES- 100%

Ms Melanie Campbell from Event Dynamics stated that "*The calibre of the ICC was excellent, the service incredible and food superb. Well done Thanks*" (Sanibonani May 2000). There is no doubt, why ICC is the leading conference convention in the Southern Hemisphere. The services are up to standard. This is suggested by the positive response rate of hundred percent.

The 50/50 percent response rate illustrates the fact that when the ICC was under construction, local tenders were invited and some people who contributed in the construction of the Centre were given training, this created a number of jobs. But since the construction process is over only hundred (100) people are employed by the Centre. This therefore, suggests that ICC did create job opportunities but not anymore.

## **ICC addresses unemployment problems**

Lot of employment through the Durban Unicity Council has been created and some will be created (Mlaba interview 1999). The table above suggests that 50% responded positively about ICC creation of employment and 50% responded negatively with regard to this question. This means that the general public is not sure whether ICC addresses unemployment problems or not.

## **ICC staff attitude**

Bridget Ward (Regional Marketing Manager for MTN) stated that *"your staff were most professional and efficient in every respect and contributed tremendously towards the success of what I believe was the biggest Comrade Expo yet"* (Sanibonani October 2000:4).

## **SECTION H**

### **7.21.1.34 FUTURE OPTIONS**

This section tries to come up with means that are necessary to enhance local economic development and the options the ICC can implement to improve its services.

The International Convention Centre will continue to dominate the conference industry in the Southern Hemisphere. This is because of the highly committed management staff and ICC is progressively improving.

Business is very lucrative for the local industry, while also taking out the troughs from the normal tourist season. Durban is competitive with any other centre in the world, but few can offer the variety of attractions for pre- and post conference activities.

“Besides, people want the African Experience Durban is being marketed, successfully, as the African City where East meet West in a cross-cultural experience”. Weather is also an up to Durban’s advantage (Travel News Weekly 1999).

## 7.22 SUMMARY

The socio-economic impact of local economic development on the Durban Metropolitan Area has been identified and evaluated and areas for further growth have been suggested in dealing with local economic development. The data was collected from different sources and was used to test the four hypotheses that were formulated at the beginning of the study. A questionnaire was used as a main instrument to collect data and a researcher carried out the fieldwork by interviewing the respondents.

This chapter dealt with the research methodology used in the study. A brief literature review or the conceptualisation of the field of study was done. The research problem together with the motivation and main objectives of the study were identified. The questions that the research sought to answer were described. The research methodology was discussed in details, describing the hypothesis, the research design and the variables were also identified. The chapter also discussed the instruments which were used, the problems that were encountered throughout the research and the mechanisms of dealing with these problems especially problems related to sampling.

In spite of the problems encountered, the research was conducted successfully. The ensuing chapter provides a detailed discussion or the analysis and the findings and or the results of the study.

## CHAPTER EIGHT

### DISCUSSION OF FINDINGS/RESULTS

#### 8.1 INTRODUCTON

This chapter provides a discussion of the research findings. The researcher will interpret and explain the findings in conjunction with the case study, the Economic Development Department, the International Convention Centre, Durban Metropolitan Council's reports and previous research conducted both locally and internationally.

The purpose of examining previous works and research is to either refute or concur with the findings of the study. In order to make a more meaningful contribution to the community and provide a framework for extensive research into the field.

#### 8.2 THE FINDINGS OF THE STUDY

The findings of the study have empirical implications. The study shows that the complex phenomenon of local economic development can be and must be studied within and related to a coherent empirical framework, if it has to make any real contribution to the field of local economic development research. A framework proposed in this thesis has been proved to be useful in the understanding of local economic development.

The theoretical framework is not the final answer to the complex understanding of any phenomenon. This is especially the case of a phenomenon which is complex and elusive as local economic development.

Extensive research is still needed to develop an empirical approach to research and analysis, which will focus on, and capture the meaning of local economic development experience to the individual. This development would mean a shift in focus and analysis to micro rather than macro scale local economic development patterns. Such an analysis may well come closer to a complete understanding of local economic development phenomenon.

The study has shown that communities do have expressed and felt local economic development needs which are not measurable and which do not always necessarily coincide with the authorities' normative assessment.

The findings for the study also showed that local economic development is a new concept in South Africa. Some of the findings that will be dealt with are as follows:

#### **8.2.1 Gender**

Gender is a major determinant of the department's profile; therefore it is worthy of mention as a category on its own. The study reveals that 50% of the local economic development initiators are females (Table 7.1) on page 320 and this is among other reasons why local economic development should be accelerated and in doing this, females are being given a free role.

#### **8.2.2 Socio-economic factors**

The socio-economic factors for local economic development are clearly spelt out in chapter seven of this research study. The percentage reveals that there are socio-economic factors that are affecting local economic development. The percentages reveal that there are many factors that play a crucial role in local economic development. Among other factors are *inter alia* the following:

### 8.2.2.1 Local government

The findings of the study reveal that the presence of local government is both racially fragmented and duplicative in several respects. Functionally defined local areas would not only increase efficiency, but also enhance the access of black areas to viable base access, which is at present effectively denied by the configuration of racial local authority boundaries.

For the past decades, Durban has been like any other city in South Africa under the apartheid regime. The first democratic elections have tremendously brought changes not only to the people but also to the city itself. As the new millennium begins, the past injustices will be dealt with and the minority who benefited from the past injustices can never enjoy those privileges and these are people who are against transformation. The development of a city has a great deal to do with a democratic decision making process.

The study also reveals that local government needs to:

- Develop the capacity to monitor, manage and promote itself to a competitive arena for investment and growth.
- Engage in a new style of action where it facilitates economic development through collaborated programs and forms.
- Engage with local actors to create consensus around strategies for economic growth and development.
- Develop a sound working relationship with business and the local community in order to deliver on election promises and
- Create an environment in which new investment in the city will grow.



#### 8.2.2.2 Tourism

There has been improvement of tourism in Durban Metropolitan Area. This is evident from (Figure 7.1). The presence of local government is both racially fragmented and duplicated in several respects. Functionally defined local government would not only increase its efficiency, but also enhance the access of black areas to viable tax base-access which at present, effectively denied by configuration of racial local authorities boundaries.

#### 8.2.2.3 Health

The findings of the study reveal that 63% yes 28% no and 9% no comment, Table 7.7. Section 27 (1) of the Constitution Act 108 of 1996 states that everyone has the right to have access to:

- (a) health care services, including health care;
  - (b) sufficient food and water; and
  - (c) social security, including, if they are unable to support themselves and their dependants, appropriate social assistance.
- (2) The Metro must take resources to achieve the progressive realisation of each of these rights; and
- (3) No one may be refused emergency medical treatment.

Although the Constitution states the important facts but there are however instances where people are still victims of apartheid legislation as a result of this, they are denied access to health and other basic needs.

#### 8.2.2.4 Housing

Housing has been over decades a sensitive issue, but nonetheless, local government has tried to address this issue. The findings of the study reveal that 64% are of this opinion as opposed to 36% (Table 7.7).

The study also reveals that local government:

- co ordinates Metropolitan action;
- educates the workforce;
- broadens the base for economic development;
- targets the poor;
- promotes and facilitates the Growth and Development of Small Medium and Micro Enterprises; and
- promotes and facilitates Economic Regeneration of previously disadvantaged communities and ensures that Durban is a Competitive Investment Environment.

#### 8.2.3 Stakeholders Participation

The findings on public participation reveal that 63% concur with the role stakeholders should play in local economic development, as opposed to 27% and 10% of no comment (Graph 7.6). It is also important to point out that with the new understanding of a more developmental local government comes a new and more challenging role for the actors of civil society. In the past, local government produced plans and tested these plans and ideas periodically with the stakeholders from civil society. The study also reveals that if development is understood as involving a true partnership of citizens, the Council and other service providers, then clearly the new approach regarding the role of civil society as being a far more central and pivotal one.

It is local communities and other stakeholders that will identify and clearly articulate their felt needs on the ground. Local government will address the needs by providing appropriate infrastructure, services and more importantly an enabling environment for these stakeholders to take action to translate the activities that Council engages into outcomes that the community wants for the city.

The study also reveals that more than just identifying needs, however, civil stakeholders will work in partnership with local government to find creative solutions to developmental challenges that are facing the city, and citizens themselves will contribute (both in terms of ideas and resources) in the actual process of identifying and delivering outputs to communities

#### **8.2.4 Management Change**

The new political order in South Africa has inherited organisational structures from the previously disadvantaged apartheid era, which are based on scientific management practices typical of the traditional administrative model (Wooldrige & Cranko 1994:4). Despite this, it is interesting to note that many local authorities (namely the previously so called White Local Authorities) in this country have been engaging in the privatisation of land and other assets in addition to contracting out of services (Berlington & Hartley 1994:6). This in itself emphasises the importance of not assuming that each model is a unique entity and that a hybridisation of approaches is (a) possible (b) not altogether uncommon and (c) not necessary a new phenomenon.

The findings of the study reveal that the new Durban Metro management has achieved good governance and has fulfilled the obligations for developmental local government, and it highlighted five (5) key dimensions, namely:

- A budget whose impact can be easily measured;
- Transparency;

- Flexibility;
- Fairness; and
- A budget that is easily understood by all stakeholders;

It is also evident that the management has set strategic priorities for the next five (5) years in so far as the budget is concerned. The budget has to:

- Be a pro growth budget;
- Meet basic needs; and
- Build on existing skills and technology.

### 8.2.5 Policies

Since local economic development policies and programmes are becoming a well-established part of national and local government, the evaluation of theories and strategies draws upon a long series of examples that stretch back to regional policy.

The literature on local economic development policies and their implementation by local authorities indicates that the policies should be implemented in a way that has a positive impact on local economic development and citizens. This is supported by the fact that these policies are the guiding principles for projects and programmes undertaken in Durban Metropolitan Area.

A typical example is a policy for management of key economic zones in the DMA. This is the reason why for Durban to function effectively, it needs to refocus not only to its policy priorities but also its requirement. The findings also reveal that Durban needs better information, it needs to know what its economic base is and whether it would be sustained. (Table 7.5) is the good illustration for this argument. In addition, the findings reveal that the policy should be capable of determining local economic development. This is a reason why many policies that deal with local economic development have been

implemented. The findings are also true of the current study, 50% yes, 28% no and 22% no comment (Table 7.6).

#### 8.2.6 Private Sector

The findings of the study reveal that South African cities will become the economic powerhouse of the next century. The private sector has an opportunity to make major investments of its own in the economic activity of the cities thereby creating jobs and wealth. Individuals are permitted to become more economically productive in the cities by removing all existing constraints. The government has an obligation to increase the efficiency and effective targeting of public investment in infrastructure and housing to support the economic role of the cities.

The study reveals that guidelines are set for the:

- more effective use of infrastructure, facilities and amenities in which public and private investment has already been made. The country cannot afford under-utilisation of capital investment already made (schools, facilities, hospitals etc.)
- The increase of new sources of public and private investment as well as increased overall levels of funding targeted towards the urban poor. These increases should not be of such nature and size that they would prevent meaningful assistance to the rural poor.
- The constraints on productive activity by millions of South Africans must be removed in cities, towns and rural areas.

It is acknowledged that these constraints should not be broken at once and that they may continue to be factors outside the scope of urban policy, which will keep the economic growth rate fairly low in the short and medium term.

### 8.3 OVERALL IMPRESSION

The general feeling among respondents was fairly positive. Due to the large number of areas in need of local economic development, local authorities see this as a potential to expand the local economic development scope. However, they are firmly of the opinion that community needs more education, motivation and encouragement in getting to understand local economic development.

### 8.4 SUMMARY

The socio-economic impact of local economic development on Durban Metropolitan Area has been identified and evaluated and a policy framework has been suggested for handling such development. The data was collected from different sources and was used to test the four hypotheses that were formulated. A questionnaire was used as a main instrument to collect data and the researcher carried out the fieldwork by interviewing the respondents. After analysing data it was proved that three out of the four formulated hypotheses were acceptable.

This chapter has delineated the research findings of the present study, including the discussion and the interpretation of the results, it has also raised a number of issues that need to be addresses both in terms of what local authorities could and should be doing to expand the scope of local economic development.

This chapter dealt with research methodology used in the study. A brief literature review was done. The research problem together with the main objectives of the study was identified. The question that the research sought to answer was described. The research methodology was discussed in details, describing the hypothesis, the research design and the variables were also identified.

This chapter also discussed the instruments which were used, the problems which were encountered throughout the research and the mechanisms of dealing with problems especially problems relating to sampling.

In spite of the problems encountered, the research was conducted successfully. The ensuing chapter provides a detailed recommendation and the conclusion of the study.

## CHAPTER NINE

### RECOMMENDATIONS AND CONCLUSION

#### 9.1 INTRODUCTION

This chapter establishes various methods and means that can be employed by the Durban Metropolitan Council in dealing with local economic development. One of the recommendations being that different stakeholders have to be involved in local economic development local economic development because local economic development is not only the responsibility of the Economic Development Department alone It is the responsibility of the local government, community structures unions companies and more relevant stakeholders.

The community itself should willing to accept local economic development. In this sense local economic development is about change or transformation. A change which would transform community's lives much well than ever before, and as such a change goes together with a change of perception, a change of attitude and a change of the mind set.

#### 9.2 SUMMARIES

It is important for Durban to consider international development in relation to its local economic development needs and the impact it might have on her population size and composition. In addition, South Africa should attempt to contend with international countries' standard in terms of economic growth, economic development and community development.



The definitions of the key terms were also proposed in **Chapter One**. This gave effect to the context in which local economic development was discussed throughout the course of the study.

**Chapter Two:** provides the theoretical and conceptual framework of the field of study, it has also dealt with the background for the development of Durban transformation and its management on local government and the city as a whole. This chapter has also covered aspects like Local Economic Development Policy Approaches in dealing with local economic development.

**Chapter Three:** provided the role of local government and local economic development. Attempt was made to trace the historical development of both local government and local economic development in South Africa and the reconstruction, transformation and restructuring were highlighted. The relationship between the different spheres of local government was analysed. The role of local government in achieving local economic development was outlined and an evaluation capacity of local government to meet the basic demands and financial constraints were presented

**Chapter Four:** This chapter provided the local economic development theories and approaches. These theories have been used to strengthen the theme of local economic development. This chapter also furnishes a perspective on international trends that are emphasising positive and negative lessons that have an impact on the study.

**Chapter Five:** dealt with the strategies of local economic development, infrastructure development and service delivery. The issue of housing delivery in Durban was also addressed. Both business development and institutional framework for tourism were highlighted and lastly the growth coalition.

**Chapter Six:** focussed on the establishment and the development of the International Convention Centre, the framework for evaluation. Service delivery, its principles, the

mode of delivery, the service needs and the critical views on service deliver were also highlighted. Employment creation was also analysed in this chapter.

**Chapter Seven:** deals with research methodology, it focuses on the research approach, the methods of data gathering, the field work and so forth. This chapter bears particular attention on the qualitative than quantitative emphasis

**Chapter Eight:** dealt with the analysis and the presentation of results, it discusses the findings and the results of the study. In support for the study other research and texts were used.

**Chapter Nine:** has drawn the conclusion from the themes, which emerge from the literature studies and finally, appropriate and relevant recommendations and conclusion were discussed.

### 9.3 THE LITERATURE STUDY

Issues of great concern in this research study covers *inter alia*:

- Local Economic Development;
- Local government role in achieving LED; and
- The International convention Centre's contribution to local economic development.

#### 9.3.1 Local Economic Development

It was found that local economic development is a new concept in a new democratic South Africa and such a concept will continue to dominate both urban and rural areas in achieving a sound and sustainable development and growth. Although this concept vary markedly from country to country but nevertheless it still addresses issues such as

unemployment and other socio-economic problems faced by the majority of the poor South Africans.

A great deal of evidence shows that South African cities will continue to develop and through the existing regulations and policies South African cities will compete with the first world cities. The concept of local economic development therefore, implies its wideness and the thinking behind the concept should also be wide.

As cities are said to be the engines of economic growth and prosperity and a mecca for commercial activities, this research therefore provides an alternative to deal with local economic development.

The literature shows that development has been introduced in the middle nineties and therefore, it is expected to last for some centuries since a large part of the world has not experienced local economic development. The citizens are expected to initiate programmes that would contribute in the achievement of LED.

Metro's and municipalities have also provided different options in dealing with local economic development and also they have embarked on great programmes in facilitating local economic development. Local government also has played a great role in influencing local structures to achieve local economic development.

### **9.3.2. Local government's aims in achieving local economic development**

In this study evidence shows that local authorities play a great role in achieving local economic development. This is also evident to the programmes, strategies and initiatives implemented in trying to achieve local economic development. Therefore, this suggests that both local government and local authorities are the custodians of urban development and growth. Their activities, more than those of the government address the distinctive



features of urban settlement, planning, providing infrastructure and a variety of socio-economic activities.

It also stands to reason that local authorities should therefore, be recognised as legitimate and fundamental actors in the quest for urban development and effective service delivery. It has however, been argued that local government lack adequate administrative and technical capacity to administer, plan, finance and also in dealing with different programmes of service delivery. As a result to this local government:

- depend heavily on the centre for funds both to construct and to maintain local authorities;
- have poorly trained officials;
- lack adequate legal authorities to raise revenue from new sources;
- spends their budget resources without proper controls and constraints; and
- lack control over many types of urban services and facilities that are under the jurisdiction of the provincial or central agencies.

As local government has limited resources, therefore, it would not be easy to deal with all socio-economic problems that are affecting the urban core. Even if resources can be distributed equally or proportionately but there would be those who would still complain about the lack of delivery.

#### 9.4 RECOMMENDATIONS

A number of recommendations have been furnished in this chapter to Durban in particular. At the same time, it is important to note the fact that recommendations together go with planning.

#### 9.4.1 Recommendation One

##### ***Race profile in the Department should be used to determine representation***

Geographically, race varies from environment to environment. If a certain race is higher than others it is possible that the dominant group will get positions in the employment environment as for an example. The same applies in the Economic Development Department where Africans are dominant.

Section 6 (1) of the Labour Relations Act list the following as prohibited grounds of discrimination (Labour Relations Act, 1995; Act No.66 of 1995).

**"race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, colour. Sexual orientation, age, religion, HIV status, conscious, belief, political opinion, culture, language and birth"**

All the discriminatory policies in the Durban Metropolitan Department especially the Economic development Department are strictly forbidden.

#### 9.4.2 Recommendation Two

##### ***Gender profile should be a factor in determining representation in both the International Convention Centre and the Economic Development Department***

The Constitution highlights the functions of Commission on Gender Equity Section 187

(1) The Commission for Gender Equity must promote respect for gender equity and the protection, development and attachment of gender equity.

- (2) The Commission for Gender equity has the power, as regulated by national legislation, necessary to perform its functions, including the power to monitor, investigate, research, educate, lobby, advise and to report on issues concerning gender equity.
- (3) The Commission for Gender Equity has the additional power and functions prescribed by national legislature (The Constitution of the Republic of South Africa 1996:102).

The Economic Development Department has to considered the above mentioned points and the working principles or code of conduct to be in line with the Constitution. Nonetheless the appointment are done using specific criteria including qualifications. But this should be transparent.

#### **9.4.3 Recommendation Three**

##### ***Local government should address tourism in Durban Metropolitan Area***

Durban is a leading city in the tourist industry. In order for Durban to continue dominating this industry it should:

- Develop the Metro Tourism strategy further;
- Facilitate co-ordination between local, provincial and national government tourism initiatives;
- Develop a local government framework for support and funding of tourism marketing and information in the DMA;
- Facilitate development of community tourism opportunities;
- Develop and implement a framework for local government, facilitation, support funding and monitoring of events and conventions;
- Develop a framework for cultural tourism;
- Develop preliminary guidelines for tourist safety of Safer Cities Programme; and

- Support the revitalisation and development of the Durban beachfront.

Durban has to engage itself in attracting tourists and continue to maintain its status in terms of attracting more tourists than in any city in South Africa, and it therefore, needs to compete with cities like Rio de Janeiro, Las Vegas, Melbourne and many other cities.

#### **9.4.4 Recommendation four**

*The objectives of the Economic Development Department should encourage local economic development*

The objectives of the Economic Development Department are founded upon:

- The aims of the Metropolitan Council, as embodied in the Metro Vision;
- An understanding of the role and core of the Economic Development Department;  
and
- An assessment of the internal and external environment.

From these objectives, it is clear that these are not only be implemented but they should also be incorporated in the Metro Mission Statement.

Local authorities should decide what they wish to achieve through LED and only then develop an appropriate structure. All too frequently structures are established before there is clarity on their functions and how they will relate to other local government departments and also there is a need for all local stakeholders to achieve a clear and shared understanding of local economic development, its vision and purpose.

When planning its own strategy, local government usually draws on the wealth of published information that exists on local economic development. This local economic development needs to be conceptualised as part of local authority's broader mission of



growth, development and transformation. Integrated Development Planning should be integrated into the process of establishing development agendas.

Although local economic development is not a technical issue in itself, it must be rooted in concrete reality and must be technically sound and workable. A common understanding of local economic development is necessary at the top level of the authority if it is to be successful.

#### 9.4.5 Recommendation Five

*Durban needs development approaches that will function more efficiently and effectively in dealing with local economic development*

For Durban to function effectively, it needs to refocus not only its policy priorities but also their requirement. First and foremost Durban need better information, it needs to know what its economic base is and whether this would be sustained. If a city is losing industry as for an example or job in any sector, what will replace this? Where does the city have real or potential comparative advantage, and how can this be realised and strengthened? What do people dislike or like about the city, and what can be done about this? What can be learnt from other cities elsewhere that are similar to Durban?

Durban needs to reassess its approach to functions of city government. Local government policy and officials that enable development are required and city government must play a facilitating role, an accountability role, and a 'nudging' and pushing role. They must drive the vision of the city and ensure that opportunities are continually created for private citizens and their energy to contribute to the city's growth.

More than any thing else Durban needs vision and local government needs to play a role in developing a vision for Durban. A participative process needs to be developed around such areas as

- What competitive advantage does Durban has?
- What niches can Durban fill in the global and regional economy?
- What should Durban become?
- How does Durban achieve this?

This vision needs to capture the imagination, and become the property of all key city stakeholders (communities, unions, businesses etc) when they agree on a vision for the city, can city government begin to fulfil its role of moving in that direction, and begin to formulate strategies and action plans.

Local economic development policies and programmes are becoming a well-established part of national and local government. The evaluation of programmes and projects draws upon a long series of examples that stretch back to regional policy. The problem with the current state of the art is that it concentrates upon cost per job, with more sophisticated discrimination of the effects.

Although local economic development has been marketed largely as an urban strategy, there have been examples of its application in small towns and less, commonly in rural areas. An example is that of Stutterheim where external finance was raised and invested in job creation scheme and the provision of community facilities for example, periodic markets were established in surrounding rural areas, support net work were provided for small scale African farmers and a business advice centre was set up to support local entrepreneurs and provide a variety of training of courses (Nel and Hill 1996).

Local economic development has been popularised internationally and is now a dominant paradigm; however, it is not without its critics. Two of the criticisms levelled is the local economic development has more to do with creating rhetoric than changing reality and that because already powerful groups, inevitably dominate local economic development partnership, they are the ones that benefit, Davies (1997:20).

#### 9.4.6 Recommendation Six

##### *Local government should promote business infrastructure in Durban Metropolitan Area*

Local government should take direct measure to promote business development through the provision of business infrastructure and services. This should be designed to ensure that public investments are economically viable and can either be managed or sold to generate a revenue stream to support, sustain economical and social development in the Durban Metropolitan Area.

This kind of business infrastructure and services that are viable and appropriate will vary from one are to another depending on its existing asset base, human resources profile and location relative to markets.

Such infrastructure should therefore, include, for example (Community Economic Development 2000:6):

- Neighbouring commercial, service and industrial nodes;
- Sub-regional shopping centres;
- Sub -regional industrial incubators;
- Industrial and commercial parks;
- Entrepreneur training centres;
- Cultural and tourism centre and routes;
- Urban agricultural areas and
- Environmental and recreational spaces.

#### 9.4.7 Recommendation Seven

##### *Public participation in local economic development is essential*

From the research undertaken, it was heartening to find a general sense that commitment to public participation is high across the legislatures. There is little doubt that people believe that public participation is the right way to go. What they have been able to do is to put it into effect, however, what tends to vary? (In Session August 2000:2) Therefore, if public participation had to be put into effect, there should be a commitment between different stakeholders.

In addition, public participation should be included in decision making. This would make it appropriate for local authorities to deal with tangible development issues.

#### 9.4.8 Recommendation Eight

##### *The role of local government should provide service provision to the poor majority in Durban*

Service provision for expanding Metropolitan and other urban areas is of crucial importance for a new urbanisation strategy. It is essential to advocate an urgent multi-party investigation into large-scale service provisions for existing and urban communities. This investigation must be guided by the following :

- Equivalent value of a service for every consumer and spent;
- Necessity for provision on large-scale;
- Different approaches for different kinds of services; and
- The possibility shown by other cities that "participatory service provision" may offer a more promising approach than state delivery of urban services.

#### 9.4.9 Recommendation Nine

##### *Local government should address health needs of the local community*

Section 27 (1) of the Constitution Act 108 of 1996 states that everyone has the right access to:

- (a) health care service, including reproductive health care;
  - (b) sufficient food and water; and
  - (c) social security, including, if they are able to support themselves and their dependants, appropriate social assistance;
- (2) The state must take resources, to achieve the progressive realisation of each of these rights; and
- (3) No one may be refused emergency medical treatment.

Although the Constitution states this there are still instances where people are still victims of apartheid legislation, as a result of this, they are being denied access to health and other basic needs. Therefore, a Commission should be put in place, a Commission that would see to it that the Constitution is translated into a reality and that the community is not denied any medical treatment including those with HIV and AIDS.

#### 9.4.10 Recommendation Ten

##### *Local government should address housing needs of the local community*

In terms of the Constitution of the Republic of South Africa 1996 Section 26

- (1) Everyone has the right to have access to adequate housing.
- (2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.

- (3) No one may be evicted from their homes, or have their homes demolished without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary eviction (The Constitution Act 108 of 1996:13).

In DMA housing is still a very sensitive issue the Council is trying to address. However, the Council had to implement measures that would enable the citizens to get houses speedily. There is also a need for co-operation between the citizens and the Durban Council, such co-operation will determine the effectiveness of the Durban Metropolitan Council in getting houses for the poor.

#### 9.4.11 Recommendation Eleven

*Policies which are implemented in DMA, should have a positive impact on local economic development*

There are a number of reasons why the Durban Metropolitan Council introduces policies, but in most cases these policies are the guiding principles for the department, projects, and programmes. An example is a policy for management of key economic zones in the DMA. For Durban to function effectively, it needs to refocus not only on its policy priorities but also their requirements. First and foremost, Durban needs better information, it needs to know what its economic base is and whether this would be sustained.

If a city is loosing industry, or jobs in any sector, what will replace this? Where does the city have real or potential comparative advantage, and how can this be realised and strengthened? What do people dislike or like about the city, and what can be done about this? What can be learnt from other cities elsewhere that are similar to Durban?

Durban needs what has been called social infrastructure, it needs the institutions and mechanisms that can work to bring stakeholders together to discuss the city and its

economic future. Coalition building and establishing political consensus around economic development goals and strategies are vital. As Cisnoris (1979:53) put it, "*cities need to have good leadership*". City leaders can come from a number of different parts of the city (an elected politician, a senior official or community leader). Without such leadership hip, it is very difficult to envisage any city achievement success.

The cities of South Africa will be the economic powerhouse of the next century. The private sector has an opportunity to make major investments of its own in the economic activity in the cities thereby creating jobs and wealth. Individuals should be permitted to become more economically productive in the cities by removing all existing constraints. The government has an obligation to increase the efficiency and effective targeting of public investment in infrastructure and housing to support the economic role of the cities.

The proposals for new urban policies recognise three imperatives. It is therefore, proposed that:

- Guidelines should be set for the more effective use of infrastructure, facilities and amenities in which public and private investment has already been made. The country cannot afford under-utilisation of capital investments already made (schools, facilities, hospitals etc);
- There should be increased new sources of public and private investment as well as increased overall levels of funding, targeted towards the urban poor. These increases should not be of such a nature and size to prevent meaningful assistance to the rural poor.
- The constraints on productive activity by millions of South Africans must be removed in the cities, towns and also rural areas.

It has been acknowledged that these constraints will not all be broken at once and that there may continue to be factors outside the scope of urban policy which will keep the economic growth rate fairly low in the short and medium term. Urban policy must be

capable of application in a slowly growing economy as well as in a rapidly developing one.

#### 9.4.12 Recommendation **Twelve**

##### *Urban development policies should determine local economic development*

The analysis of the application of the policy proposal for the state budget is proceeding. These will assist in the further formulation of detailed policies which will be able to function in conditions of low or rapid economic growth. As examples of how it is possible to change policies without increasing state expenditure, it is possible therefore to cite the following:

- The present patchwork of policies assisting part of the urban population to gain access to housing can be replaced by a simpler subsidy policy for all people who need it in the cities (outside the homelands) on the more cost-effective basis than is currently the case.
- The regional Industrial Development Programme, which costs the government approximately R800 million per year can be replaced with schemes better designed to help the poorer regions to exploit their expensive and inappropriate programmes of industrial development can be redeployed in agricultural development to considerably great effect.

Urban policy must therefore:

- Not create the requirement for unsustainable increases in overall government expenditure;
- Establish mechanisms which relate the levels of service in urban areas to what households can afford, given modest levels of state assistance in appropriate cases.



## 9.5 AREAS OF FURTHER RESEARCH

Research in this field is still in its infancy. It is hoped that the present study will prompt further research on local economic development, service delivery and its impact both in urban and rural areas.

The research suggested that local economic development disconfirmation is influenced by a number of significant variables. It is possible to modify or extend local economic development in order to advance this study to other professional areas.

Further research is needed to assess how local economic development specialists redress wrongs, their motivation in pursuing various courses of action, and whether they voluntarily disclose acts or omissions that are potentially harmful to the citizens.

## 9.6 CONCLUSION

The existing circumstances in South Africa have forged a new and unusual blend of processes and institutions to further create the concept of local economic development. The features of this concept are among others the recognition of the capacities and resources of local people. It depends on the self-help mentality of the Nation.

The national government has been a stimulator, a leveller, a financial resourcer and a provider of technical assistance. This is to a lesser extent true but the whole mission is not fulfilled in rural and township area. Only people from urban areas are benefiting from this process of local economic development. It is also true that the national government can only engage in industrial and national development policy by default when other approaches have not worked.

It can be argued that the national government has continued to modify market mechanisms rather than create new ones. It has used the existing local institutions by giving them political standing. The national and local governments have steadfastly believed that the cure to any problem in spatial or human allocations of development will result from correcting imperfections in the existing system. It is these imperfections, both large and small, to which localities must attend in order to build their economic base to ensure long term economic viability.

Local economic development should not be seen as a process that would benefit the community at that given time, it should also try to benefit generations to come. In short local economic development should be a long-term process directed to the upliftment of community standards and quality of life objectives



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9 FEBRUARY 2000

## QUESTIONNAIRE TO THE ECONOMIC DEVELOPMENT DEPARTMENT

Dear Sir/Madam

### Research study:

I am a doctoral student (reg. no 9042960) in the School of Governance within the Faculty of Law, Economics and Management at the University of Durban Westville.

I am engaged in a research study, the topic of my thesis is "Local Economic Development: A case study of the International Convention Centre in Durban".

I would appreciate your assistance in undertaking research in your department.

### INSTRUCTIONS FOR THE COMPLETION OF THIS QUESTIONNAIRE

Some questions have been designed for computer analysis and require you to respond by placing an "x" in the appropriate block/s.

Should you be of the opinion that additional information is necessary for the open-ended questions, please use the space provided at the end of the questionnaire.

The information that you provide is extremely valuable, and it will be treated in strict confidence.

Should you have any queries or difficulties in answering the questionnaire, please contact me at the following telephone numbers:

083 535 4365  
031 204 4879

Your co-operation in this regard will be sincerely appreciated.

Yours faithfully

DOCTORAL CANDIDATE  
Mr SIBUSISO TITO AFRICA MPOSULA

PROMOTER  
Prof P.S.REDDY

CO. PROMOTER  
Prof. S. MOODLEY

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SECTION: A  
PLEASE COMPLETE THE FOLLOWING: BIOGRAPHICAL DETAILS

Name of Respondent	
Department	
Position	
Race	
Gender	

KINDLY RETURN COMPLETED QUESTIONNAIRE BY  
15 FEBRUARY 2000

SECTION B: PROFILE OF THE ECONOMIC DEVELOPMENT DEPARTMENT

It is necessary to gain a composite picture of the functioning of the Economic Development Department in their daily activities.

1. Is there a legislative framework that gives effect to the activities of the Economic Development Department?

Yes		01
No		02

COMMENTS:

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2. Is there a vision for Economic Development Department in addressing local economic development process?

Yes		01
No		02

COMMENTS:

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3. Is there a mission statement of the Economic Development Department?

Yes		01
No		02

COMMENTS:

4. Is there a plan for Economic Development Department?

Yes		01
No		02

COMMENTS:

5. What is the organogram for the Economic Development Department?

6. What are critical job descriptions of LED practitioners?

7. Does the Economic Development Department have links with other structures?

Yes		01
No		02

COMMENTS:

8. Are there specific projects undertaken by Economic Development Department?

Yes	01
No	02

If yes, list them in order of priority.

If no, why not?

9. The Economic Development Department has identified and analysed the critical needs and aspirations of the local economy.

Strongly Agree	01	
Agree	02	
Neither agree nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

10. What are the objectives of the Economic Development Department in terms of the following?

(a) long term goals:

(b) medium term goals:


(c) short term goals:


SECTION C: LOCAL ECONOMIC DEVELOPMENT- FINANCIAL IMPLICATIONS

Finance is the golden thread that runs through all the activities in providing local economic development to the local people. In view thereof, it is imperative to analyse the financial implications in delivering such services.

1. How much money is required to make local economic development accessible to those who require it?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

2. How much money has been budgeted for local economic development for the year 2000/2001?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

3. How is this money expended (distributed) on capital and operational services?


4. How much of this money would you receive from the Durban Metropolitan Council?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

5. How much of this money would you receive from Provincial level of government?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

6. Does the Economic Development have a programme of action for development?

Yes		01
No		02

COMMENTS:




7. How much budget would fulfill the objectives of Economic Development Department?

R1 Million	01	
R5 Million	02	
R15 Million	03	
R50 Million	04	
R100- more	05	

SECTION D: ECONOMIC DEVELOPMENT DEPARTMENT FUNCTIONAL ROLE

The Economic Development Department is said to be a driving force in addressing local economic development, the EDD has also a variety of responsibilities and functions and, as such, this section tries to ascertain some of those responsibilities and functions

1. Does the EDD network bring about local economic development?

2. Explain the major constraints experienced by the Economic Development Department in relation to:

(a) financial resources

(b) human resources

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(c) technological resources

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3. What kind of research has the Economic Development Department undertaken to provide guidelines and recommendations for local government to effectively address urban development?

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4. What type of strategic planning has the Economic Development Department embarked upon to meet the challenges of the 21st century?

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5. Have comparative studies been undertaken with First World Countries in an attempt to learn how to effectively manage South Africa's local economic development patterns for the future?

Yes		01
No		02

5. (1) If yes, what is the nature of the study (reference)?

5. (11) If no, why not?

6. Have comparative studies been undertaken with the Third World Countries in an attempt to learn how effectively manage South Africa's local economic development patterns for the future?

Yes		01
No		02

6. (1) If yes, what is the nature of the study?

6. (11) If no, why not?

7. What steps have been taken to make the Economic Development Department more accessible to the people?

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8. What type of strategies does the Economic Development Department use in order to inform the public about programmes and activities?

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SECTION E: PUBLIC PARTICIPATION

It is important to ascertain participation with stakeholders in order to ensure a sound relationship, ensuring progress and communication and also the effective functioning of the department thus maintaining cohesion and stability in as far as development is concern.

1. Is there public participation with regard to economic development?

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2. How is this participation achieved?

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3. Is there any relationship between local government and businesses in achieving local economic development?

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3 (i) Are there any development plans in place to enhance local economic development?

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3. (ii) How were these plans decided?

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3. (iii) Did the community participate?

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4. Does the Economic Development Department communicate with local stakeholders in ascertaining local economic development?

Yes		01
No		02

COMMENTS:

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5. Is there an organisational structure in place to effectively address urban problems?

Yes		01
No		02

COMMENTS:

6. Is there a role played by the community to bring about local economic development?

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

SECTION F: IMPACT OF LED ON THE COMMUNITY

It is necessary to ascertain the impact that local economic development has on the Durban Metropolitan Community.

1. How would you define local economic development within the South African context?

2. What directs the department in terms of development?

3. What are the specific priorities of development?

4. What is the state of affairs with regard to local economic development in the DMA?

5 How does this state of affairs of the 21<sup>st</sup> century compare with that of the 1970's and 1980's?

6. Accelerating LED has resulted in

6.1 economic growth	Yes	01	No	02
6.2 poverty alleviation	Yes	01	No	02
6.3 employment creation	Yes	01	No	02
6.4 creation of infrastructure	Yes	01	No	02
6.5 other (Please specify)	Yes	01	No	02
<div></div>				

7. The process of local economic development has influenced further development in the Durban Metropolitan Area.

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

8. Does the department have any income/ income generating activities?

Yes		01
No		02

COMMENTS:

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9. Local economic development has led to the loss of income for the Durban Metropolitan Council in terms of rates and levies.

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

10. Is there a role played by local government in financing developments projects?

Yes		01
No		02

COMMENTS:

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SECTION G: LOCAL ECONOMIC DEVELOPMENT- POLICIES

It necessary to find out policies that are being implemented and that also address local economic development

1. What policies have been determined for local economic development?

2. Have these policies been successful?

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

3. What impact do these policies have on local economic development?

4. Do you think these policies are sufficient to address local economic development?

Yes		01
No		02

COMMENTS

**SECTION H: SOCIAL RESPONSIBILITIES**

It is imperative to ascertain the social responsibilities and services rendered both by local government and the Economic Development Department.

1. Has local government addressed **POVERTY ALLEVIATION**?

Yes		01
No		02

COMMENTS

2. Has local government addressed the issue of **HOUSING** in the DMA?

Yes		01
No		02

2 (i) If yes, how?

2 (ii) if no, why?

3. Has local government addressed **HEALTH** in the DMA?

Yes		01
No		02

3 (i) If yes, how?

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3 (ii) if no, why?

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4. Has there been any development of **INFRASTRUCTURE** in the DMA?

Yes		01
No		02

4 (i) If yes, how?

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4 (ii) if no, why?

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5. Has there been any development played by local government to improve **TOURISM** and **RECREATION** in the DMA?

Yes		01
No		02

5 (i) If yes, how?

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5 (ii) if no, why?

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**SECTION I: ALTERNATIVE COURSES OF ACTION**

The theme of this section is to find alternative courses of action in order to manage local economic development effectively and efficiently

1. There is a need for a Commission on local economic development to advise government on urban management and development.

Yes		01
No		02

COMMENTS:

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2. The composition of the Commission should include: (you may cross "x" more than one category

Representative from Central Government	01	
Representative from Provincial government	02	
Representative from Local Government	03	
Representative from Community Based Organisation	04	
Representative from Tertiary Institutions	05	
Representative from Private Sector/Business	06	
Representative from General Public	07	
Representative from Non Government Organisation	08	
Representative from Labour	09	

3. The duties for a Commission on local economic development should include (you may cross "x" more than one category

Undertaking urban research	01	
Advising on Urban Issues	02	
Investigating Urban Problems	03	
Introducing new Urban Strategies	04	
Promoting Urban Development	05	

4. To prevent urban decay, national government must focus on the following courses of action: (you may cross "x" more than one category)

Develop urban areas	01	
Encourage Investment in Urban Areas	02	
Create Tourist Attraction	03	
Market Urban Areas Overseas	04	
Other (Please specify)	05	
_____		

5. Has there been a process of transforming the city into a world class international city?

Yes		01
No		02

COMMENTS:

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6. Has there been a management change in Durban since the new democratic South Africa?

Yes		01
No		02

COMMENTS:

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7. Is there anyone responsible for change of management?

Yes		01
No		02

COMMENTS:

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**SECTION J: TRANSFORMATION**

This section tries to establish the process of transformation in the new Durban Metropolitan Area in the democratic era

1. Can Durban be transformed in terms of development to meet the global challenges?

Yes		01
No		02

1(i) If yes how?

1 (ii) If no, why not?

2. Has the department achieved any progress in terms of development to meet global challenges?

Yes		01
No		02

COMMENTS:

[illegible]





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9 FEBRUARY 2000

## QUESTIONNAIRE TO THE INTERNATIONAL CONVENTION CENTRE

Dear Sir/Madam

### Research Study

I am a doctoral student (reg. no 9042960) in the School of Governance within the Faculty of Law, Economics and Management at the University of Durban Westville.

I am engaged in a research study, the topic of my thesis is " Local Economic Development: A case study of the International Convention Centre in Durban".

I would appreciate your assistance in undertaking research in your department.

### INSTRUCTIONS FOR THE COMPLETION OF THIS QUESTIONNAIRE

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The information that you provide is extremely valuable, and it will be treated in strict confidence.

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Your co-operation in this regard will be sincerely appreciated.

Yours faithfully

DOCTORAL CANDIDATE  
Mr SIBUSISO TITO AFRICA MPOSULA

PROMOTER  
Prof. P.S.REDDY

CO. PROMOTER  
Prof. S MOODLEY

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**SECTION: A**

**PLEASE COMPLETE THE FOLLOWING: BIOGRAPHICAL DETAILS**

Name of Respondent	
Department	
Position	
Race (African, White, Indian, Coloured)	

**KINDLY RETURN COMPLETED QUESTIONNAIRE BY  
15 FEBRUARY 2000**

**SECTION B: PROFILE OF THE INTERNATIONAL CONVENTION CENTRE**

It is necessary to draw a composite picture of the ICC and its role in terms of delivery of services.

1. Is there a legal framework that provides meaning and direction to ICC activities?

2. Does ICC have a mission statement?

3. When was the ICC built?

4    What was the business plan constituted off?

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5.   What was the motive behind building the ICC?

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6.   What are the objectives of the ICC in terms of the following?

(a)   long term goals

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(b)   medium term goals

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(c)   short term goals

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7. Who is accountable for ICC finances?

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8. Is there a **BOARD** for ICC that oversees management?

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9. Are there control measures to administer ICC?

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10. Are there any methods applied to monitor the ICC?

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11. How does ICC contribute to LED in Durban Metropolitan Area?

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12. What is the organogram for the ICC?

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13. Is there anything that has been achieved by ICC in terms of development?

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14. How does ICC contribute in the provision of local economic development to the local people?

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15. Is ICC adequately equipped with the following resources?

(a) financial resources

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(b) human resources

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(c) technological resources

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16. Does ICC have any income generating activities?

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

17. Does ICC compete with other conference centres in South Africa?

Yes		01
No		02

COMMENTS:

18. How can ICC be improved in competing with these centres and also other international centres?

19. Are there any strategies to attract tourists to the ICC?

Yes		01
No		02

COMMENTS:

20. Does ICC contribute to local economic development in DMA?

Yes		01
No		02

COMMENTS:

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21. How would you define local economic development?

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22. Is there a working relationship with community development structures?

Yes		01
No		02

COMMENTS:

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**SECTION C: LOCAL ECONOMIC DEVELOPMENT -FINANCIAL IMPLICATION**

Finance is the golden thread that runs through all the activities in facilitating local economic development. In view thereof, it is imperative to analyse the financial implications in delivering such services.

1. How much money is required by the ICC to advance local economic development?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

2. How much money has been budgeted by ICC for the year 1999/2000?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

3. How much of this money would you receive from the Durban Metropolitan Council?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

4. How much of this money would you receive from central level of government?

R1 million - R5 million	01	
R6 million - R10 million	02	
R11million- R15 million	03	
R16 million- R20 million	04	
Over R20 million	05	

5. Are there strategic plans ICC embarked upon to meet the challenges of the 21<sup>st</sup> century?

6. What are the future plans for ICC?



**SECTION D: ALTERNATIVE COURSES OF ACTION**

The theme of this section is to find alternative courses of action in order to manage the local economic development process effectively and efficiently

1. Is there any economic development impact for ICC in Durban?

Yes		01
No		02

COMMENTS:

2. What do you think are the challenges/problems facing the ICC within the DMA?

3. What do you think would be the solutions to these challenges/problems?

4. Has the quality of life improved since all these interventions have been put in place?

Yes		01
No		02

4 (i) If yes how?

4 (ii) If no, why not?

5. Is ICC South Africa's leading convention centre?

Yes		01
No		02

COMMENTS:

6.What guides the ICC's mission statement and what are the future prospects for ICC?

7. What type of strategic plans has the International Convention Centre embarked on for the future?

**ADDITIONAL COMMENTS:**

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THANK YOU FOR YOUR CO-OPERATION



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9 FEBRUARY 2000

## QUESTIONNAIRE TO THE DURBAN METROPOLITAN COUNCIL

Dear Sir/Madam

### Research Study

I am a doctoral student (reg no 9042960) in the School of Governance within the Faculty of Law, Economics and Management at the University of Durban Westville.

I am engaged in a research study, the topic of my thesis is " Local Economic Development: A case study of the International Convention Centre in Durban".

I would appreciate your assistance in undertaking research in your department.

### INSTRUCTIONS FOR THE COMPLETION OF THIS QUESTIONNAIRE

This questionnaire has been designed for computer analysis and requires you to respond by placing an "x" in the appropriate block/s.

Should you be of the opinion that additional information is necessary for the open-ended questions, please use the space provided at the end of the questionnaire.

The information that you provide is extremely valuable, and it will be treated in strict confidence.

Should you have any queries or difficulties in answering the questionnaire, please contact me at the following telephone numbers:

083 535 4365  
083 435 8278

Your co-operation in this regard will be sincerely appreciated.

Yours faithfully

Mr SIBUSISO TITO AFRICA MPOSULA  
DOCTORAL CANDIDATE

Prof. P.S. REDDY  
PROMOTER

Prof. S. MOODLEY  
CO PROMOTER

PLEASE COMPLETE THE FOLLOWING: BIOGRAPHICAL DETAILS

SECTION: A

Name of Respondent	
Department	
Position	
Race (Black, White, Indian, Coloured)	
Gender	

KINDLY RETURN COMPLETED QUESTIONNAIRE BY  
15 FEBRUARY 2000

SECTION B: PROFILE OF THE DURBAN METROPOLITAN COUNCIL

1. When was the Durban Metropolitan Council (DMC) formed?

2. Who constitutes it? What were the criteria for appointment?

3. What were the reasons behind the formation of the DMC?

4.What are objectives and goals of the DMC in terms of the following?

(a) long term goals

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(b) medium term goals

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(c) short term goal

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5. How is the management structure of the DMC or the organogram?

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6. What is Local economic Development (LED)?

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7. Has the DMC managed to achieve LED?

8. How much influence does DMC have in terms of development in the DMA?

9. Are there any development challenges facing DMC?

10. How are resources delivered in DMA?

11. Is there a legislative framework that provides meaning and direction to the activities of local economic development?

Yes		01
No		02

COMMENTS:

12. Are there any policy initiatives that have been introduced to address local economic development?

Yes		01
No		02

COMMENTS:

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13. Which units/sectors/departments are directly involved in the provision of local economic development services?

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14. Are these units/sectors/ departments adequately equipped with the following resources?

(a) financial resources

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(b) human resources

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(c) technological resources

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15. How many people do have access to local economic development in DMA?

10 000 -50 000	01
51 000- 1000 000	02
101 000- 150 000	03
151 000- 200 000	04
201 000- 250 000	05
Over 250 000	06

16. The proper delivery of local economic development has been hampered by many factors. Rank order the context to which the following factors have influenced the effective provision of local economic development. Use the following scale.

- 1 - greatest impact  
8 - least impact

High economic growth rate	
Lack of finance	
Inadequate community participation	
High construction costs	
Inadequate facilities	
Lack of employment facilities	
Violence and crime	

17. How does the Durban Metropolitan Council communicate with the local people in order to ascertain their needs, wants and desires?

SECTION C: SOCIAL RESPONSIBILITIES

It is imperative to ascertain the social responsibilities and services rendered both by local government and the Economic Development Department.

1. Has local government addressed **POVERTY ALLEVIATION**?

Yes		01
No		02

1. (1) If yes, how?

1. (ii) If no, why not?

2. Has local government addressed the issue of **HOUSING** in the DMA?

Yes		01
No		02

2. (i) if yes, how?

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---

---

2. (ii) if no, why not?

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---

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3. Has local government addressed **HEALTH** in the DMA?

Yes		01
No		02

3 (i) If yes, how?

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---

---

3 (ii) if no, why not?

---

---

---

4. Has there been any development of **INFRASTRUCTURE** in the DMA?

Yes		01
No		02

4 (i) If yes, how?

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---

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---

4 (ii) if no, why not?

---

---

---

---

5. Has there been a role played by local government to improve **TOURISM** and **RECREATION** in the DMA?

Yes		01
No		02

5 (i) If yes, how?

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---

---

---

5 (ii) if no, why not?

---

---

---

---

**SECTION D: RECONSTRUCTION AND DEVELOPMENT PROGRAMME (RDP)**

It is necessary to evaluate the progress of the RDP in relation to the development process.

1. The available RDP funding of local economic development is inadequate.

Strongly Agree	01
Agree	02
Neither Agree Nor Disagree	03
Disagree	04
Strongly Disagree	05

2. The RDP will NOT work amid economic stagnation which impacts on people's ability to pay for the service.

Strongly Agree	01
Agree	02
Neither Agree Nor Disagree	03
Disagree	04
Strongly Disagree	05

3. Masakhane, a Zulu word for building together, is a RDP project which encourages people to pay for services. This campaign has failed.

Strongly Agree	01
Agree	02
Neither Agree Nor Disagree	03
Disagree	04
Strongly Disagree	05

4. Do you think that local economic development services should be paid?

Strongly Agree	01
Agree	02
Neither Agree Nor Disagree	03
Disagree	04
Strongly Disagree	05

5. Does the community take part in local economic development?

Yes	01
No	02

COMMENTS:

6. What are the successes and failures of the RDP in relation to the provision of local economic development in the Durban Metropolitan Area?

**SUCCESSSES:**

**FAILURES:**

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9 February 2000

## QUESTIONNAIRE TO THE GENERAL PUBLIC

Dear Sir/Madam

### Research Study

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PLEASE COMPLETE THE FOLLOWING: BIOGRAPHICAL DETAILS

SECTION: A

Name of Respondent	
Department	
Position	
Race (African, White, Indians Coloured)	
Gender	

KINDLY RETURN COMPLETED QUESTIONNAIRE BY  
15 FEBRUARY 2000

SECTION B: PERCEPTIONS ON LOCAL ECONOMIC DEVELOPMENT

It is imperative to obtain perceptions of the community on local economic development

1. How would you define local economic development?

2. Is local economic development part of service delivery?

3. Do you think local economic development incorporates tourism?

4. What do you think is the role the community can play to bring about LED?

5. How do you think should the resources be distributed to meet the LED objectives?

**SECTION C: SOCIAL RESPONSIBILITIES**

It is imperative to ascertain the social responsibilities and services rendered both by local government and the Economic Development Department.

1. Has local government addressed **POVERTY ALLEVIATION**?

Yes		01
No		02

1. (i) If yes, how?

1. (ii) If no, why not?

2. Has local government addressed the issue of **HOUSING** in the DMA?

Yes		01
No		02

2 (i) If yes, how?

2 (ii) if no, why?

3. Has local government addressed **HEALTH** in the DMA?

Yes		01
No		02

3 (i) If yes, how?

3 (ii) if no, why?

4. Has there been any development of **INFRASTRUCTURE** in the DMA?

Yes		01
No		02

4 (i) If yes, how?

4 (ii) if no, why?

5. Has local government played a role in improving and developing **TOURISM** and **RECREATION** in the DMA?

Yes		01
No		02

5 (i) If yes, how?

5 (ii) if no, why?


**SECTION D: RECONSTRUCTION AND DEVELOPMENT**

The aim of this section was to provide an overview of people's expectations of the RDP and its effect on the development process.

1. The available RDP funding of local economic development is inadequate.

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

2. The RDP will NOT work amid economic stagnation which impacts on people's ability to pay for the service.

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

3. Masakhane, a Zulu word for building together, is a RDP project which encourages people to pay for services. This campaign has failed.

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

4. Do you think that local economic development services should be paid?

Strongly Agree	01	
Agree	02	
Neither Agree Nor Disagree	03	
Disagree	04	
Strongly Disagree	05	

5. Does the community take part in local economic development?

Yes		01
No		02

COMMENTS:

6. What are the successes and failures of the RDP in relation to the provision of local economic development in the Durban Metropolitan Area?

SUCSESSES:

FAILURES:

SECTION E: ROLE OF LOCAL GOVERNMENT IN SERVICE DELIVERY

The main aim of this section is to critically evaluate the role of local government in the provision of basic services and the constraints they experience in their daily activities.

1. Do you think service delivery is enough to cater the majority of the citizens?

Yes		01
No		02

COMMENTS:

2. What is this service delivery all about?

3. Is local government playing a role in service delivery?

Yes		01
No		02

COMMENTS:

4. Do you perceive service delivery the same way as someone in the local government position?

Yes		01
No		02

COMMENTS:

5. Can service delivery be improved?

Yes		01
No		02

COMMENTS:

**SECTION E: THE INTERNATIONAL CONVENTION CENTRE (ICC)**

The aim of this section is to evaluate the centre as a local economic development initiative and to what effect this has been successful and also to what extent people recognise ICC.

1. What is your view on the ICC?



2. Who do you think benefits from ICC?

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3. What do you think was the main purpose of building the ICC?

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4. Do you think ICC addresses socio-economic problems faced by citizens?

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5. Do you think ICC is being managed properly?

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**SECTION F: ALTERNATIVE VIEWS**

The main aim of this section is to come up with alternative views that can contribute to the smooth running of the ICC which can also be of benefit to the community.

1. How are the services in ICC?

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2. Do you think ICC addresses unemployment problems?

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3. What is your perception of ICC being built in the city?

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4. What do you think are the financial implications for ICC?

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5. Do you think the services and attitude of the ICC staff is satisfactory?

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**SECTION G: FUTURE OPTIONS**

The aim of this section is to find or come up with future options that can be implemented in running ICC and in dealing with service delivery especially in terms of local economic development.

1. How do you see ICC ten years from now?

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2. If there are problems facing the ICC what do you think the solution should be?

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3. Where do you think the ICC management should improve?

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4. How do you see Durban ICC when competing with Cape Town and Johannesburg Conference Centres?

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5. How do you see the future of the economy of this country?

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**ADDITIONAL COMMENTS:**[illegible]

THANK YOU FOR YOUR CO-OPERATION

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## INTERVIEWS

<u>NAME</u>	<u>POSITION</u>	<u>DATE OF INTERVIEW</u>
◆ Brokenshire Peter	(ICC) CEO	23 June 1999
◆ Danny Thaver	(EDD Research Officer)	28 June 1999
◆ Dass Moodley Melanie (Acting Manager for Small Business )		28 June 1999
◆ Gilbert Alec	(ICC) Marketing Director	23 June 1999
◆ Goga Soraya	(EDD) Research Officer	28 June 1999
◆ MacNab Carol	International Sales &Marketing Manager	24 June 1999
◆ Mlaba Obed	( Durban Mayor)	6 July 1999
◆ Ntuli Sipho	(EDD) Research Officer	28 June 1999

◆ Robbins G	Economic Advisor (EDD)	28 June 1999
◆ Watkinson Erick	(EDD) Research Officer	29 June 1999
◆ Winter Margaret	Exco Chairperson (DMC)	11 August 1999
◆ Jeff Mc Carthy	Development Consultant	11 August 1999

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## **DURBAN METRO ACTS**

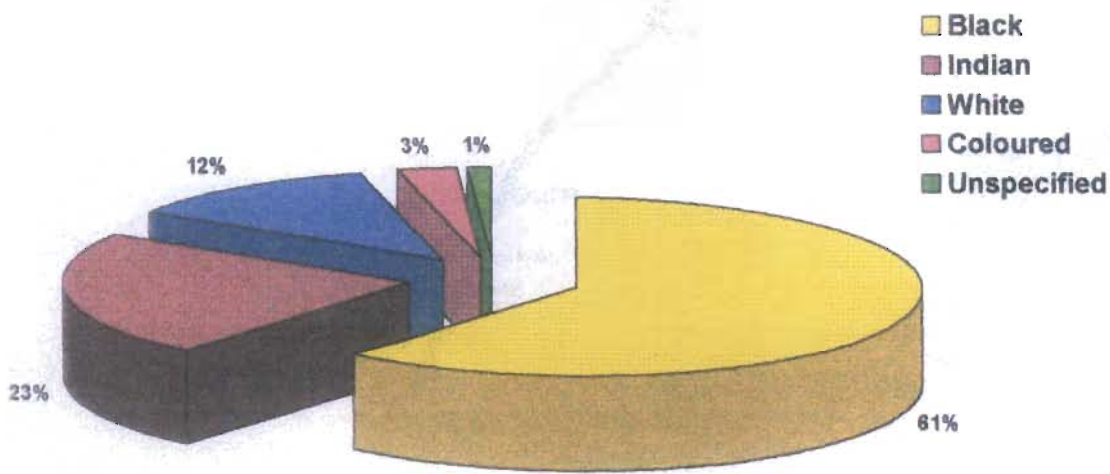
- (1) DFR-DF Constitution of the DFR-DF, 1993

# THE PEOPLE

## DEMOGRAPHIC CHARACTERISTICS

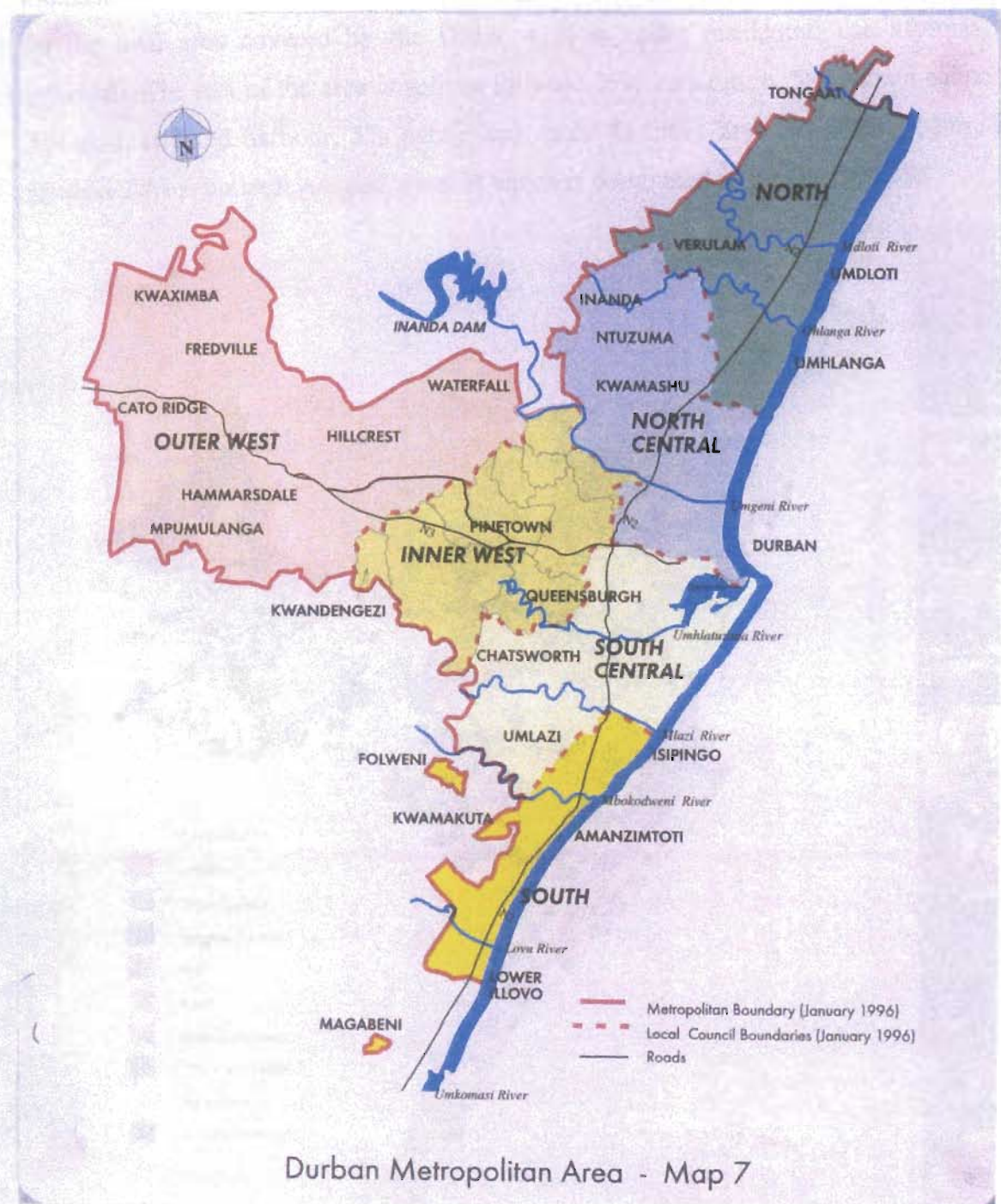
Durban is a melting-pot of cultural diversity, with its Africa, Asian and European influences creating a rich cosmopolitan society. It has a population of 2 510 995 million ( STATSSA 1996).

The Black community makes up to the largest sector (61%) of the population followed by the Indian community with 23%. The age profile reveals that, although the working age group comprises 67% of the population, the DMA also has a relatively large youthful population as 37% are under the age of 19.



**Fig 1: DMA Population**  
**Source: STATSSA 1996.**

Map 1.1 Reflects Durban Metropolitan Area



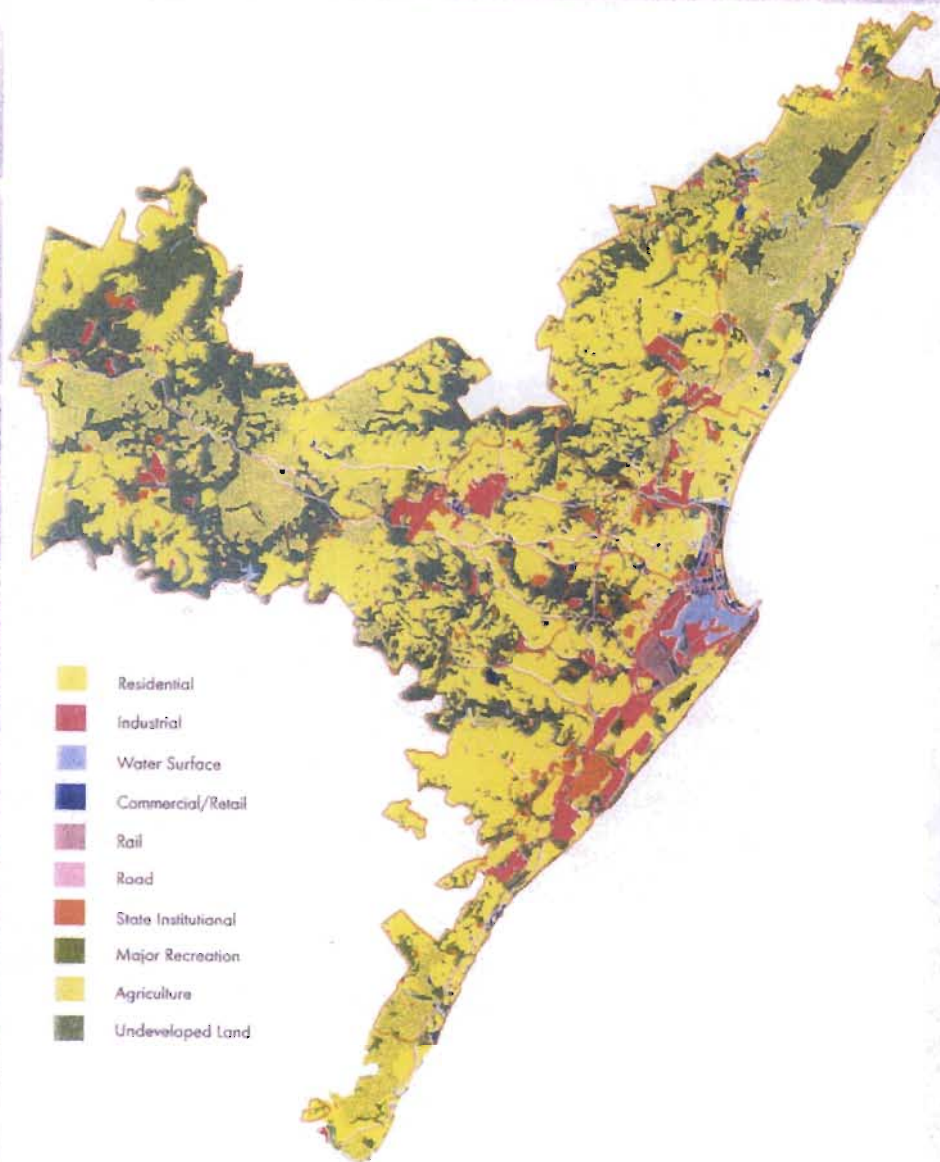
SOURCE: Durban Metropolitan Area, PROFILE 1999



## THE SPATIAL ENVIRONMENT

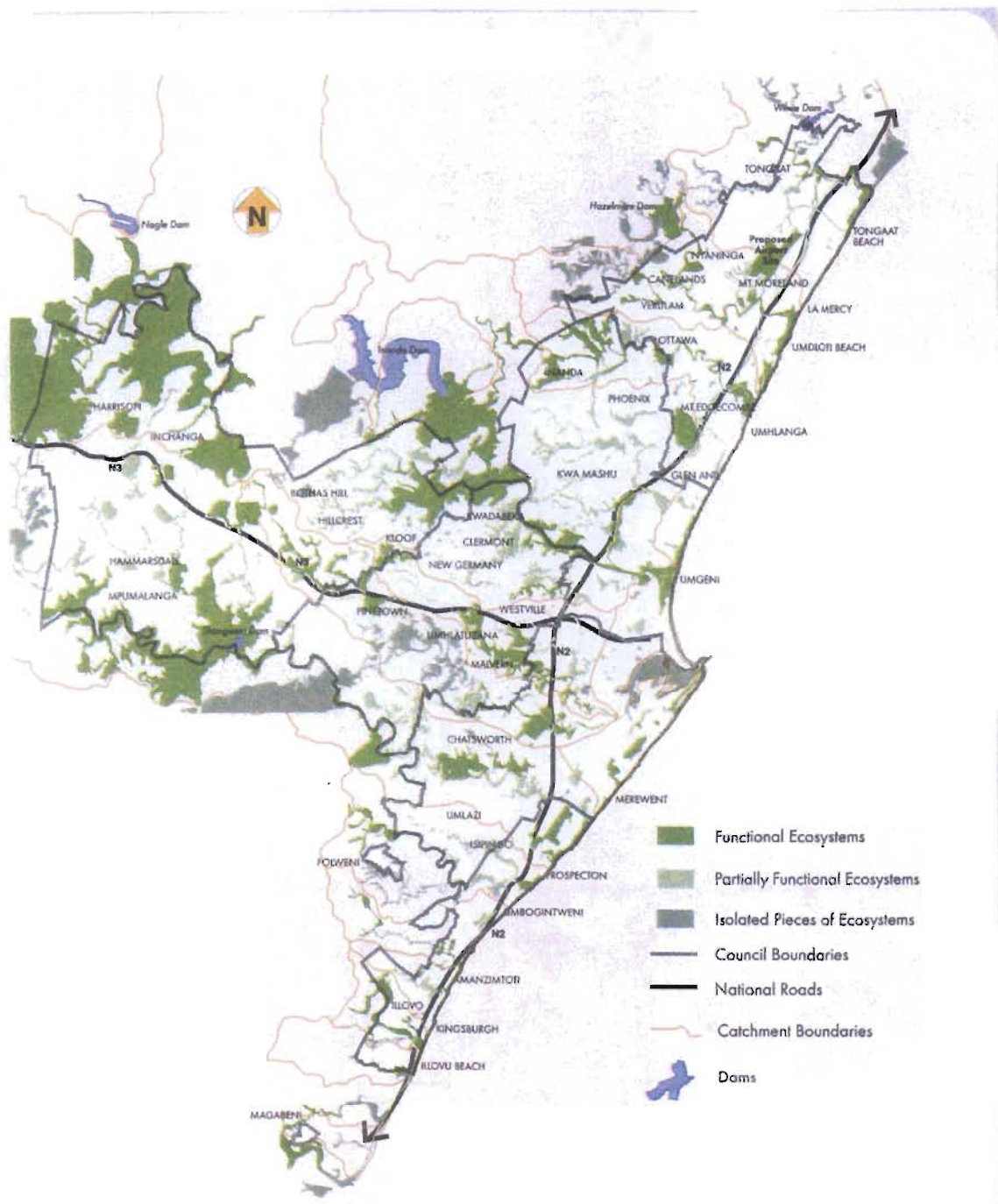
### *Landuse*

Of the total area covered by the DMA, 41% is under residential use (formal and informal). The rest of the area is split as follows: 20% agriculture, 50% urban economy, 3% road, rail and harbour, 3% public and social facilities and 1% water bodies. The residual 27% is underdeveloped, most of which is designated as part of D'MOSS.



**Source: Durban Metropolitan Area, PROFILE 1999.**

Map 1.3 Reflects the Durban Metropolitan Open Space System



Source: Durban Metropolitan Area, PROFILE 1999.

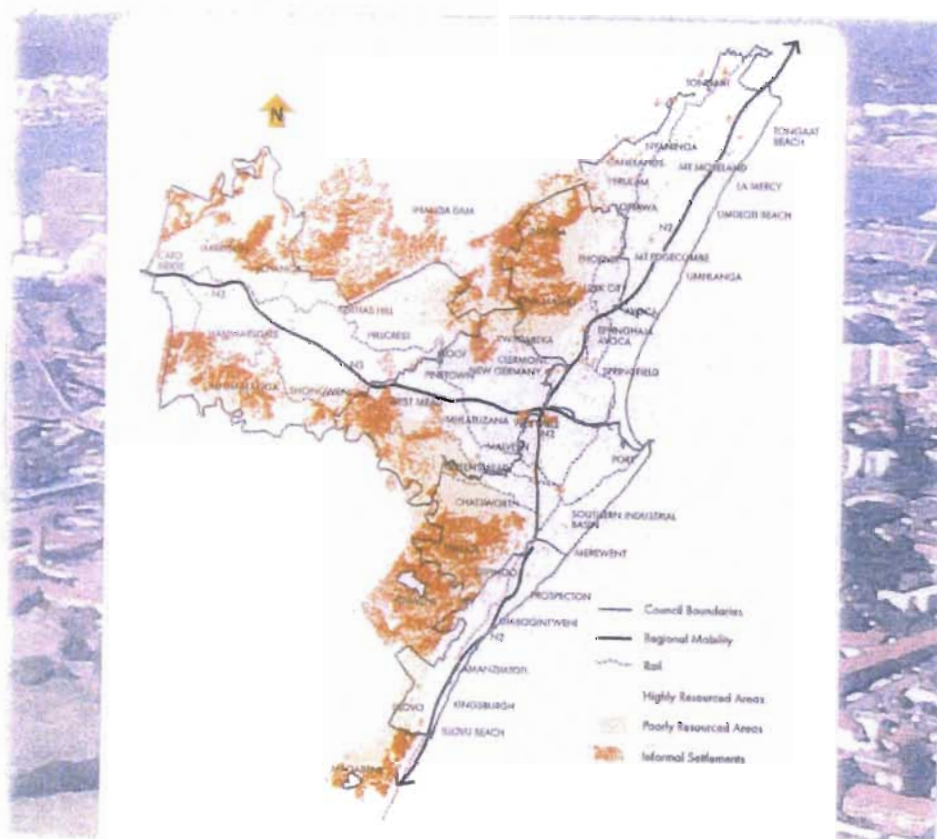


### Informalisation

Increase urbanisation has given rise to the growth of informal settlements within the DMA and on its periphery (Map 1.4) many of these areas are amongst the most densely settled and densities of up to 75 households per hectare ((p/Ha.) are not uncommon. Most of the historically White areas have densities of less than 15 households p/Ha.

## Inequities

Most of the townships, informal and peri-urban areas (which have developed historically as part of the apartheid city and are occupied predominantly by Black community) have poor levels of infrastructure and hence access to basic services. This has resulted in a distinct pattern of inequity across DMA.

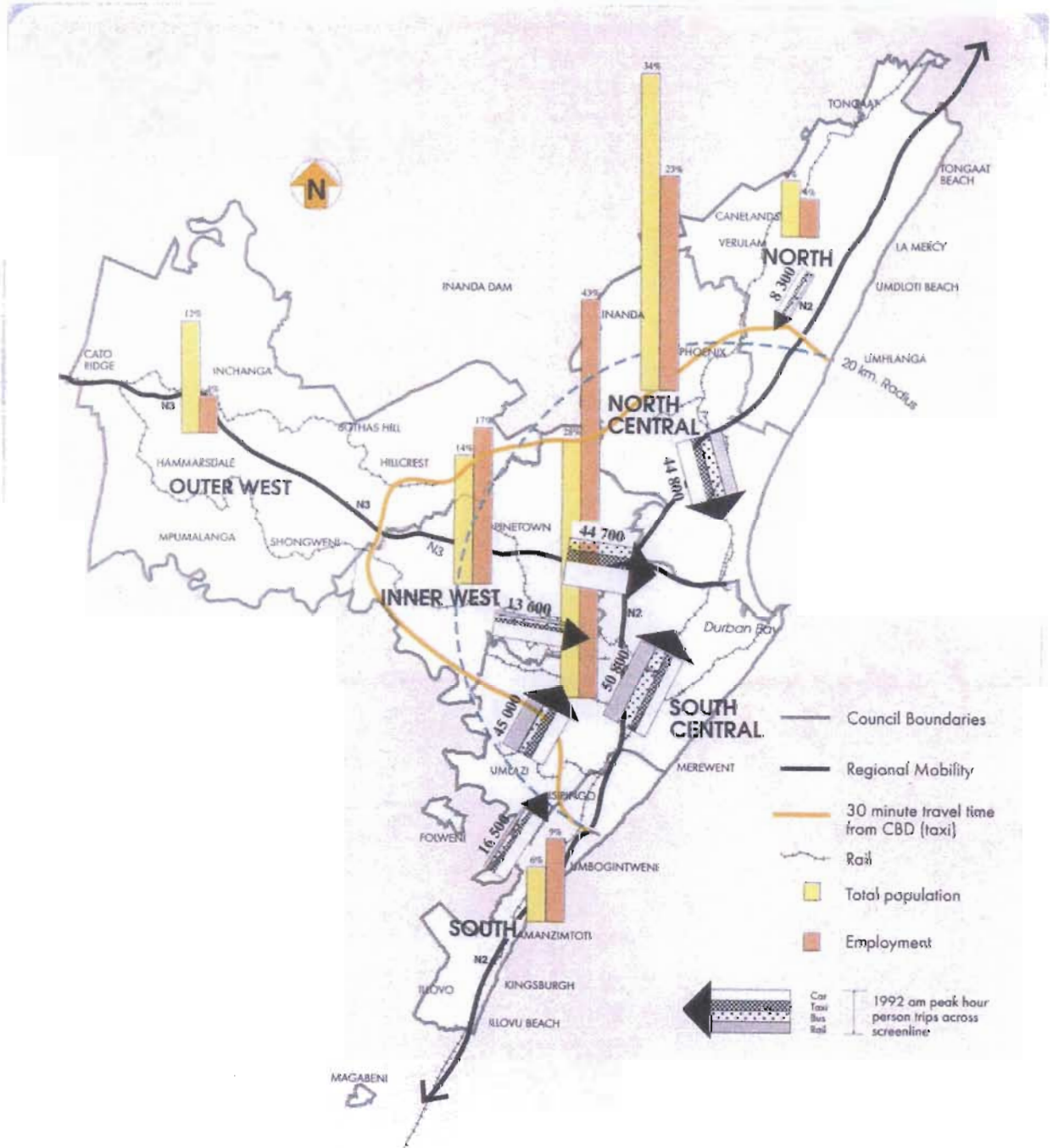


Source: Durban Metropolitan Area, PROFILE 1999.



## Inefficiencies

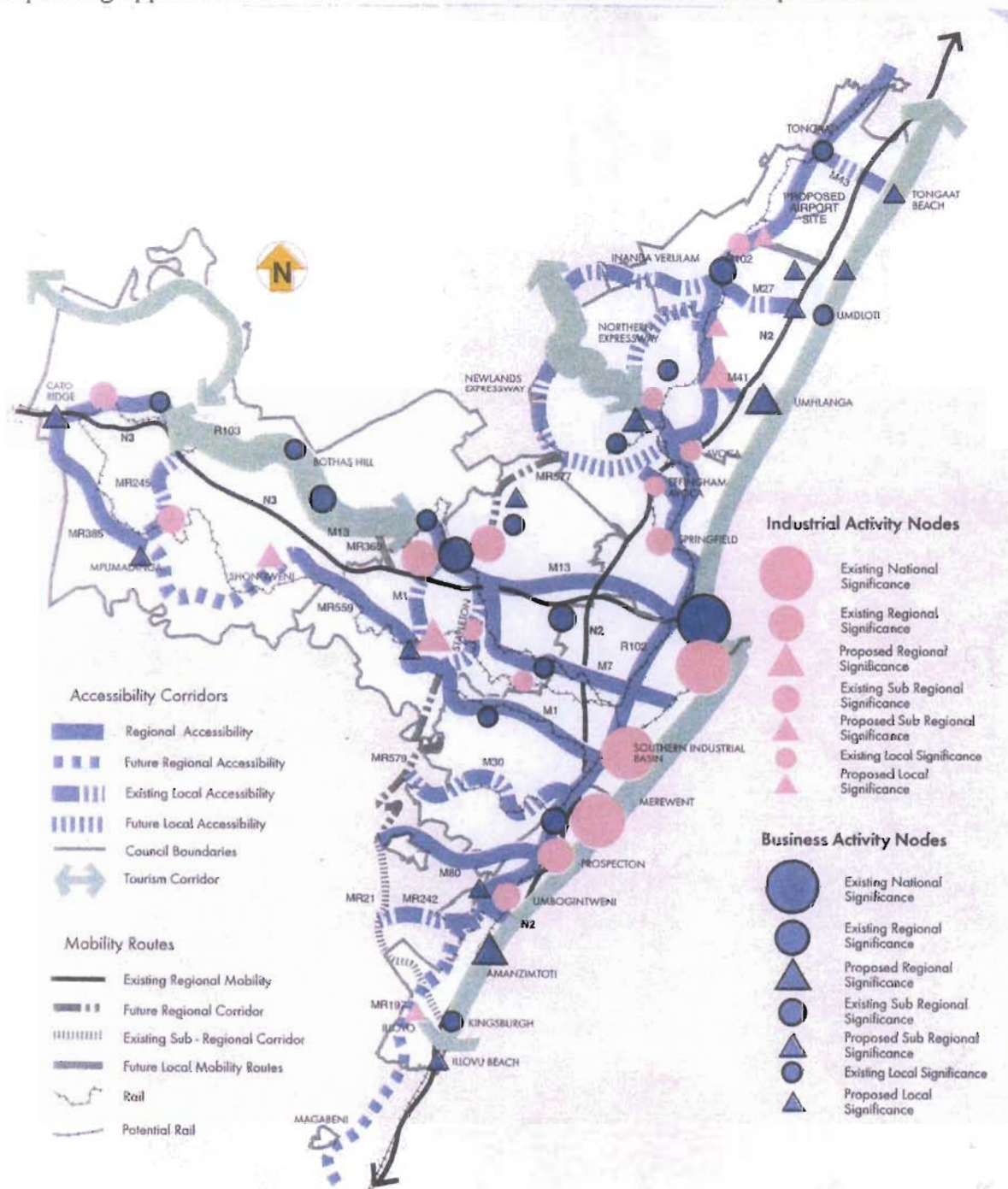
Apartheid development has also resulted in a very inefficient city-structure due to the high degree of segregation between home and work. This resulted in long home to work journeys which not only impose travel costs but also affect productivity at work, and family life. This is reflected in map 1.5 below.



Source: Durban Metropolitan Area, PROFILE 1999.

## Spatial Opportunities

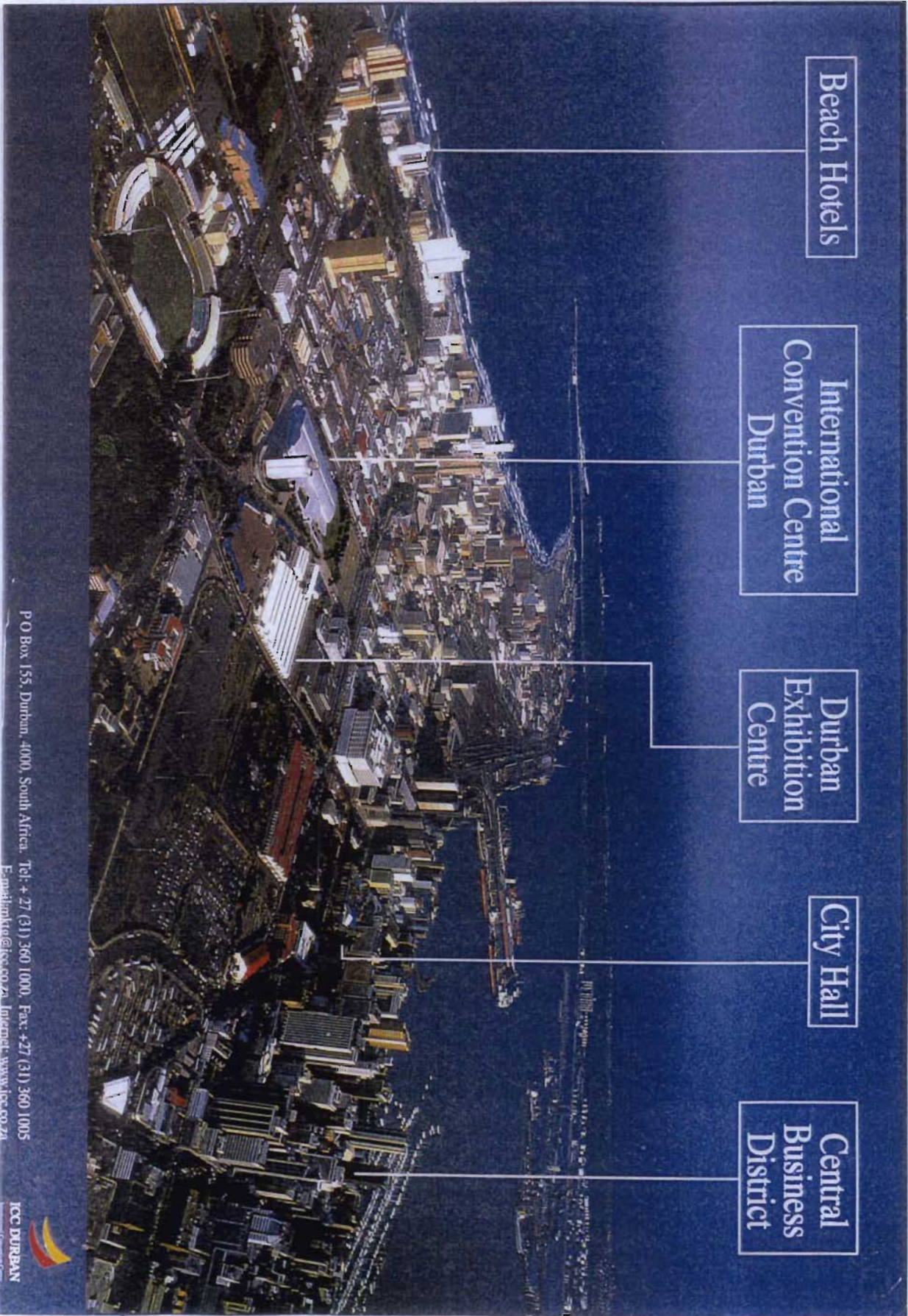
The DMA has a hierarchy of nodes (places of high accessibility located at important transport interchanges and characterised by the mix of uses) which are important structuring elements in addressing inequity, inefficiency and integration. These nodal points are reinforced by a network of movement corridors (supported by the DMA's good road and railway infrastructure). The development of these corridors will also help to maximise accessibility to goods, services and destinations and provide for linking and expanding opportunities to the rural hinterland. This is reflected in map 1.6 below.



Source: Durban Metropolitan Area, PROFILE 1999.



The location of Durban International Convention Centre and other business centres are reflected in the following aerial photograph.



Beach Hotels

International  
Convention Centre  
Durban

Durban  
Exhibition  
Centre

City Hall

Central  
Business  
District

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Source: [www.icc.co.za](http://www.icc.co.za)