

3.2.9 Economic considerations³

3.2.9.1 Introduction

In the following paragraphs evidence will be provided why the Northern Transvaal, in other words Development Region G, should be considered as a separate region in the new constitution *vis-à-vis* the viewpoint that it should form one region together with Region F. From various development perspectives it will be shown why these two regions should be regarded as separate entities each with its own unique characteristics. At the same time attention will be given to the development needs of the Northern Transvaal and possible measures which a regional government should take to address these needs. A cornerstone in this regard is the administering of the region according to various economic and spatial functional development areas.

3.2.9.2 Economic needs

(i) Physical infrastructure and urbanization

Development Region G, that is the Northern Transvaal, is a large development region in terms of area consisting of 9,5 % of the total area of South Africa. It accommodates 4,1 million people (1991 census) and has a population density of 36 people per sq mile. The adjacent Region F has a population of two million people and a density of 27 people per sq mile *vis-à-vis* an overall South African density of 31 people per sq mile.

Due to the vastness of the region and its geographic characteristics it is proposed that it be subdivided into six different development areas:

- Development Area 1 : Thabazimbi, Warmbaths, Waterberg and Ellisras

³ This input was prepared by Dr P. du Toit

- Development Area 2 : Potgietersrus, Mokerong
- Development Area 3 : Pietersburg, Bochum, Seshego, Thabampoopo
- Development Area 4 : Messina, Soutpansberg, Venda, Malamulela
- Development Area 5 : Letaba, Phalaborwa, Giyani, Hlanganana, Lulekani, Ritavi, Bolobedu, Namakgale, Naphuno, Sekgosese
- Development Area 6 : Mhala, Mapulaneno, Nebo, Sekhukhuneland

Eleven per cent of the population of the Northern Transvaal live in urban areas and this figure is growing at a rate of 4,2 % per annum. The similar statistic for the Eastern Transvaal, Region F, amounts to 37 % of its population, with a growth rate of 3,4 % over the period from 1980 to 1989 (Graphs 1 and 2). The situation in Region G therefore contrasts starkly with that of Region F regarding urbanization. If one takes functional urbanization as a norm, in other words taking informal or semi-urban complexes into consideration too, Region G also lags far behind with 31 % as against 56 % urbanized in Region F.

One of the cornerstones of the development of the region is the role that urban complexes play in the region, in other words its development role regarding opportunities to increase labour specialization in contrast to the drain on its resources to meet the needs of the urban dwellers. The low rate of urbanization in Region G means that the development process would receive little positive help from urbanization in the form of labour specialization or in utilizing the economies of scale which one could employ in a typical urban area with regard to the provision of services to the population. It should be a major aim of the development process in the Northern Transvaal to urbanize the population in order to economize on services and to relieve the land of the present strain of its rural population.

The demarcation of the Northern Transvaal into various development areas would make sense if it could help to focus the urbanization of a development area on a common economic and spatial functional focal point. Each of the proposed development areas has such focal points,

e.g. Potgietersrus for Development Area 2, Pietersburg in Development Area 3, Louis Trichardt in Development Area 4 and Tzaneen in Development Area 5.

It would appear from the analysis for each development area and from a spatial functional point of view that Development Area 1, and especially Thabazimbi and Warmbaths, could play a crucial role in the overall economic functional and spatial development of Region G and that it would not be to the benefit of the Northern Transvaal to lose it to another region. It would also be to the economic detriment of these two districts to lose their link with adjoining areas (to the north) which have similar structures and needs and which could help the region to develop its own potential, instead of joining this development area to another region to the west, which has different priorities.

If the metropolitan areas of Pretoria would like to join the Northern Transvaal it would help Region G to accommodate its surplus population within its own region. Apart from that the needs of the Northern Transvaal Platteland could easily be dwarfed by the metropolitan needs of Pretoria (as has been the case up to now).

A close analysis of the population movements in the Northern Transvaal shows a fairly stable population with only 25 % of the population having resided for three years and fewer in their present dwellings (Graph 3). The comparative statistics for Region F and the RSA as a whole are 35 %. From these statistics one could deduce that the Northern Transvaal people are not as migratory as they should have been, given the lack of job opportunities and the low incomes earned in the area. This phenomenon occurs in all the development areas of Northern Transvaal except for Region 1 which has experienced a big influx because of its mining development (Graph 4).

This region also has an unduly low percentage of males versus females, in other words, 41 % of the total population between the age of 15 and 64 years in 1991 were males, compared with 53 % in the case of Region F. This shows that a considerable proportion of the males who at present reside outside the region as migrant workers (196 000 males if a ratio 50 : 50 of males to females is taken as a norm) could eventually be joined by their families. (If 4 persons per family is taken as a rough estimate, this would amount to the

emigration of about 800 000 people). Until such emigration takes place an unwarranted burden is placed on the resources of Region G regarding the provision of public facilities to these families. Apart from Region 1 with its emphasis on mining labour, all the other development areas have a low ratio of males to females (Graph 5).

(ii) Human resources

The health and education of the people of the development area are vital to the development process. As regards regional health care, it is noted that the development area has fewer than the average number of hospital beds per 1000 of the population (2,9 for Region G relative to 4,4 for SA as a whole), of doctors (0,1 per 1000 of the population against 0,6 for SA) and nurses (3,4 per 1000 of the population *vis-à-vis* 4,5 for SA) (Graph 6). The backlog in health care services underlines the need for urbanization and the associated economies of scale which could be obtained in the provision of these services.

Region G is at a lower level than Region F regarding health care and should therefore be treated separately from Region F in order to focus more specifically on its development needs.

Not only is the general health of the population important, but also the growth rate of its population and the degree of stress that such a growth in numbers would have on its resources. The Northern Transvaal region is again at a greater disadvantage with a rate of between 4,3 and 5,8 births per black woman for its different development areas compared to a rate of between 3,3 to 4,6 births in Region F and a corresponding rate of 2,6 for the PWV region.

The higher fertility rate is related to the lower level of urbanization and health care as well as the lower level of literacy of the regional population. In this regard Region G has on average a literacy rate for blacks of 30 %, i.e. the percentage of its population aged 13 years and older who have passed at least Standard 5. The literacy rate in Region F amounts to 40 % and that in Region H (PWV) to 77 % which shows the extent to which these two regions (G and F) differ from each other and how far these two regions lag behind their major

competitor, Region H. According to an analysis of the percentage of people with an education of Standard 5 or higher, Development Areas 4 and 5 could be regarded as lagging especially far behind with 24 % and 27 % respectively (Graph 7).

Education plays a major role in the welfare of the regional population and is also a cornerstone in the development of the region. In fact, the people of a region are its most important resource. According to the latest population census, the proportion of the population in the Northern Transvaal who have obtained Standard 10 and/or a diploma/degree amounted to 5 % and 39 % for blacks and whites respectively. In comparison the PWV region had rates of 20 % and 46 % respectively. These figures show that the Northern Transvaal already has a pool of highly trained men and women, but that it still has a long way to go to compete with its neighbour in the PWV area. The corresponding rates for Region F are 9 % and 37 % respectively (Graph 8).

Similar statistics for the various development areas show that Development Areas 1 and 3 have a higher proportion of people who had passed Standard 10 or higher in comparison with the other development areas (Graph 7).

The health care and educational systems of the region are also under considerable stress due to the high number of children below the age of 14 years, i.e. 53 % of the total population as against 35 % for the RSA. This applies to all the development areas (Graph 9).

In the context of the economic development of the region - which would become the sole responsibility of a regional government in future - these figures mean the following:

- * In order to prevent the present population from being engulfed by its own numbers it is essential to increase the health care and literacy rate.
- * These facilities would be utilized more efficiently if the population could be urbanized in a concerted and co-ordinated manner to a greater extent than is the case at present.

- * The urbanization thrust could be focused to a greater extent by planning and carrying out the plans in a development area context.

(iii) Economy

The economy of Region G is smaller than that of Region F (contributing 3 % of the total GGP of South Africa in 1988 in comparison to 8 % for Region F). The developing nature of the economy of Region G is indicated by the large contribution its primary sectors, agriculture and mining, made to the economy (30 % in 1988 compared with the 19 % made by the the primary sectors of the South African economy). Its public sector also has an unduly big role in the economy of the region, namely 27 % compared with a 12 % contribution by the public sector in the South African economy as a whole (Graph 10).

The economic profiles of the various development areas differ substantially from a great reliance on farming and mining in Development Areas 1, 2 and 5 to an overemphasis on public services in Development Area 6 due a lack of other economic activities (Graph 11). Emphasis should be given to developing a more diversified economic structure in these development areas.

Agriculture is in some instances well developed in this region with special emphasis on horticulture and animal products (Graph 12). The advanced agricultural expertise and infrastructure available in the region could be put to great use in assisting the rest of the farmers of the region to develop to their full potential.

The wholesale, retail, catering and accomodation services sector which includes tourism is quite well developed in this region and contributes 10 % to the GGP of the region whereas its neighbour, Region F, is underdeveloped in this regard with only 5 % forthcoming from this source. The Northern Transvaal is endowed with excellent game reserves including the Kruger National Park and should exploit its advantages regarding eco-tourism in future.

According to the 1991 population census only 17 % of the population in the Northern Transvaal were economically active as against 38 % in South Africa as a whole.

Furthermore, of these economically active people those described as being part of the informal sector and/or with activities not adequately defined amounted to 29 % for Region G in contrast with 17 % for Region F and 22 % for the RSA as a whole.

The stark reality of the dearth of economic resources in Region G is further accentuated by the small percentage of the population actively engaged in farming and related occupations. This should be rectified in future because no region can skip the agriculture phase of development without placing undue stress on its natural resources.

The future economic development of the region should hinge on its strong points, namely

- * the already well-established agricultural and mining industry of the region should form the basis for further development of these sectors;
- * an export-oriented economy should give special attention to agriculture and mining and also to the possibility of utilizing the exceptional wild life of the Northern Transvaal for eco-tourism;
- * the provision of services and other structures would wipe out the considerable backlog in urbanization and could provide a powerful stimulus to economic activities as well as a training ground for the population;
- * a major thrust towards urbanization would bring about efficiency gains in the provision of health and educational services, reduce the demand for agricultural land, provide a market for farmers, and create job specialization in the towns; and
- * the rationalization of institutional services with an accompanying gain in efficiency would make more funds available for the promotion of development.

(iv) Economic welfare

Region G has not experienced any growth over the past two decades. This was noted from

the personal disposable income per head of the population which lagged behind that of Region F.

On an index scale with the average for SA made equal to 100 points per population group, the whites and blacks in Region G had indices of 86 and 46 in 1985 in comparison to 91 and 107 in Region F for the two population groups respectively. The corresponding indices for Region H amounted to 103 and 199 for whites and blacks respectively. These figures are based on surveys done by the Bureau for Market Research.

Another source of income statistics is the Population Census for 1991 (Graph 13). Based on this source a similar conclusion could be reached about the economic welfare of the people of Region G. In 1991 only 9 % of the population in Region G had an annual income per capita of R3 000 and more. The corresponding figures for Region F and Region H were 21 % and 39 % respectively. This also shows quite conclusively that Region G should be regarded as a separate regional entity with its own unique problems and that it could in no way be seen as being part of Region F.

The economic welfare of the population of Region G is in no way on a par with that of Region F or for that matter the PWV. Specific measures should be taken to redress this disadvantage. The basis for such measures should be a market economy and an educational policy which would assist as many people as possible to become part of this market economy. Region G should have special attention given to its problems and this could most appropriately be done by its own people and institutions as part of a regional government structure.

3.2.9.3 Economic rationale for a regional government

An analysis of the economic needs of Region G shows that this region has unique needs and an inadequate economic structure. If this region were to be governed on its own, measures could be implemented focusing specifically on the unique problems of the region.

Its human resources need special attention regarding health care and the high fertility rate.

A similar priority should be given to education to improve the low literacy rate of its people and increase the smaller than average percentage of its population with matric and/or a diploma/degree. The development of human resources calls however for a close and permanent relationship between the community and government in order to foster mutual respect, understanding and co-operation. This could best be achieved in a regional government structure for Region G.

The economy of Region G is based on agriculture and mining and to a lesser extent on tourism. It is not properly diversified and some of the development areas have too great an emphasis on community services. A great deal of nurturing should be given to the economy of Region G in order to nudge it towards the "take-off" stage. This could be done by putting full emphasis on the provision of services to encourage urbanization which in itself would create many jobs as well as assisting the economy to create a more efficient economic structure. This could best be served if the region were administered as a separate entity with a specific focus on urbanization in each development area.

According to this analysis, the Northern Transvaal, Region G, could be seen as a regional entity which should be able to benefit from a regional government. Not only are its economic characteristics and needs different from those of other regions, but the spatial economy of the Northern Transvaal also indicates that a separate regional entity could be viable. It has at least six distinct development areas which would help a regional government to focus its development efforts on the needs of its people.

3.2.9.4 Economic objectives of a regional government

The ultimate economic aim of a regional government is to **increase the economic welfare of all the inhabitants of the region**. In this regard it is of the utmost importance that the regional government to be constituted should have the following aims:

- * The minimization of the costs (in time, risks and taxes) involved in reaching decisions and taking measures as well as the implementation of these decisions and measures regarding the economy

- * The maximization of the effectiveness of these decisions and measures as related to the economic output of the regional economy

As the South African economy is closely linked to the world economy it is essential that it should also follow the rules applicable to the world economy. This entails specifically a close adherence to a free market policy, private initiative and private ownership, and less involvement by the government in the economy. In the unique regional economy of Region G with its modern agriculture sector located alongside underdeveloped areas, a special set of measures should be devised specifically for the need to develop agriculture in the region but without losing sight of this general set of rules.

The biggest opportunity for the people of the Northern Transvaal regarding development consists in upgrading its urban structures which lag far behind any of the other regions in South Africa. This would create the necessary thrust for the economy, but due cognizance should be taken of ways to put the ingredients for sustainable growth in place, such as the utilization of private enterprise and the training of entrepreneurs/workers as part of the thrust in urbanization.

3.2.9.5 Finances of a regional government

As mentioned above, a regional government confronts only its own unique economic problems and opportunities. It should be able to administer the required measures in the region more effectively than a central government which has to deal with a diverse set of regions. In order to deal with its own set of regional problems, such a regional government should have access to its own finances, either obtained and administered locally or negotiated with the central government according to a predetermined set of rules.

Various sources of state finance could be related to the regions, but other sources would be very difficult to relate to specific regional origins. An example of regionally related taxation is personal income tax, whereas company tax and VAT are mainly related to head office administrative measures and are not directly related to a specific region. Provision should therefore be made to provide different forms of regional finance, such as

- * tax directly related to regions but collected by the central government and then transferred to regional governments;
- * tax only indirectly related to regions but collected centrally and then transferred according to a predetermined formula;
- * tax collected and used solely by the central government; and
- * tax collected by the central government and allocated to regional governments on a project basis.

According to an analysis based on the input-output regional tables for 1985 as supplied by the Department of Regional and Land Affairs, an estimate has been made of government expenditure in the various regions. If these figures for 1985 are extrapolated to 1989 the government expenditure in Region G amounted to R3 270 million which constituted 4,6 % of total government expenditure in that year. The corresponding figures for Regions F and H were R2 986 m (4,2 %) and R28 629 m (40,0 %). These percentages could be compared to the contribution which each region makes to the gross geographic product (GGP) of the country in the same year in order to determine whether government expenditure was in line with economic activities in a region or not. The GGP contribution of Region G amounted to 3 %, that of Region F to 9,4 % and Region H to 38,8 % of the total GGP of South Africa in 1989 (Graph 14).

The personal income tax base of a region could be analyzed according to figures provided by the Department of Finance on a district basis. Similar analyses for VAT and company tax are not possible owing to the centralized nature of tax collection, but an analysis of personal income tax per region could give an indication of what to expect from the other major sources of finance. According to the analysis for 1989 (which is unfortunately not comprehensive due to outstanding tax statements) the amount of personal income tax collected in Region G was R193 m (1,6 % of total personal income tax collected), tax collected in Region F amounted to R568 m (4,7 %) and in Region H to R5 999 m (49,6%). A complete picture of regional government finances cannot be given at this stage because of

a lack of statistics. Personal income tax collected in Region G amounted to 6 % of the estimated total government expenditure in that region whereas the corresponding figure for Region F amounted to 19 %. It is clear from this analysis, and the outline given on the needs of the region above, that the Northern Transvaal would have to rely on a considerable sum from transfers in order to achieve sustainable growth in future. A concerted effort by a dedicated regional government could administer these funds more efficiently than a centrally controlled development programme.

From the economic analysis it is clear that the Northern Transvaal would confront unique problems in future. These problems call for special measures and a dedicated administration and management in order to change the problems into challenges and opportunities and to mobilize the economic will of the people of the region. Development should be by the people for the people, and in the case of the Northern Transvaal with its 4 million people it could be said without fear of contradiction that this is the one region in South Africa which should be governed by its own people. For this reason it is recommended that a regional government be constituted along the guidelines discussed above. The people of the Northern Transvaal have a pressing need to increase their prosperity and could achieve this by utilizing their own initiative and commitment through a regional government.

3.2.10 Development potential

From an economic perspective, regional government might be better able to promote the development potential of a region than the central government could. This would only be possible on the following conditions:

- 3.2.10.1 If demarcation has led to sound functional economic regions where most of the elements for economic development are present.
- 3.2.10.2 If fiscal transfers have been instituted to address the imbalances between regions and within regions regarding development issues such as human resource development

- 3.2.10.3 If cost-effective regional government has been instituted to address development issues for the benefit of the people in the region.
- 3.2.10.4 If the necessary institutional arrangements are in place to manage the above development dimensions.

From a development point of view it is acknowledged that regional transformation (including the future reincorporation of the TBVC states) should be approached in the context of constitutional and economic restructuring at a national level. Changes at a national level would have an impact on regional restructuring, and in turn the regions would influence the nature of the restructuring at the national level. At the centre of this debate is the future relationship between the central government and the regions.

As boundaries shift as a result of progress in constitutional negotiations and the establishment of an interim government, the general constitutional order (including fiscal relations) that determine *inter alia* the functions and forms of regional and local government, will probably be fundamentally reappraised, with the emphasis on the appropriate vertical and horizontal assignment of the functions, powers and resources that are essential for regional economic management and socio-economic development, rather than on political independence. A thorough review (from a growth and development perspective) of the functions and powers of regional statutory bodies and public corporations should also be carried out in order to ensure that, among other issues, no duplication of roles and functions would occur.

In addition to the initiatives of the negotiating parties at the multiparty talks and forums such as the National Economic Forum (NEF), important initiatives for addressing regional restructuring have emerged. The various regional negotiating forums that have come to the fore over the last two years are of special significance. Against the background of historical isolation and conflict between the government and extraparliamentary groupings, recent political change has opened up the development debate and is allowing creative ideas on development issues to be expressed. These forums have, perhaps for the first time in our country's history, succeeded in bringing together key role players such as the government, organized business and labour, political parties and civil society to explore economic and

development strategies and development priorities.

Potential consensus on development issues and priorities may markedly improve development efforts in the interim period. What is more important though, is that these forums are seen as embryonic models for future representative regional institutions. Today there are already forums at a regional level, which national bodies can consult to ensure regional participation in the negotiation process. It is expected that regional forums will become increasingly important in regional restructuring.

The process of economic restructuring in a national context requires an appropriate strategic policy framework; the facilitating of public debate at national, regional and local levels to achieve convergence around such a policy framework; its translation into practical strategies at a national, regional and local level, and the design of institutional systems to manage these support programmes and projects at all levels.

Regional economic transformation should be approached in the context of the desired relationship between the public, the civil society on the one hand, and the desired relationship between the different tiers of government on the other. The issues that need to be addressed include efficiency, effectiveness and equity in the different delivery mechanisms; the sources of funding for the different types of institutions and tiers of government, and the types of functions that should be carried out by the different institutions and tiers of government. Of particular importance is the role of change in the public sector and the responsibility that the public sector would have in managing the process of regionalization.

If any multitiered government system in South Africa were to operate effectively, the following main issues would have to be addressed:

- * Co-ordination in the formulation of a national economic policy framework, and co-operation in implementation of such policy.
- * A clearly defined system of fiscal relations (expenditure responsibilities, revenue sources, borrowing powers, transfer payments and standards of service).

- * Accountability by public bodies and politicians.
- * An institutional system to address the above points in an intraregional and interregional context.
- * A system to ensure financial discipline. Traditionally, this has been understood to mean centralized control. However, modern systems endeavour to ensure discipline through a mutually agreed set of policies, norms and standards as well as with incentives and penalties to preclude the inevitable efforts at circumvention found in systems of top-down control.
- * A set of objective, flexible norms and standards to arrange the fiscal transfers. Although flexibility is required, the norms should also be stable enough to ensure security of expectations in the medium to long term.

The key challenge for a multitiered governmental system would be to reconcile the autonomy of the different tiers of government (in various constitutional models) with financial and economic management systems for the country as a whole. It is useless to formulate final and unalterable relations between different tiers of government. Conditions over time change and, as a result, intergovernmental relations inevitably have to be adjusted. Adaptability has to be built into the system, otherwise the arrangements for intergovernmental relations would, in time, become an obstacle to growth and development.

Since adjustments would be necessary in due course, provision should be made for flexibility in the system without sacrificing the autonomy of the different tiers of government or creating unnecessarily high levels of uncertainty. Recent experiences, locally and abroad, have shown that special institutional arrangements might be needed to foster co-operation and co-ordination between the tiers of government.

In this context it would be to the benefit of the inhabitants of the Northern Transvaal if the following issues could be dealt with by means of appropriate demarcation/institutional arrangements:

- Demarcation of a sound functional economic unit such as the present Northern Transvaal region which contains most of the elements for economic growth, but which would require special measures to enable the regional economy to progress towards more tertiary functions from its present secondary sector basis.

- A special thrust aimed at the provision of appropriate educational/training facilities for its workforce with particular emphasis on the future need for tertiary activities.

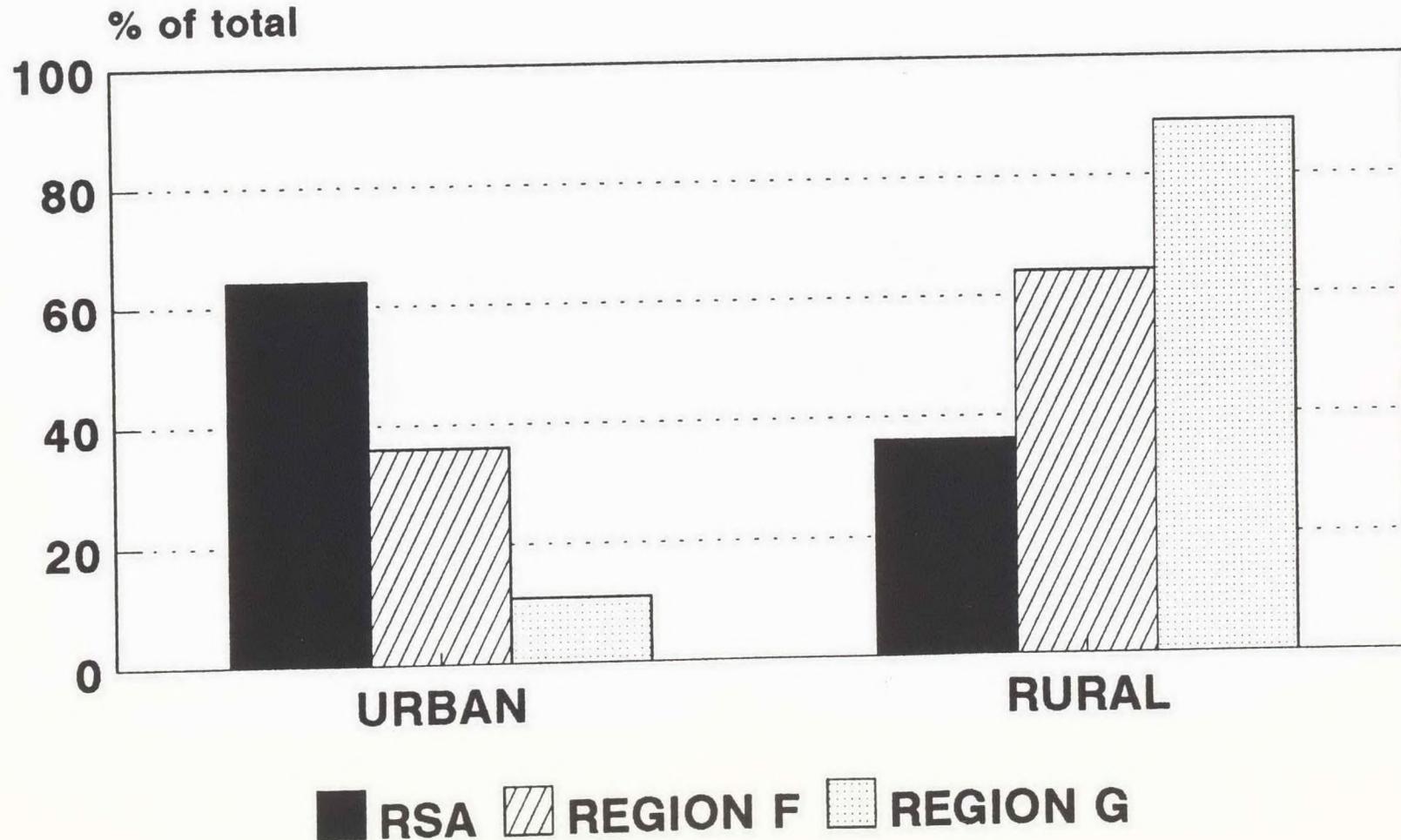
- * A concerted effort to keep the present local and regional government services cost-effective by means of strategic planning and management, and by adhering to sound economic principles such as marginal cost-pricing policies and the promotion of private enterprise at all levels.

Chapter 4 ... / -64-

GRAPH 1

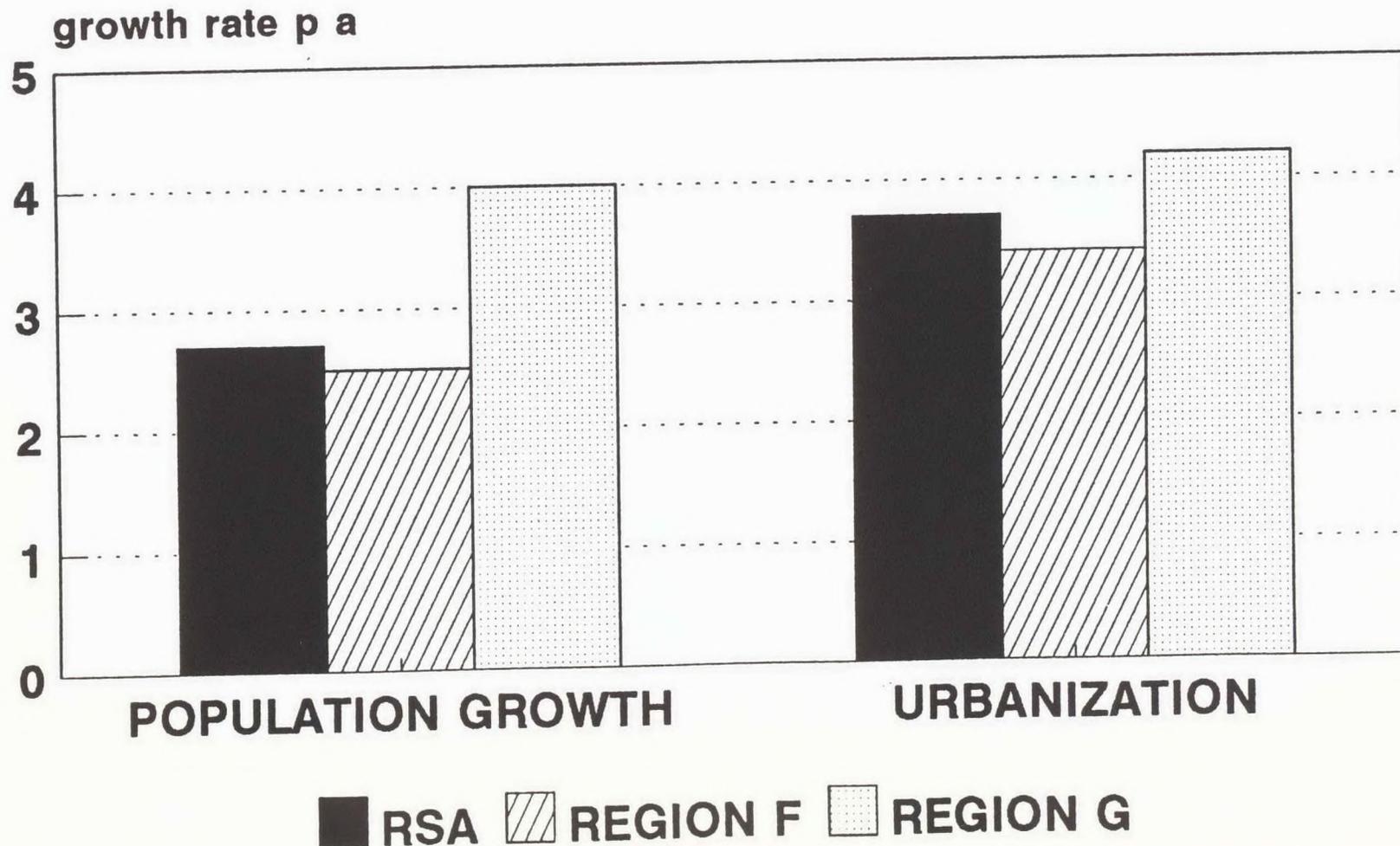
NORTHERN TRANSVAAL URBANIZATION

1991



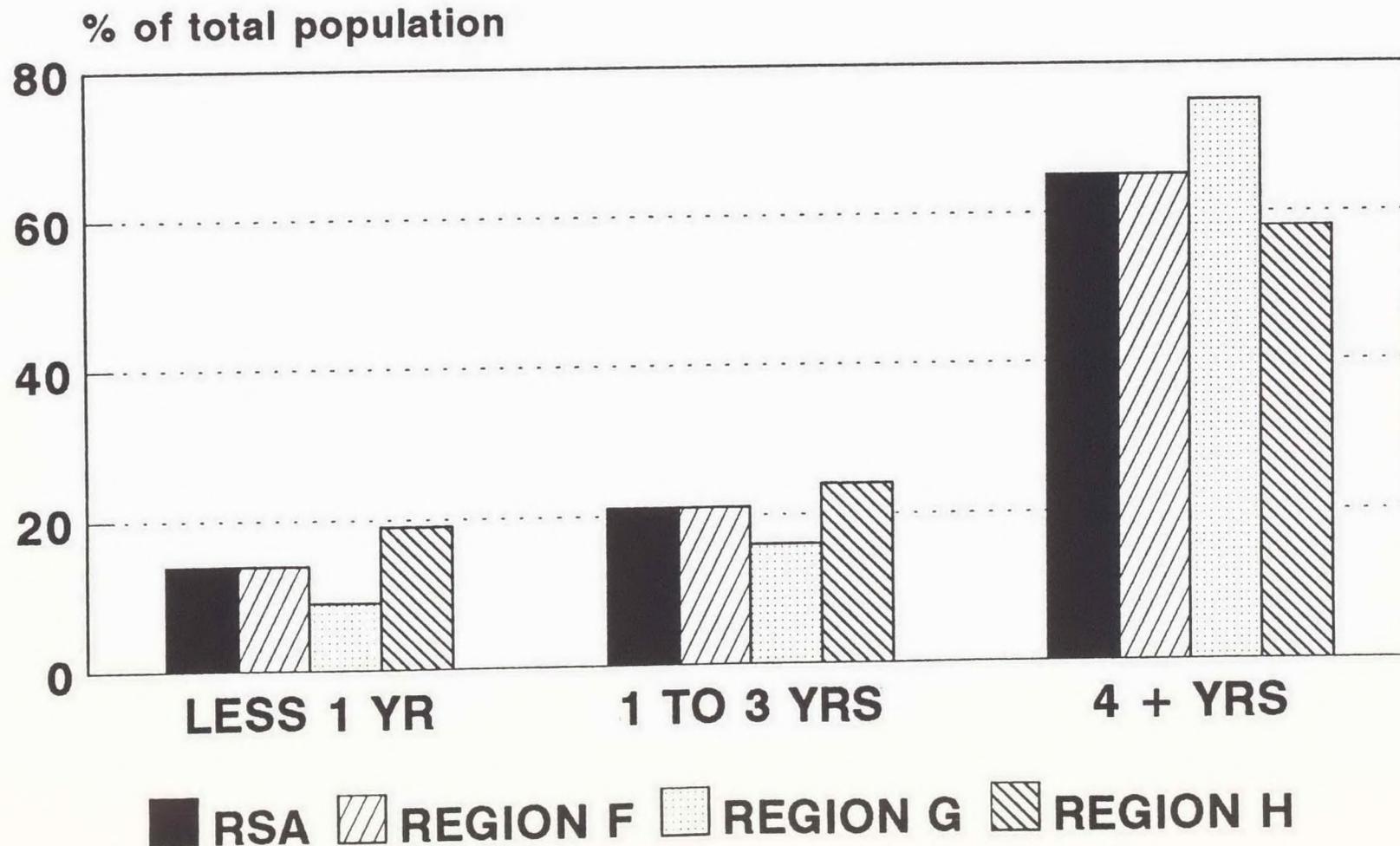
GRAPH 2

NORTHERN TRANSVAAL POPULATION GROWTH RATE 1970-1991



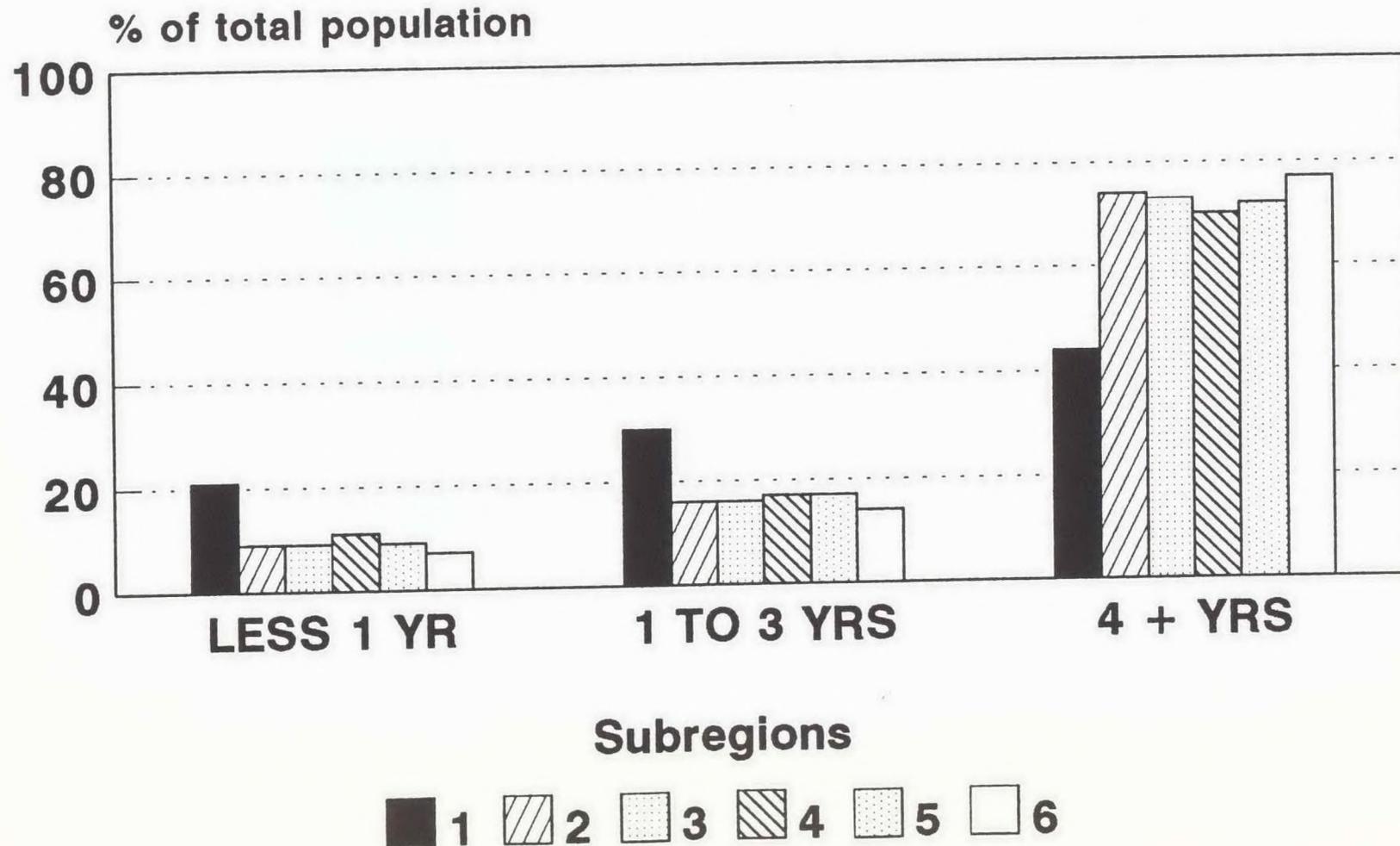
GRAPH 3

NORTHERN TRANSVAAL POPULATION DURATION OF STAY 1991



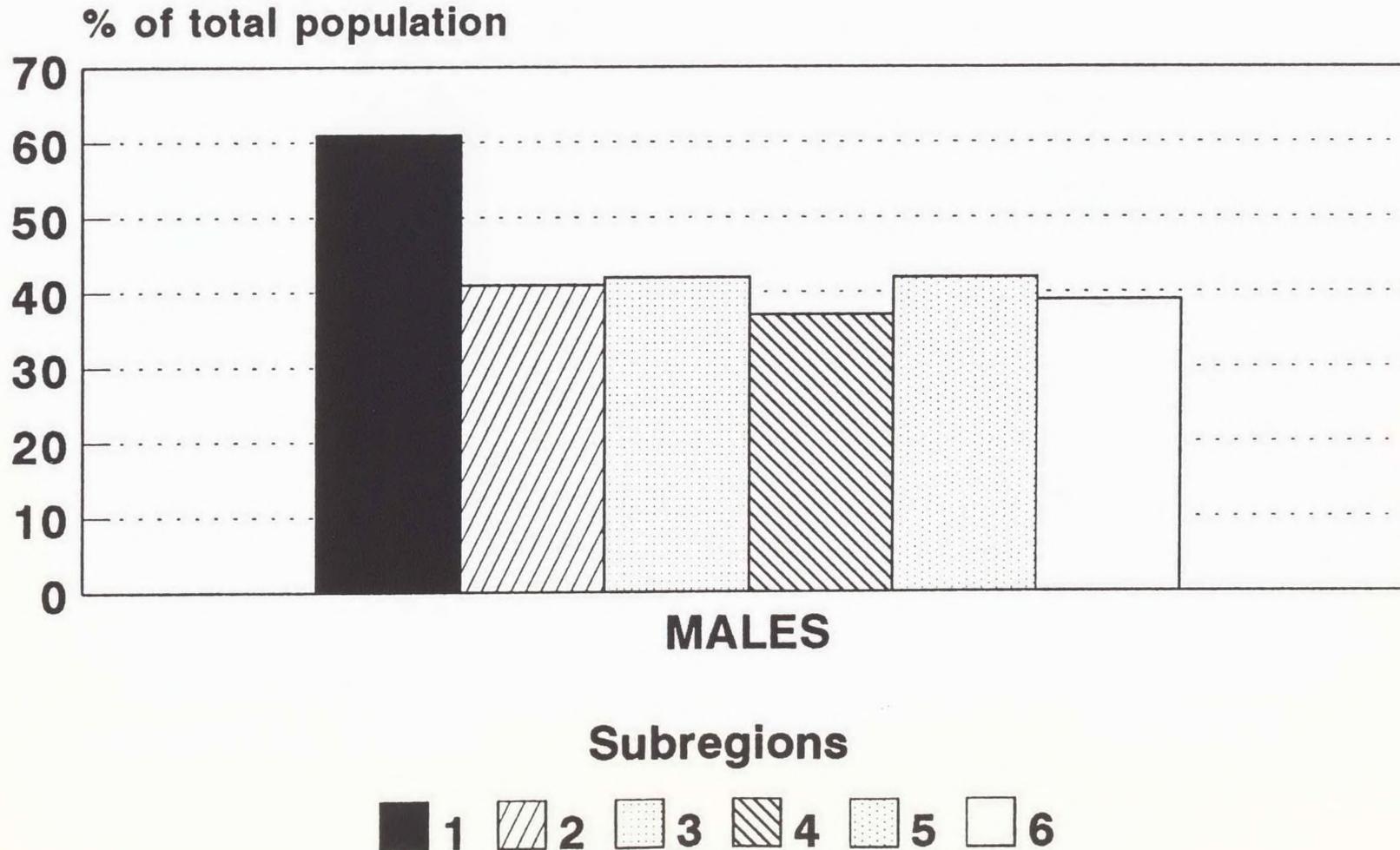
GRAPH 4

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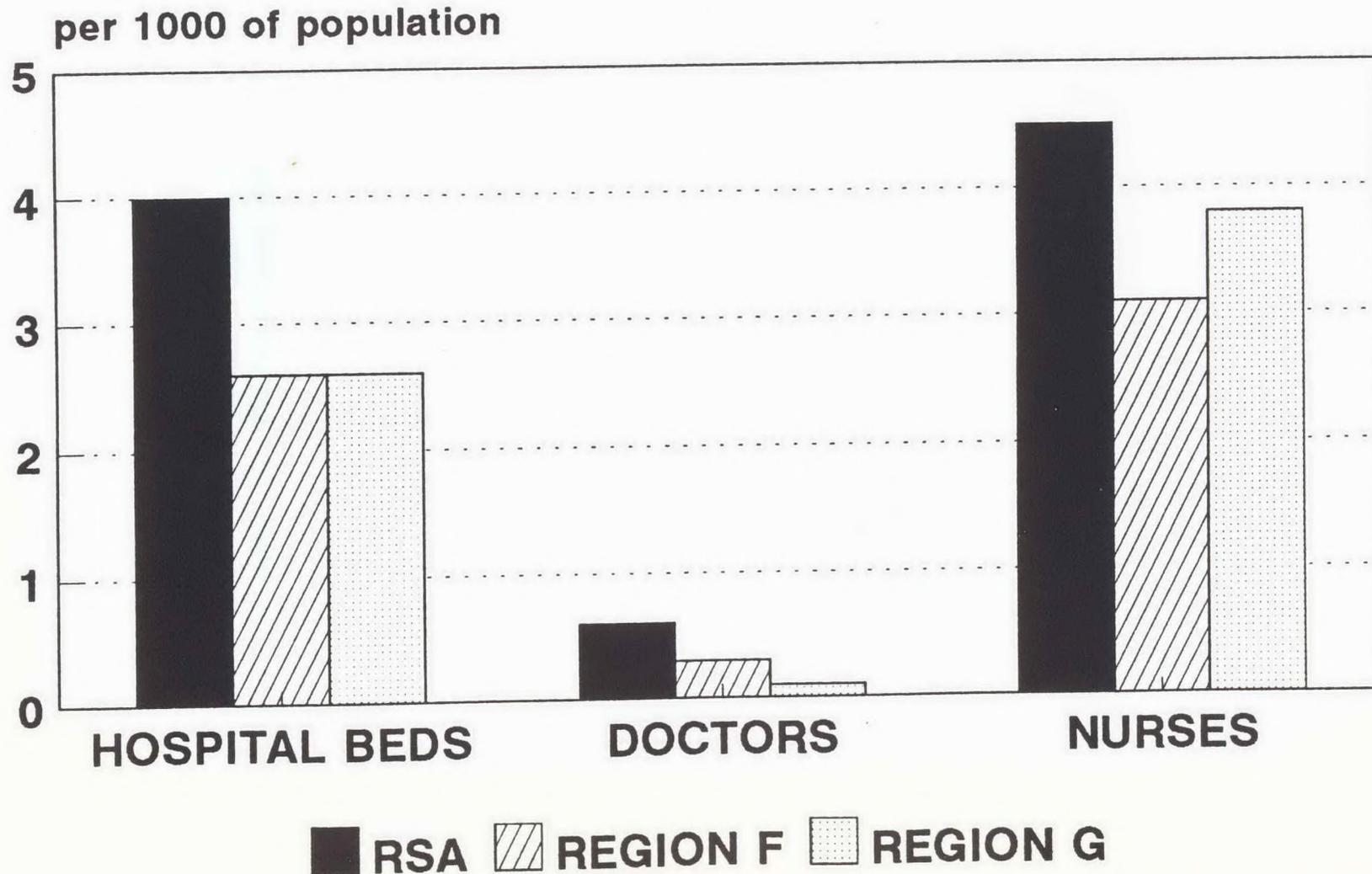
GRAPH 5

NORTHERN TRANSVAAL POPULATION MALE : FEMALE RATIO 1991



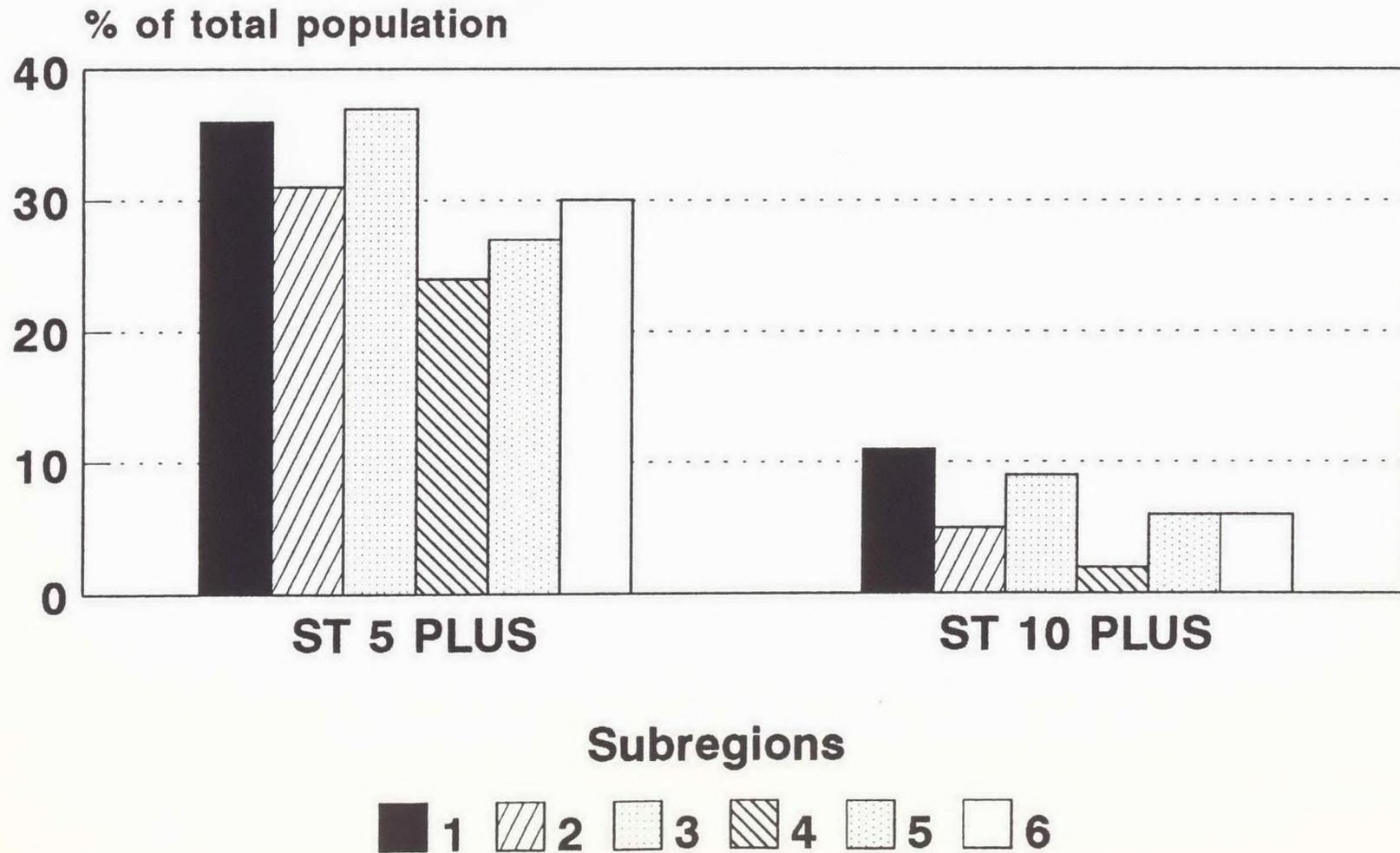
GRAPH 6

NORTHERN TRANSVAAL HEALTH CARE



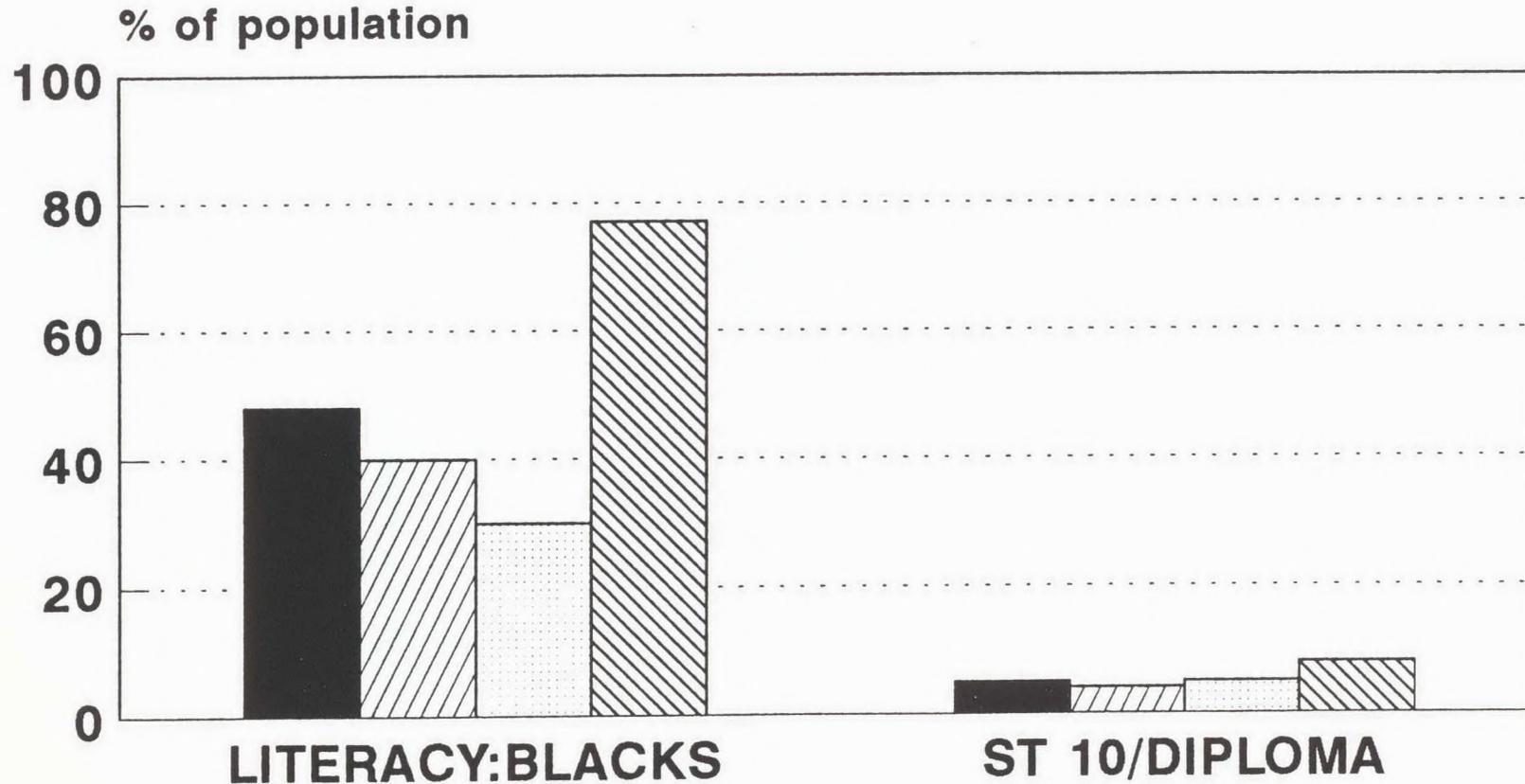
GRAPH 7

NORTHERN TRANSVAAL POPULATION EDUCATION 1991



GRAPH 8

NORTHERN TRANSVAAL EDUCATION

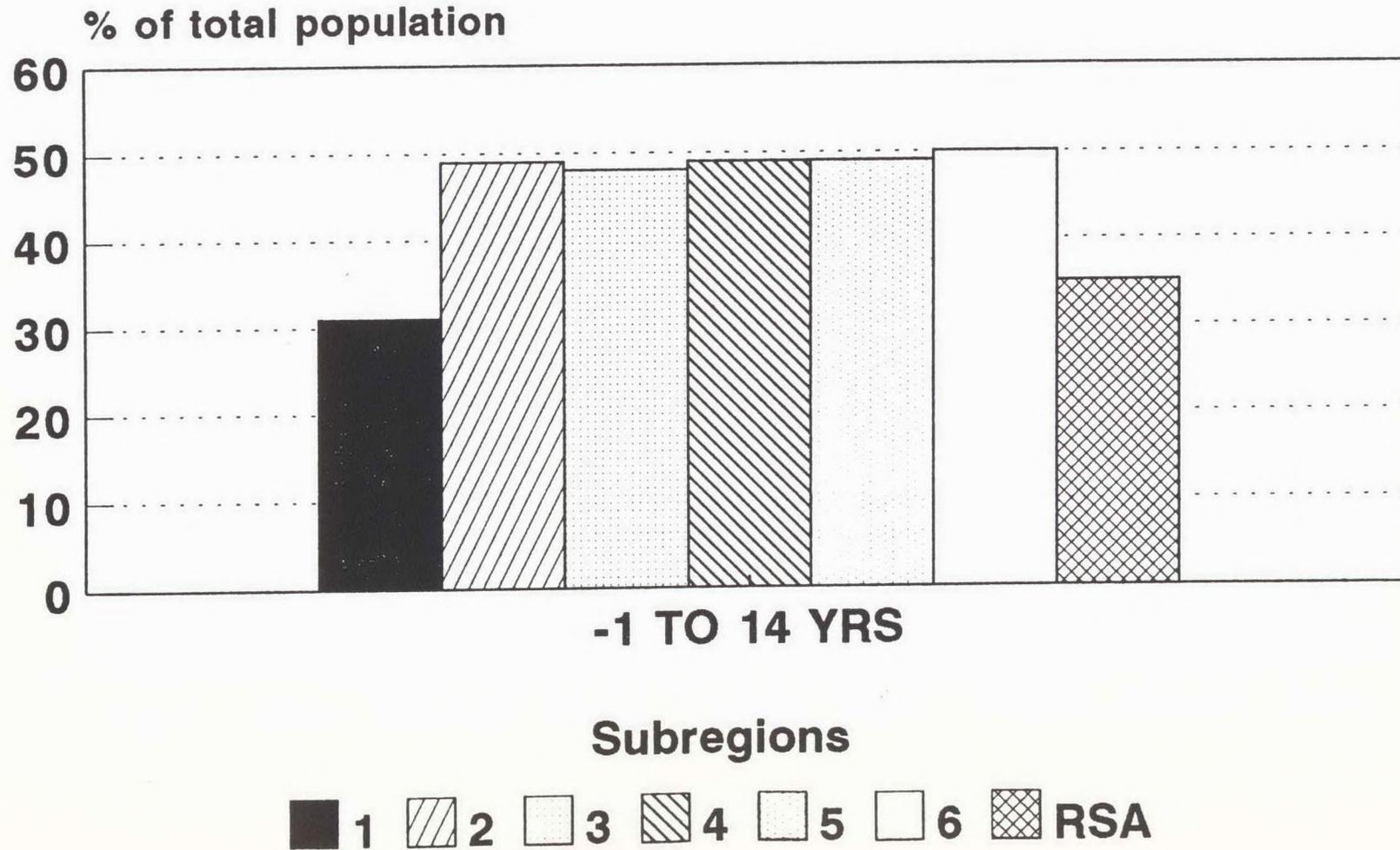


Literacy : % of 13+yrs with st 5+

■ RSA ▨ REGION F ▩ REGION G ▧ REGION H

GRAPH 9

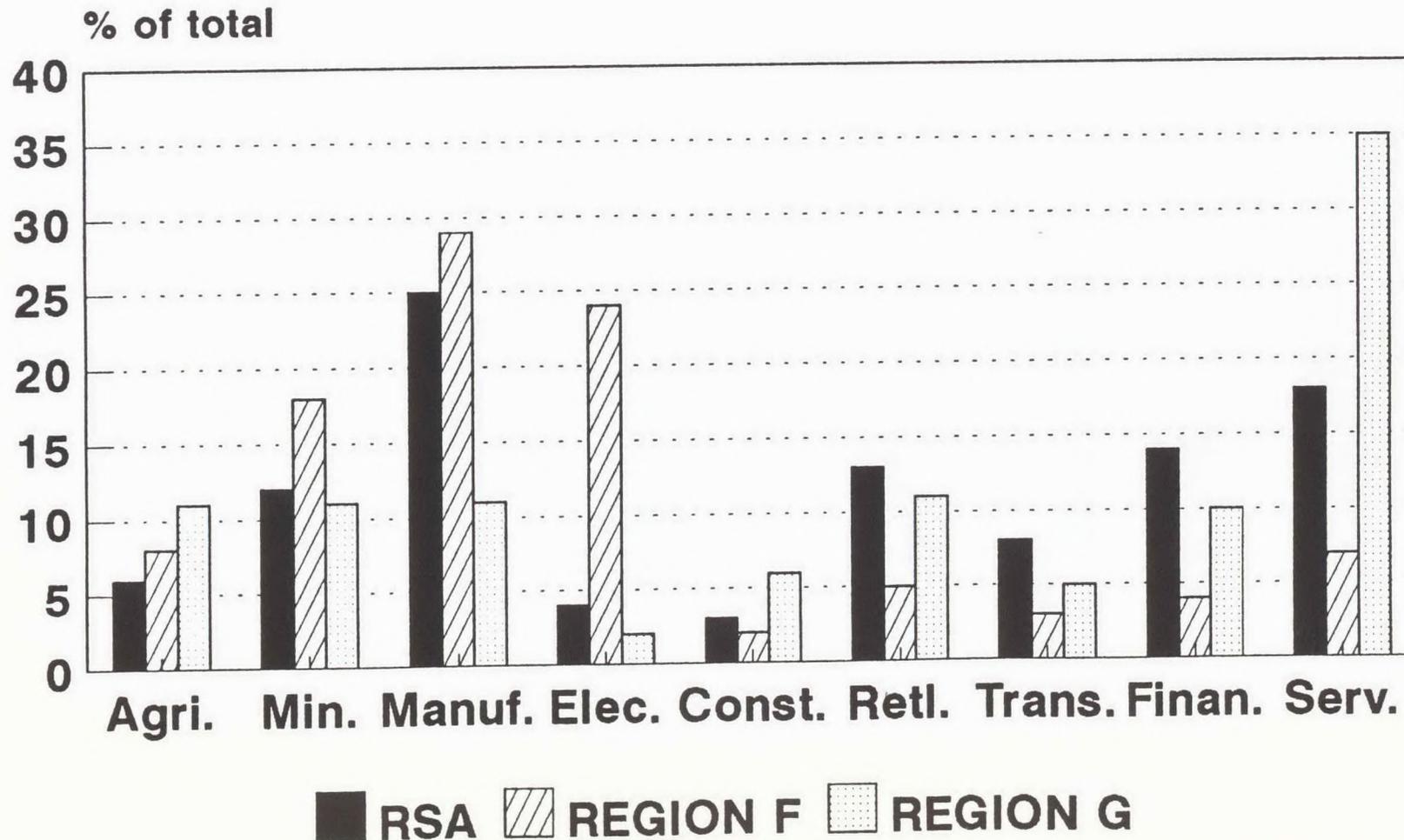
NORTHERN TRANSVAAL POPULATION EDUCATION 1991



GRAPH 10

NORTHERN TRANSVAAL GGP

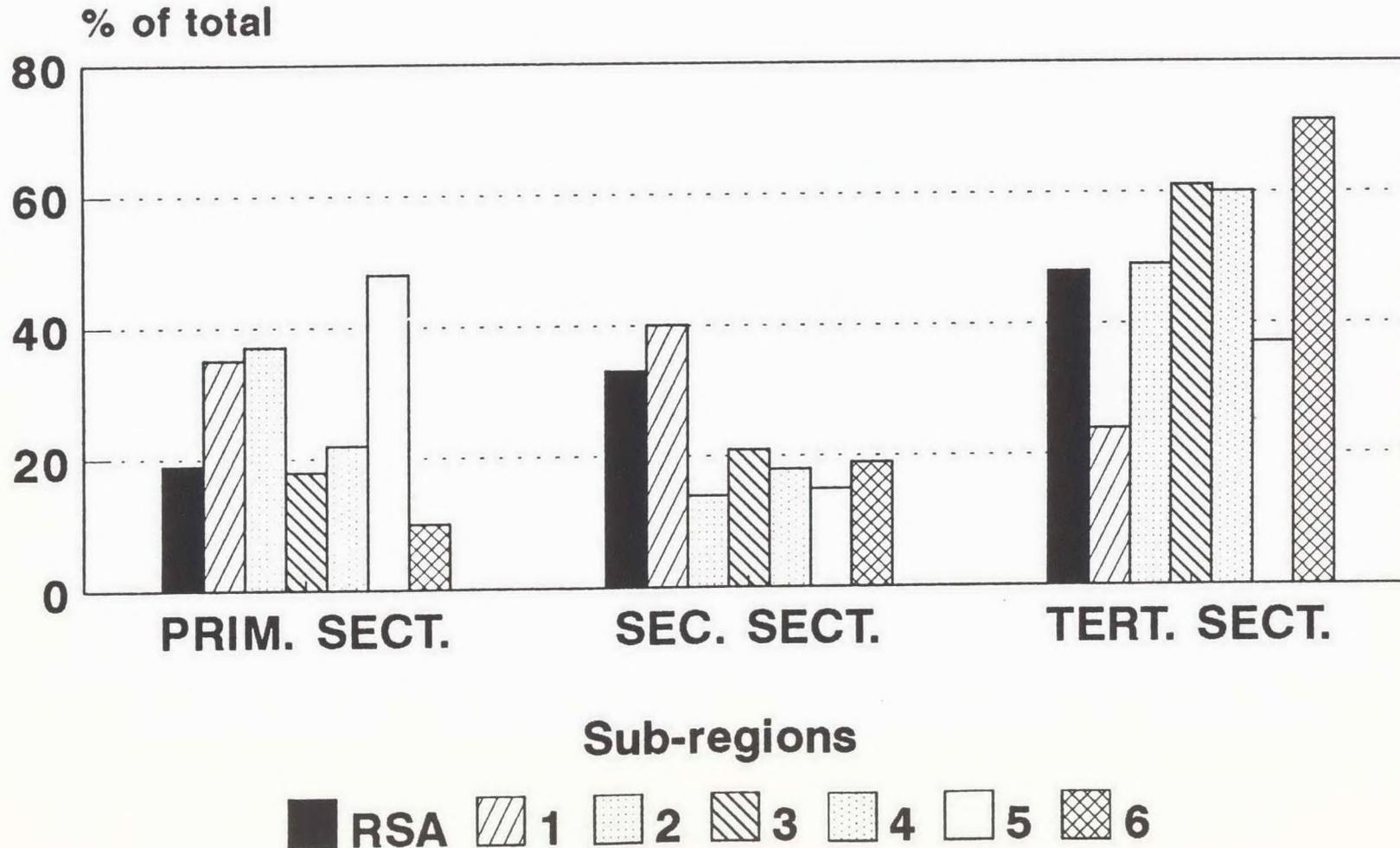
1989



GRAPH 11

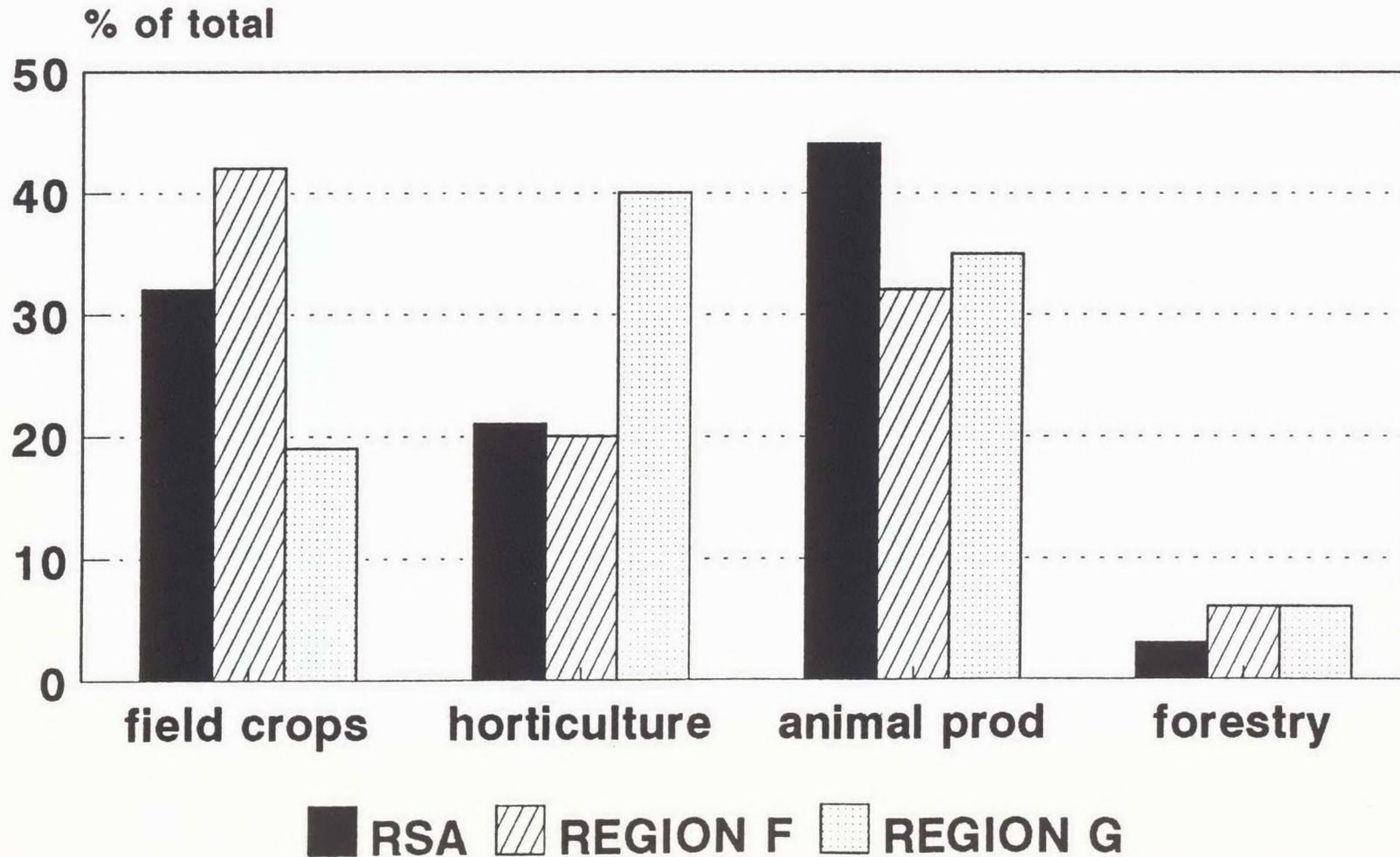
NORTHERN TRANSVAAL GGP

1988



GRAPH 12

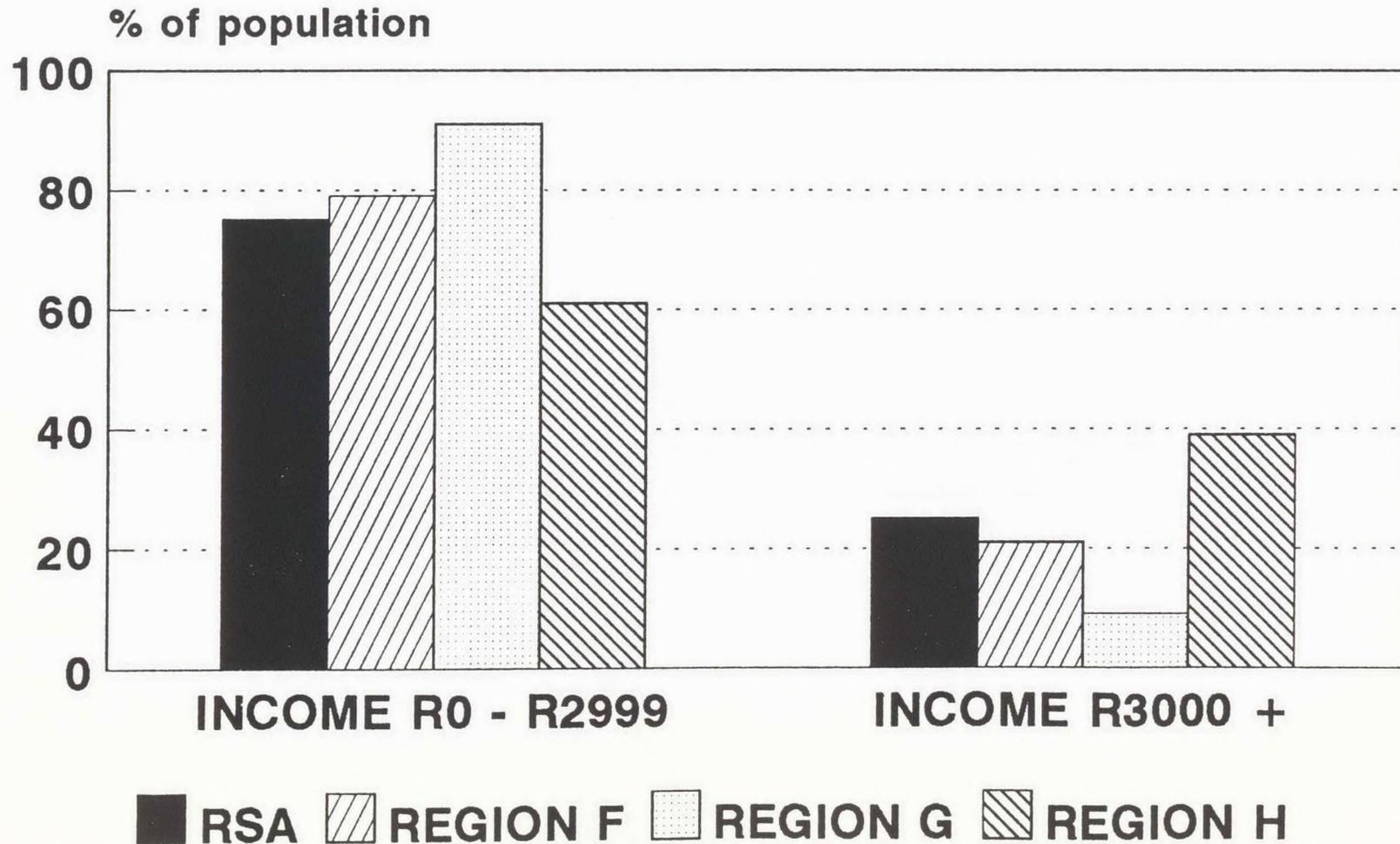
NORTHERN TRANSVAAL FARMING INCOME 1991



GRAPH 13

NORTHERN TRANSVAAL INCOME

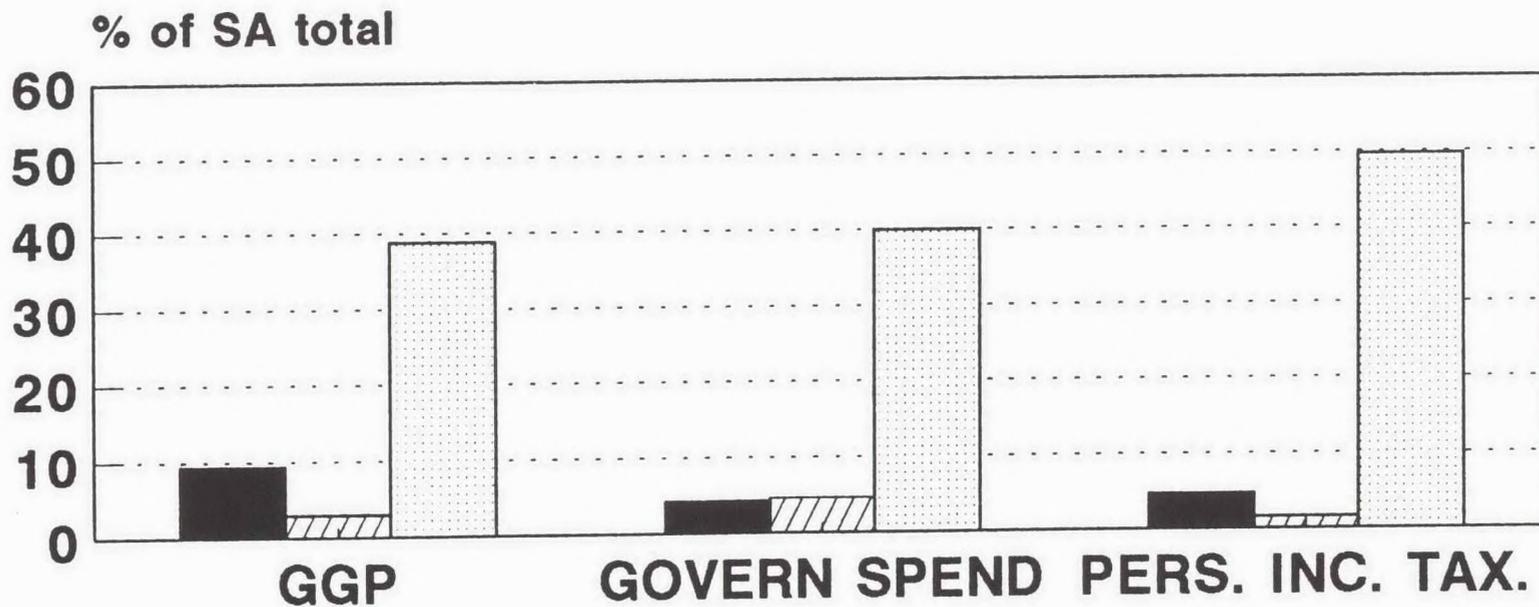
1991



GRAPH 14

NORTHERN TRANSVAAL FINANCE

1991



REGION F	9,4	4,2	4,7
REGION G	3	4,6	1,6
REGION H	38,8	40	49,6

REGION F
 REGION G
 REGION H

CHAPTER 4

Powers of regions

4.1 Background

The demarcation of regions is inseparably linked to the powers that will be allotted to regions. Demarcation cannot take place within a constitutional vacuum and without clarity about what will be expected of the newly established regions. Once greater clarity has been gained about the powers of regions, various criteria for demarcation can be properly evaluated. It goes without saying that different considerations may be brought into account if regions have purely administrative functions, than if regions have legislative and other powers.

The notion of "autonomous" regional government is frequently mentioned in current political and constitutional discussions, unfortunately without sufficient clarity about what is meant by the concept. In comparable international experience, autonomy is understood as the right of subnational regional (and local) governments to take decisions regarding certain matters, by virtue of powers which are guaranteed to them by the constitution or statutory provisions, without undue outside interference. The ability of a region to act autonomously is obviously not only determined by a legal framework, but also by the financial resources, managerial skills, administrative capability and infrastructural network at the disposal of the respective regions. This again illustrates why it is so essential to have greater clarity about the functions and powers of regions before the question of demarcation can be adequately addressed.

4.2 Allocation of powers

In considering the possible allocation of powers to new regional governments, attention will first be paid to the international perspective and subsequently to the South African debate and possibilities. Powers can in general be allocated to regions in two ways, namely by statutory provisions or by constitutional guarantees.

4.2.1 International perspective

In the international community provision is made for the allocation of powers by decentralization by legislation or by constitutional guarantees.

4.2.1.1 Decentralization by statutory provisions

The central government could allocate some legislative and administrative powers to the regions by means of ordinary legislation. The allocation of powers by means of legislation adopted by the central government, is known as the **decentralization** of powers. The decentralization of powers is normally characterized by the following elements:

- * The central parliament remains the supreme source of authority, which means that it can extend, limit or revoke the powers of regions or override any regional decision.
- * The central parliament can attach conditions to the decentralized powers, determining the way, manner or area in which such powers can be exercised.
- * Should a conflict arise between regional and national legislation, national legislation would take precedence.
- * Owing to the dominance of the central government, decentralization is associated with a unitary form of government (e.g. United Kingdom, France and Italy).
- * There are various types of decentralization. The most important types for future regional governments are **deconcentration** and **devolution**. **Deconcentration** entails the decentralization of administrative functions to the lower tiers of government, namely regional and/or local governments. The lower tier is mainly responsible for the implementation and administration of decisions which have been taken at a higher level. **Devolution** entails the

decentralization of decision-making powers to regional and/or local governments, thus empowering them to take and execute decisions according to their own needs. In both cases the powers of the regions and/or local governments depend totally on the will of the central government, and consequently such powers can be extended, limited or revoked.

4.2.1.2 Entrenchment of powers in constitution

The national constitution could guarantee the powers and functions of the central government and of the regions. This means that both the centre and the regions would have **original** powers as set out by the highest source of law, namely the constitution. Neither level of government would therefore be so dominant that it could dictate the decisions of another level or even revoke the powers of another level. Central and regional governments can influence each other, bargain and negotiate, co-operate and persuade each other. The entrenchment of powers in a constitution is characterized by the following elements:

- * The national constitution is the supreme source of authority which means that any law which is in conflict with the constitution, is null and void.
- * The constitution sets out, and guarantees the powers of the central and the regional government and requires them to respect each other in the exercising of such powers.
- * Should a conflict arise between the central and regional legislation, the constitution would determine which legislation has precedence. In concurrent matters the central legislation would normally prevail.
- * Although each level of government has some areas in which it takes final decisions, the emphasis is on co-operative arrangements and co-ordination between the regions and the central government.
- * The central government and the regions can, because of the original nature of

their powers, decentralize some of those powers to other levels of government according to the framework discussed in Par. 4.2.1.

- * The courts play a crucial role as guardians of the constitution and they are consequently the adjudicators when an irreconcilable conflict arises between the national and regional governments.
- * The entrenchment of powers in the manner described above, is associated with a federal form of state (e.g. the USA, Canada and India).

4.2.1.3 Conclusion - international allocation of powers

The allocation of powers by means of decentralization and federal arrangements should not be seen as implying opposing and conflicting approaches. In practice there are many examples where both forms of allocation are employed within the same system. The way that countries allocate powers is influenced by various factors. The following are but a few examples:

- * Historic forces and the way that the state came into being (e.g. the USA and Switzerland).
- * Language, cultural and religious forces and the need to recognize diversity (e.g. Canada, France and Malaysia).
- * Economic considerations such as industrial and economic development (e.g. Spain and Singapore).
- * The need to provide security for the national government and regions so that their autonomy will not be unduly infringed (e.g. Nigeria and India).

The allocation of powers is therefore intimately linked with the practical circumstances and considerations in individual countries. There is no firm recipe for success. In most cases the

allocation of powers is a continuum with various shadings, possibilities and forms of implementation.

4.2.2 South African perspective on allocation of powers

The manner in which powers can best be allocated to regional governments in a new constitutional dispensation is severely hampered because the stakeholders are influenced by historical experiences, distrust, suspicion and hidden agendas. The various political organizations inevitably approach the issue from the viewpoint of their own experiences and ideals which makes an agreement even more difficult.

The provinces that were established in 1910 under the Act of Union found themselves in a hybrid position in that their powers were set out but not entrenched in the constitution. This meant that although the provinces did not derive their powers from a mere act of parliament but rather by means of the constitution, the provisions in the constitution could be amended by a normal majority in parliament. At face value the powers of the provinces were therefore more secure than was actually the case. The weak position of the provinces was illustrated in 1986 when parliament unilaterally abolished the provincial councils, centralized decision-making and instituted government-appointed executive councils.

The disastrous policies of apartheid and separate development have left wounds that will take years or even generations to heal. The distrust and antagonism that are frequently expressed against regional and federal arrangements can be traced back to the system of homelands, independence and loss of South African citizenship. The homelands have been given their powers by means of devolution of powers through an act of parliament. Owing to the endeavour to create "independent" homelands, these areas were given excessive powers which in turn led to public criticism, undemocratic practices and even a breakdown of services.

The unbanning of political organizations on 2 February 1990 and the subsequent release of political prisoners introduced a new era of regionalism. A more pragmatic approach has since then characterized the views that parties hold on regional government. Where the respective