

OUTSIDE THE CORE:

Towards an Understanding of Intermediate Cities in South Africa



OUTSIDE THE CORE:

Towards an Understanding of Intermediate Cities in South Africa



Foreword

In 2012, with the support of strategic partners, the South African Cities Network (SACN) embarked on an exploratory research study into South Africa's 'secondary cities'. The initial study resulted in a publication entitled *Secondary Cities in South Africa: The start of a conversation* (available on <http://www.sacities.net>).

This early study was largely a survey of 'contenders' for the category based on existing notions and criteria that seem to define secondary cities. The study essentially sought to establish what this category really means, amidst arguments for distinctive roles that these secondary cities could play, such as:

- Alleviating demographic pressure from the country's metropolitan areas and, arguably, offering a better quality of life than densely populated urban areas.
- Acting as catalysts for development in their surrounding regions.
- Being regional nodes for locating effective government facilities and services
- Potentially playing an important role in overcoming the country's extreme race and class stratification.
- Contributing to economic growth, and having the potential to change the spatial form of South Africa's distributional regime.

True to its title, the publication raised more questions than answers, and contributed to triggering and informing numerous discussions on the subject of differentiation. And while these exploratory conversations were underway locally, there was growing international interest and recognition of the role of secondary (or 'intermediary' or 'intermediate') cities as drivers of economic growth. In 2012–13, the United Cities and Local Governments (UCLG) and Cities Alliance both commissioned international research projects on intermediate cities, while the South African Local Government Association (SALGA) and KwaDukuza District Municipality hosted an international workshop on this topic.

In addition to initiatives focusing on intermediate cities, numerous initiatives are underway relating to the

notion of differentiation. The Department of Cooperative Governance has been looking at segmentation, categorisation and district reviews. The Department of Performance Monitoring and Evaluation in The Presidency has been pursuing an intervention to support mining towns, while the National Treasury has launched its City Support Programme targeting metropolitan areas. The Municipal Demarcation Board has its ongoing municipal capacity assessments.

This flurry of initiatives focused on **differentiation** is driven by an underlying and increasingly critical policy rationale for thinking seriously, and in a differentiated way, about different spaces. This seemingly common-sense approach – i.e., the need to treat different places differently – has only recently gained traction in our policy space, challenging the entrenched one-size-fits-all approach to public finance, sector policies, institutional support and programme design.

This study, which builds upon the first data-driven study, takes a deeper look into six intermediate cities with the aim of contributing to our understanding of what might be different or unique about these places. How are they similar to or different from each other, or to the metropolitan municipalities which are our usual focus of attention? What opportunities do they represent for support or intervention?

We look forward to continuing the conversation.



SITHOLE MBANGA
CEO, SA Cities Network

Acknowledgements

Lead Author: Lochner Marais
Manager: Geci Karuri-Sebina
Editor: Kristina Davidson (Write to the Point)
Design: Ink Design

This project results from ongoing cooperation and conversations with a number of key strategic partners, including the South African Local Government Association (SALGA), the Department of Cooperative Governance, the Local Government and Human Settlements Outcome Areas of the Department of Performance Monitoring and Evaluation in The Presidency, the National Treasury, the Municipal Demarcation Board, and notable individuals including Pasa Moloi and Wendy Ovens.

This study has also benefitted greatly from the enthusiasm and insight provided by the research team from the Centre for Development Support (CDS) at the University of the Free State, ably guided by Lochner Marais. Due recognition is also given to the range of informants who willingly provided information and data for the study. In addition to the many local informants, the Neighbourhood Development Programme at the National Treasury is recognised for its partnership in the data assembly and analysis.

The case studies were respectively authored by:

Emalahleni: Verna Nel, Malène Campbell and Thulisile Mphambukeli
Emfuleni: Lochner Marais, Molefi Lenka and Jan Cloete
George: Ronnie Donaldson and Daan Toerien
Matlosana: Deidre van Rooyen and Molefi Lenka
Polokwane: Lejone Ntema and Anita Venter
uMhlathuze: Johannes Wessels and Kholisa Rani

Photo Credits:

Page 10 - Klerksdorp record
Page 13 - Jannie Du Plessis
Page 17 - George Herald
Page 19 and 33 - Zululand Observer
Page 43 - Jannie Du Plessis

ISBN No. 978-0-620-62556-2

2014

Contents

LIST OF FIGURES	vi
LIST OF TABLES	vi
ACRONYMS	vii
GLOSSARY	vii
EXECUTIVE SUMMARY	1
Main findings	2
Some lessons	3
INTRODUCTION	4
Methodology	4
Terminology	5
Structure of the report	5
WHY A STUDY ON INTERMEDIATE CITIES?	8
CASE STUDIES	9
City of Matlosana (gold lost its shine)	9
Emalahleni (dirty, but keeping South Africa's lights on)	11
Emfuleni (steeling the river city)	13
George (land of milk and h(m)oney)	15
Polokwane (bling in the North)	17
uMhlathuze (gateway to the world?)	19
INTERMEDIATE CITIES: CATEGORISATION AND DIFFERENTIATION	21
Introduction	21
South African attempts towards categorisation and differentiation	22
Towards an understanding of intermediate cities: size, location and function	24
Synthesis	33
INTERMEDIATE CITIES AND INTERNAL PRESSURES	35
Municipal governance and management	35
Municipal finance	35
Strategic planning	37

Spatial planning	38
Municipal infrastructure	38
Local government-business relations.....	39
Poverty and the informal sector.....	39
INTERMEDIATE CITIES AND EXTERNAL PRESSURES	40
National planning	40
Logistics and freight infrastructure.....	41
Demarcation and traditional lands	41
Intermediate cities and the environment.....	41
INTERMEDIATE CITIES IN SOUTH AFRICA: SOME LESSONS.....	43
Contextualising and identifying intermediate cities is complex and depends on multiple indicators	43
Intermediate cities need to deal with a range of vulnerabilities and risks.....	44
More emphasis should be placed on the value and potential of intermediate cities.....	45
Categorisation and differentiation: aspects to consider	45
The development path of intermediate cities is not necessarily to become a metropolitan area	46
REFERENCES	47

List of Figures

Figure 1: Demographic and economic indicators (2011)	6
Figure 2: The location of the six case studies.	7
Figure 3: Spatial hierarchy of South African cities according to the CSIR (2008)	22
Figure 4: Size comparison of the six intermediate cities and the metropolitan areas (2011)	25
Figure 5: The economic structure of the six intermediate cities and metropolitan areas (2011).	26
Figure 6: The distribution of the South African population by settlement type (1996, 2001, 2011)	30
Figure 7: Poverty levels and informal employment in the six intermediate cities and metropolitan areas (2011)	39

List of Tables

Table 1: Economic growth rates in the six intermediate cities and metropolitan municipalities (1996–2011)	27
Table 2: Location attributes for the six intermediate cities	29
Table 3: A summary of functional attributes per case study city	34
Table 4: A comparison of key municipal finance variables in the six intermediate cities and metropolitan areas (2011/2012)	36

Acronyms

AMSA	ArcelorMittal South Africa
CSIR	Council for Scientific and Industrial Research
DPME	Department of Performance Monitoring and Evaluation
GVA	Gross Value Added
IDP	Integrated Development Plan
LED	Local Economic Development
NDP	National Development Plan
NSDP	National Spatial Development Perspective
SACN	South African Cities Network
SALGA	South African Local Government Association
SLP	Social and Labour Plan

Glossary

Categorisation refers to the way in which South African settlements are placed in various groups. A number of studies and pieces of legislation have attempted to do this, including the Local Government: Municipal Structures Act (No. 117 of 1998) and research conducted by the Council for Scientific and Industrial Research (CSIR).

Differentiation refers to municipalities/settlements being treated differently because they have different attributes or are in different categories.

Intermediate cities is a term that emphasises the functional role of larger, non-metropolitan urban areas. The focus is on the role that these cities play in 'mediating' between metropolitan areas and smaller urban areas/rural areas.

Secondary cities is a term that refers to cities that are below the metropolitan areas in the urban hierarchy. This phrase emphasises the fact that these cities are second-tier cities and distinctly different from small towns and rural areas.

Segmentation is a term used by the Department of Cooperative Governance to sub-categorise (segment) the three existing categories of municipalities.

Executive Summary



Much of the urban research conducted around the world focuses on world cities or larger metropolitan areas. Although such research is essential, smaller and intermediate-sized urban centres appear to be neglected. Historically, the South African Cities Network (SACN) has concentrated on the eight metropolitan municipalities and Msunduzi. However, in 2012 the SACN embarked on an initial exploration of intermediate cities, with the publication of *Secondary Cities in South Africa: The Start of a Conversation*.

Further research was undertaken to deepen the understanding of intermediate cities in South Africa, using a set of key policy questions. The project was motivated by the need to understand intermediate cities in relation to the different categorisations of settlements and the differentiation debate, within the context of growing pressure to increase the number of metropolitan areas (which are commonly assumed to be the logical trajectory for intermediate cities). Six case studies were included in this research: City of Matlosana, Emalahleni, Emfuleni, George, Polokwane and uMhlathuze.

The last two decades have seen various attempts at categorising South African settlements, in existing municipal legislation, by the CSIR and National Treasury, and in the National Spatial Development Perspective. These attempts have an inherent value, but the emphasis on size over functional attributes contributes to increasing pressure to declare more areas as metropolitan municipalities.

The notion of having different planning, finance and institutional support for different settlement categories has been accepted globally and in South Africa. Differentiation should go beyond finance and municipal functions and include differentiated policies (or at least differentiated implementation of national policies), institutional support, planning and programmes. In 2009, Outcome 9 of the South African Government's delivery agreement states (in output 1) that the intention of government is to 'implement a differentiated approach to municipal financing, planning and support'. Yet five years later, many of the intentions have not materialised.

These cities play an important role in overall national development (including poverty alleviation) by managing urbanisation, and providing social and economic services (public and private) and infrastructure to impoverished regions.

MAIN FINDINGS

The six case study intermediate cities have smaller populations and economies than all the metropolitan areas, but some of the larger intermediate cities are comparable to the smaller metropolitan areas.

Functionally, intermediate cities play an important role in managing urbanisation, contribute to international competitiveness, are important for the country at a national scale and perform significant regional services and social roles. Yet, despite these important roles, most of the six cities appear to be locked into growth pathways that will be extremely difficult to break. These cities are also more vulnerable than metropolitan areas, as they rely on mining and energy creation and/or on one dominant manufacturing subsector, and have a small but significant dependence on global markets.

Unlike metropolitan areas, intermediate cities do not have long-term plans but have IDPs with a timespan of five years, which seems not to be the most effective arrangement. In addition, the cities' strategic plans generally fail to consider opportunities and risks associated with international connectedness.

Like metropolitan areas, intermediate cities struggle with internal and external pressures. Internal pressures include municipal governance and management, municipal finance, strategic planning, spatial planning, municipal infrastructure, business-municipal relations and significant levels of urban poverty. At the same time, the cities have to deal with external pressures, including national planning, freight infrastructure decisions, environmental issues and demarcation processes. While these pressures are not very different from those of metropolitan municipalities, their economic vulnerability (dependence on mining and single manufacturing subsectors) make intermediate cities significantly more vulnerable in the medium and long term.

The cities' strategic planning often fails to consider international connectivity, or obvious development routes, and instead prioritise unrealistic objectives.

The majority of these intermediate cities have a narrow (single sector) economic base that depends largely on old technologies.

SOME LESSONS

Contextualising and identifying intermediate cities is complex and depends on multiple indicators.

The identification of intermediate cities should be based on the interaction between various aspects such as size, location and function. What is crucial is to have clear motivations for categorisation and to consider the complexity of size and functionality indicators.

Intermediate cities need to deal with a range of vulnerabilities and risks.

Many intermediate cities have narrow economic bases and so are extremely vulnerable to changes in one or two economic sectors. The cities are also vulnerable to international market trends, as well as national policies, programmes and decisions regarding trade policy and infrastructure investment, while environmental limitations can negatively affect their development.

Below-par performance in municipal management, municipal finance and strategic planning ... has more of an adverse impact on these cities than on metropolitan areas.

The six case studies reveal significant levels of path dependency – the cities are fairly locked into their historical development paths.

The cities are all confronted by environmental issues, such as pollution, water shortages and acid mine water.

Categorisation of urban settlements should be more flexible and multi-layered, allowing settlements to move up or down the hierarchy.

Therefore, planning frameworks for intermediate cities should consider their vulnerabilities and foster appropriate partnerships for economic development. Furthermore, issues of good governance and demarcation are important for ensuring that these cities can play their small (but important) international and national roles in addition to serving rural populations.

More emphasis should be placed on the value and potential of intermediate cities.

Intermediate cities play an important role in the nation's overall development, by providing social and economic services, and infrastructure to impoverished regions. Therefore, rural development policies need to take into account the role of intermediate cities. These cities could also play an important role in poverty-reduction strategies, given the higher percentage of poverty in intermediate cities (compared to metropolitan areas). For that reason, a much closer relationship (similar to that of metropolitan areas) with the Department of Public Works is proposed. In addition, intermediate cities may help lay the foundation for a new, integrated South Africa, as their levels of desegregation are higher than in metropolitan areas.

Categorisation and differentiation: aspects to consider.

Categorisation should be more flexible and multi-layered, allowing settlements to move up or down the hierarchy and allowing other factors to be included. Intergovernmental systems and grants, policy and planning proposals, institutional support and municipal functions could be differentiated, according to the categorisation.

The development path of intermediate cities is not necessarily to become a metropolitan area.

The development trajectories of the case study cities do not suggest that they should develop into metropolitan municipalities. In fact, to some degree, the evidence suggests the opposite. Some future considerations in this respect include:

- Improve the overall strategy surrounding the declaration of new metropolitan areas.
- Improve the guidelines in the Local Government: Municipal Structures Act (No. 117 of 1998) outlining the criteria for metropolitan municipalities.
- Develop a strategic approach for declaring metropolitan areas using a framework of international competitiveness.
- Create a flexible, multi-layered categorisation system which would (1) reward good municipal financial management, (2) provide adequate incentives to not metropolise, (3) determine municipal functions, (4) influence intergovernmental grants, and (5) provide targeted institutional support.

Introduction



Economic activity is increasingly centred in the world's main cities and large urban areas (Rodríguez-Pose and Dahl Fitjar, 2013; World Bank, 2009), but the majority of the world's population do not live in these centres. So, '[w]hat future awaits the billions of people who live either in intermediate or in small cities or in rural areas?' (Rodríguez-Pose and Dahl Fitjar, 2013: 6). Perhaps reflecting the fact that big cities are the centre of global economic activity, much urban research focuses on world cities or larger metropolitan areas (Friedman, 1986; Hall, 1966; Zook and Brunn, 2005).

While such research is essential, this over-emphasis on larger urban areas means that smaller and intermediate-sized urban centres appear to be neglected. Existing research 'pays little attention to the relations and networks which develop between diverse cities and towns, or between the city and its various peripheries' (De Boeck et al., 2009), and 'urban players still lack an understanding of intermediate cities, and are thus incapable of effectively integrating the concept in their development strategies' (Bolay and Rabinovich, 2004: 407).

For the last few decades, researchers have neglected intermediate-sized cities, even though scholars have recognised their importance. For instance, in the mid-1980s, Rondinelli (1983: 85) wrote that '[d]espite their relative weakness in economies of developing countries, intermediate cities seem to perform important economic and social functions that can contribute to national development'. Intermediate cities play a particularly important role in rural development because they serve as centres for trade,

and public and private services. In addition to their national and regional functional roles, these cities also have increasing connections to the global economy, resulting in a number of risks and opportunities (Bolay and Rabinovich, 2004; Rodríguez-Pose and Dahl Fitjar, 2013).

Historically, the South African Cities Network (SACN) has concentrated on eight metropolitan municipalities (Buffalo City, Cape Town, Ekurhuleni, eThekweni, Johannesburg, Mangaung, Nelson Mandela Bay and Tshwane) and Msunduzi. However, in 2012 the SACN embarked on an initial exploration of intermediate cities, producing a document titled *Secondary Cities in South Africa: The Start of a Conversation* (SACN, 2012). This current report builds on the 2012 report by deepening the understanding of intermediate cities in South Africa through six in-depth case studies.

TERMINOLOGY

In South Africa, the term commonly used is 'secondary cities' because these cities are considered to be secondary to metropolitan areas. However, this term emphasises the position of cities within the settlement hierarchy and focuses mainly on indicators of size rather than function. The population of the six case study municipalities varies between 200 000 and 750 000 people (sometimes including extensive rural populations), which is similar to the population of smaller metropolitan municipalities and significantly bigger than the average small town in South Africa (Donaldson and Marais, 2012). Although debates about city hierarchy

in South Africa often focus mainly on issues related to size, the main argument here is that the interrelationship between size, function and location is critical for understanding intermediate cities. The term 'secondary city' focuses on size, whereas the term 'intermediate city' places more emphasis on function. Therefore, in an attempt to emphasise the functional role of these cities, the study uses the term intermediate.

METHODOLOGY

The current study uses six case studies to broaden the overall understanding of intermediate cities. The aim of the research is to understand better the role of these cities and to identify key policy issues in relation to these cities. The following case study cities were studied:

- City of Matlosana (Klerksdorp and surrounding areas)
- Emalahleni (Witbank)
- Emfuleni (Vanderbijlpark and Vereeniging)
- George
- Polokwane
- uMhlathuze (Richards Bay)

The cities were chosen to reflect the diversity of intermediate cities in South Africa and were compared on a range of factors. The study included one provincial capital (Polokwane); one area with heavy industry (Emfuleni); two mining areas, one where the industry is booming (Emalahleni) and one where it is in decline (City of Matlosana);¹ a port area (uMhlathuze); and a regional service centre (George). Figure 1 provides an overview of the main demographic and economic indicators for the six case studies.

Each case study underwent the following research process:

1. An investigation of the historic pathways and factors that shaped each city, in order to provide context and to determine whether or not the cities have the ability to modify their historic pathways.

2. An examination of the current knowledge base for these cities, which is generally more limited than for metropolitan areas.
3. A review of media reports, in order to understand the local dynamics and local government.
4. A review of demographic, population, economic and development data, in order to determine the current development profile of the cities.
5. An examination of audit and other municipal reports, to contextualise each city's municipal finances and compare them with metropolitan areas. Some consideration was also given to National Treasury municipal financial assessments.
6. Interviews with individuals in local government, business and civil society, in order to confirm or update the information gathered earlier in the research process, to get insight into the cities' strategic planning frameworks and business-local government relations, and to determine future risks faced by these cities.

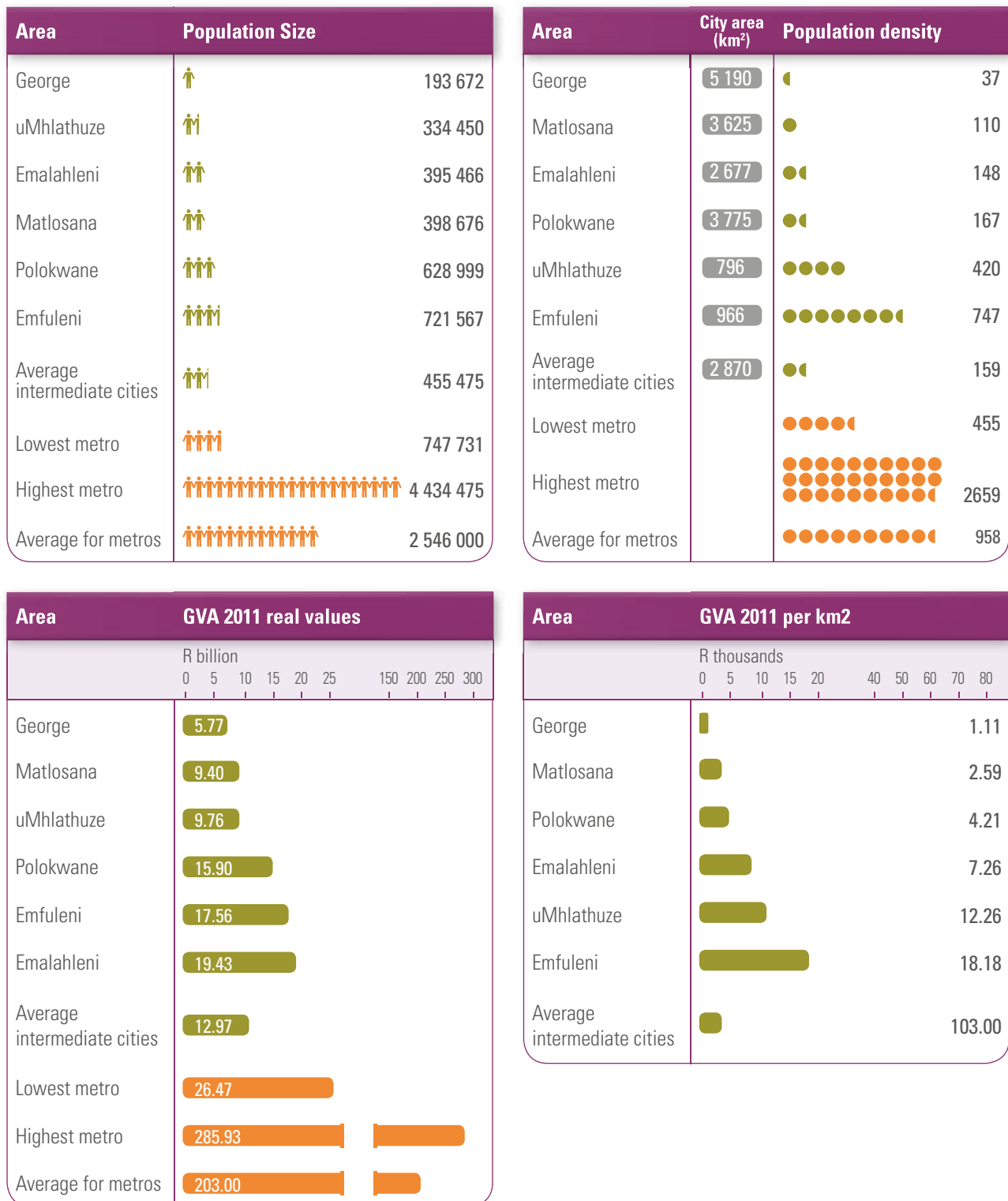
STRUCTURE OF THE REPORT

After providing a motivation for studying intermediate cities, an overview of the six case studies is presented², followed by a discussion of aspects related to categorisation and differentiation. The internal and external pressures faced by the six case study cities are then considered and, lastly, the main lessons and policy implications are presented.

1. It should be noted that of the 21 intermediate cities identified by the National Treasury (see Section 4.2.4) 13 are areas with either historic or more recent mining histories.

2. A fuller version is provided separately, as individual case study reports.

Figure 1: Demographic and economic indicators (2011)



The graphics above suggest that the six cities studied have substantially smaller populations and lower economic outputs than the metropolitan areas. However, indicators for the larger intermediate cities and the smaller metropolitan areas are not too far apart. More reference will be made to a variety of these and other indicators later in the report.

Figure 2: The location of the six case study cities

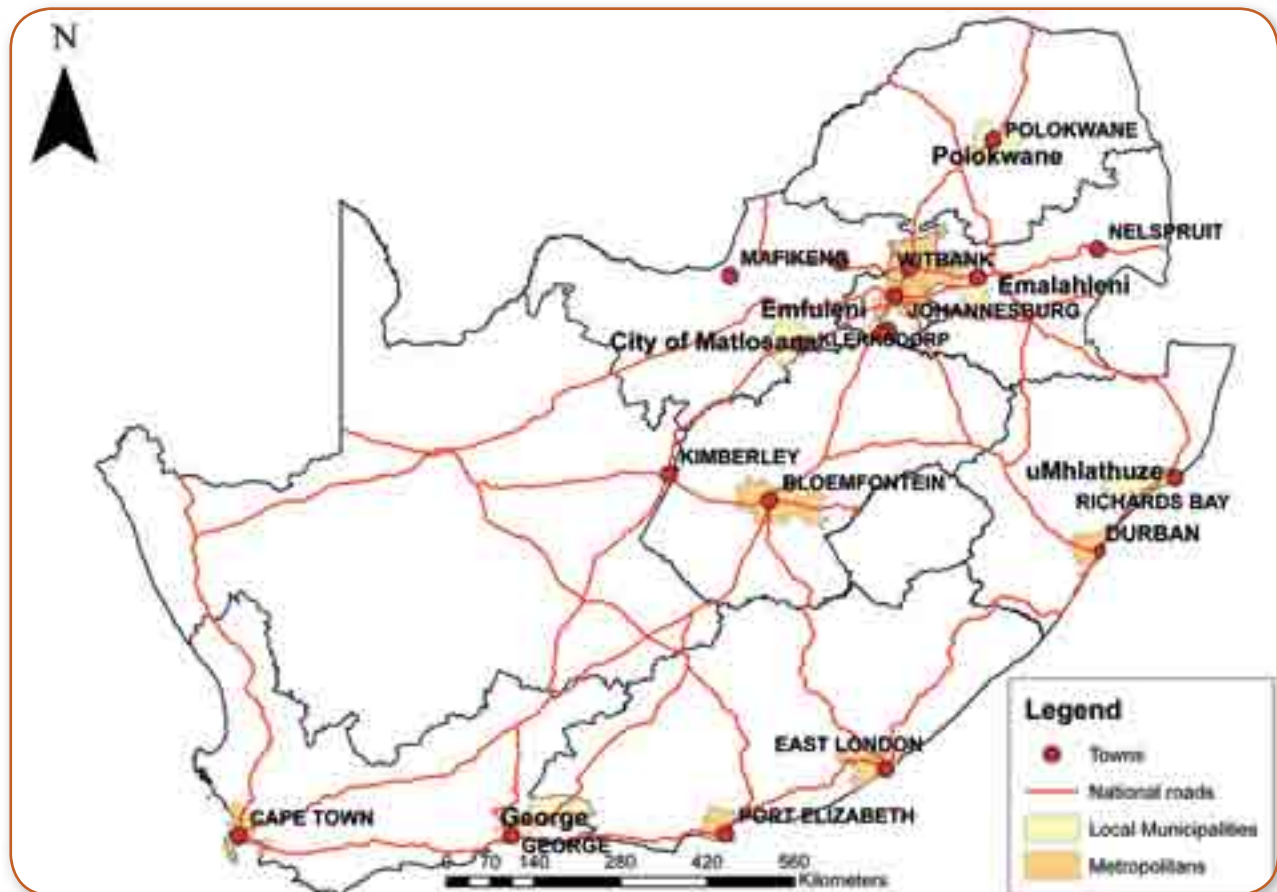


Figure 2 shows the location of the six case study cities in relation to the metropolitan areas in South Africa.

Why a Study on Intermediate Cities?



Like in the rest of the world, a significant percentage (42%) of the South African urban population resides within the metropolitan areas (StatsSA, 2013), yet little research has been conducted into intermediate cities. Although the *Secondary Cities in South Africa: The Start of a Conversation* laid the foundation for the discussion, the very notion of intermediate cities is inadequately understood and poorly developed in the South African context (SACN, 2014). The SACN report also focused largely on issues of hierarchy, rather than understanding the attributes, internal workings, economies, social relations and aspects related to defining and categorising intermediate cities.

The current policy debate in respect of intermediate cities is largely under-developed (SACN, 2012), and so this study looks at a set of key policy questions that should receive attention (SACN, 2013):

- How should these cities be managed given their importance for innovation and economic competitiveness?
- How should these cities be viewed against national social and human development objectives?
- Do these cities have alternative trajectories that will allow them to avoid some of the problems associated with South Africa's larger metropolitan areas?
- How can these cities harness growth to create greater urban transformation, reform and accountability, as well as better infrastructure and services?
- Could these cities play a role in overcoming the country's extreme race and class stratifications?

- What role do these cities play in creating and maintaining an urban hierarchy, and what functional roles do they play within this hierarchy?

Intermediate cities also have to be understood in relation to existing debates around the categorisation of settlements and the quest for a differentiated approach to municipal governance in South Africa. A more detailed overview of the different systems of categorisation and the differentiation debate is provided later in this report.

Finally, there has been increasing pressure to expand the number of metropolitan municipalities. This can be attributed to local ambitions as well as the lack of sub-categorisation or segmentation within local municipalities. However, certain factors complicate this push to 'metropolise'. South Africa does not have a systematic, strategic, long-term agenda for creating new metropolitan areas (including the appropriate or projected extent of metropolitan areas). The creation of such areas is largely driven by selective size indicators, with population size, municipal revenue or municipal gross value added (GVA) being given as reasons for becoming metropolitan municipalities. Reasons rarely include location, settlement function and the role played by specific settlements in national development, and municipal categorisation is not related to the performance of the municipality. This report also questions whether becoming metropolitan municipalities is the only logical trajectory for intermediate cities.

Case Studies

The aim of this section is to provide a brief overview of the six cities, focusing on their historic pathways, current trends and future risks and opportunities.

City of Matlosana (gold lost its shine)



The City of Matlosana consists of four main urban areas: Klerksdorp/Jouberton, Orkney, Stilfontein and Hartbeesfontein. The municipality's total population is just under 400 000. Klerksdorp originally developed as a rural service centre providing trade and social services to the surrounding agricultural communities. Some mining activities began in the area in the early 1900s, but major mining initiatives only started after the Second World War and gave birth to the towns of Orkney, Stilfontein and Hartbeesfontein. Although the mining boom resulted in some residential developments, Klerksdorp has largely retained (and expanded) its regional service character. In the early 1990s, the mining industry declined rapidly, as the gold price tumbled (although the Rand price of gold today is considerably higher than it was in the late 1980s) and labour practices in South Africa changed (resulting in increased labour costs). Deep mining was becoming very costly because gold reserves were almost depleted and the remaining gold could not be mined cost effectively. Over the past five years, the steep increase in electricity costs in South Africa, combined with the fact that deep mining is an electricity-intensive process, suggests that new investments in deep mining are highly unlikely in the future.

Mostly because of mine downscaling, between 1996 and 2011 the City of Matlosana's economy declined by 2.9% per annum, and in 2001 the area's economy was 13% smaller than in 1996. However, although the rate of population growth has slowed, the area's population has not declined as drastically as

in the Free State Goldfields, which had a similar development and decline pathway (Marais, 2013b). The existing population growth is largely as a result of the natural population growth in the area, with very little evidence of new migrants.

The original nature of Klerksdorp as a rural service centre has been retained (and to some degree expanded), which has mitigated the area's decline. For example, Senwes, one of the largest agricultural businesses in the country, has its head office in Matlosana (Klerksdorp) and serves large parts of the North West, Northern Cape and Free State provinces, as well as having some business linkages with Botswana. In addition, private medical facilities and schools have moved to the city, and some centralisation of financial services has taken place. The city's location has also helped: being relatively close to Rustenburg has resulted in a small yet significant percentage of people working in the platinum belt but residing in the City of Matlosana, while being not too far from Gauteng suggests some linkages to Johannesburg and the West Rand.

In spite of the above mitigating factors, mine downscaling has had a serious impact on the community. No long-term planning was put in place to diversify the area's economy because mine downscaling was not expected so soon. Recent attempts have been made to diversify the economy, based on either retail centre developments (building malls) or trying to position the area through large (mainly ambitious) projects, such as creating a logistics hub. Yet the city has not relaxed its land-use regulations, which may impede new economic opportunities.

The city's old infrastructure and below-average expenditure on infrastructure maintenance are also long-term threats. The municipality is struggling to create an effective billing system, which is to a large degree the direct result of the privatisation of houses formerly owned by mining companies. Bills are now sent to individual homeowners, whereas previously the mining companies paid the bills in full for all the houses they owned. Rapid changes in the ownership of mines in the area make building trust between local government and business

extremely difficult. The companies and individuals that the municipality spoke to yesterday might not be there tomorrow. The area will also suffer for years to come from the long-term environmental impacts of mining, such as acid mine water and the mining impacts on adjacent farm land. Finally, on the positive side, mine downscaling and economic decline have led to lower house prices, which have resulted in significant levels of residential desegregation in Matlosana (more specifically in Orkney and Stilfontein).

The future of the City of Matlosana is highly reliant on the future of the platinum belt, the environmental impact of the mines (both open and closed) and the area's ability to maintain and extend its rural service role. Meanwhile, the area has the potential to benefit from collaborative planning, if the mines' Social and Labour Plans (SLPs) can be integrated with the municipality's Integrated Development Plan (IDP).



Summary assessment³ for the City of Matlosana:



- Long history of being a service town for surrounding small towns and rural areas.
- Between the 1950s and the mid-1990s, highly dependent on gold.
- Decline in gold mitigated by the City of Matlosana being a service centre and close to the platinum belt.
- Significant levels of residential desegregation.



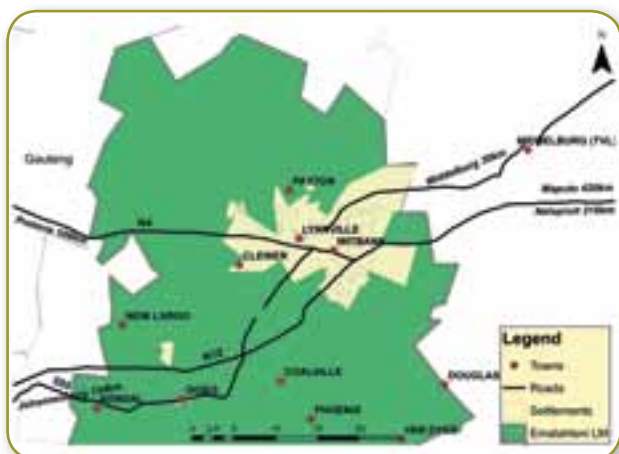
- Considerable decline in gold production and employment since the mid-1990s.
- Mine downscaling was never considered strategically before it happened.
- Current strategic planning focused on retail development and finding the one big project.
- Old city infrastructure.
- Struggle to ensure an effective billing system (direct result of being a mine-dependent area).
- Limited consideration of relaxing land-use regulations.
- Rapid change in mine ownership, which makes mine-municipal relations difficult.
- Long-term environmental impacts looming.



- What will the impact be of possible decline in the platinum belt?
- Ability to integrate SLPs and IDP.

3. The summary tables are used, per case study, to consolidate emerging points that are deemed to be positive (+), negative (-) or possible risks (*).

Emalahleni (dirty, but keeping South Africa's lights on)



For more than 100 years, Emalahleni's history has been intertwined with the coal mining industry and energy provision. In turn, the history of coal is closely related to the country's energy needs. A small but significant steel industry, which is dependent on coal, has also been established in the area. Witbank is the main urban area in the municipality and was established in 1903. Between the early 1990s and 2008, the period of economic growth resulted in an increased need for energy, and so mining output increased in the area. The current population is estimated at 395 000, with population growth between 2001 and 2011 averaging around 3.6% per annum (significantly higher than the national average). This population growth has resulted in more informal settlements, pressure on land-use regulations and an increased need for infrastructure and services, all of which has placed a severe burden on the municipality.

Three-quarters of Emalahleni's economy is linked to the coal, energy and steel industries, and the area is of national importance because of its role in energy provision. This mining town is currently experiencing a boom, which has resulted in problems. Not only has the city struggled historically to provide enough clean drinking water because of inadequate supply and pollution from mining activities, but the long-term effects of air and water pollution may also be detrimental to the city and surrounding areas. Particularly concerning is the long-term risk that acid mine water holds for the ecology of the Olifants River. The important lesson from both the City of Matlosana and Emalahleni is that mining booms and mining declines need to be planned for (Marais, 2013a).

The current municipal government is under administration, which is in part because of the pressure resulting from the mining boom and the construction of a new power station. In addition, the municipality is unable to manage new land development (increasing informal settlement developments) or land-use regulation (for example, illegal subletting), which are both constantly under pressure as a result of the need for housing. The municipality is also unable to provide enough clean water, resulting in the de facto privatisation of water provision by Anglo-American, which purifies mine water and sells it to the municipality and private users. While this may be effective in meeting an immediate need, the long-term cost implications of this 'privatisation' are not clear.

The inability of the local government to carry out basic



municipal functions has hindered the development of positive municipal-business relations, and the private sector has virtually no trust in the municipality. Poor municipal management has also led to middle-class residents choosing to settle in nearby Steve Tshwete Local Municipality (Middelburg) rather than in Emalahleni (Witbank).

On a more positive note, Emalahleni is the headquarters for the Mpumalanga government's serious attempt to expand the steel industry in order to provide steel to the growing economies of southern and eastern Africa (especially

Zambia) via the Gauteng–Maputo railway line. Nevertheless, Emalahleni faces profound risks in the future. For example, the critical question of what will happen when the coal resources in the area are depleted does not feature in the municipality's planning at all. Likewise, the long-term environmental risks surrounding acid mine water and the Olifants River are largely ignored. On the other hand, Emalahleni's proximity to Gauteng might act as a buffer to economic decline.

Summary assessment for Emalahleni:



- High population growth in the area.
- Privatisation of water due to the municipality's inability to provide clean water.
- A secondary industry (steel) developed around coal mining.

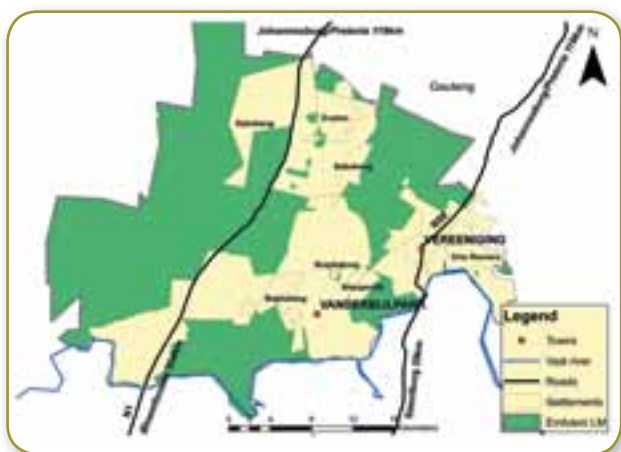


- High population growth leads to uncontrolled settlement and informal settlement development.
- Difficulty providing clean water.
- Long-term impact of acid mine water.
- Municipality cannot handle mining boom cycle.
- Municipal-business relations are very poor.



- What will happen when coal reserves are depleted?
- Proximity to Gauteng might buffer future decline.
- Long-term viability depends on being able to create a viable, probably export-orientated, steel industry.

Emfuleni (steeling the river city)



Emfuleni's history is closely interconnected with South Africa's steel industry. The first South African steel mill was built in Vereeniging in the early 1900s, and the state corporation Iscor established its Vanderbijlpark plant in 1943. Originally focused on producing machinery for the Second World War, the factory retooled after the end of the war. During the apartheid era, Iscor greatly expanded its operations, providing steel for the South African arms industry, addressing Afrikaner poverty and building Afrikaner nationalism in the process. However, in 1989 Iscor was privatised, which led to significant economic decline and job losses in the area. By the early 2000s, foreign shares in Iscor exceeded South African shares, and the company became part of a multinational steel corporation (first Mittal Steel and later ArcelorMittal). Unlike privatisation at the end of the 1980s,

internationalisation has brought some stability to Emfuleni, but the area continues to face risks associated with the steel industry's dependence on the global market.

The city has not planned for the risks or opportunities associated with the global economy, making no reference in its IDP to global and local steel market risks or how to plan for possible economic shocks. Over the last five years, steel has been transported by road (not rail, due to Transnet's inability to transport steel exports from Emfuleni to eThekwin), which has increased costs and made steel exports unviable. However, the economic decline and the privatisation of Iscor housing have resulted in house prices that are lower than in the rest of Gauteng, which has led to much higher levels of desegregation than in the metropolitan areas.

The area's economic decline has been buffered by its proximity to Johannesburg (which is within commuting distance), the development of Emfuleni and more specifically Vanderbijlpark as a centre of higher learning (due to the presence of the Vaal University of Technology and the Vaal Campus of the North West University), weekend tourism linked to the Vaal River and economic growth in neighbouring Sasolburg (Metsimaholo). The private health and education facilities in the area suggest that larger companies regard the area as having sufficiently significant scale (demographically and economically) for them to invest in these services. However, generally, Emfuleni does not have good government-



business relationships, largely because of continuing historic racial patterns and prejudices, as well as difficulties within the municipality.

Between 2004 and 2011, the municipality went through a difficult time, with political infighting, several municipal managers and mayors, and poor financial management, while major service delivery protests further complicated these governance issues. Although the situation appears to have stabilised, the underlying issues are still present. The municipality has also been unable to address infrastructure constraints: the sewerage works currently operate at 150% capacity, while some private sector companies keep spare parts for electric transformers because the municipality is unable to maintain or repair the electricity infrastructure.

Environmental problems plague the area, as a result of actions by both the steel industry (air pollution emissions currently comply with air quality standards but may not

if the standards are raised) and the municipality (sewage spills into the Vaal River). Furthermore, acid mine water from Gauteng, which has been neutralised but contains higher levels of salt, may soon flow via the Klip River into the Vaal River, with probable negative consequences.

Although some of the multi-nationals in the area may close down completely, major industries are more likely to decrease production gradually. The potential decline of the steel industry is closely related to the development of alternative technologies (plastic instead of steel for packaging), possible government interventions (such as the creation of a new steel plant in Mpumalanga) and the import of cheap steel. Environmental concerns will also continue to be a key risk for the area. For instance, the pressure for cleaner and more environmentally friendly methods of steel production could lead to reduced jobs and reduced municipal income.

Summary assessment for Emfuleni:



- Economic decline mitigated by proximity to Johannesburg and Ekurhuleni.
- Water and weekend tourism created a strong alternative economy.
- Increasing number of students has resulted in a significantly increased economy linked to a university town.
- Internationalisation brought some stability after a period of rapid privatisation.
- Decentralisation of private health and education facilities prominent in the area.
- Significant levels of desegregation.



- Unstable municipal governance and management.
- Old infrastructure and infrastructure used beyond its capacity.
- Extensive environmental problems associated with the steel industry and (of late) sewage spills by the municipality.
- Municipal-business relationships are generally poor.
- The city's strategic plan does not consider opportunities or risks associated with the global economy.
- Transnet's inability to transport steel from Gauteng to eThekweni makes steel exports unviable.



- What if the steelmaking industry declines?
- Possible negative impact of more stringent environmental legislation and regulation.

George (land of milk and h(m)oney)



Prior to the arrival of European settlers, Khoi settlements were found in the area now known as George. The first Europeans (who arrived around 1710) referred to the area as 'Houtpos' (place where wood is sourced), although the British only formally established George in 1811. Initially focused on lumber and wood products, George soon became a rural service centre. After the Second World War, George and the surrounding coastal areas became popular for tourism and second-home development.

In 1977, tourism in the area received a boost when an airport was built, thanks to the influence of then Member of Parliament and later Prime Minister and President, PW Botha. In the mid-1980s, the development of the gas and oil fields near Mossel Bay (by Mosgas, now called PetroSA)

resulted in an influx of people from the Eastern Cape.

Since the mid-1990s, George has increasingly benefitted from the retirement industry and long-distance tourists, including Europeans escaping their winter. George currently has a population of approximately 200 000 people and a population growth rate of 2% per annum. However, newcomers to the town (both retirees and low-wage workers) have been labelled 'inkommers' (incomers), suggesting that long-time residents hold some resentment towards the new arrivals. These negative feelings towards newcomers may have a negative impact on George's development. For example, the retirement industry is not part of the city's local development strategies, which means that George is not capitalising on a trend that is already bringing millions of rands to its doorstep.

The city's local economic development (LED) plans are not linked to current tourism initiatives and tend to be short term (i.e. less than five years). Regime changes in local government (between the African National Congress and the Democratic Alliance) have resulted in narrow strategic plans, with the one party trying to 'out deliver' the other through five-year plans, without considering long-term plans. George also borrowed a lot of money to finance the development of middle- and upper-income stands, of which nearly 30 000 are currently standing empty. In general, business-municipal relations in George seem to



be relatively positive, although this could be because business people and municipal officials mostly share the same ethnic background.

The environment is a major factor for the area, which experienced recent droughts and expects even less rain as a result of global warming. The area's biodiversity is also sensitive but may have a positive impact on the area's long-term growth.

The future of George's development depends on four separate but interlinked variables: long-distance tourism and second-home development (which relies heavily on the global economic climate), the retirement sector (although long-term viability is questionable because of the focus on only a small segment of the South African population – white retirees), the environmental limitations of the city, and the negative view of 'inkommers'.

Summary assessment for George:



- An effective rural service centre.
- Tourism development since the Second World War.
- Construction of an airport in 1977 supported the tourism industry.
- Linked to the international tourism market, with people from the northern hemisphere settling there in the South African summer.
- Attracts a significant portion of wealthier South Africans who have retired.
- In general good municipal management.
- Environmental beauty provides opportunities.
- Fairly good business-municipal relations.



- Negative perception of newcomers to the town (both high-income and low-income households).
- Environmental limitations place a barrier on new developments.
- LED strategy does not consider the retirement industry.
- Tourism and LED strategies are not linked.
- Regime changes make long-term planning difficult.
- Nearly 30 000 empty stands.



- How might changing economic conditions affect long-distance/international tourism?
- Future of the retirement industry is not always clear.

Polokwane (bling in the North)



Polokwane (Pietersburg), once the bastion of Afrikaner nationalism in the north, is now the provincial capital of Limpopo and has a significant amount of urban bling (the result of a new middle class and its need for luxury goods and clothes). Originally established as a rural service centre in 1886, the town of Pietersburg (as it was then called) developed according to the racially segregated planning paradigm of the time. Seshego, the former black township of Pietersburg, developed as an R293 town inside the Lebowa homeland.

In the late 1980s, an entrepreneurial town clerk was largely responsible for initiating two projects that would set the tone for future development: the N1 was expanded to a four-lane highway, and a small but significant industrial

base was created in the town. The municipality is currently home to 629 000 people, of whom 166 000 reside in what is today known as Polokwane City, with the remainder living on communal land in the surrounding areas.

The economy has grown at a rate similar to the country's largest metropolitan areas, while the population growth of 2.4% per annum is significantly higher than the 0.8% experienced in the Limpopo province as a whole. The city tries to portray itself as the 'smart city', but this seems to refer more to the notion of 'bling' than to attracting knowledge workers to the city. The city's importance as a provincial capital can be seen in the large number of provincial government departments (many from former homeland areas) that have settled in Polokwane.

The city has also tried to position itself as a trade destination for countries north of South Africa, with new mall developments that symbolically say 'why go to Gauteng if you can get it in Polokwane'. Polokwane is the only case study city where Soccer World Cup matches were played in 2010 and was also a host city for the 2014 African Nations Tournament. The city hosted the 2007 national conference of the African National Congress, and the annual Moria Easter weekend gatherings occur nearby. The city's airport offers flights mainly to and from Johannesburg's OR Tambo International Airport, although the airport's potential development role has not received much attention.



Although municipal management was initially somewhat of a rollercoaster ride, overall governance has been good for the past five years. The city has one of the better approaches to ensuring good relations between the municipality and business, allocating top municipal officials to interact with specific businesses (a form of key stakeholder management). Spatially, Polokwane City is probably the most racially integrated city in South Africa and, although racial prejudice is possibly still significant, the middle class seems to be becoming more integrated.

One of the threats facing the city is a water shortage,

which has led to a moratorium on new developments in Polokwane City. However, anecdotal evidence suggests that this moratorium has simply driven development to the nearby communal land. Another risk is the potential economic recovery north of the border, in Zimbabwe, which will reduce the number of trade visitors. Changes in the South African administrative landscape (for example, reducing the role of provincial governments) could also have a negative impact on the town. However, the city's ability to capitalise on its regional service nature and location will most likely ensure that Polokwane continues its growth trajectory.

Summary assessment for Polokwane:



- Provincial capital.
- Originally established as rural service centre and has maintained this role through history.
- In the late 1980s, the broadening of the N1 highway and the establishment of a small but significant industrial base helped shape the current city.
- High levels of desegregation.
- Good stakeholder management between municipality and the business sector.
- City tries to position itself as a trade destination for Zimbabweans.
- Significant religious, business and sports tourism to the city (World Cup host city in 2010).

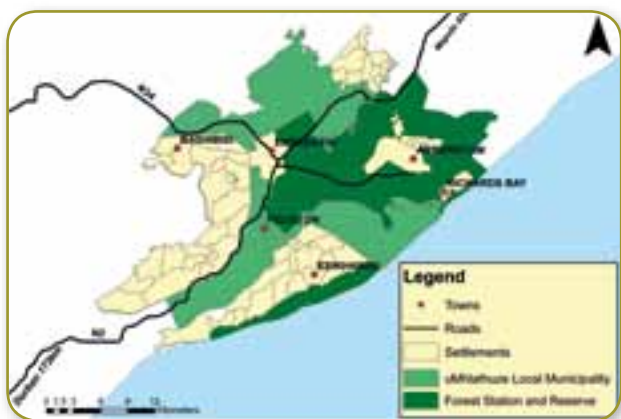


- Historical municipal instability.
- Water shortage – moratorium on new land development.
- Moratorium on land development has redirected land development to communal land.



- What impact will economic recovery in Zimbabwe have on Polokwane?

uMhlathuze (gateway to the world?)



uMhlathuze contains two main urban areas: Richards Bay (along with its former R293 town) and Empangeni, but a significant percentage of the municipality is located on communal land. The modern history of uMhlathuze is linked to the sugar and forestry industries, as well as to the development of a deep-water harbour in the 1970s and 1980s to export coal mined in the Mpumalanga Highveld (Emalahleni and environs). In the 1970s, the town of Richards Bay was established, when the port was developed by drying out the wetlands (something that would be virtually impossible under current environmental legislation). Other industries were also established in the area, many of which became international companies when trade opened up after the demise of apartheid.

Of the approximate 330 000 people living in the municipality, about half (48%) live in urban areas, while the remainder live mostly on communal land. The latest municipal demarcation seems to have increased the number of people living on communal land and ignored a functional urban informal settlement on uMhlathuze's north-west boundary. Township establishment seems to be mainly on non-communal land, and the development of institutional mechanisms for establishing townships on communal land is needed urgently.

Despite significant growth in the 1970s and 1980s, uMhlathuze has had very few new industrial developments over the past 20 years. The government's decision to build the Coega harbour near Port Elizabeth directed the majority of port-development capital to the Eastern Cape and prevented further expansion of the Richards Bay port. Meanwhile, Durban's harbour is expanding its capacity and depth, and significant private investment is being made in the Maputo Harbour. The Industrial Development Zone in Richards Bay has not seen any recent investments, and the future of the aluminium smelters is under severe pressure (closure is imminent). Most local industries are not linked to port development, as the port handles coal exports and cannot handle containers, while the long-expected upgrade of the railway line to uMhlathuze will only happen around 2018. Ironically, the uMhlathuze IDP does



not contain any significant reference to its port. Politically, uMhlathuze also needs to balance the needs of local rural residents and multi-national corporations (and international connections through the harbour).

The future of uMhlathuze depends on the development of the Richards Bay port as a cost effective harbour for exports and imports. For this to happen would require upgrading the railway line (which is more energy and cost efficient than the Johannesburg–Durban railway line) and developing

a modern container terminal in the harbour. The absence of cranes in Richards Bay harbour not only hampers the future growth of the area, but also results in containers scheduled for uMhlathuze being offloaded in Durban and then transported by road. The city could experience a significant economic downturn if the port is not upgraded, the railway's capacity is not increased or coal exports decline (due to reduced global demand).

Summary assessment for uMhlathuze:



- Historically linked to forestry and sugar industries.
- Establishment of an export harbour for coal in the 1970s.
- Significant industry created in the 1980s/1990s.



- Decision to create the Coega harbour had a direct impact on capital expenditure in the Richards Bay harbour.
- No mechanism for establishing townships on communal land.
- Upgrade of the railway line between Mpumalanga and uMhlathuze is behind schedule.
- Local industries are not linked to the port.
- uMhlathuze IDP does not consider the port.
- The creation of a container terminal is not on the agenda of Transnet.



- How will new harbour developments in EThekweni (Durban) and Maputo affect uMhlathuze?

Intermediate Cities: Categorisation and Differentiation



INTRODUCTION

Defining intermediate cities is not clear-cut: a 'review of the literature found no agreement among governments or researchers as to how such urban centres should be defined' (Hardoy and Satterthwaite, 1986: 13). However, available literature suggests three key aspects should be considered when defining intermediate cities: size, location and urban function (Hardoy and Satterthwaite, 1986; Van der Merwe, 1992). In South Africa, SACN has published research that provides an invaluable statistical comparison of geographic, demographic and economic indicators (SACN, 2012) and, although aspects of size were emphasised, some attributes related to location and function were introduced.

After providing an overview of the debates around categorisation and differentiation, the six case studies are examined against the criteria of size, location and urban function.

SOUTH AFRICAN ATTEMPTS TOWARDS CATEGORISATION AND DIFFERENTIATION

Various attempts have been made to categorise settlements and to differentiate municipalities.

Municipal legislation

Municipalities in South Africa fall into three categories: metropolitan municipalities (category A), local municipalities (category B) and district municipalities (category C).⁴ In 2001, six metropolitan municipalities were declared: Johannesburg, Cape Town, eThekweni, Ekurhuleni, Tshwane and Nelson Mandela Bay, and in 2011 Mangaung and Buffalo City gained metropolitan status. By the next local government elections, Emfuleni will also become a category A municipality. The decision to include Mangaung and Buffalo City 'led many South African cities, as well as national policy observers, to question what changes must occur in a town for it to be considered an "aspiring metro". Are "cities" the same as aspiring metros – or do these two types of places offer different opportunities, and contribute different things, to the national space economy?' (SACN, 2012: 16).

The legislation⁵ states that, in order to be considered for category A status, an area must be

- a. conurbation featuring –
 - i. areas of high population density;
 - ii. an intense movement of people, goods and services;
 - iii. extensive development; and
 - iv. multiple business districts and industrial areas;

4. Local Government: Municipal Structures Act (No. 117 of 1998). Government Gazette, 18 December 1998

5. Ibid.

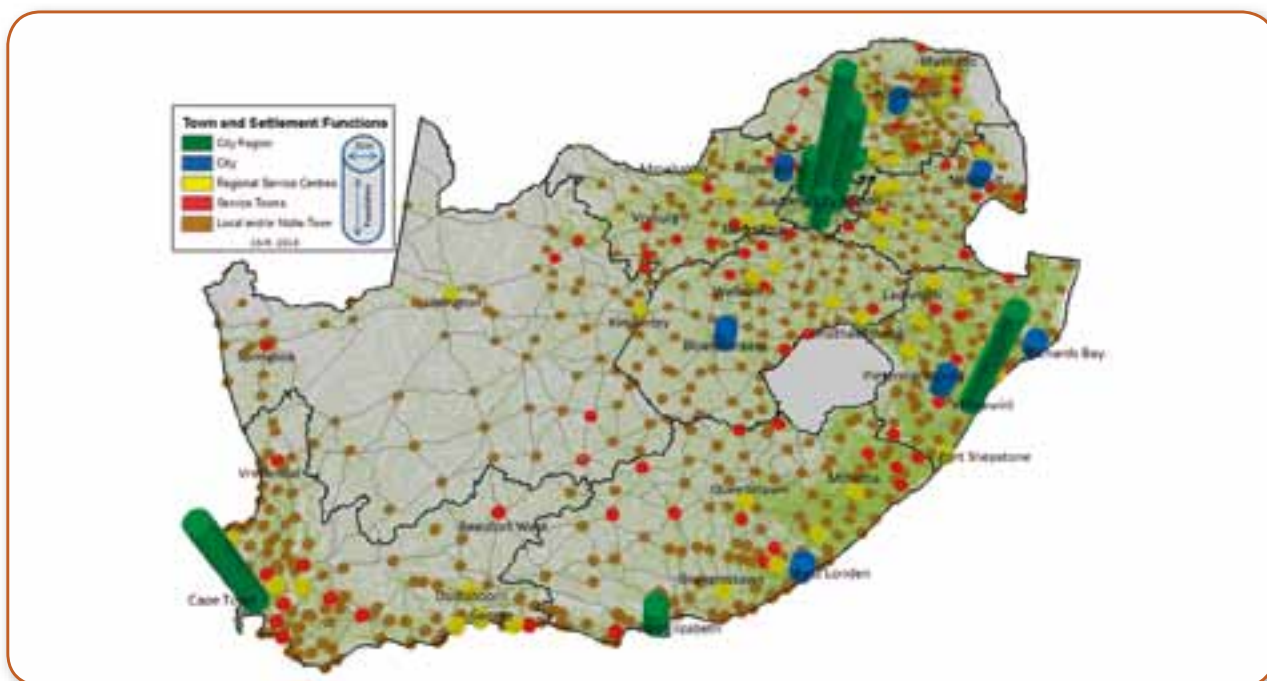
- b. a centre of economic activity with a complex and diverse economy;
- c. a single area for which integrated development planning is desirable; and
- d. it must have strong interdependent social and economic linkages between its constituent units.

The above requirements for declaring metropolitan municipalities clearly go beyond size issues and include aspects relating to location and function. A key defining feature of metropolitan areas is that they are not linked to (or clustered within) districts, whereas category B (local) municipalities are all linked to category C (district) municipalities. In contrast to the rather rigid categorisation of municipalities prescribed by legislation, the Department of Performance Monitoring and Evaluation (DPME) is currently investigating categorisation processes that are multi-layered, flexible and can be incentivised (through performance).⁶

The spatial hierarchy

The Council for Scientific and Industrial Research (CSIR), with the SACN and The Presidency, conducted the first research into the South African spatial economy, focusing mainly on size and function indicators (CSIR, 2008). It revealed a network of settlements with different functional characteristics, which CSIR categorised as city-regions, cities, regional service centres, service towns, local niche towns and dense rural settlements (see Figure 3). It should be noted that the CSIR categorised Mangaung and Buffalo City, along with Polokwane, George and Nelspruit (Mbombela), as 'cities' rather than city-regions. Emfuleni was included in the Gauteng City Region, while the other three cities in this study (City of Matlosana - Klerksdorp, Emalahleni - Witbank and uMhlathuze - Richards Bay) were categorised as regional service centres.

Figure 3: Spatial hierarchy of South African cities according to the CSIR/SACN typology (2008)



6. Hassen, M. 2013. Inputs made during a South Africa Local Government Association (SALGA) workshop on differentiation. Pretoria: SALGA.



The National Spatial Development Perspective

In an attempt to articulate the policy implications of settlement categorisation, the National Spatial Development Perspective (NSDP) categorised South African settlements into six different groups, based on their development potential and function (The Presidency, 2004). These six categories are: innovation and experimentation, the production of high-value goods, the production of labour-intensive mass-produced goods, public services and administration, retail and services, and tourism. The NSDP required all three spheres of government to use these categories to identify the comparative advantage of localities in terms of infrastructure investment and development spending, and to report annually on how their expenditure relates to the NSDP.

The NSDP aimed to focus the bulk of the government's fixed investment on areas with the potential for sustainable economic development. In areas with limited potential, the government would concentrate on skills development and labour market intelligence, to enable people with the required skills to migrate to areas of high potential. The NSDP was accepted as a guiding document but never had the policy muscle to ensure compliance.

A National Treasury perspective

National Treasury segments 231 category B municipalities into the following sub-categories: B1 (21 secondary cities), B2 (29 large towns), B3 (111 small towns) and B4 (70 rural areas).⁷ This is because of the great differences among the

municipalities and the need for differentiated support. Initially, 19 cities were considered B1 municipalities, mainly because of their budget size (SACN, 2012), but the National Treasury's Cities Support Programme lists 22 cities, including all the provincial capitals, and considers aspects such as population and economic outputs, but size remains the main criterion (National Treasury, 2011).

The differentiation debate

Differentiation refers to municipalities/settlements being treated differently because of having different attributes or being in different categories. The idea of differentiation in finance systems is receiving global support and has been accepted by the World Bank, which argues that '[a] flexible blend of financing instruments will be used to address a wide array of different circumstances' (World Bank, 2010: 15). This indicates that financing systems should be differentiated in order to address distinct conditions, as opposed to using a one-size-fits-all approach. Outcome 9 of the South African Government's delivery agreement also captures the notion of differentiation. More specifically, output 1 states the government's intention to 'implement a differentiated approach to municipal financing, planning and support' (The Presidency, 2009). However, five years later, many of these intentions have not materialised.

Differentiation should go beyond finance and municipal functions and include differentiated policies (or at least differentiated implementation of national policies), institutional support, planning and programmes (as also

7. E-mail correspondence with Ms Elsabe Rossouw from National Treasury.

identified by the delivery agreement for Outcome 9). Both the National Treasury and the Department of Cooperative Governance and Traditional Affairs use a categorisation system to determine differentiated institutional support. Four differentiated approaches emerge from the six case studies:

- Integrate systematically the notion of global competitiveness, so that cities understand their global linkages and associated risks and potential. The economies of the case study cities show small but significant linkages to the global environment, but (for instance) Emfuleni and uMhlathuze do not consider the potential or risks associated with global markets in their IDPs.⁸
- Partially design intergovernmental grants to support global competitiveness or to minimise the risks associated with global markets.
- Offer different approaches for mining towns that are in a boom cycle or in a bust cycle, as the examples of the two mining towns (City of Matlosana and Emalahleni) suggest. Boom cycles require appropriate resources to deal with growth, and planning growth in such a way that downscaling will be simple, systematic and desired. Bust cycles require long-term planning, finding efficient ways to close down strategic infrastructure and differentiated land regulations.
- Understand national policy and planning decisions by government and state-owned enterprises in a differentiated way. For example, the case study cities have a more direct link with the natural environment and so the implications of environmental policies and regulations would need to be assessed differently. Another example is how decisions at Transnet have influenced the future of both Emfuleni and uMhlathuze.

Synthesis

Most efforts at categorising South Africa's settlements have generally served to describe the network of settlements but have over-emphasised the importance of size (although functionality has been acknowledged in a few cases). This has resulted in too much attention being paid to the settlement hierarchy. Such a one-dimensional approach is not flexible enough to allow for movement between different categories and has undoubtedly contributed to the desire of larger category B municipalities to become metropolitan

areas. A multi-pronged approach to categorisation would be preferable. Furthermore, most assessments have focused on a specific point in time and so tend to lack a detailed tracking and understanding of municipalities' historical pathways and dynamics. Nevertheless, a valuable start has been made in the categorisation of South African settlements. Yet, while the principle of a differentiated approach seems to be accepted, the implementation has not been clear.

TOWARDS AN UNDERSTANDING OF INTERMEDIATE CITIES: SIZE, LOCATION AND FUNCTION

The three main factors that should be considered in the categorisation of settlements are size, location and function.

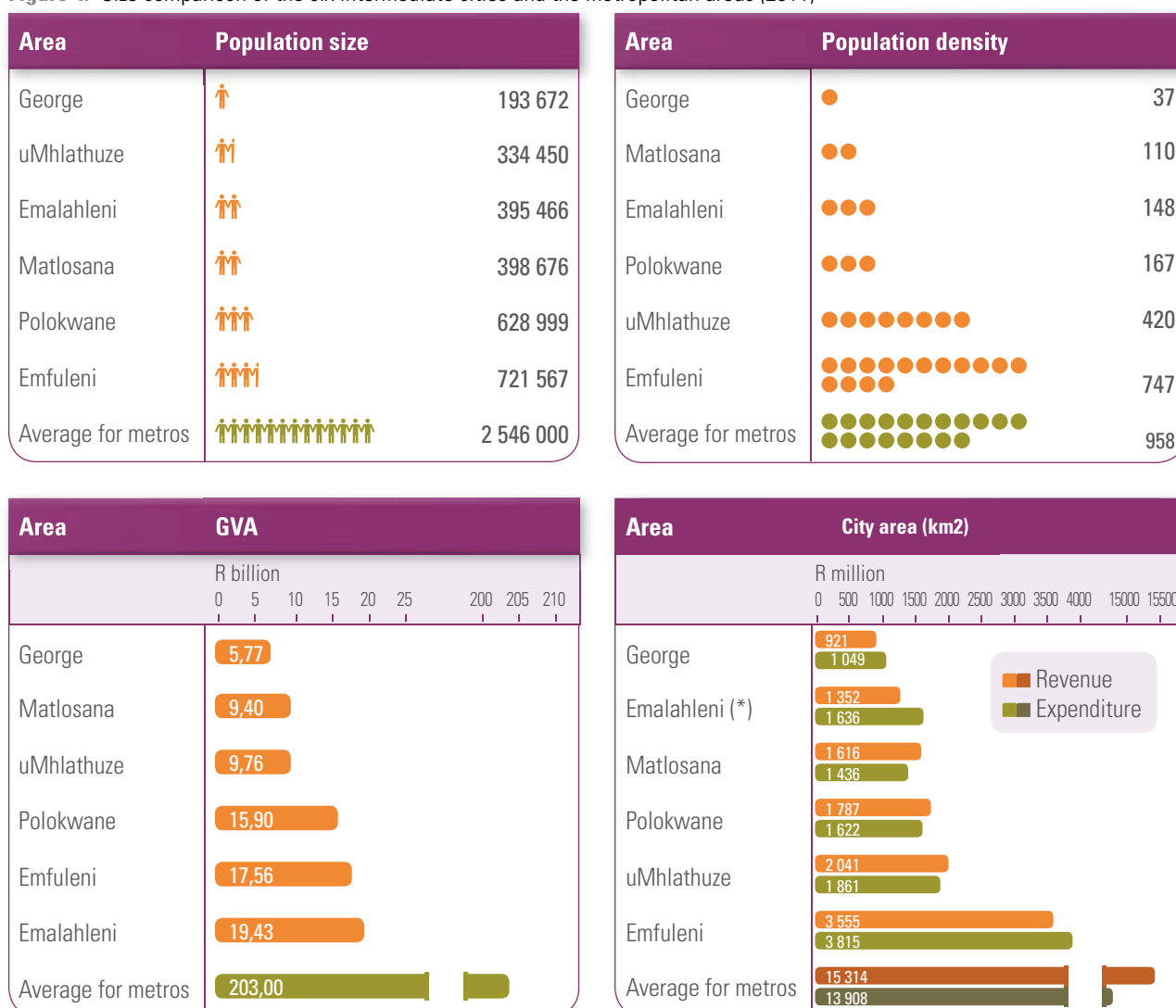
Size

Internationally, the size of urban areas is increasingly acknowledged as a pivotal factor in economic development (Rodríguez-Pose and Dahl Fitjar, 2013). The word 'secondary' implies that intermediate cities are in a secondary position in relation to the main (larger) cities of a country (Van der Merwe, 1992). As already noted, existing definitions of intermediate cities emphasise size, with common indicators including size of the population or the economy, population density and extent of the built-up area (ibid.). The criteria for size could also be expanded to include factors, such as municipal revenue, municipal expenditure, existing infrastructure networks (roads, water lines, etc.), property tax base, and water, electricity and other utility charges. The term intermediate also indicates that the city is big enough to manage self-generated growth but small enough to avoid some of the negative aspects associated with massive urban agglomerations, such as the environmental and social costs. The notion of 'self-generated' growth, which requires an in-depth understanding of the historic and current reasons for the growth or decline of a specific area, stands in stark contrast to planned economic decentralisation of second-tier cities.

What is important here is that size indicators are not always helpful without an understanding of the associated trends and risks, as will be explored later. Table 4 provides a comparative overview of the six case study cities based on size-related indicators.

8. In this respect, the five-year planning cycle of IDPs might not be the most appropriate.

Figure 4: Size comparison of the six intermediate cities and the metropolitan areas (2011)⁹



(*) municipal revenue and expenditure: budget figures used as financial statements were not available.

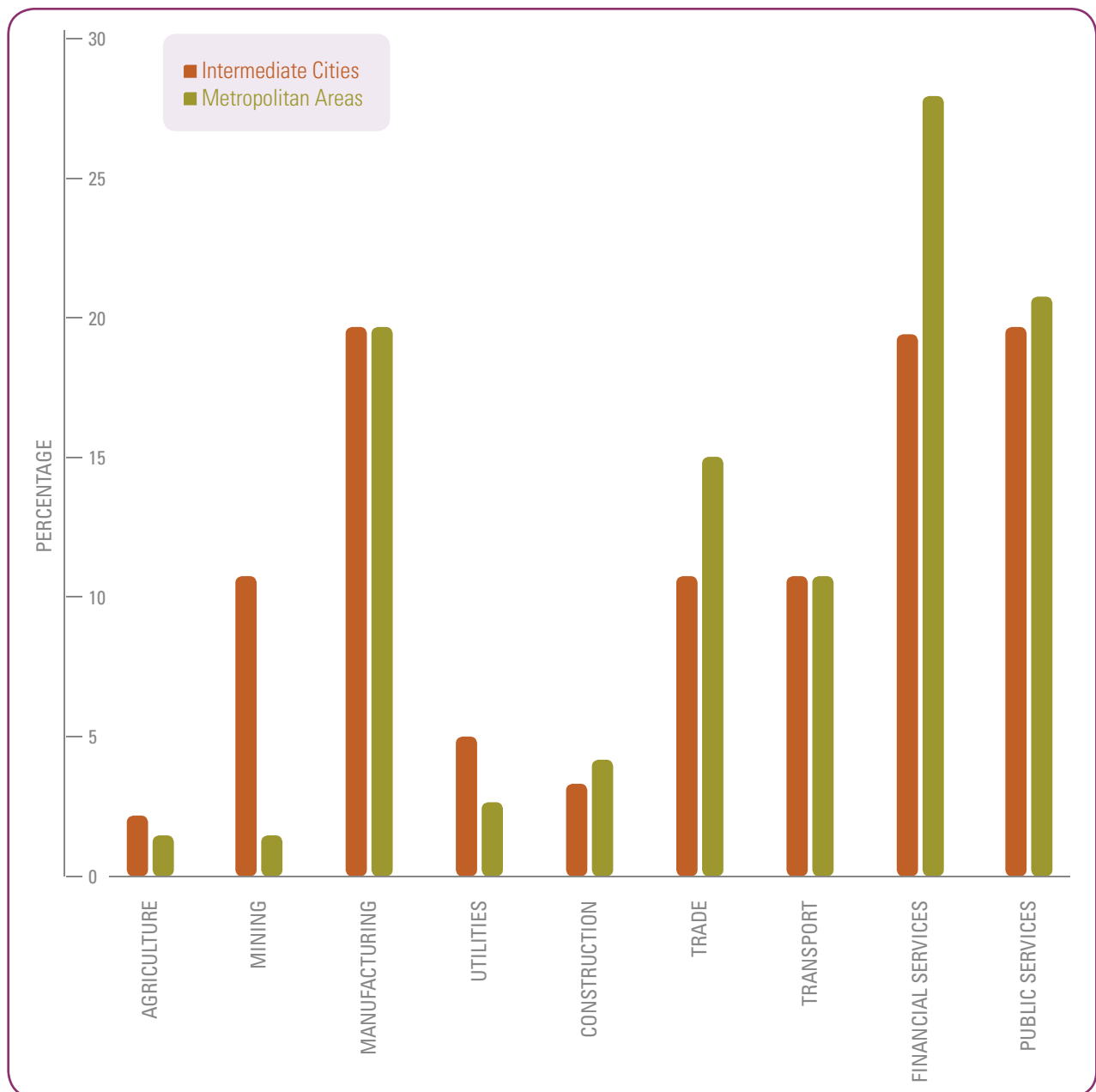
Figure 4 illustrates that a range of size indicators should be considered, rather than a single indicator. For example, Polokwane's population represents 24% of the average of metropolitan areas (close to that of some of the smaller metropolitan areas), but its revenue is only 11% of the average metro revenue. The case study cities are also much smaller than the average metropolitan area, although the larger intermediate cities may be close in size to the smaller metropolitan areas. For example, none of the six intermediate cities has size indicators that are larger than the average metropolitan area, but Emfuleni's population of 721 000 is not much smaller than that of Mangaung at 747 000 (StatsSA, 2013). Most importantly, size indicators should be viewed in conjunction with a city's function and location.

Narrow economic base and vulnerability

The economic size and structure of a city can be looked at from a vulnerability point of view (Rodríguez-Pose and Dahl Fitjar, 2013). As their economies are generally smaller than metropolitan areas, intermediate cities are also more dependent on one or two key sectors, such as mining or large-scale manufacturing. This narrow economic base makes many of these cities particularly vulnerable to economic shocks, poor municipal management, poor business-government relations and national government decisions. For example, in Emalahleni, 45% of the GVA originates from coal mining, while steel production contributes 32% of the GVA in Emfuleni. Historically, 53% of the GVA (1996 figures) in the City of Matlosana was linked to gold mining.

9. Composed from the various individual reports. Unfortunately, correct figures could not be obtained for Emalahleni, as the city was unable to provide financial statements.

Figure 5: The economic structure of the six intermediate cities and metropolitan areas (2011)



As Figure 5 shows, compared to metropolitan areas, the six intermediate cities are significantly more dependent on mining, and utilities (the generation of water and electricity) represent a much larger section of their economy. Interestingly, the contribution of manufacturing to the economy is similar for metropolitan areas and the six case study cities. However, the structure of the manufacturing sector is different: in five of the six intermediate cities, one manufacturing subsector is responsible for more than a third of the city's manufacturing GVA output. In contrast, only one of the eight metropolitan areas (Nelson Mandela Bay) has a

subsector (vehicle manufacturing) that dominates the manufacturing output. Metal manufacturing dominates in three of the intermediate cities (Emfuleni, Emalahleni and Umlathuze), while food production contributed more than one third of manufacturing GVA output in Polokwane and the City of Matlosana. In short, the six intermediate cities are (1) significantly more dependent on mining, (2) responsible for significant energy generation and (3) dominated by one manufacturing subsector.

Even the intermediate cities that do not depend on mining and energy generation face the risks of a narrow

economic base. Although George and Polokwane have more diverse economies than the other four case study cities, their recent growth relies on high-risk economic sectors. Over the past 20 years, growth in Polokwane has centred largely on its status as the provincial capital and its role as a trading mecca, especially for Zimbabweans. The dependence on administrative jobs linked to being a provincial capital holds risks for the city's future economic diversification and ability to find new pathways. George has historically been a rural service centre, but tourism and retirement are becoming increasingly important. Tourism, especially long-distance tourism and second homes, is

highly dependent on international economic trends, while the retirement sector is largely based on the ability of the decreasing white population to afford retirement.

The risks associated with the decline of mining are widely discussed in the literature. However, less prominent is the notion that mining areas should plan for the eventuality of mine downscaling and mine closure. It should be accepted that the majority of mining areas are locked into a mining existence, both in their growth and their decline.

Table 1 compares the economic growth and decline in intermediate cities compared to metropolitan areas.

Table 1: Economic growth rates in the six intermediate cities and metropolitan municipalities (1996–2011)

Economic sector	Metros 1996–2001	Metros 2001–2011	Metros 1996–2011	Intermediate Cities 1996–2001	Intermediate Cities 2001–2011	Intermediate Cities 1996–2011
Agriculture	0.5	1.8	1.3	1.2	2.9	2.3
Mining	(1.2)	2.1	1.0	(1.7)	(4.3)	(3.4)
Manufacturing	3.5	2.4	2.7	(0.9)	2.3	1.3
Utilities	(0.3)	2.2	1.3	(1.0)	2.2	1.1
Construction	2.1	8.2	6.1	(1.6)	7.1	4.1
Trade	4.7	3.8	4.1	2.5	3.6	3.3
Transport	7.2	4.8	5.6	6.6	4.9	5.4
Financial services	6.0	5.5	5.7	2.6	5.0	4.2
Public services	0.0	3.3	2.2	1.8	3.0	2.6
Total	3.5	4.0	3.9	0.7	2.3	1.8

The overall economic growth rate in metropolitan areas (3.9% per annum between 1996 and 2011) is more than double that of the six intermediate cities studied (1.8% per annum between 1996 and 2011). Growth rates in metropolitan areas are consistently higher than in intermediate cities for all sectors, except agriculture and public services. For example, between 1996 and 2011, public services grew by 2.6% per annum in intermediate cities compared to 2.2% in metropolitan areas. In general, the broader economic base of metropolitan areas appears to make them less dependent on declines in specific sectors.

The most important lesson from the above discussion is that economic size should be understood in the context of an area's economic structure and history (and function, as the report will argue later), as well as the inherent vulnerabilities associated with the city's economic structure.

Technology

Regional and urban development is increasingly being influenced by the knowledge economy, including aspects such as innovation and communication technology. Although South Africa has examples of intermediate cities

that have managed to adapt to new technologies (e.g. Metsimaholo and Stellenbosch), the six cities included in this research are all dependent on older technologies and (to some degree) old economies. Their industries are based on either extractive technologies (as opposed to beneficiation) or on primary metal production of steel and aluminium (as opposed to product development). This is partly because of the cities' smaller economies and existing economic structures. Unfortunately, cities that rely on extractive and primary metal production industries are likely to battle to find alternative development pathways. To some degree, these cities are in a catch-22 situation: their major industries are dependent on old technology, so the human capital is not very creative, and the limited human capital reduces the ability to find new pathways.

This dependence on mining and primary production brings many risks. Areas linked to extractive industries face rapid decline once the minerals are depleted or too deep to be mined, while primary metal production industries face competition from other technologies, such as plastic for packaging. Steel and aluminium production industries rely on simple and mostly old technology, which is energy-intensive and has been affected by the dramatic increase in energy prices over the past five years.¹⁰

Despite having economies that are fundamentally different from the other cities, Polokwane and George also depend largely on old technologies (with the exception of tourism industry in George). For example, Polokwane is largely

reliant on government services and trade, which are unlikely to result in the human capital needed to create new economies, while in George a significant percentage of the economy is geared around older retirees.

International research suggests that inward-looking development approaches are not likely to succeed (Rodríguez-Pose and Dahl Fitjar, 2013). The longer-term answer lies in cities using their external linkages and networks to foster innovation, even if innovation naturally comes with some risk.

Location

An important factor when categorising intermediate cities is the strategic location of a city in relation to large metropolitan centres, infrastructure and resources, such as agricultural, mining and the physical environment (Van der Merwe, 1992). Key components of location include transportation and communication networks linking to the rural hinterland and larger urban areas. Ideally, intermediate cities should be close enough to large urban centres to benefit from developments in the metropolitan area but far enough away to avoid full integration with these larger cities (ibid.). In the 1970s and 1980s, it was assumed that: '[t]he small city near the large metropolis gains most of the benefits of agglomeration without the pains of large size' (ibid.). Table 2 outlines six main aspects of location in relation to the case study cities.



10. Although newer technologies have been implemented in Saldanha, factories in Emfuleni are mostly dependent on old technologies. These old technologies involve blast furnaces which are energy intensive, while newer technologies which focus on more cost effective processes have been introduced in Saldanha.

Table 2: Location attributes for the six intermediate cities

City	Dependence on Agriculture	Dependence on resources	Proximity of a metropolitan area / degree of isolation	Proximity to transportation infrastructure	Dependence and linkages with the physical environment
City of Matlosana	Regional service centre; significant historical links with agriculture.	Gold; uranium; agricultural products.	Almost an extension of the West Rand.	N12 highway.	Linked to farmland and Vaal River.
Emalahleni	Limited agricultural links.	Coal/energy.	Close to Tshwane.	N4 highway; railway link to uMhlathuze and Maputo.	Linked to farmland and Olifants River.
Emfuleni	Limited agricultural links.	Coal/energy; steel.	Linked with Johannesburg and Ekurhuleni.	N1 and N3 highways; railway link Johannesburg / Durban.	Linked to Vaal River.
George	Regional service centre; significant historical links with timber.	Wood.	Halfway between Cape Town and Port Elizabeth – fairly isolated.	N2 highway; airport.	Sensitive biodiversity in the surrounding area.
Polokwane	Regional service centre; significant historical links with agriculture.	Agricultural products.	Linked with Gauteng but fairly peripheral location.	N1 highway; airport.	Water shortage.
uMhlathuze	Limited agricultural links.	Port for coal exports.	To some degree delinked from the economy in KwaZulu-Natal.	N2 highway; port.	Sensitive biodiversity in the surrounding area.

As Table 2 illustrates, location and urban function are loosely related, with all six cities having a direct link with agricultural and/or mining resources. The cities are also located near transport infrastructure (road, rail, sea and/or air), which has contributed to these cities being significantly larger than small towns. Four of the six case study cities have direct linkages with larger metropolitan areas, while the cities' connections with the physical environment are important (as will be discussed later in the report).

Although size, location and function are interrelated, a more detailed understanding of location is especially helpful in contextualising these places. Perhaps the most important locational aspect is that these cities are more directly related to primary sector industries and the physical environment than the larger metropolitan areas. For example, mining-related activities play a crucial role in four of the six case studies (City of Matlosana, Emalahleni, uMhlathuze and Emfuleni). Furthermore, all of the case studies have significant rural areas and agricultural production under their jurisdiction.

Urban function

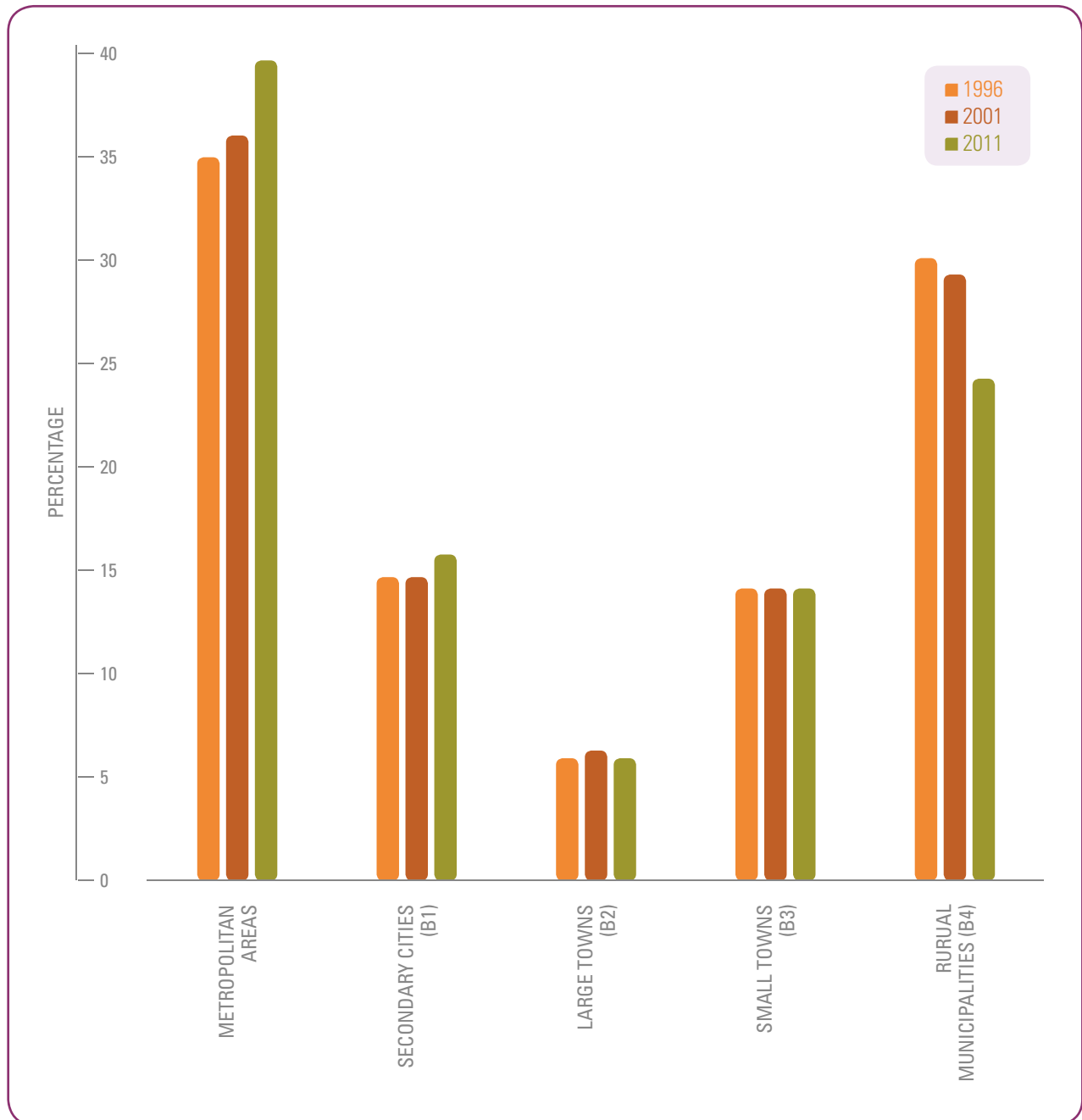
As noted above, size seems to be the main criteria used to define South Africa's urban hierarchy. However, cities' functional roles are also important. The emphasis on the term 'intermediate' (as opposed to 'secondary') reflects a focus on function rather than size or hierarchy. The main aspects related to urban function are:

- the management of urbanisation,
- international competitiveness,
- national importance,
- regional importance and social role, and
- function and historical pathways.

Management of urbanisation

Although Gauteng and the Cape Town area are experiencing the highest levels of urbanisation in the country, the importance of intermediate cities in managing urbanisation should not be underestimated. Figure 6 shows the distribution of South Africa's population across small towns, intermediate cities and metropolitan areas.

Figure 6: The distribution of the South African population by settlement type (1996, 2001, 2011)¹¹



Intermediate cities contain a significant percentage (40%) of the South African population and, although metropolitan municipalities are growing the fastest, intermediate cities are also expanding their share of the South African population. Thus, intermediate (and smaller) cities help provide a more balanced settlement environment, taking some pressure off the larger urban agglomerations. This seems to be occurring naturally in South Africa, which is a positive trend considering

that the international literature and South African history warn against trying to prevent urbanisation.

International competitiveness

In general, international competitiveness has increased considerably since South Africa returned to the global economy in the early 1990s. All six case study cities are connected to the global economy but, unlike South Africa's

11. Categories considered according to definitions and categorisation by the National Treasury.

five biggest metropolitan areas, their international linkages are based on only one or two economic sectors, which makes them more vulnerable to international changes.

International connections are less pertinent (but not completely irrelevant) in cities that are regional service centres. For example, in George, the international tourism sector and the phenomenon of European 'swallows' settling there during the South African summer are important. The City of Matlosana and Polokwane have started to transcend international boundaries by doing business with, and attracting foreign buying power from, Botswana and Zimbabwe.

The City of Matlosana's international connectivity is mainly a result of the extraction and export of gold and uranium. The mining companies in the area are mainly multi-national corporations. Meanwhile, approximately 20% of the coal mined in the Emalahleni area is exported. The steel industry in the area also has some minor links to markets in southern and eastern Africa. uMhlathuze, through its port, has major linkages to the international aluminium and coal markets and is home to many multi-national corporations. Emfuleni also has a number of multi-national corporations, particularly in the steel industry.

International competitiveness involves a number of aspects that require more detailed discussion. Exporting occurs in mining industries (e.g. gold and coal) and other industries, such as steel and steel-related products, although steel-related exports have declined considerably since the global financial downturn (2008) and the economic recession in South Africa (2009). A crucial factor in the overall cost of exports is the cost of transporting coal and steel to the coast, which has been aggravated by unreliable rail transport that has forced steel exporters to transport steel by road from Gauteng to eThekweni (Durban). As a result, although some are exported, steel products are generally uncompetitive on the international market.

Another aspect is the presence of multi-national corporations in the intermediate cities. The current relationships between these corporations and the cities of uMhlathuze, Emfuleni, Matlosana and Emalahleni can at best be described as ad hoc. These multi-national corporations have significantly more flux in ownership than local corporations, making it difficult to build trust and

local partnerships. Nonetheless, municipalities should try to understand and cooperate with these international corporations. In many cases, these external linkages might be the key to improving local knowledge and innovation, although the presence of large multi-national corporations also carries certain risks. The output of multi-national corporations' factories in South Africa is minuscule compared to their total international operations. For example, ArcelorMittal's South African (AMSA) production represents only 1% of the company's world-wide production. Furthermore, many of these international companies let their different plants around the world compete against one another for international tenders. Therefore, the possibility that South African operations could be shut down is not inconceivable.

In summary, whereas larger metropolitan areas usually have international linkages in a range of economic sectors, intermediate cities typically have only one or two key international market sectors (such as steel, gold, coal, aluminium and tourism), making them vulnerable to external shocks and internal problems related to these specific sectors. Thus, intermediate cities face increasing pressure to respond in appropriate (and differentiated) ways in terms of both institutional support and finance. Municipalities should ensure that local planning considers the relevant risks and opportunities and that appropriate mechanisms are developed. Furthermore, finance differentiation should consider how finance can either strengthen these opportunities or minimise the risks. In practice, this could mean having an intergovernmental grant, which could be used directly to prevent shocks or find alternative pathways.

National importance

In addition to their international connectivity, the six cities have national importance:

- The export of mined materials is an important source of foreign exchange.
- Emalahleni's mineral-energy complex plays a critical role in national energy production.
- They house the core of the country's steel-making and aluminium-processing industries.¹²
- The Richards Bay harbour ensures efficient exports (mostly coal) to eastern and European countries.

12. Significant steelmaking also occurs in Saldanha and Newcastle.

- Their river ecologies and energy efficiency are important.
- They help absorb some of the country's urbanisation
- The regional service character of many of these cities ensures access to health, education and other services (both private and public), thereby helping South Africa reach some of its national development goals.

Without doubt, these cities may not be as important as the main metropolitan areas, but they nonetheless play an important role in national development. They are linked to international, national and regional economies and are important nodes for achieving national development goals.

Regional importance and social role

Three of the six cities (the City of Matlosana, George and Polokwane) are historically important regional service centres for their rural hinterlands, providing inputs for commercial agriculture as well as educational, medical and other social services. The Polokwane case study suggests that these services are also being provided for people living on rural communal land. There is also evidence that both Richards Bay and Empangeni fulfil a similar role with regard to rural communal land in KwaZulu-Natal. The interconnections between the urban areas in Emalahleni and Emfuleni and their rural hinterlands are less direct, but an assessment of migration patterns suggests that Emfuleni is closely connected to the northern parts of the Free State province.

Over the past 20 years, the regional service role of these six intermediate cities has expanded (in geographic terms), probably because of improvements in transport infrastructure and mechanisms, the demise of the service character of smaller urban areas and the ability of intermediate cities to provide services at scale. These cities have also all become home to new privatised medical and educational institutions. For example, all of the cities have private hospitals, which located there in the past 20 years, and a number of private schools have moved to these areas. Meanwhile, banks and other financial services have chosen these intermediate cities to serve as regional hubs, with many banks closing down full banking services

in smaller urban settlements but increasing services offered in intermediate cities.

Functional and historical pathways

As already mentioned, three of the case study cities (George, Polokwane and Matlosana) have historically served mainly as rural service centres, but other factors have also played a crucial role in (re)shaping these cities.

Halfway between Cape Town and Port Elizabeth, the modern history of George is largely shaped by being a regional service centre for the agricultural and forestry industries, although the area also has a long history of tourism. The airport has helped to expand the tourism opportunities, while George continues to serve as a regional service centre providing trading, educational and medical facilities.

Polokwane's current development path is largely attributable to an entrepreneurial town clerk in the late 1980s who created a small but significant industrial base in the town and played an instrumental role in improving road access from Pretoria. The city's industrial base has helped to expand its service role, as the city serves large areas of Limpopo and Mpumalanga. Polokwane has also been marketed as a place of trade for Zimbabwean citizens, suggesting that the regional service character now stretches across national borders.

The City of Matlosana's historic development as a regional service centre has mitigated some of the negative impacts of mine downscaling. This regional service role has also increased over the past 20 years, now stretching across the international border to Botswana.

Emalahleni's development is closely coupled to coal mining and the energy requirements of South Africa, but the coal exports from the area demonstrate the city's international linkages. The coal, energy and steel industries make up nearly 75% of the area's economy. However, South Africa's increased domestic demand for energy, combined with a decreased emphasis on migrant labour, has placed huge pressure on Emalahleni's existing infrastructure.

While the area's proximity to Gauteng might help to mitigate the effects of future mine downscaling (a life span of 20–30 years is projected), the medium-term growth of the area remains largely dependent on coal mining.

Emfuleni's history is intertwined with steel production and some limited steel fabrication. ISCOR's privatisation in 1989 led to large-scale job losses in Emfuleni and, although the area's economy has recently recovered, overall employment is about 80% of what it was in 1996, and employment in the manufacturing sector is only 60% of what it was. Privatisation also led to the takeover of ISCOR by Mittal (later AMSA). Emfuleni's proximity to Johannesburg, the growth of the local universities, weekend tourism at the Vaal River and the decentralisation of business and financial services have helped to buffer the area from the negative outcomes of privatisation. Despite these potential new pathways, the area's future remains closely related to the steel industry, and so any decline in the steel industry would be detrimental to Emfuleni.

uMhlathuze (Richards Bay) developed as a result of its port, through which coal from the Mpumalanga Highveld is exported. During the apartheid period, there were economic sanctions against South Africa, and the export of coal was a valuable source of foreign exchange. Other heavy industries, such as aluminium and forestry, were also established in uMhlathuze to take advantage of the port. However, uMhlathuze remains largely dependent on coal exports because the harbour cannot handle containers. In addition, the government's decision to construct a new harbour at Coega, Port Elizabeth, has had a negative impact on the ability of Richards Bay to diversify, as Transnet's capital expenditure has been directed away from the KwaZulu-Natal port.

The six case studies reveal significant levels of path

dependency, with the cities locked into their historical development paths. This is partly as a result of the smallish size of the settlements and the old technologies used in industry, neither of which are helpful factors in changing their existing pathways. The international literature suggests that it is very difficult to change a city's historic pathway, even with concerted effort at local level.

SYNTHESIS

Table 3 provides an overview of the attributes discussed and how these attributes relate to the various case studies.

As the above discussion has shown, urban hierarchy and settlement categorisation cannot be determined by indicators of size alone, although decisions to increase the number of Category A municipalities appear to have relied mainly on a city's size. The Local Government: Municipal Structures Act (No. 117 of 1998) sets out criteria that include factors other than just size, but these guidelines could be strengthened by developing more detailed indicators (of size, location and function). Furthermore, the degree of international competitiveness should be an important criterion in the categorisation and differentiation of settlements, as international connectedness brings opportunities as well as risks. Lastly, systems of categorisation should be flexible and consider multi-layered aspects (size, function, location, international competitiveness, etc.).



Table 3: A summary of functional attributes per case study city

Case study	Management of urbanisation	International competitiveness	National importance	Regional importance and social role	Historical pathways
City of Matlosana	Related to the rural hinterland of the North West.	Historical through gold exports. Linked to the Botswana economy.	Historically, an important earner of foreign exchange through gold production.	Historically, a rural service area. Provider of public and private services to the surrounding rural hinterland.	From rural service centre to gold to service centre.
Emalahleni	Linked to rural Mpumalanga and Limpopo.	Coal exports. Limited steel exports.	Provider of a significant percentage of South Africa's energy. Earner of foreign exchange.	Provider of public and private services to the surrounding rural hinterland.	From coal to coal and steel production.
Emfuleni	Linked to the Northern Free State and Maluti-a-Phofung (former Qwaqwa area).	Steel exports. Number of steel multi-nationals.	Producer of more than two-thirds of South Africa's steel needs. Historically, an earner of foreign exchange.	Provider of public and private services to the surrounding rural hinterland.	From coal to steel production, with increasing weekend tourism and university city characteristics.
George	Linked to surrounding commercial agriculture.	International tourism ('swallows').	Important local tourist destination.	Historically, a rural service centre. Provider of public and private services to the surrounding rural hinterland.	From wood processing to local tourism to international tourism.
Polokwane	Linked to rural Limpopo.	Business tourism with Zimbabwe.	Important location in the north from which provincial government operates.	Historically, a rural service centre. Provider of public and private services to the surrounding rural hinterland.	From rural service centre to provincial capital to international trade centre.
uMhlatuze	Linked to rural KwaZulu-Natal (northern areas).	The port and coal exports. Multi-nationals located there.	Historically, aluminium, sugar and wood production.	Provider of public and private services to the surrounding rural hinterland.	From basic agriculture to coal exported and creation of some heavy industries.

Intermediate Cities and Internal Pressures

Having a narrow economic base makes intermediate cities vulnerable to both fluctuations in the global markets and shocks at the local level. If these cities (and the country) do not plan for these risks in an appropriate way, they will face serious difficulties if the one or two major economic sectors either slowly erode or rapidly decline in importance. Thus, it is important to consider how local institutions (particular local government and business entities) respond to the above-mentioned realities, by looking at: municipal governance and management, municipal finance, strategic planning, spatial planning, municipal infrastructure, local government-business relations, and poverty and the informal sector

MUNICIPAL GOVERNANCE AND MANAGEMENT

The quality of municipal management varies across the six case studies, and it is difficult to determine objectively whether or not the municipal management in intermediate cities is overall better or worse than in metropolitan areas or small urban settlements. Nonetheless, because of the narrow economic base of these intermediate cities, poor local government performance is likely to have a disproportionately larger impact than in metropolitan areas.

The six cities provide numerous examples of poor governance and management: Emalahleni is currently under administration; Emfuleni has suffered much instability, having had four mayors and five municipal managers between 2005 and 2009; management and governance problems were reported in the City of Matlosana; and Polokwane has historically had its fair share of municipal problems. However, rapid growth and rapid decline have also placed significant pressure on municipal management. South Africa's increased energy requirements have led to increased coal mining, which has resulted in high levels of population growth in coal mining areas, such as Emalahleni, putting pressure on local infrastructure. Areas experiencing economic decline are also under pressure. For example, the City of Matlosana has been unable to ensure an appropriate billing system for its municipal accounts. As a result of mine downscaling, many houses that were formerly owned by mining companies have been privatised, and the city is now

struggling to put an appropriate individualised billing system in place for these houses. In the main, relationships with district municipalities were cordial. In many cases, intermediate cities are so dominant that the 'districts do not matter' – at least not to the intermediate city. In one or two cases, planning functions between local and district municipalities (uMhlathuze/George) are not well aligned.

MUNICIPAL FINANCE

The management of municipal finances is usually (although not always) a good indicator of the quality of overall municipal management. Table 4 provides a detailed overview of municipal finances. It is important to note that during the 2011/12 financial year, Emalahleni could not even provide financial statements (which is why very little data from the city is included in Table 4), and only George received an unqualified financial report. This compares to five out of the nine metropolitan municipalities that received unqualified municipal audits in 2011/12.

Intermediate cities have significantly lower total municipal income and expenditure than the metropolitan areas, which is to be expected given the smaller size of the case study cities. Service charges (especially electricity) make up a significant percentage of municipal income in uMhlathuze, Emfuleni and Emalahleni. This is directly related to the heavy industries that use old technologies and consume large amounts of electricity. Although this aspect makes credit control easier in these cities, having major energy-dependent industries is a long-term risk for municipal income.

Three municipalities (Emfuleni, the City of Matlosana and uMhlathuze) extensively under-spent on infrastructure maintenance and repairs (spending 3% or less of the municipalities' annual total expenditure). This is highly problematic in Emfuleni and the City of Matlosana because of their aging infrastructure. In Emfuleni's case, the under-spending is a direct result of cash flow problems. uMhlathuze has newer infrastructure, so the fact that the municipality spends less than 5% of its budget on maintenance is not as troubling. Overall, the average expenditure on maintenance and repairs for the five intermediate cities (3.1%) is considerably lower than the average for metropolitan areas (5.2%).

Table 4: A comparison of key municipal finance variables in the six intermediate cities and metropolitan areas (2011/2012)

2011/2012	City of Matlosana	George	Emfuleni	Polokwane	Umhlathuze	Emalahleni(*)	Average	Highest Metro	Lowest Metro
Audit statement(#)	Q	U	U with F	D	U with F	D	n.a.	U	O
Total revenue (R million)	1 616	921	3 555	1 787	2 041	1 352	1 879	35 100	2 900
Total expenditure (R million)	1 467	1 049	3 815	1 622	1 861	1 636	1 963	29 600	2 600
% of income from land tax	11.30%	14.00%	9.90%	12.80%	10.00%	13.9%	12%	19.80%	12.20%
% of income from water charges	27.10%	7.20%	13.80%	7.70%	6.60%	11.2%	10.40%	16.80%	4.50%
% of income from electricity charges	10.00%	40.60%	39.10%	31.20%	47.40%	38.60%	28.10%	43.40%	30.10%
Equitable share as % of total income	18.50%	7.8%	15.20%	19.60%	7.90%	8.50%	12.9%	27.10%	4.80%
% of expenditure spent on maintenance and repairs	2.20%	5.00%	3.00%	6.00%	2.20%	5.20%	3.10%	6.30%	4.70%
2011 GVA 2005 - constant values (R billion)	9.40	5.77	17.56	15.90	9.76	19.43	12.97	285.93	26.47
Number of city employees	2 253	1 122	3 419	2 600	1 852	—	2 249	24 254	3 633
Employee-related spending per km ² (R thousand)	116	48	48	106	494	—	302	4200	100
City employees per 1000 people	5.7	5.8	4.7	4.1	5.5	—	5.2	6.1	4.7
City spending per 1000 people (R million)	3.68	5.42	5.29	2.58	5.57	—	4.50	7.30	2.70
Employee-related spending per 1000 people (R million)	1.06	1.29	1.00	0.63	1.18	—	1.03	1.80	1.10
Population served per city employee	177	173	211	242	181	—	197	213	165
Employee-related spending per city employee (R thousand)	187	222	211	153	212	—	197	330	198

(*) municipal revenue and expenditure: budget figures used as financial statements were not available.

(#) Q: qualified; U: unqualified; U with F: unqualified with findings; D: disclaimer; O: outstanding

STRATEGIC PLANNING

All six cities suffer from relatively poor strategic planning. Their strategic planning seldom considers the idea and implications of international competitiveness. Many of the municipalities are struggling to get even the basic governance and management requirements right, as illustrated by the high turnover of municipal managers and finance managers, and substantial governance problems, such as severe infighting in city councils, lack of council audit committees, etc. The best example in this respect is probably Emalahleni, which was under administration at the time of the study. Under these circumstances, cities will struggle to perform basic functions effectively and find it almost impossible to implement the more strategic functions related to developmental local government.

Furthermore, the focus on five-year plans (IDPs) means that little long-term planning is taking place. Unlike many of the metropolitan areas, none of the six case study cities has developed strategies focusing on 20–30 years in the future. This short-term perspective is even more problematic when there is a regime change in local government (even if the change is within the same ruling party), as new leaders often call for new five-year programmes and plans, with little concern for continuity in meeting or building upon prior goals, maintenance or sustainability. The city IDPs are also narrowly focused on service delivery and may promote

micro-development projects in specific ward localities (as is the case in Emalahleni and Emfuleni). Such an approach is not without merit but can result in a loss of focus on big-picture strategic aspects.

The problem with having weak strategic planning is that the strategic plans either ignore the basic economic trends or show a limited understanding of the importance of key industries. Certain cities focus on ambitious objectives that would be very difficult or impossible to implement. Examples include the drive to locate airports and logistic hubs in Emfuleni and the City of Matlosana, and the positioning of George as a knowledge city. Sometimes the obvious development route is missed, such as the retirement industry in George or international competitiveness in Emfuleni, neither of which is mentioned in these cities' IDPs. Another example is uMhlathuze's IDP that does not include the Richards Bay port, which is perhaps an indication that the port is poorly integrated or controlled independently by Transnet (i.e. without any relation to the city).

According to recent European research, intermediate cities that make deliberate attempts to build international networks have the best chance of finding new growth paths (Rodríguez-Pose and Dahl Fitjar, 2013). However, South African intermediate cities with international connections may require extensive institutional and strategic support to minimise their vulnerability to global economic shocks.



SPATIAL PLANNING

The six case study cities were assessed using the basic principles articulated in the National Development Plan (NDP): spatial justice, spatial sustainability, spatial resilience, spatial quality and spatial efficiency. Overall, the spatial planning outcomes in the intermediate cities are disappointing, with one or two exceptions.

All six cities still display the historic apartheid segregation patterns. In Polokwane and uMhlathuze, the previous regime had forced the black townships behind homeland boundaries (R293 towns), commonly known as displaced urbanisation or hidden urbanities (Bernstein, 1991). Spatial planning has in general not led to improved spatial justice, despite high levels of residential desegregation in some cities, e.g.: the City of Matlosana, in particular Orkney and Stilfontein where more than 50% of the previous white suburbs are now occupied by black residents; Emfuleni, where Vanderbijlpark is now 59% black and Vereeniging 48% black, according to latest census data; Polokwane, which has been considered as one of the cities in South Africa with the fastest levels of desegregation (Donaldson and Kotze, 2006); and (to a lesser degree) uMhlathuze and Emalahleni. Factors contributing to this desegregation include lower house prices, particularly in areas experiencing mine downscaling or shrinking industries (Orkney and Stilfontein in the City of Matlosana, and Vanderbijlpark in Emfuleni), the increase of middle-class black South Africans (Polokwane), and the mining companies shifting from single-sex hostels to family housing (Emalahleni).

Spatial sustainability is under huge pressure in all six cities. Acid mine water is a serious threat to river ecologies and has serious implications for farming in mining areas. The presence of acid mine water in the Vaal River (albeit neutralised) and the Olifants River makes ensuring the long-term spatial resilience of these two ecosystems difficult. Heavy industries in Emalahleni, Emfuleni and uMhlathuze result in air pollution in nearby settlements, while in some cases (Emfuleni and Emalahleni), the municipalities have had a negative impact on spatial sustainability. However, success stories include the Mondi factory in uMhlathuze, which has decreased its water consumption per unit of production by 75% over the past 20 years.

There is limited evidence of quality spatial planning achieving spatial efficiency or resilience in any of the

intermediate cities. uMhlathuze and Polokwane both appear to experience spatial conflict between urban and communal land. These municipalities are legally unable to enforce land tax on communal land, but (for instance) the Polokwane Local Municipality delivers water to communal areas without being able to recover its costs. Making the problem worse, the current development moratorium in Polokwane (due to water restrictions) may result in new developments on communal land that disregard the water scarcity. Indeed, anecdotal evidence suggests that such developments are already taking place.

MUNICIPAL INFRASTRUCTURE

Adequate municipal infrastructure and maintenance are critical factors that enable (or not) these intermediate cities to play a regional, national and international role. Emalahleni (where the municipality is under administration) and Emfuleni have serious infrastructure problems, and most of the cities struggle with engineering infrastructure, such as old pipes that leak water. Evidence suggests that up to 39% of Emfuleni's water gets lost in the system, and yet water is a scarce resource in South Africa.

The six cities urgently need to build new infrastructure and maintain (or upgrade) existing infrastructure. New developments should go hand-in-hand with the expansion of infrastructure, and yet Emfuleni's sewerage works are running at 150% capacity because new developments have not considered the long-term need for an expanded municipal sanitation system. Emfuleni, the City of Matlosana and Emalahleni significantly under-spend on repair and maintenance of infrastructure, spending less than 3%, compared to a national norm of about 5% and an average of 5.2% for metropolitan areas. As a result of infrastructure breakdowns, businesses have started to take over municipal functions in two of the six case studies: in Emalahleni, Anglo American built their own water purification plant and now sells water to the municipality and to individual users, while in Emfuleni, some of the companies keep spare parts for municipal electrical transformers to reduce delays should the transformers break down. While business-municipal partnerships may be desirable, they should be more considered, strategic and transparent, rather than ad hoc and myopic as in these two cases.

LOCAL GOVERNMENT-BUSINESS RELATIONS

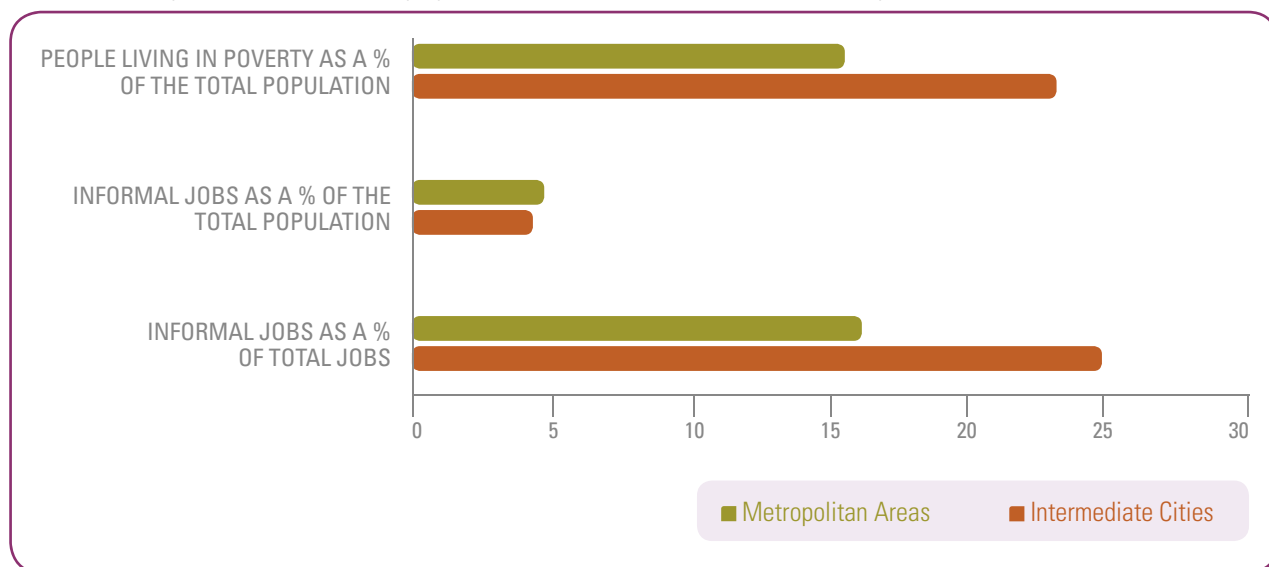
Intermediate cities are more likely than larger metropolitan areas to experience poor local government-business relations because of their economic vulnerability, narrow economic base and smaller economic size. In addition, ongoing racial divisions and the lack of coordinated planning between municipalities and the private sector hamper the future growth of these cities. Polokwane and George have the best municipal-business relationships of the six case studies. In Polokwane, top municipal officials have been assigned to the 100 biggest businesses in order to address potential problems and concerns. In the other case studies, municipal-business relationships can be described as ad hoc at best, with very little structured

engagement taking place. For the two cities in the mining areas, the mining companies' SLPs and the municipal IDPs are not aligned with each other, which may largely be as a result of the racial divide (mining company executives are disproportionately white, while municipal officials are mostly black). Whatever the reason, the lack of a coordinated approach hurts these cities in the long run.

POVERTY AND THE INFORMAL SECTOR

Another important internal risk relates to poverty and the informal sector. Figure 7 shows the number of people working in the informal sector as a fraction of the total population and the number of people living in poverty as a percentage of the total population.

Figure 7: Poverty levels and informal employment in the six intermediate cities and metropolitan areas (2011)



Poverty levels in intermediate cities are significantly higher than in metropolitan areas, but the informal economy figures are somewhat more complex. The percentage of the total population in informal jobs is similar for intermediate cities and metropolitan areas. However, when the formal/informal employment ratio is considered, the informal sector is proportionally larger in intermediate

cities than in metropolitan areas. The higher levels of poverty and a larger informal economy suggest that intermediate cities are in a more precarious position than metropolitan areas, but their smaller, fairly dense settlements might also allow for significant scale-related advantages in addressing poverty.

Intermediate Cities and External Pressures



As many of these cities rely on natural resources and infrastructure networks, they are inevitably influenced by external factors.

NATIONAL PLANNING

A 20-year review of South Africa's spatial development divides the country into five distinct categories: inner urban core, outer urban core, semi-periphery, periphery and deep periphery (Harrison, 2013). All six case study cities fall within the inner urban core. They are also considered to be areas of significant economic contribution in the NSDP, although the economic growth picture within the inner urban core is uneven. These national assessments reveal very little of the history, economic trends, structure or vulnerabilities of the country's cities, whereas this study has determined that the six intermediate cities are more vulnerable than metropolitan areas. National planning decisions and spatial targeting have a direct impact on these cities. For instance, the ability of uMhlathuze to diversify its economy is directly related to decisions made by Transnet regarding port expansion and functionalities, and rail upgrades, while Richards Bay port has been unable to expand its port function because of the

lack of cranes and government's decision to invest in Coega in the Eastern Cape. In another example, if the upgrade of the Gauteng–Durban railway is prioritised above the Mpumalanga–uMhlathuze line, the long-term impact on uMhlathuze could be detrimental.

Intermediate cities are also affected by sectoral policies, such as those related to mining (of the 21 secondary cities identified by the National Treasury, 13 are effectively mining areas). Although new legislation has not greatly altered mining practices, government intervention (or lack of intervention) could potentially play a crucial role, resulting in either positive or negative implications for mining areas. For example, if a decision were made to stop exporting coal (because of its strategic importance to South Africa's energy production), or demand for coal declined (replaced by alternative sources of energy), mining areas and uMhlathuze would be affected. Another example is from the steel industry, where the South African government and AMSA are currently in a dispute regarding AMSA's pricing policies. In short, the government is claiming that, if AMSA does not change its pricing policies, it will establish a new steel mill, which could have far-reaching implications for Emfuleni.

LOGISTICS AND FREIGHT INFRASTRUCTURE

Some of the national planning issues relating to logistics and freight have already been mentioned, but the important point here is that the six intermediate cities are highly dependent on logistics and freight infrastructure. Road infrastructure has historically been very important for George and Polokwane, while uMhlathuze's development is largely as a result of rail access (in relation to the port). The ports in uMhlathuze and George, and airports in George and (to a lesser extent) in Polokwane, have also played a fundamental role.

In addition to the historic importance of freight and logistics infrastructure, more recent developments are affecting some of the intermediate cities. The unreliability of the rail network between Gauteng and Durban has resulted in AMSA transporting steel exports by road, which has increased the cost of South Africa's steel exports, making them uncompetitive. It has also had a negative impact on the road network. In uMhlathuze, growth is dependent on both the establishment of a crane in the harbour and the expansion of the existing rail network.

DEMARCATON AND TRADITIONAL LANDS

Municipal demarcation is an extremely sensitive issue. The decision in the late 1990s to create wall-to-wall municipalities was largely based upon the idea of functional linkages. Yet functionality has been overlooked in three of the cities: the area that was historically known as the Vaal Triangle (which today includes Emfuleni in Gauteng and Metsimaholo in the Free State), where two municipalities essentially have one interconnected economy, but the provincial boundaries hamper the area's functionality; Emalahleni (Witbank) and Steve Tshwete (Middelburg), which are separate municipalities despite being only 30km apart and sharing functional linkages; and uMhlathuze, where informal settlements on the fringes of uMhlathuze fall within a different municipality despite being functionally connected to uMhlathuze.

The interface between urban and communal land is an issue for Polokwane and uMhlathuze, where a higher proportion (over half) of the population live on communal

land compared to metropolitan areas (e.g. 17.5% in eThekweni and 5% in Tshwane). In Polokwane, 60% of the population resides on communal land, but many of them are functionally linked to the urban core of Polokwane, while anecdotal evidence suggests that the moratorium on land development in Polokwane (due to water constraints) has pushed development onto communal land. The linkages with uMhlathuze are less clear for the just over 50% of the population that live on communal land. However, the inability of the uMhlathuze municipality to understand the importance of the Richards Bay port may also be related to the municipal governance structure's strong rural bias, which is certainly not the case in metropolitan areas.

INTERMEDIATE CITIES AND THE ENVIRONMENT

The ecological footprints of cities usually extend beyond their immediate boundaries, and so intermediate cities need to deal with both short-term, geographically close environmental concerns and long-term, far-ranging ecological problems. Factors that contribute to the cities' environmental challenges include old technology, high dependence on energy, the dominance of the mining sector and outdated infrastructure.

In some cases, environmental limitations can affect development. For example, in George, biodiversity is one of the area's competitive advantages but also inhibits long-term development and growth. Similar limitations are faced by uMhlathuze (Richards Bay), which developed after the area's wetlands were dried out. In fact, if current environmental legislation were in place during the initial development of uMhlathuze (Richards Bay) and its port in the 1970s, the city probably would not have developed.

Water is a key environmental issue because South Africa is a water-scarce country. Polokwane has placed a moratorium on new development because of the lack of water, while Emalahleni faces water shortages with a municipality that is struggling to provide an adequate water supply. George's water supply appears to be under increased pressure, following a recent drought (combined with the threat of global warming), and Emfuleni is dependent on the Vaal River and the Lesotho Highlands

Water Scheme, and so, like the rest of Gauteng, will face possible water shortages until 2018. The exception is the City of Matlosana, where the decline in mining has resulted in a decline in demand for water. Yet the city also has to deal with the long-term environmental effect of mining, especially acid mine water and its possible impact on agricultural production and nearby rivers. This is a serious concern for Emalahleni, Emfuleni and the City of Matlosana. In Emalahleni, the acid mine water is expected to have a significant negative impact on the ecology of the Olifants River in the near future. In Emfuleni, inadequate infrastructure maintenance by the municipality led to sewage spills that polluted the Vaal River, and community-based organisations took the government to court. The court ordered the municipality to clean the Vaal River of dead fish, and a general warning was issued not to use the river, which had negative repercussions on the area's tourism industry.

Another serious concern is air pollution caused by heavy industry and coal combustion in the cities of Emfuleni, Emalahleni and uMhlathuze. Although industry seems to be mostly compliant with environmental

regulations, international pressure is likely to result in higher air quality standards in the future.

Environmental legislation certainly has a positive impact but also results in an extremely narrow view of environmental concerns. For example, in considering possible upgrades to the Mpumalanga–uMhlathuze railway line and the Johannesburg–Durban railway line, the environmental debate should take into account the energy efficiency of the two lines. The uMhlathuze (Richards Bay) line is shorter and less energy dependent (because of less slope), which gives the port in uMhlathuze a clear advantage over Durban's port – despite the fact that Transnet views uMhlathuze (Richards Bay) as a coal terminal and Durban as a container terminal. Another example is from the steel industry in Emfuleni, where in 2012 one of AMSA's steelmaking blast furnaces had mechanical problems. In order to continue with production, the firm had to revert to older technology, which emits more pollution. However, the process of receiving permission from the local government took so long that the problem had been fixed before the municipality made a decision.



Intermediate Cities in South Africa: Some Lessons



The aim of this report is to deepen the understanding of intermediate cities in South Africa.

The project was motivated by the significance of intermediate cities as a category of urban spaces, the lack of research, the lack of research, pertinent policy questions, the need to be able to categorise and differentiate responses to different settlement categories (including intermediate cities) and existing pressures to increase the number of metropolitan areas.

The study of six cities found that intermediate cities perform multiple roles, contribute to South Africa's international competitiveness, advance national development and serve as regional service centres for rural communities.

The research identified a number of key issues related to intermediate cities.

1. CONTEXTUALISING AND IDENTIFYING INTERMEDIATE CITIES IS COMPLEX AND DEPENDS ON MULTIPLE INDICATORS

Various institutions have tried to categorise the South African settlement system, focusing largely on size (population, GVA, revenue, built-up area, etc.). Size is also the main driver of the National Treasury's municipal hierarchy system, while municipal functions mostly drive different municipal categories. The important lesson that can be drawn from both the international literature and the case studies is that the identification of intermediate cities should be based on the interaction between various aspects, such as size, location and function. Defining intermediate cities based only on their position within the settlement hierarchy underplays their functional role.

Once function is considered, a smaller peripheral town might be categorised as an intermediate city, even if it is smaller in population than most intermediate cities. What is crucial is to have clear motivations for categorisation and to consider the complexity of size and functionality indicators.

2. INTERMEDIATE CITIES NEED TO DEAL WITH A RANGE OF VULNERABILITIES AND RISKS

These vulnerabilities range from economic to physical, and are both external and internal. Many intermediate cities have a narrow economic base, which makes them extremely vulnerable to changes in one or two economic sectors, and have small (but significant) international linkages, also mainly within one or two sectors. This makes the cities vulnerable to international market trends, and national policies, programmes and decisions regarding trade policy and infrastructure investment. New policy proposals should therefore be evaluated for their potential impact on intermediate cities.

Intermediate cities also have a more direct link with the natural environment than metropolitan areas, yet environmental factors may limit their future growth. As environmental legislation may have a strong impact on intermediate cities, intermediate cities might require more direct support from the Department of Environmental Affairs. This support should not only consider short-term compliance issues, but also use an integrated approach to assist the cities to overcome the long-term threats to their development. In addition, the ecological consequences of mining and heavy industry will be felt for years to come, and intermediate cities may lack the capacity to respond appropriately.

Many of the cities have relatively poor strategic planning, and so fail to recognise appropriate opportunities and to plan around issues of international competitiveness

and vulnerability. The current demarcation of municipal boundaries does not help, as cities such as Polokwane and Umlathuze have a high percentage of rural residents (unlike most metropolitan areas, where the vast majority of the population consists of urban or suburban dwellers). A high rural population may make it difficult for an intermediate city to position itself within the global context. Initial evidence of this is already visible in uMhlathuze, where the city struggles to find a balance between local needs and the need to think about the future of the city in relation to the port and international linkages.

Intermediate cities should create appropriate partnerships with business and develop strategic plans that adequately address the relevant risks and opportunities. Furthermore, the five-year timeframe for strategic planning may be inadequate, and so longer-term planning frameworks should perhaps be added. Planning frameworks should consider city vulnerabilities associated with increasing dependence on international markets and a narrow economic base, and foster appropriate partnerships for economic development. It is also suggested that key stakeholders, such as the Department of Cooperative Governance and Traditional Affairs as well as the National Treasury, should take a differentiated approach in their support of these cities.

Although the quality of governance varied across the six case studies, evidence suggests that good governance and good financial management are generally lacking in intermediate cities. The inability of municipal institutions to get the fundamentals right could have a disproportionately larger negative impact on intermediate cities than on areas with a more diverse economic structure. Cities with internationally competitive economic sectors are even more dependent on good infrastructure and sound municipal management.

3. MORE EMPHASIS SHOULD BE PLACED ON THE VALUE AND POTENTIAL OF INTERMEDIATE CITIES

Despite facing risks and vulnerabilities, the case study cities also exhibit promising new trends that could contribute to their growth and their increasing importance for national development. These cities provide social and economic services and infrastructure to impoverished regions, and so rural development policies need to consider the role of intermediate cities. They can also play an important role in poverty reduction strategies, given the higher percentage of poor people living in intermediate cities (compared to metropolitan areas). For example, the extended public works programmes (cf Chapter 11 of the NDP) are currently run by metropolitan municipalities but may be more effective if intermediate cities had a more direct relationship with the Department of Public Works. There is evidence that some of these intermediate cities are far more racially integrated than most metropolitan areas. Although a new non-racial middle class has yet to fully emerge (perhaps with the exception of Polokwane), intermediate cities might help lay the foundation for a new integrated South Africa.

Improved strategic planning and existing international networks could help these cities to build on their strengths.

A number of examples should be mentioned:

- George could expand its role as a vacation and retirement destination.
- Emfuleni could build on its existing international networks and increase the number of enterprises in the downstream steel industry.
- The City of Matlosana could further develop its regional services character.
- uMhlathuze could acknowledge the important role of the Richards Bay port and advocate for the expansion of the port, so that goods other than coal could be exported.
- Emalahleni could plan for the demise of the coal-mining industry by focusing on energy generation and the steel industry.

4. CATEGORISATION AND DIFFERENTIATION: ASPECTS TO CONSIDER

Past attempts to categorise South African settlements have generally been too simplistic, focusing mostly on size, whereas function and location should also be considered. Categorisation should be more flexible and multi-layered, allowing settlements to move up or down the hierarchy and allowing other factors to be included. For example, when categorising cities, aspects such as municipal governance and performance, or international competitiveness, could be included.

Although categorisation of the South African settlement hierarchy has received much attention over the last few decades, differentiation has not played a prominent role. Some aspects related to differentiation to be considered include:

- Intergovernmental finance systems and grants could/should be differentiated based on municipal categorisation.
- New policy proposals and national planning imperatives should consider the implications of different categories of settlements.
- Municipal functions could increasingly be linked to a differentiated approach.
- Institutional support from national and provincial governments should adopt a differentiated approach.
- The notion of international competitiveness might also require a differentiated approach to address intermediate cities' vulnerabilities and to realise their potential.

5. THE DEVELOPMENT PATH OF INTERMEDIATE CITIES IS NOT NECESSARILY TO BECOME A METROPOLITAN AREA

As noted earlier in the report, pressure is increasing to declare more metropolitan municipalities. With the possible exception of Emfuleni (which was declared a metropolitan area at the start of the research), the development trajectories of the case study cities do not suggest that they should become metropolitan municipalities. In fact, to some degree, the evidence suggests the opposite. For example, resource-dependent towns are highly reliant on boom-bust cycles and resource availability. In other cases, the population and economic growth projections do not suggest rapid increases.

Furthermore, the high dependence on single economic sectors makes them more vulnerable than metropolitan areas – effectively most of these cities have significantly less economic diversity and scale than metropolitan areas.

What follows is a few suggestions of how to lessen the pressure to increase the number of metropolitan areas:

1. Improve the overall strategy surrounding the declaration of new metropolitan areas, by stating clearly the extent, scope and motivation for declaring (or not) areas as metropolitan municipalities.
2. Improve the guidelines in the Local Government: Municipal Structures Act (No. 117 of 1998) outlining the criteria for metropolitan municipalities. One obvious omission from the current criteria is 'a significant degree of international competitiveness'.
3. Develop a strategic approach for declaring metropolitan areas using a framework of international competitiveness. Current decisions surrounding the declaration of new metropolitan municipalities seem to be ad hoc.
4. Create a flexible, multi-layered categorisation system which would
 - reward good municipal finance,
 - provide adequate incentives not to metropolise,
 - determine municipal functions,
 - influence intergovernmental grants, and
 - provide targeted institutional support.





References

- Bernstein A. 1991. The challenge of the cities. In, M. Swilling, R Humphries and K Shubane (eds.). *Apartheid City in Transition*. Cape Town: Oxford University Press.
- Bolay J and Rabinovich A. 2004. Intermediate cities in Latin America risk and opportunities of coherent urban development. *Cities*, 21(5): 410.
- CSIR. 2008. A national overview of spatial trends and settlement characteristics. Pretoria: CSIR
- De Boeck F, Cassiman A and Van Wolputte S. 2009. Recentering the city: an anthropology of secondary cities in Africa. Paper presented at *African Perspectives 2009 The African Inner City: [Re]sourced*, International conference, University of Pretoria, 25–28 September 2009.
- Donaldson R and Kotze NJ. 2006. Residential desegregation dynamics in the South African city of Polokwane (Pietersburg) *Tijdschrift voor Economische en Sociale Geografie*, 97(5): 567–582.
- Donaldson R and Marais L. 2012. *Small Town Geographies in Africa: Experiences from South Africa and Elsewhere*. New York: Nova Publishers.
- Friedman J. 1986. The world city hypothesis. *Development and Change*, 4, 12–50.
- Hall P. 1966. *The World Cities*. London: Weidenfelt and Nicholson.
- Hardoy JE and Satterthwaite D. 1986. *Small and Intermediate Urban Centres: Their Role in National and Regional Development in the Third World*. London: Hodder and Stoughton, p.13.
- Harrison P. 2013. Twenty-year review of South Africa's spatial development. Unpublished report, University of the Witwatersrand.
- Marais L. 2013a. Resources policy and mine closure in South Africa. The case of the Free State Goldfields. *Resources Policy*, 38: 363–372.
- Marais L. 2013b. The impact of mine downscaling in the Free State Godfields. *Urban Forum*, 24: 503–521.
- National Treasury. 2011. Cities Support Programme. Framework Document (Draft for consultation), August 2011.
- Rodríguez-Pose A and Dahl Fitjar R. 2013. Buzz, archipelago economies and the future of intermediate and peripheral areas in a spiky world. *European Planning Studies*, 21(3):355–372.
- Rondinelli DA. 1983. *Secondary Cities in Developing Countries. Policies for Diffusing Urbanisation*. Beverley Hills: Sage Publications, p. 85.
- SACN (South African Cities Network). 2012: Secondary Cities in South Africa: the Start of a Conversation. Johannesburg: SACN.
- SACN. 2013. The Differentiated Approach to Local Government. South Africa's Secondary Cities. Johannesburg: SACN.
- SACN. 2014. Secondary Cities: an International Literature Study. Johannesburg: SACN.
- StatsSA (Statistics South Africa). 2013. 2011 Census. Pretoria: StatsSA.
- The Presidency. 2004. National Spatial Development Perspective. Pretoria: The Presidency.
- The Presidency. 2009. Delivery agreement for outcome 9: A Responsive, accountable, effective and efficient local government system. Available online at: <http://www.thepresidency.gov.za/MediaLib/Downloads/Home/Ministries/DepartmentofPerformanceMonitoringandEvaluation3/TheOutcomesApproach/Delivery%20Agreement%20-%20Outcome%209.pdf> (accessed on 24 June 2014).
- Van der Merwe IJ. 1992. In search of an urbanization policy for South Africa: towards a secondary city strategy. *Geography Research Forum*, 12: 102–127.
- World Bank. 2009. *World Development Report 2009: Reshaping Economic Geography*. Washington, DC: World Bank.
- World Bank. 2010. Systems of cities. Harnessing growth for urbanisation and poverty alleviation. Finance, economic and urban Department, World Bank, p. 15.
- Zook MA and Brunn SD. 2005. Hierarchies, regions and legacies: European cities and global commercial passenger air travel. *Journal of Contemporary European Studies*, 13(20): 203–220.

See also:



2012
www.sacities.net

ISBN 978-0-820-62556-2



9 780820 625562



South African
CitiesNetwork

Tel: + 27 11 407 6471 • Fax: + 27 11 403 5230
P.O. Box 32160 • Braamfontein 2017
www.sacities.net