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Regional Policy and Planning in South Africa

Allison Todes

Urban, Rural and Economic
Development

Human Sciences Research Council

Lecturer to Master of City and Regional Planning Students at the University of Cape Town,
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Overview

- Overview of the development of the SA space economy to 1994, and influences
- Main regional policies under apartheid, particularly industrial decentralisation
- ‘Regional question’ – spatial equity and the space economy
- Post-apartheid (regional) policies addressing the space economy:
 - Implicit policies
 - SDIs
 - Urban Development Strategy/Framework/Perspective
 - NSDP
 - ISRDP
 - Geographic Spread
- Development of regional planning
 - Limited initiatives under apartheid
 - Use in homelands
 - Post-apartheid initiatives: IDPs, district planning, PGDS and alignment

Regional Policy and Regional Planning

- Regional policy = planning across regions, ie. planning to affect the distribution of development across regions (also 'inter-regional planning')
- Regional planning= planning within regions (also 'intra-regional planning')
- Space economy= nature and distribution of economic development over space

Development of the SA space economy to 1994

- SA space economy shaped by both the form of economic development in SA and state policy – interacting with an ‘uneven territory’ of resources, politics, varying local and regional influences, contestation etc
- Economy initially developed around Cape Town as a port, but with the development of mining, Gauteng came to play the dominant role
- Dominance of Gauteng linked to its initial mining role, later manufacturing, and then services – especially finance. Dominant role in organisation and control (HQs, the state etc). Dominance reinforced by policies of import substitution, but post-protectionism, this isn’t changing

Development of the SA space economy to 1994

- Coastal metros developed around their role as ports, centres of tourism, their links to hinterlands and service roles, but they also captured some manufacturing sectors in the course of development, eg. textiles and clothing (CT/Durban), chemicals (Durban), food (CT/Durban), motor industry (PE/Durban)
- Smaller towns generally grew in response to some form of resource development, roles in administration or servicing hinterlands. In some places, manufacturing developed. From 1950s, some towns were stimulated by state industrial decentralisation or homeland development policy

Development of the SA space economy to 1994

- Main state policies affecting space were
 - Influx control
 - Resettlement
 - Homeland development
 - Industrial decentralisation
- Influx control goes back to C19 and attempts to generate a labour force. Influx control policies were linked to the creation of reserves (later homelands) – formalised under the 1913 Land Act
- From 1950s, the state extended and reinforced these policies, creating independent homelands from 1976, and attempting to force African people to live in/near them. Influx control was extended from the 1950s to the 1980s

Development of the SA space economy to 1994

- Resettlement policies moved people from areas in 'white' SA to homelands – sometimes by consolidation of land, but also by forced removals from urban areas and freehold rural land. Some 3,5m people removed. Often resulted in creation of dense settlements at a distance from areas of employment
- Industrial decentralisation policy (1950s to 1990s) was also an important influence (together with market pressures) – led to a level of decentralisation of labour intensive industry – first from Gauteng to the coast, and later to peripheral towns near and in homelands, although Gauteng remained dominant
- Homeland development was associated with the development of many new towns – linked to resettlement, homeland capitals, decentralisation points

- Resistance to influx controls and rapid urbanisation mid 70s to mid 80s
- State reform responses included the creation of development regions cross-cutting homeland boundaries. These had little concrete effect, but were influential in the establishment of the new SA provinces
- By late 1980s, many policies like influx control and homelands were facing collapse, although settlement patterns didn't change radically, and the complex and uneven pattern of development remains

Industrial Decentralisation Policy

- The main explicit regional policy
- Genesis first in the 1940s – mainly development of resource based industries (but also clothing) which could draw on rural labour, and in some cases linked to creating employment for people displaced by resettlement
- Broader interest as a way of managing urbanisation, but little occurred
- From the 1950s, used in service of apartheid
- 1955 Tomlinson Commission proposed homelands, with twin policy of agricultural and industrial development (absorbing 50% displaced from land for commercial agric)
- Policy rejected, and government initially went for border area policy, and from 1960, incentives were offered

Industrial Decentralisation Policy

- 1965 balanced development policy also included areas where white, coloured and Indian employment was high
- From 1968, policy shifted to promotion of industrial development within homelands – went along with homeland consolidation and development corporations
- 1967 – controls on metropolitan growth through control of release of industrial land and limited expansion of labour intensive industries in cities
- Capital strike and resistance to new controls, and so they were watered down, and with a greater emphasis on incentives, also reducing or removing labour regulation and minimum wages in homelands

Industrial Decentralisation Policy

- Late 1960s/early 1970s also saw a technocratic thrust to decentralisation – attempts to create ‘growth poles’ through locating heavy industry outside of what is now Gauteng – establishment of ports of Richard’s Bay and Saldanha, and major parastatal owned steel works in Newcastle
- 1975 National Physical Development Plan tried to rationalise economic activity in space, and created a plan with a settlement hierarchy, development axes, growth points, deconcentration points and planned metropolitan areas – to counterbalance big cities, and depopulation of ‘white’ rural areas
- Although policy had some effect in encouraging industries to decentralise in the 1970s (along with cost pressures on labour intensive industries), it was not substantial

Industrial Decentralisation Policy

- 1982 – context of state reform attempts to create insider-outsider policy – major expansion of industrial decentralisation policy and incentives, and located in terms of the new regions. Tiered incentives, more in homelands
- Had much more impact than previously – but went along with strong market forces
- Major review of policy in late 1980s, and as state increasingly shifted to a market based, neo-liberal approach, it removed metropolitan controls, but also tried to compensate for the hidden effects of macro-economic policy strengthening Gauteng at expense of coastal metros
- Two tier incentives – periphery of coastal metros and outside of them
- Impact of 1991 incentives was similar to 1980s, despite very different structure (although some coastal metros benefited) – largely to strong market drive to decentralise low wage industries, and the weight of past practice

Industrial Decentralisation Policy

- Great debate in 1980s and 1990s about decentralisation
- Business oriented groups and academics argued strongly against it as
 - It was seen as strongly linked to apartheid
 - Its association with control of big city growth
 - Argument that it was costly and had limited real effect – can't fly in the face of economic forces
 - Firms attracted to the periphery were lame ducks or branches with limited local multiplier
 - Generated vulnerable, incentive dependent growth on the periphery
 - Growth pole initiatives remained 'castles in the desert'

Industrial Decentralisation Policy

- Different arguments by other academics in 1990s
 - Impact was much greater than assumed
 - Variations between areas – some successful and embedded, others not
 - Policy made it possible for some industries to survive
 - Policy worked with market forces in some industries (esp clothing)
 - In some areas, ‘cumulative advantage’ was beginning to occur, and economic activity was diversifying

Industrial Decentralisation Policy

- Verdict 10 years later?
- No systematic research on this, but...
- Policy in effect is gone
- Some places have collapsed, but often due to other factors like incompetent local government (eg. Butterworth) or industrial restructuring
- Others have survived and are seen as successful examples of growth eg. Richard's Bay, Newcastle (to an extent), although there are problematic elements to the growth
- The economic climate for labour intensive industries has been very harsh with SA's rapid entry into global markets and dropping of trade barriers.
- For the clothing industry – always an important decentraliser – it has meant a massive decline in clothing jobs, a shift to informalisation, along with a push to decentralisation, but also a rapid loss of jobs in some of the decentralisation points
- Period since 1994 has seen a shift away from previous patterns of decentralisation to recentralisation: very strong growth in Gauteng, some of the metros, but also in some of the secondary cities like Richard's Bay and Rustenburg

The 'Regional Question': spatial equity and the space economy

- By 1994, there were clear regional challenges:
 - Institutional fragmentation and spatial disintegration
 - Major service and infrastructure backlogs, especially in rural areas
- Disjuncture between where people and jobs are:
 - Economic concentration in Gauteng, metros and urban areas, although some large cities and even metros not growing rapidly
 - Large concentration of people in homelands, with low levels of employment
 - Overlapping this – urban-rural divides eg.
 - 75% of rural households in poverty (although urban poverty is now growing)
 - 85% of rural incomes from state expenditure, compared to 25% in metros

Place	Population n 2001	Population n 2001 %	Population n Growth 1996-2001 growth %	Gross Geographi c Value Added (GGVA) 2003 %	GGVA per Capita 2003	GGVA Growth 1996- 2003 %
Metropolitan Areas						
Cape Town	2893479	6.5	2.5	12.3	23123	1.4
Nelson Mandela Metro	1005804	2.2	0.8	2.8	14835	2.9
Ethekwini	3089842	6.9	2.4	9.8	15946	2.8
Johannesburg	3225921	7.2	4.1	17.3	23601	4.2
Tshwane	1986078	4.4	3.4	8.8	19298	4.8
Ekurhuleni	2480459	5.5	4.1	7.4	14928	2.3
Gauteng and Other Metropolitan Areas	15826447	34.8	3.5	62.7	19142	3.1
Provinces						
Western Cape	4524855	10.1	2.7	16.6	19611	1.6
Northern Cape	822820	1.8	-0.4	1.8	12114	2.6
Eastern Cape	6438762	14.4	0.4	6.4	5532	1.7
Free State	2706627	6.0	0.5	4.8	10990	-0.2
KwaZulu- Natal	9423923	21.0	2.3	15.0	8095	2.5
North West	3669633	8.2	1.9	-	-	-
Mpumalanga	3123415	7.0	2.1	6.9	11664	2.2
Limpopo	5272394	11.8	1.4	4.2	4016	1.3
Gauteng	8837322	19.7	3.7	37.8	19446	3.7
South Africa	44819751	100.0	2.0	100.0	11207	2.5

The 'Regional Question': spatial equity and the space economy

- Regional inequalities
- Economic restructuring with differential effects over space (mining areas, areas affected by SA's exposure to global markets, administrative restructuring)
- Not seeing a major correction of apartheid spatial divides, although spatial trends are increasingly shaped by an economic logic
 - Early years, movement to cities was slow, but has increased substantially in recent years as economic growth has lifted off
 - Migration increasingly directed at rapidly growing cities and areas
 - But there is significant rural-rural movement, and movement to small towns, partly due to major push off farms since 1994

'Regional Policy' Since 1994

- Although many expected a strong pro-city approach, regional/spatial policy has been highly contested, and there is a very strong pro-rural lobby
- 'Regional Question' not explicitly considered in policy in the early years, but:
 - Spatial equity through the Constitution (basic services)
 - And fiscal system (population plus rural)
 - But many policies funded on application basis – led to scattershot approach (but more often favoured urban areas)
 - Attempts to establish an Urban Development Framework showing significance of urban areas were marginalised, and no strong departmental location for championing of this cause

Regional Policy Since 1994

- Early spatial policies attempted to develop areas with economic potential
 - SDIs from 1996 – circa 2001
 - Manufacturing Development Programme which offered tax holidays (incentives) had a limited spatial element for a few years, and replaced industrial decentralisation, but limited effect
 - Mainly based on notions of developing endogenous potentials ('bottom up'), and followed European models

Regional Policy since 1994

- Concern about policies having contradictory spatial effects and lack of synergy led to initiatives to develop forms of national spatial planning from 1996
 - First initiative in 1996 – tried to do this through amalgamation of Provincial Spatial Development Strategies, but failed
 - 1999, with support of Dept Transport and growing concerns about perpetuating apartheid spatial disjunctures – National Spatial Development Perspective, modelled on EU Spatial Framework
 - Took a strong position focusing on areas of growth and potential - effectively pro-city
 - Completed by 2000, but only adopted as policy in 2003, and not much evidence that it has been taken very seriously

Regional Policy since 1994

- While NSDP went towards a pro-city approach, other policy went in different directions
- Integrated Sustainable Rural Development Programme (ISRDP) 2001 called for focus on 'poverty nodes' – 40% preferential expenditure
- Initiatives to revive the Urban Development Framework from 2003 – creating Urban Development Policy/Strategy (2003/4) and Urban Development Perspective (2005) – stating importance of cities – have not resulted in firm policy
- Concerns about rapid migration to cities, stagnation of rural areas and rural constituencies has meant pro-urban policies have had a rough ride
- 2005 – revision of NSDP to include support of 24 towns servicing hinterlands, even if declining – moves away from NSDP logic. But still not out
- 2005 'Geographic Spread' Programme
- 2005/6 call to accelerate growth in the urban renewal and ISRDP nodes to 6%

SDIs

- Conceived in 1996 as a way of unlocking growth in areas with unrealised potential
- Intention to 'unlock' this potential through targeted interventions in improving infrastructure, facilitating new investment, leading to sustainable job creation and generation of wealth in the area
- Involved targeted support by a project team to identify strategic projects/anchor projects, and to address 'bottlenecks' to development
- Political champions at national level to facilitate and ensure co-ordination between departments
- Essentially a project approach, based on 'trickle down' from key anchor projects to broader regional development – first through construction, and later through downstream effects and multipliers

SDIs

- Anchor projects focus on most significant economic activities to leverage growth, eg. road in Maputo Corridor
- Anchor projects then become magnets for downstream or related investments, expanding the size and scope of the local economy, and encouraging local links and multipliers
- Significant role of public-private partnerships
- Intended to be short-term: ran for only a few years in most areas, and then was expected to be taken over locally
- Initially focused on manufacturing, but later broadened to include agriculture and tourism

SDIs

- Conceptually the approach is mixed:
 - draws at one level from 'bottom-up' regional approaches focusing on developing regional strengths, and a supply side approach to improving regional economies
 - But some SDIs – especially Coega – have elements of a 'growth pole' approach – inducing development through major infrastructural investment/focus on heavy industry
- Also elements of a colonial extractive model

SDIs

- 11 SDIs identified throughout SA
 - Maputo Corridor
 - Phalaborwa
 - Platinum
 - West coast
 - Fish river
 - Wild Coast
 - Richards Bay
 - Durban and PMB
 - Lubombo
 - Gauteng Special Zones
- Most SDIs were in rural areas or smaller towns, but also used in a limited way in cities
- Some cross-border initiatives
- Use of corridor idea – not necessarily meaningful
- Intended to focus on high potential areas, but politically there were pressures for more

SDIs

- **Maputo Corridor**
 - Earliest project, and most successful
 - Rehabilitate core infrastructure along corridor (road, rail, port, energy, border post) and develop core resource projects in Mozambique (Mozal, gas plant etc)
 - Initial focus on mega-projects, but later more emphasis on linkages and spin-offs to locals and SMMEs through
 - tourism, agric and forestry projects
 - Cluster and linkage studies
 - Smme development
 - LED support
 - Capacity building
 - Community-public-private partnerships
 - Transborder initiatives

SDIs

- Relatively successful in generating investment and job creation (65,000 jobs), but concern about form of growth in Mozambique (Mozal), and could have generated more linkages
- Did well while it had political support – but this ended in 2001 – given over to province, and then largely collapsed due to uninterested new premier

SDIs

- Overall impacts
 - Uneven growth – only occurred in some areas
 - Blockages took time to address in some areas, especially rural, so short time frame was problematic
 - Critique of resource based industrialisation in some areas
 - Low wage and short-term nature of jobs
 - But several SDIs did undertake linkage programmes, which were fairly successfully
 - Some were quite innovative, initiating capacity building and other programmes
 - Special agency form of SDIs was effective – but vulnerable to shifting political support
 - But programme was too short-term and some successful programmes were cut off

SDIs

- Programme ended around 2001, but some projects continued in different forms (eg. Lubombo, Richards Bay)
- Approach transferred to African context – notion of regional SDIs

NSDP

- Developed 1999/2000 to respond to concerns that
- Public money is being spent in spatially contradictory/non-reinforcing ways: no spatial vision
- Very limited funds for capital development (6-9% of budget) – need to spend judiciously/to maximum effect. Concern that money is not being spent in support of growth – period of economic strictures
- Concern that spending patterns are perpetuating apartheid spatial patterns
- Argues the need to focus on areas of growth and potential, and outside of these areas, government should provide only basic services and concentrate on social investment (human resource development, social transfers, labour market intelligence) to enable people to move to areas of greater economic potential

NSDP

- Vision:
- “. . . focus economic growth and employment creation in areas where this can most effectively be undertaken
- support restructuring where feasible to ensure greater competitiveness
- foster development on the basis of local potential
- ensuring that development institutions are able to provide basic needs throughout the country”
- Align government spending to growth, on the argument that government can do little to change the dominant pattern of growth spatially
- Argument that growth is likely to continue in major centers of the past, and these need to be supported, but there may be localities where potentials are underexploited that also deserve support
- Recognition that many people are living in places with weak economic bases – if these cannot be restructured, people in these areas should be supported in ways which help them to become more mobile

NSDP

- NSDP develops a set of maps showing different types of potentials that could be supported through appropriate infrastructure:
 - Innovation/experimentation (ICT, clusters of excellence, quality of life amenities)
 - High value production (Transport, access to sources of innovation, producer services, industry promotion and communication, after-sales networks, labour market intelligence)
 - Labour intensive mass produced goods and natural resource exploitation (Transport, energy, basic labour market information, exploration and development activities, storage etc)
 - Management and control (ICT, office accommodation, conference facilities)
 - Retail and services (Commercial facilities, transport, security)
 - Tourism (Transport, activities and amenities, accommodation)
 - Welfare (Basic household services, mass transport, labour market/skills/welfare facilities)

NSDP

- So argues for varied approach with economic investment according to potential
- Localities would need to 'prove' potential
- Conceptually informed by the European spatial perspective – an indicative perspective, rather than a framework
- As indicated, later modified to provide support to 24 towns – ie. a 'spread'/spatial equity approach
 - but no official new policy as yet

Regional Planning

- Under apartheid – limited regional plans – mainly few narrow guidelines
- Ironically, creation of homelands lead to a form of regional development planning
- Late apartheid and initiatives to create cross-border regions, and creation of regional services councils also lead to forms of regional planning in areas such as KZN
- Post-apartheid – early initiatives to introduce Provincial Growth and Development Strategies, but mainly not successful – either too aspatial and limited, or not sufficiently tied to workings of provincial governments
- IDPs could be seen as a form of regional planning – particularly given their scale

Regional Planning

- District plans intended to provide a framework and overarching context for IDPs (ie. to be forms of regional plans) – but concerns that these are not adequate
- Current interest in new forms of regional plans or regional management to provide a more active force at regional level, and a framework for many local level IDPs that aren't cohering

Regional Planning

- Regional planning now seen as a key part of governance
- New initiatives towards inter-governmental planning, linking IDPs with various spheres of government
- New emphasis given to PGDS in this context, and to linking from NSDP to PGDS and IDPs
- Alignment to occur through interaction on:
 - Nature of conditions in particular areas
 - Development potentials
 - How policy should address them

Conclusions

- Regional planning in various forms has become increasingly important in SA, and seems set to grow in importance
- The 'regional question' remains a key debate in SA – and how this debate shapes up will be crucial in future
- Strong 'efficiency' approach associated with period of economic constraint – is the push (again) towards a balanced approach a reflection of a greater focus on state interventionism and greater concern about poverty and duality? Or more enduring political forces?
- SA has experimented with many different regional initiatives – broad shift from 'top-down' to 'bottom-up' – but not so straight forward: role of locality has always been important. Conversely new regional policies not purely 'bottom up'