

**AN INTEGRATED APPROACH TO SERVICE DELIVERY AT  
EKURHULENI METROPOLITAN MUNICIPALITY.**

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B.A. Honours: Public Management and Administration

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NORTH WEST UNIVERSITY  
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## DECLARATION

I, Mamoitoi Annathia Sebiloane, hereby declare that the work contained in this dissertation is my own work. The work has never previously in its entirety or in part been presented at any institution for the award of a degree.

I further declare that all the sources quoted have been indicated and acknowledged by means of a complete reference.

Signed:

  
.....

M. A. Sebiloane

  
.....

Date

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First of all I would like to send my praise and thanks to God Almighty without whom all my efforts would have been in vain.

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May the Good Lord Bless you All!!!

## ABSTRACT

Within the South African framework of transition, constitutional development and of the Municipal Systems Act of 2000, the Integrated Development Planning and budgeting processes represent a significant shift away from past planning approaches in South Africa. Hitherto, planning systems were largely technocratic, sectoral and failed to incorporate the views of local people. The current aim is to create effective and efficient government systems and to integrate the various administrations of the constituent local governments into the new consolidated local governments. Ekurhuleni Metropolitan Municipality (EMM), one of the largest metropolitan municipalities in the country was a case study to examine this shift away from the past planning approaches to the new integrated approach. For the purpose of this study, integrated approach to service delivery is described as a process to ensure that the objectives and policies determined by the legislature will be uniformly interpreted and applied by all departments in municipal entity.

Integrated development planning, budget reviews and performance monitoring systems focus on alleviating poverty and addressing past injustices and inequities through identification of programmes and projects that respond to the needs and priorities of local communities. There is a strong move towards a more integrated and participatory approach to local planning with varying success at incorporating sustainability principles throughout the process. The Municipal Systems Act makes it mandatory that all sectors and interested parties be consulted, and that has led to improved communication and cooperation between different spheres of government and the newly established local authority structures. Along with IDPs as the primary planning tool, Systems Act signify the deepening of democracy and good governance as it is mandatory for the participation of communities and various stakeholders through the ward committees.

For the purpose of this study, a hypothesis was formulated that:

IDP, Budgetary Planning and SDBIP are mutually dependent and key strategic thrusts in realizing the objectives of public finance within the local government context and yet, ineffective service delivery in EMM results from the inability to integrate its development plan, budget and service delivery budget implementation plans.

To validate the hypothesis, theoretical exposition of concepts IDP, budget and service delivery budget implementation plan were explained. Empirical study was conducted which showed that, at Ekurhuleni Metropolitan Municipality:

- There is an understanding of the importance of aligning planning systems,
- Processes, systems and mechanisms to integrate all the planning systems are established, these are not effective because they are partially or not fully implemented,
- Departments function independently. Communication systems and plans are developed; they are not effective, because new procedures are not communicated. Where these are, there is no guideline documentation.
- There is much interference in the administrative functions by politicians. Officials who are responsible for budgets are not given space to perform their duties effectively without the influence of external or political thrust.

The study concludes with recommendations for action to be taken by the municipality towards the improvement of service delivery.

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**LIST OF ABBREVIATION**

CCC	Customer Care Centre
DLG	Department of Local Government
DPLG	Department of Provincial and Local Government
EMM	Ekurhuleni Metropolitan Municipality
ESDR	Eastern Service Delivery Region
GEAR	Growth Employment and Redistribution Strategy
GDS	Growth and Development Strategy
IDP	Integrated Development Planning
LIBS	Line Item Budget System
MFMA	Municipal Finance Management Act
MLM	Midvaal Local Municipality
MMC	Member of Meyoral Committee
MTEF	Medium Term Expenditure Framework
NSDR	Northern Service Delivery Region
PBBS	Performance Base Budgeting System
PMS	Performance Management System
RDP	Reconstruction and Development Programme
ORTIA	OR Tambo International Airport
SDBIP	Service Delivery Budget Implementation Plan
SDR	Service Delivery Regions
SSDR	Southern Service Delivery Region

TBB	Target Base Budgeting
WC	Ward Committee
ZBB	Zero Base Budgeting

performance, coupled with effective financial information and advice, enhance the link between the services that departments provide and the benefits and costs of such services (Ababio, 2008:16).

Public financial management is a major key to development. It is an indispensable tool for allocating, mobilizing and utilizing resources efficiently and effectively in order to attain development objectives. Major steps of the transformation process provided a new legal framework for local government by launching the Municipal Structures Act of 1998, the Municipal Systems Act of 2000 (Coetzee et al 2008:2), and the Municipal Finance Management Act (MFMA) no. 56 of 2003. The acts aim to secure sound and sustainable management of the financial affairs of the municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected thereto (MFMA 2003:1). With the implementation of the MFMA, one of the regulations and guidelines addressed was the budgetary and financial planning processes and the co-ordination of these with organs of state in other spheres of government.

From the Municipal Systems Act of 2000 the Integrated Development Plan (IDP) was entrenched. IDP is one of the key tools for local government to cope with its new developmental role. All the plans at a municipal level converge into the IDP, therefore the IDP is a strategic tool that guides and informs all planning, budgeting, management and decision-making processes in the municipality (Ekurhuleni Development Guide 2007:25). IDP process is meant to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner.

Because public finance is manifested in the budget, the IDP determines the budget which will ensure implementation of projects and service delivery. Visser and Erasmus (2002:9) describe a budget as a component of public financial management and essentially a framework linking and specifying spending objective with their associated costs. Public budget is a mechanism concerned with the planned acquisition and use of resources by public entities. It involves the decisions of what revenues to collect and what expenditures to make (Visser & Erasmus 2002:8).

According to Geldenhuys (1993:395) a budget functions as:

- source of information;
- an integrating and co-ordination instrument;
- an operating programme;
- a control instrument;
- a policy statement; and
- an economic regulator.

One of the processes prescribed by the MFMA is the Service Delivery and Budget Implementation Plan (SDBIP), which ensures a direct linkage and alignment between the IDP and budget. MFMA (2003:14) describes SDBIP as a detailed plan approved by the Mayor of a municipality for implementing the municipality's delivery of municipal services and its annual budget. SDBIP serves as a contract between the administration, council and the community, expressing the goals and objectives set by council, as quantifiable outcomes, which can be implemented by the administration over a period of twelve months. This provides the basis for measuring performance in service delivery against end-of year targets and implementing the budget (Finance Department Guide 2007:35). SDBIP is a Municipality's one-year plan on how the first year of the IDP and Budget will be implemented.

SDBIP contains the following main elements (Finance Department Guide 2007:35-36)

- Monthly projections of revenue to be collected for each source.
- Monthly projections of expenditure (operating & capital) and revenue for each vote.
- Quarterly projections of service delivery targets and performance indicators for each vote.
- Ward information for expenditure and service delivery.
- Detailed capital works plan broken down by ward over three years.

## **1.2 PROBLEM STATEMENT**

The Ekurhuleni Metropolitan Municipality (EMM) constitutes one of the six local authorities in Gauteng Province and one of the three metropolitan municipalities. Situated in the East Rand, EMM is a culmination of the restructuring of 9 local councils. Amongst these are Germiston and Kempton Park. EMM plays a fundamental role in the economy of Gauteng province and it forms part of the core economic focus area situated between the City of Johannesburg, City of Tshwane and OR Tambo International Airport.

EMM implemented a Mayoral Executive and Ward Participatory System of local governance, which ensures that governance is taken right down to community level and that all citizens within the city are represented in decision making. The Executive Mayor heads up a team of 12 full-time Councilors comprising his Mayoral Committee of 10, a Speaker and a Chief Whip of Council. The day-to-day management and administration of the municipality is carried out by the City Manager and his staff of some 15 000, led by Deputy City Managers, Executive Directors, Directors, Customer Care Centre Heads and operational levels management.

Ekurhuleni's top leadership directs the city along private sector business principles, implementing the strategies and plans needed to meet the organization's priorities such as:

- Good Governance;
- Urban renewal;
- Poverty alleviation;
- Local economic development and job creation;
- Prevention of HIV and Aids'
- Safety and security; and Community participation.

With the case of EMM a budget is needs-driven, therefore there are developmental needs, community needs, operational needs and master plan needs. The master plan serves as the basis for all evaluations and refinements towards a draft budget. Needs have to be evaluated in terms of the master plan and then included in the budget. Functional development plans should integrate the whole business as well as the budget. These development plans should make up the sector plans. The SDBIP should be included in the sector plans which would indicate to the communities how performance would be measured. A consolidation of all sector plans forms the IDP.

The major challenge in EMM is whether the sector plans have been integrated or have they only been consolidated.

### **1.3 HYPOTHESIS**

IDP, Budgetary Planning and SDBIP are mutually dependent and key strategic thrusts in realizing the objectives of public finance within the local government context and yet, ineffective financial management in EMM results from the inability to integrate its development plan, budget and service delivery budget implementation plans.

## **CHAPTER 1**

### **ORIENTATION, PROBLEM STATEMENT AND RESEARCH METHOD**

#### **KEY WORDS**

Integration; service delivery; Integrated Development Planning (IDP); budget; development; Ekurhuleni Metropolitan Municipality (EMM); Service Delivery Budget Implementation Plan (SDBIP).

#### **1.1 INTRODUCTION, ORIENTATION AND BACKGROUND TO STUDY**

Service delivery is a process with clear goals and based on principles embedded in the history of the development and improvement of lives of the people of the country. A practical dispensation for the delivery of services was evolved through reconstruction and development plan (RDP). RDP vision states that an integrated process of transformation must ensure that the country becomes a prosperous society, that functions on a sustainable and environmentally friendly growth and development path (DPLG 2007:1). Government activities must be co-coordinated and integrated to avoid isolation that may lead to competition that hampers the realization of the overall goals and policies of government.

Integration is an attempt to bring the activities of various departments into line with one another so that service delivery may run smoothly in realization of objectives. Gildenhuys (1993:410) describes integration as a process to ensure that the objectives and policies determined by the legislature will be uniformly interpreted, applied by all departments and that those making the decisions and executing departmental activities will bear in mind the influence of their decisions and action on activities of all the departments concerned. The medium for effective integration is a link between the IDP and the budget with the SDBIP. Integration of planning, budgeting and the monitoring of service delivery

performance, coupled with effective financial information and advice, enhance the link between the services that departments provide and the benefits and costs of such services (Ababio, 2008:16).

Public financial management is a major key to development. It is an indispensable tool for allocating, mobilizing and utilizing resources efficiently and effectively in order to attain development objectives. Major steps of the transformation process provided a new legal framework for local government by launching the Municipal Structures Act of 1998, the Municipal Systems Act of 2000 (Coetzee et al 2008:2), and the Municipal Finance Management Act (MFMA) no. 56 of 2003. The acts aim to secure sound and sustainable management of the financial affairs of the municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected thereto (MFMA 2003:1). With the implementation of the MFMA, one of the regulations and guidelines addressed was the budgetary and financial planning processes and the co-ordination of these with organs of state in other spheres of government.

From the Municipal Systems Act of 2000 the Integrated Development Plan (IDP) was entrenched. IDP is one of the key tools for local government to cope with its new developmental role. All the plans at a municipal level converge into the IDP, therefore the IDP is a strategic tool that guides and informs all planning, budgeting, management and decision-making processes in the municipality (Ekurhuleni Development Guide 2007:25). IDP process is meant to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner.

# CHAPTER 1

## ORIENTATION, PROBLEM STATEMENT AND RESEARCH METHOD

### KEY WORDS

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## **1.4 RESEARCH QUESTIONS**

Based on the above, the research attempts to answer the following questions:-

- What does integrated development plan, budget and service delivery implementation plan entail within the context of public finance?
- Which processes are in place for effectively integrating IDP, Budget and SDBIP at Ekurhuleni Metropolitan Municipality?
- What are the challenges faced by EMM in integrating the development, service delivery plans and budget?
- What recommendations can be offered within the context of public finance that EMM can apply in integrating planning and budgeting?

## **1.5 RESEARCH OBJECTIVES**

In addition to the problem statement above, the research will pursue the following objectives:

- To give a theoretical analysis of concepts on service delivery such as IDP, budget and SDBIP within the context of public finance.
- To outline and describe processes used by EMM in integrating IDP, budget and SDBIP.
- To conduct a research on the extent to which service delivery tools at EMM are integrated.
- To provide recommendation for EMM on how effectively and efficiently EMM can apply the context of public finance in integrating planning and budgeting?

## **1.6 RESEARCH METHODS**

Methods to be utilized in collecting data for the research were literature review and empirical study.

### **1.6.1 Literature Review**

This research consisted of theoretical review by use of books, journals, relevant legislations, newsletters, magazines, newspapers and electronic database available on existing approaches relating to the integration of budget plans and integrated development planning within the context of local government. Different public libraries were visited in order to obtain relevant sources on government finance.

Also within EMM department are existing guides, documentation and reports that deal specifically with the research subject, especially from the Finance and IDP departments.

### **1.6.2 Empirical Study**

Semi- structured questionnaires were constructed using a qualitative questionnaire to obtain the opinions of officials and community in EMM. Amongst the participants were:

- Mr. D. van der Merwe (Chief Engineer - EMM)
- Mr. P. de Vries (Engineer: Budgets Infrastructure Services - EMM)
- Mr. B. van Zyl (IDP Director - EMM)
- Mr. J. Senoele (Director: Infrastructure Services – Operation – EMM)
- Ms C. Dube (Senior Accountant: SDBIP & Budgets – EMM)
- Community members within the EMM area.

Further, semi structured interviews were conducted with officials from other neighboring municipality primarily dealing with budgets and integrated development planning. Amongst them were:

- Mr. B. Murphy (Director: Administration & Budgets in Engineering Services – MLM)
- Mrs. R. von Greune ( Performance & Systems Coordinator – MLM)
- Mr. Z. Maphosa (Director: Inter-Governmental Relations – MLM)
- Mr. L. Mohaka (Ward Committee Officer)

- Mr. S. Alert (Ward Committee Officer )
- Ms. N. Matlhare (LED Officer- Midvaal Municipality)

These interviews investigated their roles in determining the effective integration of financial planning and obtained their opinions on how effective is the process on aligning integrated developmental planning, budget planning and service delivery plans.

### **1.6.3 Participant observation**

The researcher has gained knowledge and experience in local government administration as she is a Head of Administration in Engineering Department at Midvaal Local Municipality and she was Senior Admin Officer in Infrastructure Department at Ekurhuleni Municipality. It is at Ekurhuleni Municipality where she developed interest in public finance because one of her primary duties was to assist the Planning Director in compilation of divisional capital and operational budgets. She gained knowledge and understanding on challenges relating to the subject of the research, because of interacting directly with Project Managers who were required to provide basic information on projects funding (capital projects) that forms part of the integrated development plan of the municipality. Engineering Project Managers within the department that the researcher was working at were faced with problems that influence expenditures on capital projects. Further, as the Head of Administration, the researcher deals with compilation of the department's monthly reports on SDBIP and manage the Customer Care Section, she interacts daily with the community on service delivery matters.

## 1.7 OUTLINE OF CHAPTERS

Based on the aforesaid, this research is organized in accordance with the following chapters:

**Chapter 1.** Introduction: Problem Statement.

**Chapter 2.** Theoretical analysis of concepts IDP, Budget and SDBIP.

**Chapter 3.** Analysis of processes in integrating IDP, budget and SDBIP at EMM.

**Chapter 4.** Empirical research on challenges in the integration approach at EMM.

**Chapter 5.** Findings and recommendations.

The next chapter deals with theoretical exposition of concepts that underpin the study.

## **CHAPTER 2**

### **THEORETICAL ANALYSIS OF CONCEPTS IDP, BUDGET AND SDBIP.**

#### **2.1 INTRODUCTION**

South African municipalities are required to strategically assess and plan the most appropriate forms of service delivery for their areas by implementing a number of systems and processes as set out in the Systems Act, 2000. Municipalities must compile Integrated Development Plan as tool for development. The practical implementation of the integrated development plan must be linked to the budget allocation through the financing of various programmes and projects and the service delivery implementation plan as a key element of political oversight process. This chapter looks at local government's legislative framework; defines the integrated development planning, budgeting and service delivery budget implementation plan as the key planning systems or processes. Further, the chapter explains the processes involved in when, how, whom and why the above planning processes are critical to municipal service delivery.

#### **2.2 DEVELOPMENTAL LOCAL GOVERNMENT**

Transformation of local government, which started in the early 1990s, defines the path towards the notion of a developmental local government. This was as a result of a realization that local government would play a very important role in transforming people's lives and would be the sphere of government that would give concrete expression to democratic local governance and government's integrated service delivery plans. Local Government Mid-Term Review (2009:8) perceives this transformation as a complete shift from creating local authorities as mere administrative centre's to a creation of local authorities as truly developmental in nature.

Local government is centrally placed close to communities with the vision of working with local communities. The central mandate of developmental local government is to develop service delivery capacity to find sustainable ways to meet community's needs and improve the quality of their lives.

With the financial and administrative capacity Local government should ensure services that are (DPLG Guidelines 2007:4):

- Equitable and accessible;
- Provided in a manner that is conducive to –the prudent, economic, efficient and effective use of available resources and the improvement of standards of quality over time
- Financially sustainable
- Environmentally sustainable
- Regularly reviewed with a view to upgrade, extension and improvement.

## **2.3 THE LEGISLATIVE FRAMEWORK FOR KEY PLANNING SYSTEMS**

In Developmental Local Government, the legislative requirements and policy imperatives are critical to determine the level of compliance by municipalities so as to ensure effective and efficient establishment and implementation of the planning systems.

### **2.3.1 The South African Constitution (Act 108 of 1996)**

The Constitution is regarded as the bedrock for good governance in the financial management of the State. It is specific on the objects and accountability of Local government. Section 152 admonishes local government to:

- Provide democratic and accountable government for local communities;

- A municipality must strive, within its financial and administrative capacity to achieve objects that ensure that provision of services to communities in a sustainable manner' to promote social and economic development;
- Promote a safe and healthy environment; and
- Encourage the involvement of communities and community organizations in matter of municipalities.

### **2.3.2 Municipal Structures Act (Act 117 of 1998)**

The Municipal Structures Act (Act no. 117 of 1998) known as Structural Act, aims to:

- Provide for the establishment of municipalities in accordance with the requirements relating to categories and types of municipality;
- Establish criteria for determining the category of municipality to be established in an area;
- Define the types of municipality that may be established within each category;
- Provide for an appropriate decision of functions and powers between categories of municipality;
- Regulate the internal systems, structures and office-bearers of municipalities;
- Provide for appropriate electoral systems; and
- Provide for matters in connection therewith.

### **2.3.3 Municipal Systems Act (Act 32 of 2000)**

The Municipal System Act (Act no. 32 of 2000) known as Systems Act, its main objective is to provide for the core principles, mechanisms and processes that are necessary to:

- Enable municipalities to move progressively towards the social and economic upliftment of local communities, and ensure universal access to essential services that are affordable to all;

- Define the legal nature of a municipality as including the local community within the municipal area, working in partnership with the municipality's political and administrative structures;
- Provide for the manner in which municipal powers and functions are exercised and performed;
- Provide for community participation;
- Establish a simple and enabling framework for the core processes of planning, performance management, resource mobilization and organizational change which underpin the notion of developmental local government;
- Provide a framework for local public administration and human resource development;
- Empower the poor and ensure that municipalities put in place service tariffs and credit control policies that take their needs into account by providing a framework for the provision of services, service delivery agreements and municipal service districts; to provide for credit control and debt collection;
- Establish a framework for support, monitoring and standard setting by other spheres of government in order to progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local natural environment;
- Provide for legal matters pertaining to local government; and to provide for matters incidental thereto.

#### **2.3.4 Municipal Finance Management Act (Act 56 of 2003)**

The Municipal Finance Management Act came into effect on 1 July 2004. The aims of the Act, known as the MFMA, are:

- To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government

- To establish treasury norms and standards for the local sphere of government; and
- To provide for matters connected thereto.

Within the implementation of the MFMA, the following areas are to be addressed through the Act, relevant regulation and guidelines:

- Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial matters of municipalities and municipal entities;
- The management of revenues, expenditures, assets and liabilities and the handling of financial dealings;
- Budgetary and financial planning processes and the co-ordination of these with organs of state in other spheres of government;
- Borrowing;
- The handling of financial problems in municipalities;
- Supply Chain Management; and
- Other financial matters.

### **2.3.5 White Paper on Local Government (1998)**

The White Paper identifies the need for changes to the administrative organization and operations of municipalities, and outlines a set of principles and alternative options for more effective service delivery. It also asserts the need for sound labour relation to underpin developmental local government (Akanani 2007:22).

White Paper on Local Government aims to prepare the way for legislation that would introduce long-term financial management solutions that will (Ababio 2007:7):

- Restore financial discipline;
- Eliminate outstanding debts; and

- Generate the necessary cash flow to sustain the developmental activities and projects of municipalities

Akanani (2007:32-33) describes White Paper provides for the development of a coherent planning framework for Integrated Development planning that informs the effective design and implementation of the Performance Management system on both organizational and individual level, which will :

- Enable planning around the needs prioritised in consultation with community groups;
- Facilitate vertical integration with the national and provincial policies and programmes; and
- Gear municipal resources and capacity to meet the objectives identified in the IDPs.

#### **2.4 INTEGRATED DEVELOPMENT PLAN (IDP)**

IDP is part of an integrated system of planning and service delivery. It is a principal strategic planning instrument which guides and informs all planning, budgeting, management and decision making in a municipality. It is a mechanism to enable prioritization process. It is a process through which a municipality establishes short and medium term plans within the long term plan of the municipality. All plans at a municipal level converge into the IDP (DPLG Guide 2007:50).

Through the IDP, the municipality is informed about the problems affecting the municipal area and being guided by information on available resource, is able to develop and implement appropriate strategies and projects to address the problems.

### **2.4.1 Legal Framework of IDP**

The Municipal Systems Act, 2000 (Act 32 of 2000) provides that all municipalities should compile an integrated development plan. Section 26 of the Act identifies core components that must be reflected in an IDP such as:

- The vision for the long term development of a municipality;
- The priorities and accompanying objectives for the term of office of a council, i.e. five years;
- The institutional strategies flowing from the objectives, which must be aligned with national and provincial plans;
- Operational strategies resulting in service rendering to communities;
- A financial plan, which must include a budget projection for at least the next three years (Medium Term Expenditure Framework); and
- Key performance indicators and performance targets.

The above components are the focal points for this research and are therefore regarded as relevant and important for the purpose herein.

### **2.4.2 Lifespan of an IDP**

According to the Municipal Systems Act of 2000, every new council that comes into office after the local government elections has to prepare its own IDP which will guide them for the five years that they are in office. The IDP is therefore linked to the term of office of councilors. The new council has the option either to adopt the IDP of its predecessor should it feel appropriate to do so or develop a new IDP taking into consideration existing planning documents (IDP Guide Pack 2000:4)

### **2.4.3 Reasons for Municipality to have IDP**

- a) It helps to make more effective use of scarce resources by:
- Focusing on identified and prioritized local needs taking into consideration local resources

- Searching for more cost-effective solutions and
  - Addressing causes, rather than just allocation of capital expenditure for dealing with symptoms.
- b) It helps to speed up delivery by:
- Providing a tool which guides where investment should occur;
  - Getting the buy-in of all relevant role players for implementation;
  - Providing deadlock decision-mechanisms; and
  - Arriving at realistic project proposals taking into consideration limited resources.
- c) It helps to attract additional funds:
- Where there is a clear municipal development plan, private investors and sector departments are willing and confident to invest their money because the IDP is an indication that the municipality has a development direction.
- d) It helps to strengthen democracy and hence institutional transformation because decisions are made in a democratic, transparent manner, rather than by a few influential individuals.
- e) It helps to overcome apartheid legacy at local level by:
- Promoting integration of rural and urban areas, different socio-economic groups, places where people live and work; and facilitates redistribution of resources in a consultative process
- f) It promotes intergovernmental coordination by:
- Facilitating a system of communication and coordination between local, provincial and national spheres of government.

#### **2.4.4 Components of the IDP**

IDP is about the municipality identifying its priority issues or problems (**analysis**), which determine its vision, objectives and strategies (**development strategies**) followed by the identification of **project** to address the issues to link planning to the municipal budget (**integration**).

### **a) The Analysis**

This phase is important in that it is a preparatory work, done prior to the commencement of the integrated development planning process. It involves the production of an IDP process plan which ensures the proper management of the planning process. Section 29 of the Local Government: Municipal Systems Act, 2000 stipulates that the process plan should be in writing and adopted by the municipality before the planning process starts. Mbanga (2006:187) describes process plan as an approved document describing how a municipality will implement the new system of planning in its area of jurisdiction.

During this phase an assessment of the existing level of development, which includes identification of communities with no access to basic services, is done. The identified problems are assessed and prioritized in terms of their urgency. The assessment of existing level of development must be supported by facts and figures in the following areas:

- Basic demographic figures;
- Specialised in differentiated population groups;
- Service levels and service gaps;
- Financial resources and
- Available institutional capacities

### **b) Development Strategies**

During this phase the municipality is expected to find solution to the problems identified and assessed in the analysis and planning process. According to IDP Guide Pack (2000: 4) this phase entails the following:

- The municipality's vision, mission and values including internal transformation needs;

**The vision** is a statement of the ideal situation the municipality would like to achieve in the long term once it has addressed the problems outlined in

phase one. It's about what the municipal area want to be and where it is headed.

**The mission** refers to a purpose of existence of a municipal area aligned to medium-term delivery and includes the core services the municipality provides; what the municipality current priorities are; the geo-spatial location of services; and a statement about the quality to the services that are provided.

**Values** are statement that informs what the municipality strives to be and how it seeks to move in that direction in what it does.

- The Council's development priorities and objectives are clear statements of what a municipality would like to achieve in the medium-term to deal with priority issues. They bridge the gap current reality and the vision. Development strategies it is finding the best way for a municipality to meet a development objective by identifying projects.

### **c) Projects**

This is about the design and specification of projects identified during the previous phase. Van der Waldt (2007:6) defines projects as temporarily or one time activities with a well defined set of desired end results and they have a definite beginning and a definite end. Clear details of each project must be worked out in terms of intended beneficiaries, project cost, location of the project, and funders of the project, duration of the project, project commencement date, performance indicators, performance outputs, performance targets and responsibility. All these introduce another important factor for this research which is performance management, which will be discussed at the later stage.

### **d) Integration**

This is the critical phase of the IDP, which links planning to the municipal budget. As stated in the previous chapter, integration is an attempt to bring the activities

of various departments into line with one another so that service delivery may run smoothly for realization of objectives.

- A spatial development framework which includes the provision of basic guidelines for land use management system for the municipality.
- Disaster management plan.
- Integrated financial plan- both capital and operational budget.
- Key performance indicators and performance targets.

#### **e) Approval**

The approval stage entails (IDP Programme Document 2007:3-4):

- Inviting and incorporating public comments;
- Adoption by Council;
- Monitoring and collating information on implementation management, the achievement of organizational objectives and new information that may have a bearing on IDP; and
- Evaluation the implications of input from the performance management system, the impact and relevance of new information, the achievement of objectives, the impact of intergovernmental and municipal budget review process.

#### **f) Annual Review**

The insights gained through monitoring and evaluating are utilized and the relevant sections of the IDP document are redrafted.

### **2.4.5 Participants in the IDP Process**

Integrated development planning is participatory in nature and requires input from various role-players. DBSA Vulindlela Academy (2008:18) outlines the reasons why municipalities should consult and involve role-players in the process, and they are:

- It will help municipalities to make informed decisions,

- Assist different role players to better understand and support the decisions around tradeoffs and prioritization that municipalities must make,
- Help to improve the inter-departmental and intergovernmental co-operation that is so essential for effective service delivery.

#### **2.4.5.1 The Officials**

IDP is not a function of the municipality's Planning Department. Everything that all departments do including treasury and human resources has to be guided by the municipality's management tool which is the IDP. As a result all departments have to get directly involved in the process. Municipal Officials benefit in the process of IDP, because it:

- Provides them with mechanism to communicate with the councilors;
- Enables the officials to contribute to the municipality's vision; and
- Enables officials to be part of the decision-making process.

#### **2.4.5.2 The Councillors**

Councilors have to play a leading role in the IDP process. Not only is the IDP a mechanism through which they have to make decisions, it also contains their constituency's needs and aspirations. They have to participate in order to ensure that their communities' issues are well reflected and addressed (IDP Guide Pack 2000:7).

Councillor's participation in the IDP process has the following advantages:

- Provides councilors with a mechanism to communicate with their constituencies;
- Enables councilors to represent their constituencies effectively by making informed decisions; and
- Enables councilors to measure their own performance.

### **2.4.5.3 The Municipal Stakeholders**

The IDP is about determining the stakeholder needs and priorities which need to be addressed in order to contribute to the improvement of the quality of life. The Constitution and the Municipal Systems Act clearly stipulate that the municipality must mobilize the involvement and commitment of its stakeholders by establishing an effective participatory process.

Stakeholder refers to a person, group or organization that has direct or indirect stake in an organization because it can affect or can be affected by the actions, objectives and policies (DBSA Vulindlela Academy 2008:29). Stakeholders in this context refer to NGOs, government parastatels such as Eskom, Rand Water, Telkom and other resource groups. The nature of the IDP process is therefore such that it allows all stakeholders who reside or conduct business within an area to contribute to the preparation and implementation of the development plan.

Stakeholders benefit in this process because:

- It gives them an opportunity to inform the municipality what their development needs are;
- It gives them an opportunity to determine the municipality's development direction;
- It provides a mechanism through which to communicate with the governing body; and provides a mechanism through which they can measure the performance of the municipality as whole.

### **2.4.5.4 The Public or Community**

Community participation is a key to the functioning of local government. One of the constitutional objects of local government is to encourage the involvement of communities and community organizations in local government.

The Municipal System Act defines the municipality as comprising its political structures, its administration and the community of the municipality. This makes it

The Systems Act lists structures and mechanisms for community participation. Local Government Bulletin (2007:7-8) outlines these mechanisms as follows:

- Participation must take place through established political structures, defined as the municipal council or any committee or other collective structure of a municipality that has been elected, designated or appointed in terms of the Structures Act. Ward committees are the most visible structures that explicitly

Guide Pack 2000:8).

Structured Participation – Integrated development planning needs clear rules and procedures specifying who is participate or to be consulted on behalf of whom, on which issues, through which organizational mechanism, with what effect (IDP participation.

Promotion of public participation - Municipal government has to distinguish between creating conditions for public participation and encouraging public provinces and municipalities.

this frame has to be wide enough for location-specific adjustments to be made by be a common regulatory frame for institutionalized participation in the country, Diversity – It refers to different participation styles and culture. While there has to regulation and providing a legally recognized organizational framework.

for participation procedures which apply for all municipalities by means of Institutionalized Participation – This means setting clear minimum requirements planning process.

to inform, negotiate and comment on those decisions in the course of the Ultimate decision-making forum on IDP - The role of participatory democracy is

#### **2.4.5.4.1 Principles of Community Participation**

clear that communities are an integral part of the municipal governance of local government affairs. A municipality must develop a culture of municipal governance that complements formal representative government with system of participatory governance (Local Government Bulletin 2007:70).

relate to community participation in municipal governance (*ward committees are intended to create a bridge between communities and the political and administrative structures of municipalities*).

- Councillors are seen as vehicle for participation, particularly the ward councilor.
- Community participation must take place through mechanisms, processes and procedures established in terms of the Systems Act itself
- These mechanisms and procedures must be established by the municipality to enable the local community to participate in municipal affairs.

#### 2.4.5.5 Provincial and National Sector Departments

Although there is some distinctiveness amongst the spheres of government, there is a level of interdependence to allow for effective concurrence, interrelation and dependencies. These affirmations of types of relationships are more critical for the development of IDP, since the IDP itself is an inter-governmental system of planning. Therefore some contributions have to be made by provincial and national government to assist municipal planning (DPLG Guidelines 2007:4). Table 2.1 below shows different roles and responsibilities between the three spheres of government.

**Table 2.1: Roles & Responsibilities of Different Spheres of Government**

Sphere of Government	Roles & Responsibilities
<b>Local Spheres: Municipalities</b>	<b>To:</b>
(a). Local Municipality	<ul style="list-style-type: none"> <li>• Prepare an IDP</li> <li>◆ Adopt an IDP</li> </ul>
(b). District Municipality	<ul style="list-style-type: none"> <li>• Prepare an IDP</li> <li>◆ Adopt an IDP</li> <li>◆ Provide support to poorly capacitated local municipalities within its district.</li> <li>◆ Facilitate the compilation of a framework which will ensure coordination and alignment between local municipalities and districts</li> </ul>
(c). Metros	

	<ul style="list-style-type: none"> <li>◆ Prepare an IDP</li> <li>◆ Adopt an IDP</li> </ul>
<b>Provincial Spheres:</b> (a). Department of Local Government          (b). Sector Departments	<b>To:</b> <ul style="list-style-type: none"> <li>◆ Coordinate training</li> <li>◆ Provide financial support</li> <li>◆ Provide general IDP guidance</li> <li>◆ Monitor the process in the province</li> <li>◆ Facilitate coordination and assignment between district Municipalities</li> <li>◆ Facilitate resolution of disputes between Municipalities</li> <li>◆ Facilitate alignment of OD's with sector department policies and programmes</li> <li>◆ Assess IDPs</li> </ul> <ul style="list-style-type: none"> <li>◆ Provide relevant information on sector department's policies programmes and budgets</li> <li>◆ Contribute sector expertise and technical knowledge to the formulation of municipal policies and strategies</li> <li>◆ Be guided by municipal IDPs in the allocation of resources at the local level</li> </ul>
<b>National Sphere</b> (a). Department of provincial and Local Government.          (b). Sector Departments	<b>To:</b> <ul style="list-style-type: none"> <li>◆ Issue legislation and polity in support of IDPs</li> <li>◆ Issue integrated Development Planning Guidelines</li> <li>◆ Provide financial assistance</li> <li>◆ Provide a national training framework</li> <li>◆ Establish a planning &amp; Implementation Management Support System.</li> </ul> <ul style="list-style-type: none"> <li>◆ Provide relevant information on sector department's policies, programmes and budgets</li> <li>◆ Contribute sector expertise and technical knowledge to the formulation of municipal policies and strategies.</li> <li>◆ Be guided by municipal IDPs in the allocation of resources at the local level.</li> </ul>

Source: IDP Guide Pack 2000:8

The IDP should guide where sector departments allocate their resources at local government sphere. At the same time a municipality should take into consideration the sector departments' policies and programmes when developing its own policies and strategies. The National and the Provincial sector departments must take the responsibility in:

- Evaluating the implementation of sector programmes in local government;

- Monitoring the performance of local government; and
- Audit and regulate the compliance with technical standards and norms

The participation of the Provincial and National sector departments in the process of IDP is crucial since all financial resources for the implementation of projects lie with sector department. Therefore, IDP Guide Pack (2000:6) points out the availability of the IDP provides guidance to the departments as to where their services are required and hence where to allocate their resources.

## **2.5 BUDGETING**

Government budget refers to a document reflecting revenue and expenditure. It is the only instrument that a government uses to allocate resources (Erasmus & Visser 1997:167).

According to the principles of economics, the scarcity of resources serves as the primary impetus for government intervention in the economic affairs of society. This is based on the economies of scale, relative to the availability of resources and the utilization thereof to provide for the needs of all in society. These are subjected to the varying degree of distortion which manifests itself in elements such as the distribution of wealth and resources (Visser & Erasmus 2002:72).

Government therefore has to exercise a dual approach with regard to the way that it uses its fiscal instruments to maintain social equality, the distribution and allocation of wealth and resources. The economy is influenced by the way government plans, executes and finances its programmes. It is accepted that capital spending programmes usually contribute to economic growth and development, while social spending tends to be regarded as transfers with little real return for economic growth purposes. This can be used to determine and differentiate between the relative propensity of budgets to either stimulate economic growth or being more open to socially orientated programmes. For these reasons budgets are viewed by Visser and Erasmus (2002:74) as a

mechanism used by government to create equilibrium between seemingly opposing constraints, investment or capital spending socially and morally induced spending programmes.

Khalo and Fourie (2006:131) define a budget as a report, an estimate and a proposal through which the chief executive makes a full report regarding the manner in which affairs have been administered the previous year, exhibits the present condition of the public treasury, and on the basis of such information sets forth his programme of work for the year to come, and the manner in which he proposes that such work be financed.

### **2.5.1 Legal Framework of Budgeting**

As stipulated in chapter seven of the Constitution of 1996 in which developments duties of municipalities are outlined a municipality must:

- Structure and manage its administrative and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- Participate in national and provincial development programmes.

Erasmus and Visser (1997:161) outline objectives of a budget as follows:

- It serves as a base for the exercise of financial control according to which the legislative authority can determine whether financial policy is being implemented.
- It provides a basis for determining the tax policy for the budget period.
- It serves as a financial programme in which expenditure incurred in achieving the objective of the government can be reconciled with the revenue.

## 2.5.2 Functions of a Budget

Budgets serve a specific purpose in government sector and, therefore, can be characterized according to different functions. The following are different functions of budget.

Source of information – it contains information concerning policy objectives; monetary or financial implication associated with objectives and implied taxation measures linked to the financial implication. Erasmus and Visser (1997:162) states that it must contain sufficient information to enable all level of governments to debate on it and make decision.

Working document – it provides the responsible officials with the guidelines for achieving their departments' objectives. The working programme actually implements the declared policy of the government and also forms the basis for the execution of the functional activities. Therefore this implies that the working document must be action and future oriented.

Control instrument – Budget should not be seen as a final blueprint, but should serve as control instrument in assisting staff to achieve the objectives. It is an instrument by which the legislative authority can exercise control over the executive authority and this, in turn can exercise control over the administrative authority (Erasmus & Visser 1997:162). Also it provides the main framework against which performance and financial management results are determined. Budget as a control instrument has three process: standard, evaluation and corrective action.

Instrument of co-ordination and integration – this is the most important function especially because it draws back to main purpose of the researcher – the integrations of the key planning process. According to Erasmus and Visser (1997:163), coordination in the public sector is aimed at promoting cooperation of

all government departments in the integration of its activities to realize the objectives of the legislative authority.

Declaration of policy – the basis for good government and administration is a policy aimed at promoting the general welfare of society in general. The budget therefore represents the government's policy, reflected in terms of the local or internal currency or in quantifiable measurable terms.

### **2.5.3 Components of Budget**

Municipal budget is classified into two main categories, which are operational budget and capital budget.

#### **2.5.3.1 Operating Budget**

This is the provision of operation income and expenditure to finance the day-to-day operations of the Municipality. It is compiled for the short term and normally for a period of one year.

The budget serves as an operating programme on which the administrative authority can base operational plans for each function that must be carried out to deliver public services and to ensure that the broad public policies goals and concrete objectives may be realised effectively, efficiently and responsively (Schwella et al, 1996:133).

#### Main steps in developing an operating Budget (Schwella et al1996:133)

- (i) Identification of an objective structure within the framework of the goals and policies of a government
- (ii) Compilation of an operating programme in the form of projects to realize the government's objectives
- (iii) Scheduling of projects and tasks to be performed and the resources required.

Guide for Non-Financial Manager (2008:39-400) outlines some of the supplementary of Operating budgets:

- Salary Budget – it contains the full human resource cost of the municipality as well as other employee's related costs. This budget is co-coordinated by the HR department and compiled separately. Expenses such as overtime, acting allowances, long service awards forms part of the salary budget.
- Vehicle Budget – it relates to all the operating costs of council vehicles and each department within the municipality must collate the necessary information regarding the operational costs of vehicles during their departmental budget- planning phase.
- Licenses Software – all software license requirements must be budgeted for. And in most municipalities the IT departments are those that compile a consolidated budget for the entire municipality for inclusion in the main budget.
- Internal Charges – departments must budget for the cost of services consumed (i.e. water, electricity, etc.) as well as internal services rendered by other departments (i.e. maintenance of buildings and electrical repairs).

### **2.5.3.2 Capital Budget**

Capital budget is the funding for the creation of assets. This is part of the long-term budget of the municipality and gives substance to the integrated development planning in respect of funding and implementing project identified as indicated on the previous discussion on components of the IDP.

According to Visser and Erasmus (2002:93) capital budget has three functional areas:

- The continued existence of the institution
- The expansion of the institution`
- The provision of long-term assets.

### Steps in the Compilation of Capital Budget

There are four steps in drafting a capital budget (Schwella et al. 1996:134):

Firstly, a capital development programme, which is the compilation of a list of essential capital projects for a specific term of five to six years. Secondly, an analysis has to be made of the short and long-term financial results of the proposed capital programme, because government is committing itself and its taxpayers to a long-term programme.

Thirdly, the operational and the maintenance costs should be made in the operating budget. Fourthly, the total annual expenditure by government includes operating and capital expenditure.

#### **2.5.4 Steps in preparation of the budget**

There are six steps in the preparation of the budget, and these steps are tabulated as follows (Skosana 2007:51):

Table 2.2: Steps in preparing for budget

<b>Steps</b>	<b>Process</b>
1. Planning	Schedule key dates, establish consultation forums, and review previous processes.
2. Strategizing	Review IDP, set service delivery and objectives for next three years, consult on tariffs, indigent, credit control, free basic services, etc and consider local, provincial and National issues, previous year's performance and current economic and demographic trends.
3. Preparing	Prepare budget, revenue and expenditure projections, draft budget policies, consult and consider local, provincial and National priorities,
4. Tabling	Tabling draft budget, IDP and budget related policies before Council consult and consider format local, provincial and national inputs or responses.
5. Approving	Council approves budget related policies
6. Finalizing	Publish and approve SDBIP and annual performance.

Source: Skosana 2007:51

### **2.5.5 Budgeting Systems**

Budgeting systems contain elements such as planning, management and control. Khalo and Fourie (2006:135) explain these as follows:

**Planning:** involves the determination of objectives, the scrutiny of alternative course of actions and the selection of appropriate programmes and projects.

**Management:** involves the programming of selected programmes and projects into specific goals and activities, which aimed at the satisfaction of community needs.

**Control:** involves these processes whereby public officials have to stick to operational requirements that have been designed by management to ensure that policies are implemented according to plans.

Different budgeting systems emphasize these elements differently. These elements improve the level of accountability and transparency in budget systems because they are goal-oriented. A more detailed discussion on budget systems will subsequently be given.

#### **2.5.5.1 Line-Item budgeting systems (LIBS)**

This system emphasizes control over the planning and the management elements of the budget. The line item budget system (LIBS) is control –oriented, valuing the skill possessed by accountants scrutinizing budgets to determine if goals were achieved in providing goods and services as outlined in the budget (Khalo and Fourie 2006:135). Further Khalo and Fourier regard this system as excellent system for the purpose of financial control since it indicates a list of expenditure such as details of personnel, travel, equipment or supplies. It does not allow a virement from one item to another.

#### **2.5.5.2 Performance-Based Budgeting System (PBBS)**

Performance-based budgeting system (PBBS) focuses on the general character and relative importance of the work to be done or service to be rendered rather

than things to be acquired (Geldenhuys 1997:516). This system strives for the most economical, efficient and effective utilization of personnel and other public resources for rendering public services.

Khalo and Fourie (2006:136) emphasize that this system improves accountability at all levels of government and promotes communication with amongst government institutions and they are also able to evaluate on e another's performance. Effective communication within government and citizens improves public confidence in government because citizens can easily access services and government establishes effective structures to facilitate communication and feedback.

According to Schwella et al (1996:130) this system is based on:

- Activity classification: Budget choices and budget information are structured in activities rather than individual standard expenditure items.
- Performance measurements: They are established for each activity, the associated cost per activity unit is measured, and the efficiency in the use of input resources is evaluated.
- Feedback: Performance reports comparing deviation of actual costs and accomplishment from planned levels are monitored to focus the attention of accounting officers on problems arising so that corrective action can be taken.

#### **2.5.5.3 Target-Based Budgeting System (TBBS)**

The target-based budgeting system (TBBS) identifies overall expenditure for government entities based on revenue estimates that are available and that there is executive control measures in place. It is effective in situations where there is greater decentralization and devolution of authority to allow greater flexibility and speedy decision making. Decentralization to points of service delivery enhances public participation and the regular evaluation and review of policy imperatives in terms of impact and relevance to the needs of the citizens. TBBS is implemented easily in municipality, because they have to control spending but on the other

hand municipalities are faced with the challenges of unpredictable demands for services by local citizens (Khalo & Fourie 2006:137).

#### **2.5.5.4 Zero- Based Budgeting Systems**

Here budget is defined and reformulated from zero on an annual basis (Khalo & Fourie, 2006:138). For further defining the zero-based budget Erasmus and Visser (1997:183) see it as a the preparation of operating budgets from zero base even though the organization might be operating more or less as in previous years, the budgetary process assumes that it is starting anew.

Information that is available from previous budgets is disregarded and only figures that are related to the future are considered. The zero-base budgeting system evaluates all activities to be funded and costs will be calculated on such information to determine budget needs in terms of available funds. This system calls for new information whenever budgets have to be determined each year, which means that old and redundant activities will be discarded when new ones are stated.

#### Characteristics of Zero-Base Budgeting

According to Gildenhuys (1997:526) zero-based budgeting systems seek to:

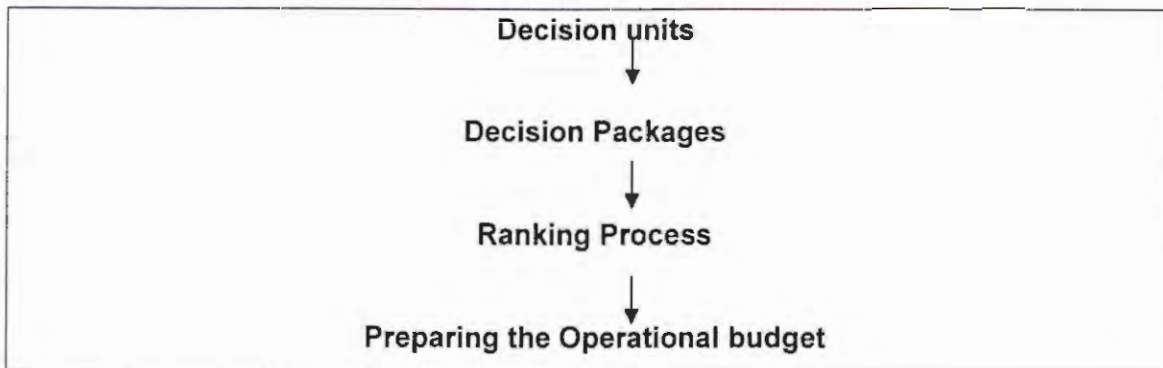
- Make the governing function more flexible- existing policies, objectives and programmes are not taken as given nor are they taken for granted;
- Eliminate poor and low-yield programmes;
- Improve administrative efficiency and effectiveness by forcing accounting officers to review annually the justification of each budget programme; and
- Accommodate the shifting of government expenditure between alternative objectives and programmes as a consequence of changing circumstances in the needs and demands of the community.

Because the zero-budgeting system allows each government department to establish its own budgeting procedures or format and adapt them to suit its

particular circumstances, four steps are necessary to establish the zero base budget. According to Geldenhuys (1997:527-528) these steps are:

- The identification of decision units
- The evaluation of each decision unit within the framework of so-called decision packages
- The evaluation of each decision package for preparing a budget request
- The preparation of the operational budget containing the data of the approved decision packages and budget demands.

Figure 2.1 ZBB Process



Source: Erasmus and Visser, 1997:186

#### 2.5.5.5 Multi-Year Budgeting System

In the past budgets were prepared on a year to year basis whereby short budgets were easy to prepare and manage and were effective for short term planning. With the growth of governments and the increase in budgets, a need to plan on a long term basis arose. Thus the medium term budget is one of the reform processes.

The South African Government introduced a medium term budgeting process referred to as the Medium Term Expenditure Framework (MTEF) to strengthen its planning process not only to cater for the longer periods that were used to be but also to ensure a continues and effective service delivery programme (Khalo & Fourie, 2006:139)

The introduction of the MTEF was as a result of a continuous realization of the short-comings of the short-term budgeting method. Khalo and Fourie (2006:140) summarized these short-comings as follows:

- The budget was prepared on an incremental basis and that the process of preparing the budget did not involve reviewing whether the particular activities were in line with government priorities or whether they were being implemented in the most effective manner.
- In some votes, the structure of the budget did not adequately reflect the activities that departments were responsible for.
- The budget structure did not show any forward planning of the budget. There was no link between planning and budgeting as these activities were kept separate from each other.
- The process of preparation and monitoring the budget were separate.

Introduction of MTEF also aimed at improving the budgetary process to (Khalo & Fourie 2006:140):

- Restructure expenditure with clearly established priorities;
- Identify the actual cost of particular services so that government could move away from the approach of incremental budgeting
- Plan for restructuring of expenditures, as these shifts in expenditures cannot take place from one year to the next;
- Introduce a more rational approach to resource allocation, by identifying a few priority activities, which would receive adequate funding and thus provide greater value for money.

## **2.6 SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)**

The Service Delivery Budget Implementation Plan (SDBIP) is the Municipality's one-year plan on how the first year of the IDP and Budget will be implemented

SDBIP provides the vital link between the Mayor, Council and the administration and facilitates the process for holding management accountable for its performance. It is a management, implementation and monitoring tool that will assist the Mayor, Councillors, City Managers senior managers and the community. If properly formulated, it will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic priorities set by Council (Finance Policies & Procedure Guide 2007:35). The Guide further summarizes SDBIP visually as follows:

Figure 2.2 Visual Summary of SDBIP



Source: Finance Policies & Procedure Guide 2007:34

### 2.6.1 Legal Framework of SDBIP

The Municipal Finance Management Act requires municipalities to develop the service delivery and budget implementation plan (SDBIP). Circular No. 13 issued in terms of the MFMA provides guidance and assistance to municipalities in the preparation of the SDBIP which ensures a direct linkage and alignment between the Integrated Development Plan and the municipality's budget. Again the MFMA delegates specific powers to the Municipal Manager as an Accounting Officer and the Chief Financial Officer.

MFMA Circular no. 13, inter alia, reads as follows:

The SDBIP serves as a contract between the administration, council and the community, expressing the goals and objectives set by council, as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of year targets and implementing the budget.

### **2.6.2 Components of SDBIP**

Key components of the SDBIP are:

- Monthly projections of revenue collected for each source;
- Monthly projections of expenditure and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicator for each vote (Municipal Scorecard);
- Ward information for expenditure and service delivery; and
- Detailed capital works plan broken down by ward over three years.

SDBIP must explain how the Council's service priorities have driven the medium-term budget allocations and performance target developments and how this whole process has been influenced by stakeholders' consultation particularly intergovernmental and ward committee consultation. The SDBIP provides the bases for measuring performance in the delivery of services and facilitates the process of holding management accountable for their performance. This brings the most crucial element which is performance management system (PMS). PMS is important in all the key planning systems because it is a control tool for monitoring and evaluation the entire planning processes, by allowing for the management of accountability within the local authority and improves performance.

## **2.7 PERFORMANCE MANAGEMENT SYSTEMS (PMS)**

Performance Management is an integral part of integrated development planning and aims to enable more effective local governance, strengthen accountability, facilitate continuous movement and improvement and perhaps most importantly; ensure co-ordinate strategy, action and information between all spheres of government (Midvaal Municipality IDP 2008:51). It is a key towards the establishment of a developmental local government improved service delivery.

### **2.7.1 Legal Framework for PMS**

PMS is located within a legislative and policy framework and is influence by the following:

#### Municipal Systems Act (Act 32 of 2000)

The Systems Act promulgated a set performance management guidelines and regulation, in order to improve service delivery. These guidelines and regulation indicated that the municipality's PMS should:

- Comply with the Municipal Systems Act
- Clarify the roles and responsibility of all role- players;
- Determine delegated lines of accountability;
- Ensure frequent progress reporting; and
- Be in line with the priorities, objectives, indicators and targets of the IDP.

#### White Papers on Local Government 1998

The White Paper introduced PMS to Local government, as a tool to ensure developmental Local government; and also states that involving communities in developing some municipal key performance indicators increases the accountability of the municipality.

### Municipal Planning and Performance Management Regulations (2001)

The Act is a set of regulation which clarifies the process how the PMS and IDP should be conducted.

#### **2.7.2 Purpose of PMS**

Performance Management System ensures that plans are (Midvaal Municipality IDP Document 2008/2009:270):

- Being implemented;
- They are having the desired development impact; and
- The resources are being used effectively.

This is a process that involves the organization and employees within the organization, setting objectives and measuring whether these objectives have been met. PMS is based on the assumption that if employees and other stakeholders know what is expected of them and understands the implications of performing well or badly, they will be able to achieve the objectives of performance management systems and become better and productive at their jobs.

The link between all the above systems or planning process are regarded as a medium for effective integration.

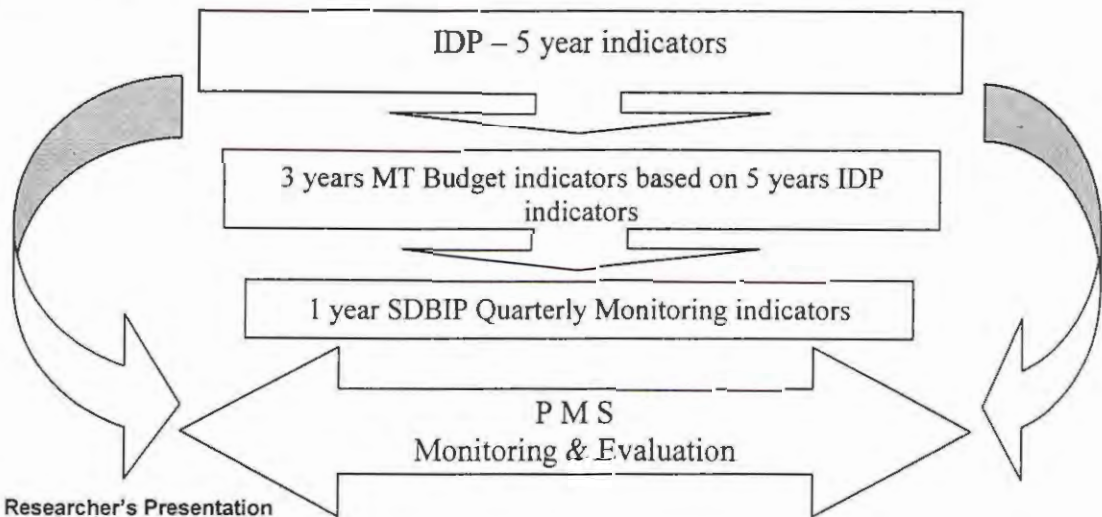
## **2.8 INTEGRATED PLANNING**

Integrated planning has evolved to become a means to provide focused guidance for integrated development within municipalities and within particular localities. It has also become important catalyst for improving stakeholder participation in the development, especially in the planning processes. This in turn ensures greater synergy within the various departments of municipalities,

transparency and greater accountability in decision making by Council on allocation resources for the implementation of plans.

Local Government midterm Report (2009:157) emphasizes the point of increased efforts needed to ensure that the IDPs are used for strengthening accountability within municipalities through linking them to the budgets and operationalising them through the Services Delivery Budget Implementation Plan (SDBIP). These can be schematically represented as follows:

Figure 2.3 Schematic Representation: Integrated Planning Systems



Source: Researcher's Presentation

### 2.8.1 Advantages of Integrated Planning

Ababio (2008:26) outlined some of the advantages of integrated planning, as:

- It extends and deepens multi-year budgeting, since it is based on a comprehensive planning process;
- It strengthens the link between integrated planning and service delivery, since it provides the outputs;
- It enhances budgetary scrutiny by the legislature, since it provides the legislature with relevant information of which sound decisions can be taken;
- It improves accountability by providing performance information for budget managers and the general public; and

- It provides more source documentation for researchers that want to analyze the integrated plans of government or a public institution

## **2.9 CONCLUSION**

Developmental local government implies a change from the old way of planning to a new developmental local government planning that focuses on the developmental needs of all citizens. The common understanding in the vision and principles of developmental local government is the key to the realization of government objectives on access to services, poverty alleviation and economic growth. The planning systems have to be integrated, accountable and oriented towards the needs of all citizens. Although local government is central to sustainable service delivery, all three spheres of government play an important role in the fulfillment of the objectives of service delivery. The development of a reference point of service delivery principles will assist in the future formulation of strategies and programming. The following chapter will outline the processes used by Ekurhuleni Metropolitan Municipality to integrate the key planning systems.

## **CHAPTER 3**

### **ANALYSIS OF PROCESSES IN INTEGRATING IDP, BUDGET AND SDBIP AT EKURHULENI METROPOLITAN MUNICIPALITY.**

#### **3.1 INTRODUCTION**

South Africa during the period of apartheid rule was systematically under-invested in municipal infrastructure especially in black areas. This deprived millions of people of access to basic services. The change to democracy and the transformation away from a centralized autocratic system dominating local government places more responsibility on local government to govern efficiently and effectively for providing the most basic needs of the people in their municipalities. Within a local area many different role-players contribute to development and developmental local government which must provide a vision and leadership for all those who have a role to play in achieving local prosperity. This chapter looks at what local government is; what comprises a local government, its functions; categories and types of local government. Focus is placed mainly on analyzing the planning processes in one of the sixth metropolitan municipality in South Africa – Ekurhuleni Metropolitan Municipality.

#### **3.2 CONTEXT OF SOUTH AFRICAN LOCAL GOVERNMENT**

Local government went through a long process of transition that eventually saw the establishment of 283 municipalities and the first democratic local government elections in 2000. Even though local government came into being much later than the national and provincial spheres of government, government in all spheres has achieved remarkable success over the past decade in ensuring access to basic services. While national government has set policy objectives, norms and standards for service delivery, the actual delivery programmes and budget are directly managed by municipalities (The DPLG, 2007:5-6). This

means that the progress made with access to basic services since 1994 is directly attributable to the critical role played by democratic municipalities. Basic services enhance the quality of life of citizens and increase their social and economic opportunities by promoting health and safety, facilitating access and stimulating new productive activities.

As local government mainly refers to a municipality, Van der Waldt, (2004:2) defines a municipality as an entity or organ of state within the local government exercising legislative and executive authority within a specific demarcated area of jurisdiction. It is a sphere of government closest to the people and a sphere that delivers services such as water, sanitation and electricity.

### **3.2.1 Characteristics of Developmental Local Government (DLG)**

DLG has interrelated characteristics, that is, a system of cooperativeness and interrelation amongst them and these characteristics according to Van der Walt (2004:4-6) are as follows:

#### **3.2.1.1 Maximising social development and economic growth.**

Powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities. The empowerment of marginalised and disadvantaged group is a critical contribution to social development. Municipalities purchase goods and services and pay salaries, and therefore contribute the flow of money in the local economy. They set the agenda for local politics, and the way they operate gives strong signal to their own residents and to prospective investors.

#### **3.2.1.2 Integrating and Coordination.**

Many different agencies contribute to development, including national and provincial departments, parastatals, trade unions, community groups and private

sector institutions. Method for achieving greater coordination is integrated planning. Integrated development plans (bearing in mind that this is the crux of this research) provide powerful tools for municipalities to facilitate integrated and coordinated delivery within their locality.

### **3.2.1.3 Democratising Development.**

Municipalities play a central role in promoting local democracy. They must adopt inclusive approaches to fostering community participation, including strategies aimed at removing obstacle to, and actively encouraging the participation of marginalised groups in the local community. It is important for municipalities to find ways of structuring participation which enhance, rather than impede, the delivery process. A central principle of the Reconstruction and Development Programme (RDP) is the empowerment of poor and marginalised communities. This is repeated in the Growth Employment and Redistribution Strategy (Gear) which calls for "a redistribution of income and opportunities in favour of the poor"

### **3.2.1.4 Leading and learning**

Municipalities should build the kind of political leadership that is able to bring together coalitions and networks of local interest that cooperate to realise a shared vision. Also they must ensure that knowledge and information are acquired and managed in a way that promotes continuous learning, and which anyone can access easily and quickly. Local government must invest in youth development as a key resource for the future and building on their creativity and motivation through involvement in civil and development programmes.

### **3.2.2 Goals and Objectives of Local Government**

The main goal of local government is to create circumstances within its legal jurisdiction for the attainment of a satisfactory quality of life through provision of services (Gildenhuys, 1997:8). According to Cloete, (1995:26) provision of

services to every local government has short, medium and long term goals achievement and they are:

- Short-term goal – to provide services to satisfy the basic health and functional requirements of individuals;
- Medium-term goal - to provide services to sustain economic growth in the communities
- Long-term goal – to effect equal and equitable access to services for all local communities.

From the historical development of broad government goals and objectives and closely examining the above-mentioned goals, Gildenhuys, (1997:9) draw an opinion that, local government objectives can be other than:

- Control and protection – to control certain aspects of the environment and activities of individual citizens and to protect the public against all kinds of natural and human-made disasters;
- Social welfare – to provide opportunities for the development of each citizen's social welfare; and
- Economic welfare – to provide opportunities for the development of the economic welfare of each citizen.

### **3.2.3 Categories of Municipality**

The Constitution allows for three categories of municipalities in South Africa, which in terms of Section 155 (1) are as follows:

- **Category (A):** A municipality that has exclusive municipal executive and legislative authority in its area.
- **Category (B):** A municipality that shares municipal executive and legislative authority in its area with a category (C) municipality within whose area it falls.
- **Category (C):** A municipality that has municipal executive and legislative authority in an area that included more than one municipality.

Section 155 of the Constitution states that national legislation must:

- Define the different types of municipality that may be established within each category.
- Establish criteria for determining when an area should have a single Category (A) municipality or when it should have municipalities of both Category (B) and (C).
- Makes provision for an appropriate division of powers and functions between municipalities when an area has municipalities of both Category (B) and (C).

### **3.2.4 Types of Municipalities**

As stated in Section 155 of the Constitution, the national legislation must define the different types of municipalities to be established within each category. Each type of a municipality has different functional responsibilities within its demarcated or geographical area. When municipal boundaries are determined, the Municipal Demarcation Boards (MDB) is expected to take into account the demarcation criteria outlined in Sections 24 and 25 of the Municipal Demarcation Act (Act 27 of 1998). These factors, which range from the interdependence of people, communities and economies to the financial viability and administrative capacity of a municipality to perform municipal functions efficiently and effectively, are all linked to the larger objective of ensuring that municipalities are enabled to fulfill their constitutional obligations (Local Government Bulletin 2008:4).

Van der Waldt, (2004:2) defines different types of municipalities according to the systems of municipal government. These systems are tabulated as follows:

Table 3.1 Systems of Municipal Government

Systems	Executive Authority
Collective executive system	Executive Committee
Mayoral executive system	Executive Mayor
Plenary executive system	Municipal Council
Sub-council participatory system	Sub-councils for part of municipality
Ward participatory system	Ward Committee

Source: Van der Waldt, 2004:2

Following are the types of municipalities in South Africa and their functions

### 3.2.4.1 Metropolitan Municipalities.

Metropolitan municipalities are municipalities whose area of jurisdiction covers the whole metropolitan area. Section 2 of the Municipal Structures Act provides that:

A metropolitan area is an area having a single category (A) municipality and if that area can reasonably be regarded as a conurbation featuring-

- (i) areas of high population density;
- (ii) an intense movement of people, goods and services;
- (iii) Extensive development; and multiple business districts and industrial areas.

This area must be regarded as a centre of economic activity with a complex and diverse economy, showing strong interdependence social and economic linkages between its constituents units.

It is necessary to have metropolitan municipality in metropolitan areas due to the fact that:

- It creates a basis for equitable and socially just metropolitan governance;
- It promotes strategic land use planning, and coordinated public investment in physical and social infrastructure; and

- It is able to develop a city-wide framework for economic and social development, and enhance the economic competitiveness and well being of the city (White Paper Section D, 1998:3-5).

#### **3.2.4.2 District Municipalities.**

These municipalities are mainly the category (C) municipalities in areas with district governments. Section 83 of the Municipal Structures Act provides that a district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by:

- Ensuring integrated development planning for the district;
- Promoting bulk infrastructural development and services for the district;
- Building the capacity of local municipalities in its area to perform their functions and powers where such capacity is lacking; and
- Promoting the equitable distribution of resources between local municipalities in its area to ensure appropriate levels of services.

Section D, (1998: 17-19) of the White Paper on Local Government, classifies district municipalities into:

**(a) Urban District Municipalities** - they have a full range of municipal powers and functions and are best suited to cities and larger towns.

**(b) Amalgamated urban-rural municipalities** – they are established through the amalgamation of existing rural and urban municipalities, or by an urban municipality extending its boundaries into a rural hinterland. These municipalities are appropriate for small and medium-size towns which have clear social and economic linkages between urban and rural settlements.

**(c) Rural Municipality** - their institutional design needs to recognise the diversity of rural settlement patterns, and the variations in existing municipal capacity and service demands across rural areas. Rural municipalities are allocated minimum executive and legislative powers, but are able to draw down powers from the

district government as they demonstrate sufficient administrative and financial capacity to administer the power.

#### **3.2.4.3 Local municipalities.**

Local municipalities fall under the category B municipalities. They share an executive and legislative authority in their area with a category C municipality. Local municipalities have functions and powers mentioned in Sections 156 and 229 of the Constitution of South Africa, excluding the powers and functions which rest in the district municipality.

A local municipality can perform functions and powers in respect of:

- Potable water supply systems
- Domestic waste-water and sewage disposal systems
- Bulk electricity supply, and
- Municipal health services (van der Waldt, 2007:6).

District municipalities and local municipalities must co-operate and support each other.

#### **3.2.5 Composition of Municipalities**

The Municipal Systems Act (Act 32, 2000) defines the municipality as comprising its political structures, its administration and the community of the municipality. Therefore all the three structures that comprise municipalities are discussed as:

##### **3.2.5.1 The Political Structure**

In relation to a municipality a political structure means the Council of the municipality or any committee or other collective structure of a municipality elected, designated or appointed in terms of a specific provision of the Municipal Structures Act.

For developmental municipalities it is important to emphasize the need of a strong political leadership. The requirements of this leadership range from being able to make difficult policy judgments, work with a range of players and guide the actions of the administration to promote the social and economic well-being of local communities. The municipal political systems should provide a basis for differentiation between municipalities and the development of municipal types (White Paper, 1998: 81-87).

### **3.2.5.2 The Administrative Structure**

The administration structure refers to the day-to-day management and administration of the municipality, and is carried out or headed by the municipal manager, who is appointed in terms of Section 82 of the Municipal Structures Act. According to the Systems Act (Act 32 of 2000) as the head of administration the municipal manager of a municipality is, subjected to the policy direction of the municipal council, responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration.

Municipal administration systems need to be transformed to support improved service delivery. There are a range of approaches which municipalities can adopt, and each municipality should develop an institutional plan which outlines its own transformation programme.

### **3.2.5.3 The Community**

Communities are an integral part of the municipal governance of local government affairs. Chapter 4 of the Systems Act (Act no. 32, 2000) states that a municipality must develop a culture of municipal governance that complements formal representative government with system of participatory governance, and must for this purpose:

(a) Encourage and create conditions for the local community to participate in the affairs of the municipality, including in-

- the preparation ,implementation and review of its IDP;
- the establishment, implementation and review of its performance management system;
- the monitoring and review of its performance, including the outcomes and impact of such performance
- the preparation of its budget; and
- Strategic decisions relating to the provision of municipal services.

(b) Contribute to building the capacity of local community and councilors and staff;

(c) Use its resources, and annually allocate funds in its budget, as may be appropriate for the purpose of implementing paragraphs (a) and (b).

Municipalities require active participation by community at four levels as:

- **Community as voters** – To ensure maximum democratic accountability of the elected political leadership for the policies they are empowered to promote.
- **As participants in the policy process** – By expressing their views via different stakeholders associations before, during and after the policy development process in order to ensure that policies reflect community preferences as far as possible.
- **As consumers and end-users** – Community expect value-for-money, affordable services and courteous and responsive service.
- **As organised partners** – Involved in the mobilisation of resources for development via for profit businesses, non-governmental organisations and community-based institutions (White Paper Section B, 1998: 18).

### 3.3 EKURHULENI METROPOLITAN MUNICIPALITY IN CONTEXT

Ekurhuleni Metropolitan Municipality abbreviated as EMM was established in 2000, resulting from the restructuring of local government. EMM is one of six Metropolitan Municipalities and is the fourth largest metropolitan municipality in the country. The former local administrations of nine towns in the East Rand – Alberton, Benoni, Boksburg, Brakpan, Edenvale, Germiston, Kempton Park/Tembisa, Nigel and Springs, along with two other councils – the Khayalami Metropolitan Council and the Eastern Gauteng Services Council were amalgamated into the new Metropolitan Municipality. The new metropolitan municipality was given a Tsonga name “Ekurhuleni” by the people of the region which means “place of peace”.

Ekurhuleni covers the eastern part of Gauteng from Germiston in the west to Springs in the east. It has a total land of  $\pm 2000\text{km}^2$  and accommodates  $\pm 2.5$  million people. This constitutes 5.6% of the national population and makes up 28% of Gauteng population. The population density is approximately 1 250 people per  $\text{km}^2$ , making Ekurhuleni one of the most densely populated areas in the country and province. Figure 3.1 below is the locality map of EMM indicating different towns.

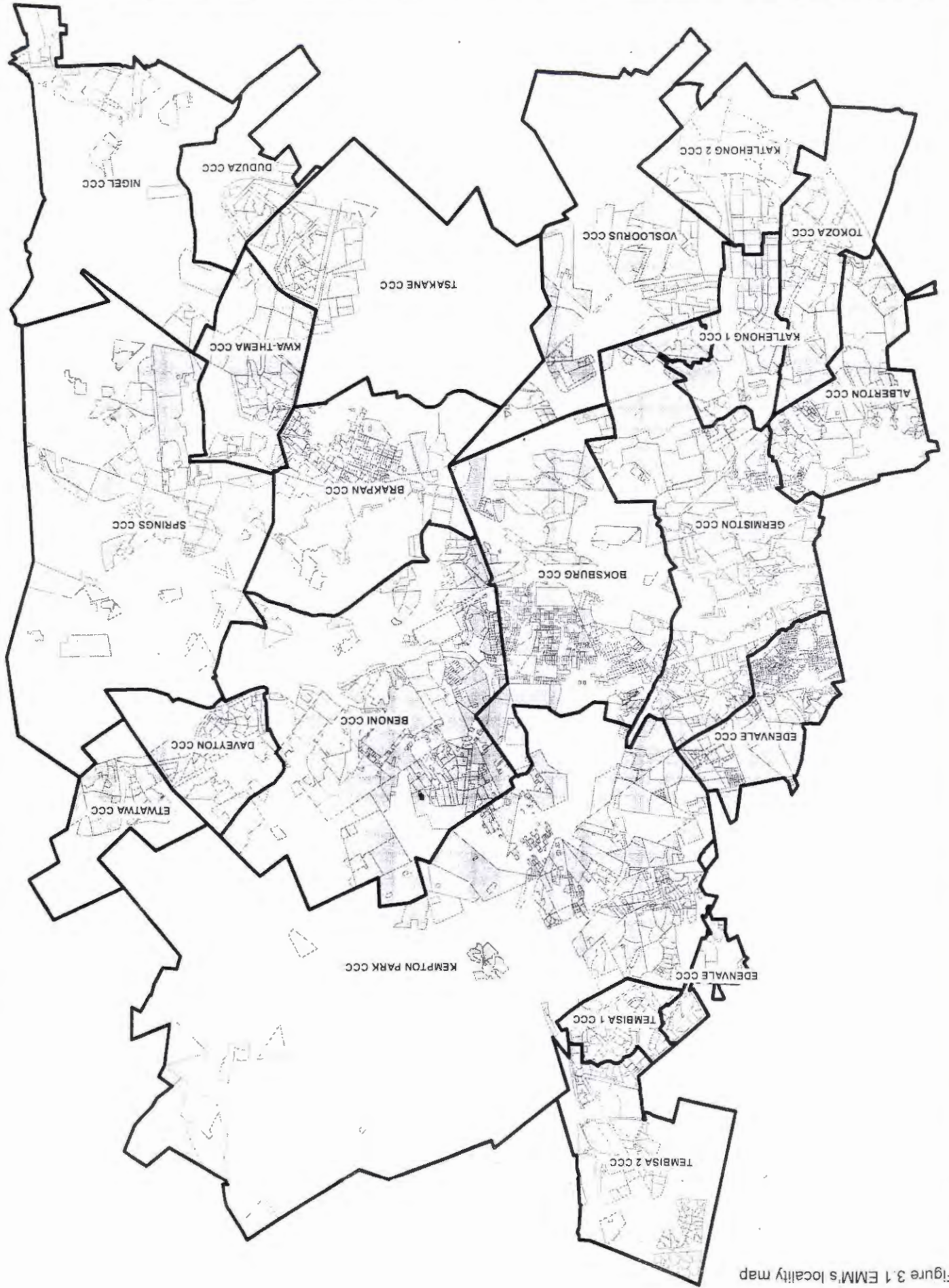


Figure 3.1 EMM's locality map

EMM economy is larger and more diverse than that of many of the smaller countries in Africa, including all the countries in Southern Africa. It accounts for nearly a quarter of the Gauteng economy, which in turn contributes over a third of the national GDP. Ekurhuleni contributes 7% to the country's spending power and 7.4% to the nation's production. Because of the largest concentration of industry in the whole of South Africa, and in Africa, Ekurhuleni is often referred to as an "Africa's Workshop".

Ekurhuleni has a network of roads, airports and rail lines. It is in fact regarded as the transportation hub of the country. EMM is the home to the OR Tambo International Airport (ORTIA), the busiest airport in Africa. South Africa's largest railway hub is in Ekurhuleni (Germiston) and links the city to all the major population centres and ports in the Southern African region. A number of South Africa's modern freeways and expressways connect Ekurhuleni to other cities and provinces. The Maputo corridor development, South Africa's most advanced spatial development initiative, connects Ekurhuleni with Mozambique's capital and largest Indian Ocean port.

EMM implemented a Mayoral Executive and Ward Participatory System of local governance, which ensures that governance is taken right down to community level and that all citizens within the city are represented in decision making.

### **3.3.1 EMM'S Goal Orientation**

Any local government must have a clear vision of what its goal is. Local government must have a purpose and a goal toward which they strive. This goal must be clearly defined. Without a clear vision any local government will not succeed in its mission.

Since from 2000 as part of EMM's IDP formulation process, the development of a vision, mission and core organisational values was included.

**Vision** - This is a statement of the ideal situation the municipality would like to achieve in the long term, and most vision statements aim at being brief, positive and inspiring. The EMM's Vision is:-

*The Smart Creative and Developmental City*

**Mission**- This is a purpose of existence of a municipal area aligned to medium-term delivery. According to Mbanga (2006:193) a mission statement should include:

- The core services the municipality provides;
- What the municipality current priorities are;
- The geo-spatial location of services; and
- A statement about the quality of the services that are provided.

EMM's Mission statement is:-

*To provide sustainable and people centred development services that are affordable, appropriate and of high quality. Focused on social, environmental and economic regeneration of the city and communities, as guided by the principles of Batho Pele and through the commitment of a motivated and dedicated team.*

**Values**- refer to the ethos of a municipality, that is, those issues the municipality regards as important and should inform people's behaviour in the conduct of municipal affairs. In pursuing the above-mentioned vision and mission the EMM is committed to uphold the following core values:

- **Performance Excellence**

*Through excellent teamwork EMM strives to continuously improve skills, processes and systems. EMM service will be responsive, professional and of a high quality.*

- **Integrity**

*Displaying honesty, respect, dignity and care, and eradicating all forms of unfair discrimination and corrupt practices. Taking ownership of all we say and do towards everyone around.*

- **Community Centeredness**

*Based on the principles embodied in Batho Pele, EMM grow respect through involving communities and ensuring development*

- **Transparency**

*Ensuring that all stakeholders have access to relevant information that enhances partnerships.*

- **Co-operative Governance**

*As a municipality EMM will initiate, implement and evaluate legislation and programmes with other spheres of government.*

Seven strategic development priorities were identified by the EMM and a number of them are already being addressed by means of Mayoral Special Projects. These strategic priorities are (Ekurhuleni IDP Document 2008/2012:135-136):

- Good Governance;
- Urban renewal;
- Poverty alleviation;
- Local economic development and job creation;
- Prevention of HIV and Aids
- Safety and security; and
- Community participation

### **3.3.2 EMM Political and Administrative Structure**

As stated in The Systems Act (Act 32, 2000) on what comprising a municipality, EMM has also adopted the political structure and administrative structures. These structures at EMM are as follows:

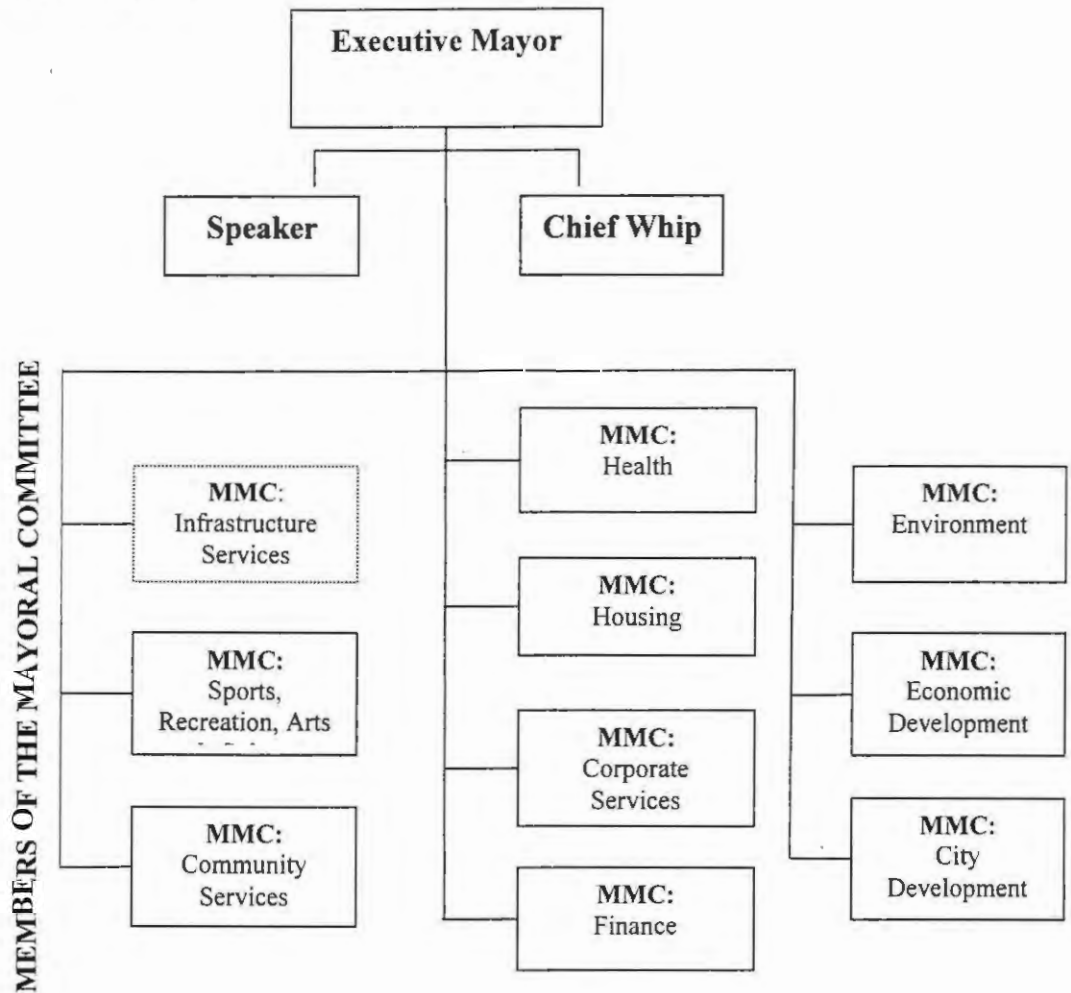
### **3.3.2.1 EMM Political Structure**

In terms of the Local Government Municipal Structures Act (1998:117) EMM is constituted as a category A municipality.

EMM has a mayoral executive system which allows for the exercise of executive authority through an Executive Mayor in whom the executive leadership of the municipality is vested and who is assisted by a Mayoral Committee. The Mayoral Committee with the Executive Mayor as the chairperson and 10 councilors, who are chairpersons of portfolio committee, have delegated powers and meet twice a month.

EMM municipal Council comprises 175 councilors, of whom 88 councilors represent the 88 municipal wards 87 with councilors are elected as proportional representatives. The Council meets once a month. A schematic illustration of the Political structure is given as Figure 3.2 below.

Figure 3.2 EMM's Political Structure

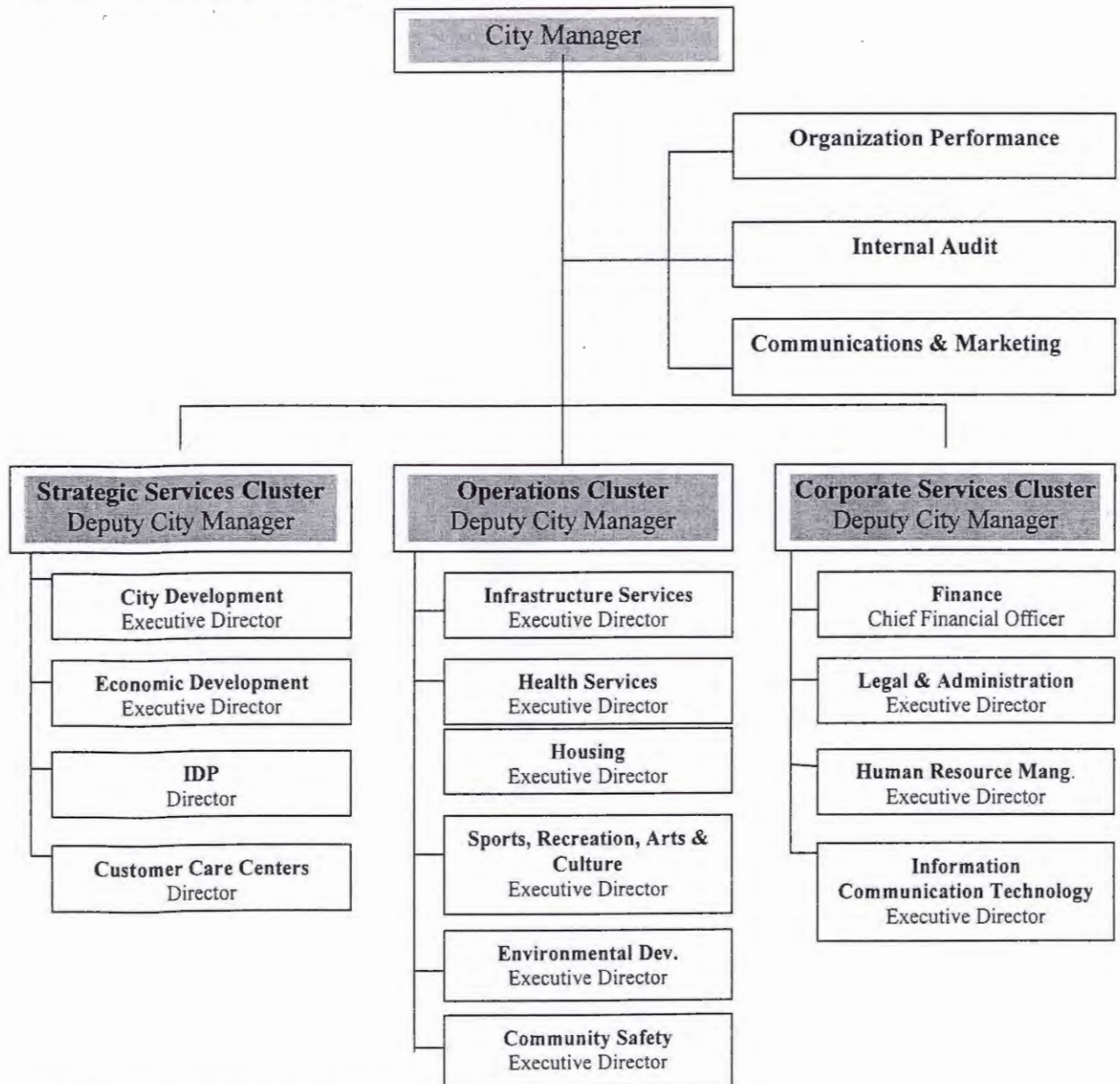


Source: Ekurhuleni Development Guide 2007:6

### 3.3.2.2 EMM Administrative Structure

Day-to-day management and administration of the municipality is carried out by the City Manager and his staff of some 15 000, led by Deputy City Managers, Executive Directors, Directors, Customer Care Centre Heads and operational levels of management. During an institutional review of 2005/2006 a new administrative structure was adopted and implemented to ensure effective service delivery in EMM. This administration structure is reflected in the diagram below as figure 3.3.

Figure 3.3 EMM's Administrative Structure



Source: Ekurhuleni Developmental Guide 2007:7

### 3.3.3 EMM Process of Consolidating IDP, Budget and SDBIP

Since the major focus has been that of aligning the IDP, budget and SDBIP processes, EMM in order to ensure the alignment of all these planning processes

has taken into consideration during the planning of departmental budget the followings (Finance Policies and Procedure Guide, 2007:28-30):

- Growth and Development Strategy (GDS) – The Metro has developed a 20 year strategy called GDS 2025 ( *which will be discussed further for more understanding of the processes in EMM*);
- Integrated Development Plan (IDP)
- Multi-year-Budget – A three year budget is compiled and approved on an annual basis.
- Service Delivery and Budget Implementation Plan (SDBIP).

The process is refined by implementing the following actions:

- Issuing of joint instructions for the multi year budget cycle;
- Merging of the IDP, Medium-Term Budget and the measurable performance indicators portion of the SDBIP into a single performance management document with different layers of information over five years, three years and one year;
- Direct incorporation of the 1year performance layer into personal performance management plans; and
- The development of the 18 GDS focus areas at the 2025 level to provide a focus for financial and performance planning.

#### **3.3.3.1 Growth and Development Strategy (GDS)**

Five years from the establishment of EMM in 2000, a steady progress in developing strategic planning capacity and process was made, but the socio-economic and spatial challenges caused by apartheid social engineering could not be solved over the short term. The IDP process was institutionalised within national guidelines for local government planning and budgeting, and the IDP, together with its strategic sectoral plans became the principal strategic planning tool within the EMM. However the IDP primarily was dealing with solutions to immediate development challenges within a five year time frame. All these called

for a long term response. The EMM recognised this and embarked on a process to formulate a long term development vision and strategy for Ekurhuleni, which creates common purpose between all development stakeholders and which can act as a guiding framework within which the IDP can be formulated, was needed. Therefore, this led to a strategy being formulated in 2005. The strategy was named Ekurhuleni Growth and Development Strategy 2025 (GDS 2025).

### **3.3.3.2 Aim and Purpose of GDS**

GDS is a strategy not a policy document for all sectors of society. It is not just a local government strategy, but is intended to build a common vision and purpose across traditional barriers between government, the private sector and civil society (Ekurhuleni GDS 2025 Document, 2005:4).

Ekurhuleni GDS 2025 provides a framework and point of reference for all the EMM's plans, policies and strategies in its various areas of operation. The broad development strategies and targets contained in the GDS are contextualised and refines in the IDP and in the various sectoral strategies and policies of the Metro.

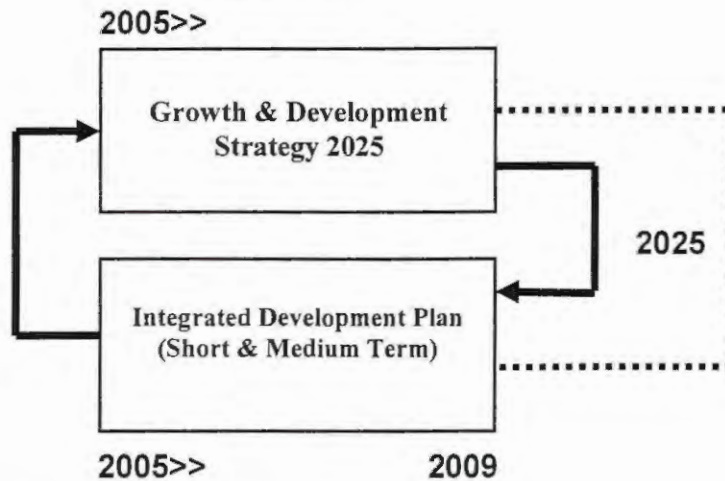
The GDS 2025 follows a landscape approach describing the status quo in terms of three broad development areas in which all are to be achieved in 2025. These are areas such as (Ekurhuleni Development Guide, 2007:7-13):

- **Infrastructure and Services** – This encompasses aspects such as spatial development, road and transport; infrastructural services; environmental management; urban renewal and ICT infrastructure.
- **Economic transformation** – it encompass economic diversification; job creation; skills development; tourism promotion and investment promotion.
- **Social transformation** – it deals mainly with human element, including poverty and unemployment; healthcare facilities; safety and security; and sports and recreational facilities.

### 3.3.3.3 GDS Implementation Mechanism

The implementation of the GDS agenda takes place through the IDP. The Objectives and KPI targets in the IDP should be aligned with GDS 5 year milestones. In EMM this realignment took place during the 2005/2006 IDP review cycle. Below is the schematic linkage between the GDS and IDP.

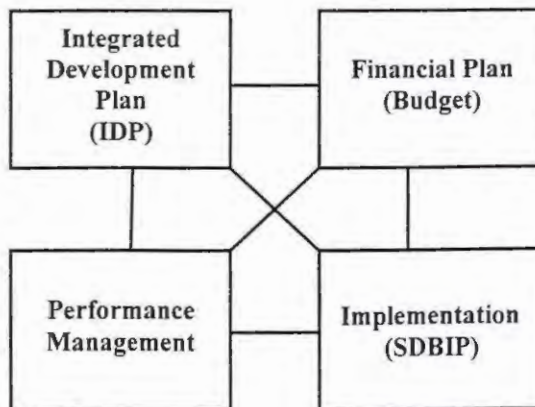
Figure 3.4: GDS Implementation Mechanism



Source: Ekurhuleni Development Guide, 2007:14

The IDP, in turn, determines the budget which together with detail performance management targets will ensure implementation of projects and service delivery. The IDP and budget alignment process leads to the SDBIP and this is schematically indicated below:

Figure 3.5: IDP and Budget Alignment



Source: Ekurhuleni GDS 2025 Document, 2005: 67

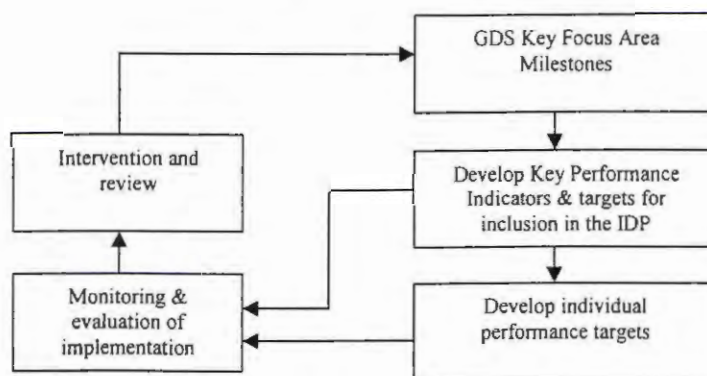
### 3.3.3.4 GDS Monitoring, Evaluation and Control

EMM ensures that the appropriate monitoring and evaluation systems and processes are established and functions towards continuous assessing achievements, monitoring progress and documenting inadequacies when and if they arise. Ekurhuleni GDS 2025 Document (2005:82) describes the following:

- a) **Monitoring** – it takes place on a continuous basis to measure KPIs and performance targets. A quarterly assessment process through the PMS is in place. It provides information to management on the implementation of different projects provided for evaluation whether implementation is proceeding as it should.
- b) **Evaluation** – it is an activity, which is designed to measure whether or to what extent the development objectives are being achieved. It will measure the extent to which outcomes identified in the GDS are achieved.
- c) **Review** – it entails adjustments and revisions, which are based on the monitoring and evaluation of information gathered on implementation. These results provide adjustments and corrective measures that are fed back in the planning processes.

In EMM the process of monitoring, evaluation and review of the GDS outcomes and milestones through the IDP, is schematically illustrated hereunder as Figure 3.6:

Figure 3.6: Schematic illustration: Monitoring, evaluation and review



Source: Ekurhuleni Development Guide, 2007:24

As the IDP is the implementation vehicle of the GDS, the indicators formulated will cascade down, through the IDP to various departmental plan and strategies, into performance agreements. Through this process, the individual performance of management can be measured to ensure that the EMM stays on track in achieving the milestones set in the GDS.

#### **3.3.4 EMM Service Delivery Concept**

Municipalities have a range of delivery options to enhance service provision. They need to strategically assess and plan the most appropriate forms of service delivery to their areas. Their administration need to be geared to implement the chosen delivery options in the most effective manner and so ensure maximum benefit to their communities (White Paper Section F, 1998: 2-3).

Service delivery concept in EMM is one of Service Delivery Regions (SDRs) and Customer Care Centres (CCCs). The municipality is divided into three SDRs with 88 wards in total. These are:

##### **(a) Southern Service Delivery Region (SSDR)**

SSDR consists of Germiston, as the regional centre, Tokoza, Katlehong, Vosloorus, Alberton and Boksburg. The established industrial nodes of the Southern Region are Alrode and Wadeville.

##### **(b) Northern Service Delivery Region (NSDR)**

It includes Kempton Park as the regional centre, Tembisa and parts of Benoni, Edenvale and Beffordview. The economic hub of NSDR is the JIA and R21 corridor.

**(c) Eastern Service Delivery Region (ESDR)**

ESDR consists of Springs as the regional centre, Nigel, Kwa-Thema, Tsakane, Duduza and Brakpan as well as Etwatwa-Deveyton area.

Throughout the municipality CCCs have been established to ensure quality service delivery and the application of the Batho Pele Principles. The Batho Pele (People First) issued by the Minister for Public Service and Administration, provides a useful approach to building a culture and practice of customer service. Batho Pele is based on eight key principles (White Paper on Local Government, Section B. 1998:20):

- **Consultation:** Citizens should be consulted about the level and quality of public service, and where possible should be given choice about the services which are provided.
- **Service standards:** Citizens should know what standard of service to expect.
- **Access:** All citizens should have equal access to the services to which they are entitled.
- **Courtesy:** All citizens should be treated with courtesy and consideration.
- **Information:** Citizens should be given full and accurate information about the public services they are entitled to receive.
- **Openness and transparency:** Citizens should know how departments are functioning, how resources are spent, and who is in charge of particular services.
- **Redress:** if the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made citizens should receive a sympathetic, positive response.
- **Value for money:** Public services should be provided economically and efficiently in order to give citizens the best possible value-for – money.

Batho Pele notes that development of a service- oriented culture requires the active participation of the wider community.

Within EMM the main focuses of the CCC's is to bring service delivery closer to the customer and are supported by a sound customer management system. These centres function as a one-stop information and problem resolution centres. EMM has derived the functions of its CCC's from the above principles of Batho Pele.

EMM's functions of CCC's are to:

- Ensure consultation
- Provide access to information;
- Be responsive to the needs of communities;
- Deal with complaints handling; and
- Receive suggestions from communities.

### **3.3.5 Public Participation**

Community or public participation is extremely important for democratic governance, since this is where understanding of governance is shaped and defined. Steward, (1988:69) defines public participation as the involvement of the public in the process of decision making. Often enough involvement is at the level of consultation, rather than a partnership in decision-making. The decision remains with the local authority which may take more or less account of the process of consultation.

In line with the above EMM public participation has been multi-faceted. Public participation in EMM is achieved mainly through the Ward Committee System.

In EMM the process for the election of new Ward Committees (WC) started during the latter part of 2006. The process focused on raising awareness in

communities on the roles and responsibilities of the Ward Committees, thereafter nominations of community members to stand in the elections started.

EMM instituted 88 Ward Committees, reflecting commitment to public participation and good governance. All these wards were covered in terms of ward needs or priorities. Through the process of establishing Ward Committees in EMM, the following priorities were determined as the most important and are categorised in terms of underdeveloped, developed and CBD and Industrial Wards (EMM IDP 07/08:220-221):

(a) Underdeveloped Wards

- Roads and Storm-water
- Sports and recreation facilities
- Housing development
- Traffic calming
- Street and high mast lighting
- Water and sanitation
- Health facilities
- Electricity
- Economic development and job creation
- Sidewalk maintenance

(b) Developed Wards

- Roads and Storm-water maintenance
- Upgrading and maintenance of existing infrastructure and facilities
- Traffic calming
- Grass cutting
- Street lights
- Safety and security

- Electricity
- Sidewalk maintenance
- Environmental management

(c) CBD and Industrial Wards

- General maintenance on roads, water, electricity and sanitation
- Grass cutting
- Safety and security
- Electricity supply
- Management of informal traders
- Refuse removal/illegal dumping.

WC is a formal communication forum, but there are various other processes that supported participation in general. These are:

- Mayoral road-shows;
- Development forums;
- Various economic sector forums;
- IDP Representative forums
- Regional Ward committee meetings; and
- Various community sector forums covering NGO', CBO' etc.

Public participation process in EMM is critical to the success of the achievement of the GDS 2025. Community as key stakeholders need to be engaged in the process to ensure that there is ownership and support of the city strategy - GDS 2025. This participation encourages citizens to understand the complexities of the problems as well as some of the challenges in solving those problems. The strategy must be seen as not just a municipal plan, but rather as a plan that has the vision of its people at heart ((Ekurhuleni GDS 2025 Document, 2005:78).

### 3.4. CONCLUSION

By interacting with community groups, municipalities will identify service needs and priorities as well as community resources that can be unlocked and channelled for development ends. Municipalities will need to develop mechanisms to ensure that their delivery systems are inclusive, and accommodate groups which tend to be marginalised or disadvantaged. With EMM's vision as being the smart, creative and developmental city, it is evident from the discussion in this chapter that the Growth Development Strategy 2025 becomes EMM's roadmap to arrive to its destination. The challenge is whether the strategy will enable EMM to fully integrate its planning systems. The next chapter will analyse the extent to which these service delivery systems are integrated.

## **CHAPTER 4**

### **EMPIRICAL RESEARCH ON CHALLENGES IN THE INTEGRATION APPROACH AT EKURHULENI METROPOLITAN MUNICIPALITY.**

#### **4.1 INTRODUCTION**

This chapter analyzes the how of collecting data, the processing thereof within the framework of the research process. The theoretical exposition of what is meant by data collection; the types of data, different research methods for collecting data, techniques involved for different methods are explained. Consideration is also given to the research ethics and relevancy in selecting a particular sample for a research. Again focus is based on how the researcher conducted the research in order to test the validity of the fact that ineffective service delivery results from the inability to integrate the planning systems in the Ekurhuleni Metropolitan Municipality.

#### **4.2 DATA COLLECTION**

Data is factual evidence that is collected through scientific investigation. When facts are expressed in the language of measurement, they become data. Some people confuse data to information; therefore it is important to define the difference. Information, according to Hussey and Hussey (1997:149) is knowledge, data which has been organized into a useful form. Brynard and Hanekom (2006:36) describe information as unverified evidence, for example, stories that could serve as leads. Ghauri et al. (1995:54-57) differentiate between two types of data, that is primary data and secondary data. Primary data refers to original data collected by researcher, and should they use data collected by other researchers concerning other research problems, this data is referred to as secondary data.

The process of collecting data involves the use of different research methods and each method makes use of specific research techniques. Following are discussions on methods and techniques.

#### **4.2.1 Research Methods**

A method is a systematic and orderly approach taken towards the collection and analysis of data so that information can be obtained from those data. In the human science the two basic research methods that are commonly used are qualitative and quantitative methods. The choice varies according to the nature and scope of thesis, the sources of data that the researcher is using, the purposes in gathering data, the amount of control the researcher is prepared to exert in obtaining these data and the assumptions to be made in analyzing them. Both methods will be explained and described.

##### **4.2.1.1 Quantitative Method**

As the name indicates quantitative research is concerned with quantity. It involves attaching numbers to the units measured and performing statistical analyses on the numbers. It is a method associated with analytical research and its purpose is to arrive at a universal statement. Quantitative method requires methods such as experiments and survey to describe and explain phenomena. It uses techniques such as observation, preliminary investigations, quantitative analysis and questionnaires (Brynard & Hanekom 2006: 37).

##### **4.2.1.2 Qualitative Method**

Ghuri et al. (1995:85) define qualitative method as a mixture of the rational, explorative and intuitive, where the skills and experience of the researcher play an important role in the analysis of data. Usually there are no numbers or accounts assigned to this method. According to Brynard and Hanekom 2006:37) qualitative method allows the researcher to know people personally, to see them

as they are, and to experience their daily struggle when confronted with real life situations.

Skills needed to do qualitative research (Ghauri et al, 1995:85) include:

- Thinking abstractly
- Stepping back and critically analyzing situations.
- Recognizing and avoiding biases
- Obtaining valid and reliable information.

Techniques such as case studies, in-depth interviewing, participant observation and questionnaires are used in this method.

#### **4.2.2 Research Techniques**

Research techniques are step-by-step procedures which one can follow in order to gather data, and analyze them for the information they contain. Techniques tell how to do something, rather than what one is doing, or why it is being done (Hussey & Hussey 1997:153).

Within the two basic research methods, that are quantitative and qualitative, the most frequently used techniques are reviewing literature, interviews, questionnaires and observation. These techniques are discussed as follows:

##### **4.2.2.1 Review of relevant literature**

This technique entails obtaining and studying useful references or sources. When reviewing literature the researcher should look for publications such as books and articles by experts in the field directly relating to the topic of the research (Brynard & Hanekom 2006:31). Steps in literature review are:

- Scan read – study table of contents of the publication to determine whether a chapter relates to the research topic,
- Make an overview – study the relevant chapters, section or paragraphs identified in scan reading,

- Read comprehensively – determine the main ideas put forward by the particular author,
- Read critically – make an in-depth evaluation of the ideas of the author, and
- Write down – that which will help to develop own ideas (Brynard & Hanekom 2006:32).

#### **4.2.2.2 Interviews**

Interviewing technique is the most frequently used technique as a method of collecting data because it allows the researcher to explain his or her questions if the respondent is not clear on what is being asked (Brynard & Hanekom 2006:40). Here, participants (interviewees) are asked questions in order to find out what they do, think or feel. Interviews make it easy to compare answers and may be face-to-face, voice-to-voice or screen-to-screen, conducted with individuals or with a group of individuals (Hussey & Hussey 1997:156). There are two types of interviews, namely:

- Structured Interviews: here a standard format of interview is used with an emphasis on fixed response categories and systematic sampling.
- Semi-structured or unstructured interviews: where the respondent is given almost full liberty to discuss reactions, opinions and behavior on a particular issue. The interviewer is there just to give lead questions and to record the responses in order to understand how and why. Questions are not systematically coded beforehand (Ghauri et al. 1995:64).

#### **4.2.2.3 Questionnaires**

Questionnaires are a popular method for collecting data, since they give respondents enough time to think about the answers to the questions and a large number of respondents, distributed over a large geographical area can be reached (Brynard & Hanekom 2006:46). Hussey and Hussey (1997:161) define a questionnaire as a list of carefully structured questions, chosen after considerable testing, with a view to eliciting reliable responses from a chosen

sample. The aim is to find out what a selected group of participants do, think or feel.

Steps in the construction of questionnaire are as follows:

- Specify what type of information is required. This depends on the type of study being researched, considering to whom this questionnaire is to be sent and what is to be asked,
- Whether the questionnaire is going to be disguised or undisguised.
- The construction of questions,
- Presentation: how questions should be answered (Ghauri et al. 1995:60-61).

Questionnaires consist of closed and open-ended questions. Closed questions refer to those questions that are likely to be factual, such as those which ask for the respondent's age, occupation and their role in the research topic. Open-ended questions are those questions that respondents can give a personal response or opinion in their own words (Hussey and Hussey, 1997:161).

#### **4.2.2.4 Observation**

This technique is used to determine how individuals, or groups of persons, react under specific circumstances, either natural or artificial (Brynard & Hanekom 2006:46).

According to Ghauri et al. (1995:57) observation is a data collection tool that entails listening and watching other people's behavior in a way that allows some type of analytical interpretation. Authors further state that with this technique the researcher can collect first-hand information in a natural setting, interpret and understand the observed behavior, attitude and situation more accurately and capture the dynamics of social behavior in a way that is not possible through questionnaires and interviews.

There are two ways in which observation can be conducted. These are non-participant and participatory observation. Both are briefly discussed:

Participatory observation: sometimes called field observation, the observer is a natural part of the situation or event. The researcher is a part of a company or organization and decides to study the same organization in one way or another. In this way the observation is not hidden or disguised (Ghauri et al. 1995:58). Participatory observation, according to Hussey and Hussey (1997:159) aims to provide the means of obtaining a detailed understanding of values, motives and practices of those being observed. Factors which should be taken into consideration when choosing the role of the participant observer include:

- The purpose of the researcher
- The cost of the research
- The extent to which access can be gained
- The extent to which the researcher would be comfortable in the role
- The amount of time the researcher has available.

Non-participatory observation: conversely non-participatory observation is to observe and record what people do in terms of their actions and their behavior without the researcher being involved. The observer is separate from the activities taking place and the subjects of the research may or may not be aware that they are being observed (Hussey and Hussey 1997:159).

Observation technique emphasizes the fact that the researcher's eyes are still a very good research instrument.

### **4.3 SAMPLING**

As much as decisions about variable have to do with the "what" of research, also important are decisions about "who" – with what sorts of participants the researcher is going to explore these variable. A sample refers to the selection of participants for research (Miller 2008:15). According to Brynard and Hanekom a sample is a technique employed to select a small group (sample) with a view to

determining the characteristics of a larger group (population). In this instant a population is described by Hussey and Hussey (1997:55) as any precisely defined set of people or collection of items which is under consideration. The fact that a sample is a subset of a population, if selected discerningly, will display the same characteristics of properties as the large group. Sampling can be divided into probability sampling and non-probability sampling. The two are explained by Jankowics (2000:193) as follows:

#### **4.3.1 Non-probability Sampling**

It involves identifying and questioning informants because of the interest the researcher has in their individual positions, roles or background experience. The population that informants represent consists of all the varied members of the company, department or section that falls within the scope of the researcher's topic. With non-probability sampling the researcher is interested in variety and has no other particular wish or need to generalize the informants' answers directly to other people.

#### **4.3.2 Probability Sampling**

Probability sampling involves identifying and questioning people because they are members of some population and the researcher ensures that the assertions are valid. Normally with probability sampling the researcher poses the same questions to each sample member.

Sampling is central to all research. The size of the researcher's sample and the way in which it is drawn is a matter for design, and it will affect the validity and generalization of the conclusions drawn.

## 4.4 MEASURING DATA COLLECTED

It is important that the hypothesis or the research problem that has been formulated should be tested during the research. According to Miller (2007:71) the word test refers to a standardized measuring instrument whose purpose is to assess some important attribute. The quality of measurement considers the two most important constructs in the evaluation of measurement that is reliability and validity. Hence the question of reliability and validity applies whenever measuring is employed.

### 4.4.1 Validity

Validity addresses the "what" question. According to Zakmund (1994:290) validity is the ability of whether a measure, measures what it is supposed to measure. Validity refers to accuracy. Miller (2007:13-15), distinguished three forms of validity and each term is briefly discussed:

- Internal validity: refers to the extent to which one can infer that a causal relationship exists between two or more variables.
- External validity: it refers to the question of generalization, whether one can generalize the findings of the study to other samples, situations and behaviors for which we wish the study to be predictive.
- Construct validity: it refers to the extent to which an operationalization measures the concept which it purports to measure (Ghauri et al, 1995:48).

To validate the hypothesis in this study, the types of questions used during interviews and on questionnaires were specifically designed to obtain the desired information; if really ineffective integration of the planning systems can negatively affect the improvement or the effective service delivery ( see interview questions as Appendix B1 and questionnaires as Appendix B2).

#### 4.4.2 Reliability

In addition to validity, standardized tests must possess satisfactory reliability. Zikmund (1994:288) defines reliability as the degree to which measures are free from error and therefore yield consistent result. This means similar results must be obtained over time and across situations when measured. Author (Zikmund 1997:288-289) further distinguishes between two dimensions underlying the concept of reliability. These are:

- Repeatability or test-retest method which involves administering the same scale or measure to the same respondents at separate times to test for stability, and
- Internal consistency which concerns the homogeneity of the measure, whereby an attempt to measure an attitude may require asking several similar but not identical questions.

Reliability in this study is tested whereby response to questions posed to different participants were similar or the same.

#### 4.5 RESEARCH ETHICS

Research ethics relates to what is right and wrong when conducting research. The conduct with regard to research activities should be morally acceptable. Researchers have the right and moral obligation to search for the truth. The pursuit of truth, however, should not be at the expense of the rights of individuals or groups. Miller (2007:165) states the right that participants have when research is conducted, and the three basic rights are:

- Informed Consent: participants must know in advance what a research project involves and must give explicit agreement to be included.
- Freedom from Harm: this is the most basic right that participants possess, and it is the responsibility of the researcher to ensure that no harm comes to any participant.

- Confidentiality: information obtained in research must be confined to certain well defined scientific uses that should be clear to the participant at the time of informed consent. Such information must not be made generally available in a way that could ever embarrass the participant.

The researcher is also obliged to adhere to the guiding principles of objectivity and integrity in his or her pursuit of the truth. Brynard and Hanekom (2006:86) outlined ethical objectives for research conduct as follows:

- The researcher must maintain the highest possible technical standards in the implementation of the research.
- Despite the researcher's capabilities, it is imperative to indicate his or her limitations and constraints of the research and the validity of his or her findings.
- It is the responsibility of the researcher to accurately indicate his or her areas of specialization and the degree of expertise, and
- The final presentation of the research report should leave no room for misinterpretation of the incomplete disclosure of findings.

#### **4.6 CONDUCT OF RESEARCH DEFINED**

The approach or methodology employed to conduct a research refers to the strategy for a research. A strategy clearly indicates what methods and techniques for data collection are to be used.

In this study the main focus is to critically evaluate the inability of the Ekurhuleni Metropolitan Municipality (EMM) to effectively integrate the planning systems resulting in poor financial management, which has an impact on service delivery. In conducting the study the researcher considered the ethical guiding principles, therefore a letter to the City Manager of Ekurhuleni Metropolitan Municipality to request a permission to conduct this research was written (see Appendix A). Also

the researcher informed all participants that the information they provide through the questionnaires and interviews questions will be used strictly for academic purpose (see Appendix B1 & B2).

Methods and techniques for collecting data mainly depend on the nature and scope of the study and the purposes for which data is gathered. To execute this study the researcher employed predominantly the constructivist approach which argues for the primacy of qualitative methods and techniques. However, the quantitative methods are used to a minimal, whereby in the very same qualitative techniques applied in this study, meanings are identified; categorized; and their relative importance or impact listed; enumerated and counted in one way or another. The two qualitative techniques used in the study are interviews and questionnaire.

#### **4.6.1 Interviews**

Probability sampling was used to select participants for interviews whereby participants were selected on the basis of their involvement and knowledge to the researched topic. Amongst them were Ward Committee members who represent largely the community of EMM, and coordinators in budget and performance management from the neighboring municipalities in Gauteng. Interviews were conducted by visiting the offices of Ward Committee members and the coordinators in budget and performance management on agreeable time with them. Both semi-structured and structured questions were employed. Structured approach was used whereby the content and sequences of the questions for interview were determined in advance so that whatever the interviewee will say or do, would not cause any deviation. A scope of both open-ended and closed questions was included. Open-ended questions assist because respondents will be able to give their opinions as precisely as possible in their own words, and closed questions are convenient to collect factual data (see Appendix B1). The following questions were used to interview participants.

#### **4.6.1.1 Interview Questions**

The questions are designed such that the letter "Q" represents interview questions and they are Q1 to Q6. And letter "A" represent an analysis by the researcher of answers or responses given by interviewed participants. Answers are A1 to A6.

**Q1. Briefly explain in your own understanding the role of each of the following in service delivery: IDP, BUDGET, and SDBIP.**

A1. With 90% of the respondent's answers, it is clear that there is an understanding of what IDP, budget and SDBIP are, and the role of each. According to 95% of the participants IDP is a strategic plan of the municipality, budget a financial management tool for effective distribution of capital, whilst SDBIP is seen as a tool that monitors and evaluate the actual deliverable in the budget.

**Q2. Yes/No = will the integration of IDP, Budget and SDBIP ensure sound financial management for effective service delivery in municipalities?**

A2. All respondents answered "Yes", meaning it is true that the integration of the mentioned planning systems is necessary for effectiveness and efficiency in municipalities.

**Q3. Motivate your answer to "2" above.**

A3. 100% response from participants indicates that effective service delivery in a municipality is proper planning; therefore IDP as a municipality's strategic plan must link, integrate all community's needs to the municipality's budget and ensure that the allocated budget meets the

needs of the community. There must be a performance measuring tool, which in the case of the local authority is the SDBIP.

**Q4. Yes/No = from your own understanding and experience, are there any challenges faced by municipalities in the integration of IDP, budget and SDBIP and if yes what are the challenges?**

A4. From all participants view point yes, there are challenges, and some of the challenges mentioned by participants include the following:

- Disintegration of municipal departments
- Lack of capacity
- Skill shortage when coming to financial matters
- Budget priorities not always aligned with the IDP
- SDBIP performance objectives not always fully implemented.

**Q5. Are there any measures that can be implemented in order to deal with the challenges mentioned in “4” above?**

A5. 75% of participants indicated amongst other measures such as: expenditure must not exceed income; proper monitoring of budget execution; and guidelines for the implementation and integration of IDP, budget and SDBIP are followed. 25% of participants believe that different municipalities have different challenges and therefore, measures will be determined by processes that each municipality has.

**Q6. Yes/No = Does performance management system (PMS) has a significant role in the integration of the above mentioned planning systems and if yes what role is that?**

- A6. All participants indicated that PMS is a must and there is an understanding of its role, but 65% argued that PMS focuses on targets that need to be achieved by the management not really meeting needs of the community. They perceive it as a tick in a box to receive remuneration, whilst 35% perceive it as a management tool to monitor and evaluate progress for projects and programmes.

#### **4.6.2 Questionnaires**

The medium used through which questionnaires were delivered to the participants was the email, since it was a quickest and convenient for the researcher and participants. Questionnaires were sent to Senior Officials in ELM primarily dealing with budgets, SDBIP in their respective departments, the Director of the IDP department and some Councillors within the municipality. All questionnaires consisted of open-ended questions to enable the participants to give their own opinions in their own words. Questions in the questionnaires were designed such that the letter "Q" represents questions and they are Q1 to Q16. Letter "A" represented an analysis by the researcher of answers or responses given by participants.

##### **4.6.2.1 Questionnaires questions**

**Q1. In your opinion, is there a common understanding in EMM on the importance and role of IDF, Budget and SDBIP?**

A1. Based on the response the importance and the role of the mentioned planning systems are well noted, however 70% of senior officials from budget department expressed that the alignment between these important components is not appreciated at all times and the remaining 30% perceive the opposite.

**Q2. If "yes" to (2) above, briefly explain in your own understanding the role of each?**

A2. The role of IDP and Budget seems to be understood by both EMM officials, Councillors and some community members. However, on the role of SDBIP, only 65% officials from the IDP and Finance department and those who directly deal with this planning systems within their respectful departments understand it, but 35% of administrative officials, the councillors and community members express their partial understanding of the role of SDBIP by placing a question mark (?) next to the word "SDBIP" on the questionnaires.

**Q3. Yes/No = as the IDP is participatory in nature and requires input from various role-players, in EMM are all role-players involved in the process?**

A3. All participants' responses were "Yes" all role-players are involved in IDP processes.

**Q4. If you answered "YES" to the above, what methods are used to ensure that they are part of the whole process?**

A4. The overall response to the above question indicated that IDP process in EMM is really participatory. Methods identified include the following processes:

- Public participation on draft budget and IDP.
- Public participation on implementation of budget and IDP.
- Workshop with Councillors on IDP and budget.
- Departmental IDP review – Business plans.
- Formal invitations to all businesses within EMM (Local Business Forum) to give inputs in IDP processes.

- Workshops with the local communities within each region (i.e. North, South & East regions)
- Approval of IDP document by all stakeholders.

**Q5. How are these methods implemented as mentioned in answer (4) above?**

A5. Response in Q4 produced the same results for Q5.

**Q6. YES/NO = Integration as one of IDP components, in EMM will integration of IDP, budget and SDBIP ensure effective and efficient finance management for better service delivery?**

A6. The overall response from all participants was "yes" and from this response it is clear that integration is crucial in all the planning system within EMM.

**Q7. If "YES" to (6) above motivate.**

A7. Motivation given by participants indicated amongst others the following importance of integration:

- Control intervention (checks & balances) can be implemented through the use of SDBIP.
- Demonstration on how projects would be funded and what the legal requirements are:
- To demonstrate if budget allocations are too little and if so, utilize the plan and search for funding to cover the shortfalls per financial year.
- Budgets will be controlled centrally in order to ensure proper and appropriate access to data. This then encapsulates the ownership

problem which is currently being experienced and causes a lot of value wasted time to EMM.

- Project managers within the Council, officials in Finance department would not be able to amend, only amendments will be done only during the IDP process, therefore IDP informs the budget.

**Q8. Yes/No = Are there existing processes in EMM to integrate IDP, budget and SDBIP?**

A8. Responses indicate that yes there are existing processes.

**Q9. If "YES" to (8) above, which processes are they?**

A9. Some of the processes to integrate IDP, budget and SDBIP are:

- Regular coordination meetings
- SDBIP reporting system is directly linked to budget.
- Monthly departmental SDBIP reports
- IDP review processes
- Budget review processes
- IDP must inform the budget – meaning no item must appear on the budget if not approved on the IDP.

**Q10. In your own opinion are the processes mentioned in (9) effective?**

A10. 82% of response indicated that the processes mentioned in "Q10" are partially effective because they are not procedurally implemented, and 14% of response agrees that they are effective and seems that this percentage of participants are not fully committed to the very processes they claim to be effective, whilst 4% did not respond.

**Q11. Yes/NO = are there any challenges faced by EMM in the process of integrating the planning systems?**

A11. All respondents indicated that there are challenges.

**Q12. If “yes” to (11) above what are the challenges?**

A12. Some of the challenges identified include:

- Lack of strong leadership skills
- Administrative management decision making affected by political decisions
- No clear distinction between administrative and political leadership.
- Current budget not integrated
- No officials forum to compare and align budgets accordingly
- Lack of in depth training on all the planning systems

**Q13. Are there any proposed measures to be implemented in order to deal with the challenges mentioned in (12) above? [Elaborate ]**

A13. Responses obtained for “Q13” were not centrally proposed but it was mostly the opinion of participants. 80% come from the administrative structure of EMM, and they proposed that:

- proper training at all levels must be conducted, and
- Non interference of external or political thrust in the work of respective official when comparing budget.

20% of participants did not propose any measures.

**Q14. Yes/NO = does EMM has processes in place for monitoring, evaluating and reviewing of all planning systems?**

A14. All responses from Senior Officials indicated that there are processes in place. 70% of the members of the ward committees were very much skeptical to answer because they were not fully aware of the process and 30% did not respond.

**Q15. In your opinion, what are the weaknesses and strengths of EMM in the whole process of integrating the IDP, Budget and SDBIP?**

A15. Strengths identified by participants:

- Accurate budgeting
- Administrative process in place
- Committed staff at all levels

Weakness identified

- Proper and continuous control amongst staff and politicians
- Integration not fully aligned with common development strategies of the Council.

**Q16. Are there any recommendation that you would like to make in order to improve the processes and structures that exist in EMM to integrate the planning systems?**

A16. The participants' recommendations to improve the processes and structures in EMM for integration of the planning systems will be fully explored and incorporated with the researcher's recommendation in the next chapter of this study.

#### **4.7 CONCLUSION**

Collecting data is a time-consuming activity that has to be done, however, because without data it would not be possible to broaden one's understanding. This chapter explained and clarified different methods and techniques employed to validate the hypothesis. Based on the data collected in this chapter, the following and final chapter will outline the findings and recommendations that Ekurhuleni Metropolitan Municipality can employ in order to improve service delivery.

## **CHAPTER 5**

### **FINDINGS AND RECOMMENDATIONS.**

#### **5.1 INTRODUCTION**

In this study the core aim was to critically evaluate the integration of all the planning systems in Ekurhuleni Metropolitan Municipality. In the previous chapter the empirical research was conducted in order to establish whether the integrated approach really enhance service delivery. This chapter will give a brief summary on the previous four chapters; outline the findings and a broad focus on the recommendations on support areas that are essential in improving service delivery and sound financial management at EMM.

#### **5.2 SUMMARY AND OBJECTIVE OF THE STUDY**

The first objective of the study was to give a theoretical analysis of concepts such as IDP, budget and SDBIP within the context of public finance. To achieve this objective, in chapter 2 an extensive theoretical exposition of these concepts was provided by using books, journals, magazines and relevant legislations on existing approaches relating to the integration of budget plans and integrated development planning. Also existing guides, documentation and reports that deal specifically with the research subject were obtained from the Finance and IDP departments in EMM.

The second objective was to outline and describe processes used by EMM in integrating IDP, budget and SDBIP. Chapter 3 accomplished this objective by focusing on structures, processes and mechanisms employed within EMM, to implement the integration of all the planning systems.

Thirdly, the objective was to conduct a research on the extent to which service delivery tools or planning systems at EMM are integrated. This objective was to reveal whether there are challenges attributed to the ineffectiveness of the municipality to integrate the planning tools in order to improve service delivery. Chapter four dealt extensively with the methodology employed in realizing this objective.

Lastly, the objective was to provide recommendation on how effectively and efficiently EMM can apply the context of public finance in integrating planning and budgeting for improved and equitable service delivery to all citizens. In achieving this objective chapter five mainly focus on good financial practices.

### **5.3 TESTING THE HYPOTHESIS**

The aim of the study was to test reliability and validity of the hypothesis stated in Chapter one, namely that:

*IDP, Budgetary Planning and SDBIP are mutually dependent and key strategic thrusts in realizing the objectives of public finance within the local government context and yet, ineffective financial management in EMM results from the inability to integrate its development plan, budget and service delivery budget implementation plans.*

The reliability in this study is tested whereby responses to questions posed to different participants were similar. To validate the hypothesis in this study, the types of questions used during interviews and on questionnaires were specifically designed to obtain the desired information.

### **5.4 FINDINGS**

Based on the results of the empirical research obtained in chapter 4, the findings can be outlined categorically that:

- There is a comprehensive understanding of what the IDP, budget entails amongst all stakeholders in Ekurhuleni Metropolitan Municipality. The service delivery budget implementation plan seems to be a concern of only the officials or the administrative body of the municipality, other stakeholders seems not to understand even the role of SDBIP.
- Currently planning systems in EMM are not fully integrated and linked to each other. Processes, systems and mechanisms to integrate all the planning systems in EMM are established, but these processes and systems are not effective because they are partially or not fully implemented.
- Communication systems and plans are there, but they are not effective. New procedures are not effectively communicated and there are timeous changes with no guideline documentation. Departments function independently.
- There are challenges in the process of integrating the planning systems because there are no forums for officials to compare and align current budgets accordingly. Instead there is too much interference in the administrative functions by politicians. Officials who are entirely responsible for budgets are not given platform to perform their duties effectively without the influence of external or political thrust.
- No projects must be taken in the capital budget if it is not approved in the IDP. However, in EMM projects are implemented from operational votes which do not always form part of the IDP. In other words budget priorities are not always aligned with the IDP and SDBIP performance objective is not always or fully implemented.

- The establishment of real partnerships between the municipality, civil society and the private sector that extend beyond the development of the IDP and budget process is limited in EMM.

## 5.5 RECOMMENDATIONS

It is important that EMM apply the principles of efficiency, effectiveness and economically for improved service delivery, and the following actions need to be employed:

- Extensive training on the importance of aligning IDP, budget, service delivery budget implementation plan and performance management plan systems must be conducted to all stakeholders. Training and knowledge enhancement is one of the strategies for improving performance. A well trained councillors' component will ensure effective implementation and control over budgetary allocations.
- Capacity building interventions are required in EMM, especially for councillors and Ward Committees in view of their interaction with the broader community. This will enable them to drive the IDP development and implementation process. It must be noted that IDPs do budget for training, skills development and capacity building. PricewaterhouseCoopers (2008:5) identified the integral elements to build capacity, EMM need to incorporate these elements in their capacity building, and they are:
  - Strategy: performance improvement and process reform, aided by technology
  - Leadership: securing the understanding and support of top level leadership
  - Organizational design: creating empowered institutions responsible for a pan-government focus on customer centricity and connected government

- Culture: change management throughout the organization is the key to a successful customer centric strategy
- There is much interference with their daily duties of officials by councilors. Councillors at EMM need to adhere to objectives set out in Section 19 of the Municipal Structures Act, which outlines the code of conduct for Councillors not to intervene in administration. It is as follows:
  - A councilor may not except as provided by the law:
    - (a) Interfere in the management or administration of any department of the municipal council unless mandated by council;
    - (b) Give or purport to give any instruction to any employee of the council except when authorized to do so;
    - (c) Obstruct or attempt to obstruct the implementation of any decisions of the council or a committee by an employee of the council; or
    - (d) Encourage or participate in any conduct which would cause or contribute to maladministration in the council.
- Sector plans, KPAs and KPIs, performance contracts and SDBIPs must be well linked in order to produce required outcomes.
- User-friendly SDBIP must be established.
- For effective communication with stakeholders, EMM needs to have the following basic principles communication in mind:
  - Keep it simple, avoid jargon and keep technical terminology to a minimum.
  - Structure communication so as to address issues of concern to the target stakeholders, and accommodate diversity, gender, different cultures, age and level of education.
  - All communication must be open and honest.

- Integrity must be maintained during the process so as to build trust and consistency between the municipality and the stakeholders.
- Sufficient time for adequate consideration of the issues for the stakeholders to respond.
  
- EMM needs to restructure its departments in order to encourage inter-departmental communication and co-ordination. This institutional change will give effect to the overall implementation integration systems, especially if the principles of effective service delivery are to be upheld.
  
- EMM needs to establish reliable uniform standards. And they must be implemented in a long term plan.
  
- EMM needs to put measures in place that will ensure that expenditure does not exceed income, daily cash flow monitoring, and monitor the execution of the budget and performance of management to achieve objectives.
  
- Although EMM has established forums for stakeholder participation, those structures must be nurtured so that they can provide an ongoing space for interaction between government, private sector and civil society during implementation of IDP. Active encouragement and ongoing support from existing structures such as the PIMS centers, DPLG and SALGA to strengthen and maintain these partnerships are required.
  
- EMM need to put the principles of sound financial management in place, by complying with the provision of legislation. Section 72 of the MFMA obliges municipality to assess service delivery performance and community needs as set out in the municipal SDBIP and IDP to an extent that the municipalities provide service delivery targets and performance indicators.

- Proper compliance of the EMM's officials and political office bearers with the requirements of local government legislation will undoubtedly enhance their capacity and promote good financial governance.
- If EMM realize the desired benefits that of meeting customer needs more efficiently and more effectively, the municipality as a public entity must redefine its role, strengthen its customer focus and build integrated service delivery models.
- Good co-ordination and integration of planning system by local government is important and therefore it is a requirement.

## **5.6 CONCLUSION**

The aim of the research was to critically analyze the extent to which the ineffectiveness of integrating IDP, Budget and SDBIP as the planning tools, results to the poor financial management in Ekurhuleni Metropolitan Municipality, which then has a negative effect towards service delivery. Integrated approaches are seen as key to developing a plan that responds to local needs, conditions and capabilities. The development of a reference point of service delivery principles will assist in the future formulation of strategies and programming.

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**11 August 2009**

Office of the City Manager  
Ekurhuleni Metropolitan Municipality  
P.O. Box  
GERMISTON

Dear City Manager

**REQUEST FOR PERMISSION TO CONDUCT RESEARCH**

I hereby request a permission to conduct a research at your municipality (EMM). I am currently studying at North West University, Vaal Campus pursuing Masters Degree in Public Development & Management.

I started with the degree in 2008, whilst I was still an employee at EMM, and I was working as a Senior Admin Officer in Infrastructure Services: Water – Planning Section, hence I have chosen EMM as the institution for my research.

My research topic is:

**“An integrated approach to service delivery at Ekurhuleni Metropolitan Municipality”**

For this topic I am mainly focusing on the integration of IDP, budget and SDBIP as the planning systems.

On completion of my research I will share the results with EMM and the final copy of the dissertation can be placed on one of EMM's Libraries (one of your choice).

Hope you find the above in order and you will assist me in achieving my research objectives.

I thank you in advance for your positive consideration and response.

Yours faithfully

  
ANNATHIA M. SEBILOANE

QUESTIONNAIRE

MUNICIPALITIES INTEGRATED APPROACH TO SERVICE DELIVERY

Integration of IDP, Budget & SDBIP

Name and Surname:

.....

Company/Organization:

.....

Position/Occupation:

.....

Role of position held:

.....

**NB: *This questionnaire is strictly for academic purpose = you may use a separate sheet to answer.***

1. Briefly explain in your own understanding the role of each of the following:

IDP:

.....  
.....

BUDGET:

.....  
.....

SDBIP:

.....  
.....

2. Yes/No = will the integration of IDP, Budget and SDBIP ensure effective and efficient service delivery in municipalities?

.....

3. Motivate your answer to "2" above.

.....  
.....

4. Yes/No = From your own understanding and experience, are there any challenges faced by municipalities in the integration of IDP, budget and SDBIP and if yes what are the challenges?

.....

5. Are there any measures that can be implemented in order to deal with the challenges mentioned in "4" above?

.....

.....

.....

6. Yes/No = Does performance management system (PMS) has a significant role in the integration of the above mentioned planning systems and if yes what role is that?

.....

.....

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*Thank you,*

*"I value your effort and time in answering this questionnaire"*

QUESTIONNAIRE

INTEGRATED APPROACH TO SERVICE DELIVERY AT EMM

1. In your opinion, is there a common understanding in EMM on the importance and role of IDP, Budget and SDBIP?

\_\_\_\_\_

2. If "yes" to (2) above, briefly explain in your own understanding the role of each?

IDP: \_\_\_\_\_

Budget: \_\_\_\_\_

SDBIP: \_\_\_\_\_

3. Yes/No = As the IDP is participatory in nature and requires input from various role-players, in EMM are all role-players involved in the process?

4. If you answered "YES" to the above, what methods are used to ensure that they are part of the whole process?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. How are these methods implemented as mentioned to answer (4) above?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. YES/NO = Integration as one of IDP components, in EMM will integration of IDP, budget and SDBIP ensure effective and efficient service delivery?

7. If "YES" to (6) above motivate.

\_\_\_\_\_

\_\_\_\_\_

8. Yes/No = Are there existing processes in EMM to integrate IDP, budget and SDBIP?

9. If "YES" to (8) above, which processes are they?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. In your own opinion are the processes mentioned in (9) effective?

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11. Yes/NO = are there any challenges faced by EMM in the process of integrating the planning systems?

12. If "yes" to (11) above what are the challenges?

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13. Are there any proposed measures to be implemented in order to deal with the challenges mentioned in (12) above? [*elaborate in your answer*]

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14. Yes/NO = does EMM has processes in place for monitoring, evaluating and reviewing of all planning systems?

15. In your opinion, what are the weaknesses and strengths of EMM in the whole process of integrating the IDP, Budget and SDBIP?

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16. Are there any recommendation that you would like to make in order to improve the processes and structures that exist in EMM to integrate the planning systems?

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☆☆☆

*Thank you,*

*I value your effort and time in answering this questionnaire*