

**A CRITICAL EVALUATION OF THE LINK BETWEEN
INTEGRATED DEVELOPMENT PLANNING AND THE BUDGET
AT EMFULENI LOCAL MUNICIPALITY**

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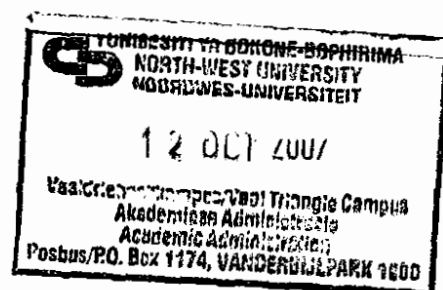


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DECLARATION

I, Vusimuzi Right Peter Skosana, hereby declare that this work is original and the result of my own labour. It has never, on any previous occasion been presented in part or whole to any institution or Board for the award of any Degree.

I further declare that all information used and quoted has been duly acknowledged by complete reference. I take full responsibility for any error(s) that may be contained in this work.

Student

Signed _____

Date _____

Supervisor

Signed _____

Date _____

DEDICATION

This mini-dissertation is dedicated to the loving memory of Lebohang Mahata, Carnot (Kenny) Matolo, Aupa Mdakane, Aupa Manete, Esther Mazibuko, Vuyani Mabaxa, Jacob Macheli and many other comrades and cadres; glorious sons and daughters of our national liberation movement who paid the supreme sacrifice to bring about the democratic dispensation that South Africa enjoys today.

Today we are proud and taller because we stand on your shoulders.

I will forever be indebted to you and commit myself to spare neither energy nor strength to fulfill that for which you laid down your lives.

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List of acronyms and abbreviation

ANC	African National Congress
CFO	Chief Finance Officer
DLG	Department of Local Government
DPLG	Department of Provincial and Local Government
ELM	Emfuleni Local Municipality
GPG	Gauteng Provincial Department
IDP	Integrated Development Planning
LDO	Land Development Objectives
LGTA	Local Government Transition Act Second Amendment Act, Act No 97 of 1996
MAYCO	Mayoral Committee
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Local Government: Municipal Systems Act
MStrA	Local Government: Municipal Structures Act
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation
NT	National Treasury
PFMA	Public Finance Management Act
PIMMS	Planning, Implementation, Monitoring and Management Support
PPCI	Presidential Project Consolidate Imbizo
RDP	Reconstruction and Development Programme
SDM	Sedibeng District Municipality

ABSTRACT

Integrated Development Planning (IDP) has revolutionized planning for government as whole, and more specifically for local government. Since 1996, IDP has become a tool for municipal planning and budgeting to enable municipalities to fulfill the developmental goals set out in Chapter 7 of *Constitution of the Republic of South Africa Act 108 of 1996* and the Bill of Rights. The introduction of IDP and through related legislations such as Municipal Systems Act 32 of 2000 and Municipal Finance Management Act 56 of 2003, sought to ensure that resources, especially budgeting, is linked to planning, so that the IDP does not become a proverbial pie in the sky or a wish-list. Although, there was initially confusion on the role of the IDP and role-players in the process of developing the IDP, subsequent development of IDP Guides and practice in municipalities has improved the understanding of the role and importance of IDP and the budget, and most importantly the necessity to ensure that IDP and the budget are effectively linked; and many municipalities are currently developing the IDP internally, not through the service of consultants, thereby ensuring ownership of the IDP process.

Whilst many municipalities have made significant progress in effectively linking IDP and the budget, there are still many challenges that remain, and these include but are not limited to the fact that whereas IDP is supposed to be a planning tool for all spheres of government, it (IDP) is still largely seen as a local government planning tool, thereby depriving spheres of government to align planning and resources has been made by many municipalities to realise the goals and spirit of IDP. Despite the importance of the linkage between IDP and the budget and the fact that this linkage has been required of municipalities since the inception of IDPs, this (linkage) has been one of the least successful aspects of the system of Integrated Development Planning.

There are also still challenges relating to linking the IDP and the budget. Some of these challenges relate to the separation of the processes of IDP and budget, lack of understanding of the importance of linking IDP and the budget, especially amongst lower

levels of employees in municipalities, some councillors and community-based organisations.

The implementation of IDP as a subsequent phase of planning serves to unite the total efforts of the municipality behind a strategy to link the operational activities to successful execution of strategy. This would necessitate senior officials to assume responsibility; cohesion among Councillors, officials and communities; integrating planning efforts; communicating with all stakeholders; aligning operational activities of the departments with the IDP as an overarching municipal plan; linking the IDP to budgetary processes; and prioritising projects and programmes.

For the purpose of the study, the hypothesis was formulated that due to the inability of linking budget to planning system, the Emfuleni Local Municipality is ineffective in the successful implementation of the IDP.

In support of the empirical research, use and analysis of the effectiveness of the linkage between IDP and the budget were undertaken. The analysis indicated that there is varying degree of the understanding of the importance of effectively linking IDP and the budget. Whilst senior managers and members of the mayoral committee seem to understand the importance and processes that ensures the effective linkage of the two, that understanding is not shared by other employees, councillors and the community, hence Emfuleni's inability of councillors and the community to evaluate and monitor the effectiveness and implementation of the IDP.

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CHAPTER 1

ORIENTATION, PROBLEM STATEMENT AND METHOD OF STUDY

KEYWORDS

Integrated development, planning; financial planning (budgeting); Service delivery and budget implementation plan (SDBIP); strategic planning; Emfuleni Local Municipality

1.1 ORIENTATION AND PROBLEM STATEMENT

Emfuleni Local Municipality was established in terms of section 12 of the Municipal Structures Act 117 of 1998. The Emfuleni Local Municipality is one of three Local Municipalities comprising the Sedibeng District Municipality. It is the Western-most Local Municipality of the District, which covers the entire southern area of the Gauteng province extending along a 120 kilometres axis from east to west. It covers an area of 987.45 km². The Vaal River forms the southern boundary of the Emfuleni Local Municipality and its strategic location affords it many opportunities for tourism and other forms of economic development. Emfuleni Local Municipality shares boundaries with Metsimaholo Local Municipality in the Free State to the south, Midvaal Local Municipality to the east, the City of Johannesburg metropolitan area to the north and Westonaria and Potchefstroom (in North West Province) Local Municipalities to the west (Emfuleni Local Municipality 2006:17).

According to the National Strategy and Plan of Action for Capacity Development towards Good Local Governance (National Treasury 2000:12), many municipalities face both financial and human resource constraints. Some municipalities turn a blind eye and deaf ear to these challenges that negatively affect the quality and quantity of service delivery, and develop a proverbial ostrich head in the sand approach; whilst others literally grab the bull by the horns and seek to focus attention on achieving the goals of developmental local government. Often this ostrich head in the sand derives from poor planning and misguided utilisation of the resources.

The public sector cannot be managed without proper planning. Managers may feel that planning is unnecessary, as they “know what they are doing”, that planning seems complicated or too financially oriented or that they do not have time. Yet, a lack of planning is a major contributing factor to failure of to deliver the quality and quantity of services aimed to improve the quality of life of South Africans. However, due to the enormity of the challenge that Emfuleni faces, and the limited resources available to tackle those challenges, it is important focus on an integrated strategic planning and ensure that available resources are used to effectively implement the strategic plans.

Financial management in the public sector has evolved over a period from a centralised, controlled, prescribed and bureaucratic process that allowed little scope for managerial discretion (financial administration) to a modernised system that encourages effective, economic and efficient utilisation of resources. This change has been brought about through Public Finance Management Act (PFMA) of 1999, which enables accounting officers to manage and making them more accountable to the resources they use (Visser 2005:163).

Strategic planning is a very important component of the budgeting system in the public sector. It ensures that the policy priorities are well articulated within the applicable time frame. Without planning, budgeting cannot be realistic since it will not be informed by government objectives.

To be useful the strategic plans need to be quantified to give an indication of how much it will cost to deliver public goods and services. This will also define the budget structure of the organisation. Since strategic planning cover a period of three-five years, detailed information on outputs and outcomes can only be provided for the first year. This will also form the basis of the budget.

In terms of section 23 (1) of the Municipal Systems Act, a municipality must undertake developmentally-oriented planning so as to ensure that:

- It strives to achieve the objects of local government set out in section 152 of the Constitution;
- Gives effect to its developmental duties as required by section 153 of the Constitution; and
- Together with other organs of state, contribute to the progressive realisation of the fundamental rights contained in section 24, 25, 26, 27 and 29 of the Constitution.

In order to achieve the above-mentioned goal, it is imperative that the plans (IDP) of the municipality are linked to a financial plan or budget. Failure to ensure this linkage will result in the IDP being reduced to a wish-list or the financial (budget) and other resources being utilised outside of what the municipality seeks to achieve.

In the context of local government, Integrated Development Plans (IDPs) constitute strategic planning. IDP is a planning framework process through which the municipality can establish a developmental plan for the short, medium and long term. According to AFReC (2001:4), IDP is a consultative, analytical, strategic and objective-oriented approach to decision-making on issues related to municipal development. It is a process that maximise the impact of scarce resources and limited capacity through planning development interventions strategically and holistically. It is a principal strategic planning instrument which guides and informs all planning, budgeting management and decision making in the municipality.

According to section 26 (h) of Municipal Systems Act, one of the core components of the IDP is a Financial Plan, which must include a budget projection for at least the next three years. A financial plan (budget) is how the organisation allocates money and other resources to realise its aims and objectives. The budget is at the heart of any organisation. An effective system for financial planning and budgeting is essential for effective and efficient service delivery (Abedian, Strachan & Ajam 1998:5).

A Financial Plan includes:

- Budget Totals for Capital and Operating Expenditure,
- Projections for the next three years, and a
- A set of Strategies to raise Revenue, manage finances better, finance the Capital Programme, etc

Budgeting system is a fundamental ingredient in the public service delivery. In the context of local government, it is a crucial instrument to translate the priorities and strategic plans of a municipality into public goods and services. For effective and efficient service delivery, an effective planning, budgeting and financial management is essential (AFReC 2001: 2). Budgeting must always be linked to strategic management objectives. Policy and strategic objectives will not be achieved without the necessary resources and the budget constrains the choice of feasible objectives. On the other hand, without clear objectives coming from the policy and strategic management processes, the budget is relegated to a game of numbers, unrelated to actual delivery (AFReC 2001:2)

According to Abedian, Strachan and Ajam 1998:57, reflecting on why Programme Planning and Budgeting Systems initiative failed to deliver the goods in 1965 in USA, could be attributed to the following factors:

- Lack of high level political commitment;
- Confusion about objectives due to lack of well-specified political inputs;
- Lack of support from the bureaucracy;
- A failure to think long-term rather than in crisis mode or, alternatively, “paralysis by analysis; and
- A failure to integrate planning and budgeting.

Since the 1994 democratic elections in South Africa, the responsibilities of local government have expanded enormously and emphasis has been placed on the developmental role of local government. One of the major challenges facing local government has been to address the inequalities and inefficiencies resulting from apartheid policies and planning. A new and integrated approach to planning which responds to the needs of local communities is seen as a key to accomplishing

reconstruction, overcoming the skewed spatial policies of the apartheid government, and addressing poverty. The Integrated Development Planning (IDP) approach was introduced in 1996 as a form of strategic planning for local government in South Africa. It is the principal planning instrument that guides and informs all planning and decision-making in municipalities throughout the country.

Under the existing legislation preparing the Municipal budget and the IDP are separate processes that are closely linked; interacting together and informing each other. The two link closely as tools that help Municipalities achieve their developmental responsibilities. In doing so they meld the planning relationship between the municipality's proposed delivery programme and the annual budget.

At the beginning of the IDP process, there was a lot of confusion and frustrations amongst many municipalities, regarding the IDP process and its outcomes, the planning documents. Rather than being used as a tool to deal with the real issues of residents and communities in a strategic, developmental and delivery-oriented manner, many municipalities did no more than fulfill the legal requirement through their consultants in a mechanistic manner (DPLG 2001(1):6). On many occasions, the IDP was not linked to the resources (budget) leading to the IDP just being a wish-list of projects that would never be realised.

Emfuleni Local Municipality was not an exception. There was also confusion and malicious compliance to the legislative requirements of Municipal Systems Act 32 of 2000, with regard to the budget and IDP.

The IDP linked to the budget process meets the important principles articulated in national budgeting policy:

- Closely integrates the strategic, organisational and financial aspects of the policy process in regard to the dimensions of planning implementation and monitoring;
- Is concerned with budgeting for outcomes and outputs as well as inputs; and

- Encourages public participation that helps make the allocation of finances transparent and provides the base for the publication of accessible information on the use of finances (DPLG 2001(6): 7).

This requires the interactive planning and managing of both the IDP and the budgeting processes within the Municipality.

There is always the danger that particular interests attempt to separate them or assert one over the other.

An appraisal of the state of Emfuleni conducted under the leadership of SDM Municipal Manager, Mr. Stanley de Klerk. This analysis was arrived at following engagement with senior management team, ward committees, business and other stakeholders. The appraisal analysis was presented and adopted by Emfuleni Municipal Council. The appraisal revealed that ELM was in a crisis and that this crisis pertained to the following key issues:

- The municipality is not financially viable;
- The state of the institution is in shambles, i.e. discipline and work ethics were none-existent; and
- As a result of the two above-mentioned issues, the quality and quantity of service delivery has seriously deteriorated, and the municipality's ability to discharge its constitutional obligations was seriously impaired (Emfuleni 2004:76).

1.2 RESEARCH QUESTIONS

Flowing from the problem statement above, the research study will attempt to find answers to the following questions:

- What is meant by integrated planning and financial planning (budgeting)?
- What processes and systems exist in Emfuleni Local Municipality in linking IDP and the budget?
- What are the indicators of success or failure of linking IDP and the budget at Emfuleni Local Municipality?

- What recommendations can be offered to add value to the planning and budgeting processes and systems at Emfuleni Local Municipality?

1.3 RESEARCH OBJECTIVES

Flowing from the research questions outlined above, the objectives of the research are the following:

- To give a theoretical exposition of the concept integrated planning and budgeting;
- To describe an overview of the processes and systems for linking planning and budgeting that exist at Emfuleni Local Municipality;
- To conduct research into the successes or failures at Emfuleni Local Municipality which can be attributed to the linkages of planning and budgeting;
- To provide a set of recommendations that may add value for management action on planning and budgeting.

1.4 HYPOTHESIS

The hypothesis of the research is that due to the inability of linking budget to planning system, the Emfuleni Local Municipality is ineffective in the successful implementation of the IDP.

1.5 RESEARCH METHODOLOGY

In order to conduct the research, the following methods will be adopted:

1.5.1 Literature review

Literature study involved an analysis of primary data such as legislations, viz. Constitution of the Republic of South Africa (Act 108 of 1996), White Paper on Local Government (WPLG) and all relevant legislations relating to local government. In addition, the Integrated Development Plan, the budget documents and other relevant documents of Emfuleni Local Municipality were used as primary data.

A theoretical part of this research consisted of comprehensive utilisation of available literature on books, journals, legislations, newspapers, including electronic database available on linking planning and budgeting, both nationally and internationally. The theoretical framework thus created was then used as a background for the empirical research.

1.5.2 Empirical research and design

The following research methods were pursued:

1.5.2.1 Interviews

Semi structured and unstructured interview were conducted with the members of the Mayoral Committee, senior managers, ward and proportional councillors and IDP Representative Forum members who were selected randomly. An attempt was made to assess the effectiveness of the linkage between the IDP and the budget, including the role that each one of them plays in the process.

1.5.2.2 Questionnaires

The questionnaire is one of the instruments in which the subject responds to written questions or statements to elicit reactions, beliefs and attitudes (McMillan & Schumacher 1997:46). In accordance, the researcher formulated a set of questions and statements that were considered appropriate to the research, and attempted to find justification for the existence of the problem of linking the IDP and the budget, and its possible extent. The questionnaire consisted of questions and statements based on the effectiveness of the link between the IDP and the budget. The questions were distributed amongst randomly selected members of the mayoral committee, senior managers, ward and proportional councillors, and members of IDP Representative Forum.

1.5.2.3 Participant observations

The researcher has served as the Executive Mayor of Sedibeng District Municipality (2000-2005) and Emfuleni Local Municipality (2005-2006) and has been involved in the formulation of policies in the municipalities, and the researcher has gained immense experience. Participant observation is preferred since it is the most unobtrusive data collection technique. The involvement as a political office bearer in both municipalities has provided rich insight into the functioning of Emfuleni Local Municipality and has made this study possible and successful.

1.6 DATA INTERPRETATION

Data collected were interpreted to find any similarities between the design methods and ELM. The data acquired were evaluated in conjunction with other information obtained through other resources such as the internet and available literature.

1.7 OUTLINE OF CHAPTERS

In pursuit of the above, the organisation of the research will be according to the following preliminary chapters:

Chapter 1: Introduction

Problem statement, project purpose and study methodology

Chapter 2: Theoretical exposition of the link between IDP and the budget

Chapter 3: An overview of IDP and the budget at Emfuleni Local Municipality

Chapter 4: Empirical study on the effectiveness of planning and budgeting systems

Chapter 5: Findings, conclusions and recommendations

CHAPTER 2

THEORETICAL EXPOSITION OF INTEGRATED DEVELOPMENT PLANNING (IDP) AND THE BUDGET SYSTEM

2.1 INTRODUCTION

The elections of 1994 ushered in a democratic dispensation in South Africa, which increased the responsibilities of local government, placing more emphasis on the developmental role of local government. The biggest challenge for local government is to address the legacy that apartheid colonialism has bequeathed to South Africa – inequalities and inefficiencies resulting from apartheid policies and planning. A new integrated approach to planning which responds to the needs of local communities is seen as a key to accomplishing the reconstruction and development of South Africa; and overcoming the skewed spatial policies and addressing the scourge of poverty. The Integrated Development Planning (IDP) was introduced in 1996 as a form of strategic planning for local government in South Africa. It is the principal planning instrument that guides and informs all planning and decision-making in municipalities.

This chapter focuses on the theoretical exposition of evolution integrated development planning, evolution of budgeting and the Service Delivery and Budget Implementation Plan (SDBIP) as the management tool that links IDP and budgeting. In the chapter, the IDP, budgeting and SDBIP are defined, and the importance of the link between IDP and the budget is emphasised

2.2 DEVELOPMENTAL LOCAL GOVERNMENT

Developmental local government can be defined as local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve their quality of life (Education and Training Unit (ETU) 2005:23). In the sections that follow, objectives and developmental duties of local government are defined.

2.2.1 Objects of local government

Section 152 (1) of the *Constitution of the Republic of South Africa Act (108 of 1996)*, specifies the following as the objects of local government:

- To provide democratic and accountable government for local communities;
- To ensure provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote safe and healthy environment;
- To encourage community participation in local government affairs (Reddy et al. 2003: 5; South Africa 1996:81).

The above objectives are important in ensuring that the quality of life of citizens is improved, and require clear strategic plans that are properly resourced.

2.2.2 Developmental duties of local government

Municipalities have developmental duties, and must, in terms of section 153 of the 1996 Constitution:

- Structure and manage its administration, budgeting and planning process 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.

2.2.2.1 Characteristics of developmental local government

Developmental local government has the following four inter-related characteristics:

- Maximising social development and economic growth;
- Integrating and coordinating;
- Leading and learning (Masindi 2005:5).

2.2.2.2 Developmental outcomes of local government

According to the WPLG (Department of Provincial Affairs and Constitutional Development 1998:22), the outcomes which developmental local government seeks to achieve are the following:

- Provision of household infrastructure and services;

- Creation of livable, integrated cities, towns and rural areas;
- Local economic development; and
- Community empowerment and redistribution.

2.2.3 Tools and approaches for developmental local government

South Africa has been breaking new grounds in creating participatory, democratic and accountable structures of local governance. Municipalities face immense challenges in developing sustainable settlements which meet and improve the quality of life of local communities. To meet these challenges, municipalities need to understand the various dynamics operating within an area, develop a concrete vision for the area, and strategies for realising and financing that vision in partnership with other stakeholders (Department of Provincial Affairs and Constitutional Development 1998:27).

The three interrelated tools of developmental local government are:

- Integrated development planning and budget;
- Performance management; and
- Working together with communities.

2.3 ORIENTATION OF STRATEGIC MANAGEMENT AND PLANNING

Given the historical context of apartheid policies set forth in the *White Paper on Local Government (1998)*, a need has arisen to reduce historical socio-economic backlogs through acceleration of services to local communities. Strategic management is a concept of continuous and repeated efforts to keep the organisation matched to the challenges of its environment, and it is designed to provide organisations (municipalities) with the ability to act systematically and in a critical manner to create excellence in future (Van der Waldt & Visser 2006:3).

The following strategic management areas need to be taken into consideration when initiating the planning, preparation and implementation of the development programme for any municipality in South Africa:

- Sound, accountable financial planning and management;

- Local economic development including the broadening of the economic base for the municipality;
- Structured, holistic and integrated development planning which is all inclusive;
- Effective, affordable and sustainable infrastructure services;
- Public/private sectors partnership and stakeholder involvement;
- Human resources development;
- Community participation; and
- Internal organizational structure strengthening through capacity building and sound functioning (AFReC 2001:13-4).

The successful creation of excellence in the future is achieved through mundane execution of the plans, operations, policies and procedures; and constant monitoring of progress, continuous and readjustment of actions to the environment as it shifts over time. In a way, strategic management focuses on results. It ensures that municipalities focus on the vision, mission, goals, and the objectives for future success.

The strategic plan, formulated from the mission statement, addresses a few key areas to which the organisation must focus in support of government policy, as well as the strategies to achieve them. It is an essential tool enabling the accounting officers and managers better to achieve municipal objectives, to address financial management and service delivery problems. According to National Treasury (2001:7), the strategic planning process promotes communication between the accounting officers and executive authorities (Ministers, Members of Executive Councils (MECs) and Mayors), ensuring commonality of understanding and the department's pursuit of government's objectives and outcomes.

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. This holistic planning of resource management at the municipal level has to be integrated, accountable and oriented towards the needs of all citizens. In the context of local government, strategic planning is referred to as Integrated Development Planning

(IDP). Hence the IDP constitutes strategic planning for local government AFReC 2001(a):3).

2.3.1 Regulatory and statutory framework for strategic planning and management

The national and provincial public sector strategic management is governed by regulatory frameworks, which include:

2.3.1.1 Public Finance Management Act (PFMA)

The reforms to public sector financial management and budgeting practices have become a reality with the introduction of the PFMA (Act 1 of 1999 as amended by Act 29 of 1999) and subsequent Treasury Regulations (Van der Waldt & Visser 2006:8). These reforms are a cornerstone of government policies supporting the delivery of basic services to previously disadvantaged communities, bringing prosperity to all through steady growth in the economy and ensuring the successful implementation of sustainability of the projects needed to transform South African society.

The key objectives of PFMA may be summarized as follows:

- Modernise the system of financial management in the public sector;
- Enable public sector managers to manage, but at the same time be held more accountable;
- Ensure the timely provision of quality information; and
- Eliminate waste and corruption in the use of public assets (National Treasury 1999)

2.4 DEFINITION OF CONCEPTS

The following are some of the concepts that are contained in the research:

2.4.1 Integrated means:

- To combine part of the whole together;
- To consider the aspects of an issue at the same time;
- To look at all circumstances that might affect the plan or project in a holistic manner (Geyer 2006:2).

2.4.2 Development

Development means growth, evolution and progress. It is a multi-dimensional process which requires that positive changes be effected in social structure and institutions, a community's attitude and work ethics. In the local government context, the meaning of development includes:

- The process of improving the quality of life of the community;
- Enhancing opportunities; and
- Maximising choices (Geyer 2006:2).

Although closely related to economic growth, development should, however, not be confused with economic growth (Todaro & Smith 2006:15).

2.4.3 Planning

There are many definitions of planning as there are writers on the concept. The generic definition of planning, however, is that it is the process that leads to the establishment of goals and objectives and the choosing of the most suitable means for achieving the goals and objectives prior to taking action (Du Muhango 1998:1). Planning is an anticipatory decision making – deciding before action is required or making today's decision with the future in mind. The underlying theory behind the concept of planning is the emphasis on the future.

Planning means arranging things or projects in a structured manner with a particular outcome in mind. It is a tool used by institutions to bring about change in an orderly, disciplined and manageable way. According to Robinson (1990:1), the purpose of planning is to be proactive and to intervene in the process of development in various ways to ensure that the outcome is better for the people and organisation concerned.

Planning involves the identification of objectives according to which policy for the future can be determined; and involves the formulation of rational decisions according to which future action can be determined. According to Van Straaten (in Erasmus & Visser

1997:176), effective planning, as reflected in the budget, is essential for the following reasons:

- To provide for the wide range of needs with limited resources;
- To programme expenditure for multi-year projects in such a way that adjustments are always possible;
- To effectively implement the government's fiscal and monetary policy in the budget; and
- To utilize unutilized resources such as labour and resources better or fully in future.

2.4.4 What is a Budget?

The budget, as a financial policy document, underpins every activity undertaken by the municipality. Scholars and practitioners have attempted to define the budget in many ways. Khalo and Fourie (2006:134) assert that the budget is regarded as the monetary and financial plan of an individual or institution in which the details on how to reach objectives and goals are outlined. According to Pauw (2002:62) the budget may be defined as the financial plan that outlines how government will achieve its objectives. A budget is a tool of accountability, management, an instrument of economic planning and a tool for integration of government programmes. A municipal budget is:

- a planning document by which a municipality decides on its objectives and the estimate cost;
- a decision instrument by which limited resources are allocated between competing programmes costing more than the available resources;
- a value indicator as the programmes approved and their costs indicate their level of priorities and therefore the relative importance assigned to the competing claims for funds. Of considerable importance is the link between the IDP and budgeting processes; and
- a policy statement reflecting the direction that the municipal government plans are to take and how the municipality intends getting there Kumar & Moodley (in Reddy, Sing & Moodley 2003:70).

According to Abedian et al (1998:62), the budget is the output of the budgeting system. The budgeting system has three components, viz. the financial planning, financial management and control systems; and the budget process refers to the different phases in compiling the budget, their sequence and the different role-players involved at each stage.

A budget is therefore first and foremost a plan, which summarises in financial terms, the activities and programmes planned in the forthcoming financial year by setting out the expenditure that will be incurred to perform the activities and programmes, as well as the income and capital required to finance it.

2.5 LEGISLATIVE AND POLICY IMPERATIVES THAT RELATE TO IDP

There are two major policy frameworks that affect the IDP more directly, viz. Reconstruction and Development Programme (RDP) and Growth, Employment and Redistribution (GEAR).

The RDP defines the programme as an integrated, coherent socio-economic policy framework; and emphasises that the following aspects of developmental government are applicable to all spheres of government:

- The integration of areas, budgets and economies previously separated by apartheid;
- The provision, upgrading and maintenance of services in all areas;
- Broadening and strengthening the professional and administrative capacity of local government;
- Ensuring gender sensitivity and providing a more equitable role for women; and
- Ensuring accessibility and participation by all stakeholders (Geyer 2006:6).

2.6 INTEGRATED DEVELOPMENT PLANNING (IDP)

Municipalities face enormous challenges in developing sustainable settlements which meet the needs and improve the quality of life of local communities. To meet these challenges, municipalities need to understand the various dynamics operating within their areas, develop a concrete vision for the area, and strategies for realising and financing

that vision in partnership with other stakeholder (Republic South Africa 1998:27). A pre-requisite for meeting or addressing these challenges is the Integrated Development Planning (IDP). The IDP is a process through which municipalities prepare a strategic development plan, for a five-year period, whose product is the Integrated Development Plan (DPLG 2002:4).

2.6.1 Evolution of the concept of IDP in South Africa

By 1996 when the IDP was first introduced- and especially, by 1998, when the WPLG clarified the objectives of IDP – “progressive” discourse on governance and planning internationally was centred on integration, performance management and participation. Internationally, a number of planning-type instruments had been or were being developed which supported these broad objectives (Harrison 2004:9).

The first post-apartheid planning instrument was introduced in the *Development Facilitation Act 67 of 1995 (DFA)*. Section 15 of DFA deals with the establishment and composition of Development Tribunals; and Section 28 of DFA required municipalities to prepare the Land Development Objectives (LDOs) (Republic of South Africa 1995(a): 10 & 15). The Development Tribunals were given the power to override legal restrictions on land development, and were intended primarily to be extraordinary measures to facilitate and speed up the implementation of reconstruction and development programmes and projects in relation to land.

The enactment of *Local Government Transition Act (LGTA), Second Amendment Act 97 of 1996* incorporated a requirement that all transitional metropolitan, district and local councils must prepare an IDP. Although, the conceptualization of the IDP was very limited, and the requirements of IDP overlapped with the planning requirements of the LDOs (Department of Provincial and Local Government 2001:8); the LGTA Amendment Act provided a strong indication that national government intended to ensure that local government performed their functions diligently, in a way that is developmental and fiscally responsible (Harrison 2004:14). Section 10(g) of LGTA Amendment Act makes it clear that IDPs were seen as a key instrument in promoting rational and

developmentally oriented budgeting. There was also a requirement that local government must regularly monitor and assess its performance against its IDP, and the use of the IDP to promote economic development.

The most important development was the release of the White Paper on Local Government (WPLG) in 1998, which set out the principles and proposed arrangement for the new system of local government that ended the transitional period. The White Paper confirmed the IDP as a crucial instrument of developmental local government, and emphasized the link between IDP, budgeting and performance management. The WPLG presented:

- A sound contextual justification of integrated development planning as a tool for developmental government, in particular for:
 - Objective-oriented resource allocation;
 - Institutional transformation within municipalities (IDP as means of inter-sectoral strategic management);
 - Transparent interaction between municipalities and residents, in line with the principle of accountability; and
 - Interaction with other spheres of government;
- A list of policy principles that IDP is expected to follow, such as basic needs orientation, poverty alleviation and environment sustainability;
- A list of methodological guidelines including prioritising, strategic focus, incremental approach, medium-term planning and sectoral approach; and
- A sequence of planning steps.

The IDP embraces many of the principles and processes of Local Agenda 21, in terms of underlying philosophy, principles and process and consequently represents a key vehicle for local government to fulfill its developmental role (Snowman; Barbour; Kuiper & Gallagher 2002:1).

2.6.2 Legislative provisions relating to a linkage between the IDP and the budget

Since 1994 the South African government has taken a number of legislative and policy initiatives to change the focus and quality of financial management in local government in order to strengthen the linkage between planning and financial management (DPLG 2001(6):35).

Constitution of the Republic of South Africa Act 108 of 1996: A constitutional and legislative framework determines the planning and implementation of local government budget (Kumar & Moodley in Reddy, Sing & Moodley 2003:66). Chapter 13, section 215 of the *Constitution of the Republic of South Africa Act 108 of 1996*, discusses the significance of and necessity for a budget and budget process in all three spheres of government, and states that national, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and public sector.

Municipal Systems Act 32 of 2000 provides the principles, mechanisms and processes necessary to enable municipalities to provide the development delivery for which they are responsible. The MSA specifically:

- highlights the use of the IDP in defining and detailing the municipality's priority delivery programme and its crucial function in giving effect to municipal budgets;
- gives the framework for the IDP methodology, which binds the process for Integrated Development Planning with budgeting; and
- links IDP to structured programme and project financial management.

Section 25 (1) (c) of the Act specifically states that the IDP forms the policy framework and general basis upon which the annual budget must be based.

Inter Governmental Fiscal Relations Act 97 of 1997 provides the framework that permits the implementation of the sharing of state resources between three spheres of government in support of section 214 of the Constitution.

Division of Revenue Act (DORA) is an annual national Act that defines the horizontal and vertical distribution of national finances, and is crucial for municipalities as it provides information on a significant income stream that it requires to provide effective services. The Act also elaborates on the conditions and responsibilities of municipalities

receiving the allocated finances. Provincial governments also enact annual Provincial Division of Revenue Acts, which must define financial allocations to municipalities; and should take some of its form from the priorities emerging from the IDP processes within municipalities.

Municipal Finance Management Act 56 of 2003 provides the financial management framework for local government. The object of the Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards. The Act specifically define a close relationship of municipal budget to the IDP, and stipulates, inter alia, that the annual budget of the municipality must indicate how it gives effect to the IDP of the municipality over the three coming budget years, and how the IDP may need to be revised given the budgetary resources and spending commitments.

In terms of section 25 of Municipal Systems Act 32 of 2000, each municipal council must, within the prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality. Such a strategic plan, in the context of municipalities is the IDP, which must:

- Link, integrate and co-ordinate plans and take into account proposals for the development of the municipality;
- Align the resources and capacity of the municipality with the implementation of the plan;
- Form the general basis on which annual budgets must be placed; and
- Which is compatible with national and provincial development plans and planning requirements binding the municipality (Masindi 2005:3).

2.6.3 Legal status of the IDP

The IDP is a legal requirement that helps municipality decides how, when and where the municipality expands services, build infrastructure and initiate economic development and growth projects in a participatory way. It is a principal strategic planning instrument which guides and informs all planning, budgeting management and decision making in the municipality (AFReC 2001(a):5).

Municipal Systems Act 32 of 2000 (MSA) provides municipalities with a legal framework in which to plan for integrated development. In terms of section 23(1) of MSA, a municipality must undertake developmentally oriented planning to ensure that it-

- a) Strives to achieve the objects of local government set out in section 152 of the Constitution;
- b) Gives effect to its developmental duties as required by section 153 of the Constitution; and
- c) Together with organs of state contribute to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

According to section 25 of (MSA), a municipality must, within a prescribed period after that start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which-

- a) Links, integrates and co-ordinates plans and take into account proposals for development of the municipality;
- b) Aligns the resources and capacity of the municipality with implementation plan;
- c) Forms the policy framework and general basis on which annual budget must be based;
- d) Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislations.

Section 35 of MSA, states that the IDP which has been adopted by the municipal council:

- Is the strategic planning instrument, which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality;
- Binds the municipality in the exercise of its executive authority, except to the extent of any inconsistency between municipality's IDP and national or provincial legislation, in which case such legislation prevails;
- Binds all other person to the extent that those parts of the IDP that impose duties or affect the rights of those persons have been passed as a by-law;

- A spatial development framework contained in the IDP prevails over a plan as defined in section 1 of the Physical Planning Act 125 of 1991.

According to Craythorne (2003:158), the effect of the above-mentioned provisions is that should a council act outside of its adopted IDP, that is contrary to the provisions of the IDP, its acts become actionable before a court of jurisdiction. Furthermore, any part of the IDP contained in a by-law imposes duties on residents and affects any rights they otherwise would have had.

2.6.4 Importance of developing the IDP

Under the democratic Constitution of the Republic of South Africa, municipalities have been given major developmental responsibilities to ensure that the quality of life of citizens is improved. The new role for local government includes provision of basic services, creation of jobs, promoting democracy and accountability and eradication of poverty. As a result, the IDP assists the municipality to manage the process of fulfilling its developmental objectives espoused by section 152 of the Constitution of the Republic of South Africa.

Integrated Development Planning requires that the problems affecting the municipal area be analysed. The process is guided by information on available resources, which enable the municipality to develop and implement appropriate strategies and projects to address the identified problems (University of Pretoria 2006:8).

2.6.5 Steps in producing the IDP

The IDP is about the municipality identifying its priority issues/problems, which determine its vision, objective and strategies followed by the identification of projects to address the issues. A very critical phase of the IDP is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects) because this will ensure that implementation of projects and hence development are directed by the IDP.

IDP is a planning framework process through which the municipality can establish a developmental plan for the short, medium and long term. The main steps in producing the IDP are:

- An assessment of the current social, economic and environmental reality in the municipal area – the current reality;
- A determination of community needs through close consultation;
- Developing a vision for development in the area;
- An audit of available resources, skills and capacities;
- A prioritization of these needs in order of urgency and long-term importance;
- The development of integrated frameworks and goals to meet the identified needs;
- The formulation of strategies to achieve the goals within specific time frames;
- The implementation of projects and programmes to achieve key goals; and
- The use of monitoring tools to measure impact and performance (South Africa 1998:27)

The IDP is linked to the term of office of the elected council. The newly-elected council can adopt the IDP of the predecessor should it feel to do so, or it can develop a new IDP (taking the existing documents into consideration).

2.6.6 Advantages of the IDP

The following are some advantages of the IDP:

- Through the IDP the municipality is informed about the problems affecting its municipal area and, guided by information on available resources, is enabled to develop and implement appropriate strategies and projects to address the challenge;
- The IDP helps municipalities to make more effective use of scarce resources. The municipality can focus on identified and prioritised local needs, taking local resources into consideration;
- This enables the municipality to search for more effective solutions by addressing causes, rather than just allocating capital expenditure for dealing with symptoms;

- IDP helps speed up delivery by providing a tool which guides where investment should occur;
- It encourages public participation and offers decision-making mechanisms that will arrive at realistic project proposals, taking into consideration the limited resources;
- Where there is a clear municipal development plan, private investors and sector departments are more willing to invest their money;
- IDP strengthens democracy and institutional transformation through transparency and inclusiveness; and
- It facilitates the redistribution of resources in a consultative process
- IDP helps to overcome the apartheid legacy at local sphere of government by facilitating redistribution of resources in a consultative process, and promoting integration of rural and urban areas, different socio-economic groups and places where people live and work
- IDP promotes intergovernmental coordination between local, provincial and national spheres of government (AFReC 2001(a):7).

The IDP is a planning and strategic framework to help municipalities fulfill their developmental mandates in that:

- They enable municipalities to align their financial and institutional resources behind agreed policy objectives and programmes;
- They are a vital tool to ensure the integration of local government activities with other spheres of development planning at provincial, national and international levels, by serving as a basis for communication;
- They serve as a basis for engagement between local government and the citizenry at the local level, and with various stakeholders and interest groups. Participatory and accountable government only has meaning if it is related to concrete issues, plans and resource allocations;
- They enable municipalities to weigh up their obligations and systematically prioritise programmes and resources allocations;

- They assist municipalities to focus on the environmental sustainability of their development and development strategies.

According to AFReC (2001(a):4) IDP is a consultative, analytical, strategic and objective-oriented approach to decision-making on issues related to municipal development. It is a process that maximise the impact of scarce resources and limited capacity through planning development interventions strategically and holistically.

2.6.7 Challenges faced by municipalities in developing the IDP

In 2003, the Portfolio Committee of Provincial and Local Government submitted a report to Parliament on a study tour of municipalities that the Committee had undertaken. The Committee interacted with 63 municipalities (PMG 2003:1). In relation to the IDP, the Committee reported that:

- Although all municipalities had completed the IDP, many of the municipalities were aware that the IDP were not of a good quality, i.e. municipalities had sacrificed quality to meet the deadlines;
- Some IDPs are compliance reports prepared by consultants;
- The level and form of consultation with communities varied across municipalities;
- Alignment between the Districts and local municipalities is not satisfactory;
- Whilst municipalities were aware about the need to link the IDP and budget, many of them had not linked the IDP and the budget (as some finalized the budget first and tried to align the IDP to the budget in a contrived and mechanical way, hence the IDP ended as wish-lists);
- There was general consensus that provincial and national governments for the most part ignored the IDP, leading to both national and provincial departments introducing programmes that are not consistent with municipalities' IDP priorities.

2.6.8 What is the IDP process?

Before starting the planning process, an IDP Process Plan must be developed. This plan is meant to ensure the proper management of the planning process, and it should outline:

- The structures that will manage the planning process;
- How the public can participate and structures that will be created to ensure participation;
- Time schedule for the planning process;
- Identify responsibilities of each of the structures; and
- Identify how the process will be monitored (Education and Training Unit 2005:40).

The District municipalities, in consultation with local municipalities within the area of jurisdiction of the District, develop a process framework. The framework seeks to ensure co-ordination, consultation and alignment between the district municipality and local municipalities, and also guides the development of the IDP Process Plan for each local municipality.

2.6.8.1 Phases of the development of IDP

The process undertaken to produce the IDP consists of the following five phases:

Phase 1: Analysis

During the analysis phase, information is collected on the existing conditions within the municipality, focusing on the types of problems/challenges and their causes that people in the face. The identified problems/challenges are assessed and prioritised in terms of what is urgent. Information on availability of resources is also collected during the analysis phase. At the end of the analysis phase, the municipality will be able to provide:

- An assessment of existing level of development or underdevelopment;
- Details of priority issues and problems/challenges and their causes;
- An assessment of the future growth path; and
- Information on available resources.

Phase 2: Strategies

During the strategies phase, the municipality works on finding solutions to the problems identified and assessed in the analysis phase. This entails:

- **Developing a vision** (a 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. An example of a vision statement could be: An economically vibrant city/municipality with citizens living in a secure, healthy and comfortable environment;
- **Defining development objectives** (development objectives are clear statements of what the municipality would like to achieve in the medium term to deal with the problems outlined in phase one, e.g. provide access to clean water for all residents living in the informal settlement within two years;
- **Development strategies** (once the municipality has worked out where it wants to go and what it needs to do to get there, it needs to work out how to get there. A development strategy is about finding the best way for the municipality to meet development objectives, e.g. cooperate with the Department of Water and Forestry to provide one stand pipe for every 20 households, with these services extended to 1200 households per year over the next three years); and
- **Project identification** (once the municipality has identified the best methods to achieving its development objectives, it can then identify specific projects (ETU 2005:41.

Phase 3: Projects

During this phase, the municipality works on the design and content of projects identified during Phase 2. Clear details of each project have to be worked out in terms of:

- Who is going to benefit from the project(s)?
- How much is it going to cost?
- How is the project going to be funded?
- How long is it going to take to complete the project?
- Who is going to manage the project?

Clear targets must be set and indicators worked out to measure performance and the impact of individual projects.

Phase 4: Integration

Once all projects have been identified, the municipality has to check again that the projects contribute to meeting the objectives outlined in Phase 2 (ETU 2005:41). These projects will provide an overall picture of the development plans.

Phase 5: Adoption

This is the final phase wherein the municipal council gives a stamp of approval to the IDP and also approves the budget.

2.6.8.2 Role-players in the IDP process

There are several role-players in the process of the IDP. These role-players include the Executive Committee or Mayor; municipal manager, IDP co-ordinator/manager, municipal council, municipal departments and officials, Provincial and national departments of local government. Various spheres of government have different and complementing roles that they play in the process, and these roles can be summarised as follows:

Table 2.1 Roles and responsibilities in the IDP process

Sphere of government	Roles and responsibilities
1. Local municipality	• Prepares and adopts the IDP
2. District municipality	• Prepares an IDP framework and District-wide IDP • Provide support to poorly capacitated local municipalities (through Planning and Implementation Management Support System (PIMSS)) • Facilitates the compilation of a framework to ensure coordination

	and alignment between local municipalities and the district
3. Metros	• Prepares an IDP • Adopt an IDP
4. Provincial Department of Local Government	• Coordinates training • Provide financial support • Provide general IDP guidance • Monitor the process of IDP in the province • Facilitates coordination and alignment between district municipalities • Facilitates dispute of resolution between municipalities • Facilitates alignment of IDPs with sector department policies and programmes • Assesses the IDP
Provincial sector departments	• Provide relevant information on sector department's policies, programmes and budgets • Contribute sector expertise and technical knowledge to the formulation of municipal policies and strategies • Are guided by municipal IDP in the allocation of resources at the local level
Department of Provincial and Local Government (DPLG)	• Issue legislation and policy in support of IDPs

	• Issue IDP guidelines • Provide financial assistance • Provide national training framework • Establish and provide resources for PIMSS
National sector departments	• Provide relevant information on sector departments' policies, programmes and budgets • Contribute sector expertise and technical knowledge to the formulation of municipal policies and strategies • Are guided by municipal IDPs in the allocation of resources at the local level

Source: University of Pretoria 2006:13-14

2.6.8.3 Benefits of the IDP for different stakeholders

IDP also provides specific benefits for different stakeholders, as demonstrated in the following table:

Table 2.2 Benefits of the IDP for different stakeholders

Stakeholder	Benefits
Municipal council	Enables municipality to: • Obtain access to developmental resources and external investment • Provides clear and accountable leadership and developmental direction • Develop a cooperative relationship with municipal stakeholders and communities

	• Monitors the performance of officials
Councillors	• Provides councillors with a mechanism for communicating with their constituencies • Enables councillors to represent their constituencies effectively by making informed decisions • Enables councillors to measure their own performance
Municipal officials	• Provides officials with a mechanism to communicate with the councillors • Enables the officials to contribute to the municipality's vision • Enables official to be part of decision-making processes • IDP is a basis for monitoring performance of official
Communities and other stakeholders	• IDP gives them an opportunity to inform the council what their developmental needs are • Gives them an opportunity to determine the municipality's development direction • IDP is a mechanism through which to communicate with their councillors and the municipal council • IDP provides an objective mechanism through which they can measure the performance of the councillors and the whole municipality
National and provincial sector departments	• A significant amount of financial resources for the implementation of projects lie with sector departments. The availability of the IDP provides a guidance to the departments as to where their services are required and hence where to allocate their resources
Private sector	• The IDP serves as a guide to the private sector in making decisions with regard to areas and sectors to invest in

Source: University of Pretoria 2006:9-10

In the absence of the IDP, a municipality might act in an ad hoc, uninformed and uncoordinated manner that could lead to duplication and wastage of limited resources. Furthermore, the lack of municipal tool to guide development could result in other spheres of government and development role-players imposing their development programmes which might not be a priority for a municipal area.

2.6.8.4 Public participation in the IDP process

The Constitution of the Republic of South Africa Act 108 of 1996 and the MSA, stipulate that the municipality must enable the involvement and commitment of its stakeholders by establishing an effective participatory process. Many of the new municipalities are too large to allow the direct participation of all residents in complex planning processes. Participation and integrated development planning therefore needs clear rules and procedures specifying:

- Who is to participate or to be consulted on behalf of whom;
- On which issue(s);
- Through which organizational mechanism; and
- With what effect.

All municipalities must promote public participation by creating the conditions for public participation, which should be done with regard to disadvantaged or marginalized groups in accordance with the conditions and capacities in a municipality. Public participation has to be institutionalized to ensure that all residents of the country have an equal right to participate. This means setting clear minimum requirements for participation procedures that apply for all municipalities by means of regulations and providing a legally recognised framework. The way public participation is institutionalized and structured has to provide sufficient room for diversity that is for different styles and cultures.

In the case of stakeholder groups that are not organized, Non-Governmental Organisations (NGOs) or other resources persons play a critical role to advocate the interests of these groups. The nature of the IDP process is therefore such that it allows stakeholders who reside or conduct business within a municipal area to contribute to the

preparation and implementation of the development plan. By abstaining from participation, stakeholders empower other people to make decisions on their behalf – decisions that might not be in their best interest.

2.6.8.5 Core components of the IDP

In terms section 26 of MSA the IDP must reflect-

- The municipal council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- An assessment of the existing level of development
- The council's development priorities and objectives for its elected term, including local economic development aims and its internal transformation;
- Councils' development strategies which must be aligned with any national or provincial sectoral plans and planning requirements;
- A spatial development framework which must include the provision of basic guidelines for a land use management system;
- The council's operational strategies;
- Applicable disaster management plans;
- A financial plan which must include three year budget projection; and
- Key performance indicators and performance targets.

Community participation is critical to the success and ownership of the IDP. In terms of section 16 of MSA, a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose, amongst other,

- Encourage and create conditions for, local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan in terms of Chapter 5;
- The preparation of its budget.

The IDP links, integrates and co-ordinates plans for development and aligns resources and capacity for implementation; it then forms a policy framework and basis for annual budgets. The IDP must therefore be reviewed and updated annually.

2.6.8.6 IDP as a tool of co-operative governance

Development planning in the provincial sphere occurs through the Provincial Growth & Development Strategies (PGDSs) that are driven by the Premier's office and adopted by the provincial cabinet. Currently there is no national legislative framework, as is the case with IDPs that governs the formulation, adoption and implementation of PGDSs. Nevertheless in practice all provinces do formulate an overarching strategic framework. The PGDSs should have effect over the entire province and therefore needs to be completed in consultation with municipalities and key provincial stakeholders. The PGDSs and IDPs should be aligned so that a common strategic path is followed and there is complementarity in the way resources are allocated and in the way delivery occurs (DPLG 2004:4). The IDP, PGDS and the MTSF form the core of South Africa's intergovernmental planning system. These instruments focus on the cross-sectoral, spatial and institutional strategies necessary to guide all development in the area of jurisdiction.

The following problems were experienced with the preparation and implementation of Interim IDPs (2000/2001):

- The failure of municipalities to except ownership of consultant-prepared IDPs, and to use it in the preparation of budgets.
- The continued lack of integration and linkage between IDP and planning processes within other spheres of government.
- The poor quality of analysis and reports produced by many ill-prepared planners. Harrison pointed out that some planner's traditional focus was on spatial planning rather than development planning.
- Poorly constructed and applied participatory processes.
- Institutional conflict around planning issues involving officials (often resistant to change) and the newly elected and inexperienced councillors of the new democratic local government dispensation.

- Poor linkage between IDPs, with their broad spatial frameworks, and the details of land use management systems.
- Poor linkage between planning processes on district municipality and local municipality levels.
- Difficulties in linking planning and budgeting processes with varying time-horizons. (Poorly constructed and applied participatory processes.)
- Institutional conflict around planning issues involving officials (often resistant to change) and the newly elected and inexperienced councillors of the new democratic local government dispensation. (Harrison 2001:189-190)

In support of the conclusions of Harrison, Schoeman (2002:18) added the following challenges:

- Lack of inputs into the IDP process on sector planning level;
- Community participation exhaustion;
- Historic lack of delivery in the period 1996 to 2002;
- Problems with need determination and prioritisation;
- Problems in preparing business plans for accessing development funds;
- Impact of organisational transformation implemented during IDP preparation;
- Poor attendance of provincial and national department's officials of IDP meetings;
- Poor quality of Integrated Spatial Development Frameworks;
- Lack of guidelines for preparation of alternative land use management systems;
- Poor quality of strategy formulations; and
- General lack of implementation practices (Schoeman 2002: 18).

2.7 A TARGETED AND DIFFERENTIATED APPROACH TO SUPPORT

DPLG launched a Project Consolidate in 2004. Project Consolidate is a hands-on approach that seeks to find innovative ways to:

- Optimise the impact of new local government system;
- Implement the transformation phases simultaneously;
- Co-ordinate actions of national, provincial and local government to substantially strengthen undertake key areas of service delivery;
- Develop an in-depth understanding of how municipalities are discharging their Constitutional mandate at grass root level; and
- Accelerate the interventions of the Presidential Coordinating Council (PCC) (DPLG 2004:4).

As part of Project Consolidate and towards a differentiated, targeted and direct intergovernmental planning support approach, DPLG undertook a study of the specific needs of different municipalities and provinces. The study entailed surveys that were conducted through PIMS-Centres, interviews with various role players and analysis of desk-top material. The study covered all provinces and all municipalities. The result indicated the following:

- **28%** of municipalities in the country currently require basic institutional and administrative infrastructure to be established and strengthened before they are ready to undertake, manage and drive proper IDP. These municipalities are currently extremely dependent on consultants and do not own the process because they lack structural capacity. These municipalities do not have the capability to engage in intergovernmental discussion and activity that would enhance their planning and delivery;
- **35%** of municipalities have the basic structural capacity in place but require support to do a good IDP. These municipalities utilize and manage consultants as resources but typically have IDPs that do not inform implementation. The development strategies outlined in the IDP are weak and do not address the key issues and problems adequately;

- **28%** of municipalities are able to complete a good basic IDP but require support with implementation. These municipalities have IDPs that support a practical programme of implementation. They cannot deliver more than thirty-percent of their planned programmes because of a lack of capacity to manage the implementation whether internally or using external contractors;
- **10%** of municipalities currently are able to formulate and implement a good basic IDP. These municipalities drive and manage the process and characterize a high level of ownership of the process. IDP is mainstreamed into the working of the municipality and decisions are based on the IDP. They use consultants for parts of the planning and implementation but control the consultants and processes internally (Mufamadi 2005:5).

This above analysis together with an analysis of provincial capacities forms the basis of the Intergovernmental Planning support strategy that focuses on an action plan for each province that is specific and relevant to the context of the province and its different municipalities. The strategic objectives of the support strategy are:

- entrench integrated development planning as an approach by improving the perceptions and understanding of key role players
- Improve the capacity of municipalities to plan so that they develop realistic and creative strategies that ensures sustainable, integrated and targeted development spending and infrastructure investment in a municipal area;
- Improve the capacity of municipalities to implement so that they ensure feasible and effective municipal operation, service delivery and development, monitoring, evaluation and review;
- Improve provincial-municipal as well as inter-sectoral cooperation in prioritization, resource allocation and implementation;
- Improve the capability of provincial government and districts to give effect to their constitutional and legal obligations to support municipalities;
- Ensure the coordination and effective implementation of the various support initiatives; and

- Support the municipalities that have no/very limited structural capacity with frame conditions and establishment processes (DPLG 2004:8).

2.8 MODERNISING MUNICIPAL FINANCE MANAGEMENT

The Municipal Finance Management Act (MFMA) 56 of 2003 recognises that financial management systems, processes and policies in local government must be modernized to help strengthen the municipality's ability to function effectively.

In the past, budgets were incremental (one-year) and backward-looking, as they were based on the previous year's budget. The budget and planning processes were not integrated, often operating completely separately. Budgets were presented in considerable financial detail, hampering effective policy and planning processes.

2.8.1 Concept of budgetary control

While the budget indicates the route that must be followed to achieve a specific goal, budget control is the watchdog ensuring that no deviation from the route is unnoticed and that the goal is achieved in good time (Faul et al.1997:427). According to Visser (2002:9) a public budget has the following four dimensions:

- It is a political instrument that allocates scarce public resources among the social and economic needs of a jurisdiction;
- A budget is a managerial and/or administrative instrument. It specifies the ways and means of providing public programmes and services and establishes the cost and/or criteria by which its activities are evaluated for their efficiency and effectiveness;
- A budget is an economic instrument that can direct a nation's, state's or municipality's growth and development; and
- A budget is an accounting instrument that holds officials responsible for both the expenditures and revenue of the programmes over which they exercise control.

According to the Audit Commission (1999:58), there are five key principles that must be applied to budgeting:

- **Openness:** transparent financial decisions are supported by clear and accessible information, and resource allocation is informed by community consultation and partnership activities;
- **Anticipatory:** budgeting is forward-looking to ensure longer-term sustainability of services and activities, and provides options and assesses risks;
- **Intelligent:** provides information to inform decisions based on robust analysis of available financial resources, existing and future commitments and likely levels of funding;
- **Coherent:** it provides the financial mechanisms to support allocation of resources to organisational and service priorities; and
- **Action-oriented:** develops close working links with service delivery to provide efficient and effective financial planning process that fulfill organisational and service planning needs.

2.8.2 The purpose of the budget

A budget establishes the objectives to be realized within a specific period of time in order to realise the objectives of government. The budget is therefore a political or policy plan, a programme of proposed actions, an estimate and source of information for all concerned. The budget functions as a source of information, an operational programme, a policy statement and a control measure (Gildenhuys 1997:130).

The budget serves the following purposes:

- The budget is the critical component of the planning process, i.e. it is the financial plan to achieve the goals of the strategic and business plan;
- As a management process tool, the budget serves as a plan of action as well as control over expenditure;

- As a policy formulating instrument, the budget determines which services should be rendered with available resources;
- Declares the statement of financial implications of the following year's policy;
- Serves as a mandate for all spheres of government;
- It's a source of financial information;
- It is an instrument for integrating and coordinating programmes of government; a
- It is an instrument for control to determine whether the execution of tasks, projects and programmes has been done in accordance with programme schedule and in terms of prescribed standards and specifications (Gildenhuys 1997:410; Pauw et al. 2002:62).

2.8.3 Budgeting cycle

As alluded before, medium-term budgeting is the basis of the budget reforms. It reinforces the link between government's policy choices, its budget and the delivery of services, which serves to strengthen political decision-making and accountability. The budget cycle consists of four clearly distinguishable processes/phases, namely:

- The preparation phase;
- Approval phase;
- The Executive phase; and
- Control phase (Gildenhuys 1997:468).

For each of the phases there are relevant and responsible structures and/or institutions. The involvement of these political and administrative structures is mutually supportive of each other.

2.8.4 Medium Term Expenditure Framework (MTEF)

Budgets were initially considered to be technical tools with a strong focus on expenditure control and accountability, rather than on deliverables and creating appropriate incentives. Due to the inefficiencies and ineffectiveness of ad hoc incremental annual budgeting system for fiscal management, and the need to improve timing, appropriate sequencing, efficient financing and sustainable mix of goods and services for effective service delivery, a need arose for a multi-year expenditure planning framework, hence the

Medium Term Expenditure Framework (MTEF). The MTEF was introduced in around 1997 as an essential element of budgetary reforms in public financial management. It provides a firm foundation for the integration of planning and budgeting. The aim of MTEF is to ensure that the budget reflects the government's social and economic priorities and give substance to the government's reconstruction and development commitments (Visser 2005:21).

2.8.4.1 Advantages of MTEF

The following are the advantages of MTEF:

- Integrating planning and budgeting: MTEF could be an ideal vehicle to ensure that the IDP is affordable and that the municipality directs budget spending to most critical developmental and internal transformation needs;
- Creating certainty in the planning environment, base on the credibility of forward projection of revenue and expenditure;
- Making explicit the future financial implications of municipality's policies and programmes;
- Helping to detect financial problems before they occur;
- Supporting political decision-making;
- Promotes sectoral planning for sectors which may contribute to the achievement of common objectives;
- Enhancing fiscal discipline;
- Improves management of cash-flow, by allowing financing of capital expenditure to be closely synchronised with actual spending; and
- Promotes reprioritisation (Abedian et al. 1998:135).

2.8.4.2 Pre-conditions for the successful implementation of MTEF

The MTEF is a vehicle for mitigating the tension between maintaining fiscal discipline and encouraging reprioritisation on the one hand, while creating certainty and promoting devolution of managerial authority on the other hand to create incentives for performance. According to AFReC (2001:17-6), the successful implementation of MTEF

is not a given. The following are the factors that must be in place to engender a successful MTEF exercise:

- The integrity and credibility of the annual budget;
- Good quality information for analysis of each programme;
- Sound strategic planning for service delivery;
- Institutional arrangements to promote policy co-ordination across the three spheres of government;
- Political buy-in: MTEF requires changes in the roles and responsibilities of both public managers and political principals. Without political commitment to the process, MTEF is not likely to succeed.

2.9 INTERGRATING THE IDP AND THE BUDGET

Proper strategic planning and budgeting in the public sector cannot take place when either the strategic plan or budget is developed in isolation and without taking the imperative of one another into account (Visser 2005:20). Budgeting is part of the organizational planning process, which starts with the aim and mission of the institution (Pauw et al. 2002:62). According to Horngren et al. (1999:488), budgeting is useful when done as an integral part of an organizational strategic analysis.

Integrating strategic planning into the budget process is integral to medium term budgeting. It strengthens the link between the policy choices that government makes, the budget it decides on, and the services it (government) delivers to people (National Treasury 2001(a):2). Political decision-making and accountability become stronger as political choices and trade-offs are transparent and explicit.

The Medium Term Strategic Framework (MTSF) is a medium term strategic priorities that are shared by all spheres of government and informs planning, budgeting and implementation. It links policy priorities, planning and budgeting for government as a whole (DPSA 2003:44). MTSF is the key output of a broader planning framework which comprises a sequence exercise (planning cycle) that will enhance strategic medium-term prioritization and ensures that the policy decisions taken by Cabinet inform planning

exercise throughout government. It is important to understand that planning cycle is an annual process.

The overall purpose of framework is to align government's planning cycles and procedures and to ensure that policy and planning inform the budgetary processes. National and provincial plans must also be synchronised with municipal Integrated Development Plans. Integrating IDP and budgeting enhances better budgeting in the public sector. National Treasury guidelines (2001) outline the following six steps to ensure integrated strategic planning and budgeting:

- Preparing strategic plans and prioritizing planned objectives;
- Assessing costs and resource implications in preparation of the MTEF budget submission;
- Finalising medium term allocations and preparing the budget documentation;
- Developing processes to facilitate in-year monitoring and reprioritising of spending when strategic or operational plan change;
- Monitoring and evaluating performance and delivery programmes in relation to clearly defined priorities, objectives, key performance measures, indicators and targets; and
- Finalising annual financial statements and reports that review performance and achievements against strategic plan set out at the start of the financial year.

In contrast to planning in the past, IDP breaks the silos within which an organisation operates, seeking to integrate processes and linking plans to resources. The IDP process is meant to arrive at decisions on issues such as municipal budget, land management, promotion of LED and institutional transformation in a consultative, systematic manner. It therefore implies that central to the achievement of the IDP are issues such as value for money, integration, quality or continuous improvement, community participation, performance management, reliable data/information etc. which are generally associated with that total quality management

The challenge of the IDP planning approach is to combine three requirements in order to arrive at a decision-making process which is consultative, strategic and implementation oriented at the same time. Strategic planning means to make the best use of resources considering the given conditions and policy guidelines, and includes the following:

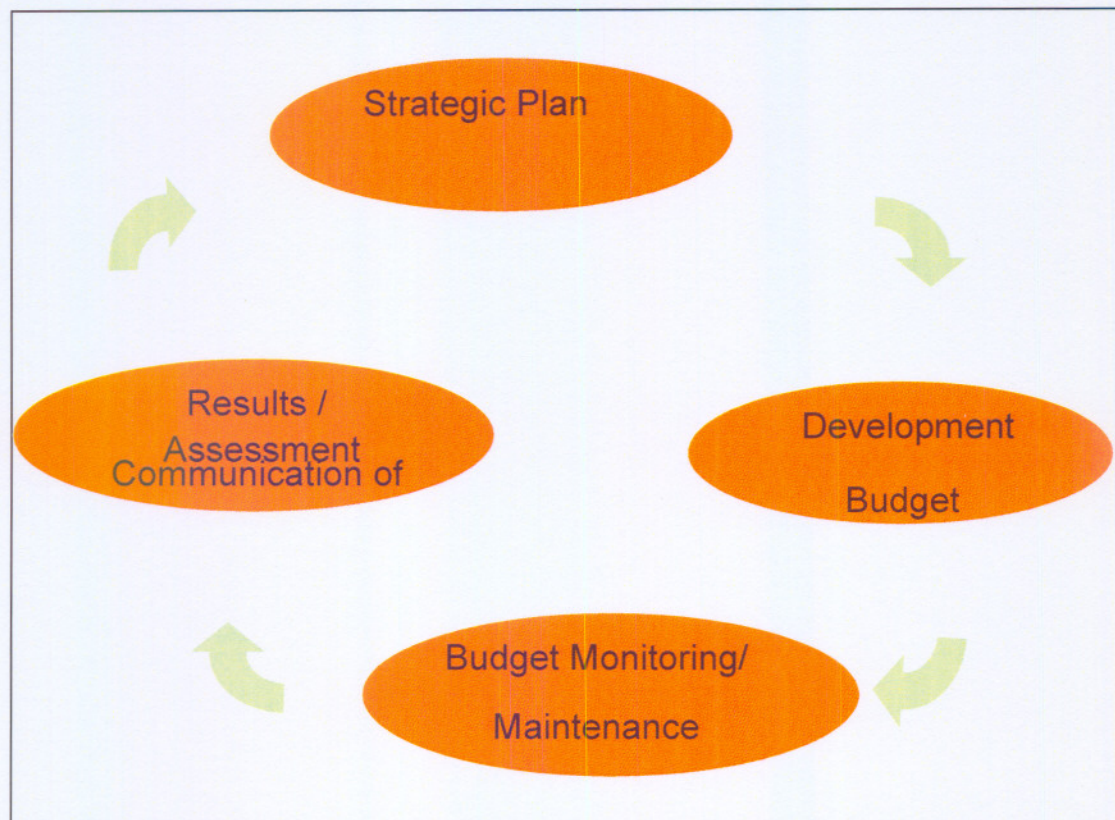
- Prioritising on a few crucial issues rather than dealing with in a comprehensive manner with all issues;
- Focusing on analysing rather than wasting resources for collecting useless information;
- Addressing the root causes of problems, rather than only symptoms; and
- Taking given resources and relevant context into account (Rauch 2003:11).

IDPs are as good in so far as they help municipal management to improve and fast-track delivery and development. Planning is supposed to become an integral part of municipal management by preparing decisions in a manner which is conducive to turning those plans into action. This understanding of the IDP implies some requirement with regard to the nature and quality of the planning process:

- The project proposals have to be concrete and specific in respect of quantitative targets, quality, timing, location, cost and responsible implementing agencies. This is required in order to provide the necessary information for the business planning of envisaged implementing agencies and for fulfilling the approval requirements of potential financing agencies;
- IDP has to be checked for its compliance with the financial resources framework and with available institutional capacities;
- There must be a close link between planning and budgeting processes;
- Those in charge of implementation process have to play a key role in the planning process in order to ensure realism of the plan and to promote their buy-in; and
- There has to be sufficient consensus among potential users, affected population groups or communities and other interested stakeholders on the planned projects to avoid delays of implementation resulting from conflict. This means that affected communities have to be involved in the project designing process (Rauch 2002:15).

The following diagram represents a schematic way of reflecting on the integration of IDP and budgeting:

Figure 2.1 Integration of strategic plan, budget development, budget monitoring/maintenance and communication of results/ assessment



Source: Griffith J.W & Proulx D 2005:10

2.9.1 Advantages of integrating IDP and budgeting

The following are the advantages of integration of strategic planning (IDP) and budgeting:

- 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;
- It enhances budgetary scrutiny by the legislature, since it provides the legislature with relevant information on which sound decisions can be made;

- It improves accountability by providing performance information for budget managers and the general public; and
- It provides more source documentation for researchers who want to analyse the integrated plans of government or a public institution (Du Plessis in Visser 2005:34-35).

2.9.2 Weaknesses of linking IDP and budgeting practices in South Africa

Carter (2005:2) identified that in a sample review conducted on municipalities, the IDP and budget processes were typically not integrated, nor had the IDP had meaningful impact on municipalities' budget processes. He then identified the following factors, which he categorised as either teething problems or structural:

- IDP and budget processes are treated as separate processes;
- No clear understanding of the IDP by all role-players;
- Communities and municipalities did not view the IDP as a prioritisation processes, and used the IDP to produce "wish lists";
- Lack of organisational continuity, due to demarcation and organisational restructuring;
- Lack of financial, project management and business planning skills for the development of suitable projects proposals and business plans;
- Lack of information on communities and cost of service provision; and
- Municipalities not collecting all revenue due from communities, leading to projections of future revenue streams not being credible, and thus undermining any linkage between IDP and budgeting.

In addition to Carter's conclusion, Dlamini and Moodley (2002:3), observed that official and councilors involved in previous budgeting processes within eThekweni municipality often complained that the way the municipal budget was allocated was a tiresome and often frustrating process, which was typified by:

- Conflicts that arose from "prioritisation process between projects", and a sense that communities were "cheated" or received services and infrastructure at the expense of others;

- Major delays in the approval of the budget resulting in delays of implementation of projects;
- Attempting to agree on what projects were needed up front (which often did not address the real needs of citizens);
- Lack of systematic and programmatic way of deciding on what projects would happen over a period of time; and
- A budgeting process that had little or no relationship with the IDP or overall city strategy, but that was driven by sector inputs and not customer outcomes.

According to Agyemang (2002:5), the 1998 IDP assessment outcomes indicated:

- A mismatch of available information and how the information was utilised;
- Inappropriate information management and misinterpretation of concept and/or methodology relating to IDP;
- Inadequate in-house development planning capacities within municipalities to tackle the IDP process; and
- Absence of support structures closer to municipalities to address IDP related concerns.

2.9.3 What does the municipal budget process entail?

The MFMA has changed the way in which municipalities prepare their budgets. Section 17 (2) of MFMA requires that council should table three-year capital and operating budgets that take into account, and are linked to municipality's current and future development priorities (as outlined in the revised IDP) and other budget-related policies, such as free basic service provision. The mayor must co-ordinate the budget preparation process and review of the council's IDP and budget-related policies.

The mayor, as the political head of municipality, provides political guidance of the budget preparation process through a co-ordinated cycle of events that begins nearly one year before the start of the each financial year. The financial management cycle is integrated into the other two key areas of the financial reforms: budget implementation and financial reporting (National Treasury 2006:64).

National Treasury (2004:1) stipulates that the IDP and budget process must be one process. It is considered that a well-run budget process that incorporates the IDP review will facilitate community input, encourage discussion, promote a better understanding of community needs, provide an opportunity for feedback and improve accountability and responsiveness to the needs of the communities. This will also position the municipality to represent the needs of the community and to provide useful inputs to the relevant provincial and national departments' strategies and budgets for the provision of services such as schools, clinics, police stations, roads, etc.

2.10 BUDGET PREPARATION AND REVIEW OF THE IDP AND RELATED POLICIES

The mayor must co-ordinate the budget preparation process and review of the council's IDP and budget related policies; and ensures that the IDP review forms an integral part of the budget process and that any changes to strategic priorities as contained in the IDP contain realistic projection of revenue and expenditure. In developing the budget, national and provincial policies and national fiscal and macro-economic issues must be considered.

There are two key concepts that the mayor and the municipality must be considered in the process of preparing the budget, i.e. the budget must be funded in accordance with section 18(1) of MFMA; and the budget must be credible.

Municipalities may have previously included in their financial governance an objective of "balancing the budget". Under the old budget formats a "balance" income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic(National Treasury 2005(b):2). Generally Accepted Accounting Practices requires that municipalities the "balanced" budget, i.e. they must ensure that the budgeted outflow is offset by a combination of planned inflows, must be comprehensive.

2.10.1 Funding the budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenue to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for capital budget.

In order to ensure that there is effective linkage between the IDP and budget, it is important that the budget of the municipality is credible. A credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice-versa ensuring that the IDP is realistically achievable, given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities (National Treasury 2005(b):2).

2.10.2 Six steps to preparing a budget

There are six distinct steps to the preparation of the budget. These steps can be presented in the following diagram:

Table 2.3 Steps for preparing a budget

	Step	Process
1	Planning	Schedule key dates, establish consultation forums, review Previous processes
2	Strategising	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, etc
3	Preparing	prepare budget, revenue and expenditure projections, draft budget policies, consult and consider local, provincial and National priorities
4	Tabling	Table draft budget, IDP and budget related policies before Council, consult and consider formal local, provincial and National inputs or responses
5	Approving	Council approves budget and budget related policies
6	Finalising	Publish and approve SDBIP and annual performance Agreements

Source: National Treasury 2004:1

Step 1: Planning

Coordination of the budget preparation process

Section 21 of *Municipal Finance Management (MFMA) Act 56 of 2003* is the primary provision relating to the municipal budget process. It requires the mayor to coordinate the process of preparing the annual budget and for reviewing the Integrated Development Plan (IDP) and budget related policies. The mayor must table, in council, a schedule of key deadlines for various budget related activities 10 months before the start of the budget year (National Treasury 2006:61). Although these activities are initiated by the

mayor, the municipal manager and senior managers must help to prepare and/or carry out each activity (section 68 of MFMA). The simplified version of the schedule of key deadlines for budget related activities must be made public to ensure that the community is aware of timelines, processes and opportunities and to have inputs to the budget and IDP. The mayor and municipal manager must review the previous budget process. Such a review can provide information about what worked well, what did not, where to improve and issues to address for legislative compliance.

Step 2: Strategising

Review of the IDP and budget related policies

The amendment to the Municipal Systems Act 32 of 2000 and chapter 4 of MFMA require that a revised IDP be adopted at the time of adopting the budget. This implies that the process leading to the adoption of the budget and IDP must be incorporated into one process, together with the process for approving taxes, levies, tariffs, user charges and budget related policies to ensure that the plans credible, budgets are realistic and implementable (National Treasury 2004:3). Furthermore, the IDP should be informing the entire budget, not just the capital budget, which has traditionally been the case.

The budget and IDP process is a consultative and the collective product of all within the municipality, and must be guided by the strategic priorities of the municipality. The internal consultative process must involve all senior managers, mayoral/executive committee and councilors. One of the tools of developmental local government is that municipalities must work together with communities. Amongst the objects of local government (*section 152 of the Constitution of the Republic of South Africa Act 108 of 1996*) is to encourage community participation in local government affairs.

There is a need to external consultation, which is both informal and formal. The informal consultation involves public meetings with residents, business, non-governmental organisations (NGOs), neighbouring municipalities, provincial and national government. The informal process involves identification and prioritisation of the greatest local needs, and involves the ward committees (National Treasury 2004:4); and ends when the mayor

tables the draft budget and revisions to the IDP. The second external is more formal and takes place after the tabling of the draft budget, when council convenes hearings on the draft budget and revised IDP.

Step 3: Preparation

The preparation of the budget is a lengthy process spanning many months – from August when the mayor tables the schedule of key deadlines and concludes in June or early July when the mayor approves Service Delivery and Budget Implementation Plan (SDBIP) and annual performance agreements with the municipal manager. In practice the budget preparation process is an ongoing function where processes and budget years will overlap. There are three different budget processes operating in parallel all the time – reporting on the past year (e.g. annual reports and audited financial statements), current year implementation, and preparation for the coming budget year.

The budget preparation includes the following processes:

- Winning support for the priorities that will shape the way the budget allocations will be determined;
- Integration of strategic objectives with budget allocations;
- Appropriate planning and improved project management;
- Assessing affordability of rates and service charges and identifying poor households unable to afford such rates and charges;
- Accurate estimation of revenue and expenditure projections;
- Consultation and review of national, provincial and local priorities; and
- Assessment of previous year performance and corrective action incorporated in the next budget (National Treasury 2004:5).

Municipalities must also produce a 3 year capital plan when tabling the draft budget, which is disaggregated by municipal ward and reflect the Municipal Infrastructure Grant (MIG) sector priorities to enable national and provincial transfers to flow to municipalities.

Step 4: Tabling

The draft budget and revised IDP must be tabled together in council, together with draft resolutions and budget related policies; and the municipal manager must immediately post the budget, revised IDP and all related documents onto the website so that the budget is accessible to the public (National Treasury 2004:6).

Once the budget is tabled the local community and stakeholders must be invited to make written submissions to council on the budget and revised IDP, and to make representation at the council hearings.

Step 5: Approving

After the mayor has responded to the recommendations and made amendments to the draft budget, the full council must meet to consider the budget for approval. Failure to approve the budget before the start of the budget year has serious operational consequences for the municipality as no payments may be made without an approved budget, and in terms of section 26(1), the provincial executive may intervene, in terms of section 139(4) of the Constitution of the Republic of South Africa. This intervention may include dissolving council, appointment of an administrator and approval of temporary budget.

Step 6: Finalising plans to implement the budget

It is not sufficient to simply link planning and budget if this linkage will not translate into improved quality and quantity of services, and the realisation of a better life for all citizens. Hence it is important that the budget and IDP must be implemented. This step therefore involves the finalization of plans to implement the budget, through the approval of Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements of municipal manager and senior managers for the coming financial year.

The IDP and the budget could be well formulated but never launched or implemented, or the IDP could be launched but abandoned soon thereafter. Changing conditions as well as operational laxity make unavoidable the divergence between the plans as they are formulated and the plans as they are implemented. This means that the link between the

IDP and the budget is not sufficient guarantee that there will be implementation. Hence the success of this linkage must be demonstrated in the effective, efficient and economic implementation. The SDBIP as an implementation, management and monitoring tool gives effect to the IDP and budget of municipality, and (SDBIP) will be possible if the IDP and budget are fully aligned to each other (National Treasury 2005(a):1).

Whilst the budget gives effect to the strategic priorities of the municipality, the budget is, however, not a management or implementation plan. The SDBIP therefore serves as a contract between the administration, council and community expressing the goals and objectives set by the 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.

2.10.3 Institutional framework for implementation of IDP and budgeting

Historically, local municipalities in South Africa were often characterised by:

- Separation between planning and implementation, e.g. separate departments with their own separate agendas/programmes;
- Sectoral allocation of resources resulting in inefficient and inappropriate use of scarce resources;
- Hierarchical and pyramid structuring of planning and implementation resulting in bureaucratic decision-making delaying implementation, and often, favouring support, rather than delivery departments;
- Delivery of whole or parts of projects dominated by strong sectoral departments resulting in a lack of inter-sectoral co-operation and badly directed resources; and
- Lack of flexibility in organising resources to promote allocation of resources at project and programme level (DPLG 2001(6):17).

The success of the implementation of the IDP will require the formulation of the institutional framework, co-ordination of work activities, staff mobilization and measurements through monitoring and reporting (AFReC 2001(13):5). Section 25 (1) (b) of the MSA demands that the municipal council must align the resources and capacity of

the municipality with the implementation of the IDP; section 73 (2)(b) stipulates that service must be provided in a manner that is conducive to the prudent, economic, efficient and effective use of resources; and amongst the developmental duties of municipalities, section 153 of the Constitution of the Republic of South Africa stipulates that, a municipality must “structure and manage its administration, and budgeting and planning processes to give effect to the basic needs of the community, and to promote the social and economic development of the community. Clearly the prescript of the Constitution and MSA demands that municipalities must continuously review their processes and organisational structures to give effect to the progressive realisation of the Bill of Rights.

The above-mentioned characteristics of municipalities in South Africa constitute a constraint towards the implementation of the IDP, and undermine the economic, efficient and effective utilisation of scarce resources. Hence, following a groundswell movement away from hierarchical organisational forms, transformed municipalities that are geared towards improving the quality and quantity of services (to create a better life for all), need to embrace the following better organisation principles:

- Flatter structures that reduce bureaucratic decision-making processes;
- Greater flexibility in resource organisation and application;
- High level of organisation communication;
- Integrated and resource efficient management and information systems;
- Support functions (finance, administration and human resources) to support delivery and not be an end in themselves; and
- Complimentary but demarcated co-operation between political and administrative structures (DPLG 2001(6):17).

Another tool for developmental local government that is critical in ensuring that the linkage between the IDP and budget is not an end in itself is performance management, which refers to all those processes and systems designed to manage and develop performance at the level of the public service, specific organisation, components, teams and individuals (Van der Waldt 2004:39). Performance management provides key

measures (KPMs) and key performance indicators (KPIs) as a measure of success or failure of the project to achieve set objectives.

2.11 CONCLUSION

Whilst there has been a significant progress on the theoretical understanding of the IDP, who the role players and what is expected of role players, there is more room for improvement. The increased understanding of the importance to ensure that the budget is informed or linked to the IDP is not matched by practice at municipal level as the IDP and budgeting continue to be treated as separate processes.

In many municipalities, the linkage between IDP and budgeting continue to happen only at a theoretical level, as the IDP and budgeting processes continue to take place separately. It is therefore important to ensure that the budget schedules outlined in the MFMA are incorporated into the IDP process plan.

Lack of planning and project management capacity at all spheres of government, but more specifically at the local sphere, continues to pose serious challenges to effective linkage of IDP and the budget and improved service delivery. This can be attributed to amongst other things poor skills, poor work ethics, lack of commitment among many local government practitioners. The solution lies not only in employing competent people, but also in ensuring that those competent employees are dedicated and committed to improving the quality of life of South Africans.

Whilst municipalities have, in the past, outsourced the development of the IDP to consultants, the overall picture is one in which there is growing ownership of the IDP process, and local government sphere is asserting itself more and more as a site of strategic planning and for sustainable development. However, there are still municipalities that do not have basic institutional capacity in place and are struggling to prepare an effective IDP. The next chapter focuses on the overview of the IDP and budgeting at ELM.

CHAPTER 3

AN OVERVIEW OF IDP AND BUDGETING AT EMFULENI LOCAL MUNICIPALITY

3.1 INTRODUCTION

In the previous chapter the evolution of the policy and legislations that integrate or link the IDP and the budget was explored, focusing on the challenges that municipalities encountered as they attempted to develop IDP and ensure that the budget is linked to the IDP. Object of developmental local government contained in the 1996 Constitution were broadly defined as the mandate of local government, and it was pointed out that for municipalities to become developmental, they have to change the way they work. Hence, the coming into being was seen as an important departure from apartheid local government. IDP was defined as a principal strategic planning instrument which guides and informs all planning, budgeting management and decision making in the municipality.

The importance of integrating strategic planning into the budget process was defined as integral to medium term budgeting, as it strengthens the link between the policy choices that government makes, the budget it decides on, and the services it (government) delivers to people. It was also indicated that the link between IDP and the budget may not, on its own, translate into improved quality of life of residents or citizens, but that MTEF and SDBIP are critical tools that are linked to performance management.

This chapter will explain the locality of Emfuleni Local Municipality; focus on the review of the structures and systems, and the roles that each of the structures play in ensuring an effective link between the IDP and the budget. The structures that will be probed include the political office bearers, i.e. Executive Mayor, Speaker and Chief Whip, Municipal Council, Mayoral Committee, Section 80 Committees, IDP Steering Committee, IDP Representative and Sectoral Fora. The chapter will also explore the effectiveness of these structures and systems in linking the IDP and the budget.

3.2 GOVERNING INSTITUTIONS AND FUNCTIONS

According to the Ministry for Provincial Affairs and Constitutional Development (Ministry) (1998:57), municipalities must be assessed in the context of the specific circumstances of an area, and should be judged against their ability to meet the needs of local communities. In the process of transforming local government, the following factors guided the choice of municipal institutions:

- The legacy of colonial and apartheid separation, which has created distortions in settlement patterns;
- Uneven distribution of municipal capacity, particularly between urban and rural municipalities;
- The need for rapid intervention in the management of urban and rural systems, to tackle entrenched patterns of inequality, increase economic competitiveness and viability, and harness concentrated capacity and investment; and
- The new vision for local government and the need for empowered and capacitated municipalities to play a transformational and developmental role in building viable human settlements, which meets the needs and aspirations of local communities (Ibid).

The above-mentioned factors lead to:

- The need for capacitated institutions at an appropriate level to address spatial distortions in settlement patterns;
- A focus on district governments as centres of municipal capacity to manage integrated development planning and to ensure rapid delivery where local municipality capacity does not exist;
- A focus on metropolitan government to promote social inclusion and the spatial, economic and political integration of metropolitan areas (Ministry 1998:58).

It is within this context that the structures that Emfuleni Local Municipality has created to ensure an effective link between the IDP and the budget has to be assessed and evaluated.

3.3 ORGANISATIONAL CONTEXT AND OBJECTIVES

Emfuleni Local Municipality was established in terms of section 12 of the Municipal Structures Act (MSA) 117 of 1998, as a category B Municipality with an Executive Mayoral system of local government (Gauteng 2000:3). Category B refers to a municipality that shares executive and legislative authority in its area with a Category C municipality within the areas it falls (Van der Waldt 2005:2). The municipality consists of the erstwhile Vereeniging-Kopanong, Western-Vaal, part of West-Rand District Council and several rural councils including Kookrus, Vaaloewer and Louisrus.

The Emfuleni LM is one of three local municipalities within the Sedibeng District Municipality and is located on the western side of the DM. It covers an area of $\pm 1,276\text{km}^2$. Based on the 2001 Census figures there are approximately 658,422 people residing in the area. The total population of Emfuleni consists of approximately 187,044 households, giving an average household size of 3.48. According to information contained in the IDP the population growth rate is estimated at 2.85% per annum.

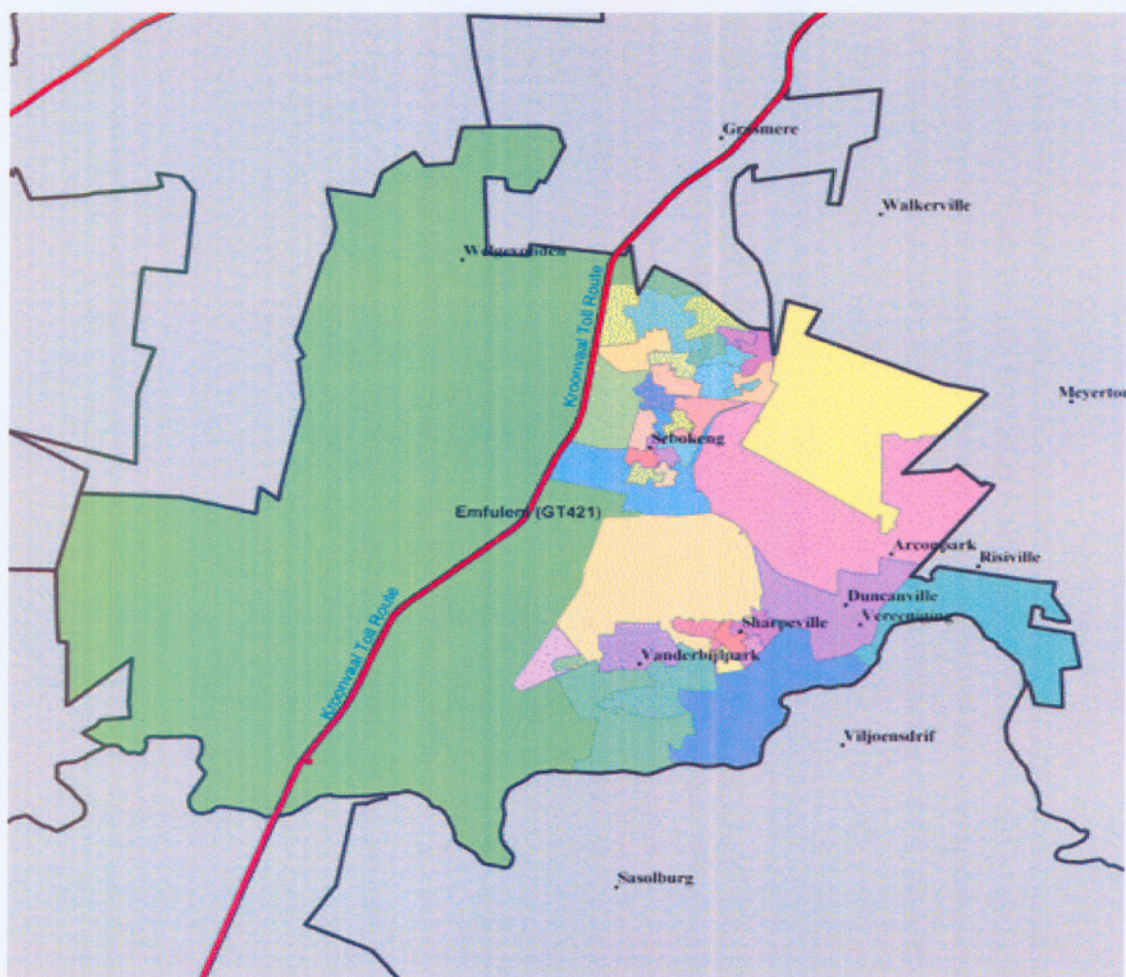
Emfuleni LM is a largely urbanised municipality, with high population concentrations and densities compared to other municipalities within Sedibeng. Approximately 80% of the total population of Sedibeng is housed within Emfuleni. Referring to population densities, the highest densities are found in the former township areas – Sebokeng/Evaton, Sharpeville and Bophelong / Boipatong. The population density is also a reflection of the population composition since most of the African population is also concentrated in areas such as Sebokeng, Evaton, Sharpeville, Boipatong and Bophelong. The average population density per ha is 6.6 persons, which reflect the large rural component.

One of the main characteristics of the Emfuleni economy is that it is declining, resulting in increasing levels of unemployment and poverty. The poverty levels are reflected in the IDP where it is indicated that approximately 42% of the households are in poverty and that 50% of the unemployed are unemployed for five years. Emfuleni shares boundaries with Metsimaholo Local Municipality in the Free State to the south, Midvaal Local

Municipality to the east, the City of Johannesburg metropolitan area to the north and Westonaria and Potchefstroom (in North West Province) Local Municipalities to the west.

ELM has two main town centres, namely Vereeniging and Vanderbijlpark within the area and Sasolburg is only 10 kilometres to the south, across the provincial boundary; and forms the “heartland” of what was formerly known as the Vaal Triangle, renowned for its contribution to the iron and steel industry in South Africa

Figure 3.1 Map of Emfuleni Local Municipality



Source: ELM 2006:10

3.3.1 Organisational context of IDP and the budget

An overview of the linkage between IDP and the budget system at ELM has to be considered within the organisational context and constraints as reflected in Project Consolidate, Restructuring Grant, Peer Review, MEC's comments on IDP and Presidential Project Consolidate Imbizo:

3.3.1.1 Project Consolidate

Towards the end of 2004 the National Minister for Development Planning and Local Government announced the Project Consolidate initiative. As a sequel to the Minister's announcement, the Gauteng Department of Local Government undertook an assessment study on the effectiveness and efficient functioning of municipalities. The study covered the following areas of functionality:

- Financial Viability;
- Institutional Planning and Budgeting capacity;
- Service delivery capacity; and
- The ability to communicate with communities (ELM 2007: 5).

The study established that a number of municipalities were weak in those areas identified above and therefore needed hands on support. This "hands on support" came to be known as Project Consolidate. Emfuleni was identified as one of those municipalities that needed this support. A Project Consolidate Team, which was composed of service delivery experts, was put together and deployed in Emfuleni. The main tasks of the team were:

- To conduct situational analysis of the institution; and
- To give recommendations to remedy problem areas.

After situational analysis was completed, it was revealed that Emfuleni was in a crisis and that crisis pertained mainly to:

- Poor service delivery;
- ELM was financially not viable; and
- The state of the institution was in disrepair, with low levels of discipline, low staff morale.

3.3.1.2 The Restructuring Grant

National government has established conditional (e.g. Municipal Infrastructure Grant) and unconditional (e.g. equitable share) grants (IDASA 2004) to support local government. According to the Guideline for the Local Government Restructuring Grant (2000:4), many large municipalities that currently face financial difficulties are planning or implementing laudable programmes that seek to restore fiscal balance in the medium term, but continue to face unavoidable revenue shortfalls in the short term. These shortfalls may, in some instances, undermine the success of their transformation efforts.

The role of the Restructuring Grant is to encourage and assist large municipalities to restructure their organisations, functions and fiscal positions to improve the equity and efficiency of service delivery through exploiting opportunities and/or mitigating weaknesses that have been identified in their medium to long term fiscal position (Department of Finance 2000:5).

The restructuring grant was provided to Emfuleni to assist Emfuleni in its turnaround and restructuring strategy. The objectives, action plans and conditions supportive of the restructuring grant pertain in the main to financial recovery, improved basic service delivery, institutional development and various aspects of economic development. The implementation has to date been patchy and the impact minimal because of poor base-line information, misleading reporting and a skewed focus.

3.3.1.3 Peer review mechanism

The Peer Review Process aims to assist the municipality to assess its current achievements and capacity in order to achieve its goals and objectives. It is a joint programme between the Department of Provincial and Local Government (DPLG) as well as SALGA. These assessments focus on the following:

- sustainable development,
- leading and learning,
- democracy,

- Good governance, community engagement and performance and resource management (ELM 2006(a):6).

3.3.1.4 Comments of Member of Executive Council (MEC) on the IDP

In terms of section 31 of MSA, the MEC for Local Government in the province may, subject to any other law regulating provincial supervision of local government:

- monitor the process followed by a municipality in terms of section 29;
- assist a municipality with the planning, drafting, adoption and review of its integrated development plan;
- facilitate the co-ordination and alignment of:
 - integrated development plans of different municipalities, including those of a district municipality and the local municipalities within its area; and
 - the integrated development plan of a municipality with the plans, strategies and programmes of national and provincial organs of state.

With regard to the IDP at ELM, the MEC raised the following issues:

- Improve on support and co-ordination with the District Municipality and Provincial Departments especially in terms of time frames for approval of IDP Reviews;
- Improve on co-ordination with the District Municipality of the various phases in the IDP process, specifically the timing and content of the analysis-phase;
- Participate in horizontal learning between other municipalities and provinces on increasing accessibility and readability of IDP documents, the role of the district IDP, the implications of the MFMA and inter-sectoral best practices.

3.3.1.5 Presidential Project Consolidate Imbizo (PPCI)

The PPCI is a project a hands-on support and engagement programme, through which the President, Cabinet Ministers, Premiers and MECs interacts with mayors, councillors, and the community to ensure seamless government planning and implantation. The 2006 PPCI focused on progress made to transform the quality of life through the 2005 interactive programme of municipal Imbizo, which was aligned to Presidential Imbizo (PC). The PC focus for 2006 was given to municipalities to produce and implement credible IDPs (DPLG 2006).

With regard to ELM, the PCCI identified the following key interventions:

- Enhancing institutional capacity
- Improving the quality and quantity of service delivery (Housing, Water and Sanitation and Environmental)
- Improving infrastructure (Development, Rehabilitation and maintenance)
- LED and Job Creation
- Financial Viability and Financial Management (ELM 2007:11).

3.4 Definition of some terms/ concepts

Local government consists of municipalities which are instituted for each demarcated area, or municipal area, for the whole territory of South Africa.

A municipality, when referred to as an entity, is an organ of state within the local sphere of government exercising legislative and executive authority within a specific area of jurisdiction which:

- Consists of the political structures and administration of the municipality, and the community of the municipality;
- Functions in its area in accordance with the political, statutory and other relationships between its political structures, political office bearers and its administration; and
- Has a separate legal personality which excludes liability on the part of its community for actions of the municipality.

A municipality, when referred to as a geographic area, means a municipal area determined in terms of Local Government Demarcation Act of 1998.

The 1996 Constitution recognise local government as a sphere of government. This is a significant progressive move

3.4.1 Municipal Council

In terms of section 18 of MSA and section 157 of the 1996 Constitution, each municipality must have a municipal council which consists of representatives of different parties on a proportional basis or a combination of proportional representation and a system of ward representation.

3.4.1.1 Status of Municipalities

Section 151 of the 1996 Constitution deals with the status of a municipality, and states that:

- The local sphere of government consists of municipalities, which must be established for the whole of the territory of the Republic;
- The executive and legislative authority of a municipality is vested in its Municipal Council;
- A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution; and
- National and provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

In terms of section 153 of the Constitution, municipalities have developmental duties, and must:

- structure and manage its administration, 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

The executive and legislative authority of a municipality is exercised by the council of the municipality, and the council takes all the decisions of the municipality subject to section 59 of MSA (delegations); and ELM council consist of eighty five (85) Councillors representing 65 members of the African National Congress (ANC); 15 members of Democratic Alliance (DA); three members of Pan African Congress of Azania (PAC); one member each of Freedom Front Plus (FF+) Independent Democrats (ID).

There are different types of municipality that may be established within each category i.e. collective system, mayoral executive, plenary executive and ward participatory systems or a combination of those systems. The ELM system is mayoral executive with ward participatory system. The executive mayoral system 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 the mayoral committee.

In terms of section 160 (1) of the 1996 Constitution, a municipal council:

- makes decisions concerning the exercise of all powers and the performance of all the functions of the municipality; and
- must elect its chairperson (Speaker).

3.4.2 Committees of council

A municipality may establish a committee provided for in the MStrA if:

- the municipality is of a type that is empowered to establish a committee of the desired kind;
- the establishment of the committee is necessary taking into account:
 - the extent of the functions and powers of the municipality;
 - the need for the delegation of those functions and powers in order to ensure efficiency and effectiveness of their performance; and
 - the financial and administrative resources of the municipality available to support the proposed committee; and

- In the case of the establishment of an executive or mayoral committee, the municipality has more than nine councillors.

Apart from the Mayoral Committee, ELM has established the 15 other committees. These committees include finance, local economic development, tourism and development planning, housing, sport, recreation, arts and culture, health and social development, public safety and traffic, waste management, parks and cemeteries, corporate services, water, electricity and sanitation, public transport, roads and works, ethics, rules, gender, land tribunal, and Metsi-a-Lekoa Mandating Committee (Section 79 committee). Whilst all the mentioned committees are important and relevant, the research focused mainly on the role of finance and local economic development, tourism and development planning; and these two committees are constituted as follows:

Finance Committee consists of the following members:

- Cllr. M.P. Muir (**Chairperson**)
- Cllr. A. Lambat (**ANC**)
- Cllr. M.C. Sale (**ANC**)
- Cllr. A.B. Maduna (**ANC**)
- Cllr. F.M.A. Mnguni (**ANC**)
- Cllr. M.A. Maloisane (**ANC**)
- Cllr. B. Mncube (**ANC**)
- Cllr. M.D. Kantso (**PAC**)
- Cllr. N.S. Poee (**PAC**)
- Cllr. D.C.J. Hoffman (**DA**)
- Cllr. A.S.J. Karsten (**DA**)
- Cllr. N.M. Jansen van Rensburg (**FF+**)

Local economic development, tourism and development planning committee:

- Cllr. D.M. Malisa (**Chairperson**)
- Cllr. C.P. Ntlele (**ANC**)
- Cllr. M.B. Phoko (**ANC**)
- Cllr. M.D.M Masodisa (**ANC**)

- Cllr. M.D. Raikane (ANC)
- Cllr. D.E. Tshabalala (ANC)
- Cllr. N.M. Jansen van Rensburg (FF+)
- Cllr. M.D. Kantso (PAC)
- Cllr. C.S.D. Mokoena (ID)
- Cllr. R.H. Groenewald (DA)
- Cllr. D.C.J. Hoffman (DA) (Mogotsi 2007).

3.5 Vision of ELM

The purpose of setting a Vision for a municipality is to inspire, focus the attention and mobilise all residents, communities, stakeholders, politicians and officials in creating the desired future for the municipal area. A vision is a statement of the desired long-term development of the municipality based on the identified priority issues and related to the specific conditions in the municipal area. (DPLG 2001:43)

In terms of section 26 (a) of Municipal Systems Act (MSA) 32 of 2000, an integrated development plan must reflect the municipal council's vision for long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs. A vision is a pro-active dream of the organisation's perceived place in an ideal environment, a desire for the best possible future (Van der Walt & Visser 2006:21). The vision gives general direction to all role players, especially staff members, indicating what the organisation is striving for in the long term. A vision is generally idealistic and future oriented; it provides little detail and accommodates the ideals and aspiration of elected and appointed officials. In summary, a vision deals with what the institution believes it can be able to achieve. The vision of ELM is **"A developmental municipality that continuously improves the quality of life of its residents"** (ELM 2006(a))

3.5.1 Mission of ELM

An organisation needs a well-defined sense of its mission, its unique place in the environment and scope and direction of growth. Such a sense of mission defines the organisation's strategy. According to Van der Walt & Visser (2006:21), in the public sector, an organisation's mission determines the social and political reason for existence, which means that there must be an identifiable social and/or political need(s) which the organisation is trying to meet. The mission should be in accordance with the aims set out in the policy formulated by legislative authority. A mission statement is especially important as it will make known the values that will be applied in prioritising resources. In line with section 152 of the 1996 Constitution, ELM has set itself the following mission:

Emfuleni Local Municipality will accelerate Service Delivery and Socio Economic Development by:

- Service delivery orientation grouped together to provide quality service delivery
- Corporate : Institutional Capacity and transformation
- Finance : Financial Viability
- Economic Development, Development Planning, Economic Viability and Local Economic Development (LED) (ELM 2007:160).

3.5.2 Values of ELM

ELM embraces the following values:

- Responsive
- Disciplined and responsible
- Accountability and transparency
- Respect
- Honesty and integrity

3.5.3 Core strategies of ELM

Having a vision, mission and values will not bring any benefits from a public institution, including municipal ties, to the people. The municipality must translate its mission and values into action, flowing from plans aimed at short, medium and long term goals. In line with this understanding, ELM has developed, through a participative process, the following core strategies:

- Provide basic services
- Achieve sustainable financial viability
- Ensure good governance and institutional capacity
- Deepening democracy
- Create the culture of effective communication
- Ensure social and economic development
- Promote a safe, secure and healthy environment
- Promote optimal spatial development

The municipality has recently developed a motto: **You Belong We Care.**

3.6 MUNICIPAL STRUCTURES ESTABLISHED TO DEAL WITH IDP AND BUDGETING

The structures established to manage the IDP Review Process can be described as follows:

Mayoral Committee: Means the senior governing body of Emfuleni Local Municipality.

Municipal manager/ IDP Manager: Means the Municipal Manager or a senior official charged with the function to manage and co-ordinate the IDP process.

IDP Steering Committee: Means the dedicated team of people made up of members of Mayoral Committee, Strategic Managers, Municipal Manager and one member each representing the opposition parties.

IDP Project Task Team: Means the small operational team composed of a number of relevant municipal sector departments and technical people.

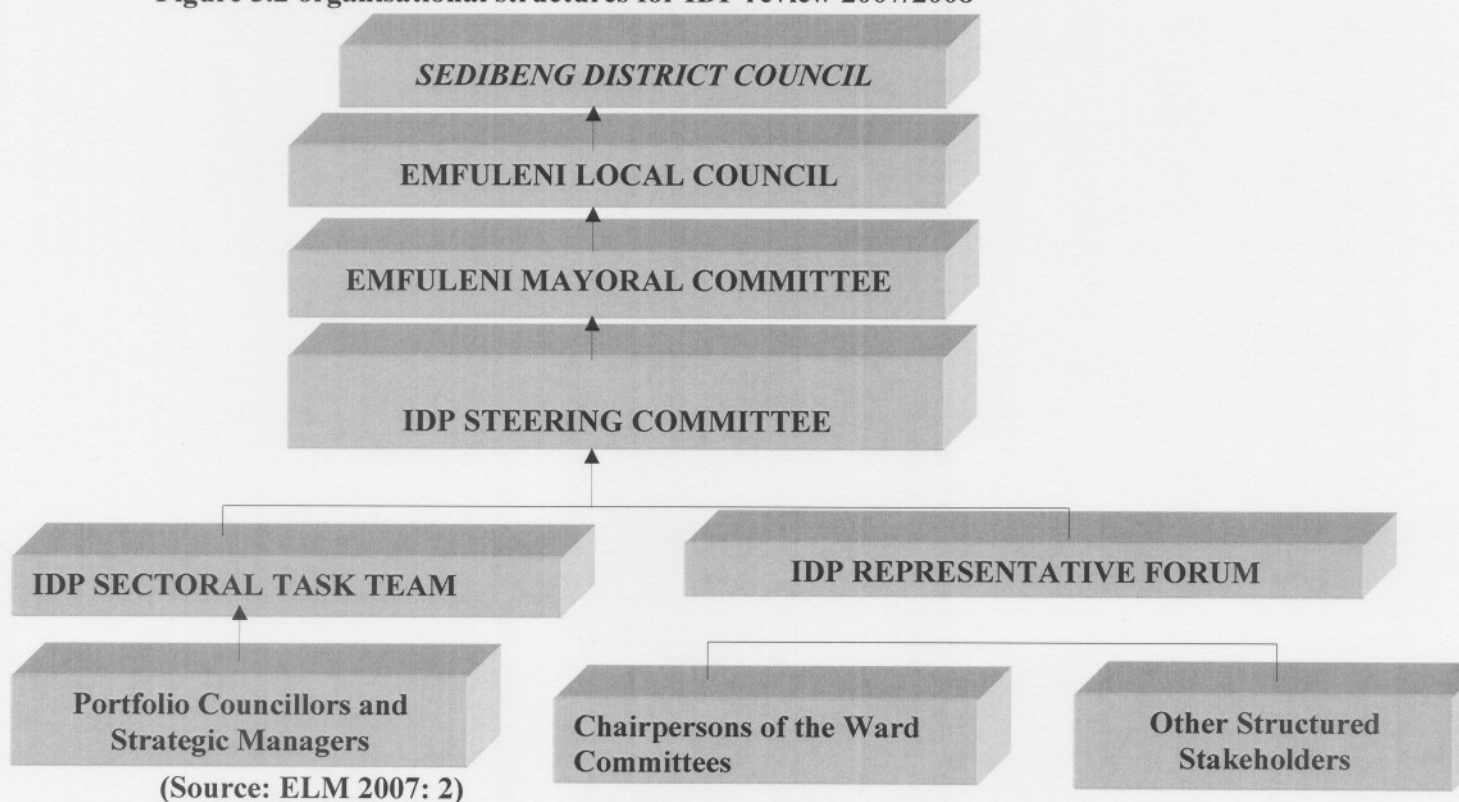
IDP Representative Forum: Means a forum chaired by the Executive Mayor or a member of the Mayoral Committee responsible for the IDP. The Forum is composed of

representatives of non-governmental organisations, community-based organisations, ward committees provincial and national sector departments.

3.6.1 ORGANISATIONAL STRUCTURE FOR IDP REVIEW 2007/2008

The following organisational structure was adopted by ELM for the review of IDP for 2007/2008.

Figure 3.2 organisational structures for IDP review 2007/2008



3.6.2 Sedibeng District Municipality (SDM)

In terms of Section 29 (2) of MSA of 2000, the district is expected to:

- Plan integrated development for the area of the district as a whole but in close consultation with the local municipalities in that area;
- Align its integrated plan with the framework adopted in terms of section 27 of MSA; and
- Draft its IDP, taking into account the integrated development processes of, and proposals submitted to it by local municipalities.

The role of SDM coordinating responsibilities includes the following:

- Organising processes and occasions for joint strategic planning with local municipalities and other role players, development plan
- Seeking to ensure horizontal alignment of the IDPs of local municipalities;
- Ensuring vertical alignment between the district and local planning;
- Facilitation of vertical alignment of the IDPs with other spheres of government, sector departments;
- Facilitation of alignment with the business community in the district.

The relationship between the district and local municipalities, at times created confusion in relation to who has to do what, due to the fact that the district shares the same areas as the local municipalities. Sharing the same areas of jurisdiction requires co-operation, rather than operating in silos. According to the new IDP pack, the design of this interrelation and distribution of responsibilities has to take four imperatives into consideration:

- Analysis and prioritization of needs and problems need to be done through a participatory process, involving local communities and stakeholders. The information on service gaps and on potential needs to be location specific. Therefore, this has to be done by local municipalities;
- Local and District municipalities need their own planning processes and their own documents, if IDP is contribute to institutional transformation and if it is meant to inform municipal budgets and business plans. Therefore one district level plan for all local government entities within the district will not be sufficient to make the IDP an effective tool for developmental local government;
- There are strategic planning and decision-making process which are of similar nature for all local municipalities, and which need high level facilitation and professional skills, as well as the involvement of sector specialists from provincial level. Therefore the elaboration of strategies may b better done jointly by all municipalities, together with District and provincial officers at district level; and
- Smooth co-ordination between adjacent local municipalities and district (DPLG 2001:14)

3.6.3 Emfuleni Local Municipality: Municipal Council

In terms of sections 157 of the 1996 Constitution and 83 of MStrA of 1998, each municipality must have a municipal council which consists of representatives of different political parties on a proportional basis or a combination of proportional representation and a system of ward representation. A municipality has the functions and powers conferred or assigned to it in terms of sections 156 and 229 of the Constitution. A council means a municipal council referred to in section of 157 of the 1996 Constitution. The executive and legislative authority of a municipality is exercised by the council of the municipality, and the council takes all decisions of the municipality, subject to section 59 of MSA. A municipality exercises its legislative or executive authority by, inter alia:

- Developing and adopting policies, plans, strategies and programmes, including setting targets for delivery;
- Promoting and undertaking development;
- Administering and regulating its internal affairs and the local government affairs of the local community;
- Providing municipal services to the community;
- Monitoring and, where appropriate, regulating municipal services where services are provided by service providers other than the municipality;
- Preparing and approving and implementing its budget;
- Imposing and recovering rates and taxes, levies, duties, service fees and surcharge on fees, including setting and implementing tariff, rates and taxes, and debt collection policies;
- Monitoring the impact and effectiveness of any services, policies, programmes or plans; and
- Establishing and implementing performance management system.

Although the municipal council may delegate or designate some of its functions to the executive mayor, the municipal council remains the supreme body because, in terms of section 151(4) of the 1996 Constitution, executive and legislative authority of the municipality vests in the municipal council. There are functions which are the exclusive

preserve of the municipal council, and which must be decided by a majority vote of councillors. The following functions may not be delegated by a municipal council:

- Approval of the IDP and the budget;
- Adoption of the by-laws;
- Determination of property rates, taxes and other tariff charges; and
- The raising of loans.

The approval of IDP and budgeting is one of the responsibilities that Council cannot delegate to the Executive, hence Council's responsibilities included:

- Deciding on the Framework plan and the process plan;
- Approval of the IDP and budget;
- Approval of the assignment of the financial resources within the context of the work plan and budget; and
- Monitoring the implementation of the IDP and budgeting (Muir 2007).

In the development of the ELM IDP and budgeting processes there are internal and external role-players. Internal role-players are those who are employees (the administration), councillors, Sedibeng District Municipality (SDM), PIMS Centre, representatives South African Municipal Workers Union (SAMWU) and Independent Municipal and Allied Workers Union (IMATU) and ward committee members; whereas the external role-players refers to provincial and national sector departments, local non-governmental organisations (NGOs), community-based organisations (CBO), local chamber of commerce, local banks, e.g. First National Bank (FNB), Amalgamated Bank of South Africa (ABSA), NEDBANK, Standard Bank, WESBANK, African Bank, Development Bank of South Africa (DBSA), local taxi associations; and state owned enterprises such as ESKOM, Rand Water Board (RWB) and ISCOR (Mukwevho 2007).

3.6.3.1 Political Office-bearers

The MSA makes provision for certain office-bearers, viz. Speaker, Executive Mayor, Deputy Executive Mayor, Mayor and Deputy Mayor to be elected by council. ELM does not have a deputy mayor, and the following councillors constitute office bearers:

- Ms. Dikeledi Tsotetsi (Executive Mayor);
- Ms. Kedibone Mogotsi (Speaker); and
- Mr. Thulani Kunene (Chief Whip of council).

3.6.3.1.1 Executive Mayor

Only municipalities of the type mentioned in sections 8 (e), (f), (g) and (h), 9 (c) and (d) and 10 of MSA may have an Executive Mayor. According to Craythorne (2003:113), the Executive Mayor may be described as being a one-person executive committee. This is due to the fact that in an Executive Mayoral system, the powers are delegated to the Executive Mayor, not even to the Mayoral Committee.

3.6.3.1.2 Mayoral Committee (MAYCO)

In accordance with section 60 of MStrA, the executive mayor of Emfuleni (Ms. Dikeledi Tsotetsi) has appointed the following councillors as Members of the Mayoral Committee (MMCs):

- Ms. Nkapu Ranake (Public safety and traffic);
- Ms. Florence Vundisa (Health and social development);
- Ms. Dorcas Raditsela (Water, electricity and sanitation);
- Ms. Greta Hlongwane (Waste management, parks and cemeteries);
- Ms. Disebo Malisa (Development planning);
- Mr. Taboo Moepadira (Sport, recreation, arts and culture);
- Mr. Khulu Mbongo (Corporate services);
- Mr. Mike Muir (Finance);
- Mr. Johnny Thabane (Housing); and
- Mr. Mabandla Ronyuza (Public transport, roads and works).

The MAYCO assists the executive mayor in executing her powers and functions, and the executive mayor may delegate specific responsibilities to each member, including the powers and functions as may be designated by the municipal council, for efficient and effective government (Ranake 2007).

3.6.3.2 Municipal Manager/ IDP Manager or co-ordinator

- Responsible for the preparation of the process plan;
- Responsible for the day to day management of the planning process under consideration of time, resources, community and ensuring that involvement of all different role players, especially officials;
- Ensures that timeframes are being adhered to;
- Ensures that the planning process is horizontally and vertically aligned and complies with national and provincial requirements;
- Ensures that conditions for participation are being met; and
- Ensures those outcomes are being documented.

3.6.3.3 IDP Steering Committee

- Provide terms and reference for various planning activities;
- Commissions research studies;
- Consider and comments on:
 - Inputs from sub-committees, study teams and consultants;
 - Inputs from provincial sectors departments and service providers; and
 - Makes contract recommendations.

3.6.3.4 IDP Representative Forum

- Represents the interest of their constituents in the IDP process;
- Forms a structured link with the municipality;
- Ensure communication between all the stakeholders' representatives including municipal government;
- Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders including municipal government; and

Monitor the performance of the planning and implementation process. These roles can be summarised as follows:

Table 3.1 Summary of roles and responsibilities in the review process of IDP

The municipal council	Prepare, decide on and adopt a Process Plan. Undertake the overall management and co-ordination of the planning process which includes ensuring that : - all relevant actors are appropriately involved; - appropriate mechanisms and procedures for public consultation and participation are applied; - the planning events are undertaken in accordance with the time schedule; - planning process is related to the real burning issues in the municipality, that it is a strategic and implementation – oriented process; - the sector planning requirements are satisfied. Adopt and approve the IDP. •Adjust the IDP in accordance with the MEC for Local Government's proposal. Ensures that the annual business plans, budget and land Use management decisions are linked to and based on the IDP. Approve the framework process plan, IDP and the budget
Councillors	Link the IDP process with the community and organise community participation
Executive mayor	Responsible for overall management, co-ordination and monitoring of the whole process
Municipal manager/IDP manager	Responsible for day-to-day management of the planning process regarding time, resources, community, and ensuring the involvement of all role-players; Ensures that time frames are adhered to Ensures that the planning process is horizontally and vertically aligned, and complies with national and provincial requirements; Ensures that conditions are conducive for public participation; Ensures that the outcomes of the process are documented
Municipal officials	Provide technical and expertise, input into sector plans, review and provide draft project proposals
IDP Steering Committee	Provide terms of reference for various planning activities;

	Commissions research studies; Receives and considers inputs from sub-committees, study and/ or consultants (if so appointed); Provide leadership and input on provincial and national sector departments and service providers; Makes contract recommendations
IDP Representative Forum	Represents the interests of their constituencies in the IDP process Forms a structured link with the municipality for participation purposes Ensures communication between all the stakeholders' representatives and the municipal council Provide an organisational mechanism for discussion, negotiations and democratic decision-making Monitors and evaluate the performance of the municipal council
Sedibeng District Municipality	Provides methodological/technical guidance to the IDP process Facilitates joint planning workshops Documentation of outcomes of planning activities Special district-wide studies or any other product related contribution Provide support to communities to ensure more effective engagements as a contribution to the IDP process Ensures that the district-wide IDP is aligned to the provincial and national departments' plans and budget
Ward committees	Identify critical challenges and strengths in the ward Provide a mechanism for discussion, negotiations and decision-making between stakeholders and municipal council Form a structured link with the IDP Representatives Forum and the community of each area Monitor the performance of the municipal council regarding planning and implementation for the ward

Source (DPLG 2001(1):32)

With regard to the linkage between the IDP and the budget the roles and responsibilities of the different role-players in ELM can be presented as follows:

Table 3.2 Roles and responsibilities in linking IDP and the budget

Position/structure	Function in IDP process	Function in budgeting process	Role in integration of processes
Executive Mayor	Ensures that council fulfils its legal responsibilities by preparing the IDP within legislative and procedural guidelines	Ensures that council fulfils its legal responsibilities by preparing an annual budget and a 3-year financial plan	Gives key political leadership and support to proper integration of processes
Council	Approves the IDP	Approves the budget	Assess that the linkage is achieved at the point of approving both IDP and budget, and at interim/adjustment points in the process
Municipal manager	Strategic management of IDP process Responsible for ensuring that the IDP is carried out as required by legislation and procedures	Strategic management of the budget process and preparation of the 3-year financial plan Accounting officer of the municipality	He/she is in the best position to ensure strategically that the process is integrated structurally in the municipality
IDP manager	Day-to-day responsibility for IDP process	Day-to-day work to link with the CFO in helping to ensure that the IDP outputs are integrated into the budget	Through all the IDP activities, ensures that there is linkage between the two processes Ensures the flow of information from the budget process into the IDP, and IDP into the budgeting process Close day-to-day management interaction with the CFO
CFO	Key participant in the budget forum and steering committee	Day-to-day management of the budget process	Ensures that the IDP outputs are integrated into budget With IDP manager, aligns the timing and outputs of the two processes Ensures the flow of information from the budget process into the IDP, and the IDP process into the budgeting process

IDP Steering Committee	Oversee the effective management of the IDP process Contributes to the assessment of the needs and priorities of the community	Proper organisational linkage with the budget steering committee or equivalent in the municipality	IDP and budget steering committee could be structured together under the co-ordination of the MM Ensures that the terms of reference of steering committee(s) stress the interlinking of the IDP with budgeting
IDP Representative Forum	To provide community stakeholders input into all phases of the IDP	Can provide community stakeholders inputs into parts of the IDP linked to budgeting process	Ensures that the terms of reference and membership of forum reflects the contribution to both processes

Source: DPLG 2002(6):41)

3.7 BUDGET REFORMS PROCESSES AT ELM

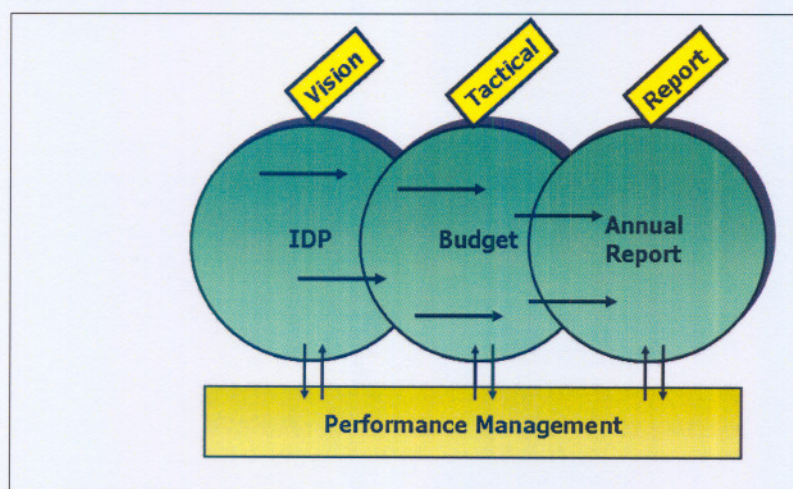
The budget process at Emfuleni was for many years a line item budget process. The focus was on a single year's expenditure. This type of system provides for a very tight control of finances. It ensured spending is controlled, but was not aligned to the strategic focus of the municipality (ELM 2006 (d):40).

For the 2004/05 budget year Emfuleni embarked on significant budget reforms as part of the implementation of the MFMA. The objectives of the new process were to:

- Ensure the budget is a strategic document based on the business plans and strategic direction of the Council;
- That it is a true multi year document with realistic future forecasts;
- Linked very closely and directly with the IDP process;
- That the budget be based on and closely linked to a performance management system;
- That the budget is created and managed by operational managers to ensure effective control of Councils finances.

The new process ensures that the budget process is an integral part of the overall management structure of the Council. As depicted in the graphic below, the IDP creates the vision of the organization. The budget then becomes the tactical implementation of that vision. This process puts detailed financial implications and business plans in place to execute on the vision. In all cases and throughout the process there is a direct link to the performance management system.

Figure 3.3 Linkage of IDP, budget and annual report at ELM



Source ELM 2006:41

The 2005/06 budget (started in 2004) process was the beginning of the changes, and while some progress was made, significant improvements are still required. In order to meet all of the stated objectives the process is likely to take five years. In particular establishing adequate and relevant performance measures has proven to be a significant challenge. To meet that challenge Emfuleni is working with the District Council to create uniform measures and will utilize the Strategic Alignment Management (SAM), an electronic performance management system. Another significant challenge has been changing the mindset of managers. They have traditionally not been responsible for the financial affairs of their operation. They have also been accustomed to a very rigid control system, which did not allow for effective management decisions. To help them through the change there have been and will continue to be workshops and discussion sessions (ELM 2006(a):54).

According to ELM (200((a):54), for the 2006/07 budget process, there will be a significant emphasis on budgeting using the business plan process. In addition the business plans will be directly driven by the IDP and will be measured using the SAM application. This should provide for significant improvement in the process and the budget document.

3.7.1 Budget and IDP process overview at Emfuleni Local Municipality

In terms of section 21 (1) (a) and (b) of Municipal Finance Management Act (MFMA) 56 of 2003, the Mayor of a municipality must:

- Co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies to ensure that the tabled budget and any revision of the IDP and budget-related policies are mutually consistent and credible;
- At least 10 months before the start of the budget year, table in the municipal council a time schedule outlining the key deadlines for:
 - The preparation, tabling and approval of the annual budget;
 - The annual review of the IDP in terms of section 34 of MSA, and budget-related policies;
 - The tabling and adoption of any amendments to the IDP and budget-related policies; and
 - Any consultative process forming par of the process referred to above.

In line with the requirements of section 21 (1) (a) and (b), ELM compiled a budget and IDP time-table (schedule) for 2005/2006 which was approved by Council (ELM 2006:43). The following table is a reflection of such a schedule:

Table 3:3 IDP and budget time-table at ELM

DATE	TASK/ ACTION	RESPONSIBLE PERSON	PARTICIPANTS	TIME SCHEDULE
JULY 2005	- Review the budget process undertaken for 2005/2006 budget preparation - Compile IDP and budget process document - Prepare IDP and budget calendar	- Budget manager - Budget manager/IDP manager - Budget manager/IDP manager	Section 80 Committee	05/07/2005 to 13/07/2005 14/07/2005 to 19/07/2005 20/07/2005 to 29/07/2005
AUGUST 2005	- Executive Mayor launches the IDP/budget process plan - Progress report on the IDP implementation on 2004/2005	- Budget manager/IDP manager and MMCs for Finance and Development Planning - IDP manager	- MAYCO and Council - All managers	31/08/2005 27/08/2005
SEPTEMBER 2005	- Determine revenue envelope available for next 3 years - Prepare initial allocation based on financial capacity and future outlook - Community	- Senior budget accountant - Budget accountant - Mayor's office/IDP manager - IDP Manager	- Accountants - Emfuleni community - IDP Steering Committee - Steering Committee - Steering Committee	01/09/2005 to 30/09/2005 01/09/2005 to 30/09/2005 03/10/2005 to 20/10/2005 23/09/2005 to 26/09/2005

	- participation meeting • Identification of gaps and incorporate new information • Review of SDF • Review socio-economic analysis • Progress report on IDP implementation on 04/05	- and senior managers • Land use manager • LED & Tourism manager • Strategic managers	• council	29/09/2005
OCTOBER 2005	• Review institutional analysis • Review financial analysis • Review in-depth analysis • Review priority issues • Table indicative allocations to Finance Section 80 Committee •	• Manager Human Resources • Chief Financial Officer • IDP manager • IDP managers and all managers • CFO	• Steering Committee • Steering Committee • Steering Committee • Steering Committee • Finance Section 80 Committee	04/10/2005 to 08/10/2005 04/10/2005 to 08/10/2005 04/10/2005 to 08/10/2005 04/10/2005 to 08/10/2005 13/10/2005
NOVEMBER 2005	• Circulate budget schedule to all clusters • Review of localised strategic guidelines and objectives • Clusters start to prepare detailed business plans/ budget estimates/ tariffs	• CFO • IDP manager • Budget manager • IDP Technical Committee	• Budget controller(s) • Steering Committee • Strategic Managers	01/11/2005 to 05/11/2005 01/11/2005 to 19/11/2005 08/11/2005 to 03/12/2005 28/11/2005

	Finalise IDP Analysis phase			
DECEMBER 2005	- IDP Representative Forum (discuss the analysis phase) - Strategic session (strategies phase and projects) - Discussions on strategies and projects - Clusters return budget estimates to budget office for interrogation - Consolidate draft of core departments and ring-fenced unit (Metsi-a-Lekoa) business plans and budgets - Align/refine IDP and budget	- Executive Mayor - Executive Mayor, MM & IDP manager - Executive Mayor - CFO - Chief budget administrator - CFO & IDP manager	- All stakeholders - MMCs, strategic managers & all senior managers (post level 1-3) - Steering Committee - Strategic managers - CFO and budget office	02/12/2005 08-09/12/2005 15/12/2005 01/12/2005 to 10/12/2005 12/12/2005 to 20/12/2005 15/12/2005 to 20/12/2005
JANUARY 2006	- Consideration of the alignment - Mid-year review of 2005/2006 budget for impact on budget for next three years	- Executive Mayor, IDP manager and MM - CFO and budget manager	- Steering Committee - Clusters	25/01/2006 04/01/2006 to 15/01/2006
FEBRUARY 2006	Presentation	IDP	All HODs	20/02/2006

	- of draft analysis, strategies and project phases • Presentation of 1st Draft Budget to heads meeting • Presentation of draft analysis, strategies and project phases • Integration of various plans	- manager • CFO • Executive Mayor • All acting Strategic managers and CFO	- and senior managers • HODs • Steering Committee • Senior management	23/02/2006 24/02/2006 28/02/2006
MARCH 2006	• Presentation of 2nd Draft Budget to heads meeting • Presentation of final draft budget to heads • Workshop the budget, analysis, projects and integration phases with newly elected Executive Mayor & MMCs • Draft IDP • IDP Representative Forum • Present final budget to Finance Section 80 committee • Approval of final draft IDP and	• CFO • CFO • CFO & IDP manager • IDP Manager • Executive Mayor • CFO & Finance MMC • Executive Mayor • IDP Manager/MM	• Senior management • Senior management • Mayoral Committee, Chief Whip and senior managers • Senior management • All stakeholders • Members of Finance Section 80 • Municipal Council • MM/ IDP Manager	02/03/2006 09/03/2006 14-15/03/2006 20/03/2006 22/03/2006 22/03/2006 28/03/2006

	• budget • Publication of approved draft IDP and budget for public comments			
APRIL 2006	• Community participation meetings (2006/07) • Submission of SDBIP	• Mayor's office, IDP Manager and CFO • MM		04/04/2006 to 20/04/2006 30/04/06
APRIL 2006 TO MAY 2006	• Incorporating and responding to public comments • Submit final IDP and budget to Steering Committee • Submit final IDP and budget to IDP Representatives Forum • Approval of final IDP and budget • Submit IDP to the MEC for comments	• IDP managers • IDP Manager and CFO • Executive Mayor • Executive Mayor • MM/ IDP Manager • MM/ IDP Manager	• Senior management • Steering Committee • IDP Representative Forum • Municipal Council • IDP Office	

Source: ELM 2006(d):47

3.7.2 Interpretation of the IDP and budget schedule

As can be evidenced from the table above, the preparation of the budget in ELM is a lengthy process spanning many months. It can be said to start in August at the time the mayor tables the schedule of key deadlines and conclude in June or early July when the mayor approves the Service Delivery and Budget Implementation Plan (SDBIP) and annual performance agreements with senior managers. In practice however, the budget preparation process is an ongoing function where processes and budget years will overlap. There are generally three different budget processes operating in parallel all the

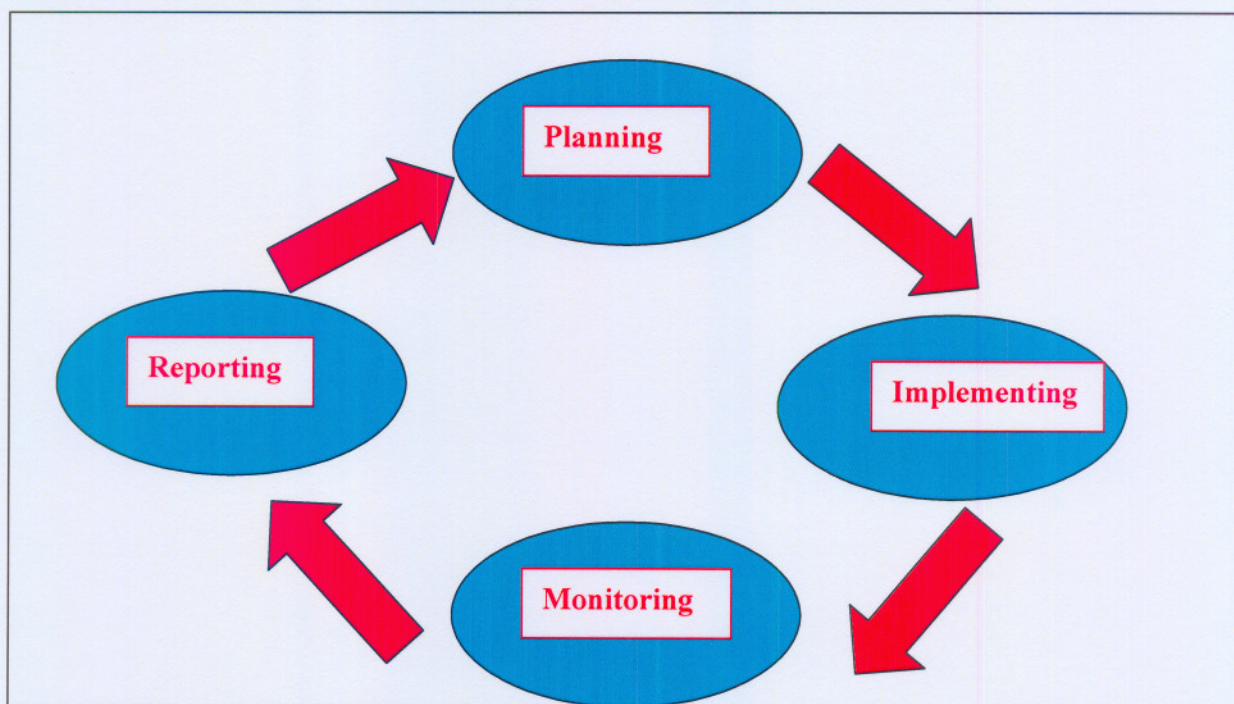
time - reporting on the past year (e.g. annual reports and audited financial statements), current year implementation, and preparations for the coming budget year.

ELM considers the budget process as a continuous cycle of planning, implementing, monitoring and reporting, reflected in the following diagram:

3.7.2.1 Planning, implementation, monitoring and reporting cycle

The following represents the planning, implementation, monitoring and reporting cycle:

Figure 3.4 Planning, implementation, monitoring and reporting cycle at ELM



Source: ELM 2006(e): 9

The budget in ELM is a process which involves activities relating to at least five budget years simultaneously:

- Managing the closure of the previous financial year;
- Monitoring the current year's budget;
- Planning for the next three-year budget, linked to the IDP.

Budget preparation includes the following processes:

- Winning support for the priorities that will shape the way budget allocations will be determined;
- Integration of strategic objectives with budget allocations;
- Appropriate planning and improved project management;
- Assessing affordability of rates and service charges, and identifying poor households unable to afford such rates and charges;
- Accurate in the estimation of revenue and expenditure projections;
- Consultation and review of national, provincial and local priorities; and
- Assessment of previous year performance and corrective action to be incorporated in the next budget

Whilst the technical preparation of the Budget is undertaken by the municipal manager, senior managers and chief financial officer, it is important that the mayor meet with the municipal manager and CFO on a monthly basis after the priorities are set, particularly during November, January, February and March. Such political oversight is necessary to guide officials and to assist in making the hard trade-offs necessary to determine the budget.

A key step in the budget process occurs at the end of January, when the mayor is required to table the annual report for the past year and the mid-year report on the current financial year. Throughout the budget process, and specifically at key times, consideration should be given to the effect that previous performance will have on the medium term plan and the current and forthcoming budgets. This should include past year and current year information.

It is also important to note that the IDP and budget schedules are treated as a single process (Mollo 2007). This process involves the following structures:

- Budget Forum which is constituted by the MM, all members of senior and middle management, budget office. The budget forum is a technical committee in which the initial inputs towards the budget and IDP are discussed;
- Section 80 Committee and MAYCO which discuss and refines the output of the budget forum;
- Public participation which involves the IDP Representative Forum and public meetings, and the identification of the needs of communities; and
- Municipal council for approval of both the IDP and the budget (Mollo 2007).

3.7.3 ELM budget policy guideline

ELM has developed a budget policy guideline whose objective is to establish a strategy to be followed for the compilation of annual budgets (ELM 2006(e):7). The strategy and process set out in this document will be complemented by annual Budget Circulars issued by the Budget Office. This Policy has been informed by the Municipal Finance Management Act (MFMA) and the following National Treasury MFMA Circulars:

Table 3.4 Annual budget circular issued by the budget office at ELM

MFMA CIRCULAR	DATE ISSUED	DESCRIPTION
10	October 8, 2004	Budget Process 2005/2006
12	January 31, 2005	Definition of "Vote" in MFMA
13	January 31, 2005	Service Delivery and Budget Implementation
14	February 28, 2005	Division of Revenue Bill and Budgets
15	March 14, 2005	Budget Submission 2005/2006
19	August 15, 2005	Budget Preparation 2006/2007
28	December 12, 2005	Content and Format 2006/2007
31	March 10, 2006	Tabling and Adoption

Source: ELM: 2006(e):7

3.8 EXTERNAL CONSULTATION WITH THE COMMUNITY AND OTHER STAKEHOLDERS

There are two external consultation processes envisaged in the MFMA and Municipal Systems Act. The **first** external consultation process is informal, and open-ended, which begins around October and includes the following:

- Public meetings with residents and small businesses in local communities - to identify and prioritise the greatest local needs (e.g. housing, water, electricity, recreation facilities, schools, clinics, streets and street lighting, refuse removal, social services and related issues, crime and functioning of local police stations, etc). To obtain the views of the community the council should consider the use of ward committees to gain an understanding of the issues in each ward;
- Meetings with key stakeholders (e.g. residents associations, NGOs, business organisations) - to identify community and business needs and concerns, including the level of municipal tariffs and charges; and
- Consultations between the municipality and other municipalities, provincial and national departments and entities.

This first phase of informal or open-ended consultations ends when the mayor tables the budget and revisions to the IDP around the end of March. The **second** external consultation process is more formal and takes place after the tabling of the draft budget, when the council convenes hearings on the draft budget and revisions to the IDP. The municipality must invite the public and stakeholder organisations to submit comments and submissions in response to the draft budget and revised IDP. Since specific proposals are contained in the draft budget and revised IDP the public comments and responses tend to be more directed to these proposals.

It should be noted that since municipalities are the closest interface between the community and government (all three spheres), they are best placed to consult communities.

3.8.1 Mechanisms and procedures for public participation

Participation of the public in Local Government matters takes place through a structured manner hence the establishment of the IDP Representation Forum which the Municipality will still maintains. A review of existing Representative Forum will be made in order by the Municipality. The language used in the meetings will as far as possible be English. However, participants will still be allowed to use other languages. The draft IDP review documents will be available to all communities and stakeholders for comments.

Table 3.5 Mechanisms and procedures for public participation at ELM

PLANNING	ACTIVITIES	MECHANISM
Preparation phase	• Inputs into the process & framework for IDP review	Meetings
Analysis	• To participate in identification of gaps • To ensure that identified gaps are in line with developmental issues	Meetings
Strategies	• Ensure that developmental objectives are realistic. • Ensure that reviewed strategies are in line with the localized guidelines and development.	Meetings
Projects	• Discussion on reviewed projects proposals.	Meetings
Integration	• Integration of all reviewed activities and programmes	Meetings
Approval	• Public and stakeholders comments	Meetings

Source: ELM 2006(c):7

3.9 Conclusion

The overview reflected the structures that ELM has established to ensure the linkage between the IDP and budget. The effectiveness of the processes and the structures will only be determined in the next chapter through the research questionnaires and the interviews that are scheduled with the selected relevant politicians, senior managers, ward councillors, ward committee members and members of IDP Representative Forum.

CHAPTER 4

EMPIRICAL STUDY ON THE EFFECTIVENESS OF THE LINK BETWEEN IDP AND THE BUDGET SYSTEM AT ELM

4.1. INTRODUCTION

In the previous chapter an overview of the processes and structures that ensure the linkage between the IDP and the budget at ELM were reviewed. This chapter will deal with the specific research methodologies and procedures used the study. An empirical research will be done in respect of the effectiveness of the processes and structures at ELM to determine a link between IDP and the budget.

Research involves the application of various methods and techniques in order to create scientifically obtained knowledge by using objective methods and procedures, hence the chapter commences by highlighting the differences between qualitative and quantitative, and mixed methods research paradigms, followed by an introduction to the methodology used in the research and the rationale for the choice of methodology and characteristics of research instruments. A research framework was formulated for the purpose of conducting the research. Each element of the framework is explained in detail so as to shed light on how each was applied during the research. Lastly, a critique of the framework is presented to highlight ethical considerations, potential limitations and the general relevance of the findings, which emanated from the use of the framework.

4.2 APPROACHES/METHODS OF RESEARCH

In the past two decades, research approaches have multiplied to a point at which investigators or inquirers have many choices. Although different types and terms abound in the literature, the focus in this chapter is only on three approaches, viz. quantitative, qualitative and mixed. According to Creswell (2003:3) quantitative approach has been available to social and human scientists for years, qualitative approach has emerged primarily during the last three or four decades, and the mixed approach is new and still developing in form and substance.

4.2.1 Quantitative research approach/ method

According to Creswell (2003:18), a quantitative approach is one in which the investigator primarily uses post-positivist claims for developing knowledge (i.e. cause and effect thinking, reduction to specific variables and hypothesis and questions, as well as the use of measurement and observations and tests of theories), employs strategies of inquiry such as experiments and survey, and collects data on predetermined instruments that yields statistical data. The statement presupposes that reality can be discovered through observations and logical reasoning. According to Thomas (1998:133), quantitative research measures the reaction of many people to a limited set of questions, thus facilitating comparison and statistical aggregation of the data, which gives broad, generalisable set of findings. The ontological assumptions are that reality is static and permanent; hence it can be measured precisely by using the right instruments and techniques (Alebiosu 2005:16).

The quantitative approach requires the researcher to be distant and independent from that which is being researched, as any involvement of the researcher in what is being observed could render the result false. In this context the researcher has to be objective when selecting the data collection methods and when analysing the data during the entire research process.

4.2.2 Qualitative research approach/method

Creswell (2003:18) defines a qualitative approach as one in which the enquirer often makes knowledge claims on constructivist perspective (i.e. the multiple meanings of individual experiences, meanings socially and historically constructed, with an intent of developing a theory or a pattern) or an advocacy/ participatory perspective (i.e. political, issue oriented, collaborative or change oriented) or both as the case may arise. Unlike, the quantitative approach which requires the researcher to be distant and independent from that which is being researched, the qualitative approach requires the researcher to interact with that which is being researched, and tends to assume the form of close observation of informants and sometimes living with them (if so required) (Alebiosu 2005:16).

The qualitative approach uses strategies of enquiry such as narrative, phenomenologies, ethnographies, grounded theory studies, or case studies. The researcher collects open-ended, emerging data with the primary aim/ intent of developing themes from the data, hence the qualitative approach is interpretative; the enquiries try to account for what a researcher has given an account of (Straus & Corbin 1998:72).

According to Charles in (Mokhoabane 2006:79), the following important concepts should be applied by the qualitative researcher:

- Qualitative research is designed to discover what can be learned about a phenomenon of interest;
- Qualitative research has various interpretations, and reveals logistics and relevance, which has an influence on the reader;
- Impressive conceptions, related to the origin of truth of the word are revealed;
- The focus is based on the respondents' response and experience;
- Simple events in their original situations display real life in the research process;
- It helps in the justification of correct life skills and the future success of the individual;
- It stresses identification, induction and formulation theory; and
- It involves the respondents' observation in detailed interview and conversational analysis.

4.2.3 Mixed methods approach

According to Creswell (2003:3), the mixed methods approach is new and developing in form and substance. A mixed methods approach emerged from the realization that to include only the quantitative and qualitative approaches falls short of the major approaches being used today in the social and human sciences, and that the situation is less quantitative *versus* qualitative and more about how research practice lies somewhere on a continuum between the two (Creswell 2003:4).

Creswell further states a mixed approach is one in which the researcher tends to base knowledge claims on pragmatic grounds (e.g. consequence-oriented, problem-centered, and pluralistic). It employs strategies that involve collecting data either simultaneously or sequentially to best understand research problems (Creswell 2003:18). The data collection also involves gathering numeric information (e.g. instruments) as well as text information (e.g. on interviews) so that the final database represents both quantitative and qualitative information.

4.2.3 Criteria for selecting an approach

There are three factors which influence the decision on which approach to opt for, viz. match between problem approach, personal experiences and the audience.

4.2.3.1 Match between problem and approach

Certain types of research problem call for specific approach. If the problem is identifying factors that influence an outcome, the utility of an intervention, or understanding the best predictors of outcomes, or to test a theory or explanation, then a quantitative approach is best. However, if a phenomenon or concept needs to be understood because little research has been done on it, then it merits a qualitative approach, because, according to Creswell (2003:22), a qualitative research is exploratory and is useful when a researcher does not know the variables to examine.

Creswell (2003:22) further states a mixed method approach design is useful to capture the best of both quantitative and qualitative approaches, e.g. a researcher may want to both generalize the finding to a population and develop a detailed view of the meaning of a phenomenon or concept for individuals. Alternatively, researchers may survey a large number of individuals, and then follow up with a few of them to obtain their specific language and voices about the topic. In these situations, the advantage of collecting both close-ended quantitative data and open-ended qualitative data prove advantageous to best understand a research problem.

4.2.3.2 Personal experiences

A decision on choice may also come from the researcher's own personal training and experiences, e.g. an individual trained in technical, scientific writing, statistics, and computer statistical programmes who is also familiar with quantitative journals in the library would most likely choose quantitative design. Some individuals may be uncomfortable to challenge the accepted approaches among some faculty by using qualitative and advocacy/ participatory approaches to enquiry, and still others may opt for a combination of the two approached, a mixed methods approach (Creswell 2003:23).

4.2.3.3 Audience

According to Creswell (2003:23), researchers may also be sensitive to audiences to whom they report their research; hence researchers should consider approaches typically supported by their advisers. The experience of the audiences with quantitative, qualitative, or mixed methods studies will shape the decision made about the choice.

4.3 RESEARCH AS THE PURSUIT OF VALID KNOWLEDGE

According to Mouton (1996:28), research is a scientific method of enquiry that is driven by the search for "true" or at least "truthful knowledge". The predominant purpose of all research is to arrive at results that are as close to the truth as possible, i.e. the most valid findings possible, thus information should be carefully assessed by means of validity and reliability focusing on the search for the truth. Although, it is not always possible to attain truth, the goal of truth acts as a regulative principle from which scientific inquiry derive its peculiar nature and which distinguishes science from other forms of knowledge production. Hence, Mouton (ibid) refers to what he calls the epistemic imperative, i.e. the intrinsic moral and binding character that is inherent in the pursuit of truthful knowledge

Mouton (1996:28) identifies the following three kinds of what he refers to as obstacles/ constraints in the pursuit of valid knowledge:

- Sociological constraints, which are shortcomings that originate with the researcher, e.g. lack of knowledge about the object of the inquiry, which is exacerbated by poor review of literature; lack of training in research, etc.;

- Ontological constraints are features of the object of study, which could include the complexity of human behaviour, the fact that strictly speaking, it is impossible to predict future behaviour; and
- Methodological constraints, i.e. the use of inappropriate methods and techniques that ignore the limitations that are peculiar to a particular approach or instrument.

Whilst the attainment of epistemic ideal of truth is the over-riding ideal of all knowledge production in the social sciences, in real concrete research it has become standard to substitute the term validity and goodness to fit for the term truth, due to the fact that the results are more or less close to the truth (Mouton 1996:29).

4.4 RESEARCH METHODOLOGY DEFINED

Gray (2004:24) postulates that the choice of the research methodology is determined by factors, such as, the fact that the researcher believes that there is some sort of external truth out there that needs discovering, or whether the task of the researcher is to explore and unpick people's multiple perspectives in a natural field setting.

The research project critically evaluates the link between the IDP and budgeting at Emfuleni Local Municipality, and suggests that the poor linkage between the two, i.e. IDP and budgeting, leads to poor service delivery. In view of the nature and focus of the research, the researcher adopted a predominantly constructivist, qualitative approach as the most relevant and suitable for the study, largely because a qualitative approach is interpretative in character. However, even though a qualitative approach was adopted, there was reliance on data sourced through positivist, quantitative approach, which could lend credence to the argument that the research method taken is a mixed methods approach. This could only be true in as far data collection is collection, which reflects both qualitative and quantitative.

The interpretative character of the qualitative approach is linked to the survey method which, according to Charles (1952:20) is used to learn among other things, about peoples' attitudes, beliefs, opinions and values.

Qualitative research concentrates on verbal responses and approaches are not limited to formality, i.e. the scope is less defined, less structured and data appears as words (Creswell 1996:42). Straus and Corbin in (Mokhoabane 2006:77) argue that qualitative research is a foundation aimed at covering various methods and approaches to the inquiry of human behaviour, and includes exploring the life world of people interviewed, studying their background and examining the information gathered in this regard with the purpose of establishing the meaning of facts that are being provided.

Gray in (Alebiosu 2005:18) emphasizes that a core aspect of the research is the researcher's preference for analytical survey methods in an attempt to test a theory in the field through the association between the variables, and that analytical surveys should emphasize:

- A deductive or inductive approach;
- An identification of the research problem;
- The drawing of a representative sample from the population;
- Control of variables;
- The generation of both quantitative and qualitative data; and
- General relevance of the results.

4.5 DATA COLLECTION

The quality of the research depends to a large extent on the quality of the data collection tools. Interviewing and administering questionnaires are probably the most commonly used research techniques. Therefore, designing good question tools forms an important and time-consuming phase in development of research proposal.

Data collection techniques allow the researcher to systematically collect information about the object(s) of the research and about the setting in which the research takes place. It is important to note that the collection of data has to be systematic and not haphazard, as if the collection is haphazard it will be difficult to answer the research questions in a conclusive way (IDRC 2007). According to Silverman in Mokhoabane (2006:83), data

collection constitutes the basic information from which conclusions are drawn, and creates an essential component of any research because it does not only supply an explanation of what data is collected and how it is received.

There are various data collection instruments, e.g. using available information, observation, interviewing, administering written questionnaires, focus group discussions, and projective techniques, mapping and scaling. The instruments that were used to collect data in the research were questionnaire and the interview. The questionnaire was used to solicit primary data, and interviews were used to validate data collected through the questionnaire.

The researcher made use of the questionnaires and interviews to formulate an opinion about the effectiveness of the link between the IDP and the budget at ELM. In order to carry out the research at ELM, permission was sought in November 2006 (Appendix 1). A verbal permission was granted by the then Acting Municipal Manager, Mr. Sam Shabalala, and a written consent was provided in April 2007 (Appendix 2).

4.5.1 Sampling and selection

Cormack (2000:51) defines sampling as the scientific research in which a number of individuals are stakeholders to establish a concise conclusion about a large number of people. Hence, according to Sapsford and Jupp in (Alebiosu 2005:19), the aim of sampling is to save time and effort, but also to obtain consistent and unbiased estimates of the population status in term of whatever is being researched. Samples are drawn using sampling frame in which samples that are drawn must be representative of the population, and are the basis on which inferences can be made on the measured characteristics of the population.

Sampling technique was used for finding research results and was based on the assumption that a bond or link exists between the initial sample and others in the same target population, allowing a series of referrals to be made within a circle of

acquaintances. This method is essential to interpret the findings and is indicative of the results of the broader picture.

Qualitative research focuses mainly on the description of the site sample. Frey and Oishi in Mokhoabane (2006:82) emphasize the importance of a selection strategy that should be employed in order to achieve the sub-set of the population from which data is collected by means of interviewing, observation and documentation. It is therefore important to conceptualise sampling as an important component of research.

Sampling methods are classified as either probability or non-probability. Probability samples include random, systematic, stratified and convenience sampling; whereas non-probability samples include convenience, judgment, quota and snowball sampling.

The research study was conducted on a specific population which comprises members of the mayoral committee, Speaker of Council, senior official, members of the IDP Representative Forum, ward and proportional representative councillors (both from the ruling party (ANC) and the opposition parties (DA and PAC). As the researcher aimed to receive information from the participants who were, in the opinion of the researcher, richly informed and experienced in the workings of the municipality, the researcher used purposeful sampling.

4.5.2 Questionnaires

Written questionnaires or self-administered questionnaire is data collection tool in which written questions are presented that are to be answered by the respondent in written form.

A questionnaire can be administered in the following ways:

- Sending questionnaires by mail with clear instructions on how to answer the questions and ask for mailed responses;
- Gathering all or part of the respondents in one place at one time, giving oral instructions, and letting the respondents fill out the questionnaire(s); and
- Hand-delivering questionnaire(s) to respondents and collecting them later (IDRC 2007:5).

According to Silverman (1993:175), the questionnaire is relatively economical, has the same questions for all participants, can ensure anonymity and contains question written for specific purposes. Further, IDRC (2007:7) states that the added advantages of using a questionnaire are that it may result in honest responses, it does not require research assistants and eliminates bias due to phrasing questions differently with different respondents. However, the disadvantages of using the questionnaire are that it cannot be used with illiterate respondents, there is often a low rate of response and questions may be misunderstood.

The researcher used a combination of the above-mentioned methods of administering the questionnaire. The questionnaire contained a combination of closed (with pre-categorised answers of yes or no) and open-ended questions.

4.5.2.1 Research questions explained

Once the researcher has defined the objectives of the research and decided on the method to be used, he or she may begin the task of writing the questions (Silverman 1993:175).

A. Questionnaire for the Members of the Mayoral Committee

The questionnaire (Appendix 3) is divided into sections A and B, and was completed by some members of the mayoral committee and the Speaker of Council.

Section A

Questions 1 – 3 establish the demographic profile of MAYCO members and the Speaker.

Section B

Questions 1 – 13 are included to establish the effectiveness of the link between the IDP and the budget at ELM and also to seek to establish the opinion of other role-players on the IDP and budget processes.

B. Questionnaire for senior managers, ward and proportional representative councillors and IDP Representative Forum

The second questionnaire, also divided into sections A and B was completed by senior managers, ward and proportional councillors and members of the IDP Representative Forum.

Section A

Question 1 – 3 establish the demographical profile of the senior managers, ward and proportional representatives and members of the IDP Representative Forum.

Section B

Questions 1 – 13 re included to establish the effectiveness of the link between the IDP and the budget, the effectiveness of the processes and structures that exist at ELM and the effectiveness (if they exist) of SDBIP and performance management system, and recommendations on ensuring the effectiveness of the link between the IDP and the budget.

4.5.3 Interviews

The interview is selected as another instrument used for collecting information and to give more clarity on some of the questions that were posed in the questionnaire. The interview provides an opportunity for the interviewees to answer and pose questions related to the phenomenon (Rubin & Rubin 1995:36). According to McMillan and Schumacher in (Mokhoabane 2006:86), the interview provides the researcher with uniform method of recording information, and therefore enhances the validity of the interview as a measuring instrument.

According to Rubin and Rubin (1995:56), the interview permits the interviewer to maintain an understanding of what the interviewee means by responses he/she gives to questions that are asked. Interviews have been employed extensively across all disciplines of social sciences and in scientific research as a key technique of data collection.

According to IDRC (2007), an interviewer needs to have the skills of a detective. She/he should carefully, step-by-step, delve for the truth. Here the comparison stops, because the truth researchers are looking for, in general, has nothing to do with criminality. Contrary to the detective in a criminal investigation, the respondents in the interview are possible partners who with their information help solve a shared problem, or at least help to better understand why people behave as they do.

To turn an informant into a partner, a researcher has to invest in the relationship. First of all, he/she has to be clear to the informant about the purpose of the interview and the study. Enough information should be given to raise the interest of informants and to enable them to judge whether they would like to participate or not. Consent has to be obtained before the interview. On the other hand, not too many details should be given about what will be asked and why. Otherwise, the researcher runs the risk informants become selective in what they tell, and conceal information in order to 'help' or please him/her (interviewer bias).

The following are the advantages of the interview:

- Interviewing is suitable for both the illiterates and literates;
- It permits the interviewer to clarify questions that respondents may find confusing;
- It has a higher response rate than the questionnaires;
- Respondents may broaden their responses or be limited from the central topic in ways that prove useful to the researcher; and
- It provides an in-depth understanding of respondent's motives, their pattern of reasoning and emotional reactions not possible with questionnaire (Thomas 1998:135).

The following are the disadvantages of the interview:

- It is relatively expensive and time-consuming than the questionnaire;
- The presence of the interviewer can influence the responses; and

- Reports of events may be less complete than information gained through observation.

The following features can be deduced from interviews techniques:

- Interviewers can probe for more specific responses and can repeat a question when the response indicates that the interviewee has misunderstood the question;
- An interview does not have a time limit;
- Illiterate people can still answer the question in the interview;
- The interviewer is present to observe non-verbal behaviour as well as to assess the validity of the interviewee's responses;
- The interviewer may standardise the environment by making sure that there is privacy and no noise;
- The interviewer has full control over the sequence of questions to be answered;
- The interviewee cannot retract a response once it has been given and thus the interviewer can record responses from the interviewee as they arise;
- The interviewer can ensure that all questions are responded to;
- The interviewer can record the exact time, date and place of the interview (Thomas 1998:135).

A semi-structured interview was employed, and the interviewer listened attentively and intently, made notes where necessary, sought clarity or more information from the interviewees.

In the research, a request was made to interview the members of MAYCO and senior managers, ward and proportional councillors and IDP Representative Forum members. The researcher pointed out the importance of the research in adding value to existing information on their role in ensuring the effectiveness of the link between the IDP and the budget. Respondents were also advised that the research will provide information that will provide solutions and alternatives to challenges that the municipality faces and thereby contribute to the improvement of service delivery and quality of life of residents.

Interviewees were reassured that the interview and the questionnaires were purely an academic exercise and that they (interviewees) will have access to the information recorded and that the information will be treated as confidential. The researcher also pointed out that the information will be kept until the research is completed and thereafter the information will be destroyed. The consent form was also developed for interviewees to sign as an indication of their consent to the interview (Appendix 4).

The interview followed the procedures and guidelines of Neuman (1997:258), and was as follows:

- The interviewer introduced himself and explained the need for the interview and the reasons for selecting the interviewees;
- Secondly, consent of the interviewee that the interviewer may record the information was sought , and on all occasions of the interview, consent was granted;
- Thirdly, questions were posed and answers were recorded. At this stage, the researcher has to bear in mind that he/she must accurately record the answers and he/she may not summarise or paraphrase the responses, because in an attempt to summarise or may paraphrase, the interviewer may cause loss of information or may distort the answers;
- The interviewer sought clarity from the interviewee by means of asking probing questions for more information. The probe was a neutral request to clarify any ambiguous answers or to obtain a relevant response; and
- Finally, the interviewer thanked the interviewee and then entered details like time, place of the interview and the attitude of the respondents. Every disturbance, such as phone ringing and how the interviewee dealt with the situation were recorded.

4.6 INTERVIEW QUESTIONS DESIGNED FOR MEMBERS OF MAYCO AND IDP REPRESENTATIVE FORUM, SENIOR MANAGERS, WARD AND PROPORTIONAL COUNCILLORS

The following questions were utilised to engage the MAYCO members, Speaker of Council, ward and proportional councillors in an attempt to obtain their opinion the effectiveness of the link between the IDP and the budget at Emfuleni.

1. Yes or No

In your opinion, is there a common understanding about the importance and role of IDP in ELM?

2. Yes or No

In your opinion, is there a common understanding about the importance and role of the budget in ELM?

3. Please elaborate on your responses to (1) and (2) above

4. What are the processes and structures that exist in ELM to ensure that the budget is linked to the IDP?

5. Yes or No

Are the process and structures in (4) above effective in ensuring that the budget is linked to the IDP?

6. What, in your opinion, are the weaknesses and strengths of the current processes and structures in linking the budget and IDP?

7. Yes or No

Does ELM have a Service Delivery and Budget Implementation Plan (SDBIP)?

8. Yes or No

Is the SDBIP effective in ELM?

9. Please explain your response to (8) above

10. Yes or No

Does ELM have a performance management system?

11. Is the performance management system effective in ELM

12. Are there any recommendation that you would like to make in order to improve the processes and structures that exist in ELM to link the budget to the IDP?

4.7 DATA ANALYSIS AND INTEPRETATION

In the previous sections, the methods of data collection were described; research instruments such as interviews and questionnaires were explained. The interviews were conducted with three members of MAYCO, seven senior officials; eleven ward and proportion councillors and three members of IDP Representative Forum.

An analysis is the way of gathering, choosing, classifying, viewing and discarding information; and explaining the content of text, which includes thoughts, words, themes and messages that can be communicated. The text is anything written, visual and spoken which is utilised as the medium of communication (Fraenkel & Wallen in Mokhoabane 2006:91).

In this section, the mass of collected data is analysed and interpreted with the purpose of bringing order and structure to information. Data analysis in qualitative research involves logic, and reasoning is used and conclusions drawn based on evidence. According to Creswell (1994:123), once a conclusion is drawn by reasoning, it should clarify the logistics of the data for analysis purposes. Hence, in the process of the research, the researcher investigates patterns of similarities and differences and attempt to establish the extent to which the materials are valid and reliable (Straus & Corbin 1998:179). It is important that the researcher at all given times, to maintain the validity and reliability of the respondents.

4.7.1 Validity

The notion of validity captures the idea that the statement or collection of statements can in fact be more or less truthful (Mouton 1996:30). In statistics a **valid** measure is one which is measuring that which it is supposed to measure. Validity implies reliability (consistency). A valid measure must be reliable, but a reliable measure need not be valid. Validity refers to getting results that accurately reflect the concept being measured, i.e. validity is the degree to which a research instrument evaluates what it purports to measure (Creswell 1994:121). For instance, study on the critical evaluation of the link between IDP and the budget at Emfuleni Local Municipality is valid if the researcher designs the research, formulates and asks questions that are relevant to the effectiveness of the link between the IDP and the budget.

According to Fink (1995:50), in order to obtain validity the researcher has to employ standards which may have a meaningful link with the research questions and with data analysis to direct the researcher in creating valid arguments, findings and reports; and must be considered with the idea that validity is a single and unitary concept that requires evidence for the specific use that is cited in research.

4.7.2 Reliability

Another concept closely related to validity is reliability. Reliability refers to the consistency of measurement to the extent which the results are similar over different forms of the same instrument or occasion of data collection, in other words, that the same results are obtained each time the researcher uses various techniques for assessing the collected data (Mokhoabane 2006:81).

4.7.3 Descriptive presentation of research results

Qualitative and quantitative data are not presented in the same pattern. According to Mokhoabane (2006:92), a major distinction is made between the qualitative and quantitative data because qualitative research explores traits of individuals and settings that cannot be easily described numerically. The information is largely verbal and is collected through observation, description and recording. Quantitative research on the other hand, explores traits and situations from which numerical data can be obtained (Straus & Corbin 1998:31). McMillan and Schumacher (1997:15) maintain that quantitative research primarily makes use of measurements and statistics. Often, in a research project, both qualitative and quantitative methods are used in the same study.

4.7.3.1 Data display of questionnaires

The qualitative questionnaire is divided into two sections requiring Yes or No responses, and open-ended questions to indicate the opinion of the respondents. The same questionnaire was utilised for the population group to test the understanding of the prevailing of situation. The outcome of the questionnaire was utilised as a basis for the interviews; and the interviews were tailored around the specific role and responsibilities of the different individuals who constituted the sample population.

4.7.3.2 Analysis of the questionnaire and interviews

Some questionnaires were personally handed out to the respondents, others were sent by e-mail; and the responses were collected at a given time. Consequently, all questionnaires were completed and returned. The questionnaire and the interview were regarded as primary data, and for secondary data, the researcher adopted extensive reading of

literature obtained from North West University, Sharpeville library, web searches, review of newspapers and journals, reports of Emfuleni Local Municipality and the Gauteng MEC's comments on the IDP.

4.7.3.3 Demographic data

An analysis is made of the questionnaires completed by MAYCO members, senior managers at ELM, ward and representative councillors and IDP Representative Forum members. Interviews, including telephonic interviews were conducted with MAYCO members, senior managers at ELM, some ward councillors and IDP Representative Forum members.

4.7.4 Feedback from interviews with MAYCO members, senior managers, ward and proportional councillors, and IDP Representative Forum members

Question 1

MAYCO members, senior managers, councillors and IDP Representative Forum members expressed different opinions on whether there is a common understanding about the importance and role of the IDP at ELM. Almost 80% of senior managers believe that senior managers understand the importance and role of the IDP, but that that understanding does not cascade down to lower levels of management.

Similarly, amongst councillors, MAYCO members are of the opinion that there is an understanding of the role and importance of the IDP. However, only 60% of Ward and proportional councillors and IDP Representative Forum members share the view expressed by MAYCO members.

Question 2

The response to Question 2 produced the same results as in Question 1.

Question 3

Although there was a lot of different expressions on the response to Question 3, the overall response reflected that MAYCO members, 80% of senior managers, and 60% of both ward and proportional councillors and IDP Representative Forum members explained the meaning of the IDP and essentially the fact that the IDP is a basis upon which all planning in the municipality must be based, and that the budget is the financial plan to implement the IDP.

Question 4

The response to this question reflected that MAYCO members and senior managers are more au fait with the process, as the outlined amongst others the following processes and structures:

The processes that have been identified are the following:

- the development and adoption of the IDP and budget process plan;
- IDP monitoring and implementation; and
- IDP review and budget review/adjustment.

The structures that have been identified are the following:

- Provincial sectoral departments;
- Municipal Council;
- IDP Representative Forum;
- MAYCO;
- Section 80 committees; and
- IDP and Budget Forum.

Ward and proportional councillors and IDP Representative Forum members could only relate to the structures and processes that they were more directly involved in, such as section 80 committees and IDP Representative Forum.

Question 5

80% of the respondents believe that the processes and structures are not effective in linking the budget to the IDP.

Questions 6

Some of the weaknesses identified include the following:

- Lack of political leadership on the strategic and planning processes leading to the IDP and budgeting being driven administratively, and becoming a technical process;
- Lack of skill, knowledge and capacity amongst some key role-players, including councillors, administration and community organisations;
- Public consultation is short, generally two hours within which the draft IDP and budget are presented and discussed;
- A number of councillors do not fully engage the documents that are produced;
- Poor long-term planning, leading to short-termism;
- Poor strategic leadership at administrative and political level;
- Poor political leadership of the IDP and the budget, leading to the administration leading the processes and the politicians following;
- Comments on the IDP and the budget are divided between the Department of Local Government (whose comments are more linked to whether the IDP is in line with provincial priorities) and National Treasury (on the budget).

Some of the strengths that were identified include the following:

- An understanding of the role and importance of the IDP and the budget at senior managers and MAYCO level;
- Good technical structures, such as the IDP and budget Forum;

Question 7

All respondents indicated that ELM does have a Service Delivery and Budget Implementation Plan (SDBIP)

Question 8

All respondents indicated that the SDBIP is not effective.

Question 9

MAYCO members ward and proportional representatives expressed an opinion that there is malicious compliance, i.e. compliance for the sake of compliance. However, even though some of the senior managers shared the view that in some instances there may be malicious compliance, they (senior managers) expressed a view that politicians do not fully engage the SDBIP, including holding management to account where there are deviations from the plans.

Question 10

Almost all respondents, except two, indicated that there is no performance management system (PMS) at ELM.

Question 11

On whether PMS is effective, even the two respondents who argued that there was PMS at ELM, expressed an opinion that the PMS is not effective.

Question 12

The responses on Question 12 will be considered as part of the recommendations in the next chapter.

4.8. Ethical considerations

The researcher informed all respondents that the information that they provided through the questionnaires and interviews will be used for academic purposes, and not for commercial or any other use; and all respondents were assured that the information that they provided will be kept confidential, and will be discarded after the research is published.

CHAPTER 5

SUMMARY, FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The fundamental aim of the study was a critical evaluation of the linkage between IDP and the budget at Emfuleni Local Municipality. The empirical research was conducted to determine whether there is understanding of the role and importance of the IDP and the budget, what processes and structures that ELM has established link the IDP and the budget, whether these processes and structures are effective in ensuring the linkage between the IDP and the budget, including the existence and effectiveness or otherwise of the SDBIP and performance management system. In this final chapter, there is a review of the four previous chapters. Furthermore, the summary, findings and recommendations of the study are stated in this chapter.

5.2 SUMMARY

In chapter one, it was stated that local municipalities face an enormous challenge to address the inequalities and inefficiencies resulting from apartheid policies and planning, and that the IDP has been developed as new and integrated approach to planning which responds to the needs of local communities; and that municipalities are required by law to ensure that the IDP and the budget are effectively linked.

Chapter two provided the context of the study by focusing on the theoretical exposition of the link between the IDP and the budget. The history of planning and the evolution of both the IDP and the budget were considered.

Chapter three examined the effectiveness of the link between IDP and the budget at ELM, focusing on processes, systems and structures that have been put in place to ensure that the IDP and the budget are linked.

Chapter four focused on the results and findings of an empirical study conducted among members of the Mayoral Committee, senior managers, ward and proportional representative councillors and members of the IDP Representative Forum selected at random. Data regarding the effectiveness of the link between the IDP and the budget was obtained through semi-structured interviews and questionnaires.

5.3 REALISATION OF THE OBJECTIVES OF THE STUDY

The first objective of the study was to provide theoretical exposition of the concepts integrated development planning and the budget. To meet this objective, an extensive exposition of the concepts of IDP and the budget, focusing on the history, evolution and application of both concepts, was provided in chapter two.

The second objective was to describe an overview of the processes and systems for linking IDP and budgeting that exist at ELM. In chapter focused on the detailed processes and system that ELM has put in place to ensure the link between IDP and the budget. The purpose was to demonstrate the extent to which ELM complies with the legislative requirements and the innovations that have evolved at ELM, as the link between IDP and the budget is crucial in ensuring that the plans of the municipality are resourced to improve the quality of life of the residents.

The third objective was to conduct a research into the successes or failures of the processes, structures and systems which can be attributed to the effectiveness or lack of the linkage between IDP and budgeting. Chapters three and four

The last objective was to provide a set of recommendations that may add value for management action on IDP and budgeting. The section on recommendations highlights strategic interventions that are necessary to ensure the effectiveness of the link between IDP and budgeting.

5.4 TESTING THE HYPOTHESIS

The aim of the study was also to test the hypothesis that was made in chapter one, namely that due to the inability of linking budget to planning system, the Emfuleni Local Municipality is ineffective in the successful implementation of the IDP.

It is the researcher's considered opinion that findings from the conducted literature review and empirical research support the stated preliminary statement. There is a need to ensure that the understanding of the legal imperative to link IDP and the budget filters down to all officials, councillors and the community.

5.5 FINDINGS

From the findings of the study, it can be stated categorically that there is a general understanding of the role and importance of IDP and the budget amongst senior managers and councillors, especially MAYCO members. The biggest challenge is that this understanding is not shared amongst lower levels of management and ward and proportional councillors. The majority of the senior managers who were interviewed was in appointed in acting positions, and not as permanent or contract employees.

IDP and budgeting as policy processes should be driven politically and not administratively. Yet, at ELM the political leadership tends to leave much of the policy work to the administration, leading to planning becoming a technical process. There is a need to ensure that the political office bearers, especially the Executive Mayor becomes actively involved in the process.

Although ELM has established the relevant structures to ensure that the IDP and the budget are linked, only those members who participate in those structures are aware of their existence and their roles. The fact that relevant participant are only aware and conscious of the structures in which they participate is a worrying factor as it reflects that there is no understanding of the relationship of the various structures in the municipality.

ELM has clustered the wards, i.e. combined a number of wards for public participation and consultation on IDP and the budget. Whilst this clustering may appear to be saving time during the community consultation period, it also means that little time is spent focusing on the specific needs of the different wards.

The integration of the budget and IDP schedule is a commendable development. However, there is always a problem of actions not being met on dates that are specified and other activities being postponed, leading to more pressure and poor planning.

Effective linkage of IDP and budgeting must translate into improved service delivery and performance of the municipality on paper, the IDP and the budget at ELM are linked. However, the continuous concerns about poor spending, especially of capital budget, reflect that there is a serious challenge about planning capacity and capability on the one hand, and implementation of the plans on the other hand.

Whilst ELM has put the SDBIP in place, this appears to be more of malicious compliance to the legislation, as there is no indication of how the SDBIP relates to the quarterly reports and eventually to the annual report. There is no functional performance management system in place at ELM; hence management is not systematically called to account.

The IDP is supposed to be a planning tool for all spheres of government. However, the IDP continues to be treated by other spheres of government as a planning tool for local sphere of government, hence there is often missed opportunities for seamless planning, budgeting and service delivery.

Comments on the IDP and the budget emanate from the Provincial Department of Local Government (DLG) and National Treasury (NT) respectively, where the DLG comments on the process followed, including public participation and whether or not the IDP is linked to the provincial priority areas and Provincial Growth and Development Strategy (PGDS); whilst the NT comments separately on the budget itself.

5.6 RECOMMENDATIONS

The separation of the IDP and budget processes can be identified as the principle cause of the IDP not impacting positively on the budget, and the following suggestions need to be considered:

- All role players who are involved in the IDP and budget process, including communities, must undergo extensive training on the role and importance of IDP and the budget;
- The Executive Mayor and all councillors must understand that the development of the IDP and budget are policy issues that need to be driven politically;
- All role players must understand and see the IDP as the basis on which budget is formed and adjustments to budget must be consistent with the IDP review;
- The IDP and budget schedules must be aligned to ensure that the processes takes place simultaneously and are integrated as if they are one process, i.e. the budget schedules must be incorporated into IDP process plan;
- There is a need to improve the planning information (data) within municipalities to improve the credibility of the IDP;
- IDP must be seen as a government planning tool for all spheres of government and not just local government, as this will improve integration of government programmes and increase the impact on communities;
- Integration of the IDP and the budget cannot be an end in itself, but must translate to an improved quality and quantity of services and an improvement in the quality of life of citizens or residents;
- As the masses are their own liberators, communities must be central in the development of IDP, budgeting and performance management; and
- In accordance with the dictum “structure follows strategy”, the development of IDP must also influence the restructuring or re-engineering of municipalities, ensure that skills of employees are developed and also improve the process plans of municipalities;

- IDP must be treated as a planning tool for all spheres of government, where municipal inputs influences the priorities of other spheres and allocation of resources;
- ELM must urgently put a performance management system in place to measure and monitor performance on service delivery and utilisation of the resources;
- To improve integration of planning and budgeting, the following skills should be developed:
 - Project design and specification skills leading to better proposals and business plans would allow the IDP role-players a better understanding of the financial commitments, potential revenue sources and time spans involved in the projects;
 - ELM officials and councillors need to understand the process of specifying objectives, outputs and outcomes in specific terms to help current budget reform processes; and
 - All role-players must view the IDP as a political process involving prioritising activities to ensure that these activities remain within the resource constraints faced by the municipality and not merely as a formality;
- ELM must restructure its organisation to encourage inter-departmental communication and co-ordination
- Careful attention should be paid to the sequencing of planning and budgetary processes so that the budget can be properly informed by the outcome of planning;
- The financial limitations of the municipality must be taken into account from the outset of preparing an IDP, in so doing facilitating the production of a prioritised list of interventions (i.e. strategies, projects and programmes) that are affordable and sustainable;
- The perception that the IDP is a Plan that belongs to the Development and Planning Department should be actively countered by making it clear that the responsibility for management rests with the executive mayor:

- It is important for ELM to bear in mind that the implementation of strategies and projects does not only have to come out the budget of the municipality, but that the other spheres, the private sector and donors, can [and should] also be of assistance;
- The developmental priorities of the municipality should be clearly stated in the IDP and these should inform the allocation of expenditure and, if and where necessary, the internal structure of the municipality should be revised to reflect new priorities; and
- The planning team should include persons with a sound knowledge of municipal funding and budgetary processes and, if necessary, training should be provided.

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P. O Box 23816
Bedworthpark
1940

12 September 2006

The Acting Municipal Manager
Enfutheni Local Municipality

P. O Box
Vanderbijlpark
1928

Dear Sir

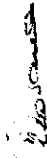
REQUEST FOR PERMISSION TO CONDUCT RESEARCH

1. The above mentioned referees.
2. I hereby request you to allow me to conduct my research at your municipality.
3. I am a student at the North-West University, Matric Triangle Campus pursuing studies for the Masters Degree in Development and Management, and I have chosen Enfutheni Local Municipality as my institution for research.
4. My dissertation topic is:

"A critical evaluation of the effectiveness of the linkage between
Integrated Development Planning (IDP) and the budget at Enfutheni
Local Municipality".
5. The results of the research will be shared with Enfutheni Local Municipality.
6. I am contactable telephonically at 0836485010 or at vrpskosana@702nail.co.za for any clarity.
7. I hope that you will find the above in order and that you will assist me in realising the objectives of my research.

8. I thank you in advance for your co-operation and assistance.

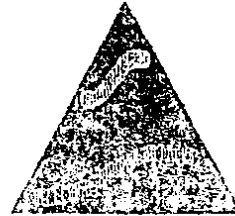
Yours faithfully


Peter Skosana



Metsi-a-Lekoa

The Water Services Unit of Emfuleni Local Municipality



EMFULENI LOCAL MUNICIPALITY

Office of the Chief Director

(016) 906-8338

☎ (016) 906-8331

e-mail: yvonne@emfuleni.gov.za

☎ 3423

VANDERBULPARK

1500

File Nr.

Your Ref:

Mr. Peter Skosana

25 Theowendt

SE 7

VANDERBULPARK

1900

17 April 2007

Dear Mr. Skosana,

**PERMISSION TO CONDUCT RESEARCH AS PART OF FULFILLMENT OF
MASTERS IN MANAGEMENT AND DEVELOPMENT AT NORTH WEST
UNIVERSITY - VANDERBULPARK**

I refer to our meeting in November 2006 where you submitted a request to conduct the above research in the area of Critical Evaluation Linkage between IDP and Budgeting at Emfuleni Local Municipality.

We agreed that you will be granted access to Emfuleni Local Municipality's information and officials to conduct this research. We also agreed that Emfuleni Local Municipality will be acknowledged in your research and that copy of your final research report will also be provided to the Municipal Manager to be retained and utilized by the Municipality.

Best wishes

S.S. SHABALALA

Chief Director – Metsi -

cc: Dr. M. Bakane-Tuaona

APPENDIX 4. 3

Questions for Members of Mayoral Committees, Senior Management, Ward Councillors, Ward Committees and Members of IDP Representative Forum at ELM

1. Yes or No

In your opinion, is there a common understanding about the importance and role of IDP in ELM?

2. Yes or No

In your opinion, is there a common understanding about the importance and role of the budget in ELM?

3. Please elaborate on your responses to (1) and (2) above

4. What are the processes and structures that exist in ELM to ensure that the budget is linked to the IDP?

5. Yes or No

Are the process and structures in (4) above effective in ensuring that the budget is linked to the IDP?

6. What are the weaknesses and strengths of the current processes and structures in linking the budget and IDP?

7. Yes or No

Does ELM have a Service Delivery and Budget Implementation Plan (SDBIP)?

8. Yes or No

Is the SDBIP effective in ELM?

9. Please explain your response to (8) above

10. Yes or No

Does ELM have a performance management system?

11. Is the performance management system effective in ELM

13. Are there any recommendation that you would like to make in order to improve the processes and structures that exist in ELM to link the budget to the IDP?

Thank you for your valuable time and participation!!

NORTH-WEST UNIVERSITY
DEPARTMENT OF PUBLIC MANAGEMENT AND ADMINISTRATION
BACKGROUND INFORMATION DOCUMENT
AND INFORMED CONSENT FORM

My name is Vusi Right Peter Skosana and I am a master's student at North-West University (20228082), registered for MA (Management and Development). I am currently conducting research on the link between the Integrated Development Planning (IDP) and the budget at Enlileni Local Municipality.

This project is the partial fulfillment of my studies, and is purely an academic exercise. I will be most appreciative if you could spare me approximately 30 minutes of your valuable time to please assist me in completing this project. Your voluntary contribution will involve the answering of some questions through an interview or questionnaire.

If you do agree to participate, please provide the required information below. The information that you provide will be available for your inspection. If you wish to leave the discussion or withdraw from participating at any time, you may do so.

There will also be a recording of the information to ensure that accurate information is utilized in the research. If you agree, a consent form is provided for your signature in order to allow me to record the interview. The data will be kept until the mini-dissertation is completed and the research is published. Thereafter, the data will be destroyed.

I, _____, agree to participate in the research and do agree to be interviewed on the basis of the following:

- I understand that my participation is voluntary, and I can withdraw at any time, if I wish to;
- By participating in this research, I will not be exposed to any risk;
- The recording of my participation is confidential; and
- I understand that the record of my participation will be available for my inspection if I request it.

Signature: _____

Date: _____

Place: _____