

**Local Government Capacity for Policy Implementation in South Africa: A Study
of the Saldanha Bay and Swellendam Municipalities in the Western Cape
Province**

By

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**A thesis submitted to the School of Government, Faculty of Economic and
Management Sciences, University of the Western Cape, in fulfilment of the
requirements of the degree of
Doctor of Philosophy**

February 2009

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Declaration

I, Gregory Jerome Davids, hereby declare that this doctoral thesis is my own original work and has not previously been submitted for a degree, in part or in its entirety, at any other university.

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GREGORY JEROME DAVIDS



Abstract

Local Government Capacity for Policy Implementation in South Africa: A Study of the Saldanha Bay and Swellendam Municipalities in the Western Cape Province

By

Gregory Jerome Davids

Local government in South Africa is an autonomous policy implementation arm of the government system. The purpose of this study was to examine the institutional, organisational, and human resource capacity challenges the Saldanha Bay and Swellendam Municipalities in the Western Cape faced in their policy implementation especially on poverty alleviation.

The objectives of the study were to develop a theoretical framework for examining institutional, organisational and human resource capacity in the Saldanha Bay and Swellendam Municipalities; to discuss the local government constitutional, legislative and policy framework within which the Saldanha Bay and Swellendam Municipalities delivered services to communities; to examine the capacity challenges in the service delivery of the Saldanha Bay and Swellendam Municipalities and, thereby, highlight operational problem areas; and to make general policy recommendations on the basis of the research findings of the study.

The methodology used was the case-study approach. It allowed an in-depth understanding of the dynamics present within Saldanha Bay and Swellendam municipality. The methodology enabled the researcher to answer the research question: In what ways, and with what results has institutional, organisational and human resource capacity affected service delivery in the Saldanha Bay and Swellendam Municipalities in the Western Cape?

The major findings of the study were that local government capacity for policy implementation is directly influenced by the presence or otherwise of institutional, organisational and human resource capacity. These dimensions of capacity are mutually inclusive, independent and interrelated in practice.

The study makes several policy recommendations. In the area of institutional capacity the recommendations were that floor-crossing legislation and practices must be done away with; that weak capacitated municipalities ought to be alleviated by public – private partnerships as a mechanism to enhance a municipality’s ability to develop and implement policy; and that instead of solely setting standards and monitoring performance, the provincial treasury should assist municipalities to acquire financial competencies.

In the area of organisational capacity it was recommended that the community ought to participate in the recruitment and selection committee of the Municipal Manager. It was also recommended that municipalities should establish district-wide forums for financial heads whose purpose would be to create a platform for collaboration, and for the exchange of ideas.

And in the area of human resource capacity it was recommended that district municipalities ought to assume a more prominent role in building the capacity of the local authorities with which they share legislative and administrative powers. It was also recommended that both the administrative and political leadership ought to participate in compulsory executive and/or leadership training programmes SALGA implements through some tertiary educational institutions and/or through private service providers.

Dedication

To my parents, Charles and Johanna Davids;
my wife, Joselyn;
my daughters, Illse, Inga and Gretchin;
and to the memory of my sister, Christene.



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Abbreviations

AG	:	Auditor General
CDW	:	Community Development Workers
CFO	:	Chief Financial Officer
IDP	:	Integrated Development Plan
LED	:	Local Economic Development
LGMTEC	:	Local Government Medium Term Expenditure Committee
ODM	:	Overberg District Municipality
SALGA	:	South African Local Government Association
SBM	:	Saldanha Bay Municipality
SCMP	:	Supply Chain Management Policy
SM	:	Swellendam Municipality
WCDM	:	West Coast District Municipality



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Acknowledgements

In Lord Jesus Christ we learn the secret of perseverance: 'I can do everything through Him who gives me strength' (Philippians 4:13). The grace of the Almighty God sustained me in the production of this doctoral thesis. Now, there are many organisations and individuals that I would like to thank for assisting me to complete the work.

I thank my family whose quality time I stole during the course of completing my doctoral studies: Joselyn, my wife, bore the brunt of my frustrations but provided me the much-needed work space; Illse motivated me through her courage to travel the unknown and single-handedly to take on challenges from a young age; Inga served as a sounding board for her sisters and always saw the light hearted side of life; and Gretchin lived in her 'own world' and do not have a care in the world. But I had the luxury of engaging with and drawing on their collective strengths. I also thank my parents, Charles and Johanna Davids, whose exemplary leadership I respect and admire.

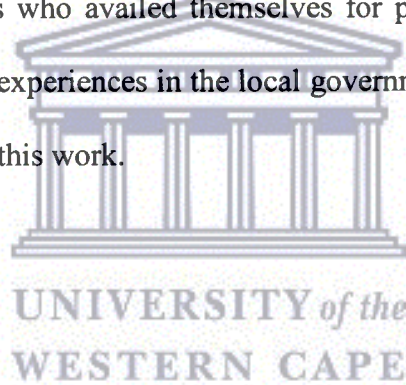
Secondly, I would like to thank Prof. Chisepo J. J. Mphaisha, my mentor, supervisor and tough task master. He tirelessly read various drafts of the thesis, commented on them and discussed his concerns with me. The opportunity to work with him comes but once in a lifetime and very few students will ever be privy to that experience. He gave me the best advice and guidance. Any inherent weaknesses in the work and/or errors in judgment or interpretations are my own. Professor, I salute you for your unselfish contribution to my academic development and this study.

Thirdly, I would like to thank the Consortium of Flemish Universities (VLIR) for financial assistance which enabled me to visit some Belgian universities. This helped me to sharpen the focus of my research in the earlier part of my study.

This organisation also organised annual workshops in Cape Town at which doctoral students were encouraged to present their preliminary research findings. The doctoral forum meetings in the School of Government were very useful in allowing me to share my research experiences.

Fourthly, I thank all the academic members of the School of Government with whom I interacted during the course my studies. In particular, I would like to thank Prof. Michelle Esau, the former Co-ordinator of Postgraduate Studies, and her administrative team of Ms. Lynette Festers and Ms. Bridgett Maart for their professional handling of student issues and/or problems.

Finally, I thank all the officials and councilors in the Swellendam and Saldanha Bay Municipalities who availed themselves for personal interviews. They told me about their personal experiences in the local government sphere which helped me to enhance the quality of this work.



Key Words

1. Local Government
2. Municipalities
3. Developmental Local Government
4. Institutional capacity
5. Organisational capacity
6. Human resource capacity
7. Intergovernmental relations
8. Public -Private partnerships
9. Sustainable Integrated Human Settlement
10. Socio-economic rights



CHAPTER ONE INTRODUCTION

Local government in South Africa is a distinctly autonomous sphere of government but an integral policy implementation arm of the governmental system. Its constitutional mandate is to become 'developmental' in terms of addressing the needs of local communities. This chapter discusses the nature and scope of the study, states the research problem, and presents the objectives of the study, the research design and methodology of the study, the significance of the study and the organisation of the study.

A. The Nature and Scope of the Study

The study examines the manner in which the Saldanha Bay and Swellendam Municipalities in the Western Cape Province, as the delivery arms of the national government, have been implementing development policies, especially pertaining to poverty alleviation. The Saldanha Bay is a coastal municipality situated in the West Coast district municipality in the western part of the province. Swellendam is a more inland municipality, situated in the Overberg District municipality in the southeast of the province.

The choice of two municipalities enabled this researcher to undertake an in-depth examination of their capacity problems in service policy implementation. This was to adduce certain factors about local government organisational patterns and dynamics in the Province. There were at least six heuristic criteria that influenced the selection of the two municipalities as case studies. Firstly, they were both category B municipalities. Secondly, the municipal configurations needed to display both rural and urban characteristics of underdevelopment and/or poverty. This was to determine

whether or not the local authorities had the capacity to address ensuing community needs. Thirdly, the municipalities had to be heterogeneous geographical areas, falling in two different district municipal areas, and in two different directional zones in the province. This was to facilitate the studying of diverse means of subsistence in the province.

Fourthly, the local authorities had to be the result of a merger of previously autonomous entities in order to ascertain the manner in which the political leadership and management were handling the transformation processes. Fifthly, there had to be some relative ease of access to information in the chosen municipalities and/or the willingness of the political and managerial leadership to be open to evaluative research. This was an essential factor to the success of this research because the support of the leadership was a necessary condition for the success of the research enterprise. And, lastly, the municipalities had to be within a driving distance or within the proximity of a 200 kilometre-radius from Cape Town due to operational costs. The Swellendam and Saldanha Bay Municipalities sufficiently met all these six criteria.

B. The Statement of the Problem

In 1998 the national department responsible for Local Government undertook a reality check on municipalities in the country. One of its conclusions was that many municipalities, as the delivery arms of the national government, were experiencing enormous capacity challenges in policy implementation. The critical areas identified as requiring national governmental priority attention were that many municipalities were not financially viable; that many municipalities could not generate their own revenue; that municipal boundaries and human settlements were not related to

economic activity; and that integrated development was not possible with regards to the then existing boundaries. The national government decided to reduce the number of municipalities in the country by re-determining municipal boundaries (Republic of South Africa, Demarcation Act, 1998). This decision led in December 2000 to the merging of certain local government entities into larger units. This is the background situation that raised the need for the present study, namely, to empirically find out how well or otherwise the merged municipalities have so far functioned in the turbulent social, economic and political environment.

The constitutional responsibilities and functions of local authorities revolve around the delivery of services such as street cleaning, efficient household electricity supplies, tarred roads, street lighting, water-borne sewerage, clinics and well-maintained public spaces. The local authorities are also required to promote tourism and other income generation projects (Republic of South Africa, Constitution, op. cit., 1996). But the provision of these services to local communities has proved very challenging to both municipal councillors and management in certain municipalities due to their lack of capacity within diminishing resources. But, at the same time, various stakeholders have continued to demand more and better quality goods and services.

It must be noted that local authorities are by design unique in their size and jurisdictional service areas, leadership practices, municipal composition, staff, structures and range of services. The unique nature of each local authority permits it a better match between the needs of the communities and the types of services it rendered. But in the present socio-economic and political environment that is marked by constitutional devolution, local government service delivery has also become strategic, entrepreneurial and outcomes-based. Local authorities must justify their

budgets to the national government by indicating the range of services they provide to local communities for purposes of receiving financial grants. Such results-oriented management tend to inadvertently force municipal structures to largely focus on issues of accountability and efficiency as well as increasing reporting requirements at the expense of local service delivery (Republic of South Africa, Municipal Systems Act, 2000).

While the identification of capacity issues and the building of capacity in local authority organisations often capture the interests of both practitioners and scholars, it is a difficult task to define capacity. Nonetheless, a few studies examining organisational capacity do suggest that key elements of the concept can be recognised. Kaplan (1999:15), for instance, defines capacity as the ability of an organisation to function as a resilient, strategic and autonomous entity. He says that a number of elements need to be present for any organisation to effectively function. They include a conceptual framework which reflects the organisation's understanding of its environment; an organisational attitude that incorporates the confidence to act in a way that the organisation believes can be effective in dealing with the social and physical conditions facing a local community; a clear organisational vision and strategy; structures and procedures to support the implementation of the strategy; the relevant individual human resource skills, abilities and competencies needed to deliver services; and sufficient and appropriate material resources (Kaplan, 1999: 12).

Capacity is taken to mean the ability of an organisation to perform effectively and efficiently in an ever-changing environment. Eisinger (2002: 117) further refines the definition of capacity to include 'resources, effective leadership, skill and sufficient staff, a certain level of institutionalisation, and links to the larger community from which an organisation might draw help'.

In other instances, definitions of capacity have also included factors such as planning ability, resource development, managerial practices and organisational processes (Walker and Weinheimer, 1998; Letts, Ryan and Grossman, 1999). Schofield (2004: 291) discusses capacity as an important factor in the policy formulation and implementation process. Capacity is the ability to act in order to convert policy into action. Policy-makers are interested in issues of capacity in local government because they think that greater capacity can lead to organisational effectiveness and empowerment. But assessing effectiveness in local government is difficult, however. This is because local authorities tend not only to pursue vague goals but also provide intangible benefits to local communities.

As with measures of capacity, some regularity does emerge in the literature in terms of operationalising the concept of 'capacity' (Forbes, 1998: 184). Local authorities must have solid structures and managerial practices to support performance in order to achieve their programme goals and to realise their organisational missions. In attempts to advance our understanding of local government capacity and effectiveness, therefore, there is a need to move beyond the mere enumeration of lists of capacity characteristics. There is a need for an empirical understanding of which of the identified elements of the concept of capacity effectively contribute to policy implementation.

Atkinson (2002) initiated a general discussion of capacity challenges facing local authorities in South Africa. She emphasises at least five themes. First, she points out the irony that 5th December 2000 was the official day for the establishment of the new municipalities. Municipal officials all over the country were greeted with newly amalgamated institutions. But everything was still the same except for the name changes. The immediate capacity challenges for local government were the

establishment of uniform conditions of service, development of new organisational charts, the placement of existing staff into the newly created structures, and the development of new administrative systems and processes.

Secondly, she points out that councillors generally lacked an adequate understanding of their role and this situation created tensions between the officials and councillors. Such tensions directly hampered effective policy implementation. Councillors tended to interfere with operational management. The ward system in itself created additional problems because there was no clarity provided on their roles and functions in local governance. The power relationship between the various wards and the executive committee was unclear. In certain instances the decisions taken by the wards differed from those of the executive committee. This situation further created inevitable tensions between them because the ward councillor felt that their input is being ignored. The ward councillor will then subtly derail the policy implementation. The councillors used their political influence to appoint officials that lacked the necessary experience and ability to contribute significantly to effective administration.

Thirdly, she says that the legislative requirement that municipalities must consult with the communities and to develop plans to ensure development was followed. Some municipalities, because of the lack of skills and know how, used consultants during their planning processes. The effect was that municipalities complied legislatively but the processes lacked local community ownership. The Integrated Development Plan (IDP) documents often ended up on shelves where they gathered dust. Fourthly, she talks about an intergovernmental system that was needed to define the roles and responsibilities of the national, provincial and local government spheres. Municipalities were continually expected to be more involved

in development activities. But local authorities were neither provided adequate funding nor technical support to strengthen their capacity.

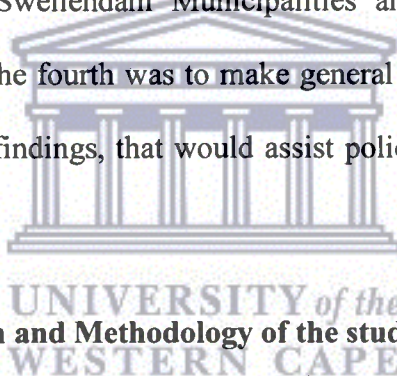
Lastly, she says that many newly established local authorities were struggling to address the challenges of institutional transformation. To further compound their difficulties the constitutional demand was that they must become 'developmental local' authorities. Local authorities traditionally were developing around the engineering departments (roads, water, and electricity). This was evident in the existence of big engineering departments and the high percentage of the budgets that were allocated to these departments. The notion of 'developmental local government' called for a focus on holistic socio-economic development of communities. This study is designed to build upon Atkinson's work as it began to highlight the basis of weaknesses in the performance of local government institutions in the country.

In this context, the World Bank (2005: 7) observes that capacity building in Africa needs to address three issue-areas. The first is the development of institutional capacity in terms of formal rules and informal norms. The second is the development of capacity to achieve particular organisation outcomes. And the third is the development of human capacity to equip people in an organisation with the necessary skills to analyse the developmental needs, to implement policies and to monitor their performance. Hence, this study was guided by the following research question: In what ways, and with what results, has institutional, organisational and human resource capacity affected service delivery in the Swellendam and Saldanha Bay municipalities in the Western Cape? This question assumed that the presence or otherwise of institutional, organisational and human resource capacity could, and did adversely

affect policy formulation and implementation in Swellendam and Saldanha Bay municipalities.

C. The Objectives of the Study

The objectives of the study were four-fold. The first was to develop a theoretical framework for examining institutional, organisational and human resource capacity in the Saldanha Bay and Swellendam Municipalities. The second was to discuss the local government constitutional, legislative and policy framework within which the Saldanha Bay and Swellendam Municipalities delivered services to communities. The third was to examine the capacity challenges in the service delivery of the Saldanha Bay and Swellendam Municipalities and, thereby, to highlight operational problem areas. The fourth was to make general policy recommendations, on the basis of the research findings, that would assist policy-makers to improve the situation in municipalities.



D. The Research Design and Methodology of the study

1. Research Design

The case study approach was chosen because it allows for a close observation of the two case studies to determine their potential to achieve their constitutional mandates. The understanding of the context provided clarity on the strategies used to address the challenges faced. In this regard, Merriam (1998:6) states that the key concern is to understand the perspectives of the participants, and not those of the researcher. The objective is then to get an insider's rather than the outsider's perspective. Merriam (1998:6) indicates that qualitative researchers are interested in understanding the meaning that people have constructed, and how they make sense of their reality.

This view is supported by Dalton (1959: 2) when he states that:

‘The aim of the researcher is to get as close as possible to the world of managers, and to interpret this world and its problems from inside...we wish to describe both the unique and typical experiences and events as bases for theory that is developed and related to other studies’.

Neuman (2003: 75) states that ‘understanding and describing’ is insufficient to make sense of reality, and it is only possible through interpretation of the data collected. He uses the concept interpretive social science. It emphasises that social science needs to study ‘social action with a purpose’. According to him, what is fundamental to interpretive social science is the understanding of the motives that shape a person’s internal feelings that guide decisions. Social action with meaning is the action to which people attach subjective meaning. Therefore, an insider’s perspective of the reality is the only way to understand the meaning attached to action. Neuman (2003: 78) points to the fact that the interpretive approach is both ideographic and inductive: “ideographic” means the approach provides a symbolic representation or ‘thick’ description of something studied.

This ‘thick’ description provides the reader with a mental picture of another’s social reality, and an understanding of why certain actions are taken, given the circumstances. The description usually centres on the context in which the subject studied is embedded on, the role players and subsequent activities that occur within this setting. The validity of the findings is supported by the many sources used to gather data. Atkinson (2002) is an example of a qualitative research. She provides a clear understanding of the current reality of local government. The richly contextual depiction enables the reader to become part of another’s reality, and to understand what motivated certain actions to be taken.

According to Babbie and Mouton (2002: 33), the qualitative research approach advocates that the researcher must understand the context of the case under investigation. This contributes to the reliability and validity of the findings. The quantitative methodological approach on the other hand, has merit particularly to test hypothesis but was deemed inappropriate to understand the capacity of Swellendam and Saldanha Bay municipalities to alleviate poverty. This research was not based on testing a research hypothesis, or to quantify concepts. The objectives of this research were to understand, describe and make inductive conclusions about the capacity of local government to address poverty. Therefore the qualitative research methodology was best suited for the research.

The case study research design was the most appropriate and was therefore used for the research. It allowed an in-depth understanding of the dynamics present within Saldanha Bay and Swellendam municipality. It is a research strategy, which focuses on understanding the dynamics present within a single setting (Eisenhart, 1989 and Mouton, 2001). Creswell (1998:61) also states that the case study can be regarded as an exploration or in-depth analysis of a bounded system over a period of time. Babbie (2004) further says that case study researchers enter the field with knowledge of the relevant literature.

Case study research is characterized by 'real' events, 'real' context and 'real' time. It further places emphasis on the meanings of events for actors in a situation, as well as the 'social processes and wider social functions that provide the context for such personal meanings'. However, the researcher needs to guard against taking a purely outsiders stance which could mask certain routines, as well as complex or obscured relations (Millar, 1983:17). Merriam (1988:29) ascribes three characteristics to qualitative case studies: namely particularistic, descriptive and heuristic.

Particularistic means to focus on a particular situation. She refers to the work of Shaw (1978), which defines case studies as 'concentrating attention on the way particular groups of people confront specific problems, taking a holistic view of the situation'. Secondly, she uses the concept "descriptive" as the 'end product' of the study. The description is a 'rich thick description' of the case being studied. The description according to her is generally qualitative in nature because 'instead of reporting findings in numerical data, the use of prose and literary techniques to describe, elicit images and analyse the situation are preferred'.

Wilson (1979) supports this view by indicating that qualitative case studies are a presentation of the documentation of events that occurred, the quotations cited and descriptions of samples and artifacts to support the findings. Thirdly, she described "heuristic" as the process of getting insight into the phenomena being researched. According to her, it is a process of enlightenment and the challenging of preconceived ideas. It is a process of discovering the emergence of new insight and meaning. Yin (1994) captured the research design as follows:

'...akin to that of the detective who must sift evidence, (some of it relevant and some not), to build inferences about what has happened, why, and in what circumstances. This detective work is undertaken not only to understand the particular features, but also to draw out an analysis which may be applicable on a wider basis'.

The undertaking of this detective work, according to Cassel and Symon (2004: 324), involves multiple data collection methods. The methods include techniques such as participant observation, direct observation, interviews, documentary analysis, questionnaires, focus groups etc. Qualitative research therefore involves more than one data collection method and enhances the validity of the findings.

Babbie and Mouton (2002:279) identify three specific qualitative research designs (namely, ethnographic studies, case studies and life histories) that share a number of characteristics. Firstly, there is a detailed engagement with the object of the study. Neuman (2003:148) used the term 'passage of time' to describe the engagement period. The researcher, during this period of engagement, comes to understand the relationships that exist between the different stakeholders and the activities that occurred over time. Secondly, a small number of cases studies get selected. The advantage is that an in-depth study of a bounded unit is done and the results are authentic. Thirdly, multiple sources of data are used to ensure reliability of the findings. Eisenhart (1969) concurred by stating that triangulation, made possible by the multi-data collection methodology, provides a stronger measure of objectivity to a study. Fourthly, a flexible design has features that allow the researcher to adapt and make changes to the study when and wherever necessary.

Cassel and Symon (2004:324), support the view that a flexible research design allows the researcher to focus on the planned but also on the emergent themes. The analysis of Merriam, Babbie and Mouton etc. authenticates the use of the case study design to understand the capacity of local government to alleviate poverty. In particular the engagement period, the in-depth study of the case, and the flexible research design were key contributing factors to understanding the research question posed.

2. Research Methodology

2.1 Question Schedule

A question schedule was used to collect the data. The question schedule focused on institutional, organisational and human resources. The institutional dimension focused on the external relationships that Saldanha Bay and Swellendam

municipalities formed to address poverty. In particular, questions were asked to determine the type of relationship that exist with provincial and national government, and if it contributes to the capacity of local government to alleviate poverty. The organizational dimension focused on various aspects. Amongst these was the need to determine if strategic leadership existed in the local authorities. It focused on the understanding of the leadership of the Saldanha Bay and Swellendam municipalities of the challenges facing them, and on their subsequent responses and strategies to address various challenges. In this regard, questions were formulated to determine if the organisation had a vision, and whether a common understanding existed of its meaning.

Questions were posed to political leadership and senior officials to understand how the relationship between the appointed and the elected officials impacted on poverty alleviation. The issue of community participation in governance was also raised, most specifically as it is a legislative requirement that communities participate in decision-making structures. Questions focusing on strategies, their appropriateness, and the reasons for implementation and non-implementation were also formulated with particular attention directed at poverty alleviation strategies.

Another area dealt with financial management. In this regard questions were set to determine the process of budgetary allocation, and the role of the community in the allocation process. Questions were also asked concerning expenditure patterns to determine the policy focus of Saldanha Bay and Swellendam municipalities. Was it a pro-poor budget, or was an economic growth approach applied in budgetary expenditure? Questions were also set that focused on credit control, debt collection, financial sustainability, and supply chain management. This was designed to yield

information on the important function of financial management in the local authorities.

The question schedule also focused on technology. The questions were framed in such a way as to generate information on the efficiency and effectiveness of management. This was manifested in the ability to provide up-to-date information to aid decision-making on poverty alleviation. The questions were also aimed at gathering data on investment patterns on infrastructure (buildings, roads etc) relating to poverty alleviation. Human resource management was another focus area. The instrument in this regard attempted to generate information on the human resources practices and strategies, if any, that were pursued to ensure the availability of a skilled, competent staff complement that was able to confidently meet the challenges facing the two municipalities.

2.2 Interviews with Key Stakeholders

Officials and politicians were identified and interviewed to answer the research questions. This allowed the researcher to understand the situation from the participant's point of view, and to share in their experiences. It brought a much deeper richness to the research. Unstructured interviews were used to solicit information to help understand the capacity of local government to alleviate poverty.

De Vos, Strydom, Fouche, and Delport, (2002: 298) indicate that at the root of unstructured interviewing lies an interest in understanding the experience of other people, and the meaning they make of that experience. It is focused and discursive, and allowed the researcher and participant to explore an issue. Furthermore, the method was used to determine the participant's perceptions, and forecasts as they

relate to the research question. It was also used during the follow-up interviews to test the initial findings and potential solutions.

Key staff members of Swellendam and Saldanha Bay Municipalities were interviewed. The senior management team has been interviewed because they are the key determinant of policy and the implementation thereof. Castians, and Helfat, (1991:155-171) supports this and says that the 'top management team has the role of organizing and directing all of the organisation's activities by making and implementing strategies and operational decisions that may create sustained rents'. The Municipal Manager is the administrative head and holds the key administrative leadership position in the municipality. The municipal manager is fundamental in providing the strategic implementation direction of the municipality. Therefore, his/her understanding of the challenges faced by the municipality to address poverty, and the subsequent strategies employed were fundamental to the research.

All senior management was interviewed. They included the heads of corporate services, technical services, finance, social and economic development, human resources and the area office managers. These officials comprise the senior leadership of the municipalities, and as a collective, are responsible for achieving the local government constitutional mandate. Organised labour, namely unions, was also interviewed. Labour is an important stakeholder in municipalities and their views on the capacity of local government to deliver services were important for empirical investigation.

Personal interviews were also conducted with the political leadership within the Saldanha Bay and Swellendam municipalities. In particular, the executive mayors were interviewed to solicit their views on the capacity to deliver services. Questions were asked to determine what factors hinder or contribute to successful service

delivery strategies. Personal interviews were also held with officials from the district municipalities. The emphasis was on gaining an understanding from a district municipalities' perspective regarding the relationships with municipalities in the issue-area of institutional capacity in service delivery.

Lastly, provincial government officials were interviewed to shed light on the nature and scope of provincial monitoring and other services to municipalities. The provincial officials were purposefully selected in order to increase the validity of the findings. Provincial treasury officials who monitor local government financial management were interviewed. The officials were part of the Local Government Medium Term Expenditure Committee (LGMTEC) of 2006 and, therefore, it was believed that they had insights on financial management in municipalities. The financial resources are undoubtedly very important in service delivery. Therefore, the other provincial officials interviewed were those responsible for local economic development. The researcher sought to understand the role of the provincial government in assisting the socio-economic development efforts of the municipalities under study.

2.3 Documentary Analysis

Documentary analysis formed an equally important part of the data collection process. Data was gathered from records, minutes and memoranda of meetings, policy documents which record processes and procedures that relates to the research question. The purpose of the documentary research was to supplement, support and validate the information gathered during the interviews. Documentary analysis did not only focus on external municipal sources, but also on relevant external documentary sources. Statistics South Africa was one external source consulted.

Another was the National Treasury for statistical data on the two municipalities. The use of the various documentary sources ensures objectivity and validity of the findings.

E. Significance of the Study

This study has both theoretical and practical value. The theoretical value is that it contributes to the discourse on understanding local government capacity by proposing a local government model that embraces the dimensions of institutional, organisational and human resource capacity. The practical value lies in the fact that several policy recommendations are made to assist policy makers to reconsider the manner in which municipalities operate in service delivery.

F. Organisation of the Study

The study is organized into six chapters. Chapter one deals with the nature and scope of the study, states the research problem, the objectives of the study, research methodology and design of the study, and significance and organization of the study. Chapter two conceptualizes capacity in local government. The topics covered include the concept of local government capacity; the dimensions of local government capacity; and their implications.

Chapter three examines the constitutional, legislative and policy framework of local government. The topics covered include the White Paper on Local Government; the concept of developmental local government; some socio-economic rights and local government; the enabling legislation affecting local government; and planning and development in the Western Cape. Chapters four and five discuss local government capacity in Swellendam and Saldanha Bay Municipalities, respectively.

These chapters describe and discuss the socio-economic background; institutional capacity; organisational capacity; and human resource capacity of both municipalities. Chapter six presents the summary and conclusions and discusses some policy recommendations as well as indicating areas for future research.



CHAPTER TWO

CONCEPTUALISING CAPACITY IN LOCAL GOVERNMENT

This chapter develops a theoretical framework for examining capacity challenges of policy implementation in the local government sphere. The topics covered include the concept of local government capacity; the dimensions of local government capacity; and their implications. The discussion is intended to guide the description and analysis in the entire study.

A. The Concept of Local Government Capacity

The concept 'local government' may be defined as the 'system of geographical units, with specific boundaries, a legal identity, an institutional structure, power and duties laid down in general, special statutes, and a degree of financial and other autonomy' (Mphaisha, 2006). The most important values underlying the concept of 'local government' are democratic in spirit, in public financing, service orientation, and efficiency in the use of public funds. Above all, local government is essentially 'meaningful authority devolved to local units of governance that are accessible and accountable to the local citizenry, who enjoy full political rights and liberty.

Local government structures are recognised for their tradition of serving a variety of community needs especially in the areas of income generation and social welfare. The delivery of services is dependent on the ability of local government to develop and implement policy. The saying that human resources are the most important organisational resource is not refuted but capacity entails much more than just human resources. Capacity is an organization's potential to perform. It is the organisation's ability to successfully apply its skills and resources to accomplish goals and satisfy community needs. Mphaisha (2006: 5) says that capacity is the existence of the tools that make it possible for local government to successfully deliver services.

Mann (1984) and Polidano (2000) largely influenced Mphaisha's writing. Mann makes a distinction between the ability of decision makers in a public organization to act in their own discretion and the ability of government to penetrate the society and see that decisions are carried out. Palidano defines and discusses capacity as the ability of the administrative machine to implement policies, deliver services and provide advice to decision makers. Thus, there is the capacity of achieving organisational goals and the capacity of satisfying various stakeholders. The former relates to implementation or the ability to carry out decisions and enforce the rules within local government institutions. The latter relates to the ability of an organisation to structure the decision-making process, co-ordinate it and to make informed analysis of operational problems

The external environments in which an organisation functions shape its capacity and performance. In this regard, local political leaders and the system within which they operate can, and do, affect local government capacity because politicians are responsible for major policy choices. Ubels, Theisojn, Hauck and Land (2005: 4) say that the environment within which local government structures operate does impact on their capacity to perform their functions. There is a clear movement away from focusing on individual organisations to look at capacity in networks and larger systems. Capacity often comes about through the interplay among the capabilities of individuals, organisations, networks and larger institutions or systems.

Liebler and Ferri (2004: 38) identify four dimensions of capacity, namely, external capacity, which is the ability to interact effectively with the wider institutional and societal contexts; internal capacity areas that are needed for the functioning of the organisation; the technical capacity that is essential to the work area of specialisation and professionalism of the organisation; the generative or soft

capacity that is needed to enable the organisation or network to continuously develop, adapt and innovate. These authors do recognise the fact that the capacity of an organisation is multi-faceted and gets influenced by external and internal capacity dimensions. A common understanding that emerges from the above discussion is that organisational capacity is a municipality's ability to effectively and efficiently perform tasks in ever-changing organisational environments.

B. The Dimensions of Local Government Capacity

The World Bank (2005: 7) states that organisational capacity has many dimensions. These include the formal and informal norms that provide the framework of goals and incentives within which organisations and people operate; a group of people bounded by a common purpose and clear objectives and the internal structures, processes, systems, staffing and other resources to achieve them; and the individuals with skills to analyse development needs, to design and implement strategies, policies and programmes, and to deliver services and monitor results. This study adopts the model of three dimensions of local government capacity. These include the institutional, organisational and human resource levels. In this section we discuss these dimensions with a view to bring about some conceptual clarity.

1. Institutional Capacity

Local government is part of a broader institutional environment of three spheres of government that influences its operations and vice versa. For local government to operate effectively it needs support from the external environment. As earlier noted, Lusthaus et al (2002: 13) say that the formal and informal rules that govern the interrelationships constitute the institutional context. This comprises

aspects such as normative structures, legal frameworks, and policies, trends and culture

Local government capacity is directly affected by the effectiveness of the relations that exist between and among the three spheres of government. Effectiveness is understood here as the degree of co-operation, support and mutual respect that they have with each other in policy formulation and implementation. According to Reddy (2001:26) 'cooperative government is based on a devolved system of government and the three spheres working harmoniously together are more likely to address challenges than if they were acting on their own or alternatively in competition with one another'. Such interactions take place vertically and horizontally. The vertical relationship embraces the interactions between, national, provincial and local government, and between district councils and municipalities. The horizontal relationships refer to the various co-operative agreements that exist at present between local authorities. Levy and Tapscott (2001:1-20) say that co-operation, trust, clearly defined roles and responsibilities and mutual respect are key factors for effective intergovernmental relations.

An intergovernmental relationship that supports capacity building as well as taking cognisance of capacity constraints before functions are delegated will contribute tremendously to enhancing the performance of local government. Kjellberg (1988) distinguishes between two types of local government: the autonomous and the integrative models. The autonomous model reflects a local government system whereby central and local government are separate spheres of government. In this model the role of the central and provincial government is confined to an indirect monitoring of municipalities.

The integrative model sees a greater functional interdependence between the various spheres of government. Local government is part of a larger institutional order and may be required to implement national policies. Montin (2000:130) suggests that any local authority is a combination of both the autonomous and the integrative model. This assertion holds true for the South African local authorities where local government is seen as being autonomous but simultaneously being the implementing arm of the national government.

Atkinson (2002:56) supports this latter viewpoint although the local authorities' lack of capacity was identified as a major impediment to service delivery. Functions were assigned to local authorities without accompanying capacity and this caused additional operational strains on the municipalities. Nonetheless, the local authorities are still viewed as the appropriate sphere of government for service delivery. They are increasingly expected to participate in national and provincial development programmes without adequate funding or specialist support. Many departments seem to believe that project funding for such participation is sufficient but ignore the many hidden costs in terms of staff time, staff training and the use of vehicles and equipment (Atkinson, 2002).

In the above quotation Atkinson is making a clear statement that the devolution of functions must be accompanied by the necessary capacity to carry out the constitutional mandate. If not, the chance of successful policy implementation is limited. Levy and Tapscott (2001:20) suggest that 'consideration may need to be given to the development of asymmetrical structures of government'. They point out that competencies ought to be assigned to lower tiers of government incrementally. They believe that this approach will take into consideration the implementation capacity of the lower tiers of government. But as Atkinson points out, this strategy has

not been adopted and functions have been assigned irrespective of the capacity of local government. Reddy (2001:37) supports Atkinson when he says that legislation promulgated is applicable to all local authorities, although some do not have the required financial, human and technical capacity for implementation. Ntsime (2003:43) agrees by indicating that the devolution of responsibilities bodes well for sustainable livelihoods and building the quality of democratic local government. He further states that the degree of administrative and management capacity must be the main determinant of whether or not decentralisation is possible.

To address the capacity constraints local government enters into various functional relationships with other organisations in the provision of services. Burger (2005: 490) echoes this sentiment by stating that private providers can supplement public sector capacity through the provision of the financial resources, management and technical skills that councils often lack. The formation of public-private relationships creates the need for different organisational structures to ensure the effective delivery of services. Partnership formation means that certain of the functions of a local authority are delegated to a third party that performs these functions on behalf of the local authority. This has implications for managerial control in a municipality. One question is how to ensure the accountability of the third party in carrying out the functions to serve the greater good of the community rather than that of the particular agent involved (Uzzi, 1997). The traditional view of accountability is based on the hierarchical model with a top-down focus and vice versa. According to Ryan and Walsh (2004:622) this is inappropriate for forming organisational networks. The challenge of reporting performance of shared programs reveals a lack of effective governance. Managing across boundaries requires new managerial skills that many local authorities do not presently possess.

Mizruchi and Galaskiewicz (1993: 47) indicate that the basic principle of resource dependency is that no one organisation has control over all the resources. Therefore, organisations enter into relationships with one another to gain control over those resources that are held by the other party. Different strategies are used to gain such control over critical resources. The first strategy is the co-optation of other organisations into own structures. The second is to use the relationship to leverage the resources from the other party. The third is to make or alter the resources (Cook in Mizuchi et al, 1997).

Local authorities in particular have a limited amount of resources, and engage other stakeholders precisely in order to secure the scarce resources that they have to ensure that services are delivered to communities. This network formation has an impact on the power relationship between the partners. Laumann and Pappi (1976) point out that a correlation exists between the centrality and power within the network, meaning that the closer an organisation is towards the centre of the network the more influential it becomes. This power relationship has an influence on the implementation capacity of local government.

Public-private partnerships also place additional demands on local government capacity. Managing within a network demands specific capacities that are not necessarily the same as managing within a single organisation. According to Agranoff and Mcguire (2001: 296) the 'capacities required to operate successfully in network settings are different from the capacities needed to succeed at managing within a single organisation'. In a single organisation managerial activities are supported by various existing rules and regulations and accountability from immediate subordinates is regulated. Within a network, however, these formal rules and regulations are subjected to contractual agreements. Disputes that cannot be

resolved amongst the different organisations are usually referred to a court of law for adjudication. Therefore, networks demand different skill set from managers that are not necessarily the same as operating within a single organisation.

Institutional capacity is dependent on the establishment of a cooperative relationship between the various spheres of government. Watts (in Reddy, 1999: 21) is of the view that successful cooperation is dependent on two factors. The first is a culture of cooperation, mutual respect and trust. The second is capacity development. A particular challenge for local government capacity occurs when functions are devolved without taking into consideration the existing capacity. This devolution of functions without capacity puts tremendous pressure on local government structures. In order to address such constraints local government enters into various network relationships with different service providers.

Successful outsourcing implies the existence of a governing system that is able to manage outputs or contracts. Similarly, it implies that the private sector and/or markets ought to lead to greater operational diversity. According to McLennan (2007:14) neither is the case in South Africa due to its massive socio-economic inequalities and a diversity of institutional capacities and resources. Local government leadership similarly needs to adopt and develop new skills to oversee such relationships. A major constraint in the effective monitoring of contractual agreements is the lack of ability in contract or programme management in local government structures. Wenzel (2007:53) states that many services in municipalities are contracted out but 'failure to monitor, evaluate and enforce contracts effectively is bound to lead to weakness in compliance, implementation and, ultimately, policy failure'.

In many instances the project management function becomes part of the portfolio of the already overloaded senior staff. This is due to the fact that middle management lacks the capacity to manage projects. Indeed, Atkinson (2002: 28) points to the fact that many of the staff members lack both project and contract management skills. Kettle (1993: 176) states that the philosophy of contracting out presumes that the basic relationship between government and contractor will be that of principal and agent. However, there is often fear that the employees of the contracting organisation will pursue purposes inconsistent with those of the elected officials. As a result, the intended outcome of government could be construed to reflect the outcome of the agent.

2. Organisational Capacity

Patton (2003: 32) observes that organisational capacity is vested in the management's ability to apply resources to achieve its objectives. An organisation's overall capacity depends on, among other things, its strategic leadership, organisational structure, management capital, technology, procurement of goods and services, credit control and public participation. In the ever-changing and dynamic environment where local government is operating, strategic leadership is fundamental in ensuring that resources are used effectively to satisfy the demands of communities.

Leaders establish organizational direction by developing a vision of the future and aligning it to the people, communicating this vision to them, and inspiring them to overcome organisational hurdles (Kotter, 1990). Strategic leadership is the ability to develop the basic long-term goals and objectives of organisations, to adopt courses of action and to allocate resources necessary for carrying out of those goals (Chandler, 1963). Osborne and Gaebler (1992: 233) view strategic leadership as the process of

examining an organisation's current situation and future trajectory, setting goals, developing a strategy to achieve those goals, and measuring the results.

Strategic leadership, according to the International Development Research Centre (1997) is associated with risk identification and management, vision, and ideas. It is the process of setting clear organisational goals and directing the efforts of both staff and stakeholders towards fulfilling organisational objectives. It involves developing ways of procuring essential resources, inspiring organisational members and stakeholders to cooperate in the delivery of services. Strategic leadership is vested in the ability to understand the context and challenges that local governments are faced with. Secondly, it is the ability to re-align the organisation to meet such challenges. Lastly, strategic leadership is the ability to introduce a measuring system to determine objectively how successful the organisation was in achieving set objectives. It helps in the assessment of the external environment, development of strategies to satisfy the demands of communities.

Bennis and Nanus (in Holbeche 2005: 401) state that leaders create the social architecture for an organisation that provides the context and commitment to its members and stakeholders. Strategic planning is the organisational response in dealing with the demands of the external environment. It involves understanding the context within which the organisation functions, and developing appropriate plans to address the challenges. Local authorities develop strategic plans, known as integrated development plans, in response to the demands of communities. They capture the state, and the strategies intended to move the local authority towards the desired future.

A strategic plan is the document that theoretically captures the needs of the community and guides the budgetary allocation. This process of consultation with the

community, the development of strategic plans that inform the budgetary process, eliminates a haphazard allocation of funds. This ensures that the needs of the community are prioritized and a rational allocation of resources takes place. The budgetary allocation takes place in a transparent manner, guided by the priorities as determined through consultation with the community. A disjuncture exists between how the process ought to be and what is happening in practice. For the process to be successful the local authority must have the necessary strategic leadership capacity to guide the process. This is precisely where the problem lays, namely, the absence of strategic capacity to develop such plans. Wolfe (2002) recognises this and says that local government leadership capacity must be strengthened. He says that building this capacity calls for 'the development of a culture of innovation, mutual accountability and self reflection'.

Atkinson (2002) noted that leadership capacity was lacking in providing guidance in the development of the strategic plans in many local authorities. Capacity in this regard refers to the ability of local government to develop an organisational structure that will enable it to respond effectively, efficiently and economically to community demands. A major influence on the capacity of local government to deliver services to the poor is political stability. Political parties deliver policies based on their political ideologies. These ideological differences are manifested in the compilation and adoption of the budget. The budgetary allocation reflects the different policy approaches of the political parties. A change in political leadership inadvertently means a policy change. This policy change has a multiplier effect and influences all the factors of organisational capacity.

Firstly, a new vision and approach accompany the change. Secondly, a period of administrative paralysis follows whilst the new leadership proceeds in getting rid of

the current municipal managers and appointing others from their own stable. The 2007 local government election resulted in a change in the political leadership in many municipalities. The new political leadership immediately indicated that they were dissatisfied with the municipal managers, and started the process of getting rid of the administrative head (The Sunday Times 2006: 8). Atkinson (2002: 17) indicates that poor councilor-staff relationships negatively impact on service delivery. In certain instances political leadership wants senior staff to leave but has insufficient funds to pay their retrenchment packages. This results in deterioration in staff morale and in a breakdown in normal municipal operations. It also creates policy confusion and administrative paralysis whilst waiting for clarity and direction from the political leadership. The previous policies are challenged, changed or discontinued by the newly elected political party. The funding that has been allocated to implement policies is stopped. Capacity that was developed and invested in certain programmes becomes obsolete.

Departments in municipalities often stand in competition with one another to secure the best budget allocation. The engineering and technical services departments tended to secure the largest budgetary allocations. The reason for this was that these departments provided visible and tangible services to communities. But departments Services focus on social services and welfare and general development were often neglected. Yet, these departments provided infrastructure such as water and electricity. Local authorities generally were inward-focused and provided services irrespective of demand for the services. This typical hierarchical, professional bureaucracy was subjected to increasing community pressure to transform. The government embarked on a process of local government transformation because it realised that the old ways of running municipalities were out of date (Republic of

South Africa, White Paper on Local Government, 1998). New organisational forms were experimented with in order to facilitate change.

Nonetheless, the new role of local government called for an increasing involvement of the community in its affairs, and to become strategic in its approach to the provision of services. This new approach questioned the suitability of the existing 'mechanistic' bureaucratic structures in local government. Unfortunately, the government did not consider organisational alternatives to the criticised bureaucratic structures. Painter (2003: 42) indicates that much of literature refers to the different types of organisational structures but it lacks clear guidance on which structure is best suited for a particular situation. These academic debates about which organisational form is best given particular circumstances is not really helping local authorities.

On the contrary, it creates more confusion for local authorities struggling to move away from the traditional hierarchical and departmentalised structures. Some local authorities have adopted a new strategic focus. This is a movement towards a corporate focus where the structure is based on directorates instead of departments (Leach, Stewart, and Walsch, 1994). The advantage is that local authorities are approaching service delivery in a holistic strategic manner. While the traditional organisational principles such as co-ordination, differentiation and integration of functions still prevail, but they are used in a more coherent manner to achieve a common goal (Robbins, 1993).

Where local authorities have decided to adopt a corporate structural form, significant operational improvements are seen. These differences in configuration of a directorate type managerial structure are informed by the particular local circumstances of a local authority. The major responsibility of this organisational form is to vest strategic thinking and leadership in the management. Similarly,

operational management is delegated down the hierarchy. In a sense, this could be equated to the concepts of 'steering and rowing' that were introduced by Osborne and Gaebler (1992). 'Steering' refers to senior management whose main activity is to formulate policies to position the local authority to address the current as well as the future needs of communities and the 'rowing' part is equated to the authority that is delegated to lower managerial levels whose major function is to develop operational plans to achieve policy objectives. Information technology brings in a new dimension to organisational structure. It brings with it a seamless organisational structure (Bradley, and Nolan, 1998). The boundaries of the structure become permeable and allow the community various points of access to the organisation. This in itself challenges the traditional organisational view of control, differentiation and integration. The response rate of the municipality proportionately increases due to this configuration. Thus, the innovative use of information technology has seen the doors to a world of knowledge open for many of the marginalised or socially excluded sectors of the community.

Organisational culture provides a sense of identity to employees, supplying them with unwritten guidelines as to how to behave. Kotter and Heskett (1992) also say that organisational culture influences organisational performance. They identified two levels of organisational culture. One is the visible culture that refers to the behavior pattern and styles of employees. The other is the invisible culture that refers to the shared values that are deep rooted and difficult to change. Local government needs to change the visible culture to become more people-centred, and to display empathy to and understanding of the needs of the poor.

This results in an organisational culture that epitomizes community-centeredness. Stoner et al (2001: 414) state that organisational culture is the most

important factor in maintaining organisational identity. Local government needs to change its organisational culture in order to become developmental in orientation. Holbeche (2005: 29) indicates that organisational culture is a contested area, and conflicting organisational sub-cultures struggle for dominance. However, she indicates that a strong organisational culture is able to provide the cohesion that will keep these contesting sub-cultures together.

Financial resources are critical to the delivery of services to the poor. However, financial management capacity constraints often negatively affect policy implementation. The lack of management capacity is manifested in the non-implementation of effective financial systems, the challenge to improve the management of outstanding consumer accounts and the establishment of complete asset registers to be able to comply with the new accounting standards (Republic of South Africa, Local Budget and Expenditure review: 2001/02-2007/08 :67). Ntsime (2003:44) similarly says that municipalities experience financial management challenges relating to a lack of income earning opportunities, billing and cost recovery systems, financial management systems, procurement systems and credit rating systems.

The modernisation of financial management in South Africa from 1994 onwards has been aimed at addressing the financial capacity deficits that exist within local government. These capacity constraints impact directly on the provision of services. Financial policies such as the Municipal Finance Management Act of 2003(MFMA), the Municipal Property Rates Act of 2004 and the Intergovernmental Relations Framework Act of 1997 have been promulgated to guide the modernisation of the financial management system.

The modernisation of financial management generally was aimed at the maximisation of the utilisation of limited resources in order to meet the increasingly diverse demands. Financial management systems, such as budgeting, financial reporting and accounting were the major instruments used to transform the administration (Jan and Reichard, 2003: 47). Most financial reforms used in the public sector were aimed at moving financial management towards the private sector practices. Changes in the accounting systems have seen a movement from the traditional cash accounting system to the accrual and resource-based system of accounting (Jones and Pendlebury, 1992; Archibald, 1994). The transactions are recorded as they are accruing. This was not the situation previously and accounting systems were based on the cash received principle. The private sector makes use of such accounting systems, and local government has adopted the characteristics of the system with the implementation of the General Municipal Accounting Practises (GMAP). The system consists of the financial statements that have three major components, namely, the cash flow statement, the income statement and the balance sheet. The advantage is that an immediate picture of the financial position is possible at any given time and interventions if necessary could be introduced. This allows for future planning in the application of financial resources.

Another major financial reform is the introduction of a flexible outcome or output budgetary system. This is a movement from an input oriented focused towards a more outcome focus budget system. The emphasis is placed on the achievement of results rather than on the procedures associated with budgeting. This is only possible when the IDP forms the basis for budget formation. The MFMA provides clear guidelines to municipalities on linking IDPs to budget processes. A movement towards a reduction of the number of budget items is taking place and there is a

willingness to allow flexibility of movement of funds between the items. It appears that the restriction historically placed on virement between budgetary items is disappearing and this has given heads of department flexibility in their financial decision-making during the financial year.

Departmental savings are not any more transferred to the central fiscus but rolled over to the next financial year (Jan and Reichard, 2003:49; Visser and Erasmus, 2002:78-85). In order to ensure accountability, particularly with the introduction of a flexible budgeting system, strict regulations relating to financial reporting were introduced. These financial reporting regulations demand compliance of departments to time frames and dates to make financial information available. This financial data provides a picture of the financial status of the municipality and the base for subsequent future plans.

Reddy, Sing and Moodley (2003: xi) indicate that the auditing function in local government is one of the statutory mechanisms to ensure public accountability. According to them the auditing function will become increasingly important as local government structures explore and establish various service delivery options to promote the quality of life for local citizens. These service delivery programs are captured in the medium term expenditure framework and provide an indication of envisaged future expenditure over a longer period than a year. The advantage is that it commits political leaders to plan over the medium term instead of the short or one financial year.

The function of ensuring that pre-determined outcomes are achieved makes capital an important commodity. Capital constraints directly influence the quality of outcomes and limit the degree of achievability of outcomes. Capital refers to liquid and fixed assets. Liquid assets refer to the monetary capabilities that include the

ability to generate income, investment, and the systems and processes in place to ensure control and accountability in applying these resources. Fixed assets refer to buildings and vehicles that have a lifespan longer than five years and are important to achieving the pre-determined outcomes.

Capacity in this regard refers to the ability to apply the scarce capital resources in an effective, efficient and economic manner in striving to achieve the stated outcomes. The ODI briefing paper (May, 2004) states that the application of public resources is a major determinant of the achievement of public policy objectives (Schick, 1998). With particular reference to this study the application of resources ought to be aimed at alleviating poverty. The success of achieving these objectives, according to Norton and Elson (2002), is an informed and actively engaged civil society to ensure a pro-poor budget, and holds government to account. What is important in this regard is the alignment of the resource allocation to the objectives (Ehlers and Lazenby, 200: 214). If the resource allocation were not aligned then the planned objectives would not be achieved.

The payment for services rendered is an important part of the income generated by local government structures (Section 96(a); Section 64(2) of MFMA). The lack of organisational capacity to implement an effective credit control system is a major contributing factor in the failure to collect much needed revenue that would be utilised to deliver services, and to ensure financial viability. Simultaneously, indigent policies need to be developed to assist the poor or indigent to access basic services. This notwithstanding, many local authorities are incapable of implementing effective credit control policies at all. The National Treasury of South Africa (2008:69) concurs when it indicates that Municipalities need to improve their records

with regard to outstanding consumer accounts. This includes strengthening their billing systems to be able to better identify indigent customers.

Organisations operate within a continually changing environment, and need to respond appropriately to local community demands. The organs must develop various strategies to achieve public participation. Black, Calitz, and Steenekamp, (2003: 16) indicate that allocative efficiency gets achieved if the community was made central in the allocative process. Allocative efficiency involves the existence of functioning administrative mechanisms through which the political leadership and management translate community demands into actions and instruments for public accountability (Mphaisha, 2006: 2).

Many local authorities lack the organisational capacity to meaningfully engage with communities. Tapscott (2006:9) says that the policies the national government introduced were 'incompatible with the administrative capacities of implementing departments; here reference is to the knowledge and skills of public officials (particularly at middle management levels), to poor job definitions, to ill-formed administrative systems, and to the prevailing culture and ethos of the public sector'.

Ward committees are used for political patronage as influential positions are awarded based on political allegiance (Atkinson, 2002: 19; Cape Argus, April 2006). This approach does undermine objectivity as the prioritisation of needs is based on political support, and not on the real needs of the community. This does, and can result in communities resorting to alternative spaces to voice their dissatisfaction. Their strategies take either the form of civil disobedience, or resort to courts of law. Civil disobedience is mainly through mass action where communities take to the streets to voice their displeasure.

Another form of community protest is the illegal occupation of land to make their voices heard. Irrespective of the form and legitimacy of protest demonstrations, they strongly question the capacity of local government to meaningfully engage communities. For public involvement to become effective the bureaucratic systems and processes must be geared towards community centeredness. Smith and Vawda (2003 :33) express the view that ‘local authorities must learn to engage the public in urban service delivery by incorporating the subtle, localised, and often informal dynamics of community organisations into the procedures for managing public participation’.

According to Hemphil, McGreal, Berry and Watson (2006:63) this is not yet the case and communities are treated as ‘less than equal’ partners in the decision making processes. Williams (2006:197) uses the term ‘spectator politics’ to describe the nature of community participation in municipalities, suggesting that the ‘...ordinary people have mostly become endorsees of pre-designed planning programmes...’ Community engagement and participation really demand a new mindset, and a completely new set of skills in negotiation and conflict management that are at present absent within local authorities. Nalbandian and Nalbandian (2003:11) agree and say that ‘today, a greater emphasis is being placed on citizen engagement that goes beyond the required hearings and public comment at formal hearings. It challenges traditional orientations on service delivery and regulatory responsibilities to fit into a community paradigm’.

Ward committees are important legislated mechanism to involve the community in the activities of municipalities. Many municipalities formed ward committees but failed to provide the support needed for their effective functioning. Raga and Taylor (2005:143) recommend that ‘municipalities must provide

administrative support to enable the ward committees to initiate, monitor and evaluate municipal activities'. This in itself is a major problem particularly in the context of capacity challenges experienced by municipalities.

3. Human Resource Capacity

Borraine, Crankshaw, Engelbrecht, Gotz, Mbanga, Narsoo and Parnell (2006:271) point out in their discussion of the state of South African Cities that the lack of skills is becoming 'chronic'. Yet human resources are the lifeblood of any organisation and particularly in local government. The availability of adequate and skilled human resources at the right time to carry out the functions of the organisation is one of the key factors in the process of ensuring that service delivery takes place. Kingsmill (in Holbeche 2005: 11) states, for instance, that the way organisations manage, recruit, train and develop employees is about looking at people as a valuable business asset. This is about ensuring that they have the right skills and experience to deliver the organisation's strategy.

Hall and Goodale (1986: 6) discuss human resource management as the process through which an optimal fit is achieved among employees, job, organisation and environments so that employees reach their desired level of satisfaction and performance, and the organisation meets its goals. In order to achieve the 'fit' between the organisation and people, human resource planning becomes an important tool as it entails determining which skills are required at a given time, and the subsequent intervention required. Nel, Van Dyk, Haasbroek, Sono, and Werner (2004: 536) say that strategic human resource management concerns the handling and overseeing of human resource capital with an eye on the long-term needs of an organisation and acting in accordance with established policies and procedures. They

conclude that the synergy between human resources management and organisational effectiveness should therefore never be underestimated.

Local authorities need to use the instruments of recruitment, selection and training in order to ensure that appropriate human resource capacity is available when required. The recruitment of staff in the public sector has evolved from a 'closed' approach to a more 'open' one. Historically, the 'open' approach was reserved for entry levels in the organisation. Recruitment to the higher echelons was based on an internal pool of candidates. This approach was associated with the life long tenure concept. The motivation for this approach was the perception that skills could only be enhanced and developed over a long period of time.

The perceived benefit was that institutional 'know-how' and knowledge were accumulated over long periods of time. Furthermore, human resource management focuses on the development of policies aimed at retaining staff and developing an organisational culture that is conducive to individual growth and career development. In this regard human resource training should be demand-driven, and should aim at enhancing the skills needed for the organisation to function effectively within the ever-changing local environments.

There are basically two approaches to the modernisation of human resources. One is an attempt to establish a centralised and/or a uniform human resource policy for the public sector as a whole. The second approach involves the decentralisation of human resources to the different spheres of government. This allows different spheres of government to formulate their own human resource policies and to determine their own staffing levels (Pollit. and Bouckaert, 2004). The latter approach is used in the South African context. The autonomy of local government allows them to determine and develop their own human resource policies as determined by their particular

circumstances and contexts. Human resource policy instruments are used to ensure that appropriately skilled and capacitated human resources are available to perform the needed functions and to develop and retain those scarce and available skills.

Recruitment and selection in local government has undergone a paradigm shift over the past few years. The most important change has been the introduction of flexibility in the hiring and rewarding of staff. This brought an end to the policy of life-long tenure, and ushered in an era that focuses on staff performance outcomes. These then form the basis both for evaluating the performance of staff, and for ensuring accountability. Senior staff members in municipalities are appointed on a performance management contract (Section 57 of the Municipal Systems Act of 2000). The rationale is that performance management contracts provide the municipality an avenue to end the services of non-performing managers. But the effectiveness of contract appointments depends on the ability of local government to develop systems and processes to monitor the activities and functions of their managers. The recruitment of staff has similarly seen the introduction of a more flexible system that encourages the hiring of staff from the private sector. This directly impacts on the hitherto notion of promotion by seniority in the public sector.

Historically, promotion in the public sector was more related to the years one spent in a particular post than to his/her performance, merit or knowledge. The length of service was an important criterion in securing promotion when such opportunities arose. Promotion was used as a reward for long service and not competence. This often resulted in the promotion of personnel who were ill equipped intellectually to perform at higher or more senior levels. This phenomenon is known as the '*Peter principle*' Peters (1996). Nel et al (2004: 537) take a more positivist approach to recruitment from within. They say that social capital is built by the fact that people

with experience and a knowledge base of the functioning of the organisation are promoted. But Grobler et al (2004: 146) and Peters (1996) point to many disadvantages of such internal recruitment. They indicate that internal recruitment often tends to internalise old and incorrect work habits.

There is a tendency in local government structures towards the development of a culture of conformity and in order to be promoted uniformity is required. This dominant culture may work against the needs of communities. For instance, engineering was the dominant occupational group in local government in South Africa. Belonging to this network contributed favourably to the chance of being promoted. Mizruchi and Galaskiewicz (1993: 47) indicate that the linkages amongst such dominant players exist to ensure the continued dominance of a particular narrow interest, rather than with helping to meet the resource needs of the organisation. The dominance of the engineering occupational group is still evident within the local government sphere.

Recruitment from the external environment was only prompted by factors such as the lack of internal capacity in the field of developmental management. But this need also brought about conflict and tension between the dominant engineering group and the emerging culture. These conflicts manifested themselves in different approaches to planning and to the application of scarce resources, inevitably leading to dissatisfaction and to an increase in the level of staff attrition. The increase in attrition rate is accompanied with organisational memory loss which negatively influences service delivery.

There is no doubt that local authorities are in competition with other organisations to attract and retain skilled and scarce human resources. Thus, they need to develop appropriate remuneration policies to retain staff and reduce the rate of

attrition. The benefit of this approach is that it allows local authorities to compete in the open market to attract and retain skilled individuals in those areas where capacity constraints are experienced. The policies are aimed not only at attracting human resources, but also at inculcating a culture of accountability and performance within local government.

C. Some Implications for this Study

This study recognised the organisational complexity of local government within South Africa and within Saldanha Bay and Swellendam municipalities, and the fact that they were at different stages within the overall governance transformation process. This raised the need for an 'onion model' of concentric circles that would bring together the elements of institutional, organisational and human resource capacity to determine the situation in which the two municipalities were, where they wanted to go, and the nature of the institutional, organisational and human resource capacity challenges they experienced in policy implementation.

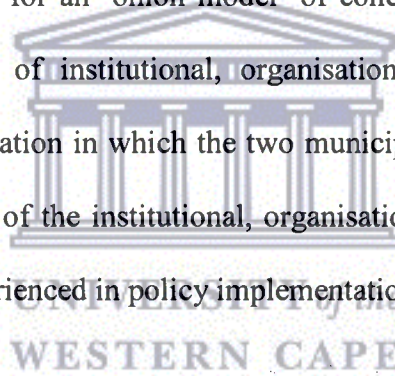
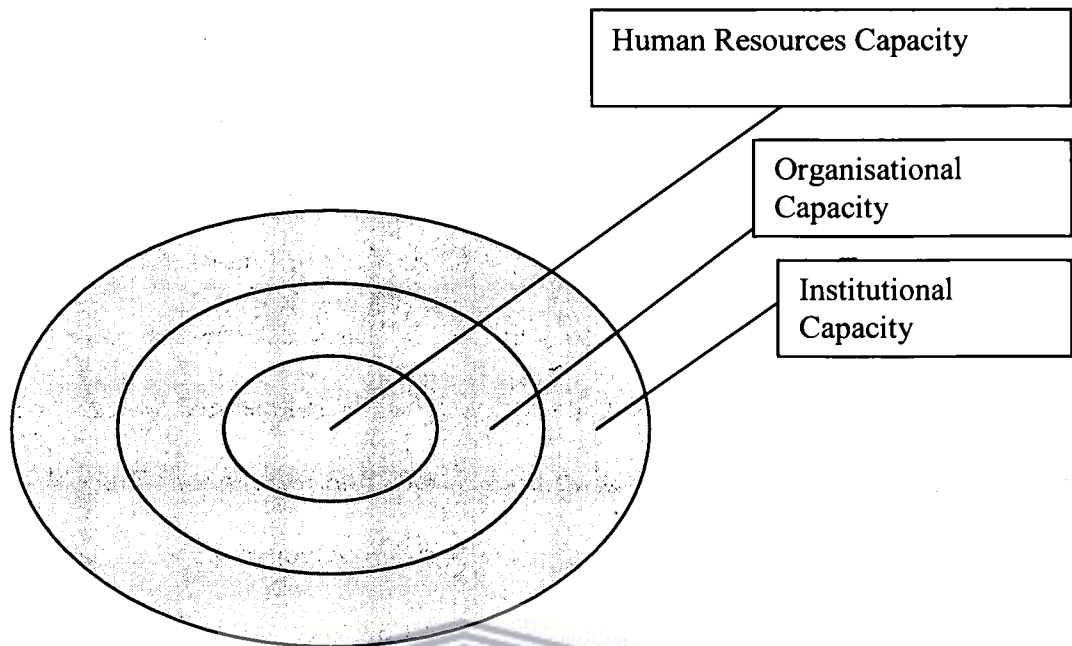


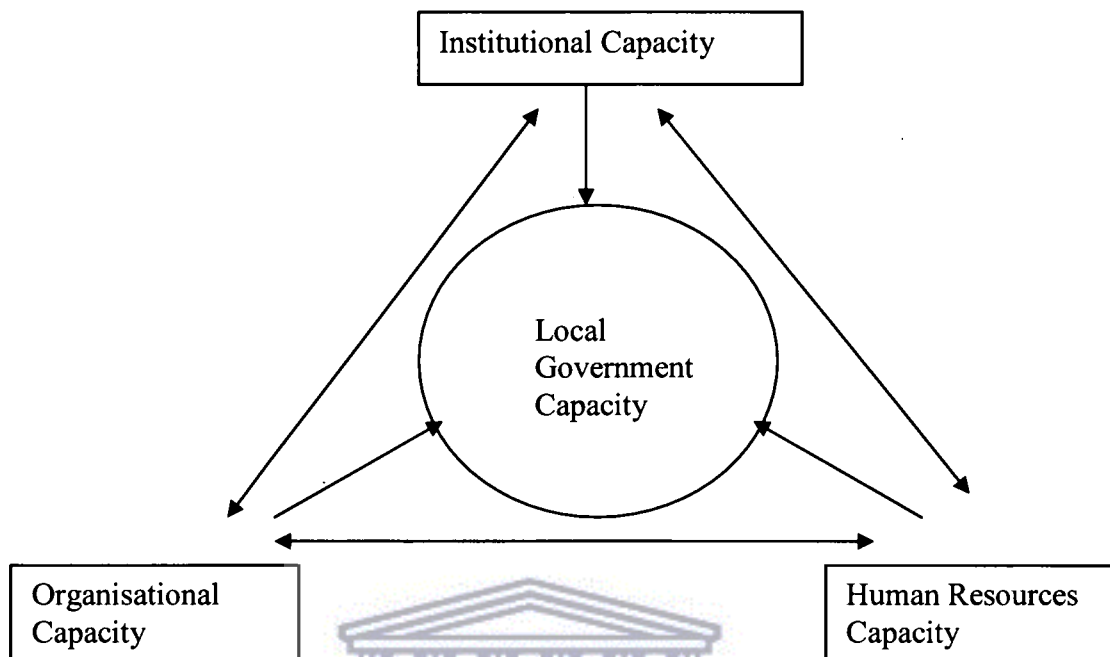
Diagram 1: The Local Government Capacity ‘Onion’ Model



Source: Author’s construction

The first outer institutional circle was concerned with the environment within which the Saldanha Bay and Swellendam municipalities operated in their policy implementation. The second inner organisational circle was concerned with the mission, identity, structures, systems and procedures, resources, and relationships necessary for the effective operation of the Saldanha Bay and Swellendam municipalities. And the third innermost human resource circle was concerned with the personnel who worked in and made up the Saldanha Bay and Swellendam municipalities. The two municipalities could only be as effective in their service delivery efforts as determined by the presence of the quality of institutional, organisational and human resource capacity. Consequently, these three dimensions of capacity had a knock on effect on each other in practice.

Diagram 2: The Knock-on Effect of Dimensions of Capacity



Source: Author's Construction

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The knock-on effect of the three dimensions of capacity is illustrated in the above diagram. As discussed earlier, local government comprises the institutional, organisational and human resource dimensions of capacity which are interrelated and interdependent. Each of the dimensions exerts a direct influence on the other. The availability or the absence of competent human resources does impact on the organisational capacity to function and deliver services economically, effectively and efficiently. In turn, organisational capacity, such as financial resources, determines the ability of local government to offer attractive salaries and attract skilled human resources. Institutional capacity and organisational capacity are similarly interrelated. For example, legislative prescripts such as employment equity requirements, guides the recruitment strategy of local government and in this way influences the human

resources capacity. The relationship that exists between the institutional environment and local government has an effect on organisational capacity and vice versa. A supportive intergovernmental relationship contributes to the enhancement of both organisational and institutional capacity.



CHAPTER THREE

THE CONSTITUTIONAL, POLICY AND LEGISLATIVE FRAMEWORK OF LOCAL GOVERNMENT

This chapter examines the constitutional, legislative and policy framework of local government. The topics covered include the White Paper on Local Government; the concept of developmental local government; some socio-economic rights and local government; the enabling legislation affecting local government; and planning and development in the Western Cape.

A. The White Paper on Local Government of 1998

Within the above constitutional context, the White Paper of Local Government, 1998 outlines the systems that will make developmental local government a reality. A local government system that will be committed to working with citizens, groups and communities to create sustainable human settlements which provide for a decent quality of life and meets the social, economic and material needs of communities in a holistic way (Republic of South Africa, White Paper on Local Government, 1998; 15). The achievement of this objective is subject to the strengthening of the delivery capacity of local government.

The aim of the White Paper is precisely to support and strengthen the delivery capacity. Mphaisha (2006:38) says that the concern is how to ensure that local government activities achieve maximum impact on poverty alleviation whilst fulfilling an enabling role and addressing entrenched socio-economic inequalities. Local government undeniably is integral to national government's plans on service delivery. Developmental local government according to the White Paper on Local Government (1998; 42) has certain expected outcomes, namely, the provision of household infrastructure and services; the creation of livable, integrated cities, towns

and rural areas; local economic development, and community empowerment and redistribution.

This was an important document aimed at stimulating debate on the proposed new local government system. The architects of the system had as an objective remedying the inherited social and economic dysfunction and creating an enabling environment for local government to achieve the Constitutional obligation. The White Paper introduces a new concept into the local government domain, namely developmental local government. It similarly formed the basis for the formulation of all other subsequent legislation pertaining to local government.

Developmental local government has many interrelated characteristics. Municipalities need to exercise their powers and functions in such a manner to maximize their impact on social development and economic growth. Of particular importance is the ability of local government to meet the basic needs of communities. This is possible if the execution of the functions is aimed at ensuring the social and economic well being of communities. Although local government is not directly responsible for employment creation it contributes positively to this goal by attracting and creating conditions that are conducive to economic growth.

Municipalities need to play an integrating and coordinating role between the various agencies that operate and contribute to socio-economic development. The integrated development plans (IDP) of the municipality is a key planning instrument. It is an attempt to co-ordinate the hitherto individualistic development strategies. The IDP co-ordinates various activities and strategies of the different stakeholders that operates within the local area. Its intent is to eliminate duplication and confusion in the implementation of local socio-economic programmes.

Community involvement in the matters of local government is a constitutional obligation. Therefore, local government needs to create systems and structures that will ensure the enhancement of the democratisation of development. Structures such as ward committees and processes, for example community information sessions, will contribute immensely towards the achievement of community participation. The leadership of local authorities needs to think innovatively of mechanisms to involve communities within the decision-making processes. The legitimacy of the decision-making processes will be enhanced if the intended beneficiaries are involved.

Local government structures need to adapt to changing situations and to search for new ways to ensure relevance in their outcomes. One such service delivery option is the formation of networks and partnerships with other stakeholders. Such collaborative relationships and the sharing of resources to achieve a common objective are viewed as social capital development. Developmental local government ought to take the leading role in developing the social capital amongst stakeholders in order to push back the frontiers of poverty. The White Paper (1998; 42) emphasises the strategic and visionary role that is required of local government to meaningfully influence development in its area of jurisdiction.

* B. The Concept of Developmental Local Government

The ending of apartheid and the advent of the new era of democracy were accompanied by a new discourse of developmental local government. According to Conyers and Hills (1994: 220) 'developmental local government' refers to a state of being or the process of change. This concept has two implications for service delivery. In the first instance it is a state of being free from poverty. Secondly, 'developmental local government' is the process of creating and establishing

opportunities for the poor to progress to the state of development. Coetzee (1989: 2) observes that development is about people and for the people. Thus, the objective of development is to raise the level of living of the masses of the people and to provide all human beings with the opportunity to develop their potential. The conclusion is drawn that development is people centered and creating opportunities to live a better life free from poverty.

The concept developmental local government was first raised in the Constitution of 1996. Chapter 7 of the Constitution makes several provisions in respect of local government. Firstly, it provides the status and objects of local government by establishing municipalities throughout the country. Local government, unlike the situation in pre-1994 municipalities, is now constitutionally mandated to perform a specific function. Secondly, the powers and functions of municipalities are listed in Part B of Schedule 4 and Part B of schedule 5. Section 156(1) (b) draws attention to the fact that any other matter may also be assigned to local authorities by national and provincial legislation. The constitution in Section 156 (4) (b) highlights the fact that the assignment of functions must take into consideration the capacity of local government. Section 163 stipulates the role of organised local government in the National Council of Provinces.

Sections 152 and 153 directly or indirectly refer to the developmental role of local government. Section 152 (1) explains what the object of local government entails. Several key areas are identified as the responsibility of local government. One of those is the obligation of local government to ensure the delivery of basic services in a sustainable manner. Two important aspects relating to poverty are addressed. Firstly, the need for sustainability of basic services as opposed to haphazard delivery will contribute more effectively to poverty alleviation.

Sustainability means security and the knowledge that service delivery will take place. The second aspect is the importance of the beneficiary to be involved in the matters of local government.

Community members are integral to their own development. Section 153 expands more on the developmental duties of local government. It states that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and promote the social and economic development of the community. The emphasis is firstly on the appropriateness of how the administration is structured. This implies that local government needs to develop an organisational structure that will ensure that basic services are delivered in a sustainable manner. Secondly, it implies that the budget must support sustainable basic services delivery.

C. Socio-economic Rights and Local Government

The Constitution, 1996 places certain constitutional obligations on local government to ensure that the community enjoys access to adequate housing, health services, education, food, water and social security. It contains many socio-economic rights that guide local government structures. It also imposes certain obligations on different spheres of government. One such obligation is compliance with the Bill of Rights (Chapter 2 of The Constitution). This essentially means that organs of the state must develop appropriate policies to honour the rights of the citizens. In the category of social and economic features of society, the incorporated rights in the Bill of Rights include access to food, water, housing, healthcare and social security. The other category concerns the development of the society and the environment. The

government has an obligation to ensure that it honours the rights to shelter and employment for individuals and, by implication, freedom from poverty.

These fundamental constitutional rights can only be satisfied within the dictates of 'just administrative action'. This means that the citizens have a right to reasonable administrative action that is procedurally fair. Secondly, it means that they have the right to be given reasons for administrative action that affects their rights. Local government is ideally placed to satisfy these rights. Thus, the role of developmental local government in relation to the Constitution needs to be put into context of legislation. According to Reddy, Naidoo and Pillay (2005: 44) the positive impact of these obligations was the emphasis placed on the delivery of basic services.

The Municipal Systems Act of 2000, one of the key pieces of legislation that guides the activities of local government, explains the concept basic services 'as a service needed to ensure an acceptable and reasonable quality of life and, if not provided, would endanger the public health or safety'. Mbazira (2006: 10) says that local government must consider the constitutional obligation of socio economic rights in 'their planning and budgeting processes and dedicate the requisite financial and human resources' to give effect to socio-economic rights. Access to water is one such constitutional right that local government is responsible for (Water Service Act of 1997). A particular concern is cost recovery right of a municipality.

Mubangizi and Mubangizi (2005:285) discuss this implication in their analysis of the *Residence of Bon Vista Mansions v Southern Metropolitan local Council [2002 (6) BCLR 625 (W)]*. This case concerned the disconnection of water supply on account of arrears in payment. The court found that the action of the municipality was unconstitutional. However, the decision did not prohibit local government from implementing credit control measures. This case is of particular importance for local

government to assist in, structuring the systems, processes and policies on the implementation of socio-economic rights. Another important area of local government socio-economic obligation relates to the provision of housing (Mbazira, 2006). Although housing is an assigned function it does not exempt local government from their constitutional obligation to ensure the provision of basic services. As Visser (2001:26) rightfully points out in his discussion of the *Government of the Republic of South Africa and others v Irene Grootboom and others 2000 (11) BCLR 1169* case that housing 'entails more than bricks and mortar'.

The responsibility of local government in ensuring the right to housing is centered on the provision of land, and related services such as water, electricity, sanitation and the removal of waste. Local government generally and Saldanha Bay and Swellendam municipalities, in particular, must therefore structure their systems and processes in a manner that creates an enabling environment for the achievement of these socio economic rights. The obligation directly concerns the leadership capacity in providing the guidance to the administration to achieve them.

D. The Enabling Legislation for Local Government

The legislation promulgated from 1998 until 2007 placed the responsibility of developmental local government on both the political and administrative leadership. It is their duty to apply the resources of local government in a manner to achieve the developmental outcomes as expounded in the Constitution and the White paper. The White Paper discusses the challenges that local government is faced with and similarly introduces a new system of governance.

One of these challenges is to correct the dysfunctional configuration of local government. Many people were excluded from the boundaries of local government

and subsequently did not enjoy the benefits associated with service delivery (see Williams, 2006). Local government boundaries were racially structured and based on a policy of own management of areas, which resulted in many of the challenges expounded in the White Paper Local government. A plethora of legislation was promulgated to address these challenges and facilitate establishment of the new democratic system of local government. This section explains the most important pieces of legislation that was formed to transform local government.

1. The Municipal Demarcation Act, 1998 (Act 27 of 1998)

The Municipal Demarcation Act describes the criteria and process for the determination and re-determination of municipal boundaries. Its major objective is to reconfigure the dysfunctional local government system and to establish one that would facilitate the achievement of the provisions in the Constitution. The decisions of the Demarcation Board resulted in the reduction of municipalities in South Africa from 843 before 2000 to 231 (see table 3.1). This change in the local government landscape was aimed at ensuring the achievements of the constitutional mandate.

Table 3.1: Number of Municipalities in South Africa

	Before December 5, 2000	After 5 December 2000
Metropolitan (A)	6 plus 24 substructures	6
District Municipalities	42	47
Local Municipalities	771	231

Source: Municipal Demarcation Board

The Western Cape similarly experienced a reduction in the number of municipalities (see table 3.2)

Table 3. 2: Number of Municipalities in the Western Cape

	Before 5 December 2000	As from 5 December 2000
Metropolitan Areas (A)	1	1
District Councils	10	5
Local Municipalities	97	24

Source: New Municipal Dispensation in Western Cape as at 9 April 2008

2. The Municipal Structures Act, 1998 (Act 117 of 1998)

The President promulgated this Act on 11 December 1998. Its main provisions are to provide for the establishment of municipalities in accordance with the requirements relating to categories and types of municipalities; to establish criteria for determining the category of municipality to be established in an area; to define the types of municipality that may be established within each category; to provide for an appropriate division of functions and powers between the categories of municipality; to regulate the internal systems, structures and office-bearers of municipalities; to provide for appropriate electoral systems; and to provide for matters in connection therewith.

In essence the Act provides the regulatory framework for the establishment of municipalities and the electoral systems for the election of office bearers. It clarifies the division of functions and powers between municipalities in terms of section (156) and 229 of the Constitution. In those instances where executive authority is shared between a district and local authority a division of functions and powers must take

place. In this regard Section 83(3) specifically refers to the functions and powers of district municipalities. The main purpose of a district municipality is to achieve an integrated, sustainable and equitable social and economic development in the area as a whole.

This is possible through the development of an integrated development plan for the district. Secondly, the district council is allowed the opportunity to promote bulk infrastructure development, and services for the district. Thirdly, it is the responsibility of the district municipality to develop the capacity of municipalities to perform effectively. Lastly, the responsibility resides with the district council to encourage the equitable distribution of resources between the various local authorities in its area and to ensure that appropriate levels of municipal services are delivered. The district municipality is in effect a coordinator and facilitator of socio-economic development and only in extreme situations does it function as a direct service provider.

In addition, the Act describes the relationship between the district council and local authorities within its jurisdiction. This is the recognition of the constitutional principle of 'one sovereign state' and the importance of co-operation between the various spheres of government to ensure effective policy implementation. In this regard, section 88 is clear that when a request for assistance is forthcoming from either category of municipality the response ought to be in the positive. Horizontal co-operation between municipalities of the same category is also encouraged and must become the norm rather than the exception.

The Municipal Structures (amendment) Act 33 of 2000 introduced a paradigm shift concerning the role and functions of the District municipality from one of being coordinator and facilitator of development to one that is now responsible for the

provision of services to the end user. Section 6 in particular introduces significant changes to the function listed in section 84 of the Municipal Structures Act. An example is Section 84(b) which states that the bulk supply of water that affects a significant proportion of municipalities in the area is the responsibility of a district council. This is now replaced with potable water supply systems. This is a move away from the traditional coordinating, supporting and equalizer role of district municipalities to a direct provider of services.

3. The Municipal Systems Act (MSA), 2000 (Act 32 of 2000)

The Municipal Systems Act creates a new local government system. It introduces the enabling principles, mechanisms and processes that provide the foundation for municipalities to become developmental in their approach. It is an enabling legislation because it allows municipalities to exercise their executive authority and perform their functions. The Act contains elements and processes of developmental local government as discussed in the 1998 White Paper on Local Government. These are integrated development, participatory governance, performance management, financial management and organisational change.

The success of democratic local government depends on the public officials' accountability. Local government employees must be accountable to the elected representatives who in turn must be accountable to the community. Community participation is fundamental to developmental local government. The MSA recognises this and emphasises the fact that an efficient local government system is dependent on community participation in the planning and implementation of development plans. Municipalities are responsible to develop appropriate systems and mechanisms to

enhance community participation. In turn, local Authorities need to assist communities to meaningfully participate in their decision-making processes.

Access to information is another important criterion that contributes to accountability. This is further enhanced by the establishment of communication channels to inform community members of the activities of municipalities. Therefore, decision-making structures, such as council and committee meetings should be open to community members unless the issues under discussion are of a sensitive nature and warrant the exclusion of the public. Another aspect of accessibility is the manner in which the special needs of physically challenged persons and groups are taken into account by the municipality.

Likewise, the participation of the youth in the matters of municipalities is an important criterion for community participation and, ultimately, public accountability. A movement away from a closed to a participatory form of governance according to the Act is required. A municipality could achieve this through conducting its business in a comprehensive manner; articulating objectives and policies regulating its main activities; ensuring that by-laws and other legislation are understood and accessible to the public; and keeping all stakeholders informed about its activities. The Act reiterates the provisions laid down in the Constitution, 1996 and draws attention to the exercise that must take place subject to chapter five of the Municipal Structures Act. This relational establishment informs the discussion of functions and powers as explained in the Municipal Systems Act. The Act spells out the nature of the executive and legislative authority of municipalities and, in particular, the development of policies and plans for the area. To satisfy their constitutional mandate, municipalities need to formulate policies and programmes that will impact positively on socio-economic development.

Such plans need to include specific targets on service delivery outputs. The revenue generating authority is similarly clarified. These include the imposition of rates, taxes, levies, duties, service fees and setting policies on tariffs, rates and taxes. Any decision taken by council in exercising its powers and functions must be recorded in writing. All by-laws passed must be published in the Provincial Gazette. It is a legislative requirement that municipalities compile all their legislative documents, namely, bylaws, regulations and other legislative provisions. This compilation is known as the 'municipal code' and must be kept at the municipal head office.

The Integrated Development Plan (IDP) is an approach to integrate and synchronise the socio-economic activities of the different stakeholders that are functioning within a specific area. The White Paper, 1998 pointed out that the planning activities of the different spheres of government historically have taken place in a non-strategic fashion. This resulted in a duplication of activities and in an unequal distribution of resources, hence the need for an integrated development plan.

The IDP is the principal strategic planning instrument and informs all other planning and development, and all decisions with regard to planning, management and development, in the municipality. It is binding on the municipality as a whole. The IDP is aimed at redress and development and, therefore, the obligation to involve the community in the process.

The IDP must be developmental in nature and aimed at achieving the objectives set out in the Constitution, 1996. The IDP is a five year development plan of the municipality and should be aligned to the development plans and strategies of adjacent municipalities, the province within which it is situated and the national organs of state. This ensures that development in the area and region takes place in

an integrated, strategic and coherent manner. The IDP reflects the vision of municipality, the current reality and the problems seeking rectification as well as the assessment level of development. The development priorities together with the internal transformation needs require clear and comprehensive implementation strategies. The IDP serves as the policy framework that informs the budgetary process. Hence, the legislative requirement that calls for the inclusion of a financial plan in the IDP. Such a plan involves a medium term projection of capital and recurrent expenditures.

A copy of the adopted IDP must be submitted to the Provincial Minister for Local Government (MEC). It is the prerogative of the MEC to either accept or propose changes to the plan. Within 30 days of receiving the MEC's request the municipality needs to respond in writing. In this way the MEC similarly ensures that the municipal IDPs are aligned with the objectives set by National and Provincial government. The IDP must be reviewed annually to ascertain firstly if the key performance outcomes have been achieved. Secondly, if the needs of the community are still the same and what other concerns need to be addressed. Achievement of those outcomes discussion is dependent on the development of a monitoring and measuring system.

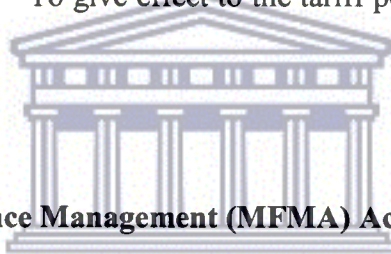
National legislation requires all municipalities to develop a performance management system (PMS) to give effect to the IDP. Such a system must take into consideration the particular circumstances of the municipality and available resources. The objective of the system is to ensure compliance with the Act as well as ensuring that the resources are used in the most economical, effective and efficient manner. It is the responsibility of the executive committee or executive mayor of a municipality, or a committee of council to manage the development of the PMS. The responsibility

must be assigned to the municipal manager. The Act prescribes certain core system components, including the setting of key performance indicators and targets with regard to its development priorities; the development of a monitoring, evaluation and review system; and the establishment of a reporting system to council internally and externally to the public, provincial and national organs of state.

The people centered approach in the development of the PMS once again is mandatory. This is a central requirement emanating from the Constitution and expanded on in the subsequent legislation. It is also aimed at moving municipalities from a closed to an open, inclusive and consultative form of governance. The basic values and principles governing local administration describe the value system required during interaction of the municipal staff with the community. The administration of the municipality must be organised in such a manner to comply with the provisions of this Act. One such provision is the requirement of responsiveness to local community needs.

This is measured by the degree of appropriateness of services rendered. The value system must be captured in the staff code aimed at the provision of an effective and efficient administration. This is what the municipality is about and all administrative activity is aimed at realising this. Much debate has taken place on this subject in particular what local government responsibility concerning its constitutionally assigned functions and the devolved functions. In regard to this, the question of capacity or the inability of local government to render the services has been asked. Municipalities have a constitutional obligation to give priority to basic needs of the community and promote social and economic development through the provision of service. Fairness, equitability, affordability and accessibility are key principles in the service delivery process.

The Act sets forth the provisions for the determination of a tariff policy for the services. Amongst others, special attention is given to assisting poor households in enjoying the benefits of municipal services. In this regard an obligation is placed on municipalities to develop for the indigent policies to enable the poor access to basic services. Another provision is the requirement that the tariffs must ensure the financial sustainability of the municipality. Financial sustainability demands a system of financial management that lends itself to collecting the debt due to municipalities. Therefore, it is the responsibility of Municipal Councils to take into consideration a range of variables when developing their tariff policy. The policy needs to be structured in a way that assists the poor and simultaneously generates revenue for sustainable economic growth. To give effect to the tariff policy Municipal Councils must publish it as a by-law.



4. The Municipal Finance Management (MFMA) Act, 2003 (Act 56 of 2003)

The MFMA is the financial legal framework that contributes to the development of a democratic, accountable and developmental local government. The Act introduces fundamental financial and fiscal reform at local government level. These reforms include the establishment of audit committees, new budget standards and formats, improvements to supply chain management, establishing municipal entities and other financial measures. It assigns definite roles and responsibilities to the role players involved in the management of the municipal finance.

The objectives of the MFMA are to encourage, achieve and maintain public accountability, transparency, good governance and financial sustainability. It is based on the principles of promoting sound financial governance by clarifying the roles and responsibilities of council and officials; ensuring a strategic approach to

budgeting; modernising financial management; promoting cooperative and consultative governance; and promoting sustainable local government. The MFMA provides clear guidelines on how to link the IDP and the budgets to give effect to the developmental plans. It encourages the participation of the communities in various aspects of financial management such as supply-chain management. Political influence during the allocation process of tenders was always a concern. Section 117 of the MFMA addresses this concern and prohibits any political influence in the supply chain management process.

5. The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)

The ability to apply this important instrument of social engineering critically could see the poor reaping multiple benefits. The procurement of goods and service is an important instrument that is used to transform and enhance socio-economic development. Local authorities spend billions of Rands on the procurement of goods and services and this is an important tool that could be used for social engineering.

Municipalities must use their buying power to force service providers to contribute to socio-economic development. This could be achieved by building into the procurement contracts specific socio-economic objectives. One such condition aimed at poverty alleviation is the requirement that a certain percentage of the total value of the contract must be spent on local labour.

In this way the unemployed people in the area of contract implementation would directly benefit from the money spent on labour. Another contract specific requirement would be the provision of on the job skills development. The objective in this regard would be to enhance the skills level of labour and through this process

enhance their future employability. The two contractual prescriptions would assist the unemployed with employment and with enhancing their skills levels. These are two examples of applying procurement to benefit the community. The procurement process undeniably affords an opportunity to local government to address inherited socio-economic problems from the apartheid era. The question, though, is whether or not the SW and SBM have the policy formulation and implementation capacities to exploit the inherent benefits that the procurement process offers.

In the past procurement favoured politically and economically powerful individuals and/or established businesses. A radical change was deemed necessary to ensure that those businesses previously excluded from procurement processes were provided access to local government public resources. Therefore, procurement plays a fundamental role in employment creation and poverty alleviation. The development of appropriate procurement policies to facilitate poverty alleviation is a fundamental challenge to local government. These policies must ensure that the benefits of local government expenditure are directly benefiting the poor. Section 217 of the Constitution, 1996 (Act 108 of 1996) requires an organ of state to contract for goods or services in accordance with a procurement system which is fair, equitable, transparent, competitive and cost effective. The Local Government Transition Act (LGTA), 1993 section 10 (G) (5)(a) similarly refers to the constitutional requirements that 'a municipality shall award contracts for goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost effective'.

The Constitution and the LGTA goes further and permit municipalities to formulate a policy which can give preference to the protection or advancement of persons or categories of persons previously disadvantaged by unfair discrimination when awarding contracts, provided that such preference is in accordance with the

framework prescribed by national legislation and implemented in a transparent way. The promulgation of the Preferential Procurement Act was done to give effect to the requirements. In terms of the Preferential Procurement Policy Framework Act, 2000, municipalities are required to formulate and implement a preferential procurement policy. The provisions prescribed in the Act and the Constitution must inform the policy. In this regard a framework based on a preferential point system is provided to assist the formulation of the policy. Under this system a percentage of points are allocated for preferential categories and the rest of the percentage for the price tendered. Municipalities are allowed to develop their own preferential procurement policy within the legislative framework provided.

6. The Intergovernmental Relations Policy Framework Act, 2005

The national government has an important role to play in creating an enabling legislative environment that facilitates co-operation amongst the various spheres of government. The major objective of intergovernmental relations is to facilitate a co-operative interaction between different spheres of government. Layman (2003:10) says that the Constitution builds operational tensions between national direction and locally defined preferences. The object of intergovernmental relations is to manage the inherent tensions and to get coherent government to deliver services in a unified manner. The constitutional imperatives are that the three spheres of government are equal in status, autonomous, distinct and interrelated. The constitution furthermore contributes to these tensions by bestowing monitoring and intervention powers on the provincial and national government (Sections 100 and 139). Murray (in Tapscott and Levy, 2001:77) concurs by stating that 'the word sphere is intended to avoid any sense of hierarchy. Yet many aspects of the Constitution seem to imply hierarchy'.

The constitution recognises this apparent contradiction in terms. Section 41 which is headed 'Principles of Co-operative Government and Intergovernmental Relations' tends to lessen the tensions by defining the concept of co-operative government, namely, the need to assist, support and consult one another on matters of common interest based on trust and mutual respect. Visser (2001:12) points out that co-operative government requires that programmes of the three spheres of government must be aligned and be supportive of one another. The choices and preferences exercised at local level need to be channelled upwards through the local government unit. On the other hand, Galvin and Habib (2003: 865-866) point out that a challenge for effective co-operative government is the 'centripetal tendencies' of the state.

Although the constitution promotes decentralisation, a great degree of movement towards centralisation is evident which negatively impacts on policy implementation. This adds to the confusion and tensions amongst the spheres of government. In this connection, section 155 refers to the need of national and provincial government '... to give support, to promote municipal capacity'. The support itself could either be in financial terms or in assisting capacity development. The Inter Governmental Fiscal Relations Act speaks about financial support and provides a framework in which revenue sharing between the spheres will take place (Republic of South Africa, Treasury 2004). The allocations to local government could either be unconditional or conditional intergovernmental grants. The unconditional grants provide the freedom for municipalities to decide on how, what and in which manner to spend the allocated funds. The conditional grants are earmarked for restricted expenditure decisions. Irrespective of the method used,

therefore, the revenue sharing mechanism in itself contributes to the principles of co-operative government.

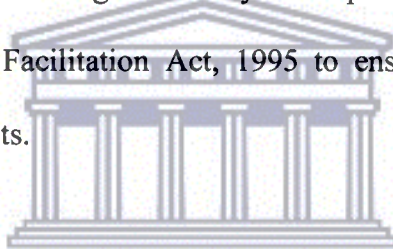
7. The Organised Local Government Act, 1997

The South African Local Government Association (SALGA) was established with the mandate to represent the interest of local governments at national and provincial levels (Reddy, 2001:27). It is the body that represents local government on the various national and provincial forums. The Act creates the space for organized local government to be represented in various forums. The Financial and Fiscal Commission (FFC) is one of them. The FFC recommends the equitable share formula to the national treasury. In this manner, SALGA ensures that organized local government is directly represented when the vertical and horizontal allocation decision are taken. It is also the voice of local government in the National Council of Provinces (NCOP) albeit in an observatory capacity (Section 2 of Act 52 of 1997).

This provides the opportunity for organized local government to have their challenges addressed. Indeed, one of the objectives of SALGA is to ‘...transform local government to enable it to meet its developmental role’. Therefore, it is mandated to fulfill a supporting and monitoring role on local government. But despite the fact that SALGA is represented in a number of nationally important decision making bodies, Reddy (2005:50) and Levy (2001:96-97) note certain operational problems. One such concern is SALGA’s lack of capacity to support individual municipalities. SALGA is also not particularly helpful in alerting provincial governments of impending crises in municipalities. This relates to their lack of capacity to monitor and/or to provide support to local government.

D. Planning and Development in the Western Cape

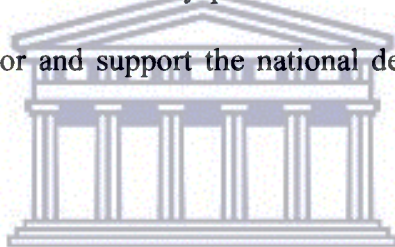
Spatial development and planning activities within the Republic of South Africa are aimed at co-coordinating and integrating all development decisions relating to land use. The Constitution of 1996 indicates the importance to address the inherited racially distorted land use patterns. This is expanded in the 1998 White Paper on Local Government. The Development Facilitation Act No. 67 of 1995 (DFA) also includes a commitment to the promotion of 'efficient and integrated land development'. The objective is to correct the 'historically distorted spatial patterns of settlement'. The DFA impacts directly on the Integrated Development Plan of municipalities' spatial development. Section 26 of the MSA of 2000 indicates the core components of the IDP. This legislation says that spatial developments must be guided by the Development Facilitation Act, 1995 to ensure that local plans are aligned to national requirements.



1. The Development Facilitation Act, 1995 (Act 67 of 1995)

This is the national legislative framework that sets at a national level the norms, standards and principles to which provincial and local planning laws must be aligned. The Act strives to address and correct the historically distorted spatial patterns of settlement. A central pillar in land development is the role of the community. The Act places the responsibility of ensuring that communities are empowered to participate in land development on the organs of the state. Section 3(h) explains the objectives that the policies, administrative practices and laws should strive to achieve. Amongst others, land development must facilitate the establishment of viable communities.

Similarly, the promotion and protection of the environment as well as meeting the basic needs of the citizens in an affordable manner enjoys high priority. Section 3(k) reminds the organs of state that any land development ought to result in security of tenure. It draws awareness to the rights of the occupiers of the land. It explains that in those instances where land development takes the form of upgrading an existing settlement, the beneficial occupiers should not be deprived of their homes. Furthermore, if for any reason the land occupied is utilised for other purposes the legitimate owner's interest should be reasonably accommodated in one or another form. These are important provisions that ought to guide the organs of state in applying land development as an instrument to address the challenges of poverty alleviation. The provincial governments may pass their own land development laws within the limits of their sector and support the national development objectives as prescribed in this Act.



2. The Western Cape Planning and Development Act, 1999 (Act 7 of 1999)

The Act has taken into consideration the provision enshrined in the constitution, the Development Facilitation Act and other appropriate legislation. The overarching objective is to establish an integrated development framework for the province. This will ensure that the development plans of provincial and local governments are aligned and complementary in achieving the provisions of national legislation. The framework's further aim is to integrate within a geographical area the development strategies of the different organs of the state.

The principle of public participation is recognized as an important pillar of the framework. A set of criteria is established to co-ordinate all the planning decisions in the province and through this give support to the developmental role of local

government. It strives to eliminate the hitherto duplication of planning activities within a geographical area. Provision is made for the fast tracking of land development in those instances that will benefit human needs, health reasons, and land restitution amongst others. The fast tracking of land development bodes well for the provision of basic services and restoring human dignity particular for the marginalised and the poor.

The Act makes provision for the establishment of two institutional structures to facilitate and co-ordinate land development in the province. The first of these are the provincial land commission. The commission fulfils an advisory role to the Premier on all development and planning activities affecting the province. The members are appointed by the Premier and are knowledgeable on land development. The tribunal has been allocated specific discretionary powers to decision on certain land development activities as explained in section 16. One such function is the tribunal's power to 'suspend restrictive conditions or servitudes affecting the land on which a land development area is to be established'. This and other powers of the Tribunal are aimed at ensuring that land development takes place in a coherent manner to ensure economic growth and development and ultimately poverty eradication.

The responsibility of establishing land development objective for a local area resides with a local authority (section 27). The provincial minister may take over this responsibility if the local authority fails to establish land development objectives within a time frame prescribed by the MEC in the Provincial Gazette. It could be said that the Planning and Development Act is a regulatory framework design to ensure that synergy and co-ordination of planning activities take place within the province. The framework contributes to the achievement of the growth and development

policies set by the province. The Development Facilitation Act, 1995 and The Western Cape Planning and Development Act, 1999 provide the legislative framework that guides the land use policies of SBM and SM. The research focus is to understand how these two municipalities applied land use policies to address their specific dynamics whilst simultaneously achieving the objectives set in the above mentioned legislation.



CHAPTER FOUR

CAPACITY CHALLENGES IN THE SALDANHA BAY MUNICIPALITY

This chapter examines the capacity challenges in policy implementation in the Saldanha Bay Municipality (SBM). The socio-economic background; institutional capacity; organisational capacity; and human resource capacity form the basis of the description and analysis.

A. The Socio-economic Context of capacity

The SBM is situated on the west coast of the Western Cape Province. It is one of five municipalities that share legislative and executive powers with the West Coast District Council (Municipal Structures Act, 1988). The others are Swartland, Berg Rivier, Cederberg and Matzikama Municipalities. The Saldanha Bay Municipality forms the western part of the West Coast District Council (WCD). The municipality has 'Category B' status, and is divided into ten wards. The administrative center is situated in the town of Vredenburg. The municipality's total area is approximately 1,908 km², and comprises approximately 6% of the total area of the West Coast District municipality.

The Saldanha Bay IDP, 2005/06, estimated the total population at approximately 929 321. An estimated population growth rate of 4,49% from 2000 until 2006 was experienced. Coloured people represent approximately 67%, White people 22%, and African people approximately 8% of the community. Eighty percent of the people use Afrikaans as their medium of communication, whilst 6% use Xhosa as the spoken language and 4% converse in English (West Coast Development Profile 2004). The majority of the community use Afrikaans as the medium of communication and as one person puts it 'English is used only in self defense' or as a last resort.

Compared to the other 'Category B' municipalities, the SBM has the highest population density of the West Coast district municipality. The population density of SBM is 44 people per square kilometre. The average population density of the district is approximately 9 people per square kilometre. SBM is also more urbanized (94%), than the rest of the district municipality. 35% of the people of SBM are in the economically inactive category (age 0-14 and over 65 years of age). The rest (65%), are in the economically active category. The Coloured people represented the most (37%) in the economically inactive category (SBM Development Profile, 2004). An equitable gender profile, a 50/50 male to female ratio, prevails in the municipal area.

The educational profile indicates that 22% of the African people and 18% of the Coloured people have no education. Only 2% of the African and 1% of the Coloured people have a post-matriculation education. White people have a higher educational profile, with approximately 20% having a post-matriculation education (SBM Development Profile 2004). The educational differences correlate directly to the differences experienced amongst racial groups in terms of occupational levels and income. According to the employment profile of the municipality, the African and Coloured community members mostly do elementary work, while White and Indian people perform clerical and professional activities (West Coast Developmental Profile, 2004: 20).

The occupational difference equates directly to income differences, educational differences and differences in quality of life. Coloured and African people occupy the lower income level positions and, therefore, are extremely vulnerable to any economic changes that occur. They are the people that experience economic deprivation and, as such, are extremely dependent on the social and economic services of the municipality. Approximately 60% of the economically

active people earn an income of less than R1 500,00 per month (SBM Development Profile, 2004). The majority of Coloured and African people fall in this category. The municipality has a poverty rate of 21,8% (Local Government Budgets and Expenditure Review, 2006).

This equates to 4 120 households that are living below the poverty line, i.e. earning less than seven rand a day. Approximately 10.9% of people had no income at all in 2003 (Municipal Profiles, 2003; LG METC, 06). The people most affected are in the Coloured and African communities. Although poverty is experienced in all parts of the municipality, Wards 4 and 8 have the highest incidence of poverty (SBM Development Profile, 2004). The municipality experiences a backlog in the provision of basic services. These backlogs are experienced in services such as water provision, sanitation, refuse removal, electrification and access to housing.

Table 4.1: Service Backlogs: Number of Households

	Water	Sanitation	Refuse	Electricity
Number of households	290	198	174	758

Source: Local Government Budgets and Expenditure Review, 2006: 111.

These backlogs are experienced primarily amongst the historically marginalised communities. 7% of the population does not have access to flush toilets. Another 5% use pit toilets, whilst 3% have no access to any sanitation facilities at all. (SBM IDP, 2003/04). According to the SBM IDP 2003/04, 92% of the people receive refuse removal. The other 8% either make use of a communal dump, own dump or have no disposal mechanism (Municipal Profile, 2003).

Housing although an assigned function is a socio-economic right and backlogs in the provision thereof are similarly experienced in the municipality. Approximately three thousand households reside in informal housing facilities. Nearly 6 500 households live in one- and two-room houses (Municipal Profile, 2003). HIV-AIDS is the other challenge experienced by SBM. The prevalence is high but it is forecast that it will increase from 4,3% in 2005 to 5,5% in 2010 (LGMTEC, 06). This increase will have an adverse impact on the resources of the municipality in terms of the provision of health and other support services to the affected.

The economic sectors that contribute most to the municipality's gross geographic product (GGP) are manufacturing (37%), and agriculture (18%). A substantial difference is evident between the employment patterns of the West Coast District Municipality and Saldanha Bay Municipality. The biggest employers in the district are: agriculture (35%), manufacturing (17%), trade (11%), and social services (12%). In contrast, biggest employers in the Saldanha Bay Municipality are, manufacturing (25%); social services (18%), while agriculture is third (16%). This is mainly attributed to the strong manufacturing industry, in particular, the fishing factories of Sea Harvest and St. Helena fishing, and Saldanha Steel as major industries (SBM Social Economic Profile 2004). The dominance of the manufacturing industry ensures a more stable employment environment. On the other hand, employment in agriculture is seasonal and is characterized by periods of unemployment and increase in social dependency.

Table 4.2: Employment within Economic Sectors

	% Employment SBM	% Employment District
Manufacturing	25%	17%
Agriculture	16%	35%
Social service	18%	12%

SBM has a 21,8% poverty rate, which is predominantly experienced amongst African and Coloured people. Poverty is associated with a lack of self-esteem and the inability to access and afford basic services. The poor reside in informal accommodation that comprises of two or less rooms. Sanitation facilities comprise pit latrines, the bucket system, or some other unacceptable form. Overcrowded accommodation and lack of basic services are directly associated with health and other societal ills. For the poor to escape from the poverty deprivation trap is difficult. This is partially due to low literacy levels and the lack of any significant portable skills. It negatively impacts on the employability of the poor in other economic sectors. The individuals in the agriculture sector are subjected to seasonal poverty that impacts on their means of subsistence.

It is the constitutional responsibility of SBM to ensure the provision of basic services to the community.

The strategies formulated by the municipality must take into consideration the inability of the poor to afford services. Policies must be formulated that are beneficial and poor specific. The rise in unemployment levels is a concern due to the fact that it has a multiplier affect on SBM. An increase in unemployment directly

influences the ability of people to pay for municipality services rendered. The result is an increase in bad debt or debt outstanding on part of the municipality which in turn, curtail the municipality to increase its service delivery output. It is SBM's constitutional responsibility to formulate policies that will directly or indirectly create employment opportunities for the poor. One such mechanism is the application of the procurement policy to create employment. In this regard contracts could be written in such a manner to benefit the unemployed.

Another objective that the procurement policy could address is the development of the portable skills level of the poor. This approach will result in an increase in the employability of the poor in different sectors. Particular focus and assistance must be provided to the vulnerable groups. In this regard policies need to recognize the prevalence of HIV-AIDS and how best to assist those infected. Provision of basic services is accompanied by investment in infrastructure. Infrastructural development demands major capital investment. SBM therefore needs to have a long-term financial strategy to develop the infrastructure needed to meet the service delivery demand. SBM needs to play an enabling role to facilitate economic growth, while simultaneously ensuring that the community, and in particular the poor, benefit of the growth initiatives.

B. Institutional Capacity

The SBM forms part of a governmental system that includes national, provincial, district and other category B municipalities. Its ability to implement policy is influenced by their interrelationships with other organs of state. According to the municipal manager, this relationship varies with the nature of issues under consideration (Interview with Mr. Snyders, 2008). The Western Cape Provincial

government has established a number of intergovernmental relations committees to facilitate closer working relationships. One such committee is the Provincial Technical Committee that comprises of provincial officials and local government municipal managers and senior management. These intergovernmental relations forums do not always reflect 'negotiated, non-hierarchic' interactions. According to Feshha and Steyler (2006) the forums are used as a platform where the province and officials present their policies without equal levels of involvement from municipalities. Mr. Snyders (Interview, 2008) agrees by saying that the intergovernmental forums are used as downward policy directives instead of as forums to address policy implementation challenges. The problem with this approach is that the individual municipal capacity constraints are ignored and a general compliance is expected. A key challenge, though, in this relationship is the capacity of the provincial officials (Interview with Mr. Snyders, 2008).

Many of the provincial officials who are 'supposed' to provide direction, leadership and assistance in capacity building, lack experience and insight into the challenges facing local government. The provincial government recognises this as 'insufficient skilled and dedicated personnel with the necessary competence' (South Africa, Western Cape, Department of Local Government and Housing, 2006/07-2008/09). But little is done to improve the situation. Another constraint is the overzealous application of provincial monitoring measures. Local government is subjected to a range of legislative reporting requirements which absorbs much of the time of local government officials. It is only now that a five year support programme has been developed to support local government (Interview with Mr. Gubuzi, 2008).

Housing is another area of concern among assigned functions (Interview with Mr. Snyders, 2008). The Provincial government allocates funding to local

government for housing which has the responsibility implementation. Mr. Snyders says that R11 million Rand was allocated to SBM for the 2008/09 financial year. But this allocation brings with it obvious capacity challenges. For instance, the SBM has had no sufficient staff with the relevant community negotiation and contract monitoring skills to effectively carry out this task. The provincial government equally pays inadequate attention to such capacity problems and yet it still expects municipalities to deliver services to communities. This situation in itself brings about operational tensions which do not bode well for intergovernmental cooperation in policy implementation.

Nonetheless, the SBM is one of those municipalities that the provincial government categorises as a high capacity local authority. The WCD on the other hand, is a low capacity category government (Western Cape, Department of Local Government Support Plan, 2005). The irony is that the WCD is constitutionally responsible for co-ordinating and providing leadership to category B municipalities with which it shares executive and administrative powers. But in the case of the SBM the WCD low capacity status negates the sharing of such powers and, as a result, the SBM is left to deliver services alone. In fact, the 2005 Municipality Capacity Assessment Summary Assessment Report raised the same issue about the WCD's role in supporting category B municipalities. It pointed out that the WCD had no accurate information on the 'detailed functional support requirement needs' of municipalities.

Political party infighting is another major negative influence on institutional capacity (Interview with Mr. Snyders, 2008). District and local government enjoy a conflictual relationship when they are controlled by different political parties. For example, the District municipality leadership initiated a multi-purpose centre within the SBM jurisdictional area without consulting and/or involving the SBM in the

infrastructure projects. This ultimately led to failure of project implementation and the worsening of district-local relationships.

The SBM is the economic growth node in the WCD. But this is not used to the benefit of the region. In addition, little collaborative service delivery initiatives are undertaken as an attitude of self determination and survival seemed to prevail within the district. The SBM could still be used to enter into shared services agreements with other municipalities in the region. This type of discussion must be initiated by the District municipality. But the WCD is unable to provide leadership for the development of the region (Interview with Mr. Snyders, 2008). The SBM has no in-house legal expertise and consults SALGA first before external legal opinion is sought on certain operational issues. Similarly, SALGA provides the SBM with advice on human resources matters. A case in point was the assistance provided by SALGA that led to the suspension of the Director Technical Services (Interview with Mr. Snyders, 2008). But SALGA needs to be more proactive in the affairs beyond the current 'needs-based principle' initiated by the SBM.

C. Organisational Capacity

The vision of SBM is to make the municipality a preferred area of choice to live in, to do business in, as well as for recreation. To be a leading municipality in the provision of quality services at affordable prices, a place where all have access to development opportunities, where the riches of the land and sea are utilized in a sustainable manner. To strive to reach the objectives of sustainable development, namely, human welfare, economic success and ecological responsibility. The mission embodies the following principles: the SBM should have safe, clean and beautiful residential areas with usable infrastructure.

The business areas must be well planned and organized. The recreational facilities must be integrated with the residential and working environment. Lastly, the management of the region should be transparent and known for friendly service delivery (IDP, 2002; IDP, 2003; IDP, 2005). To give effect to its vision and mission, SBM adopted a strategy that focuses on six key priority areas: basic service delivery and infrastructure development; economic development; healthy and safe environment; conserve and manage the environment; social and welfare development; and institutional and operational capacity development.

SBM is a 'Category B' municipality with an executive mayoral committee system. The executive power is vested in the mayor who is assisted by the executive mayoral committee (Mayco). The executive mayoral committee consists of six councilors, each with specific responsibilities. The executive mayoral committee is appointed on a full-time basis, and its major function is the day-to-day political oversight of the municipality. The council is the legislative body of the municipality, and all policies and bylaws are ratified here (SBM Departments).

The municipality has a ward participatory system, which consists of ten wards. The purpose of this system is to enhance community participation and deliver ward-specific services. A strategic manager post is located in the mayoral office. Its function is to provide information to the mayor concerning various strategic areas. This enables the mayor to remain abreast of national and provincial policy implications for the municipality. The administration consists of the office of the municipal manager, three directorates and two area offices (SBM Departments). The municipal manager and the three directorate heads are appointed in terms of Section 57 of the Municipal Systems Act of 2000. The municipal manager is the administrative head and is responsible for implementation of policy decisions taken

by the council. The municipal manager is accountable to the council for the performance of the administration.

The three directorates comprise of: Corporate Services, Social and Economic Development, and Technical Services. Corporate Services consist of three departments namely, Administration, Finance and Human Resources. Social and Economic Development consists of four Departments, namely: Health, Protection Services, Social Development, and Spatial Planning and Development. Lastly, the Technical Services directorate consists of two departments, namely, Civil Services and Electro- technical Services. A departmental head (middle management), manages each of the departments and his/her responsibility is to ensure the operational management of the departments. The executive directors, on the other hand, engage in strategic leadership and planning concerning the individual directorates. They liaise directly with their respective portfolio chairpersons, and provide policy inputs in their respective areas of responsibility.

A clear distinction exists between the strategic function of the executive directors and the operational management of the departmental heads. In order to respond quickly to the demands of communities, two area officers were appointed to provide services such as advice and pay points. They monitor service delivery and inform the various directorates of community dissatisfaction and/or complaints. They monitor the response rate of these directorates to these service delivery issues. The area manager's report directly to the municipal manager and it enable the municipal manager to keep abreast of service delivery within the municipality.

The information provided by these area managers enables the municipal manager to make decisions on service delivery needs and performance, and to develop appropriate responses. For example, if a persistent complaint in a specific area

concerns refuse collection, then this warrants an investigation to establish causes of possible negligence. The municipal manager will then directly ask the director responsible for that service to address the problem. This organizational arrangement enhances the response rate of the municipality to the demands of the community (SBM Annual Report, 2006/07).

A key directorate in transforming the municipality into a developmental local authority is that of Social and Economic Development. The function of this directorate is to address poverty. It comprises four departments namely: Health Services, Protection Services, Social Development and Spatial Planning and Development. One of the key challenges of the municipality is to transform society from a racially separatist to a racially inclusive one. The instrument at the disposal of the municipality to “re-engineer” society is Spatial Planning and Development. The municipality is characterized by a developed and a less developed component. The remnants of the past-racially based development practices are still evident. Low cost socio-economic development still takes place on the outskirts of the municipality.

The occupants of this accommodation are exposed to other types of economic exploitation. These include the reliance on public transport, which is non-existent in the municipality. The private taxi industry currently occupies this space, and transport costs are exorbitant, while service is unreliable. The industry is not regulated and the operators determine the price for individual journeys. The houses are built a distance from employment opportunities and the search for employment becomes a nightmare. A case in point is St Helena Bay which is approximately twenty kilometres from the Saldanha Steel industrial area, and approximately thirty kilometers from Saldanha Bay Harbor where most employment opportunities are

found. The transportation cost is approximately R1 per kilometer (taxi driver). Transportation cost strongly influences the ability of the poor to seek employment.

The lack of employment within the municipality negatively impacts on the revenue base of the municipality. The high unemployment rate, currently 26%, means that a number of households are not able to pay for municipal services and this has an impact on the revenue of the municipality (SBM Annual report, 2004/05). The municipality needs to use spatial planning to address the socio-economic difficulties of the community. The executive director, Social and Economic Development indicates that the municipality is experiencing difficulty to use town planning in a meaningful manner to integrated society and address socio-economic difficulties (Interview with Ms. Canca, 2006).

This is mainly attributed to the fact that the municipality's major concern is the provision of low cost housing instead of the holistic development of the poor communities. It exemplifies a narrow approach to development, which is indicative of a lack of development planning knowledge and expertise within the municipality. The process of low cost housing development usually involves the identification of available land and then the invitation to developers for proposals or tenders. The weakness of this approach is that the developers indirectly guide the development strategy and the decision-making of the municipality. If the land is within the developed part of the city then the development proposal invariably reflects this situation.

The obverse is the case when land is earmarked for low cost development. This type of approach is particularly evident in the town of Vredenburg. The historical town planning is maintained and low cost development takes place in the less developed areas while the middle-income development takes place in the established

part of town. The perpetuation of the past town planning practices continues unabated. Furthermore, the provision of low cost housing falls short of the objectives of integrated human settlement, which are to develop low cost housing near employment and recreational activities. The municipality does not need to look far for an example of integrated planning.

Within the municipality nascent integration exists: a low cost housing development is found which a developed section surrounds. Adjacent to the low cost development is a golf course development where houses command high prices. Asking prices, according to the local agent, vary from R1.2 million upwards. This spatial configuration was the result of faulty planning but could be used as a case study to guide future town development. Years ago, low cost housing development took place of the outskirts of the city, as was the norm in town planning. A lack of available land resulted in the development of the golf estate adjacent to the low cost housing development. The higher buying power of these developed areas attracted retail shops to the area, and created employment opportunities for the low-income group.

The positive spin-off for the low-income group is employment creation and an increase in living conditions. It appears that the municipality is delivering a 'better service' in this low cost housing development in comparison to similar areas. The municipality provides the basic services, and a primary healthcare facility is within walking distance of the community. This is an example of integrated human settlement and the municipality could use this as a strategy for future developments. The up-market development inadvertently attracts other service providers, such as retail groups (Pick and Pay, for example), and permanent employment opportunities

arise. This is a positive externality and the less advantaged section of the community enjoys the unintended benefits.

Poverty is to some extent, associated with the lack of access to health care facilities. The municipality in this regard fulfills a fundamental role in ensuring that communities enjoy access to primary health care. Primary health care facilities have been established to ensure that the community generally has easy access. These facilities have been established in outlying areas that previously had no such services. SBM health care infrastructure comprises 7 fixed clinics, 4 satellite clinics and 2 mobile clinics (SBM Development Profile, 2004). The mobile units provide medical services to the farms on a six-week cycle. Through this initiative, farm workers previously excluded from access to these services now enjoy the benefits. This is a major relief for the community to have such services available and they are used extensively. These facilities provide a range of programs that focus on both prevention and care.

The HIV-Aids program amongst others, involves free testing and counseling and the distribution of information pamphlets to schools, business and civil society.

Other programs such as pre- and post-birth care training are provided. These services are in most instances free, or provided at a minimal charge. A healthy society is a major contributing factor for a productive society and the municipality plays an important role in this regard (Interview with Mr. Fabricius, 2005). The Social and Economic Development Department's other major responsibilities are library services and housing. The unit responsible for library services has implemented a range of strategies to assist communities to empower themselves (SBM, Social and Economic Development Department, Operational Plans 2005). The first strategy is the formation of "friends of the library" and reader groups. This strategy encourages a

culture of reading in communities and aims to grow the reader community to include those groups that were previously excluded from the library services. A dedicated staff member is driving this initiative, and outreach programs to schools and frail-care facilities are provided.

The second strategy is the provision of Internet access to communities. The objective of this initiative is to provide free access to community members. The downside of this strategy is that household access to the Internet is dependent on their financial ability to acquire a personal computer and pay for a telecommunication line. Many community members, particular the economically deprived, are not in a position to afford a personal computers let alone the money to spend on Internet access. The third strategy is liaising with the education sector. The municipality has developed a relationship with the local schools, the West Coast College, the Military Academy, and private providers in order to meet the literary requirements of their constituencies.

Another programme is the provision of assistance to vulnerable groups. The provision of free basic services, such as water, sanitation, refuse removal and electricity is a major priority. The number of households receiving free basic services (see discussion of indigent households below) is approximately 4 036 (IDP Review, 2006/07). A staff member is responsible for the administration of the indigent recipients. This is a concern because the effective assistance to indigent holders demand more than one staff member. The function of housing administration was initially outsourced to a private service provider. During 2003, the municipality transferred housing administration to be an in-house function. A challenge is for the municipality to develop an “institutional memory” on housing administration (Interview with Ms. Canca, 2005). This entails administrative activities such as:

waiting list, maintenance, eligibility criteria, various payment options, and general housing administration. A housing administrator was appointed in 2005 to deal with these matters. The critique against appointing one person to deal with housing administration is as follows: the knowledge becomes individual knowledge and not institutional knowledge. More than one person is needed to perform this task to ensure that institutional knowledge is built and maintained. Housing is a critical area and comprises 42% of SBM, 2006/07 municipality budget, and warrants more staff.

An innovative approach is followed to upgrade and transform informal settlements (Interview with Ms. Canca, 2005). 'Middelpos Informal Settlement' will be used as a case in point. A three-phase approach was adopted with the purpose of providing brick and mortar homes for the residents of informal settlements. Phase one is known as the Emergency Housing Project whereby the sites are allocated and access to services are provided. This stage is to ensure that each household has access to basic services. In other words water and sanitation facilities are provided. The second phase is the Upgrading of Informal Settlement Project, which entails the provision of full engineering services for each site. The third phase involves the actual construction of houses, and is known as the Consolidation Subsidy Phase.

A project steering committee has been established, which comprises of, the department of Engineering Services, Community Development, the ward councilor and representatives of the community. The committee oversees the implementation of the process. It simultaneously provides feedback to the community concerning the progress of the project. The committee recommends the beneficiary list to the municipal manager (SBM, Annual Report 2004/05). This approach in housing provision is an example of a collaborative approach, which involves the various directorates, the political leadership and the community. Another benefit is that the

community has a direct input into the planning and actual delivery of housing. It exemplifies the requirements of involving the community in the matters of local government (Republic of South Africa, White Paper on Local Government, 1998).

The municipal local economic development focus is to grow tourism yet the direct impact on employment creation is not evident. A concern though is that SBM has not adopted a coherent approach to local economic development in order to alleviate poverty. A number of individual programs have been identified, but at the time of this research, very few have been implemented. The only programs that assist the vulnerable groups were the cleaning projects. These are one-off projects, and approximately 360 temporary employment opportunities have been created (SBM Annual Report 2004/05).

The other project is the provision of food parcels to disaster victims. SBM needs to develop a strategy in collaboration with civil society and business to grow the economy and create employment opportunities. Jansen supports the view that the municipality needs to collaborate with other stakeholders, particular business, to stimulate local economic development (interview with Mr. Jansen, 2007). Local government, according to him, ought to play an enabling role and needs to develop policies to facilitate local economic growth. This is an area in which SBM is experiencing capacity constraints. These constraints occur in the areas of policy formulation and implementation, and urgently need to be addressed to facilitate poverty alleviation.

The municipality is divided into ten wards. Each of these wards has a committee that consists of political leadership, community members, business, and civil society. These committees have been established to provide a formal mechanism for community participation (see discussion on IDP engagement process). Yet, the

level of community participation in the matters of SBM is alarming. During the 2006 IDP review process, only 381 people attended the meetings. According to Daniels, whose department is responsible for the IDP review process, the meetings were widely advertised in local newspapers and the municipal notice boards (Interview with Mr. Daniels, 2006). He indicated that approximately 16 000 pamphlets were distributed. He expresses the opinion that the lack of attendance is mostly due to the lack of transportation and the long working hours of the people. When asked if the municipality has a communication strategy, his answer was in the negative. He indicated that an amount of R70 000 was budgeted (SBM Budget 2006/07), for the development of a communication strategy to address this shortcoming.

Community participation in the IDP process cannot be used as an absolute barometer to indicate the degree of community involvement in the matters of local government. A low percentage turnout, as was the case, is not necessarily an indication of a lack of community centredness in the affairs of the community. Other SBM initiatives, such as the Middelpos Informal Settlement exemplify community centredness. The lack of community participation is evident in the absence of poverty-alleviation strategies in Wards 4 and 8, which, according to the statistics are where there is the most need. If community participation were deemed important to the functioning of SBM, then strategies would have been in place to change this situation.

A major organisational change programme was developed and implemented to induce a performance-based organisational culture. The Municipal Systems Act requires that each municipality develop a performance management system that measures the outcomes of the organisation and the staff. The motivation for this act is found precisely in the lack of accountability towards the users of municipal services.

The major objective was to introduce a culture of accountability, or one of measurement against pre-determined objectives. These pre-determined objectives ought to constitute a collective agreement between the community and the municipality. This was necessitated to ensure that service delivery promises are implemented and measured. The performance measurement system introduces a degree of realism in that targets are set. These targets are set to reduce backlogs, and intermediate mile stones are set and the attainment of those is measured. The Act provided the broad legislative framework, but the development of the actual policy is the responsibility of the municipality. Saldanha Bay municipality initially started a process of staff performance measurement, albeit only for the senior staff as required by the Municipal Systems Act.

All senior staff members, comprising the municipal manager and his senior management team, appointments were made in terms of Section 57 of the Municipal Systems Act and are fixed-term appointments. These contracts are usually five years in duration, and are closely aligned to the election period. The terms of the contracts are negotiated with the political leadership, and their evaluation is the responsibility of the mayor and the mayoral committee members. The positive intent of the performance-based contracts is lost due to a lack of knowledge and skills of the political leadership in the areas of monitoring and evaluation.

Blame for this skills deficiency cannot entirely be placed at the door of the political leadership, but some, and perhaps a large part, could be attributed to the architects of the Municipal Systems Act of 2000. The act was written with no provision for capacity building for the political leadership concerning all the facets of monitoring and evaluation. The political leadership is elected through a political poll, and criteria such as technical and academic knowledge are not a pre-requisite. This

lack of technical knowledge returns to haunt them in the context of the Municipal Systems Act placing certain responsibilities on them. One such demand is that they need to evaluate the section 57 appointments. The senior staff, with their superior technical and academic knowledge, is able to negotiate on their performance from a stronger base, and seem to lead the discussion. Their hand is strengthened in the absence of an organizational performance measurement system with clear measurable outcomes (Interview with Mr. Du Plessis, 2005).

Another criticism of these performance contracts lies in the manner in which performance outcomes are phrased. They contain very broad objectives that allow various interpretations on the level of performance. This ambiguity in the objectives, combined with the lack of knowledge of evaluation among the political leadership opens the door for senior management to lead the evaluation process, and not the other way around. Another shortcoming is that if the municipal manager receives a bad evaluation, it could inadvertently point to the mayor and the mayoral committee. The reason for this is that the ruling political party usually handpicks the municipal manager, and any negative evaluation could imply that the wrong appointment was made. The second reason is that it could reflect on the political leadership's lack of political legislative oversight.

These negative attitudes, and the subjective evaluation methodologies applied, inadvertently lead to questions being asked by staff, and community leadership, on the validity of the performance bonuses paid. The staff feels aggrieved that the senior management team is paid exorbitant amounts in bonuses. The resultant tension impacts on staff moral, and, if not managed correctly, effects productivity and service-delivery outputs (Interview with Mr. Du Plessis, 2005). These questions in connection with the requirements of the Municipal Systems Act of 2000 motivated the

municipality to develop a performance management system for the municipality. The municipality engaged a consultant to develop the system for them. The leadership of the municipality provided clear specifications for the performance management system. In particular the criteria stipulated the inclusion of all stakeholders, and that the system must be tailor-made for the municipality. These were extremely important criteria, and prevented the consultant from providing a blueprint from another municipality. A steering team comprising members of human resources, information technology and labour was started. The reason for this was to ensure that capacity building takes place.

This led to a situation where the applicable knowledge did not remain vested with the consultant but became organisational knowledge. This ensured that the PMS became a living document of Saldanha Bay municipality from the outset. Extensive consultative meetings were held individually and collectively with the different stakeholders. This engagement with the stakeholder forums resulted in many positive externalities. A positive knowledge growth, understanding and internalisation of performance management were evident as the process unfolded. A movement from scepticism to enlightenment and acceptance emerged slowly. This trajectory could be attributed to the fact that the ideas of stakeholders became part of the plan for performance management appraisal. The stakeholders started to identify themselves with the document (Interview with Mr. Du Plessis, 2005).

An important strategy to ensure implementation of the performance management system was the municipal-wide training that was provided. The training provided the platform for staff members to clarify aspects of uncertainty, and to understand the impact the system would have on their own performance. The objective of the training was not only to explain and clarify, but also simultaneously

to address those barriers that could prevent implementation. This is an indication of a holistic and an integrated approach linking policy development and policy implementation. The positive aspect of the performance management system is that it measures the strategic plan (IDP) of the municipality (SBM PMS, 2005). These key performance objectives are further broken down into targets and outcomes that must be achieved within a given period. The organisational targets are then cascaded downwards in the municipality. These organisational targets are then tied to individual performance indicators. This process of organisational and individual performance enhances accountability because the performance of staff members can be measured against pre-determined objectives.

The negative aspect of the performance management system that could undermine the success of the system as a whole is that no tangible reward system for excellent performance is in place. This expresses the dissatisfaction of staff members, who expect that if performance is good, then some reward should be expected. Lastly, the success of implementation is linked to the motivation of the political leadership and senior management to ensure the implementation of the PMS.

In this regard both the political leadership and the municipal manager were committed to ensure the full implementation of the PMS. A key requirement concerned the 'driver' of the process, and this responsibility was allocated to the manager of the human resources department. The availability of financial resources and the allocation thereof in addressing fulfilling the diverse needs of communities is instrumental to addressing poverty. SBM engage the community through the IDP process to determine societal needs. The IDP then forms the framework for the compilation of budget. The responsibility for the compilation of the budget resides with the finance department.

The department of Finance forms part of the directorate of corporate services. Its responsibility is to ensure effective financial management of the resources of the municipality. It is guided by a number of pieces of financial legislation. The most important of these are the Municipal Finance Management Act, Division of Revenue Act, The Rates Act and the Inter-Governmental Fiscal Relations Act. The legislation provides relevant parameters, and guides the activities of financial management. Effective financial management is crucial to ensuring that the municipality delivers services to local commitments.

The department consists of four legs, namely, budgeting, expenditure, income, and information technology (SBM Departments). Financial management entails the development of policies, systems and processes that will ensure the effective, efficient, and economic utilization of the resources of the municipality. The success of the financial management unit is dependent on its staff, and on the financial systems that are used. The municipality has started to modernize its accounting system through adopting the principles of the Generally Accepted Municipal Accounting Practices (GAMAP). This accounting system aims to ensure compliance with the Municipal Financial Management Act. The system focuses on different areas such as the requirements of financial reporting. In particular the financial statements must be completed as required by Section 126 (a) of MFMA of 2003. Another area of financial modernization concerned the movement from an accrual accounting system to one of cash accounting.

The SBM needs a steady cash flow to ensure that its operations take place. Cash flow is dependent on the ability of the municipality to collect revenue due to it. SBM has a positive financial situation (LGMTEC, 2006). This is supported by its liquidity ratio of 6:1 (SBM Annual Report, 2004/05). This indicates that the council

has sufficient cash to meet its debt obligations. Furthermore it displays a positive cash flow position of R40 341 940 (SBM Annual Report, 2004/05). This is an indication that financial management practices are functioning effectively. SBM has almost achieved financial independence. Their dependency on intergovernmental grants is 4,5%, which is towards the bottom of the national treasury norm of 4-10% of total revenue (LGMTEC, 06).

A concern raised though, concerns the debtor's collection period (accounts receivable) that is greater than the treasury norm of 42 days. The SBM debtor's collection period is 114 days (SBM Annual Report, 2004/05). This could have an adverse effect on the cash flow of the municipality. SBM has implemented a debt collection policy to rectify this situation. Some of these measures include decreasing the period between accounts being sent to users. According to the manager of finance, the turn-around-time for accounts to be sent was two months. This has been reduced and currently approximately 30 000 accounts are sent on a monthly basis (SBM Annual Report, 2004/05).

The process involves the physical reading of meters, capturing of data, reconciliation, and sending of accounts. This is an important systems improvement because users are notified sooner, and payments for services take place with shorter intervals. Simultaneously, the municipality has entered into agreements with retail outlets to collect account payments on their behalf. This agreement has an added advantage that community members are in a position to pay their accounts whilst doing their normal shopping. The pay points are more accessible, and they alleviate the pressure placed on the municipality to provide more pay points itself. The financial accounting system of the municipality and those of the retail shops are compatible and aid effective financial management. The system allows SBM to obtain

accurate day to day information on the payment patters of their debtors. A financial concern for SBM is the growth in outstanding debt from 2004 until 2005(Interview with Mr. Luus, 2006).

Table 4.3: Outstanding Debt

	June 2004	June 2005
Debt	R68 841 159	R82 302 192

Source: LGMTEC 06

According to the municipal manager, this situation is due to an increase in unemployment amongst the poor communities (SBM Annual Report, 04/05). The municipality response was to review their credit control policy and their procurement policy. The credit control policy was reformulated to show empathy to the indigent households. The policy allows for subsidization of basic services such as water, sanitation, waste collection, and rates assessment (SBM Credit Control Policy, R57/02-05). The policy is applicable to households whose income is less than R1 400 per month. The pro-poor focus is further reflected in the municipal tariff policy (SBM Tariff Policy, 2006). Indigent households are treated as separate entities in the tariff policy.

The policy philosophy is that indigent households are the consumers who use the least, and therefore need to pay proportionately less. The tariff categories allow for 6 000 litres of free water a month, and thereafter users are charged based on their rate of consumption. The tariffs have therefore been structured in such a manner to allow indigent households to receive free basic services. The basic services provided are water, refuse collection, sanitation and in some instances electricity (SBM Credit

Control Policy, R57/2-05). These are important services, and contribute to a healthy quality of life for the poor. The municipality brings tremendous financial relief to indigent households. In order for this system to work, the municipality established a unit that is responsible for indigent household management.

This entails informing the indigent households of the tariff structures, and registering families as being indigent. The households need to be monitored to determine if their financial position improves, and hence changes their indigent status. In such cases the household would be removed from the assistance scheme. A criticism is that the municipality does not educate, or provide a mechanism allowing the community to monitor their consumption of services. This lack often results in households using more than the subsidized units available. The municipality then demands payment, the household is not able to afford it, and the vicious cycle of debt starts (Interview with Mr Luus, 2006).

The municipality introduced long-term financial planning mechanisms that are linked to the IDP. These entail a move away from the narrow annual focus of financial management, towards long-term strategic financial planning. The advantage is that prospective partners have a picture of what the municipality intends to do over a three- to five-year period. The national and provincial treasury departments use the information in various ways, both to determine when resources will be required by the municipality in forms such as equitable share allocations, infra-structural grants, or other means of assistance. Financial institutions, such as banks, use the information to inform their decisions on the granting of financial assistance.

Procurement of goods and services equated to approximately R81 360 972 in 2005 (SBM Budget, 2004/5), or 27% of the budget of the municipality. Procurement of goods and services in particular could be used to eradicate poverty. Specific

contracts aimed at small, medium and micro enterprises will contribute greatly towards poverty alleviation. SBM Supply Chain Management Policy of 2005 (SCM) gives effect to the provisions of the Preferential Procurement Act of 2000. The Act provides that an organ of the state may use a preferential point system to provide advantage to persons, or categories of persons historically disadvantaged by unfair discrimination on the basis of race, gender or disability.

The MFMA of 2003 states that no political leader may be involved in the SCM (Section 117). A technical committee is responsible for the determination of tender specifications. The head of the department chairs the committee where the request originates. The three directors of the municipality form part of the evaluation committee. The director of corporate services chairs the committee. Other members may be invited on a need basis. The purpose of this committee is to evaluate the bid and make a recommendation to the municipal manager. The municipal manager has the final decision-making power. In cases where the municipal manager does not approve, he/she shall record his/her reasons for disagreeing in writing, and make a final decision (SBM SCM, 2005: 37). The municipal manager therefore has the veto right to change the decision of the evaluation bid committee. The SCM also introduces a mechanism to keep the municipal manager accountable. It states that in cases where the municipal manager has disagreed, national and provincial treasury must be notified in writing.

This is an accountability mechanism and ensures that the municipal manager's decision is legally justifiable. The supply chain management policy clearly indicates the commitment of municipality to engage previously disadvantaged business in the process of procurement. Poverty particularly manifests itself amongst the disadvantaged communities. SBM used its procurement policy to address this pressing

need. The policy used a preferential point system that favors historically disadvantaged businesses.

Table 4.4: Adjudication criteria

Criteria	Points allocated	
	Up to R500 000	Above R500 000
Equity ownership of HDI	10	5
Local enterprise	5	2,5

Source: SBM – SCM, 2005

Historically disadvantaged businesses start the adjudication process with a 10-point advantage. If it is a local enterprise, then another 5 points are added. The preferential policy assists the advancement of HDI business in becoming part of the procurement process. The objective is to grow the number of historically disadvantaged businesses providing services to the municipality. SBM introduced a number of mechanisms to achieve this objective. SBM recognised that many of the HDI businesses experience cash flow problems, and therefore introduced twice monthly payment runs to assist these businesses (SBM SCM, 2005).

Another mechanism, particularly for capital projects, was to reduce the percentage of sureties/guarantees required by historically disadvantaged individuals (HDI). One such example is the 5% surety required for projects costing less than R250 000-00. Further assistance is provided due to the fact that the surety is deducted in equal installments from the first three payments. For projects of less than R70 000-00, no surety is required (SBM SCM, 2005). These measures are positive developments in creating an environment for the growth of HDI businesses. The

underlying philosophy is that if more small businesses are established, then economic growth will take place and employment creation will also occur, particularly in the low-skills category. The focus on employment creation is further supported by the fact that preferential points are allocated in the adjudication process to local businesses. The fact is that local businesses employ local labour, which results in multiplier effects and spin-offs. These reduce the unemployment rate, and enable more households to afford basic services. The municipality has put processes in place to facilitate internal and external reporting and to ensure accountability.

The portfolio committee system is an internal reporting mechanism that has been developed to achieve the above stated objective. This is a forum where the political leadership and the directors of the respective functional areas discuss policy implementation. The chair of the portfolio committee reports in turn to the mayoral committee. The mayor reports to the council concerning the progress of implementation. The financial report provides information on the actual expenditure and income of the municipality. This keeps the political leadership abreast on the implementation of the budget.

The municipal manager reports on a regular basis to the mayor and the council concerning policy implementation. Annually, the municipal manager provides feedback on the performance of the municipality. This report, namely the SBM Annual Report, is tabled in council. The political leadership uses the ward committee system to report back to the community. Council meetings are open for public observation, but not participation. This is an area that the SBM need to exploit as a means of reporting back, to the community. The SBM also needs to be accountable to provincial and national government. The MEC for local government approves the IDP of the municipality (MSA of 2000). National government has set 10 key service

delivery indicators. The municipality, through its municipal manager, is expected to report on the implementation progress of the IDP (Municipal Planning and Performance Management Regulations 2001). Some of the indicators, such as provision of free basic services, and the number of employment opportunities created, are linked to poverty alleviation goals. It compels the SBM to apply its resources meaningful to achieve these targets. These are but some of the reporting requirements that the SBM must adhere to in its operations.

To facilitate equal access to services the SBM embarked on a strategy of developing Multi-purpose centers in areas where communities previously experienced difficulty in accessing services. These centers provide basic services such as municipal pay points, advice centres on municipal accounts, handing in building plans, and primary health care. The positive impact is that the traveling distance for the community to access services is reduced. A reduction in associated transport cost is similarly experience by the community. Another benefit is that it reduces the time spent accessing municipal services. Although this cannot always be equated in direct monetary terms, time is an important commodity and needs to be used productively.

The six SBM IDP strategic themes are linked to Western Cape Provincial Government growth and development strategies 'iKapa Elihlumayo' (IDP Review, 2006; LGMTEC, 2006). The SBM leadership understands that the municipality forms part of one state, and that co-operation is important for successful delivery of services. The Executive Mayor of Saldanha Bay municipality states that: "One of our strengths as a municipality is the good relationship that exists between councilors, officials and the community" (SBM Annual Report, 2005). The SBM is aware that although delivery contexts differ, this does not mean that it should not be aligned with the priority areas of the provincial government. The SBM IDP is the planning

document that informs all other planning activities. The Municipal Manager indicated that the IDP formed the basis for the compilation of the 2004/05 Budget (Interview with Mr. Scheepers, 2005). The IDP provides not only a development strategy on how to address the service delivery backlogs, but is linked to a financial plan. It indicates a strategic approach to eradicate backlogs given the resource constraints. Tables 4.5 and 4.6 provide an indication that a link exists between the IDP and the budget allocation. A medium-term expenditure plan is linked to the objectives set out in the IDP.

Table 4.5: Sanitation Backlog

Targets for addressing backlogs sanitation				
Area	Current backlog	2004	2005	2006
Saldanha-ward	954	292	800	800

The IDP is also ward-specific, as illustrated in the example on the sanitation backlog. Through the IDP, the leadership of the municipality provides a picture of the challenges facing it, and how it intends to address these challenges. The principle of transparency is adhered to, and the community in future will be able to hold the municipality to account. Core documents, such as the SBM Spatial Development Plan, form part-and-parcel of informing the planning process of the IDP. The IDP in turn guides other documents, such as the SBM Housing Strategy, whose vision is creating 'a non-racial and integrated home for all in Saldanha Bay'. It is aligned with the guiding principles of the IDP, and similarly captures the philosophy of the provincial iKapa Elihlumayo (SBM Housing Strategy, 2005).

Table 4.6: Budget Allocation

Project	Amount (RM)		
	2004/5	2005/6	2006/7
Sanitation	9,108	1,807	1,134

Source: SBM Water Service Delivery Plan

An IDP engagement structure indicates the roles and responsibilities of the various stakeholders. The ward committee system is the basis for community participation. The ward comprises of 10 members, and the ward councilor is the chairperson. Each ward is equally represented on the IDP representative forum. The mayor chairs this forum and prioritization of activities is its main purpose. The recommendation of this forum will then be tabled in the council for discussion and ratification (IDP engagement structure). The effectiveness of the system depends on community participation in the ward committee structures. Ward committee structures are not functioning effectively, as is indicated by the 10% participation rate (IDP Review, 2006/07). The council adopted the PMS in April 2005 (SBM Annual Report, 2004/05). The objective of the PMS is to measure the implementation of the IDP. The national KPIs informed the development of this system in the SBM PMS. This ensures that SBM priorities are aligned with those of National Government. Key performance indicators (KPIs) were developed for each key priority area identified in the IDP. The PMS measured progress of targets set in the IDP (Table 4.7). The information obtained during monitoring and reporting processes enable the management to develop appropriate action plans.

**Table 4.7: Extract from PMS Progress Report: Basic Services and
“Infrastructure**

Core development priority	IDP	Number of projects	Completed	%	In progress	Not started
A Sufficient facilities for service delivery	A1	28	19	67,9%	5	4
Effective refuse removal	A4	7	5	71,4%	2	0

Source: SBM PMS Report, 2006

The PMS provides information to management to determine progress achieved on the key priority areas as identified in the IDP. Management subsequently could respond appropriately. The PMS and the quarterly budget reports are two important mechanisms used by SBM to determine project progress.

D. Human resource capacity

Human resources are the most important resource in any organization and a lack of skilled, dedicated and motivated staff negatively impacts on productivity and service delivery. The municipality has a dedicated Human Resources (HR) Unit whose major responsibility is to provide a support function to the municipality and to ensure that human resources legislation is implemented. The unit forms part of the administration department within the Corporate Services Directorate (SBM Organisational Structure).

The HR unit has a dedicated skills-development staff member/officer who is responsible for capacity building. The position of the skills facilitator is to facilitate skills-development in the municipality. A skills-development plan for the municipality was developed in collaboration with the labour representatives (SBM Annual Report, 2004-05). The plan provides an indication of current skills levels, and the skills needed for the municipality to function effectively (SBM Skills Development Plan). It provides a framework for the development of a needs-driven training program that was designed by a skills-development committee. This committee is a partnership between labour representatives, the skills-development facilitator and management (Interview with Mr. F. Daniels, 2006).

The primary objective is to ensure that the resources spent on training are immediately beneficial to the municipality by enhancing the skills and productivity levels of the staff members. This is extremely important, given the resource constraints of the municipality. A secondary objective is to enhance the 'portable' skills, especially those of low-skilled workers. 'Portability' means that the training must be aimed at equipping staff with skills that could be used in other employment sectors as well. The skills-development facilitator's role is to ensure that the implementation of the skills development plan takes place within the legislative framework. The collective decisions that are taken in the skills-development committee ensure that all stakeholders accept the process as being legitimate. In line with their objective of equipping staff with portable skills, the municipality has trained unskilled workers in bricklaying and various other artisan skills that are applicable in other sectors of employment (Interview with Mr. Du Plessis, 2006). Training is not only aimed at effective policy implementation. It is also a communication tool used by management to introduce new policies.

The performance management system is a case in point. Municipal-wide training was provided to staff members on the implementation of a performance management system for the municipality. The training had two objectives. The first was to explain and clarify uncertainties relating to the performance management policy that the municipality had developed and intended to implement. The second objective was to make staff aware of the envisaged impact that this policy would have on them. The positive aspect of this approach was that all staff members, irrespective of level in the hierarchy, understood what was expected, and what the impacts would be. The training ensured that all staff members understood the new performance management system. Staff members did not feel excluded but, instead, felt part of the implementation process. This approach to a large extent negated the resistance to the introduction of new policies, and contributed positively to a better working relationship between management, labor and staff.

Recruitment and selection is fundamental in ensuring that a pool of suitable candidates is motivated to apply, and that the right candidate can be appointed. The municipality's recruitment and selection strategy centres on its employment equity plan (SBM Annual Report, 2004/05). The objective of the employment equity plan is to ensure that staff composition based on race and gender, reflects the demographics of society. The appointment of the senior management staff in 2001 was the starting point in changing the racial demographics of the municipality. For the first time in the history of the municipality, a black person was appointed as the chief executive officer or municipal manager. This position is the most important leadership position in the municipality. He is both the administrative head, and the accounting officer of the municipality (Section 55, Act 32 of 2000).

This person is the interface between the administration and the political leadership, the community, and other spheres of the state. The municipal manager is held accountable for the effective, efficient and economic utilisation of municipal resources in the provision of services as mandated by the Constitution. He displayed his vision for the recruitment and selection of staff to the municipality in the appointment of the senior management team. The appointments reflect the racial and gender-based demographics of the region. The heads of the three departments were an African woman as the executive director of socio-economic development, a White male as the executive director of the technical services directorate and a Coloured male as the executive director of corporate services.

The appointment of a female executive director was a bold strategic move, and one of the first for a “Category B” local authority in the Western Cape. The municipal manager provided a policy direction for future appointments that need to address racial demographics and gender equity in the municipality. This strategic human resources decision subsequently filtered down to other appointments. The level immediately following that of executive directors reflects the following gender and racial composition (see Table 4.8).

Table 4.8: Gender in Top Three Management Levels

Management	Number	
	Male	Female
Senior Management	4	1
Professional officials	3	5
Technical officials	19	20
Total	26	26

Source: SBM: Human Resources

Another key appointment was that of a Coloured woman as deputy engineer for technical services. Historically the engineering field was White-male dominated in municipalities. Thus, this appointment was a major achievement in the municipality. The Human Resources Unit is pivotal in shaping the new organizational culture, of ensuring community centrality in service delivery. One such intervention was a community sensitivity training program in which all the frontline staff participated (Interview with Mr. Du Plessis, 2006). Frontline staff in this context refer to all staff that deal directly with the community, including meter readers, cashiers, street cleaning staff, refuse collectors, and service maintenance. The training program was aimed at developing people- and advisory skills amongst those members of staff who interface on a daily basis with the community. They provide advice, listen to complaints and provide feedback to their respective supervisors. These supervisors will then respond to these complaints in their operational planning. This type of initiative inculcates a culture that extends beyond the boundaries of post description towards a communal responsibility for service delivery.

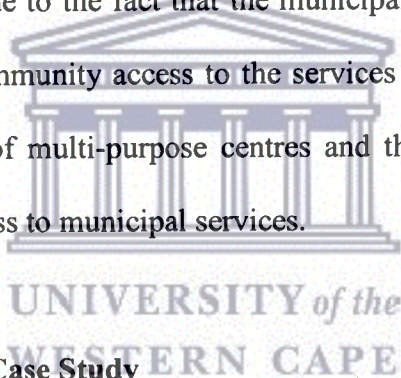
The shaping of organisational culture is also evident in the development of human resources systems and procedures. Recruitment and selection committees have been established that include officials and organised labour (Interview with Mr. Du Plessis, 2006). The committee's advantage is that it eliminates political influence in decision-making. The committee will make recommendations to the political leadership. The political leadership is the ultimate decision making body and has the right to refer the recommendation back to the committee, or not to appoint. When an impasse between the two decision-making bodies exists, the political leadership could use its veto power to appoint their preferred candidate. This could result in unnecessary legal challenges and disputes. In such situations the political leadership will usually decide not to appoint. The human resources department has been instrumental in developing this participatory organizational decision-making practice. This directly enhances the legitimacy of decisions taken and eliminates negative questions around employment decisions.

Certain strategic positions have not yet been filled. The post of IDP manager is one such example and has been vacant from the time of establishment. This is a strange phenomenon due to the high priority given to the IDP. According to the municipal manager, the initial arrangement of the IDP being part of community development department worked for SBM (Interview with Mr. Scheepers, 2005). He is of the opinion that the circumstances changed in 2005 and the post of IDP manager becomes a necessity. The low community turn out during the IDP process is part of this motivation, the other being the council approval of a performance management system. The non filling of the post is partly political and partly the lack of suitable applicants.

The Community Development Directorate similarly has no staff members who are knowledgeable on local economic development and how to develop strategies to alleviate poverty. This is a new function, and the Executive director acknowledges that the lack of knowledge is a constraining factor. SBM's Local Economic Development focus is on tourism development, and no other community initiatives are evident. Another vacant key post is that of internal auditing. The internal auditor is an independent entity whose major responsibility is to ensure that the municipality complies with the MFMA of 2003. Another is to perform an investigative role to ensure that resources are not misappropriated and that control systems are effective. It is undeniable that this is an important role to ensure that money spent is directed towards alleviating poverty. SBM makes itself vulnerable to financial mismanagement due to the lack of an internal auditing function. The importance of the function when the Auditor General (AG) (March 2007) pointed out certain shortcomings in respect of the SBM contract management and control.

The AG says that 'one project had commenced prior to the tender being awarded and payments had been made to the contractor before the official commencement date of the project'. Awareness and corrective action could have been taken before the AG report if the internal auditing function had been performed. Given the capacity constraint and the implication for policy implementation, SBM leadership failed to see the importance, until 2005, of succession planning. The lack thereof could result in capacity crises not capacity shortages and severely impinges on service delivery. The municipal manager in 2005 recognised the importance thereof and indicates that "a proper succession plan must be developed to enable the municipality to cope with retirement, resignation and death of experienced personnel, and the resultant loss of capacity" (SBM Annual Report, 2004/05).

The municipality introduced community development workers (CDWs) to assist it in understanding the needs of the community. They form part of the Directorate of Social and Economic Development. The objective of the CDWs is to engage communities in understanding their service delivery demands. The structural positioning of the CDWs in this directorate is indicative of the strategic thinking of the leadership of the municipality. The CDWs greatly enhance the community responsiveness to the municipality, but the challenge remains as how to use them effectively (Interview with Canca, 2007). The CDWs currently only serve as an instrument that listens to, and conveys community demands to the municipality. There is no structured plan that has been formulated to increase the effectiveness of the CDWs. This is largely due to the fact that the municipalities are not yet sure of how to integrate CDWs. Community access to the services of the municipality is a priority. The establishment of multi-purpose centres and the CDWs are initiatives aimed at providing better access to municipal services.



E. Observations on the Case Study

Saldanha Bay Municipality displayed most of the dimensions of a highly capacitated organization that has the potential to aggressively address poverty. Firstly, SBM understands the challenges they are confronted with, and have developed a long-term strategy to place the municipality on its development path. Secondly, political stability and a cordial working relationship prevail between the political and administrative leadership. This is an important criterion for policy formulation and implementation. SBM political leadership provided clear policy directives that are aimed at service delivery.

The consultation process with the community during the IDP process largely informed these policy directions. The process of policy formulation was based on the portfolio committee system. A mayco member chaired these committees where functional issues were discussed. These portfolio committees made recommendations that are discussed at the Mayoral committee level and afterwards at council level. The process allows for administrative and political exchange of ideas and views that is captured in policy documents. Thirdly, the establishment of cordial working relationships between management and the labor representatives bode well for policy formulation and implementation. Many collective decision-making forums were established to foster a common understanding and better working relationship. The co-optation of unions into decision-making structures resulted in union buy in. Once decisions were taken, the unions indirectly became a management instrument to persuade and inform staff of the legitimacy of decisions made.

Fourthly, the position of the municipal manager is important leadership position in the municipality. Although a political appointee, the occupant of the post is governed by administrative and legal rules, and is expected to provide administrative guidance. The municipal manager is instrumental in determining the utilisation of resources to achieve organizational objectives. Therefore, it is of extreme importance that a person with the right skills is appointed to this position. The success of the position is measured by the manner in which available resources were managed to achieve specific objectives. At times the municipal manager is in the peculiar position of advising against certain actions of the political leadership that appointed him. This created tensions between the political leadership and the municipal manager. If the municipal manager neglected to exercise this role, it could

be viewed as a dereliction of duty and could be legally held accountable (Republic of South Africa, Municipal Finance Act of 2003).

The SBM municipal manager displayed a high degree of leadership abilities. These qualities were evident in the development of systems, processes and structures to support the strategic plan developed by the municipality. It required visionary leadership to know what the end result ought to be, and how best to utilise the institutional capacity to achieve that vision. He is the link between the political leadership and the staff, and they expect him to provide leadership and strategic direction that would inform their own actions. The absence of such strategic leadership could result in administrative paralysis and non delivery of service, which was not the case. A clear strategic direction facilitated programme formulation and implementation. These leadership traits were not only vested in the municipal manager but in different levels of the SBM organisation. It seemed that a common understanding of the vision and challenges facing the municipality existed; an understanding that seemed to have originated from the administrative leadership and filtered down through the organisation. One of the reasons for this could be the rotational caretaker municipal manager system that is used in the SBM.

When the municipal manager was away on official business, for instance, the executive directors rotated as the acting municipal manager. All functions and powers were delegated to the occupant of the post. This process ensured that all executive directors understood the holistic challenges facing the municipality, and they practically experienced how the challenges of his/her individual portfolio formed part of the whole. This approach was indicative of the leadership style of the municipal manager and his ability to equip his senior staff with the skills to function in that capacity. This prevented the dysfunctional situation of knowledge being vested in

only one person, and allowed it to reside in a number of persons that, in turn, allowed organisational learning to take place.

Fifthly, the IDP, formed the basis of community needs, and showed how the municipality intended to address them. Although the municipality has adopted the IDP as its strategic planning document, a few shortcomings were evident. The alignment between the IDP, the budget and the performance measurement system needs to be strengthened. Saldanha Bay municipality's performance management system (SBM-PMS, 2005) defines targets that will facilitate measurement. Although the municipality is currently in the experimental implementation phase of the PMS, it is an organisational movement away from input measurement to outcomes-based measurement. Sixthly, the creation of a skills-development post indicated the importance that the municipality placed on staff development. The skills-development facilitator was responsible for the implementation of the skills development plan. This post is important to ensure that adequately skilled staff is constantly available to confront the challenges of the municipality. The incumbent of the post is, therefore, instrumental in advising management of future resource requirements. Currently, the activities of this post are more operational in nature, and to become effective, need to be more strategic and future-focused.

Staff development has shifted from a supply-approach towards a demand-approach. The different directorates discussed their training needs at a skills-development forum. This ensures that training programs are co-ordinated and aligned to the skills-development plan of the municipality. An important legitimacy mechanism introduced by human involves including labour in the various decision-making structures. One such structure is the appointment and selection committees. These are usually extremely contentious areas in the functioning of a municipality,

and the involvement of labour in the SBM eliminated the questioning of legitimacy and unnecessary labour disputes. The organisational culture shifted from unilateral to collective decision-making that has the advantage of increasing the legitimacy of decisions. Furthermore, it enhances the collective buy-in from staff members, and the commitment to ensure that effective implementation occurs. This collective decision making mechanism has expanded to include community participation in areas such as needs determination and resource allocation. Seventhly, SBM displayed sound financial management of its resources. The municipality has a sound revenue base and is in a position to fund their activities. The SBM must show greater urgency to remedy the increasing degree of bad debt. If not addressed this could have dire financial consequences for the SBM. The worse case scenario could be that their cash flow could be severely affected, which could result in financial bankruptcy and non delivery of service.

Although the SBM displayed a high degree of capacity to alleviate poverty, some areas of improvement are recommended. The SBM tends to forget that it is part of one democratic state, and very seldom, if at all, consults and co-operates with other "Category B" municipalities. The municipality struggles to find solutions to various problems it is confronted with, and very seldom, if ever communicates with other municipalities to seek common solutions. The challenges regarding poverty within the district municipality do not differ much between individual municipalities. Through co-operation the municipalities could share resources and ideas on how best to address poverty alleviation. Joint training programs that involve the municipalities in the district municipality never take place.

In this regard an area of weakness in the municipality is contract management. Currently, external legal consultants are used to assist the municipality with legal

matters. There needs to be established at district level a dedicated unit of legal experts that will in future be responsible for the contract management of all the municipalities in the area. The unit will provide legal opinion to municipalities when needed. This approach will ensure that all the municipalities have equal access to legal assistance. Another advantage is that a dedicated municipal legal unit is established that provides the service district-wide. The SBM municipality needs to engage in closer co-operation, and strengthen its relationship with other “Category B” municipalities in its goal enhancing service delivery. The WCD failed to provide district wide leadership. As a high capacity municipality and the economic hub of the region the weakness of the WCD inadvertently placed the SBM in a position of district leadership.

Another institutional challenge is the role of Provincial government. Just like the WCD the SBM is experiencing capacity constraints because of its shifting operational focus from a supporting to a monitoring role. Province, because of their limitations shifted their emphasis to a monitoring role and neglected their supporting role. This increased the level of frustration in the SBM. The Provincial government needs to play a more meaningful role if its capacity supporting plans for municipalities are to be realised. Local economic development is an important developmental strategy. Currently, however, the focus is on tourism alone. The SBM needs to engage with other sectors and stakeholders. This engagement will facilitate the development of appropriate policies that are conducive for local economic development. Another suggestion is that the land-use policies of the municipality must focus on integrated human settlement. In particular, it must focus on low-cost housing and other employment and recreational opportunities.

The capacity building of the political leadership is important. The research highlighted certain capacity constraints concerning political leadership, which had an impact on their political oversight role. A central service delivery poverty alleviation focus is lacking in the municipality, although it is implied in the strategy. If poverty is the central focus and theme, then all other activities will be supporting activities. The Directorate of Community and Social Services should be made a pivotal department, and that the other departments should play a supporting role in fulfilling the objectives. It is only through adopting such a strategy that SBM will become a truly developmental local authority.



CHAPTER FIVE

CAPACITY CHALLENGES IN THE SWELLENDAM MUNICIPALITY

This chapter examines the capacity challenges in policy implementation in the Swellendam Municipality (SM). It is organized according to the following sections; the socio-economic background; institutional capacity; organisational capacity; and human resource capacity.

A. The socio-economic Context of Capacity

The SM was established by a proclamation in the Western Cape, Provincial Gazette No. 5591 dated 22nd September 2000. The title of the proclamation was the Swellendam Municipality Establishment Notice. The Demarcation Board determined the boundary of the municipality, acting in terms of section 21 of the Municipal Demarcation Act, and it was published in the Provincial Gazette Extraordinary No. 5469 of 5th May 2000. The Notice was also given for the dis-establishment of the existing municipalities that combined to form the newly established municipality. Swellendam Municipality was formed out of the amalgamation of eight previously autonomous local authorities. The municipalities are Swellendam, including Railton, Barrydale, Suurbrak, Buffelsjags, Malagas, Infanta, Stormsvlei and Leeurivier.

The municipality is defined in section 1 of the Municipal Structures Act, 1998 as a municipality that shares municipal executive and legislative authority in its area with the Overberg District Municipality (ODM), and is described in section 155 of the Constitution of 1996 as a category B municipality. The local municipality was established initially with a plenary executive system in terms of the Western Cape Determination of Types of Municipalities Act, 2000 (Act 9 of 2000). The type was subsequently changed in 2002 to a mayoral executive system combined with a ward

participatory system in terms of the Second Establishment Notice published in the Provincial Gazette (No 5898 dated 14th August 2002).

In terms of its geographical size of 3001.090490 square kilometres, Swellendam is the second largest municipality in the Overberg District Municipality (SM IDP, 2005/2006). It has a population size of approximately 30 180 people. The municipality experienced a 2,2% population growth rate over the period 2000-2004. A future population growth rate of 0,8% is projected until 2010 (Centre for Actual Research, 2005). The highest growth rate was experienced in the age categories of: over 85 (7,21%), 75-79 (4,8%), and 20-24 (4,3%). Life expectancy in Swellendam is high and the dependency ratio on government services is increasing proportionately. A decline was experienced in the age category 25-29 years. This was mainly attributed to people migrating to other municipalities in search of employment opportunities.

The population of Swellendam is fairly young with 68% of residents younger than 39 years of age. The median age is 28 years. A 54,3% dependency ratio exists within the municipality. This is due to the fact that more than half of the population is either too young or too old to fend for themselves, and is dependent in one way or another on the working population. This reality needs to be taken into consideration when the municipality develops its strategic service delivery plan. The population consists predominantly of Coloureds (57%), Whites (23%) and Africans (20%) and 65,2% of the people reside in the urban areas, whilst the rest (34,8%) are classified as rural residents (Swellendam: Socio-economic profile 2006).

In 2001, only 12,87% of households earned more than R76 800-00 per annum. The majority of households (59,43%) earned between R9 600-00 and R75 800-00 per

annum. 27,7% of households earned less than R9 600-00 and approximately 5,6% earned no income at all. The largest percentage of household's earned an income within the range of R9 000-00 to R76 000-00 per annum. A large percentage of the community experience extreme poverty, and 5,65% live in abject poverty. The National Treasury (2006:111) pegs the poverty rate for the municipality at 27,4 %. This means that approximately 2088 households are experiencing and living in conditions of poverty. The upper income earners comprise mostly white households, while the middle and lower income categories are predominantly Coloured households. African households are found in the lower income groupings (Municipal Profiles, 2003).

In 2004 the municipality contributed approximately 13,67% towards the gross domestic product of the Overberg District municipality. The biggest contributors were: Agriculture, Forestry & Fishing (22,63%), Wholesale and Retail trade; Catering and Accommodation (20,3%) and Manufacturing (12,61%). Mixed farming activities i.e. the rearing of animals and crop production, dominates agricultural activities in the municipality. There are no mining activities in the municipal area. Industries such as Construction (4,2%), and Community and other personal services (6%) are relatively small sectors.

Employment growth of 1% during 2004 lagged behind economic growth of 4,6%. The growth was experienced largely in the agricultural sector, but was not accompanied by employment creation. The seasonality of agricultural employment and the low level of industrial activity compounded the unemployment problem. The agricultural sector is the largest employer (44%), followed by the service sector (24%), and trade, catering and accommodation (14%). The manufacturing sector employs 3,8% of the labour force. The overall unemployment rate is approximately

15,9%, and is highest amongst males, people below 35 years of age (50%), and in the Coloured community generally. A correlation exists between the unemployment rate and the level of education. The degree of unemployment decreases proportionately as the level of education increases.

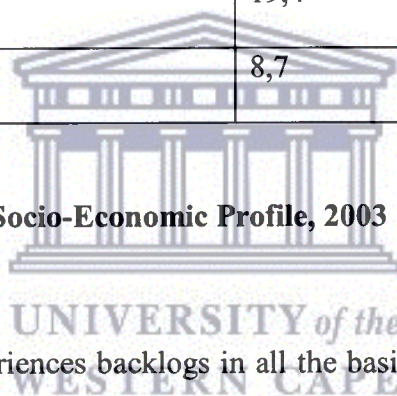
The educational level of the Swellendam population is lower than that of the province and the district. The low skills level within the municipality is attributed to the low literacy rate. Approximately 46% of the population has no secondary education. In addition to this, 9% have no formal education, and only 25% have obtained Matriculation or higher educational levels. The low skills level limits the employability of the majority of the people. Statistics South Africa classifies Swellendam's labour force as follows: 13,1% as highly skilled, 32,2% as semi-skilled, and the rest (54,8%) are low skilled.

The major employers within the municipality do not demand a highly skilled labour force. To the contrary a demand for low skilled workers is the norm. A case in point is the agriculture sector, which employs 40% of the SM community. This sector does not need highly skilled individuals and the huge demand for low skilled labour could serve as a de-motivator for the population to improve their educational qualification.

Table 5.1: Comparison of literacy levels: Western Cape: District Municipality and Swellendam

Education level	Western Cape	District Municipality	Swellendam
No schooling	5,7	7,3	9
Some primary School	15,2	21,9	27,6
Completed primary school	7,9	10	9,4
Some secondary education	36,5	32,8	28,5
Grade 12	23,4	19,4	18
Higher	11,2	8,7	7,6

Source: Swellendam Socio-Economic Profile, 2003



The municipality experiences backlogs in all the basic services and particular the huge backlog for refuse removal (26,5%) are a concern. An estimated 567 households make use of their own dumps to dispose of refuse. Approximately 62 households have no waste disposal mechanism at all. These households use any method to discard their waste. The non-collection of waste poses a health problem to the community and must enjoy priority attention.

Table 5.2: Backlog in basic services

SWELLENDAM		
Basic Service	Number	Below basic (%)
Electricity	889	11,7
Water	266	3,5
Sanitation	700	9.2
Refuse removal	2,017	26,5
Telephone services	573	7.5

Source: Municipal Statistical Infrastructure Review, 2004

The backlog for sanitation is approximately 9,2% and various practices are observed. 55 households use pit latrines. The practice is that when the pit is full the latrine is moved to another part of the property. An estimated 119 households use the bucket system. The municipality collects the buckets once weekly. If the bucket is filled before collection time the household empties the contents in the back yard. As many as 424 households have no formal sanitation mechanism and make use of whatever is available.

Table 5.3: Housing Backlogs

SWELLENDAM	
Type of dwelling	
Informal	Formal
893 (11,8 %)	6 704 (88,2 %)

Source: Municipal Statistical Infrastructure Review, 2004

Water is a constitutional right and 266 households (3,6%) have no access to it. While communal stands are used to ensure access to water, for about 597 households these stands are more than 200 meters away from their homes. 12 households use boreholes and 119 households either get their water from dams or from stagnant water. This poses an inherent health risk. Housing backlogs are similarly experienced in the municipality (see table 5.3). Approximately 893 households or 11,8% of the population live in informal settlements and are exposed to the adverse living conditions.

Poverty is multifaceted in nature and a number of contributory factors can be identified. The low literacy level is one such factor, which has a multiplier effect. It impacts directly on the skills levels of the poor. It negates the employability of the poor. A person characterised as being illiterate and with low skills level experienced extreme difficulties in securing meaningful employment opportunities. This was evident in Swellendam where 40% of the poor were employed in the agricultural sector. The employment requirements in this sector for low-skilled and seasonal workers do not contribute to financial sustainability. The income of this groups varies from zero to nineteen thousand per annum.

The poor are vulnerable, exploited and easily replaced with other unskilled workers. Swellendam has a pool of unskilled labour that is more than sufficient for the current demand. Hence, the low replacement value of labour contributes to the vulnerability of the poor. Poverty is rife amongst the Coloured and African community. This is due to low literacy and skills levels, which directly correlate with the high rate of unemployment. A concern is raised regarding the equitable delivery of services between the urban and rural areas of the municipality (IDP 2005/06:6). Although it is difficult to distinguish between rural and urban poverty in the

municipality, attention is drawn to the fact that farm workers are worse off in terms of the index of human development. The situation of the rural poor is further compounded by the fact that they are excluded from certain service delivery benefits. The SM IDP (2005/06; 6) clarifies this point by stating that the farm workers do not qualify for the equitable share of water and electricity because the municipality does not directly supply the service to them. Their human development index is the lowest and there are little or no opportunities for development. The poor in rural areas identified their needs as the provision of water and electricity, proper sanitation, housing, transportation, adult basic education and land for farming. Although the urban poor identified similar needs, they added to the list issues of safety and security and employment creation.

The less developed areas of the municipality are characterised by a high rate of unemployment, low literacy levels, low skills levels, substance abuse, lack of proper sanitation, and housing shortages. This leads to pervasive suffering among the marginalised and socially excluded communities. Hence the need for SM to formulate and implement appropriate service delivery policies to alleviate poverty. The challenge for the leadership of the municipality, though, is how to maximize and align the available resources to towards the achievement of the poverty alleviation goal. But the Swellendam municipality's ability to carry out its constitutional mandate would be dependent on the presence of institutional, organisational and human resources capacity.

B. Institutional Capacity

As pointed out elsewhere in this study, the 1996 Constitution provides for co-operative government. Section 139 bestows to the provincial government supervisory powers over municipalities. Municipalities are required to report on their operational activities to provincial government. The SM experienced difficulties in complying with the reporting requirements due to its 29% vacancy in senior staffing levels (Republic of South Africa, Municipal Demarcation Board, 2005/06).

The SM Chief Financial Officer expressed frustration with the 'over control' by provincial and national government (Interview with Mr. F. Bull, 2005). According to him, much time was often spent on preparing reports for the provincial and national government organs instead of providing solutions to internal operational problems. The provincial department apparently realised this shortcoming and developed a five year municipal support programme that was still to be rolled out soon (Interview with Mr. Gubuzi, 2008). Mr. Gubuzi indicated that the support programme was designed for all municipalities in the Western Cape Province. But this 'one size fit' all' approach is not of any help to individual municipalities.

There were also frustrations with the Provincial local government department for not keeping its promises to the SM municipality. In 2004 a R3,3 million grant was to be given to the SM but this was not forthcoming (Municipal Capacity Assessment Report, 2005). The SM municipality had planned to use the money for infrastructure development. Ironically, the SM could not hold the provincial government to account for its failure to provide the grant (Interview with Mr. F. Bull, 2005). The provincial government was also experiencing a financial capacity problem to meaningfully assist the SM (DPLGH, Annual Performance Plan, 2006/07- 2008/09).

In the area of policy formulation the SM was supported by the provincial government and the Overberg District municipality (ODM). The Provincial government allocated R2 million to the municipality (Western Cape, Department of Local Government 2002). The SM appointed consultants to develop various institutional policies. Some of these policies were the IDP, the LED and town planning advice (ODM, Shared Services and Functions, undated). The downside of this approach is that the SM never used the opportunity to develop and build its institutional policy development capacity. It instead continued its dependence on external assistance. SALGA also provided operational support, especially in the area of human resources and legal matters (Interview with Mr. Gordon, 2007).

C. Organisational Capacity

The vision of the municipality is to become 'the blackberry Mecca at the foot of the Langeberg, where historic past and beautiful natural environment meet to create a united and prosperous future for all the inhabitants' (IDP 2005/06). The municipal manager explained that the purpose of the vision is to maximise the unique characteristics of the area, and to mobilise the communities, interest groups, politicians and officials to achieve the development objectives for the area (Interview with Mr. T. Botha, 2005). The vision indicates a future developmental state that is accompanied with social and economic benefits for the inhabitants.

The mission set a number of objectives, including the promotion of sustainable economic development. It focuses on human resources development as a means to empower the community to become self-reliant. Attention is given to the provision of basic services to the poor, and through this process to restore their human dignity and self worth (IDP 2002/03 and IDP 2005/06). The vision and mission from 2002 has

remained the same, and this has aided in the establishment of a strategic plan for the municipality. It recognises the unique characteristics of the area, the challenges faced and the obligation to develop the area as an integrated whole.

The strategy adopted had a two-pronged focus comprising a short-term approach coupled with a long-term strategy. The short-term approach was firstly to consolidate and stabilise the municipality to ensure a continuation of service delivery. This entails the reconstruction of the municipality and developing the policy frameworks to guide the implementation process. The long-term strategy was aimed at setting a developmental trajectory that would enable the municipality to address its socio-economic challenges.

The SM identified twelve key priority areas that are fundamental to achieving the state vision (SM Concept Strategic Plan, 2005). One key area is financial management and particular the need to increase the revenue base. This will enable the municipality to maintain services whilst simultaneously address the backlog thereof. Specific revenue raising initiatives included the selling of municipal land. Another concern was the development of industrial and residential areas. These initiatives generally were aimed at increasing the revenue base of the municipality. Debt collection was another critical area that was identified. To give effect to this strategy, a concerted community awareness campaign was launched. Another strategy was increasing community participation in the matters of the municipality and the establishment of functioning ward committees.

The effective implementation of decisions taken by the council is another priority. In particular the issue of delegation of authority is viewed as instrumental to achieving this objective. Economic development has also been identified as a priority area. Two issues of importance are highlighted. The one is the development of an

economic development plan. The other is the development of appropriate policies to facilitate black economic empowerment. Human resources development has also been prioritised. In this regard emphasis is placed on staff development and the recruitment of skilled individuals. Particular reference is made of the need for an effective monitoring and feedback mechanism to aid managerial decision-making.

The challenge that the municipality faced after the year 2000 was to develop an organisational structure that made possible the equitable delivery of services, and the achievement of the development mandate. There are no reliable criteria or best practices of a similar local authority available to determine what the structure ought to look like. The challenge therefore was to develop a structure, taking into consideration a number of variables. The spatial configuration of the municipality is one such consideration. The municipality's area of responsibility could be described as a set of 'islands' dispersed over a large geographical area. These pockets of responsibility were kilometres away from each, and separated by agricultural areas and mountain ranges.

In terms of the Western Cape Determination of Types of the Municipalities Act of 2000. (Act 9 of 2000), the municipality was established as a plenary type. In this particular configuration, all executive decision-making of the municipality resides with the municipal council itself. Another provision is that all elected officials are contracted on a part-time basis. The type was subsequently changed in 2002 to a mayoral executive system combined with a ward participatory system in terms of the Second Establishment Notice published in the Provincial Gazette No 5898 dated 14th August 2002. This form of governance allows for the exercise of executive authority through an executive mayor. The executive leadership of the municipality is vested in the mayor who is assisted, by a mayoral committee (Section 7 (b), Act 117 of 1998).

According to the Municipal Manager, the change in type was motivated by the fact that the challenges facing the municipality necessitated a full time political leadership to expedite decision-making (Interview with Mr. T. Botha, 2005). The plenary type provision did not allow this and was therefore inappropriate for the requirements of the municipality. The major deficiencies were that no full-time political leadership was available and that a full council sitting was necessary for executive decision-making to take place. The mayoral executive system is a more suitable system and allows for full-time political leadership. Executive and political leadership are expressed in the mayor and political leadership, which facilitates decision-making.

The council comprises of 10 councillors. The executive authority is vested in the council. The councillors elect an executive mayor and three members to serve on the mayoral committee. The mayoral committee and the mayor are appointed on a full-time basis. Four Portfolio committees have been established in terms of Section 32, Act 117 of 1998 to ensure administrative and operational efficiency. The committees focus on matters dealing with corporate services, finance, engineering and community services.

The municipality is sub-divided into five wards, each consisting of the following 12 members: the ward councillor, who serves as the chairperson, ten elected members from the ward, and two community workers whose function will be discussed later on in the chapter (Swellendam IDP 2002/03; IDP 2005/06). The ward committee members represent the interest of the various stakeholders. The ward composition was informed by criteria such as gender equity, youth representatives and the inclusion of persons with disability.

The purpose of the ward committee is to ensure that the development needs of the ward are addressed. The advantage of the ward committee system is that localised needs are prioritised, and through the integrated development process can become part of the municipal priorities. The ward system allows for a bottom up approach in which localised needs are central in setting the priorities of the municipality. The Municipal Manager said that politics often clouds the prioritisation of community needs (Interview with Mr. T. Botha, 2005). Political parties tend to prioritise the needs of the community based on their own political viewpoints, and not necessarily on the basis of community demands. The ruling political party's priorities will enjoy preference irrespective of the demands of the community.

Legislation and codes of practises have been formulated to draw a clear line between the functions and responsibilities of administrative and political realms (SM Councillors Code of Conduct). The Municipal Financial Management Act, 2003 similarly highlights this distinction. Section 115, for instance, states that no political office bearer will be part of, or influence the allocation of tenders, as that the process is an administrative one. The political leadership provides legislative oversight and has the power to veto or override the decision of the administration.

An important document that guides the political leadership function is the 'councillor code of conduct'. This code indicates in no uncertain terms that political interference is not allowed in the administrative activities. Swellendam, from 2000 until 2002, had a 'hung council' and this impacted tremendously on the decision - making process. A 'hung council' occurs when no political party won an absolute majority vote during the election. Clear policy guidance was absent and impacted on the administration. According to Municipal Manager, the political impasse stemming from the 'hung council' resulted in a lack of policy direction and administrative

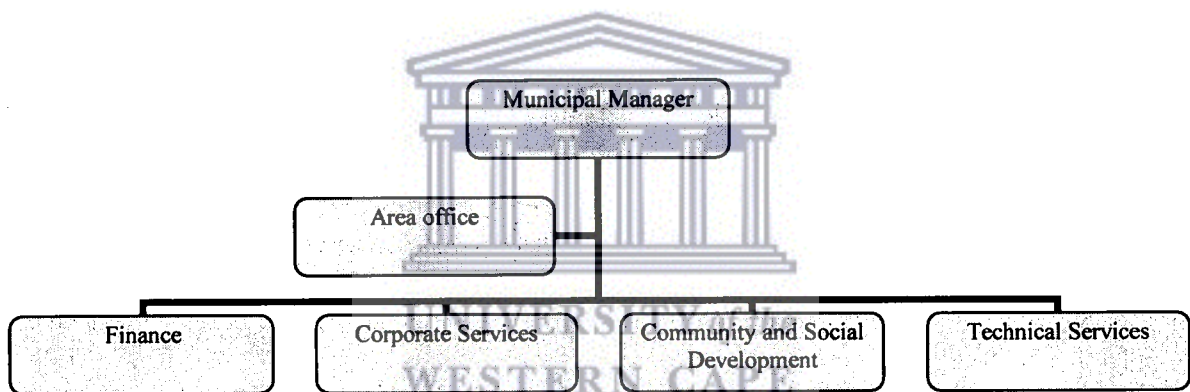
paralysis which negatively affected service delivery (Interview with Mr. T. Botha, 2005).

The budgetary processes are guided by political policy decisions and the absence thereof resulted in administrative uncertainty and confusion. The situation changed during 2002 after the floor crossing period, and a political leadership based on a clear majority emerged. Political stability immediately influences the speed of decision-making and implementation. The governing party indicated policy priority areas that guide the operations of the administration. According to the Executive Mayor, political stability had a positive impact on policy decisions and service delivery implementation (Interview with Mr. Newman, 2005).

An area of concern though is the political interference in the administration. Staff appointment in particular is an area of contention. One such example was the appointment of the Manager of Community Development in 2001. The appointee was the previous mayor of Barrydale and had no local government administrative experience. Mr. Gordon, indicated that the lack of administrative experience was evident in that the manager on a regular basis requested assistance in policy formulation and compilation of documentation to be presented in council (Interview with Mr. K. Gordon, 2007). Capacity constraints at senior level have a multiplier effect on the staff and service delivery. The municipal manager says it is not so much political influence in the appointments but what is rather worrying is the calibre of appointments. As the head of the administration his views regarding appointments of senior staff are important but often ignored by the Council (Interview with Mr. T. Botha, 2007). Political conflict and instability negatively influenced the ability of the SM to formulate and implement policies.

The newly established municipality is configured into five departments and one satellite office (SM Macro Structure, 2002). The departments are comprised of office of the municipal manager, finance, technical services, corporate services, and the community and social development. The Municipal Manager is the administrative head. The responsibilities of the post are legislatively determined; by amongst others, the Municipal Systems Act of 2000, the Municipal Financial Management Act of 2003, and the Swellendam Delegation of Duties of 2003. These policies explain the legislative responsibilities of the municipal manager.

Diagram 5.1: Swellendam Municipality Macro Structure



Source: Swellendam Macro Structure

The Municipal Manager's office is responsible for providing strategic leadership to the administration. The unit responsible for the Integrated Development Plan forms part of this department. Although the IDP is the primary planning document of the municipality, the post of IDP manager was only filled in 2005. The duties and responsibilities of the heads of the various departments are prescribed in the Swellendam Municipality Delegation of Duties of 2003. Their responsibilities are also captured in their individual performance agreements. Their roles are two fold:

firstly, to advise council on policy formulation, and secondly, to ensure the effective and efficient utilisation of resources in policy implementation.

The Finance department is responsible for the financial management of the municipality. It is the responsibility of the departmental head to advise council on financial strategies that need to be pursued to ensure financial viability. Some of the financial activities include budget compilation and implementation, debt collection and investment. The Engineering department is responsible for the provision of infrastructure such as roads, electricity, water, and sanitation and housing.

The Community and Local Economic Development department is a newly established department, and is responsible for local economic development and poverty alleviation. Some of the responsibilities include the delivery of basic services, provision of library services and disaster management. Lastly, the Corporate Services department is responsible for human resource management, providing legal advice and support to council amongst other functions. The purpose of the area or satellite office is to co-ordinate the provision of services in the outlying municipal areas. The area office reports to the municipal manager's office on strategic issues, with operational reporting to the various functional heads. The office manager is the previous 'town clerk' of Barrydale.

The area office is a one-stop service delivery unit and it serves as the contact point for the community in that area. The area manager ensures effective administration in that area, and reports directly to the municipal manager. An interesting reporting line is observed which displayed characteristics of a matrix organisational design. The functional supervisor (technical services) will report for administrative purposes to the area manager, but for functional activities to the director of the particular services. This type of structural arrangement is an attempt

to ensure service delivery at satellite office situated a distance away from the administrative head office. Simultaneously, it addresses the concern of managing and ensuring administrative accountability over wide spatial areas. Furthermore, this approach facilitates interaction at the coalface, and allows for a quicker response to demands raised by the community.

The municipality has a participation strategy designed to engage the community in its affairs (IDP Process Plan 2006/07). The community participation structures comprise the ward committees and the Swellendam municipal advice forum. The ward committee provides the initial engagement with the community. The ward committee's major purpose is to determine the needs of the specific ward through community engagement. These needs are then fed to the Swellendam municipal advice forum. The forum membership includes the executive mayor, who is the chairperson; the municipal manager; the ward councillor; the departmental heads; members of the finance committee; five ward committee members; and various specialists. The function of this forum is the prioritisation of the needs of the community. The recommendation of this committee is then forwarded to the mayoral committee, and ultimately to the council for discussion and approval.

The process is flawed and in practise community participation in the affairs of Swellendam municipality is weak. This state of affairs can be attributed to a combination of factors. The ward committees had no administrative support systems to help them to collect information and give expression to community needs. Meetings are held very seldom and attendance by the community is low. The municipal manager, Botha, 2007 had some reservations concerning the effectiveness of public participation. According to him, disputes between the ward councilor and the community impacted negatively on community participation. Ward Committee 4

provided one such example, where disputes between the community and the ward councilor negatively influenced levels of community participation (Concept Strategic Plan, 2005).

The municipal manager in addition stated that community participation is two-fold: firstly, willingness to participate and secondly, influencing decision making (Interview with Mr. T. Botha, 2005). He gave the example of the Swellendam Development Forum. This forum is an **ad hoc** committee established with the purpose of advising on economic development. Although meetings were widely advertised, attendance was extremely poor. Those who did attend, particularly from marginalised groups, were not particularly keen to participate in the forum. This is mainly attributed to time availability and a questioning of the effectiveness and legitimacy of the forum. Some community members view this as a time-wasting exercise and that their input will not influence policy decisions.

Another concern raised by the municipal manager is the effectiveness of community input into decision-making processes. According to the municipal manager, community development requires input from knowledgeable individuals, who are in scarce supply in the municipality (Interview with Mr. T. Botha, 2007). The skilled individuals are usually from the advantaged sectors of the community, and it is not viewed as politically correct to include them.

The composition of the committee according to Botha is a challenge and hinders the effectiveness of community participation. Another shortcoming is the lack of institutional capacity to collect and analyse the data. Limited capacity for policy development exists in the municipality and the responsibility is outsourced to consultants if financial resources are available. In this context community participation becomes a mere talk shop. The community participation exercise

therefore falls far short of its intended purpose. To remedy this situation community development workers have been appointed to improve community participation.

The level of financial management skills was questionable and impedes the delivery of services. Swellendam lacked a financial strategy on how to increase the revenue base to ensure sustainable financial growth. The LGMTEC (2006: 31) indicates certain areas of good financial management, but raised certain concerns regarding overall financial management. The dependency ratio on intergovernmental grants is one such concern. The treasury norm for grants and subsidies is 4% of total revenue. A ratio of 10% indicates that own revenue sources are insufficient to meet the expenditure. Swellendam display an alarming high ratio, although not yet dependent on subsidies and grants. SM needs to develop appropriate financial strategies to address the high ratio. If not, the possibility exists that SM would become dependent on intergovernmental grants.

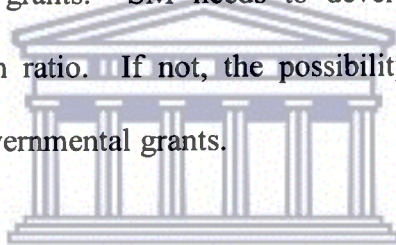


Table 5.4: Grants and Subsidies as Percentages of Total Revenue

	Grants & Subsidies	Total revenue	Rate
2004/05	R 4 072 399	R 46 250 247	8,8 %
2003/04	R 3 910 747	R 41 060 026	9,5 %

Source: LGMTEC, 2006

Cash flow management is an important financial instrument to ensure that debt obligations are being met. A major concern is that the debt collection period of the municipality is currently 187 days. This is way above the provincial treasury norm of 42 days (LGMTEC 2006/07: 14). The municipality only receives payment for

services rendered 187 days after delivery, and this has a detrimental influence on the liquidity or cash flow of the municipality. The SM only responded to this major financial concern by recruiting a credit controller only in June 2006 (Swellendam Draft Budget Assessment 2006: 20). The municipality implemented a Geo-Reality Debtors and Summons system to assist in a turn around strategy. The system enables the municipality to obtain up to date information on outstanding debtors and to introduce appropriate measures (SM Annual Report, 2006).

It is a uniform billing system that allows immediate access to the payment history of all users. Simultaneously, the aim is to reduce the billing cycle from three to one month (Interview with Mr. F. Bull, 2005). This means that the service is rendered in the beginning of the month, and accounts are sent before the end of the month. The process is that the service is rendered; the meter readers check the readings of each individual user. This information is fed into the system, and the accounts forwarded to the users. The Credit Control Policy allows for action to be taken against defaulters. In the case of water defaulters the water flow is reduced to a mere trickle (SM Credit Control Policy). Water is not stopped completely on humanitarian grounds. It needs to be pointed out that before such action is taken, the municipality invites the defaulters to discuss their financial position with them.

Although the municipality has introduced this action, many defaulters illegally reconnect water services. The budget allocation for basic services, such as water, electricity, sanitation and refuse removal is 41,2 % of the 2005/06 operating budget. This indicates that the provision of basic services is a high priority of the municipality. The trend is similar in the capital budget 2005/06, and the allocation is 33,1%. One concern, though, is that no allocations are provided for the eradication of the bucket system, and neither is there any focus on youth and gender development.

An uneasiness regarding financial management is raised. The municipality has ignored the norms set by provincial treasury for annual budgetary increases. The salary increase was 15,9% from 2005/06 to 2006/07, which is way above the norm of 5% set. Similarly, the non-disclosure of interest on long-term loans is an indication that the financial manager does not understand the financial legislation. The Auditor General's assessment of the 2004/05 financial statements indicated that unauthorised expenditure had taken place. A basic requirement is that unauthorised expenditure must be explained, but the financial statements contained none. The concerns regarding financial management could be attributed to a lack of understanding of the legislative requirements as provided in the Municipal Financial Management Act of 2003, and the accompanying financial regulations.

Swellendam municipality, as with any other similar organisation, is dependent on latest, relevant and quality information, to respond effectively to the needs of communities. The first impression that a user gets of the effectiveness of the municipalities information technology is through the engagement with the municipality's website. The website is not user-friendly, and displays extremely limited information on the activities of the municipality. There are no information gaps that link the user to a range of irrelevant issues such as policies, tenders, ward meetings etc.

This does not create a very positive image of the technological information system or capacity of the municipality. This could be contributable to the fact that Swellendam does not have a dedicated information technology unit. The function is outsourced, and updating of the website is at the discretion of the service provider. Furthermore, almost all the policies of Swellendam are in electronic form. However, there is no established link to the electronic portal. The municipality entered in to a

contract with the service provider to develop a web page, which was done. But the institutional capacity to update and develop the site is lacking. The SM, due to the resource constraints, is unable to invest in the updating and the development of the website.

The SM introduced an electronic financial management system which allows for financial transactions to occur at geographically dispersed points, with immediate updating of the information occurring (SM Annual Report, 2006). Payments made at Barrydale, approximately 50 kilometres away are updated immediately and are electronically available at the head office in Swelledam. This enables the finance directorate to receive precise information on daily revenue flows and to execute financial control. The amount electronically displayed is compared with the banking deposits made at Barrydale. The financial management system is outsourced to an external service provider who is responsible for the general management of the system (Interview with Mr. F. Bull, 2005).

The outsourcing of the information technology function is another area of concern. The point raised is not on the effectiveness of the system, but rather that the knowledge remains that of the external service provider. The strategy of outsourcing is counterproductive to building an institutional knowledge capacity. The external service provider will always be in a stronger bargaining position vis-à-vis the SM municipality. This is due to the fact that the knowledge of the information system is vested with the service provider and not with the municipality. The municipality has made no attempt to capacitate some of its staff members to take over this responsibility in future.

The municipality lacks the ability, and organisational knowledge, to adapt the system in a continuous fashion as changes evolve. The development of organisational

information technology knowledge will only be possible by establishing an in-house information technology unit that understands the needs and challenges faced. A further strategy is to enter into a relationship with the current service providers to train and develop staff members. The objective is that in future the municipality will be able to perform many of the information functions on an in-house basis.

The Community and Social Development department comprises of the following functions: housing administration, libraries, parks, local economic development, and refuse removal. Being 'developmental', according to the Manager of Community and Social Development, implies ensuring that those services that contribute to the general 'well-being' are delivered in a sustainable manner (Interview with Mr. Nortje, 2005). The department of community development is a newly established department and all developmental functions are situated in this department. The objective of the department is to shift the focus of the municipality into becoming a developmental local authority. In this regard, the aim is not to become the main actor of development, but to create conditions that will facilitate the process of development. The SM needs to become an 'enabler' for economic development through the creation of an enabling environment.

The provision of housing is an important function of this department. The objective in the provision of houses is to achieve sustainable integrated human settlement. The municipality still has many challenges to overcome to achieve integrated settlements. Some of the challenges are the lack of planning skills and accompanying capacity to do research on the housing backlog, and provide input into the development of housing units. The delivery of houses requires large amount of capital and a large percentage of the budget is allocated to that (Interview with Mr. Nortje, 2005). This view is supported by the 2005 Municipal Capacity Assessment

Summary Report that housing places a tremendous strain on the limited resources of the SM. The unit is also responsible for the allocation and general maintenance of housing units. In order to function effectively, officials need to have a clear understanding of the housing, relevant legislation and the application of such legislation. Illustrative examples are the issues concerning the rights of the municipality vis-à-vis the rights of the tenant when the tenant defaults on payments. For instance, does the municipality have the right to evict a tenant? Such a policy question demands some para-legal background information that is currently absent in the officials' dealings with housing.

Another important function of the housing unit is the continuous updating of the housing waiting list. This list provides a picture of housing needs in the municipality, and assists in future planning for housing developments. The collection of data is a current shortcoming, and staff relies on the homeless to approach the office to put their names on the housing list. The staff does not have the facilities to verify the correctness of the information supplied by the applicant. The housing waiting list is a political minefield and elected officials at times intervene and/or bypass this list in the allocation of houses. This brings about tension between the political office bearers and the officials (Interview with Mr. Nortje, 2005). The importance that housing enjoys within SM must be measured by the number of staff that performs this task. Only one staff member performs this task (Municipal Capacity Assessments Summary Report, 2005). The staff to budget ratio exceeds the Treasury Norm and moratorium is placed on recruitment of additional staff (Interview with Mr. Nortje, 2005). The fact of the matter is one staff member is insufficient to perform this important task and the current situation is a recipe for disaster.

Services such as refuse removal were introduced in those areas that previously did not enjoy this benefit. Refuse removal is an important service because, if not rendered in an effective manner, a huge health risk is posed for the community. In the semi - rural part of the municipality, the bucket system for sewage is still used. The municipality in these areas has increased its collection period to twice weekly. Although this collection period is not ideal, it is a 100% improvement on the previous once-a-week collection cycle. It is planned to phase out this system in the long term as infra-structural grants become available. All new low cost housing developments have waterborne sewage systems. The library service is a unit within the department of development but the developmental services that it performs within the resource constraints experienced are excellent and deserve extra attention.

One of the strategies to provide employment opportunities within the region is to accelerate local economic development. In this regard, the municipality has formed a close relationship with both the business and the agricultural community. The Swellendam tourism chamber is the case in point. Its function is to promote tourism within the region and, through this process to facilitate the creation of business and employment opportunities in the area. The tourism office receives an operational grant from the municipality, which also pays the salary of the staff (Interview with Mr. Nortje, 2005). The office functions independently, and has a dual reporting responsibility, both to the local business chamber and the municipal office. The accountability to the local business chamber is to market tourism and attract investment.

This relationship has benefited the town tremendously because the tourism office has used its resources and skills to market and attract tourism to the town. This has led to an unprecedented growth in small business, particular bed-and-breakfast

accommodation, in town. Economic growth of 8,1% in the catering and accommodation sector was experienced from 2000-2004 (Swellendam Socio-Economic Profile). It is a fact that tourism brings much needed revenue into the municipality and results in employment creation. A tension though seems to exist around this relationship as the municipality is of the opinion that as it provides an operational grant and pays salaries then it must decide on programs. The tourism office, with the support of the local business chamber, is of the opinion that minimal municipal control is conducive for maximum economic growth. The concern of the municipality is that the economic growth that occurs is concentrated in the established part of the municipality rather than in the impoverished parts.

The municipality tariff policy makes provision for indigent households. The policy is aimed at assisting families experiencing financial difficulties to receive basic services. The municipality uses a joint monthly household income of R1400-00 as the threshold for receiving an indigent grant. This grant comprises a basic subsidy of R110-00 towards water, electricity and other municipal services. According to the municipality, this is sufficient for a household of five to cover the services rendered for one month (Interview with Mr. F. Bull, 2005). In many instances the indigent households become second and third offenders. The municipality's response when indigent grand holders default is to re-arrange their debt. This approach basically compounds the financial situation of the indigent grant holders, who ultimately default again, resulting in more severe action being taken. Action taken against defaulters includes withholding of the indigent grant and the ultimate discontinuation of services.

The municipality has experienced growth in the number of indigent households, bringing with it accompanying challenges. Firstly, for the indigent policy

to work effectively, officials must ensure that the information supplied by the applicant is correct, and that the grant is approved speedily. Due to a staff shortage, the municipality is not in a position to verify the status of indigent applicants. Documentation such as unemployment cards and latest salary records are the only mechanism used to verify the status of indigence. During the period of awarding the grant, there was no information gathering done by the municipality to determine whether or not the indigent situation had changed. This is the result of staff constraints. It also reflected a lack of knowledge on how to develop systems to facilitate the process. Lastly, the increase in indigent grant holders proportionately increased the financial pressure on the municipality.

The municipality is currently funding indigent households with the equitable share grant instead of the intergovernmental transfers that were hitherto used for operational expenditure. The change obviously placed an additional financial burden on the municipality as the intergovernmental transfers were now redirected for capital- instead of operation expenditure. Capital expenditure includes bulk infrastructure development, housing, electrification, and water reticulation systems.

Town planning is an important tool for establishing a future integrated Swellendam. The municipality, due to a shortage of skills, outsourced this function to a private local business. The role of the municipality has been to support and implement the necessary administrative processes such as re-zoning and building plans. Thus, the outsourcing of land use function to an independent private sector entity perpetuates past practices of land use. In order to prevent the perpetuation of the past separatist town planning practises, the municipality needs to be vigilant in evaluating project proposals from the private architectural firm. The municipality in 2006 approach the Overberg district municipality to assist with development of spatial

development plans (SM Performance highlights, 2005/06). This approach will ensure integration of the municipal spatial development framework with that of the district municipality.

Consultants developed the integrated development planning document of the municipality, largely due to the lack of knowledgeable resources in the municipality to complete the task. The Municipal Manager acknowledged that a lack of human resources to perform this task necessitated the appointment of external service providers (Botha, 2005). An IDP manager was appointed in 2005, four years after the establishment of the municipality. The appointment did not result in less reliance on external assistance in the compilation process. On the contrary, the 2005/06 IDP was developed with the assistance of the Overberg District Municipality. The municipal manager responded that the IDP manager was inexperienced in the process of IDP development. This appointment does not bode well for a municipality that is already experiencing a skills shortage. When prompted about this appointment in the exit interview in Bredasdorp, 2007, he indicated that the appointment was political in nature.

The IDP failed to achieve the purpose of being the key strategic document that informed the planning and decision-making process in the municipality. The only positive concerning the IDP was that some type of community participation process was followed to determine the needs of the community (IDP 2005/06). The IDP failed in its purpose to guide the development trajectory of the municipality. According to the manager community services, the IDP was a community 'wish list' (Interview with Mr. Nortje, 2005). The reality was that the municipality did not have the revenue capacity to deliver on all the demands made. The lack of revenue was mainly due to the weak resources base, and the increasing levels of outstanding debt.

Neither were the operational plans of the various departments aligned to the IDP. This resulted therefore in the IDP becoming merely a paper document.

As an example, projects were identified in 2002, but no implementation has occurred. One such project is the Golf Course Development, which was viewed as a high priority in three consecutive years (IDP 2002/03; 2004/05; 2005/06). The project is viewed as an important initiative to increase the revenue potential of the municipality but implementation has not taken place yet (The Strategic Concept Document: 2005). The major reason was that the municipality did not know how to proceed from the conceptual phase to subsequent planning and implementation. A clear lack of capacity to undertake projects of such magnitude exists in the Swellendam Municipality.

The failure of the IDP to become the strategic planning document of Swellendam Municipality could also be attributed to a number of factors. The lack of a spatial development framework to guide how and for what purpose land must be used. Land-use policy is fundamental to effective development and implementation of the IDP. It is also important as it relates to the provision of housing for the poor near to future developments. The IDP has been developed in the context of vacuum concerning land use and this negates the possibility of developing meaningful and coherent sectoral plans.

Another problem is that no clear alignment with national, provincial and district priorities and development strategies is evident in the IDP. The IDP makes no mention of shared activities aimed at achieving the objectives of the Provincial Shared Development Framework (PSDF). It is a fact that while the context and challenges faced by Swellendam are unique, the alignment of its IDP with the overarching objectives of the other spheres of the state is vitally important. Economic

development is an important contributor to poverty alleviation. The municipality do not have a dedicated local economic development resource and development activity to date has been ad hoc and non-strategic (SM Concept Strategic Plan, 2005). Swellendam Municipality, at the time of the research, was still in the process of developing a local economic strategy.

The IDP lacks a meaningful local economic development focus in addressing poverty. Strategies that do exist take the form of **ad hoc** projects, such as the provision of vegetable gardens, which are not integrated into a long-term strategic approach. This particular shortcoming is recognised, and attributed to the lack of a dedicated local economic development unit (SM Concept Strategic Plan, 2005). Other shortcomings in the IDP are the lack of strategies for disaster management, budget projection and financial planning (see report by Auditor General June, 2006). More importantly, the budget of the municipality is not aligned with the IDP. The lack of alignment of the IDP and the budget underscores the fact that the IDP process was merely done for compliance purposes rather than to guide the resource allocation process.

The IDP in its current form is a wish list with no long-term strategy on how to address the underlying socio-economic and developmental challenges. The IDP does not provide an integrated strategy on how to redress the socio-economic challenges. The document is more focused on isolated interventions than on a long-term increase in the human resources index and economic development. In the words of IDP Manager:

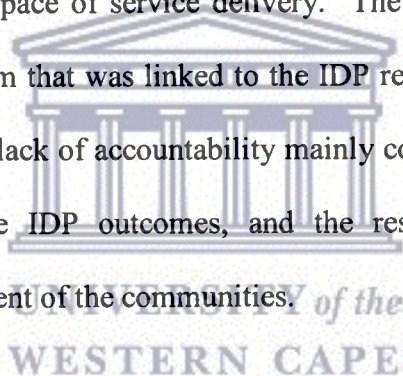
‘The officials do not yet realise that the IDP is the strategic document that informs their business plans. If they realised that then the budgeting process would be linked in with that of the IDP, which is not the case. Currently the

budgetary process is the all important process and everything else is subjected to that' (Interview with Mr. Steenkamp, 2005).

The performance management system is the instrument that measures the progress of the municipality in achieving defined outcomes as indicated in the IDP. An electronic performance management system was purchased from Price Waterhouse Cooper. The system would apparently link all the line and support functions of the municipality to the IDP and the Budget (IDP 2005/06: 39). The system allows for the measuring and monitoring of the institution and the staff. At the time of the research the system was not yet operational mainly due to a lack of knowledge on how to operate the system.

The system was not operational due to capacity constraint (Interview with Mr. Gordon, 2005). The department is experiencing staff shortages and it was impossible to carry out the additional tasks. The staff was not trained in the overall functioning of the system, and lack skills in the research methodologies needed to collect and collate the relevant data. Another important shortcoming was the lack of community participation in the development of the system. This fundamental principle was neglected in the development of the key performance areas, indicators, targets and timeframes. This immediately brings into focus the whole question of accountability. In the absence of measurable outcomes, the principle of accountability becomes blurred. The impression is created that, as with the IDP, this is an additional burden and the only reason for the development of the PMS was to ensure narrow legislative compliance. The municipal manager confirms that compliance was a major motivation, stating that the Municipal Systems Act of 2000 requires the development of a PMS.

The consultants have 'enslaved' the municipality because the maintenance and upgrading of the system is their sole prerogative rather than that of the municipality. This means that the ownership of the system will never be in the hands of the municipality. This over-reliance on consultants has resulted in no capacity building among staff to understand the system and its functioning. In this regard, the municipality are completely under utilising a tool that could be very effective in ensuring that planned and actual implementation strategies correspond. The municipality, due to lack of knowledge, could not use the PMS to determine the reasons for the blockages experienced in service delivery. They could neither use the system as a mode of communication with the community to provide them with feedback regarding the slow pace of service delivery. The absence of a functional performance measuring system that was linked to the IDP resulted into a situation of lack of accountability. This lack of accountability mainly contributed to the absence of objective and measurable IDP outcomes, and the resultant non-performance compounded the disillusionment of the communities



D. Human Resource Capacity

The municipality is on a trajectory of inculcating and developing an organisational culture that epitomises 'people centeredness'. This concept implies that the municipality is responsive to the needs of society and is developmental in its approach to service delivery. The municipality is using the national government's principles of *Batho Pele*, or 'people first' as the core values for the type of organisational culture that they want to instil. The path to achieving such a people oriented culture is fraught with difficulties.

One such challenge involves language, which in the case of Swellendam has Afrikaans as the primary medium of communication. Over the years the municipality experienced a change in the racial demographics of the community, which is reflected in changes in the staff profile of the organisation (SM Employment Equity Profile, 2006). However the official organisational medium of communication over the years has remained unchanged and unscathed. This resulted in tension both outside and within the organisation, and impacts negatively on operational activities.

Language as a capacity constraint is particularly evident at the operational level. This level employs Xhosa speaking staff, and operational instructions are in Afrikaans. Unspoken understandings seem to exist that Xhosa staff members ought to learn how to converse in Afrikaans, but no capacity - building support was provided in this regard. Conversely, none of the supervisors are making any real concerted effort to learn the Xhosa language. The expectation was that the Xhosa speaking staff needed to acquire the skill of speaking Afrikaans. The Manager Technical service is of the view that anybody that applies knows that the 'medium of communication is Afrikaans'. This immediately brings to fore the issue of representativeness in the administration.

The issue of language could have been a non-issue if African representativeness was evident on the different levels of the municipality. If more African staff members were employed, then pressure would be put on the organisation to create space for other languages to be used. This is currently not the situation and African staff members feel marginalized and question the legitimacy of authority in the workplace. If the issue of language is not managed sensitively and strategically further organisational problems could occur in the future.

The development of an effective organisational culture is dependent on people undergoing a mindset change that involves embracing new ideas and realities. A mindset that is based on a hierarchical division of society reflecting race is in contrast to the new organisational culture reflecting democratic imperatives. The new organisational culture embodies principles of equity, transparency, fairness and complete eradication of racial prejudice. Evidence is present to suggest that a culture of community centeredness is slowly emerging. In this regard, frontline staff portrays a more empathetic and understanding attitude to the community.

Service delivery quality and equity is one of the key challenges that the municipality is struggling with. A general understanding is present amongst the staff that, irrespective of race or creed, service delivery to the community must be equitable. This is indicative of the slow emergence of a new organisational culture taking into consideration afore-mentioned challenges. However the development of an organisational culture was hindered by the lack of an effective internal communication strategy. Staff was not informed of important policy documents, and what was in turn expected from them. A case in point concerns the importance of the IDP as a strategic guiding document. The IDP for the staff is a 'far away' document that does not seem to involve or concern them (Interview with Mr. Steenkamp, 2005)

A fairly constructive relationship exists between management and labour. This relationship manifests itself in various decision-making structures in particular those pertaining to human resources. This is indicative of the managerial style of the municipal manager that encourages the collective decision - making process. The co-optation of labour into the decision-making structures ensures that decisions taken are perceived as legitimate by the staff (SM Human Resources Policy, 2003). According to the manager corporate services labour was involved in the staff placement process

and other structures that impact on human resources management (Interview with Mr. Gordon, 2005). The collective decision making arrangement contributes tremendously to creating an environment that is conducive for effective policy implementation.

Strategic human resource management is the process of ensuring the availability of skilled and capacitated human resources at the right time to meet organisational requirements. The responsibility for human resources rests with the corporate services department. The fundamental human resources policies are in place (SM Human Resources Policy, 2003). Yet the implementation falls short of the intended objectives. The failure is mostly attributed to a lack of capacity and the task of human resources management is executed by one staff member. The staff member focuses on short - term human resources aspects, such as salary payments, disciplinary matters, staff benefits and pension pay outs, to name a few. The staff shortage resulted in a neglect of long-term strategic human resources matters, such as staff development and succession planning, become a low or a non priority.

On the contrary, given the capacity constraints experienced by the municipality, staff development ought to be a high priority. Yet, this is not the case in Swellendam. During the financial year of 2005/06, only five (2%) staff members attended staff development programs (Swellendam Municipality, Annual Report June 2006; Chapter 4). This is primarily due to an absence of an operational level to implement the skills development plan. The lack of capacity negatively impacted on the strategic role of the department (Interview with Mr. Gordon, 2007). In his opinion, the absence of a middle management level negatively influences the strategic role that the department needs to fulfil. Senior managers, like him, become engrossed in the operational management instead of strategic management.

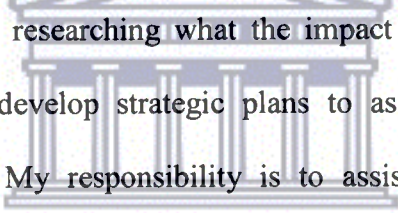
Human resources development is a low priority in the municipality according to the LGMTEC (2007/06: 27), which notes that almost 75% of projects relate to the purchase of furniture and equipment, while few focus on the development of human resources. Senior management is appointed on performance - based contracts in terms of Section 57 of the Municipal Systems Act, 1998. A number of shortcomings are evident in the performance-based contracts. The first is the absence of clear key performance areas with the accompanying key performance indicators. The absence of measurable indicators, particularly for senior management, creates an ambiguity when individual performances are assessed. Secondly, the performance evaluation was based on the effective spending of the budget amount allocated which focused on inputs, irrespective of whether the developmental outputs were achieved. And, thirdly, the weakness in the system creates an opportunity for senior managers to be paid performance bonuses although the municipality is not performing well.

One example is that the provincial treasury has pointed to the fact that the debt collection period of the municipality is nearly six months (LGMTEC 2006/07). This is way above the norm of 42 days that the provincial treasury had set; yet the director of finance was still paid a performance bonus. This is precisely because the performance contracts were not clear about what ought to be measured. Another area of weakness concerns the evaluative capacity of the political leadership. Performance is based on the motivation provided by the incumbent of the post, rather than on the output of an objective measurement instrument. In the absence of well-defined and measurable outcomes the well-intentioned objectives of performance management become questionable, and open to manipulation.

In this regard consequence is taken of the financial limitations that influenced the ability of the local authority to recruit adequate staff. The provincial treasury

expressed concern that staff expenditure comprises approximately 41% of the operational budget. This percentage is above the provincial treasury norm that is pegged at 32-35% (LGMTEC 2006/07). The provincial treasury demands that staff expenditure decreases. The municipality is experiencing a staff shortage of 85 and is unable to reduce the staff to rectify the situation (Municipal Powers and Functions Capacity Assessment, 2005/06: 4). A reduction of staff will worsen the already slow delivery of services. The focus should rather be on increasing the income of the municipality, rather than reducing staff.

The lack of a strategic human resources vision is evident in the number of key vacancies that exist within the municipality. As the Director of Corporate Services indicated:



'I am responsible for researching what the impact of legislation is on the municipality, and to develop strategic plans to assist the municipality to respond effectively. My responsibility is to assist and provide strategic guidance to the other directorates, but I do not have sufficient time to do that. Being involved in operational issues due to the fact that I have no operational managers wastes my time' (Interview with Mr. Gordon, 2005).

The IDP post is a strategic one and the major responsibility is to ensure the coordination and implementation of the integrated development plan of Swellendam municipality. The function from 2000 until 2005 was shared between the heads of corporate and community services. The lack of a dedicated resource resulted in reliance on consultants to develop the IDP. The post was only filled in 2005, four years after establishment of the SW. Local economic development unit is non-existent in the municipality. The lack thereof and the importance of this are recognized by the SM but still failed to establish one (Concept Strategic Plan: 2005).

Legal services were outsourced and affected policy formulation. All legal opinion is either outsourced to private legal firms, or to SALGA. A legal resource within the municipality would have enhanced policy formulation and implementation. Another key post is internal auditing, and the absence of this function resulted in the late detection of revenue loss of R113 653-00 in the municipal caravan park (LGMTEC 2006: 6). This could have been prevented if the internal auditing function was carried out. Town Planning is another vacant post within the municipality. The current function of town planning merely focuses on the authorisation of building plans.

The important function of spatial developmental planning is non-existent because the municipality does not have the capacity to perform the function. A clear picture of land use is absent, and development takes place in a knee-jerk fashion. Staff shortages experienced in community development and technical services also hinder effective delivery of services. The department of community services consists of four administrative staff members who are required to perform a multitude of developmental services.

Political leadership exert tremendous pressure on this unit to meet the community demands. Likewise, engineering services are faced with staff shortage that impedes service delivery (Concept Strategic Plan: 2005). These departments are the 'delivery vehicles' of the municipality, and capacity constraints negatively influence service delivery. The municipal manager is of the opinion that two restricting factors: resources constraints and the existing staff-to-expenditure ratio, prevent the appointment of much-needed staff. The SM appointed 10 community development workers (CDWs) in 2005 to strengthen their delivery capacity. This is an initiative of the National Government, the purpose being to increase the level of

accessibility of government to poor communities (Swellendam Performance Report 2006, Chapter Four). The workers were selected from community members, and were provided with intensive training by the provincial local government unit. The CDWs share a wide mandate and cover aspects such as providing advice on elementary paralegal issues, HIV-AIDS, municipal indigent policy etc. This is an important function as it strengthens the concept of a 'developmental' local authority.

The CDWs report to the IDP manager and serve as the 'ear and voice' of the municipality in community interaction. According to the IDP manager CDWs have been deployed in the various wards (Interview with Mr. Steenkamp, 2005). Their functions are to provide advice and receive feedback on the services rendered. According to him, the effective application and integration of the CDWs are still problematic. This is due to the fact that it is seen as a national government initiative and not necessarily one of Swellendam municipality. The wide mandate of the CDWs is another aspect that impacts on their effectiveness. The CDWs have conflicting lines of accountability, reporting both to the IDP manager and to a provincial area coordinator, which places disparate demands on them. According to the IDP manager, the CDWs could be better applied if they report only to the municipality, with their mandate being narrowed to services rendered by the local authority.

E. Observations on the Case Study

The SM is classified as a low capacity municipality (Western Cape, Local Government Support Plan, 2005). This is an important factor that must be taken into consideration during provincial government and district municipal interaction with the SW. This factor, unfortunately, is ignored by provincial government. Provincial

government exercises their monitoring duty diligently but seemed not able to move beyond this and engage in meaningful capacity building initiatives.

The lack of provincial government understanding of the context and challenges that the SM experiences resulted in short term approaches and solutions provided. A case in point is the treasury norm of staff to budget expenditure ratio. The SM is already exceeding the ratio but is experiencing a critical staff shortage and therefore it is illogic of provincial government to expect them to reduce staff expenditure. The problem is not necessary staff expenditure but some other related factor, such as, lack of long term financial planning. The narrow perspective adopted by provincial government and does not necessary take into consideration a long term financial sustainability of the SM.

The 'one size fit all' approach regarding the allocation of function must be reviewed by provincial government with regard to the SM. Provincial government must adopt a different approach in the allocation of functions. In the case of the SM it is best that assigned function such as health and housing be removed until sufficiently capacitated to deliver the service. Currently these functions do not get the necessary administrative attention as needed and increases the level of frustrations of all stakeholders. Given the resources and capacity constraint it will be to the benefit of the SM community if only the core functions are performed and focus on.

A cordial intergovernmental relationship exists between the district municipality and the SM. The ODM play a significant role in policy formulation and other administrative support. The co-optation of the SM in the policy development process is an area though that must be exploit is. Currently it is not the situation and the SM institutional policy formulation capacity is not built and the dependency factor remains high. The SM lack of organizational capacity could be attributed to a number

of factors. An important factor is the non-alignment of the IDP, budget and the PMS. The lack thereof has the effect that the resources of the municipality are not aligned to support the implementation of the strategic plan. The SM must firstly ensure that the IDP forms the basis for the budgetary allocation. This will ensure that the resources are applied in a strategic manner to achieve the objectives set in the IDP.

The development of critical skills must urgently be attended to. Some of these skills, amongst other are, planning skills, financial management and project management skills. The lack of planning skills is indicative of the fact that the major flagship development, the golf course, after five years still has not moved past the conceptual stage. The lack of human resources planning supports the above assertion. Swellendam had no succession planning in place to build and retain organisational knowledge, and fill posts caused by staff turnover.

The staff development that did occur was supply driven, and was not aimed at the long-term skills requirements of the municipality. Swellendam Municipality lacks planning skills. The IDP is the fundamental planning document of the municipality, but not one senior manager has the planning skills needed to facilitate the process. This resulted in a haphazard approach to the delivery of basic services to the poor. Swellendam has a weak financial resource base that impeded their ability to meaningfully address the inherent socio-economic challenges. The increase in outstanding debt as reflected in the accounts payable is a need for concern. Whilst they realised this constraint, no financial strategy is forthcoming to increase and enhance the resource base. This is indicative of deep-seated financial leadership constraints.

The lack of political direction caused by political infighting has a negative impact on the municipality ability to deliver services. This was further influenced by

incorrect political appointments at senior management level that were incapable of providing administrative leadership. The leadership vacuum was further compounded by the absence of a supporting middle management level. Senior management was forced to engage in operational matters due the absence of supporting middle management structures. The result was that short-term operational issues enjoyed prominence, while the strategic application of capacity was neglected or ignored.

The municipality entered into various partnerships with the private sector to deliver services, but did not maximise the relationship to benefit the poor. Tourism provided one such example, where instead of the benefits accruing to the town as a whole, they were mostly felt in the previously advantaged sectors. Another case in point involved Town and Regional Planning whose initiatives did not start to change past historical development practises but merely enforced them. The municipality missed the opportunity to use private partnerships to benefit the poor.

As a municipality with weak capacity, Swellendam could use public-private partnerships to overcome its constraints and address poverty. A weak capacity municipality such as the SM must enter into cross border municipal agreements. Initiatives such as shared services and resources use is an area that SM must explore to its fullest. The advantage of partnership is that with a basic core of staff, Swellendam municipality will be able to deliver services to the community. The success of such endeavours call for staff to be skilled in contract management to ensure that private partners deliver what is expected.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary and conclusions of the study, discusses policy recommendations and suggests some areas for future research. It is organised as follows: general summary; general conclusions; recommendations; and future research directions.

A. General Summary

The purpose of this study was to examine the institutional, organizational and human resource capacity challenges of the Saldanha Bay and Swellendam municipalities. It sought to answer the following research question: In what ways, and with what results, has institutional, organisational and human resource capacity affected service delivery in the Swellendam and Saldanha Bay municipalities in the Western Cape? This question assumed that the presence or otherwise of institutional, organisational and human resource capacity affects policy formulation and implementation in the two municipalities.

The research objectives were to develop a theoretical framework for examining institutional, organisational and human resource capacity in the Saldanha Bay and Swellendam Municipalities; to discuss the local government constitutional, legislative and policy framework within which the Saldanha Bay and Swellendam Municipalities delivered services to communities; to examine the capacity challenges in the service delivery of the Saldanha Bay and Swellendam Municipalities and, thereby, highlighting operational problem areas; to make certain policy recommendation that policy makers would consider in order to improve the

operational internal and external environments of municipalities in South Africa in general and in the Western Cape Province in particular.

B. General Conclusions

This study generally enhances the literature that highlights the fact that institutional, organisational and human resources capacities often combine to influence, positively or negatively, the performance of local government. This is clearly demonstrated in the following discussion:-

1. Institutional Capacity

The study showed that an enabling institutional capacity dimension was an important factor in policy implementation. The provincial government and district municipalities acted in line with the view expressed by Williams (2001:211) that 'the constitutional provisions assume that local governments have the skills and political willingness to design and implement development programmes'. But the Provincial government tended to ignore the contexts and capacity constraints of individual local government structures. It tended to adopt an approach of demanding implementation of policies without providing solutions to the challenges they were faced with. In this regard, Galvin and Habib (2003) say that the centripetal tendencies of the state are not helpful when individual circumstances of local government are ignored. The Swellendam Municipality, whose human resources budget was approximately 42% of the total budgetary expenditure, is the case in point. This budgetary figure was above the norm set by the provincial treasury, namely, 35-38% of the budget (LGMTEC, 2006). The provincial treasury demanded an explanation for the unsatisfactory situation in Swellendam Municipality. The response was that the Swellendam

Municipality urgently needed to appoint middle management to increase its operational capacity. This response to the provincial government was that by appointing the middle management it would create the space for senior management to engage in strategic leadership (Interview with Mr. Botha, 2007). Strategies could then be devised to place Swellendam on the path to financial recovery. This is not happening in Swellendam. The provincial treasury, on the other hand, is clear in its position that before middle management is appointed the percentage spent on human resources must decrease to within the norms it sets. This study showed that staff shortages, especially involving the lack of middle management, were a major constraint in the ability of Swellendam Municipality to effectively implement policies.

This study also supports the viewpoint of Levy and Tapscott (2001). They observe that the capacity constraints of local authorities have not adequately been taken into consideration by either the national or provincial sphere of government. They merely created an additional capacity burden especially on weak capacity local authorities such as the Swellendam Municipality. On the other hand, a capacitated local authority such as the Saldanha Bay Municipality was in a position to successfully operate due to relatively strong political and managerial leadership and resource base. Therefore, provincial government support to municipalities needs to extend beyond mere monetary allocations to municipal specific capacity building initiatives.

The study further showed that the district councils' role and relationship to municipalities within their jurisdictions directly influenced their ability to implement policies. This perspective supports Reddy's (2001) assertion that co-operative government requires that different spheres of government need to support instead of compete with one another. This is true for both vertical and horizontal co-operation in

governance because a category C district municipality shares legislative and executive responsibilities with a number of Category B local authorities. In principle, it is responsible for assisting them in developing their capacities (Municipal Systems Act of 2000).

But in practice very little district-wide capacity building initiatives had been undertaken to assist local authorities to fulfil their constitutional mandates. District municipalities failed to provide a framework to guide Category B local authorities on how to deliver services. This could partially be attributed to a lack of capacity within district municipality to provide the required support. Another reason for operational tensions is the lack of clarity of district-municipal roles and functions (Visser, 2002). There is also an absence of cross-border municipal capacity support. Municipalities are merely trapped in the constitutional provisions of autonomy.

This study indicated that instead of co-operating with one another. The interaction between cross-border municipalities is one of competition. They neither exchanged human nor capital resources to assist each other in policy implementation. This 'going it alone' was largely due to weak institutional co-ordination at the district level. National policies continue to only prescribe general provisions to which local authorities must adhere but neglect to strength capacity for policy implementation (Reddy, 2001 and Ntsime, 2003).

2. Organisational Capacity

This study has indicated that the organisational capacity is comprised of various mutually inclusive and interdependent elements. For instance, strategic leadership is a key factor that influences the ability of local government to implement policy. As did Mphaisha (2006:19) and Holbeche (2005:401), this study found that

capacity development depended largely on the boldness and quality of the leadership provided by the municipal management. The leadership style was influenced by the organisational context. It was comprised of a blend of political and administrative aspects, namely, councillors and officials who needed to co-operate with each other in municipal operations. The study concurs with Atkinson (2002) that political stability is an important factor in the provision of strategic leadership.

Likewise, a good working relationship between the political and administrative leadership is conducive for the effective implementation of policies. The development of a cordial, professional relationship between the political leadership and management is important to maintain policy stability which is crucial in a long term attempt to address the plight of the poor. In this regard, clear political guidance embodied in the formulation of policies, will guide the activities of senior management. The results of the findings concur with Atkinson (2002) and others that political instability negatively influences policy implementation.

Furthermore, the study indicated that political stability was an elusive phenomenon. This is mainly attributed to the tendency of political parties entering into coalitions to gain power in municipalities. Political coalitions were then periodically broken and new ones established and this resulted in the shifting of political control from one political party to another without regard to the delivery of services. In addition, the practice of floor crossing occurred every two years after a local government election. This created an unstable political environment in a municipality as the long-term political control of municipalities by one political party was not guaranteed. Within this context of political instability, policy implementation was hampered and general governance suffered.

Municipal Managers are put under tremendous pressure by their political leaders to push the boundaries of legislation and if they fail to obey such political 'instructions' they get dismissed. In the Swellendam Municipality, for instance, the Municipal Manager explained that he advised council against the selling off a certain prime property to a politically preferred bidder (Interviewed with Mr. Botha, 2008). This is because the bidder did not offer the highest price and because it was a contravention of the Municipal Finance Act, 2003. But this did not bode well with an ANC majority council. The Municipal Manager was not re-appointed in SM after the 2006 local government elections. The Democratic Alliance then appointed Mr. Botha as the Overberg District Municipality Municipal Manager. However, his appointment was shortlived as the ANC regained political control of the Overberg District Municipality after the period of floor crossing. It then suspended him. It seemed as if his apparent 'transgression at Swellendam municipality' came back to haunt him.

A similar situation obtained in the Saldanha Bay Municipality. Between 2000 and 2006 Ms. J. Stoffels served as the ANC elected executive mayor. The Municipal Manager was also an ANC appointee. The ANC retained power after the 2006 local government elections. However, Ms. Stoffels fell out of favour with the ANC and was not re-elected as mayor. The newly elected mayoral committee immediately decided to remove the Municipal Manager and offered him an exit package. Another ANC cadre was appointed Municipal Manager despite the fact that the previous Municipal Manager had well-managed the municipality. His good performance was completely ignored in the decision to get rid of him. An apparent reason was perhaps closeness to Ms. Stoffels who was also dismissed as executive mayor due to intra-ANC political fights. Such in-fighting resulted in the purging of senior management.

This tended to negatively impact on the capacity to implement socio-economic development policies in Municipalities.

The study further supports the view expressed by Castians and Helfat (1991) on differing leadership styles in organisations. As Peters (1999; 63) aptly observes, the 'choices made when policy is being initiated will have a continuing and a largely determining influence far into the future'. The municipal managers of Swellendam and Saldanha Bay municipalities were both postgraduates of the University of the Western Cape, with more than ten years local government experience, and this was their first posting as municipal managers. Yet their leadership responses to the challenges faced by their respective municipalities differed.

The Swellendam municipal manager adopted a centralised, 'hands-on' leadership approach. This was necessitated by a lack of appropriate skills and knowledge at senior management level. For example, local economic development (LED) in Swellendam municipality is the responsibility of the Director of Community Development. The municipality identified the golf estate development as a major LED project that could boost its financial coffers. But it was the municipal manager, instead of the Director of Community Development, who took up this responsibility. The assumption was that a project of this magnitude could not be entrusted to the Director of Community Development. This indirectly brought into question the skills level and ability of the Director of Community Development to successfully implement the project. In the Saldanha Bay municipality, on the other hand, the responsibility for the delivery of local economic development projects resided with the appropriate Director, and not with the municipal manager.

This study agreed with Atkinson (2002) and Tapscott (2006) that middle management is a vital component in allowing for the execution of strategic leadership.

It also showed that the absence of the middle management level in Swellendam municipality impacted negatively on the effectiveness of senior management. The senior management of Swellendam municipality became engrossed in operational matters and, thereby, neglected their strategic policy-making functions. Hence, the municipality tended to adopt an inward-looking focus instead of developing a long-term strategic approach on how to deal with the capacity challenges the municipality faced. Even more problematic was the fact that although the municipal manager understood such shortcomings, the political leadership did not deem it fit to quickly appoint middle managers (Interview with Mr. T. Botha, 2007).

In contrast, the Saldanha Bay municipality's Municipal Manager adopted a team-based strategic leadership style. This was possible because his management team displayed a high degree of leadership abilities. Furthermore, a strong middle management level enabled the management team to focus on strategic issues instead of operational matters. The different leadership styles manifested themselves in the general functioning of the municipality, and particularly in the ability of the municipality to effectively deliver services. The two municipalities also experienced different capacity challenges in giving effect to the legislative requirements regarding the IDP.

Nonetheless, both municipalities relied initially on consultants to develop their respective IDP documents. This reliance on consultants was due to the lack of knowledge and capacity on how to engage stakeholders and to develop the plans. According to the Swellendam municipality's Director of Corporate Services, the initial IDP was drawn up to comply with legislative requirements. The document was not viewed as the guiding strategic plan for the municipality. Some senior officials took nonchalant positions, namely, 'it does not affect me; it is not my responsibility,

why must I bother' (Interview with Mr. Gordon, 2006). Such attitudes resulted, as Atkinson (2002) correctly pointed out, in the IDP gathering dust in municipal offices.

This study indicated that a progression in terms of recognising the importance of the IDP as the strategic document, guiding the activities of local government, was only now gaining acceptance within management echelons. Over time, differences in the approaches to the development of the IDP emerged as both local authorities initially made use of consultants to develop the IDP documents. In contrast, the Saldanha Bay Municipality took ownership of the development and moved the responsibility in-house. There was a heightened awareness of the IDP amongst officials as being the document guiding the activities of the municipality. The Directorate of Social and Community Development is responsible for the management of the IDP. This decision was based on the fact that the Directorate's major focus is community development, making it most appropriate to drive the strategic plan of the municipality. Swellendam Municipality opted for a dedicated IDP unit that reported directly to the municipal manager. In this instance, the municipal manager had a more direct influence on the IDP process. Swellendam Municipality still relies on external sources for the development of the IDP. The IDP in Swellendam is still not viewed as the central strategic document of the municipality (LGMTEC, 2006).

Furthermore, this study indicated that a managerial awareness was slowly emerging regarding the importance of the IDP as the guiding document informing all municipal activities. There was some alignment between the IDP, the budget and the performance management system and this positively enhanced the ability the Saldanha Bay Municipality to implement policies. In contrast, however, the Swellendam municipality showed little alignment between the IDP, the budget, and

the performance management system. This constrained the full implementation of any poverty alleviation strategies.

Financial management capacity is fundamental to poverty alleviation. The study showed that a strong financial base was needed to ensure effective policy implementation. It similarly highlighted the lack of and the subsequent need for effective financial management in the Swellendam municipality which was experiencing financial constraints. This confirmed the views of Sindane (2004) and Ntsime (2003) that weak financial management skills are closely associated with the financial difficulties that local authorities experienced. A weak financial base is a major impediment to the ability of local government to effectively implement policy. The Swellendam municipality is an example of a municipality with such a weak financial capacity base. It was confronted with an increase in outstanding debt and was largely dependent on intergovernmental grants (LGMTEC, 2006). Its financial problems were further compounded by a lack of strategic financial management leadership on how to address its capacity challenges. The absence of a long-term financial recovery plan for Swellendam municipality was indicative of a lack of financial leadership capacity.

The Saldanha Bay Municipality, on the contrary, had a strong financial base, which was mainly due to the presence of financial management leadership. This financial management capacity involved a combination of systems, structures and knowledge. Interestingly, the structures of the finance departments were the same for both municipalities. They were comprised of income, expenditure, budgetary, and information technology sections. However, it seemed that was where the similarities ended. In Saldanha Bay the Finance Department forms part of the Corporate Service Directorate, whereas in Swellendam Municipality it is a Directorate on its own.

The difference is also apparent at the reporting level within the organisational hierarchy. The Head of Finance in Swellendam is at a senior management level and reports directly to the Municipal Manager. The Head of Finance in Saldanha Bay Municipality is at middle management level and reports to the Director of Corporate Services. Nonetheless, both individuals are required to provide strategic financial direction to their respective municipalities. It could be expected that Swellendam Municipality would be more strategic in its financial management than Saldanha Bay Municipality. Contrary to expectations, however, the Saldanha Bay municipality was more financially better managed.

The research findings suggest that the answers to this are multiple in nature. The financial strategic leadership ability of the two Heads of Finance differs. The Head of Finance in Saldanha Bay has more than twenty years of experience in financial management, a Bachelor of Commerce degree and other financial qualifications. This contributed to the financial leadership that existed in the municipality. Saldanha Bay Municipality received unqualified audit reports from the Auditor General.

According to the Director of Corporate Services, the Head of Finance in Swellendam was appointed based on political patronage rather than merit (Interview with Mr. Gordon, 2006). The Head of Finance has more than ten years of financial management experience, but no post-Matriculation qualification. Swellendam received qualified audit reports from the Auditor General. This is mostly attributed to the lack of financial management leadership. The organisational location of the Finance Department in Saldanha Bay Municipality does not mean that it was of lesser importance than Swellendam municipality. In practice it played an extremely significant role in all financial decisions, just as was the case in Swellendam. The

sound advice provided by the financial head always influenced decision-making. The Director of Social and Community Services in Saldanha Bay aptly underscored this point when he said that the finance department with its legislative requirements and advice directly influences the amount of money that is allocated to my directorate (Interview with Ms. Canca, 2005).

The lack of financial management capacity was similarly evident when the municipalities embarked on modernising their financial management systems (see Jan and Reichard, 2003; Jones and Pendlebury, 1992). Both municipalities adopted the principles of the 'Generally Accepted Municipal Accounting Practices' prescribed by national treasury. The Municipal Financial Management Act of 2003 required financial reporting to be done according to these principles. The standardisation of financial reporting had the benefit of making for easier interpretation by the national and provincial treasuries. Swellendam Municipality lacked financial management skills and experienced difficulty introducing the system. The Head of Finance, Bull, 2005 indicated that the municipality struggled to introduce the new system mainly because of a lack of experienced and skilled officials. On the other hand, Saldanha Bay's Head of Finance indicated that no major problems were experienced during the implementation phase (Interview with Mr. Luus, 2005). This was due to the fact that they had an understanding of what needed to be done, and the required systems and processes were in place.

The medium term financial expenditure plan provides another case in point, and similarly reflects different levels of financial capacity in the units of analysis. Both municipalities used in-house expertise to develop their medium term expenditure frameworks. Swellendam's medium term financial expenditure is linked to capital projects but no clear indication is provided of funding source. Saldanha Bay

Municipality showed a direct link between the integrated development plan and the medium term expenditure framework. In the case of Swellendam there was an indication of a commitment to the long-term vision to eradicate poverty through the provision of basic services and economic development strategies, but no financial plan.

The study showed that both Swellendam and Saldanha Bay municipality's budgets were biased towards the poor. The budgets focus was to address the service delivery backlogs that were identified in their integrated development plans. Swellendam municipality allocated 45,6 % of its budget to basic services (electricity, water, sanitation and refuse removal), and 26,9% to infrastructure development (roads, buildings and parks) (LGMTEC, 2006). Saldanha Bay Municipality's capital expenditure was approximately R104 million while approximately R100 million (96%) was budgeted for basic service delivery and infrastructure development (Saldanha Bay Municipality Financial Health and Draft 2006/7 Budget Assessment, 25). This was indicative of their commitment to ensure the provision of basic services.

The lack of financial management skills, particularly in Swellendam, was apparent in the area of debt management. The situation was of concern in Swellendam Municipality where the debt collection period was approximately 180 days (LGMTEC, 2006). This meant that debt was outstanding for approximately six months. As a result the municipality waited six months to receive back money after service delivery. Saldanha Bay Municipality was not so much better off. Its debt collection period stood at approximately 154 days, which means that approximately five months elapsed before payment was received for services rendered. In both

instances, these are areas where drastic interventions need to take place as a matter of urgency.

The difference, though, was that Saldanha Bay Municipality was in a much stronger financial position than Swellendam municipality. Saldanha Bay's cash flow from operations, in comparison to the total debt of the municipality, was approximately 33 % (Saldanha Bay Municipality Financial Health and Draft Budget Assessment 2006/07: 13). The percentage could be increased dramatically if the debt collection period was shortened. On the other hand, Swellendam's net cash flow from operations, compared to its total debt, was approximately 2%. This necessitated urgent intervention to avoid a total financial collapse in the municipality. Yet, the research showed that, apart from the envisaged golf course development, no financial recovery plan was evident in Swellendam. The inability of the municipalities to collect their debt adversely impacted on their ability to address poverty.

The findings showed that both municipalities were still struggling to engage communities in their decision-making processes. The municipalities have yet to learn how to incorporate the subtle, localized and informal community dynamics into decision making structures (Smith and Varda, 2003). The absence of community participation resulted in the municipality deciding on behalf of the community what services they required. As shown in the research, their decisions did not necessarily address the needs of the poor. A contributing factor was that the units of analysis had no community engagement strategies in place, other than the IDP process plans. According to the White Paper on Local Government of 1998, and Municipal Systems Act of 2000, community involvement embodied more than just the IDP process.

The research pointed out that formal community participation structures, that is, the ward committees, had been implemented but were not functioning at all. This

was because the ward committee had no administrative support mechanism to give effect to the demands of their ward (see Raga et al, 2005). Furthermore, ward-specific budgetary allocations had not taken place. Budgetary allocation and expenditure decisions were centralised. In the absence of monetary allocations, ward committees basically performed as a post office, channeling requests to a central address. Their effective functioning was further derailed by acrimony, as shown in the relationship between the Swellendam ward councilor and community members. This impacted negatively on the functioning of the ward committee, and input regarding community needs was ignored.

Municipalities were their own worst enemy in so far as it pertained to community engagement. They arranged community meetings without taking considering community circumstances, for example the distance people would need to travel, working commitments and so forth. The result was poor community attendance at the meetings. When there was a turnout, community members lacked the ability to engage meaningfully with the issues under discussion (Interview with Mr. T. Botha, 2007). In the absence of meaningful community participation, the research showed and agrees with Williams (2006) that the interactions were merely a top down information-sharing process.

The findings regarding the community development workers as community engagers were similarly not positive. The municipalities were not consulted by national government on the initiative and were expected to implement the initiative. Municipalities were not 'ready', and neither had they given sufficient thought to how the CDWs would be used. The challenge was further compounded by both the wide mandate and the dual reporting responsibilities of the CDWs. The CDWs were an additional administrative burden. The IDP Manager of Swellendam acknowledged the

potential advantages of having the CDWs, but pointed out that the municipality was not ready to engage positively with them (Interview with Mr. Steenkamp, 2005).

The study found that the municipalities used different approaches in developing their respective organisational Performance Management Systems. Swellendam Municipality purchased a performance management system from an external service provider. Whilst this electronic system provided data on budgetary spending, it lacked the ability to assess the municipality's general performance. The municipal manager indicated that in the absence of a functional organisational PMS, the senior management key performance areas were used to measure the organisational performance (Interview with Mr. T. Botha, 2005). Saldanha Bay Municipality took a different route in the development of its performance management system.

A consultant was appointed to facilitate the process of developing a PMS, the responsibility for which was vested with the municipality. The manager of human resources was involved in each step of the process. Extensive consultations with the different stakeholders were held to solicit their inputs. The system holistically measures the performance of the local authority, specifically the organisational processes and systems that need to be in place to facilitate the delivery of services, the budgetary allocations made to support the needs of the community, and organisational learning and development needed to achieve organizational objectives (SBM PMS, 2005).

In addition, a municipal-wide training programme was undertaken to capacitate each member of staff on the performance management system. It was an important strategy that made staff aware of what type of behaviour and work ethic was expected from them, and how their performance would be measured. The

performance management system of Saldanha Bay municipality linked the demands of the community with organisational and individual performance. The results showed that municipalities struggled to use sustainable integrated human settlement as a strategy to alleviate poverty. Their inability to develop appropriate land use policies was mainly to blame for the shortcoming. The findings agree with Williams (2005) that town planning in its current format is not pro-poor.

Municipalities enter into various public-private partnerships to provide services. The findings indicated that municipalities are weak in ensuring that contractual obligations are met and delivered in full. The findings support views (Mizruchi, 1993) that the management skills required in partnerships differ from those required to manage within the organisation. Furthermore, the agent (service provider) and the principal (municipality) have different objectives that are pursued (Uzzi, 1997; Kettle, 1993). The findings indicated that when capacity deficiencies exist in monitoring the relationship, the service provider perspective's enjoys preference (see Ryan and Walsh, 2004; Wenzel, 2007). This was particularly evident in Swellendam where the town planning function was outsourced, and land use decisions involved a continuation of past practices.

3. Human Resource Capacity

The study augmented the view expressed by Borraine et al, (2006) that human resources are the lifeblood of any organisation. An appropriately skilled human resources component is the most valuable dimension of organisational capacity. The research highlighted human resource capacity differences that exist between the two case studies, and how they impacted on poverty alleviation. Strategic human

resources leadership, the organisational structure of the human resources department and the human resource practices, determined the differences.

The findings underscored the fact that human resources are an important factor in addressing poverty. The human resources component of both Swellendam and Saldanha Bay Municipalities formed part of the directorate corporate services. In Saldanha Bay Municipality, the human resources unit comprised of a human resources manager, a skills development section, a staff benefits section, and a staff wellness section. The human resources component was developed along functional lines to promote specialisation. The responsibilities of the manager human resources include the provision of policy advice and the development of operational plans. Swellendam Municipality, on the other hand, did not have a dedicated human resources component.

One staff member was responsible for the task of human resources. The person was expected to be multi-skilled, which the study showed to be an impossible expectation. The staff member reported directly to the Director of Corporate Services due to the absence of a middle management level. The Director pointed out that he functioned as the operational head, and not necessarily the strategic head. According to him, staff consulted him with on elementary operational issues that they ought to sort out themselves (Interview with Mr. Gordon, 2006). This was mainly due to a lack of knowledge amongst the staff. More so, staff was not used to operating independently and being accountable for their activities. The findings indicated that the structural configuration combined with the capacity shortage resulted in a negative multiplier effect as was the case with Swellendam municipality.

The study generally found that the 'open' recruitment system was used for senior management, while the 'closed' system applied to the lower levels in the

hierarchy. The study supported the view of Atkinson (2002) that senior management appointments were politically influenced, and not necessarily based on merit. The results indicated that badly informed political appointments negatively influenced the ability of municipalities to address poverty. This was the situation in Swellendam where the previous mayor of the town of Suurbrak was appointed as the Director of Social Services. The resulting situation was worsened by the lack of a supporting middle management. The capacity vacuum in the social services directorate affected the ability of the municipality to alleviate poverty.

The study found that the municipalities were at different stages in relation to achieving employment equity. Bardel (1988) pointed out that one of the reasons for the legitimacy crises in dealing with the community was the absence of racial integration in the administration. Swellendam senior management does not yet reflect the racial demographics of the area. African staff members are concentrated in the safety and security (traffic police) unit. The majority African persons are employed on contract and in low skilled positions. The absence of gender equity at senior management level is a concern. The leadership of the municipality, comprising the mayoral committee and the senior management, contained only male members. The results showed that Swellendam lacked gender sensitive policies, could be attributed to the absence of gender appointments at senior management or leadership level.

Gender appointments in leadership formed an important aspect in understanding the challenges that women and children experience and in the capacity to develop programs to address these challenges. The importance of gender equity is even more relevant because in many poverty-stricken households women are the sole breadwinners. The absence of gender balance in the decision-making structures and processes of local government, particularly in Swellendam, resulted in programs that

either excluded women or only included them in hindsight. Saldanha Bay municipality displayed a “best practice” model of gender integration.

Gender appointments were achieved in strategic leadership positions. The Mayor and the Director of Community and Social Development are examples of gender equity at senior level. A first for local government in the Western Cape involved the appointment of a female black engineer (SBM Annual Report, 2006). This is a testimony to their commitment to achieve gender equity. The influence of the appointments resulted in policies being formulated aimed at addressing gender issues. The municipalities used different processes to evaluate the performance of municipal manager. The contract in particular of the municipal manager is linked to that of the election cycle. The reason for this is that it enables the newly elected political leadership to appoint a municipal manager of their choice. The contract protected and provided the contractual obligation of the employer (municipality) and the employee (municipal manager). The evaluation of the performance of the municipal manager in terms of the contract resided with the executive mayoral committee (Republic of South Africa, Municipal Systems Act, 2000).

In Saldanha Bay municipality a process concerning the evaluation of the performance contracts of senior management staff is slowly emerging. Input is invited from the head of human resources and from organised labour regarding the performance evaluation of the municipal manager. This does not necessarily imply that their input influenced the ultimate evaluation, but the mere fact that input was invited indicates a paradigm shift towards a more open and transparent evaluation process. The exclusivity of the process enhanced the legitimacy of the evaluation process. The process could become more legitimate if input was invited from the

community. Swellendam Municipality evaluation methodology excluded other stakeholders, with the executive mayoral committee being both the judge and jury.

The study showed that the case studies used different methods to recruit and select staff. Saldanha Bay Municipality established a recruitment and selection committee that comprised of management, human resources and organised labour (Interview with Mr. Du Plessis, 2005). Recommendations were made at this level and then forward to the mayoral committee before being tabled in council. The involvement of the different stakeholders enhanced the legitimacy of the recruitment and selection process. Swellendam Municipality's recruitment and selection was also committee comprise of different stakeholders, namely management and organised labour (Interview with Mr. Gordon, 2006). In this instance, however, the director of corporate affairs represents the human resources component.

The difference in the municipalities concerns the role of the director corporate services. In Saldanha Bay Municipality, the manager of human resources was the person who chaired the appointment committee. This allowed the director of corporate services to focus on the strategic leadership of the directorate. The director of corporate services only becomes involved when there is a deadlock. A case in point involved the appointment of a secretary. An appointment of this nature would not normally include the director of corporate services. When a deadlock occurred because the mayoral committee disagreed with the recommended candidate the decision is referred back to the selection and recruitment committee. In this instance, the director of corporate service will re-convene the committee to discuss the deadlock and make a recommendation (Interview with Mr. Du Plessis, 2005). On the contrary, the director corporate services in Swellendam municipality were involved in all appointments. This was due to the non-existence of a supporting middle

management structure. This resulted in the Director focusing on operational issues instead of strategic human resources issues. An interesting phenomenon was unearthed concerning the choice of candidates for key posts. A white male occupies the head of finance post; a black male occupies the post of social and economic development in Swellendam, with a similar configuration in Saldanha Bay. Lastly, a White male occupied the post of technical services in both municipalities. This could be coincidental or is perhaps indicative of skills limitations associated with particular race groups. It seemed municipalities applied the latter reasoning, in that the white males are more skilled in positions such as technical services and finance, while the skills of Blacks are more aligned with socio-economic development.

Socio-economic development in local government includes functions such as, poverty alleviation, local economic development, waste collection, housing etc. Given that the poor and marginalised were from the Black communities, the perception was that the best candidate to be entrusted with the responsibility of poverty alleviation was a person from the same community. The deep underlying unconscious perception was that a person of the same colour understands the reality of the poor and will therefore be more sympathetic and develop better programs to alleviate poverty. Similarly, it could be said that white persons would best equipped for the posts of technical services and finance at this point in time. It is also an indication of the skills shortage amongst Blacks in these areas. The findings agree with Kingsmill (2005) that training and development of staff is an important function to ensure that staff remains competent to deal with the changing demands faced by municipalities. Due to the lack of a dedicated human resources unit, Swellendam Municipality did not have a strategic approach to training and development. No coherent training program existed in the municipality. The responsibility has been

shifted to the various heads of departments. This results in the individual departmental head deciding on the appropriateness or relevancy of training. The down side to this was that training was duplicated because very little inter departmental co-ordination occurred. Training was supply-driven, and not necessarily demand-driven. External service providers liaise directly with the various heads of departments and motivate for training to take place (Interview with Mr. Nortje, 2005).

Furthermore, the individual directors have an important influence in deciding who the service provider must be. Decisions were based on personal preferences for different service providers, and did not necessarily take competence into account. Human resources have but very little say on this matter. Training did not focus on the development of capacity in areas of critical skills shortages, but rather, on training for the sake of training. The study indicates that this was contributed to by the lack of strategic human resources planning. Saldanha Bay Municipality, on the other hand, adopted a strategic approach to training. The human resources department contacted the various directorates to provide a motivation for training needs, and how it would assist in the effective delivery of services. These requests are then discussed in a training forum to evaluate their appropriateness and budgetary implications (Interview with Mr. Du Plessis, 2005). The skills facilitator invited training providers to render various training services. Thus, Saldanha Bay Municipality has a demand-driven approach that was co-ordinated by the human resources department. Similarly, individual ad-hoc request were decided on in the training committee. The advantage of this approach was that money was spent on enhancing skills needed to contribute to effective service delivery. Furthermore, secondary objectives such as enhancing portable skills are taken into consideration in the decision-making processes. The

differences in the two approaches used were dictated by the particular circumstances prevailing within the municipalities

C. Policy Recommendations and Implications

The research results showed that the capacity of local authorities to alleviate poverty varies greatly. To increase the ability of local authorities, the following recommendations are made: -

1. Institutional Capacity

1.1 Floor-crossing Legislation and Practices.

To bring about some political stability the following are recommended. Firstly, floor-crossing legislation must be done away with. Voters elect a political party to represent them and floor crossing is not an expression of the voter's preferences but rather individual politician's personal preferences. Secondly, coalition formation must only be allowed within the first two years after elections. Thereafter this option for change in political leadership must be closed. This will allow for three years of political stability in the municipality before the next election.

1.2 The Role of Public-Private Partnerships.

It is accepted that municipalities have varying degrees of capacity to alleviate poverty. Resource constraints compel municipalities to enter into various partnership arrangements. It is recommended that weakly capacitated municipalities such as Swellendam vigorously pursue public-private partnerships as a mechanism to enhance their capacity to alleviate poverty. This will be possible if the following strategy is adopted.

A policy decision must be taken to outsource all implementation functions. The municipality's primary function will be policy formulation and monitoring. A contract management unit should be established. The purpose of the unit will be to monitor the contractual obligations, ensure that "value for money" is received and that quality services are provided to the community. However, the current staff must be retrained to develop contract management skills. Training should be aimed at contract formulation, in particular how to incorporate the key performance indicators. Another area concerns the actual monitoring of the contract. Amongst other things, emphasis must be placed on the collection of data to be compared with the key performance indicators set. Lastly, training must be provided to deal with corrective actions that may need to be taken when contractual obligations are not met.

The advantages of the approach are that 'low capacity' municipalities will move towards a position of being able to alleviate poverty. Municipalities will be able to operate with a smaller staff complement. Staff functions are focused and directed at managing contractual relationships. The human resources budgetary allocations are less due to the fact that implementation is outsourced. The approach requires a flatter organisational structure. In other words, certain organisational levels, such as middle management, could be eliminated. This is because operational management is outsourced to the service provider. Public-private partnership will enable 'low capacity' municipalities to use their limited resources to focus on the primary objective of 'becoming developmental' and eradicating poverty.

1.3 The Role of the Provincial Treasury.

It is further recommended that instead of solely setting standards and monitoring performance, provincial treasury should also assist municipalities to

acquire financial competencies. This will go a long way towards addressing the capacity deficiency currently being experienced in local government. Thus, the role of provincial treasury must similarly be re-evaluated. Currently, it functions merely in a standard setting and monitoring capacity. Provincial treasury needs to take a leading role in developing and enhancing the financial capacity of municipalities. They are best placed to develop a framework of competencies that municipal financial officials must possess. This needs to be accompanied by a municipal financial training program that facilitates the acquisition of these competencies.

2. Organisational Capacity

2.1 The Role of the Municipal Manager.

The role of the municipal manager as the administrative head becomes extremely important insofar as political stability is concerned. The municipal manager needs to be a source of administrative stability and to provide administrative leadership in the provision of services. It is accepted that the choice of the municipal manager will be that of the political party that governs a political process. The study suggests that the role of the municipal manager is crucial during periods of political turmoil in providing administrative leadership.

The political master who appointed the municipal manager today will not necessarily be his master tomorrow. This situation applied in both the case studies. The municipal managers agreed that professionalism, objectivity and unbiased policy input are important factors, irrespective of who appointed them. Swellendam municipal manager indicated that 'you need to be tough' (Interview with Mr. T. Botha, 2006). What he meant was that the municipal manager as administrative head

must provide objective advice, even if it was contrary to the current views of the political leadership.

The municipal managers must possess characteristics such as professionalism, being unbiased politically, and being directly accountable for administrative functioning. To achieve the above, it is recommended that a recruitment and selection committee be established. The committee will contain between 5-10 members, with a 50:50 split between political officials and community members. One of the community members must be a human resource specialist. The purpose of the committee is to shortlist candidates, undertake interviews, and make recommendations to the executive mayoral committee. The executive mayoral committee could exercise their right to agree or disagree with the recommendation.

The executive mayoral committee will then table the recommended list in council. Where a difference of opinion concerning preferred candidates exists then both lists and motivation will be presented to council. The council reserves the right to interview the candidates. The council is the ultimate decision making body with the vested power to appoint the administrative head. This recommendation ensures a strong measure of community involvement in the decision-making process of local government. The community is an important stakeholder, and it makes sense to include them in deciding who the municipal manager will be. The objectivity of the appointment process is enhanced in comparison with relying purely on narrow blind political loyalties in municipalities.

2.2 The re-alignment of the IDP, the Budget and the Performance Management Systems.

It is recommended that provincial government provide assistance to local authorities to develop their IDPs, budgets and PMS. The MEC must exercise his/her right to approve the budget of local authorities providing the following requirements are met: firstly, the approved IDP and budget must be aligned. Secondly, the performance management system must measure the key performance areas identified in the IDP.

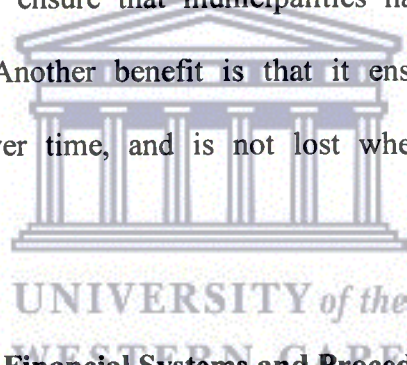
The non-alignment of the three functions of the integrated development plan, the budget and the performance management system, meant that the strategy originally agreed upon was not operationalised, and accountability was severally lacking. It was mainly attributed to the budget compilation and monetary allocation done based on other criteria to those in the strategic plan. Furthermore, the performance management system, particularly in Swellendam, was developed to ensure mere compliance, and not to ensure accountability. The absence of a PMS that was linked to the IDP meant that any performance level could be judged to be an excellent one.

2.3 The Restructuring of Municipal Organisations.

It is recommended that an organisational structure must be adopted to give effect to the strategy. Once the organisational structure is decided on, all the posts in the organogram must be filled. If this is not so, it means that the structure approved in theory, and the one adopted in practise are not the same. By implication this means that the objectives set in the strategy will not be achieved. A skilled and capacitated

staff component is critical for the implementation and achievement of policies and programmes aimed at service delivery.

Secondly, all vacant posts that currently exist must be filled. The first priority in low capacity municipalities must be filling key vacancies, especially in middle management, thereafter the rest. Furthermore, investment in staff development must be a non-negotiable priority area. The model used in Saldanha Bay Municipality could be used as a best practise example. It entails the appointment of a skills developer, development of a skills development plan and the central co-ordination of skills development intervention. The absence of succession planning was a critical weakness identified in the research, and remedial action is needed. The introduction of succession planning will ensure that municipalities have capable staff to fill vacancies as they arise. Another benefit is that it ensures that organisational knowledge is developed over time, and is not lost when individuals leave the municipality.



2.4 The Development of Financial Systems and Procedures.

It is recommended that municipalities should establish district-wide forums for financial heads. Finance is the lifeblood of every municipality, and without it services cannot be delivered. It is undeniable that effective financial management lie at the heart of the municipality's sustainable existence. Municipalities within a district area are faced with the same basic economic challenges. The purpose of the forums is to create a platform for collaboration, and a mechanism through which ideas could be exchanged. As a collective, the forums could develop financial frameworks that could assist individual municipalities. In addition, the forums could provide advice

on issues such as local economic development, debt management, increasing the revenue base amongst others.

It is also recommended that municipalities establish internal audit units. The results of this study indicated that many financial problems could have been detected earlier if the function of internal auditing was undertaken. These units would be responsible for both the audit function and advice on the financial performance of the municipalities. The unit reports would be directly sent to the municipal managers. The reporting line will enable the municipal managers to have direct insights on the performance of their organisations. It will allow the municipal manager to introduce necessary interventions, if and when needed.

2.5 Social and Community Development in Municipalities.

It is recommended that Directorates of Social and Community Development must become the focal departments of any municipality. All other department's strategies and functions must be aligned to support the achievement of the objectives of the Directorate Social and Community Development. In other words, the functions of the other departments will be auxiliary or support functions to the social and community development department. It is only through the reconfiguration and establishment of socio-economic development as the central focal point of the municipality that a coherent strategic approach to poverty eradication will take place. It requires an organisational shift in mindset from viewing technical services as the central focus, towards embracing a wider developmental focus.

The main objective of community development is the provision of sustainable integrated human settlement. This is an extremely elusive goal within local government, as the purpose is to integrate the poor and marginalised into mainstream

society. The findings of the research indicate that integrated human settlement is amiss in the service delivery strategy of municipalities. Integrated human settlement is concerned with the collective provision of basic services to communities. When municipalities engage in designing plans for human settlement, a holistic approach needs to guide the designers. Such an approach entails, firstly, analysing the location of the earmarked land. Is it located near employment opportunities, transport, health services, etc.

Secondly, the construction of houses needs to be accompanied by construction of infrastructure such as roads, pavements, greenery etc. In other words, cognisance needs to be taken of developing areas that are conducive for human occupation, and which similarly contribute to restoring human dignity and pride. This is only possible when socio - economic development becomes the central focus of the municipality, and all other departments fulfill a supporting role. Technical services will be responsible for infrastructure developments based on the requirements prescribed by community services. This configuration will ensure that the “dog wags the tail” in other words that the central focus is the overarching goal of community development, with technical services as a vital supporting function.

2.6 The Role of Ward Committees as Mechanisms for Community Participation.

For local authorities to contribute meaningfully to poverty eradication, they need to have a good understanding of what the real needs of communities are. This is only possible if communities form part of the governance process. This is currently not the case. To achieve this, the ward participatory mechanism needs to be strengthened. It can be achieved by the decentralisation of decision-making

processes. Ward committees must be provided with decision-making powers on the prioritisation of projects in their wards. Together with decentralisation of decision making monetary allocations must be made to the wards to implement the projects. This approach will provide community members with the evidence that they are truly participating in their own development. Furthermore, the wards must be provided with adequate administrative support systems to ensure implementation and service delivery.

3. Human Resource Capacity

3.1 Capacity-building in Municipalities.

It is recommended that district municipalities assume a more prominent role in building the capacity of the local authorities that they share legislative and administrative powers with. District municipalities must encourage local authorities to enter into co-operative arrangements to assist each other. Co-operative agreements could take on a number of formats including the sharing of resources to enhance the productive capacity of local government. Cooperation would furthermore address the critical skills shortage amongst the local authorities. The district municipality would identify municipalities that will function as experts in a particular area.

A local authority that is identified as being experts in the management of human resources for example will function as the centre to train staff from other local authorities. Similarly, municipalities that have proficiency in other functional areas become dedicated specialised centres. If municipality A is identified, then other municipal partners will send their staff over a particular period for in-house training to that municipality. The advantage is that specialisation centres are established amongst the network of municipalities. Local authorities in the district start to know that if a

problem in a particular functional area is experienced then these centres could be consulted.

The process of engagement will contribute to capacity and knowledge building amongst staff. Importantly is that a shift from individual knowledge to organisational knowledge. This is possible because knowledge is shared amongst a greater percentage of staff and mitigates the centralisation of knowledge in one person. The strategic investment in the development of organisational knowledge will over a period of time offset the impact felt of brain drain when staff resigns.

The partners must develop innovative approaches to reward the provider local authorities. In this regard the following strategies are recommended. The provider local authority enters into an agreement with other incubator local authorities to train staff on a reciprocal manner. In other words in exchange for the free training of your staff reciprocal behaviour is expected when needed. The service providers will develop a 'favour bank' that could be used at a later stage. Another approach is that the provider municipality charge for the cost of providing the training.

The advantage of this model is that the staff that have the experience and knowledge in their particular field provide the training. The process encourages knowledge sharing and cross-pollination of ideas occurs. The staff member currently performing the task trains the trainee on that particular function. The trainer share experiences gained over a period of time. Simultaneously the trainee and the trainer develop a working relationship that could be mutually beneficial in the future.

The model similarly proposed that district municipalities establish shared specialised units. The purpose of the units is to provide specialised functions, such as, legal services, town planning, policy advice to the municipalities in a district area. The units specialises in different functions that contribute to the capacity of local

government to alleviate poverty. Let me use the example of town planning to explain the strategy. The study showed that town planning is an important tool that could be used productively in addressing poverty. The results indicated that local authorities do not have the financial means to establish their own department of town planning let alone to appoint a town planner.

The model proposed that a town and regional planning unit be established at district level. Municipalities in the area have access to a specialist unit that could assist them. The advantage is that the unit is part of the governance structure of local government. Control over the activities of the unit is exercised by the district leadership. This will lead to a common understanding of the role of town planning in the process of addressing poverty. The formation of a specialised in house unit will contribute positively to the achievement of the objectives of integrated human settlement. The operational costs should be shared amongst the municipalities in the district. To ensure fairness the municipalities collectively decide on the costing mechanism.

The advantages of this approach as earlier indicated are; firstly access to information provided by the specialised units is facilitated. Secondly the accountability for the function is at district level not outsourced to private providers. Thirdly the units are part of local government structure therefore understands the key challenges to facilitate poverty alleviation. Lastly organisational knowledge is built which currently are non-existent.

3.2 The Training of Administrative and Political Leadership.

It is recommended that both the administrative and political leadership participate in compulsory leadership training. The purpose of the training is to provide leadership with a 'toolkit' that could assist them. Local authority competes with other sectors to attract and retain qualified and experienced staff. They are not in a position to offer competitive salaries, and often end up appointing incompetent senior managers. The study further points out that political interference in the appointment process of senior managers is a reality that cannot be wished away. Political leadership must guard against this practise and appoint on merit and not based on political affiliation.

Many appointees lack the leadership ability to function effectively in senior management positions. The introduction of compulsory senior management training programs will contribute to the development of management and managerial skills. It is recommended that a skills development plan for each senior manager be developed. Executive mentorship development programmes be developed for each senior manager to focus on those areas that were highlighted in his/her skills development plan. The purpose of the program is to address the inherent shortcomings caused by political interference in the appointment process.

Similarly, that the Mayoral committee members receive focused training. The executive mayoral committee is employed on a full- time basis, and is responsible for political leadership. The political leadership is expected to be familiar with the full range of legislation governing the operation of local government. The political leadership is responsible for providing policy guidance. To effectively perform the policy formulation and oversight role, political leadership needs to be equipped with the tools necessary to perform these tasks. In this regard, it is recommended that

executive mayoral committee members undergo a mandatory capacity-building programme. The purpose is to develop the skills of the political leadership to execute their responsibilities.

The importance of capacity building programs for the mayor of the municipality cannot be emphasised sufficiently. Gone are the days of being a ceremonial mayor and merely attending functions and opening clinics. The role and functions of the executive mayor are legislated in the Municipal Financial Management Act of 2003 (Act 32 of 2003). A skilled and knowledgeable political leadership is needed to complement the administrative leadership, and enhance the strategic leadership capacity of the municipality as a whole.

3.3. The Role of Community Development Workers.

Presently, their role is ill defined as agents facilitating community participation. It is recommended that the roles and functions of CDWs is redefined and narrowed to focus on local government matters. The input provided from the CDWs must be discussed at senior management level, particularly insofar as it impacts on current policy and implementation matters. Therefore, it is suggested that they should enjoy a higher degree of status than is currently the case. CDWs must be integrated within the municipal structures and be viewed as being part of the municipality. If these recommendations are implemented, the CDWs could enhance the interaction between municipalities and communities and, thereby, fill the vacuum currently experienced with regards to community participation.

Local authorities must establish processes and systems to empower communities to participate meaningfully in decision-making. It is recommended that community - wide awareness campaigns focussing on the importance of the role of

the community in the decision making structure are undertaken. To support this initiative, the municipality must develop capacity building programs for community leaders. A final, but important point is the establishment of a dedicated unit whose responsibility is to enhance community interaction. The unit's purpose is to establish the necessary systems and processes to ensure that effective community participation occurs. Accountability for community engagement, an initiative that currently is lacking, can be placed with the unit.

D. Future Research Directions

There are at least four areas for future research that were beyond the scope of this study. The first area relates to the role and functions of the District-local municipality. Further investigation is required to establish optimal relationships between district councils and municipalities within their jurisdictions. The results of such a research would enable policy makers to make decisions that would clarify operational relationships between district councils and municipalities.

The second area of future research relates to shared services amongst municipalities, especially the cross-border ones. Research in this particular area will assist policy makers to develop a model of effective horizontal co-operation amongst local authorities that are currently is lacking in organisational and human resource capacities. The third area of further research relates to the concept of community participation. Such research would provide answers to municipalities on how to effectively include communities in local decision-making processes.

The last area for further research relates to the role and functions of community development workers as the 'new' interface between local communities and municipalities. This is an area in which most municipalities have no clear

understanding on how to utilise effectively Community Development Workers in order to enhance community engagement in the decision making structures of local government.



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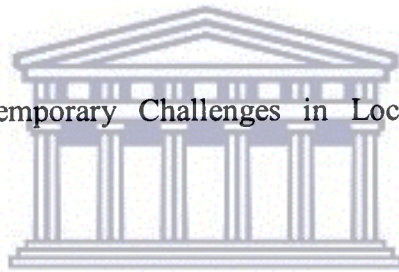
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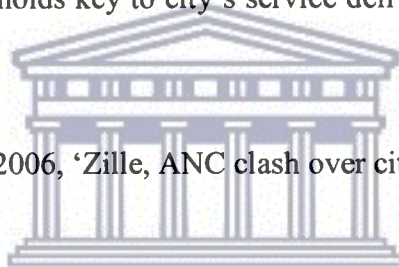
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