

## CHAPTER 6

### THE FACILITATION ROLE OF INTERGOVERNMENTAL FISCAL RELATIONS AND COOPERATIVE GOVERNANCE ON LOCAL GOVERNMENT AND THE CITY OF TSHWANE BUDGET FOR THE 2001/2002 FINANCIAL YEAR

#### 1. INTRODUCTION

Chapter 5 above has primarily focussed on the facilitation role of intergovernmental relations and cooperative governance on the development and the implementation phases of the Integrated Development Plan. With regards to the development of the IDP, the above chapter has focused on the IDP structures such as the IDP Representative Forum which acts as an intergovernmental relations and cooperative governance structure. The above chapter also dealt with the facilitation role of intergovernmental relations in the different phases of the development of the IDP. The said phases being the analysis phase, the strategies phase, the projects phase, the integration phase, and the approval phase.

With regards to the implementation of the IDP, the above chapter dealt with the facilitation role of intergovernmental relations with regards to the special development initiatives undertaken by the City of Tshwane Metropolitan Municipality. The above chapter also dealt with other intergovernmental and cooperative governance structures which facilitate the implementation of the IDP. The remarks and observations of the Portfolio Committee on Provincial and Local Government which resulted from the study tour of municipalities, were also discussed. The said remarks and observations reflected a certain degree of uncertainty in the manner that intergovernmental relations and cooperative governance are practiced among the three spheres of government.

Given the above, the main purpose of this chapter is to discuss the facilitation role of intergovernmental fiscal relations and cooperative governance in ensuring the

performance of local government in South Africa with specific reference to the budget of the City of Tshwane Metropolitan Municipality for the 2001/2002 financial year.

## **2. BACKGROUND ON THE INTERGOVERNMENTAL FISCAL SYSTEM IN SOUTH AFRICA**

### **2.1 Intergovernmental System**

South Africa is a middle income country with the gross Domestic Product of R 896, 5 billion in 2000/2001 and a population of 43,3 million. Economic and social discrimination against black South Africans under apartheid left the country with considerable income inequality along racial lines. Apartheid public budgets directed little expenditure towards education, health, housing, and basic needs of black South Africans. A poverty study in 1998 found that the poorest 40 percent of the population earned only 11 percent of income, while the wealthiest 10 percent earned 40 percent. The 1994 post-apartheid system therefore aims to democratise state institutions, redress inequality and extend services to the broader population. The system comprises three spheres of government namely national, provincial and local. They are called spheres, rather than tiers or levels, to reflect that they are distinct governments in their own right, each accountable to its own elected legislature or council.

(Intergovernmental Fiscal Review, 2001:1–2)

As discussed in chapter 3 above, the Constitution is the supreme law of the Republic; law or conduct inconsistent with it is invalid; and obligations imposed by it must be obeyed (section 2 of the Constitution of the Republic of South Africa, 1996). This means that, in the context of the intergovernmental system, the conduct of intergovernmental relations must comply with the Constitution. Sections 40(1)&(2) of the Constitution provides that in the Republic, government is constituted as national, provincial, and local spheres of government which are distinctive, interdependent and

interrelated; that these spheres must adhere and observe the principles of co-operative government and intergovernmental relations and conduct their activities within the parameters of Chapter 3 of the Constitution. The provisions of the Constitution require the three spheres of government to work together in the delivering of services to the citizens of the Republic of South Africa.

Section 41(2) of the Constitution of the Republic of South Africa, 1996 requires that an Act of Parliament establish or provide for structures and institutions to promote and facilitate intergovernmental relations; and provide for appropriate mechanisms and procedures to facilitate settlement of intergovernmental disputes. In this regard, the Intergovernmental Relations Framework Act, 2005 was passed in August 2005. The object of the Act is to provide, within the principle of co-operative government set out in Chapter 3 of the Constitution, a framework for the national government, provincial governments and local governments; and all organs of state within those governments, to facilitate co-ordination in the implementation of policy and legislation (Section 4 of the Intergovernmental Relations Framework Act, 2005).

## **2.2 Intergovernmental Fiscal System**

South Africa's fiscal system is based on a revenue sharing model, with provinces largely dependent on transfers from the national government, while municipalities are only partially dependent on national government. The underlying principles of the system are grounded in the Constitution and related legislation, and its functioning has evolved since 1994. Intergovernmental transfers to local government make up a small yet important component of total municipal revenue. They help municipalities meet the challenge of ensuring that all South Africans have access to basic services, such as water and sanitation, a reliable energy source, and refuse removal. Subsidising services to poor households has recently been accorded increased attention in government policy. While municipalities themselves perform the central role in implementing the free basic services commitment, transfers from the national

government provide a significant portion of the financial resources necessary to do so. The 2001/2002 financial year also saw the introduction of the Local Government Transition Grant to assist municipalities with the costs associated with amalgamation following the redrawing of the municipal boundaries.

(Intergovernmental Fiscal Review, 2001:3&163)

As stated above, the Constitution is the supreme law of the Republic and any law or conduct inconsistent with it is invalid. It is therefore critical to discuss the constitutional provisions of the intergovernmental fiscal relations. As Gildenhuys (1997:197) states, to understand the financial relations between local government and the other spheres of government, it is imperative to understand the constitutional system within which local government operates. In this regard, section 214 of the Constitution, 1996 states that an Act of Parliament must provide for equitable division of revenue raised nationally among the national, provincial and local spheres of government; and such an Act may be enacted only after the provincial governments, organised local governments, and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered. Thus it could be stated that all spheres of government are constitutionally entitled to a nationally raised revenue and a prescribed consultation process must be followed before an Act on the division of nationally raised revenue is passed. It could therefore be concluded that the rights of all spheres government enjoy the protection of the Constitution.

### 2.2.1 The Role of National Transfers to Municipalities

Revenue is shared through a system of intergovernmental national transfers, consisting of both unconditional transfers (primarily the equitable share) and conditional grants. These transfers, together with own revenue, make up the resources available to each sphere. Revenue sharing is an integral element of cooperative governance, and requires the systematic involvement of all three spheres. National government allocated over R 6,5 billion to municipalities in the

2001/2002 financial year. These allocations are made annually in the national budget, with allocations to individual municipalities regulated by the annual Division of Revenue Act. Transfers from the provincial governments supplement those from the national government to the municipalities. The Division of Revenue Act also regulates these provincial transfers, with obligations and allocations to individual municipalities to be gazetted by the province.

(Intergovernmental Fiscal Review, 2001:164)

According to the Intergovernmental Fiscal Review (2001:164) national transfers to local government can be analysed into three broad categories, namely:

- the equitable share and related transfers constitute 57 percent of the total allocation to the local sphere and are made up of three grants. The core formula-driven equitable share allocation is the most significant. The other programmes are the Local Government Transition Fund and the Water Services Operating Grant.
- municipal infrastructure transfers constitute 35 percent of the total allocation and are delivered through eight different programmes. Of these, the Consolidated Municipal Infrastructure Programme (CMIP) and the Implementation of Rural Water Services Projects make up the largest proportion.
- recurrent transfers to support municipal capacity development and restructuring constitute 8 percent of the total allocation. This includes two grants that support municipal restructuring and two grants supporting the enhancement of municipal capacity.

### **2.3 Intergovernmental Transfers**

With regards to the issue of intergovernmental transfers, The White Paper on Local Government (1998:119) also states that they are important to the fiscal relationship between national and local government, and that there are three basic types of transfers namely: agency payments paid by provincial governments to municipalities

for services rendered by the latter on behalf of the former; grants to subsidise the capital costs of investments in municipal infrastructure; grants to support the operating budgets of municipalities.

Given the background information on the intergovernmental system in South Africa above, the facilitation role of the intergovernmental fiscal relations on the performance of the local sphere of government is evident. This facilitation role is played primarily through the Budget Council which is a key structure in the national budget process that ensures that the local government sphere gets its share of the nationally raised revenue. The National Treasury also plays its role through the allocation of conditional grants to municipalities. It could thus be concluded that the intergovernmental fiscal system in South Africa is geared towards ensuring that local government as a sphere receives the necessary financial resources to ensure improved service delivery, as provided for in the Constitution, 1996 and other Acts of Parliament such as the Intergovernmental Fiscal Relations Act, 1997. Given the above background, the focus will now shift to the facilitation role of the intergovernmental fiscal relations on the City of Tshwane Metropolitan Municipality's budget for the 2001/2002 financial year.

### **3. THE FACILITATION ROLE OF INTERGOVERNMENTAL FISCAL RELATIONS AND COOPERATIVE GOVERNANCE ON THE CITY OF TSHWANE BUDGET FOR THE 2001/2002 FINANCIAL YEAR**

The first fully integrated budget for the City of Tshwane Metropolitan Municipality was approved on 25 June 2001. The total budget for the 2001/2002 financial year was R 5.3 billion, broken down into an operating budget of R 4,6 billion and a capital budget of R 0,7 billion. The major transformation drivers of this budget were the finalisation of the organisational structure, the reallocation and the delegation of powers and functions, the standardisation of policies thorough out Tshwane, and the prioritisation of projects in the Integrated Development Plan.

(The City of Tshwane Metropolitan Municipality Annual Report, 2000/2002:22)

From the above it is evident that, although at the time that the 2001/2002 budget was approved, the Integrated Development Plan was not yet finalised, it was already used as the driver of the municipality's budget. This means that the IDP processes and structures were being utilised to inform the budget process as required by the legislation. In order to properly deal with the facilitation role of intergovernmental fiscal relations and cooperative governance on the City of Tshwane budget, some of the fiscal and institutional challenges facing the City of Tshwane Metropolitan Municipality will be discussed as well as the role of the other spheres of government in helping other municipalities and the City of Tshwane in dealing with these challenges.

### **3.1 Challenges Facing the City of Tshwane Metropolitan Municipality**

The City of Tshwane Metropolitan Municipality offers some insight into the fiscal and institutional challenges municipalities face against the backdrop of demarcation and institutional transformation. Firstly, it will be a challenge to address infrastructure and service delivery requirements given that the tax base has remained relatively stable while areas requiring services have significantly increased. Secondly, the new municipal area, with about 2,2 million people and measuring at its furthest points about 68 kilometres north/south and 52 kilometres east/west, is extremely diverse, and straddles the boundaries of the North West and Gauteng Provinces. It includes areas as diverse as the former City Councils of Pretoria, Centurion and Northern Pretoria Metropolitan Local Council, and former rural Councils of Mabopane, Temba and Winterveld. It also inherited diverse service provision arrangements: the municipality serves some areas, while others receive their services through the North West Province or other providers, like the Magaliesburg Water Board. (City of Tshwane Metropolitan Municipality 2001/2002 Budget, in Intergovernmental Fiscal Review, 2001:136)

Backlogs are vast, especially in outlying areas as shown below (City of Tshwane Metropolitan Municipality 2001/2002 Budget):

With regards to **water and sanitation**, approximately 40 000 households are without basic services. It will cost approximately R 97 million to provide the most basic services and projections indicate up to five years to be on the Reconstruction and Development standards in the North West areas. The water supply to Hammanskraal and Temba is insufficient due to Water Boards not being able to meet demand. Sewer treatment is also lacking. The City of Tshwane Metropolitan Municipality aims to concentrate on water supply in the 2001/2002 financial year, while sewerage will be addressed in future years.

With regards to **roads**, the City of Tshwane Metropolitan Municipality consists of 6500 kilometres of roads of which 60 percent is tarred and 40 percent gravelled. Many of the gravel roads are severely potholed and difficult to travel in the rainy season.

The service levels provided and the general quality of the tarred roads are also questionable. With regards to **housing**, the housing programme backlog for the former City Council of Pretoria shortly before the amalgamation, was 25 000 dwellings and with the amalgamation this figure has grown to almost 113 000.

During its first budget process, the City of Tshwane grappled with the above challenges. Budget control and reform were prioritised. A hands-on approach was used to determine expenditure trends compared to the budget. A Budget Advisory Committee was established to assist councillors. Regular budget review reports were provided to the Budget Advisory Committee and any deviations had to be explained and remedial action taken if necessary. The City of Tshwane Metropolitan Municipality is also participating in the National Treasury pilot programme for financial management and budget reform and has begun to implement measures to comply with the uniform norms and standards. The key aspects to note from this process are (City of Tshwane Metropolitan Municipality's 2001/2002 Budget, in Intergovernmental Fiscal Review, 2001:136):



- The **operating budget** represents 86,8 percent of a total budget of R 5,3 billion. Approximately 30 percent relates to the remuneration of staff. Provision of electricity accounts for roughly 30 percent of the budget and water and sanitation for 19 percent.
- **The capital budget** of R 736 million represents 13,2 percent of the total budget. This is markedly lower than the national average of 22 percent. Previous surveys have indicated that the former City Council of Pretoria had significant infrastructural backlogs issues with capital backlogs and deferred maintenance for roads, electricity and water infrastructure in the region of R 280 million for 1999/2000 financial year.
- **Budgeted operating revenue** for 2001/2002 financial year is R 4,6 billion. Electricity charges account for 37 percent, property rates 24 percent, water charges 14 percent, sewerage 5 percent and refuse removal 3 percent.
- **Property rates and tariffs** for services have been standardised across the whole area and free basic services have been made available to almost all of the community. 6 kilolitre of free water and 30 kilowatt of free electricity is provided to most households. Some areas of Temba, Mabopane, Garankuwa and Winterveld are currently excluded from receiving free electricity because Eskom rather than the City of Tshwane Metropolitan Municipality is the provider.
- **Debtor management** has received special attention with a special initiative for debtor management set up, consisting of volunteers from the previous debtor administration. In just two weeks R 4,8 million of outstanding accounts has been collected in Pretoria and R 1 million in Centurion. A problem is still being experienced in Akasia. If and when services are taken over in the North West areas, a credit control system will have to be put in place. In some of the new included areas, no pay points have previously existed and it will take R 300 000 to upgrade Winterveld alone.
- **The first Integrated Development Plan (IDP)** will be finalised in August 2001 and a long term IDP will be developed. At the same time, the municipality will begin to

work on a medium-term budget that link to its strategic priorities. The planning process is particularly complex as, in accordance with legislation, it must be coordinated with plans of two provinces for functions such as health and educations services as well as the provincial roads.

In order to assist municipalities in addressing the challenges outlined above, national government has placed increased emphasis on support to municipalities as discussed below.

### **3.2 Institutional Support to Municipalities and the City of Tshwane**

In terms of the Intergovernmental Fiscal Review (2001:146), four aspects of institutional support to local government warrant mention here namely:

- Steps have been taken to provide an effective intergovernmental voice on fiscal matters to local government. The Constitution of the Republic of South Africa, 1996 requires consultation with organised local government and the Financial and Fiscal Commission when budgetary allocations to local government are determined. While vertical allocations to local government are ultimately determined by Cabinet, subject to Parliamentary approval of the Division of Revenue Bill, the Budget Forum has been set up to facilitate such consultations. Organised local government is able to use the Budget Forum to acquire information, raise questions and put forward its position on priorities and size of allocations.
- Capacity building grants support institutional and management development and reform. In the short-term, a special grant supports municipalities in managing post-demarcation transition. Elements of the reform programme assist municipalities to increase participation by community members in service delivery, increase the accuracy of information on service delivery, enhance political oversight over decision-making, and improve accountability for service delivery outcomes. They are also

supported to apply more robust financial management and credit control. These reforms have been developed into increasingly coherent programmes to provide nationally driven technical support to local decision-making.

- The Municipal Finance Management Act, 2003 requires that managers be allowed to manage. This means delegation of powers, effective cooperation between councillors and officials, and appropriate capacity. For the longer term, there is a positive relationship between capacity and powers and functions; hence, decentralisation that makes local government accountable is likely to support capacity building in its own right.

- The Department for Provincial and Local Government is implementing a number of reforms to assist municipalities to direct their resources towards key policy priorities, such as free basic services. For example, work is being done to investigate the costs of a package of services to households. Considerable attention is also focused on Integrated Development Plans (IDPs) and performance management through key performance indicators. Improvements in municipal budgets and financial management systems are critical to successful implementation of these reforms. In particular, if the Integrated Development Plans are to provide meaningful direction to municipalities, they must be linked to their operating and capital budgets, and be measurable through accurate and timely financial information and measurable key performance indicators.

### **3.3 National Support in the Extension of Service Delivery**

Additional national support to municipalities has focused on strategies for free basic water and electricity. The Department of Water Affairs and Forestry has developed a phased implementation programme for larger municipalities to implement the commitment from 1 July 2001. The Department of Mineral and Energy has initiated a pilot programme to identify appropriate policy parameters for a lifeline electricity strategy. The key concern here is the role of Eskom's distribution entities, and how a

subsidy might be transmitted to them. This is particularly important as Eskom supplies households in the lower income end of the electricity market. The findings of the pilot programme will have resonance beyond the electricity distribution industry, as private sector or community suppliers provide services in other industries as well. (Intergovernmental Fiscal Review, 2001:137)

### **3.4 Budget Reform**

A number of factors have necessitated reform of municipal budget approaches, processes and formats, as the key input into the effective transformation of service delivery. In many municipalities, the budgeting systems are inadequate primarily due to a lack of financial management capacity. Budgets are presented line item by line item, one year at a time. They are prepared in different formats and provide widely divergent information. It is even difficult to compare similar size municipalities. Few budgets are linked to the local government's strategic priorities. Many of the Integrated Development Plans (IDPs) are not yet of an appropriate standard to make such linkages. This makes it difficult for citizens and elected office bearers to understand how scarce resources are allocated and to depict financial trends in the municipality. This lack of strategic budgeting, and the unreliable information, create uncertainty about the financial status of municipalities, thus impeding the long-term municipal lending market.

(Intergovernmental Fiscal Review, 2001:138)

In the light of these problems, the government is leading a process of budget and financial management reform in the local government sphere. Implementation of the Municipal Financial Management Act, 2003 as enacted, is a cornerstone of these reforms, as is the move towards three year municipal operating and capital budgets, as in the provincial and national spheres of government. While municipalities will be expected to ensure that all revenues and expenditures are accurately shown on budget, they are supported by the government's simplifying and increasing certainty in grants flows, and the introduction of Generally Accepted Municipal Accounting

Practice (GAMAP). The implementation of a borrowing policy framework to develop a municipal bond market will bring the efficiencies of such a market to bear on municipalities. As such, the National Treasury has developed a range of reforms to modernise local government systems and to ultimately improve service delivery. Key among these reforms is multi-year budgeting, now being piloted in eight municipalities of which the City of Tshwane is one of the piloted municipalities. Other reforms include Generally Accepted Municipal Accounting Practice (GAMAP), and reporting formats, in-year financial reporting, a municipal investment framework, activity-based costing and procurement modernisation.

(Intergovernmental Fiscal Review, 2001:138–139)

### **3.5 Revenue Reform**

The long-term sustainability of municipalities is closely linked to their access to own revenue. This requires reform of revenue sources themselves, better credit control and improved collection of those revenues. Reform of property tax, an important source of local government revenue, is one such initiative. The Property Rates Act, 2004, creates a nationwide legal and regulatory framework for valuing property and levying rates. The provisions of the Act would require that all municipalities use the total improved value of property, namely the combined land and improvement value, as the tax base. The Act also leaves decisions about differential rating of different categories of property, as well as the exemptions and rebates to the municipal councils. The Act requires each council to adopt a property rates policy governing these matters, and to reflect the implicit cost of all exemptions and rebates as expenditures. One important implication of this Act is that a great deal of previously un-rated rural, agricultural and government property is brought into the tax net. If the municipal rates revenue is held constant, the rates paid by owners of property within former municipal boundaries should go down, as previously un-rated properties take on a share of the burden. The Act's requirement for comprehensive re-evaluations will mean that properties which have appreciated or depreciated significantly in recent years will be taxed at a value that is closer to their market value. (Intergovernmental Fiscal Review, 2001:139–140)

#### 4. CONCLUSION

This chapter dealt with the facilitation role of intergovernmental fiscal relations and cooperative governance on the performance of local government in South Africa with specific reference to the budget of the City of Tshwane Metropolitan Municipality for the 2001/2002 financial year. As such, background discussion on the intergovernmental system and intergovernmental fiscal relations in South Africa was discussed. The role of national intergovernmental structures that facilitate intergovernmental fiscal relations through the intergovernmental transfers to local government was discussed. The main structure being the Budget Council which is chaired by the Minister of Finance. The constitutional right of municipalities to have a share of the nationally raised revenue was also discussed as well as the types of grants that the Department of Finance allocates to municipalities was also discussed, these grants being the conditional grants and unconditional grants.

Finally, the budget of the City of Tshwane Metropolitan Municipality for the 2001/2002 financial year was briefly outlined and discussed. Specific mention was made of the challenges that confronted the City of Tshwane Metropolitan Municipality in the 2001/2002 financial year as well as the national intergovernmental relations interventions to support municipalities and the City of Tshwane Metropolitan Municipality in dealing with these challenges. These challenges ranged from water and sanitation, roads, housing and debtor management. The support to municipalities from the national government was also discussed in terms of institutional support and the fiscal support. From the discussion in this chapter, the facilitation role of the intergovernmental fiscal relations and cooperative governance on the sustainability and the performance of municipalities with specific reference to the City of Tshwane Metropolitan Municipality became evident. It could thus be concluded that the intergovernmental fiscal relations structures and mechanisms, as set up by legislation, help municipalities in dealing with the challenges of service delivery which in turn facilitates service delivery at local government sphere.

## CHAPTER 7

### STRATEGIES FOR IMPROVED SERVICE DELIVERY IN THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY – REVIEW AND ANALYSIS

#### 1. INTRODUCTION

The previous chapter dealt with the facilitation role of intergovernmental fiscal relations and co-operative governance on the performance and the sustainability of local sphere of government with specific reference to the City of Tshwane Metropolitan Municipality budget for the 2001/2002 financial year. In so doing, the role of the national structures such as the Budget Council in the budgeting process was discussed as well the role of the National Treasury in assisting the City of Tshwane Metropolitan Municipality deal with its challenges. Consequently, this chapter deals with the review and analysis of strategies for improved service delivery in the City of Tshwane Metropolitan Municipality. In so doing, the national perspective on strategies for service delivery is discussed with specific reference to the definition of term “strategy”, and the three essential capacities that municipalities need to develop in order to effectively play a developmental role and improve performance with respect to service delivery. These capacities being the strategic capacity, integrating capacity, and a community orientation capacity.

Further, this chapter deals with the City of Tshwane Metropolitan Municipality “Bosberaad” (strategy workshop) held on 6 August 2002 with specific reference to its objectives, key issues identified, obstacles in service delivery, strategies for improved service delivery, and improved relationship between politicians and officials. Resolutions taken at this strategy workshop are also discussed. The monitoring of progress made on the implementation of the strategy workshop resolutions is discussed with specific reference to the Mayoral Committee meeting of 13 August 2002 which was titled: “Reflections on strategic matters discussed at the Bosberaad

at Roodevallei on 5-6 August 2002 and a proposed implementation plan”, the approval of the migration and placement policy, the special meeting of the Mayoral Committee held on 5 December 2002, and the workshop of Senior Management and the Mayoral Committee held on 10-12 December 2002 titled: “Strategic Update on Service Delivery”.

## 2. THE NATIONAL PERSPECTIVE ON SERVICE DELIVERY STRATEGIES

Strategies may be defined as plans that are drawn up in reaction to or in consideration of the actions of other people. Strategies are to be found in departments, divisions or sections. Within an institution, strategies can exist in respect of marketing, finance, research and human resources development (Brynard *et al.*, 1997:125-126). In respect of the strategies for the effective delivery of services, the White Paper on Local Government (1998:102) sets out at least three essential capacities that municipalities will need to develop in order to effectively play a developmental role and improve performance with respect to service delivery. In other words, these capacities become a standard through which municipalities need to assess or evaluate their performance. Brynard *et al.* (1997:124) define a standard as the criterion against which anything is measured or compared. Therefore, these capacities will be used to measure the performance of the municipalities in the delivery of services.

These capacities are, according to the White Paper on Local Government (1998:102), the following:

First, **strategic capacity** – a municipality must have a strategic capacity to assess, plan, and to develop innovative programmes to meet local needs. If municipalities are to meet service demands and make a significant contribution to social and economic development, they will have to become far more strategic in their orientation. Strategic capacity means developing the ability to be open and flexible to new



demands (rather than simple ignoring them because they do not fit with established plans or patterns), to prioritise carefully on the basis of a clear understanding of existing resources and medium to long-term objectives, and to move quickly and effectively to meet demands at the highest level of competence.

Second, **integrating capacity** – a municipality must have an integrating capacity to co-ordinate and integrate inputs from inside and outside the administration to ensure the achievement of development outcomes. Integrating capacity means directing capacity and resources from both inside and outside the municipality to common, directed programmes of action. The vertical integration of national and provincial programmes with municipal administrative systems may be a particularly effective way for rural municipalities to build their administrative capacity.

Third, **a community orientation** – a municipality must have a community orientation to inform a user-friendly, relevant and quality service to local communities. Municipalities need to develop mechanisms to interact with community groups to identify service needs and priorities as well as community resources that can be unlocked and channelled for development ends. Municipalities will need to develop mechanisms to ensure that their delivery systems are inclusive, and accommodate groups which tend to be marginalized or disadvantaged. Frontline workers who interact with communities on a daily basis will need to be capacitated to correctly assess, communicate and effectively respond to service needs.

Without the capacity to strategise, integrate and interface with communities, traditional approaches to service delivery are unlikely to succeed. With the above national perspective in mind, a discussion that follows will focus on establishing whether the strategies adopted by the City of Tshwane Metropolitan Municipality meet the criterion that has been set out in the White Paper on Local Government (1998:102), namely, the capacity to strategise, integrate and interface with communities to ensure improved performance and effective service delivery.

### **3. THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY STRATEGY WORKSHOP (BOSBERAAD)**

On 6 August 2002, the City of Tshwane Metropolitan Municipality held a strategy workshop (Bosberaad) in order to *inter alia*: reflect on the municipality's set objectives since its inception in December 2000 and the extent to which these objectives have been achieved; identify obstacles that seemed to be blocking the delivery of services in the municipality; devise strategies to accelerate the delivery of services to Tshwane residents; develop a way forward that would ensure that all the transformational imperatives are addressed; inculcate a spirit of teamwork between the politicians and officials. The said workshop was attended by the Executive Mayor, the Speaker, members of the Mayoral Committee, the Municipal Manager, the Chief Operating Officer, all heads of departments, and all general managers. The said strategy workshop was facilitated by the Director of the School of Public Management and Administration at the University of Pretoria (City of Tshwane Metropolitan Municipality's Internal Correspondence, July 2002).

### **4. KEY ISSUES AND OBSTACLES IN THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY**

According to the City of Tshwane Metropolitan Municipality's Strategy Workshop Minutes (2002:4-5), key issues, obstacles in service delivery, strategies for improved service delivery, and the improved relationships between politicians and bureaucracy were presented at the strategy workshop as facilitated by the Director of the School for Public Management and Administration at the University of Pretoria. Each one of these issues is discussed below as follows:

#### **4.1 Key Issues**

As far as the key issues are concerned, twelve issues are identified. First, the bylaws

are identified as one of the important legislative instruments that should be restricted to broad, long-term issues and that municipalities should obtain more flexibility by way of resolutions. Second, the Executive Mayor is identified as a functionary who should receive a variety of delegated powers in order to expedite decision-making within the municipality. However, sufficient checks and balances will be required to enable the municipality to give account of its legislative and its executive obligations. Third, a policy on delegated powers is required by the municipality. Fourth, the rationalisation and the finalisation of the conditions of service of employees and consultants should be completed by the municipality. Fifth, the increasing rate of arrears which are growing at R8 million per month as well as a decline in investor confidence.

Sixth, strengthening the City of Tshwane's national status and building its international image and reputation, and the acknowledgement of its African character is identified as a key issue. Seventh, the Integrated Development Plan within a broad framework of the City Tshwane as a national capital with an international image linked to edge cities and on a development corridor with other industrial and commercial centres. Eighth, the possibility of Tshwane becoming the legislative capital. Ninth, the need for a vision statement by the municipality to stimulate local economic development. Tenth, giving urgent attention to the finalisation of the placement policy for the City of Tshwane Metropolitan Municipality. Eleventh, the assignment of duties and responsibilities to the Executive Mayor and the Municipal Manager respectively to clarify the roles and responsibilities of each. Lastly, the clarification of the legislative and the executive functions of the municipality as provided for in Section 15(2) of the Constitution of the Republic of South Africa, 1996.

## **4.2 Obstacles in Service Delivery**

The Bosberaad identified the following seven obstacles pertaining to service delivery.

These are: first, insufficient collection of revenue (namely R1,2 billion arrears increasing at a rate of R8 million per month) inhibits the development of infrastructure and the maintenance of infrastructure. It also has a negative effect on capital projects when one takes into account that the City of Tshwane Metropolitan Municipality wishes to improve its national status and international image. Second, lack of political commitment to take drastic steps against defaulters to increase its monthly revenue from service charges and rates tends to inhibit officials in fulfilling their obligations concerning the revenue strategies. Third, delays in finalising the migration policy and the placement of staff results in a lack of commitment by officials to take the initiative to promote service excellence in service delivery.

Fourth, the establishment of private/public partnerships or fully contracting out of services such as electricity has to be finalised in order to enable officials in the employment of the municipality to devote time to their core business functions. Fifth, lack of a clear policy statement on the core business of the municipality results in an inability to focus its efforts and energy on the services for which it accepts responsibility. Sixth, the Integrated Development Plan appears not to provide sufficiently for community involvement, and this could result in the lack of community support for the municipality's efforts to improve service delivery in an integrated manner. Lastly, the non-finalisation of delegations delays action taking by officials in dealing with potential disasters or other urgent matters.

#### **4.3 Strategies for Improved Service Delivery**

Based on the identified key issues and obstacles in service delivery, the following strategies for improved service delivery were arrived at: first, the finalisation of the placement process which would result in the final placement of staff into permanent positions; second, involvement of communities through improved ward committee structures to obtain a commitment to, not only participate in the Integrated Development Planning Programme as required by law, but to obtain a commitment to

fulfil their obligations towards the municipality as well; third, finalise delegations to the Municipal Manager and other senior officials to allow them to take responsibility for managerial and line functions and to determine accountability for actions; fourth, develop clear policy guidelines and strategies to improve service delivery and the managerial capacity of senior officials; fifth, develop training programmes and formalise programmes in accordance with the Skills Development Act, 1998 (Act 97 of 1998) to ensure that all employees (new entrants as well as experienced officials) learn new skills, improve existing skills and practice skills to improve their capacity to perform the managerial and the line functions.

#### **4.4 Improved Relationships Between Politicians and Officials**

With regards to the relationships between politicians and officials, the following strategies were suggested: first, provide clear policy guidelines on the duties of the Executive Mayor and the Municipal Manager; second, issue clear guidelines regarding the roles of committees of Council with respect to their decision making powers (namely, clearly indicate the delegated powers to be entrusted to committees and which matters would require the ratification of Council); third, provide clear policy directives to the Municipal Manager and heads of departments regarding their responsibilities and accountability to enable them to operate in an environment that promote initiative taking; fourth, improve the managerial capacity of managers to manage their respective departments/sections and capacitate line function officials to operate efficiently and effectively.

#### **4.5 Other Resolutions Taken at the Bosberaad**

In addition to the above mentioned strategies for improved service delivery, the following resolutions were also taken at the Bosberaad of 6 August 2002: first, reporting protocol would be strictly adhered to, and therefore, no official (except the Municipal Manager) would in future be allowed to report to the Executive Mayor;

departmental budgets should take their rightful place and in future the Executive Mayor would deliver his budget speech, where-after members of the Mayoral Committee would deliver their departmental speeches; second, to ensure that all resolutions are in line with national plans, a person would be appointed to ensure alignment; third, an audit on every Council policy would be undertaken; fourth, there was a need for more support staff in the offices of the Mayoral Committee and the organisational structure should be amended accordingly; fifth, the responsibility and the reporting lines of the Chief Operating Officer are to be formally clarified and finalised as matter of urgency; sixth, a presentation on the information technology was to be made by the General Manager: Information Technology during the second week of August 2002; seventh, members of the Mayoral Committee would visit departments to look into problems regarding migration in order to fast-track migration; eighth, the need for customer care centres was re-iterated; ninth, the need to commission a study on the appropriateness of the organisational structure was re-iterated; tenth, it was also decided that negative publicity against the municipality should be countered; and lastly, it was decided that that an integrated approach to systems be adopted in line with the Integrated Development Plan.

## **5. IMPLEMENTATION AND PROGRESS MONITORING OF THE BOSBERAAD RESOLUTIONS**

As part of the process of implementing the strategies for improved service delivery as resolved at the Bosberaad on 6 August 2002, the Mayoral Committee met on 13 August 2002 to reflect on strategic matters discussed at the Bosberaad on 6 August 2002 and to propose an implementation plan. As part of an implementation plan, the Mayoral Committee resolved *inter alia* as follows (Mayoral Committee Minutes, 13 August 2002): First, with regards to the delegation of powers, the Mayoral Committee decided that the services of outside lawyers who are knowledgeable in local government should be enlisted to enhance the quality of the final product. And that a proper report be submitted at the next Mayoral Committee by the Head: Legal and

Secretarial Services. Second, the Mayoral Committee set a process in motion for introducing the concept of departmental budgets for each portfolio so as to increase monitoring and control and to enable members of the Mayoral Committee to present their departmental budgets to Council after the Executive Mayor has presented his Budget Speech; and that a workshop be arranged for members of the Mayoral Committee to familiarise themselves with the concept of Departmental Budgets. Third, it was agreed that a Chief Development Officer be appointed in the Office of the Executive Mayor to order to focus on Special Development Projects and to assist in the implementation of the Integrated Development Plan.

Fourth, it was agreed that the Strategic Executive Officer: Corporate Services should initiate a process of reviewing the municipality's approved Procurement Policy, including the delegation of powers and the possible creation of a Monitoring/Compliance Unit. Fifth, with regards to the finalisation of the organisational structure for the offices of the members of the Mayoral Committee, it was agreed that internal staff be identified who will support the members of the Mayoral Committee. It was also agreed that the financial implications be borne by their respective departments. Sixth, it was also decided that the Municipal Manager should submit a report on the establishment of the Advisory Committee on Alternative Service Delivery to Council and that such a report should identify an official who will manage this project and also include the proposed terms of reference.

Seventh, it was decided that the establishment of the Research Unit in the Office of the Executive Mayor be investigated by the Municipal Manager and that a report be compiled by the Municipal Manager on the introduction of the Mayoral Awards. It was also decided that the Municipal Manager compile a "Brag Book" on the successes of the City of Tshwane Metropolitan Municipality and also facilitate the centralisation of Customer Care activities. Lastly, it was decided that a member of the Mayoral Committee, be tasked with the responsibility of clustering Portfolio Committees and

that the Mayoral Committee ensure the building of capacity of Ward Committees as an important component of decision-making in the City of Tshwane Metropolitan Municipality.

As part of the implementation of the Bosberaad resolutions, a number of reports were approved during 2002. The Migration and Placement Policy, for example, was approved. This policy is primarily concerned with the permanent placement of employees by means of migration and placement to the posts provided for in terms of the organisational arrangements for service delivery. The policy is a temporary measure which would expire once the placement of the current workforce has been finalised. The future migration of or movement of employees will be determined and guided by the new conditions of service. Another example of the implementation of the Bosberaad resolutions, is the approval by Council of a report on capacity building for Ward Committees which is funded by the United States Agency for International Development (USAID). In this regard, the Council resolved that the Capacity Building Programme for Ward Councillors to be funded by the United States Agency for International Development (USAID) for an amount of R2 million be approved, and that the programme be managed by the office of the Speaker (Council Resolution, 30 January 2003).

As part of the implementation and progress monitoring of the Bosberaad resolutions, the Mayoral Committee held a special meeting on 5 December 2002. The following decisions were taken (Mayoral Committee Minutes, 5 December 2002):

With regards to the **political structure**, it was noted that the macro organisational structure of the political office has been adopted and a task team was mandated to finalise the micro organisational structure by the end of January 2003.

With regards to the **service delivery** agenda for the year 2003, a Public Works Programme that covers projects such as roads, water and sanitation, electricity, housing, visible policing was agreed upon. Further, it was agreed that a need exists



to intensify the communication and marketing strategies, and to accelerate the establishment of Customer Care Centres. It was also agreed that external funding be sought from the other spheres of government in order to supplement existing budgets. And that the operational plans be developed for each strategy issue identified. It was also decided that a Political Task Team would co-ordinate the implementation of the Public Works Programme.

With regards to the **alternative service delivery** mechanisms, it was decided that the Executive Mayor should appoint a member of the Mayoral Committee who would lead the process of alternative service delivery for a period of approximately two years.

As a follow-up on the special Mayoral Committee meeting of 5 December 2002, the Mayoral Committee arranged a workshop on 10–12 December 2002 titled: “Strategic Update on Service Delivery” which was attended by the Executive Mayor, the Speaker, members of the Mayoral Committee, Special Advisor to the Executive Mayor, the Municipal Manager, the Chief Operating Officer, Heads of Departments, General Managers, and the Manager in the Office of the Speaker. The main purpose of the workshop on “Strategic Update on Service Delivery” was for the Mayoral Committee to brief Senior Management on the decisions taken by the special Mayoral Committee meeting on 5 December 2002 and to enable the Heads of Departments to give progress reports to the Mayoral Committee on the implementation of previous resolutions.

## **6. REVIEW AND ANALYSIS**

It view of the standard that is set through the White Paper on Local Government [*supra*] regarding the three essential capacities that municipalities need to develop in order to be able to effectively play a developmental role and improve performance with respect to service delivery, it is contended that the City of Tshwane Metropolitan Municipality has all the three capacities. **First**, the City of Tshwane Metropolitan

Municipality demonstrates and fulfils its strategic capacity through the holding of strategic workshops that are led by the Mayoral Committee together with Senior Management, such as the one held on 6 August 2002. Through such workshops, the leadership of the municipality is able to assess, plan, and develop innovative programmes to meet its challenges. The leadership is also able to use these strategic workshops to monitor the implementation of the resolutions.

The strategic nature of the strategic workshop of 6 August 2002 is further reinforced by its objectives which were, according to the City of Tshwane Metropolitan Municipality's Internal Correspondence (24 July 2002), to: reflect on the municipality's set objectives since inception, and the extent to which these have been achieved; identify obstacles that seem to be blocking the delivery of services by the municipality; devise strategies to accelerate the delivery of services to the Tshwane communities; develop a way forward that would ensure that all strategic imperatives are addressed; and inculcate a spirit of teamwork between politicians and the officials.

**Second**, intergovernmental relations and co-operative governance enable the municipality to demonstrate and fulfil its integrating capacity through the facilitation role that is played by intergovernmental relations and co-operative governance in the development and the implementation of the Integrated Development Plan. The facilitation role of intergovernmental relations in the development phase of the Integrated Development Plan helps the City of Tshwane Metropolitan Municipality demonstrate and fulfil its integrating capacity. The phases involved in the development phase of the Integrated Development Plan being the analysis phase, the strategies phase, the projects phase, the integration phase, and the approval phase. As discussed in paragraphs 3 & 4 of chapter 5 [*supra*], through the facilitation of intergovernmental relations and co-operative governance the Integrated Development Planning structures are able to co-ordinate and integrate inputs from inside and outside the municipality to ensure the achievement of developmental outcomes. The vertical integration of national and provincial programmes with the

municipal administration systems is also achieved through the Integrated Development Planning programmes.

**Third**, as discussed in paragraph 4.6 of chapter 5 [*supra*], intergovernmental relations and co-operative governance structures also play a facilitation role in the implementation of the Integrated Development Programme, and in that respect, enable the municipality to demonstrate its community orientation. These intergovernmental relations and co-operative governance structures being the Consultative Committees, Religious Leaders Co-ordinating Committee, Mayoral Outreach Programme, Tshwane Imbizos, and Ward Committees. Ward Committees in particular, play an important role in ensuring that the City of Tshwane Metropolitan Municipality has a community orientation capacity and has mechanisms to interact with community groups to identify service needs and priorities as well as community resources that can be unlocked and channelled for development ends. This is so because Ward Committees are statutory structures whose main objectives are to: encourage residents and other stakeholders to participate in the governance of the municipality; promote better communication between the residents and the municipality; act as a vehicle for development; and empower communities to contribute to the better functioning of the municipality.

Based on the analysis above, it is contended that although intergovernmental relations and co-operative governance facilitate the performance of the City of Tshwane Metropolitan Municipality in the delivery of services, they do not enable the municipality to demonstrate all the three capacities that are needed by the municipality to effectively play a developmental role and the improve performance with respect to service delivery as discussed under the “National Perspective on Service Delivery Strategies” [*supra*]. Intergovernmental relations and co-operative governance seem to be more geared toward providing the municipality with the integrating capacity (through the facilitation of the Integrated Development Plan) and a community orientation capacity (through the intergovernmental relations structures such as the Ward Committees and Consultative Committees). The strategic capacity,

which is the third capacity needed for effective service delivery by the municipality, is provided by the leadership of the City of Tshwane Metropolitan Municipality.

## **7. CONCLUSION**

This chapter deals with the review and the analysis of strategies for improved service delivery in the City of Tshwane Metropolitan Municipality. In so doing, the national perspective on strategies for improved service delivery is discussed with specific reference to definition of strategy, the three essential elements that municipalities need to develop in order to effectively play a developmental role and improve performance with respect to service delivery. With regards to the strategic role that is played by the City of Tshwane Metropolitan Municipality, the strategy workshop of 6 August 2002 is discussed with specific reference to its objectives which were to: reflect on the municipality's set objectives since its inception in December 2000 and the extent to which these objectives have been achieved; identify obstacles that seem to be blocking the delivery of services in the municipality; devise strategies for accelerated delivery of services in the municipality; develop a way forward that would ensure that all the strategic imperatives are addressed; and inculcate a spirit of team work between politicians and officials.

The issues discussed at the strategy workshop (Bosberaad) were also discussed in terms of key issues, obstacles in service delivery, strategies for improved service delivery, and the improved relationship between politicians and bureaucracy. The implementation of the resolutions by the municipality was also discussed with specific reference to Council resolutions and other Mayoral Committee meetings held to reflect on the Bosberaad resolutions and to devise an implementation plan for improved relationship between politicians and bureaucracy. Resolutions taken at the strategy workshop were also discussed. With regards to the implementation and progress monitoring of the strategy workshop resolutions, specific mention was made of the special Mayoral Committee meeting held on 5 December 2002 and the review process that took place as far as the implementation of the strategy workshop

resolutions is concerned. The follow-up workshop on the “Strategic Update on Service Delivery” was also discussed.

In the review and analysis, it was concluded that the City of Tshwane Metropolitan Municipality does possess all the three capacities that are needed to effectively play a developmental role and improve performance with respect to service delivery. However, it was concluded that although intergovernmental relations and co-operative governance facilitate the performance of the City of Tshwane Metropolitan Municipality in the delivery of services, it was contended that intergovernmental relations only provide the integrating capacity and a community orientation capacity and that the strategic capacity of the municipality is provided by the leadership of the Mayoral Committee and Senior Management.