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ENHANCING THE CAPACITY OF MUNICIPAL COUNCILLORS IN SOUTH AFRICA: A GUIDELINE FOR STRATEGIC POLICY INTERVENTION

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ABSTRACT

This article proposes a guideline for strategic policy intervention to enhance the capacity of municipal councillors in South Africa. It is presented in a user-friendly manner for accessibility to a wider readership and easy application in a local government set-up. The guideline is based on three components of organisational competency profile, namely *knowledge*, *skills* and *values*. These components are used as a framework in the development of a guideline for strategic policy intervention. This intellectual exercise is set against the background that, as the article contends, most human capacity building programmes in municipalities are often biased towards the administrative staff component and not that much equally inclined to the political staff component. The political staff component is also the most important strategic part of the organisation of the municipalities and should, therefore, be given the necessary attention when issues of human capacity development are considered.

INTRODUCTION

Municipalities in South Africa constitute the local sphere of government and are appropriately positioned in the governance system to play a catalyst role in realising the strategic imperative of the national democratic transformation, which is to enhance the quality of lives of the citizens. This much is clear in chapter 7 of the Constitution of the Republic of South Africa, 1996, hereafter referred to as the Constitution of 1996. Section 152 (1) of the Constitution of 1996 states that the objectives of local government are to "provide democratic and accountable government for local communities; to ensure the provision of services to the communities in a sustainable manner; to promote social and economic development; and to encourage the involvement of the communities and community organisations in matters of local government".

Local government legislations such as *Municipal Structures Act*, 1998 (Act 117 of 1998 as amended), *Municipal Systems Act*, 2000 (Act 32 of 2000 as amended) and *Municipal Finance Management Act*, 2003 (Act 56 of 2003) were promulgated to give effect to the constitutional provisions on matters of local governance. These legislations are consistent with the constitutional prescription that public administration in South Africa "must be

development-orientated" [see Section 195(1) (c) of the Constitution of 1996]. The concept used in the legislations to describe the system of local government as referred to in the foregoing is a "developmental local government", which, in the *White Paper on Local Government* of 1998, is defined as that type of "local government committed to working with citizens and groups within the community to find a sustainable ways to meet their social, economic and material needs and improve the quality of their lives".

A developmental system of local government necessitates capacity building in the municipalities. The Department of Provincial and Local Government (DPLG) and the South African Local Government Association (SALGA) published a *National Capacity Building Framework for Local Government* (NCBF), which its purpose is to

establish an integrated capacity building structure and guidelines [to] steer all capacity building strategies towards enabling municipalities to fulfill their powers and functions, as developmental local government entities (DPLG and SALGA no date, 65)

NCBF was developed following the recommendations of the Presidential Co-ordinating Committee (PCC) in the 2001 review of local government performance, where lack of capacity was pointed out as one of the serious challenges facing municipalities particularly at the political and managerial leadership levels. In the context of NCBF "as a guiding tool towards an integrated and targeted capacity building support for local government", municipalities should develop strategic policy interventions that befit and specifically address their situational uniqueness in terms of capacity building. This article proposes a guideline for strategic policy intervention that the municipalities could consider in their attempts to implement the NCBF. Its focus is, however, limited to the political structure of municipalities. For reasons of logic, this article begins with the clarification of the concept *capacity*. This is followed by a description of the organisation of political structure of the municipalities in South Africa and the rationale for capacity building. A guideline for strategic policy intervention that the article proposes is thereafter presented and explained at great length; and, at the end, a conclusion is made.

MEANING OF THE CONCEPT *CAPACITY*

Consistent with attempts to, as pointed out above, present this article in a user-friendly manner for easy application of its recommendations in a local government set-up, an in-depth conceptual engagement with *capacity* is avoided as it may, particularly to the unwary, obfuscates the objective of this contribution with strong academic dialectics. An attempt to understand the concept *capacity* is made within the context of the propositions on its meaning in the official literature. This notwithstanding, it is important to point out that the concept *capacity*, particularly in the contemporary governance discourse in South Africa, invokes intellectual variations of what it means because of its transcontextual propensity. It is also increasingly becoming fraught with distortions as is often used invariably as a basis for the rationalisation of poor service delivery. This much is considered in the *National Capacity Building Framework for Local Government* (NCBF), where attempts are made to delineate the concept. NCBF is an official document

produced by the Department of Provincial and Local Government (DPLG) in partnership with the South African Local Government Association (SALGA).

In a rather simplistic fashion, NCBF states that *capacity* could be regarded "as the potential for something to happen" (DPLG and SALGA no date, 09-10). An attempt to understand the concept *capacity* from this premise may be problematic, not because of its simplicity, but its misconception of the lexicographical grain of the concept, which is concerned with *ability* rather than *potential*. *Ability* means "the fact that something or somebody is able to do something or possession of the means or skill to do something; whereas *potential* refers to the possibility of something happening or that can develop into something or be developed in the future" (Hornby 2004, 02 & 909; Soanes and Stevenson 2006, 03 & 1123). The fundamental distinction between *ability* and *potential* is that the former is premised on the *fact* while the latter is about the *possibility*.

The conception of *capacity* as the possibility of something happening may create the impression that, in the scheme of local governance, sometimes things are left to chance. This is certainly not what the NCBF is suggesting as it would be a serious *finis pas*. Governance is a confluence of systematic efforts to achieve certain predetermined objectives; hence the importance of policy interventions and planning. Notwithstanding the foregoing, NCBF, in delineating the concept *capacity*, identifies its various components and in each, added *competency* as a key variable in its definition [of *capacity*]. NCBF identifies three components of *capacity*, which are interrelated: *individual*, *institutional* and *environmental capacity* (DPLG and SALGA no date, 10-11).

Individual capacity is concerned with the ability of a person to do something whereas *institutional capacity* refers to a collective organisational competency. *Environmental capacity* is more of an *opportunity* rather than *capacity*. Factors that are being described as the grains of *environmental capacity* are more about opportunities at the disposal of municipalities to thrive. This is a case of a misconception of the lexicographical grain of the concept *capacity* as referred to above. In the context of this article, *capacity* should just simply be understood in terms of *ability* or *competency* of a municipality to realise the strategic imperatives of a developmental system of local government. This article focuses on the strategic policy intervention to develop such *capacity* in the municipal political structure, which, for reasons of proper flow of the discourse, is explained below.

MUNICIPAL POLITICAL STRUCTURE

Maserumule (2006, 176) explains the political structure of a municipality as a municipal council structure, which, its counterpart is the administration structure. The administration structure refers to the administration component of a municipality, which consists of departments and appointed officials (Maserumule 2006, 176). This article, as pointed out above, focuses on the political structure municipalities in terms of *capacity* building. The municipal councils are vested with legislative and executive authority in their municipalities. The organisational design of the political structure of the municipalities is normally a consequence of a particular municipal council executive leadership system at play. The executive leadership systems that set out the possibilities

for structuring the municipal councils are plenary, collective and mayoral executive systems (SALGA and GTZ 2006, 01-27).

The plenary executive system is applicable to small municipalities whose council members are less than nine. In this system the executive powers are exercised by a full sitting of the council, which takes all executive decisions on the business of the municipality; although at some instances the council may delegate executive responsibilities to any councillor or committee. Among members of the council one is elected as the chairperson, who is called the mayor, to co-ordinate the activities of the council and performs any ceremonial duties or any functions that may be delegated to him or her by the council. The mayor is the political head of the municipality (see Maserumule 2006; SALGA and GTZ 2006, 13-15).

Municipalities with more than nine council members use collective executive system. In a collective executive system the council elects executive committee and delegates executive authority to that committee as a whole. The executive committee takes decisions on matters that fall within its delegated authority. The mayor is the chairperson of the executive committee, whereas the speaker is the chairperson of the council. The opposite of collective executive system is a mayoral executive system. In a mayoral executive system the municipal council elects one of its members as the executive mayor and delegates executive powers and duties to that person; and if the council has more than nine members the executive mayor must establish a mayoral committee consisting of councillors she or he appointed to serve on mayoral committee. Same as in the case of collective executive system, the chairperson of the council in a mayoral executive system is called the speaker. The speaker presides over the meetings of the council and carries out any other duties that may be delegated to him or her by the council (Chapter 4 of the *Municipal Structures Act, 1998 - Act 117 of 1998*).

In some municipalities there is a position of a chief whip in the council, whose incumbent is generally delegated with the authority to ensure that the business of the council run smoothly. The legislation on local government does not specifically make a provision for the creation of the position of a chief whip. This position seems to have been created as a result of practical necessities, rather than legislative requirements, for effective management of the business of municipal councils. Section 79 of the *Municipal Structures Act* of 1998 makes a provision for the establishment of the committees other than the executive or mayoral committees.

These other committees are often called standing or portfolio committees and are necessary for effective and efficient performance of any of the functions of municipal councils or the exercise of any of their powers. The function of these committees, which is to "develop policies and to review them for consideration by the council", is aligned with the key functions of the administration departments of municipalities (SALGA and GTZ 2006, 16). The other committees of specific-type may be created and assigned appropriate functions and powers, for example audit and ethics committees. The municipal political structure is an important component in the organisation of local government, particularly in so far as issues of service delivery are concerned. This

necessitates strategic policy intervention for enhancing the capacity of municipal councillors in South Africa.

RATIONALE FOR STRATEGIC POLICY INTERVENTION

The political and administrative staff components of the municipality must have skills, competencies and knowledge that befit the imperatives of a developmental system of local government. Strategic interventions to build sustainable human capacity in the municipality to excellently carry out the developmental duties as required by the Constitution of 1996 are therefore necessary and critically important. A framework for strategic policy intervention to build human capacity is contained in the Constitution of 1996 and a variety of other national legislations. Section 195(1) (h) of the Constitution of 1996 makes a provision that "good human resource management and career development practices, to maximise human potential, must be cultivated. This much is also underscored in Section 68 of the *Municipal Systems Act, 2000*(Act 32 of 2000) in the provision that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and acceptable way. Other pertinent legislations that emphasises the importance of capacity building and development are *Skills Development Act, 1998*(Act 97 of 1998) and the *Skills Development Levies Act, 1999*(Act 9 of 1999). The *Skills Development Act* of 1998 was promulgated with the intention to

provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve skills of the South African work force; to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995; to provide for the learnerships that lead to recognised occupational qualifications; to provide the for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith

To give effect to the *Skills Development Act of 1998*, particularly the provision on the levy-grant scheme, the *Skills development Levies Act, 1999* (Act 9 of 1999) was promulgated to "provides for the imposition of a skills development levy". Notwithstanding the provisions of the Constitution of 1996 and the national legislations as referred to in the foregoing on the imperative of capacity-building, Kanyane (2006:112-118) states that municipalities in South Africa are generally in crisis and this is as a result of capacity gaps, which hampers service delivery. According to the *Mail @ Guardian* of 6-12 July 2007, "since 2004 there have been at least 31 service delivery protests countrywide" with most municipalities being unable to spend two-thirds of their capital budget for service delivery. This, as Kanyane (2006, 112-118) puts it, necessitates skills revolution. Consistent with Kanyane's assertion, Makhubedu-Mametja and Bauer (2003, 371) write that councillors and officials should possess skills, competencies, qualities, and knowledge that are important to realise the imperatives of a developmental system of local government.

Most human capacity-building programmes in the municipalities are, however, often more biased towards the administrative staff component and not that much rigorous when coming to the political staff component of the municipalities. This is an oversight in the strategic policy interventions to enhance the capacities of municipalities. Often municipal councillors are exposed to ad-hoc training programmes, which do not contribute much in terms of enhancing the capacity of the political staff component of municipalities. The political staff component is also the most important strategic part of the organisation of the municipality. It comprises elected municipal councillors who are the "ambassadors" of the municipality and represents the interests of their constituencies in the municipal council. Municipal councillors should therefore equally be given the necessary attention when issues of human capacity development are considered. In fact, in much of service delivery protests in various municipal areas in the country are, among others, attributable to a lack of certain skills and knowledge (Nemeroff 2006, 16-17).

In the research paper titled *Training of municipal councillors to promote effective service delivery*, Makhubedu-Mametja and Bauer (2003, 370-385) found that the existing capacity development programmes for municipal councillors as provided by the service providers in the public and private sectors lacks adequate knowledge and understanding of the training and development needs of the councillors. Their capacity development programmes do not often meet the development needs of the councillors in the contemporary system of local government. This is a serious anomaly in that the consequences are often unintelligible policy debates and sluggish municipal councils' performance of their developmental duties and oversight role. Potential for asymmetric information in this state of affairs also abounds. It is against this background that the strategic interventions to enhance the capacity of the municipal political structure should be considered. This article proposes an organisational competency profile model for consideration by municipalities in developing their strategic policy interventions to enhance the capacity of council structure.

ORGANISATIONAL COMPETENCY PROFILE MODEL AS A GUIDELINE FOR STRATEGIC POLICY INTERVENTION – A PROPOSITIONAL REFLECTION

The strategic intervention to enhance the capacity of the municipal councillors this article proposes is embedded in the organisational competency profile model ingrained in the postulations of organisation theorists and human resources management scholars such as Brewster *et al* (2003, 155), Robbins (1990, 47-80), Kaplan and Norton's (2004, 231-232), Buckingham and Coffman (1999, on-line). The model is based on three fundamental pillars that are critically important in determining the strategic success of the organisations, namely *knowledge, skills and values*. *Pillar 1 - Knowledge*: This pertains to basic or general knowledge that a person needs to carry out the job. *Pillar 2-Skills*: This is about the skills needed to supplement the knowledge base. *Pillar 3-Values*: This is concerned with a set of characteristics and professional behavioural patterns that are required to guide human action for excellent performance of work (Kaplan and Norton 2004, 231-232). The competency pillars for strategic success of municipalities as referred to in the foregoing are considered extensively below.

Knowledge

Knowledge is increasingly being recognised as an important factor that sustains and enhances organisational value in the pursuit of different goals. It is, according to Brewster *et al* (2003, 155), "a key building block of intellectual capital", which is defined as "the [total] sum of everything everybody knows in an [organisation] that gives it a competitive edge". In the context of the public sector and for the purpose of this article, the notion of competitive edge should be understood as being about innovative efforts to enhance the quality of life of the citizens. For the municipalities to strategically reposition themselves along the imperative of a developmental local government, they need that calibre of councillors with an appropriate knowledge of governance issues to effectively and efficiently carry out their policy-making and oversight responsibilities. Brewster *et al* (2003, 157-158) identify four categories of knowledge, namely *innovative, advantaged, base and trivial knowledge*.

Innovative knowledge is knowledge that puts the organisations at the cutting edge of the business. Organisations with this knowledge always out-compete their competitors to the extent that they can even change the rules of the game in the various sectors of their business. *Advantaged knowledge* is knowledge that the organisations use to acquire a competitive edge or advantage in their sectors of trade. *Base knowledge* is about best practices. It is an essential component of organisations. However, *base knowledge*, as compared to other categories of knowledge as succinctly described, offers only a short-term organisational benefit. *Trivial knowledge* is even worse in that it is knowledge that does not have any impact on the organisation. Flowing from the categorisation of knowledge as explained in the foregoing, Brewster *et al* (2003, 158-159) further identify two types of knowledge, namely *private* and *public knowledge*; the former refers to *organisation-specific knowledge* whereas the latter is concerned with knowledge "not unique to any organisation and which thus resides in the external environment". This is similar to Kaplan and Norton's (2004, 231-232) typifying of knowledge into *job-specific* and *surrounding knowledge*.

Job-specific knowledge is concerned with a sound understanding of the functions and activities of the organisations. This may also include theoretical and philosophical knowledge of issues that pertain to the business of the organisation. *Surrounding knowledge* is about the understanding of the external environment of the organisation (see Kaplan and Norton 2004, 231-232). *Job-specific knowledge* could be related *private knowledge* whereas *surrounding knowledge* could be associated with *public knowledge* (see Brewster *et al* 2003, 158-159; Kaplan and Norton 2004, 231-232). Buckingham and Coffman (1999, on-line) typify knowledge into *factual* and *experiential knowledge*. In the context of the foregoing, it is contended that *factual knowledge* is about the things one knows whereas *experiential knowledge* is based on the understanding of things picked along the way on the job. *Factual knowledge* encapsulates *private knowledge, public knowledge, job-specific knowledge* and *surrounding knowledge* whereas *experiential knowledge* is more concerned with *private knowledge* and *job-specific knowledge* (see Buckingham and Coffman 1999, on-line; Brewster *et al* 2003, 158-159; Kaplan and Norton 2004, 231-232).

Municipal councillors need all these types of knowledge to ensure that the policy decisions that they take would always be reflective of the needs and expectations of the members of the community. It is often argued that politicians do not need *job-specific knowledge* or need not be a subject-matter expert; they only need *surrounding knowledge* to carry out their functions. This guideline for strategic policy intervention to enhance the capacity of municipal councillors jettisons such contention. *Job-specific* and *surrounding knowledge* are equally important strategic competencies for the success of the municipalities. They should not just only have a *trivial knowledge* about the job-specific issues of the municipalities. *Innovative* and *advantaged knowledge* are also critically important in the pursuit of excellence on local governance issues. The imperatives of a developmental local government system dictate that a strong human intellectual capacity within our municipalities must be established to provide knowledge leadership at the political level in pursuance of the developmental agenda of government.

Municipal councillors are members of the portfolio committees that deal with various job-specific issues. For them to make intelligible and significant contributions in their deliberations on local governance job-specific issues they should have *innovative, advantaged, and base knowledge*. These categories and types of knowledge are important in that they provide a competitive advantage to municipalities in the mission of enhancing the quality of life of the local communities. *Job-specific knowledge* is particularly important to counteract the possibility of asymmetric information. The *Municipal Finance Management Act, 2003* (Act 56 of 2003), according to Pillay (2006, 60), assigns "councillors a greater responsibility of overseeing municipal financial management and will need to account to their communities for the financial performance at their municipality". This needs *job-specific knowledge*. *Surrounding knowledge* is important for shaping political debates on the development of policies.

Strategic mechanisms to develop knowledge

The municipalities should engage institutions of higher learning with reputable Schools or Departments of Public Administration and Management to design specialised courses for municipal councillors aimed at providing the appropriate knowledge on governance issues. Memorandum of understanding between the municipalities and institutions of higher learning should, with regard to the foregoing, be signed as a pledge of commitment to co-operation on human capacity development. In this country there are reputable knowledge-generating institutions of higher learning that, for strategic reasons, municipalities could approach to establish strategic alliances. Institutions of higher learning referred to in the foregoing are the traditional universities. Their educational focus is mainly concerned with the expansion of knowledge through the development of theories and therefore could play an important role in enhancing the intellectual capacity of the municipal councillors (see Maserumule 2005, 14-27).

Research institutions such as the Human Sciences Research Council (HSRC), Centre for Scientific and Industrial Research (CSIR), Institute for Democracy in South Africa (IDASA), Africa Institute of South Africa (AISA) and Public Service Accountability Monitor (PSAM) also play a central role in the development of knowledge on local government issues. These research institutions often produce cutting edge research on

various issues of governance, which municipal councillors could also use as basis to acquire both *job-specific* and *surrounding knowledge*. A detailed description of specific mandate of each of these institutions is not provided because of the limited scope of this article. When determining strategic policy framework to enhance the capacity of municipal councillors, municipalities should visit the web-site of the research institutions as referred to in the foregoing to acquire a clear understanding of their specific research focus areas.

Municipal councillors should also be encouraged to be members of professional associations in the field of Public Administration and Management and Local Government. This would expose them to scholarly discourses and debates encapsulating wealth of knowledge on issues of governance. Councillors should attend conferences organised by the professional associations and read academic and professional journals of such associations so as to keep themselves abreast of the latest developments and trends in the field of public administration and management. Such journals would regularly be sent to them once they are members of the professional association/s. The South African Association of Public Administration and Management (SAAPAM) come to mind as an example. The policy documents of the municipality and the government in general should also be read and studied by the municipal councillors.

Office of Knowledge Management (OKM) in the municipalities should be created to co-ordinate all the activities relating to the development of the intellectual capacity of the municipal councillors. This office should serve as knowledge resource centre for the municipal councillors. It should ensure that all the necessary information on governance issues is consistently collected and properly kept for easy access and reference by the municipal councillors; identify all relevant professional associations that municipal councillors could affiliate to and ensure that they participate in the activities of the associations, namely: conferences and workshops on issues of public administration which includes local governance. Exchange and mentoring programmes for the municipal councillors should seriously be pursued as they could also contribute towards enhancing knowledge on job-specific issues of local government.

In an attempt to further develop the knowledge base in South Africa on issues of local governance, the question of introducing Public Administration with a special focus on local government as a school subject should seriously be considered. Some of our councillors did not have the opportunity to further their studies at the institutions of higher learning where Public Administration is taught as an academic discipline and therefore joined the municipality with virtually no basic knowledge on local governance. With the introduction of Public Administration as a school subject, the problem referred to in the foregoing could be addressed. The South African Local Government Association (SALGA) should engage the Department of Education to facilitate the introduction of Public Administration at our schools where future leaders of this country get basic knowledge. The municipalities should encourage and also, where necessary, offer assistance in promoting the "Young Mayors and Councillors" Programme. This programme is very important in that it exposes children to relevant information on issues and practices of local government.

Strategic mechanism to develop surrounding knowledge

The culture of local government *imbizos* should be inculcated and the Mayors should take a leading role in this regard. *Imbizos* promotes interaction between the citizens and their political representatives. With this interaction, municipal councillors would be able to understand the needs and expectations of the citizens. This is what is called *surrounding knowledge*. Municipal councillors need this type of knowledge to effectively engage in policy issues in the council sittings. *Imbizos* are important for generating *surrounding knowledge* for the councillors. The municipalities should ensure that resources are made available for municipal councillors to participate in the *imbizo* activities. *Imbizo* is an indigenous African concept meaning the gathering of people where issues of common interests are discussed with the intention to enhance social and communal harmony and cohesion. It is a means to active citizen participation in the processes of governance (see Nyalunga 2006, 44-46).

Skills

Buckingham and Coffman (1999, on-line) explicate a skill in a more simplistic manner as the "how-to's" or "capabilities that can be transferred from one person to another". Skills are therefore concerned with the art of knowledge application. This means that an attempt to enhance the capacity of municipal councillors, the focus should not just only be on creating knowledge workers. The art of being able to apply knowledge is also fundamentally important for organisational excellence. Critical skills that the municipal councillors need to effectively and efficiently discharge their duties as required by the Constitution of 1996 and local government legislations are so many, which, among others, include:

- Ability to work under pressure
- Ability to argue viewpoint, engage constructively and elicit rigorous discussions on policy or political issues
- Ability to consider the views of others
- Ability to arrive at solutions that would gain collective support
- Ability to inculcate positive attitudes towards any matter under the consideration of the municipal council
- Ability to anticipate, identify and adeptly analyse problems with a view to come up with a solution
- Ability to gather information that could be used to shape policy debates (see figure 1 below for a list of other skills that municipal councillors should have)

Strategic mechanisms for skills development

Skills can be taught. However, there are some that are by their nature self-taught and therefore require the commitment of the municipal councillors to learn them themselves. Self-learning requires motivation and positive attitude. In this regard the municipalities should at least twice per year organise workshops to motivate municipal councillors. These workshops should be aimed at inculcating a positive work ethic and appreciation of the type of work that they are doing. In a work environment where people are highly

motivated, conscientious work ethic preponderates and self-learning takes place easy (see Buckingham and Coffman 1999, on-line).

Training workshops to develop skills and competencies in other areas as indicated in figure 1 below should always be arranged for the municipal councillors and should be made part of the official programme of the council. Skills and competencies questionnaire should be developed and regularly distributed among the councillors to indicate areas that they would need to be developed on. When new municipal councillors assume office immediately after their election, it is an opportune time to make the skills and competencies questionnaires available to indicate the development needs at the beginning of their terms of office.

Municipalities should engage relevant training institutes that specialise in the development of certain skills identified as being critically important for the strategic success of the municipality to offer the training. For instance, the Institute of Municipal Finance could be engaged to develop and offer training of municipal councillors on municipal financial issues. In-house training institute of the municipalities could also be engaged. The training programmes should be developed and designed to also address the development needs of the councillors. The administrative staff component of the municipality should also support the political staff in terms of the developments of the skills that the municipal councillors need to effectively carry out their developmental duties.

With regard to other skills that could be developed at the institutions of higher learning, the municipalities should engage the universities of technology. This type of institutions of higher learning offers skills or career-focussed and advanced technology education coupled with applied knowledge or science. Universities of technology education is therefore critically important to develop appropriate skills and competencies needed to meet the developmental challenges of the changing world. In this regard, the municipalities should, for reasons of proximity and reputation in terms of offering quality education, develop a memorandum of understanding with the local universities of technology.

Value

The Founding Provisions in Chapter 1 of the Constitution of 1996 state that South Africa is one, sovereign, democratic state founded on the values of human dignity, the achievement of equality and the advancement of human rights and freedoms, non-racialism and non-sexism, supremacy of the constitution and the rule of law, universal adult suffrage, a national common voters roll, regular elections and multi-party system of democratic government to ensure accountability, responsiveness and openness. Municipalities in South Africa as the local sphere of government are supposed to conduct their businesses of governance in accordance with these fundamental constitutional values. Consistent with the founding values of our constitutional democracy, the municipalities should adopt the following value system to guide their conduct in their systems of local governance: community orientation, transparency, accountability, integrity, non-racialism and non-sexism.

These values are critically important to guide the behaviour of municipal councillors in the execution of local government developmental duties. The value system of municipalities should put the community in the centre in terms of the delivery of municipal services. It is critically important that the municipal councillors should have a clear understanding of what each value entails to be able to rigorously carry out their oversight role. Value system as stated above should be incorporated as an integral component of the curriculum of the municipal councillors' education and training programmes.

Customised curricular focus of municipal councillors' education and training programmes should be aimed at educating and appropriately *skilling* them [councillors] to acquire a more profound understanding on how to enhance the quality of lives of the citizens. Such education and training programmes should also be useful to the councillors even after the expiry of their tenure in office. Municipalities should set up a bursary scheme for municipal councillors and encourage them to participate in the capacity-development programmes. Monitoring and evaluation mechanisms should be put in place to determine the effect of the strategic interventions in enhancing the capacity of municipal councillors. Monitoring and evaluation system should also incorporate the component that deals with the evaluation of the performance of the members of Mayoral Committee.

The organisational competency profile model as discussed above, which this article proposes as a guideline for strategic policy intervention to enhance the capacity of municipal councillors, is illustrated as follows:

Figure 1: Organisational competency profile model for the municipalities in South Africa

Competency Pillars for strategic success of the municipality	Types of competencies	Strategic mechanisms to develop competencies	Stakeholder engagement	Anticipated outcome of the strategic interventions
Pillar 1 - Knowledge	<ul style="list-style-type: none"> Job - Specific knowledge or subject-matter expert [in-depth understanding of local government as a science and practice] 	Education on local governance issues Research on local government issues	Traditional Universities Human Sciences Research Council (HSRC) Centre for Scientific and Industrial Research (CSIR) Institute for Democracy in South Africa (IDASA) Public Service Accountability Monitor	Enhancing the capacity of the municipal councillors to effectively and efficiently carry out their developmental duties
	Surrounding	Local government		

	knowledge [customer and municipal services knowledge]	inclusion	
Pillar 2 - Skills	<ul style="list-style-type: none"> - Analytical skills - Problem solving skills - Decision-making skills - Thinking skills - Creative skills - Communication skills - Interpersonal relations skills - Position-making skills - Negotiation skills - Evaluation skills - Public speaking skills - Judgment skills 	Training and skills development [Practical knowledge]	<ul style="list-style-type: none"> - Universities of Technology - Institutes of local government
Pillar 3 - Value	<ul style="list-style-type: none"> - Founding values of our human dignity - Equality and advancement of human rights and freedoms - Supremacy of the constitution - Role of law - value system 	Education and training [Value knowledge]	<ul style="list-style-type: none"> - Traditional Universities and Universities of Technology - Institutes of Local Government Training

Source: Own illustration

CONCLUSION

The article examined the strategic intervention that municipalities in South Africa could consider in their attempt to enhance the capacity of councillors. It is presented in a user-friendly manner to ensure access to a wider readership and easy application in the local government set-up. A guideline for strategic policy intervention to enhance the capacity of municipal councillors this article proposes is based on the organisational competency profile model. The article argued that most human capacity development programmes in municipalities are often biased towards the administrative staff component and not that much equally inclined towards the political staff component. The political staff component is also the most important strategic part of the organisation of municipalities and should, therefore, be given a similar attention when issues of human capacity development are considered.

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ACKNOWLEDGING PUBLIC PARTICIPATION IN PUBLIC PRIVATE PARTNERSHIP (PPP) ARRANGEMENTS

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ABSTRACT

The twenty-first century political and administrative developments in a post-apartheid South Africa have introduced new phenomena within the realm of every day life. Such include re-defining of relations between state-owned organisations and private business-like stakeholders. An increasing demand for the two forms of organisations to collaborate and join forces on matters of improving the quality of life for many people living in South Africa has resulted in interesting partnerships (Public Private Partnerships – PPPs). This phenomenon is examined in the article, which its purpose is to describe the acknowledgement of public participation in PPP arrangements. In dealing with this issue, a case study of Mbombela Local Municipality in the heartland of Mpumalanga and Biwater Operations (Pty) Ltd is used. Determinants of the success of community participation in PPP arrangements are examined. To add a further dimension of 'legitimacy' to the process, the locus and significance of public participation within the realm of a socio-political (including administrative) setting, is explored, linked to the aforementioned case study.

INTRODUCTION

The term public participation encompasses the notion of a two way exchange of information between the people/communities and the legitimate government. Through conducting surveys, interviews and people holding community meetings, public officials as representatives of the legitimate government can assess the content of civic interest and establish and implement informed decisions within a particular sphere. Public participation may offer a multiplicity of benefits. Such include the provision of valuable information about the needs and aspirations of local people to public authorities in order to initiate and implement informed decisions in entering into PPP contracts.

Civic participation is crucial in matters pertaining to local government partnerships to improve the quality of public services. The case study of the Mbombela Local Municipality's partnership with Biwater Operation (Pty) Ltd in Nelspruit Mpumalanga Province attests to the ideal Public Private Partnership (PPP) arrangements with high

civic interest. It is, therefore, imperative to acknowledge a place for public participation in partnership arrangements between local government and the private sector.

PUBLIC PARTICIPATION DEFINED FROM A SOUTH AFRICAN CONTEXT

The term *public participation* encompasses the notion of a two way exchange of information between the people/communities and the legitimate government. This is in line with section 152(1)(a) and (e) of the Constitution of the Republic of South Africa, 1996, which emphasises that communities as stakeholders in the local government sphere must be encouraged to participate in the matters of local government.

It should be accepted that the interests of members of a community share and form a consensus upon a common matter and such consensus is reflected as the common good. This then results in greater community awareness and involvement (participation) in matters of government (welfare of citizens) which is fundamental. The potential of interest groups to supply public officials with indispensable information in order to formulate policy cannot be ignored. Such information expresses the desires, needs and aspirations of the general public which may then be viewed as the aggregate interest of the public. Through conducting surveys, interviews and people holding community meetings, public officials as representatives of the legitimate government can assess the content of civic interest and establish and implement informed decisions within a particular sphere (Brynard 1996, 198).

Public participation offers a multiplicity of benefits. Such include the provision of valuable information about the needs and aspirations of local people to public authorities in order to initiate and implement informed decisions. Participation also offers a platform through which to express civic interest with the aim of influencing public managers (as well as councillors) to adopt a particular direction of thinking. Through public participation the general public is informed, involved and educated. As a result, the educated person is enabled to exercise his or her independent judgement and thus made to be aware of the societal problems and difficulties in finding solutions to life's challenges. In this context communal responsibility is promoted. Public participation as the promoter of the realisation of civic interest has the capacity to enhance and consolidate the democratic culture of any aspiring community. Participation by citizens in local government affairs is the very backbone of a democratic form of government.

On the other hand, through participation, opportunities to influence public affairs and even policy planning as a process are encouraged and sustained. Public participation also has the capacity to balance the demands of central government against those of local government and provincial administration (Brynard 1996, 3). Through public participation, community institutions are created which will enable citizens to bridge the existing gap between themselves and public authorities. Such institutions can take the form of ratepayers associations, neighbourhood watch groups, and social groupings such as *stokvel* movements in predominantly black residential areas and women's clubs. The Moroka Community Policing Forum in Soweto is one such institution in which the involvement of both the Moroka-Soweto Police Service and the community as partners against crime is significant. Through this initiative, the community of the greater Moroka

area (Mapeta, Phiri, Senoane, Chiawelo, Molapo, Jabavu, Mofolo Central and South, Dhlamini and Klipspruit Extension 5) was able to identify the 'crime flashpoints'. This allowed the crime unit of the Moroka police station to react with the intention to combat crime and enforce the law (Selby Bokaba in *The Star* 28 January 1999).

Public participation is also instrumental in that it consolidates democratic beliefs (commitment), practices and principles which would otherwise not be observed by the majority of citizens in a democratic state. If by participating, citizens are able to satisfy their needs, desires and even demands by observing the rules of democracy, it is all the more reason to support and indeed nurture participation.

In practice, public participation constantly reaffirms one's identity and feeling of self-worth and dignity as a citizen, thereby giving effect to the principle of basic equality (Lawrence and Stanton 1999, 236). Public participation may also serve as a pacifier to accommodate interest groups that might otherwise be militant in their endeavour to achieve what they believe is beneficial to society. Therefore, public participation can be accepted as the cornerstone of the realisation of civic interest if needs, demands and aspirations of citizens are to be satisfied by the legitimate authorities. As modern and post-modern societies become organised, civic formations like South African National Civic Organisation (Sanco) have a crucial role to play, ensuring that through their participation, the shared interests of citizens are observed and held in a democratic government system.

Participation of civic formations such as Sanco is important especially in public service delivery activities that at times involve private sector organisations. Participation within municipalities may be made with other spheres of government, community based organisations and non-governmental organisations or any other institution, entity or person legally competent to assist in the provision of a particular public service. Accordingly the involvement of private and community partnerships mobilises capital, management capacities, technical skills while residents own contributions for developments (Phago and Malan, 2004, 482; Chapter 4 of Local Government: Municipal Systems Act, 2000 [Act 32 of 2000]; Shubane and Madiba 1992, 8). In order to understand the aspect of public participation in PPP deals, the gathering of data through applicable research methods should be borne in mind.

RESEARCH METHODS

Research methods are the techniques used to carry out the activities of the research (Ramabulana 2004, 193). The key question regarding the choice of the research methods in a study relates to the manner in which data is collected and interpreted. Therefore, research methods should be able to guide activities undertaken both in the vastness of a content and scope. That is, the amount of data that can be collected using a specific method (Babbie 2001, 114). In light of the foregoing, this article uses a combination of two methods, namely, literature review and interviews.

The literature review in this article has been an important route in defining public participation from a South African context to support the evidence provided (Davids, Theron and Maphunye 2006, 172). The existing research provides the secondary information with regard to the scholarly viewpoints. Furthermore, semi-structured interviews were conducted with both the representatives from the private partner and public partner at a senior level, to consolidate the case study in this article. Semi-structured interviews were beneficial since follow-up questions were posed to respondents in order to clarify and expand on issues of importance relevant to the case study. Interviews are used to collect the primary data regarding an existing public private partnership arrangement that was created in Mpumalanga. According to Bless and Higson-Smith (2000, 97) primary data is the most appropriate since it is aimed at providing possible solutions when interpreted by the researcher. Since PPPs are relatively new in South Africa, the collection of the primary data is imperative in order to develop the most viable models. While the research methods are imperative in validating the validity and reliability of this article, the need to understand problems emanating from public participation arises.

PROBLEMS EMANATING FROM SCANTY PUBLIC PARTICIPATION

Lack of community participation could be a dangerous trend to democracy, especially in South Africa where democracy is relatively new. The government should assume responsibility of conducting awareness campaigns to the communities to educate them of the need to actively participate in the governmental activities and not only during the elections or when only politicians gain from such a participation. PPPs could serve as important tools for enhancing public service delivery and hence the need to involve community members. Despite the success hailed for PPPs projects in rendering services, the need to engage stakeholders is insurmountable (Fourie 2001, 3).

From the definition of community participation, it is important to highlight the potential problems which should be avoided and/or prevented during PPPs projects. These problems affect both the community and the government in short, medium or long term as well as the contribution that the private partner's is making. They include the following:

- Threatening the image of government institutions which means that they run the risk of losing community trust and consequently, respect;
- The goals of government are also threatened since community participation is non-existent;
- Lack of community awareness and involvement in governmental activities;
- Insufficient information dissemination from government to the community and vice versa; and
- Identifying with the government ideals and the feeling of self-worth by members of the community (Clapper, in Bekker 1996, 70-72).

The above potential problems which are caused by lack of community participation in the governmental problems require a serious attention from the government to ensure that the constitutional principles are upheld, especially those in chapter 10 of the *Constitution 108 of 1996* in which the basic values and principles governing public administration are outlined. Although PPPs involve the relationship or the working together of public and private institutions to provide public services, it is important to bear in mind the fact that the responsibilities of government towards its citizens remain the same as regulated by the legislation. It is therefore crucial to consider the discussion of private sector involvement in the public service rendition through Public Private Partnership (PPP) arrangements in the next section. The following PPP deal is examined in this study to indicate both the success and shortfalls of considering and/or undermining the involvement of the community members.

THE CASE STUDY OF PUBLIC PRIVATE PARTNERSHIP IN THE MBOMBELA MUNICIPALITY

It has already been stated that this paper attempts to examine public participation in PPP arrangements. A case-study approach is also consolidated in this regard to provide an understanding of practical challenges that should be overcome whenever PPP arrangements are undertaken. Certain inherent elements exist in a case-study. These elements include contextuality, controversy, conciseness, representivity, problem solving orientation and title. These elements are useful in enriching the case-study with practical substance. Case-studies which are real tend to be more effective than the made-up ones. These elements should be able to provide clarity in which confusion regarding the structure and layout of a case-study need to be clarified. Furthermore, one of the advantages of the case-study is that it allows generalisation about a specific matter of concern, in this case, the generalisation about public participation in municipal PPP deals. This is relevant in this study in order to paint a picture of the empirical experience in which public participation takes place in the context of PPP arrangements (Brynard and Erasmus 1995, 7; Wessels 2004, 4). With this information in mind, it is important to consider the following case-study of the Mbombela municipality.

The Mbombela partnership engagements with Biwater (Pty) Ltd on water and sanitation is also used as a pattern of reference to municipalities aspiring to implement PPPs in their service rendering initiatives. The following is a brief outline of a PPP in which serves as a strong recommendation by this study to all endeavours of PPP agreements, in particular on long term contracts with a service provider (private partner). However, as indicated elsewhere in this article potential shortfalls are pointed out. According to the deliberations made by the Deputy Municipal Manager on the Development Facilitation Unit at the Mbombela Local Municipality in Nelspruit, Roelf Kotze (Interview 29 July 2003) there are two main factors contributing to the initial consideration of a PPP as the best method for a service delivery in Mbombela. Firstly is the lack of resources including infrastructure, fiscal and human resources and secondly, the inequitable service rendering which favoured mainly a smaller population group in Mbombela (which has been the situation for the entire country during the apartheid system)

The decision to consider a PPP as the most relevant service partnership (Alternative Service Delivery) to redress the service delivery backlog in Mbombela Local Municipality in providing effective and efficient services posed an enormous challenge. Considering the fact that PPPs are relatively new in South Africa, the decision is therefore compounded with implementation, consultation and capacity challenges including the continuation of the culture of non-payment of services. In Mbombela Local Municipality in particular, one of the problems was the confrontations caused by the trade unions' resistance to releasing their members which were to be employed under the private sector company during the PPP deal.

As a result of all these challenges faced by Mbombela Local Municipality, consultations were had with the Municipal Infrastructure Investment Unit (MIIU), Biwater Operations (Pty) Ltd, with its community empowerment company named Sivukile, and the trade unions in order to professionally resolve outstanding disputes. Trade Unions initially could not consent to the transfer of employees from the municipality to the concession partner (Biwater Operations [Pty] Ltd) although an agreement was reached for the transfers and a contract was eventually entered into. The role of the Municipal Infrastructure Investment Unit was to assist the municipality to enter into the partnership (PPP) on favourable terms in this regard. Subsequently, the result was that a thirty-year PPP deal (between Mbombela Local Municipality and Biwater Operations [Pty] Ltd) on water and sanitation services has been entered into. This contract has satisfactory job security for all transferred employees as after 30 years, in practice, none of the employees will be economically active, however, in principle the decision has been suspended until the end of the partnership to figure a way out for both the partners.

Within four years of a partnership, significant changes have been brought about by the private partner's expertise in the Mbombela Local Municipality service rendering mandate. These changes were possible through the defined roles of both the partners in their concession deal namely, the monitoring role by the municipality to ensure that the private partner (service provider) is undertaking responsibilities according to the principles set out in the concession agreement. On its monitoring role the Mbombela municipality is tasked with the monitoring of the following three specific areas and/or conditions:

- i. Biwater Operations' (Pty) Ltd technical competence. This type of competence is discussed as the aptitude to use knowledge, mechanism or expertise on water provisioning such as making effective and efficient piping connections through the application of plumbing skills.
- ii. efficient financial administration over expenses (infrastructure provisions) and revenues (tariffs and levy charges). As part of the PPP deal, proper financial management and usage of resources is minimised and priorities are attended to.
- iii. community liaison. In its own capacity, the service provider must ensure that its relationship with the community members is solidified to ensure effective communication and positive and prompt response from the community members. Therefore, community structures such as community forums and prominent figures are used to coordinate the relationship between a service provider and the

community. With regard to this endeavour on community liaison, Biwater Operation (Pty) Ltd provides a complementary role in enhancing the relations between the municipality and its community on service delivery. That is, both the Municipality and Biwater Operations (Pty) Ltd have an obligation to liaise with the community regarding the provision of services on water and sanitation.

The Managing Director of the Biwater Operations (Pty) Ltd (a private partnership entered into a contract with the Mbombela Local Municipality in Nelspruit, Mpumalanga) Mr Brian Sims, in his personal capacity, added a significant boost to the concession agreement through his international experience in municipal affairs and PPP deals. British born Brian Sims has been in municipal affairs for about twenty years in the United Kingdom (Sims, Interview 29 July 2003). According to Sims (Interview 29 July 2003), there are important major socio-economic, technological, political and environmental changes that Biwater Operation (Pty) Ltd has brought about in the Mbombela society namely,

- i. employment increased from 150 employees (which were employed by the municipality before the concession agreement) to 220 during the concession period with the private partner;
- ii. service improvement is experienced by the community in which citizens are able to access drinking water 24 hours a day, which was previously not the case;
- iii. water and sanitation infrastructure improvement, such as the repair and new installation of underground pipes, has been put into place by the private partner;
- iv. software such as computers are provided and maintained by the private partner in performing its general administration and coordination of municipal service delivery activities;
- v. training centres for employees of both the Mbombela Local Municipality and the concession partner including community members are made available to equip locals with capacities such as plumbing skills, subsistence farming and computer skills (to mention but a few);
- vi. a campaign of cleaning rivers and purification of water posing health hazards to the Mbombela society;
- vii. competitions and other youth activities are sponsored by the Biwater Operations (Pty) Ltd to develop and promote youth participation and projects; and
- viii. through all these above listed activities, over 2000 temporary jobs have been created within a five year period of concession.

Despite the achievements and success stories which occurred as a result of introduction of the private sector company in assisting with the provision of services, there were major situational challenges which had to be overcome and rectified by the private partner in order to experience a breakthrough in providing services smoothly:

- i. stakeholders such as the trade unions and local political parties were ill-informed about PPPs, hence in the initial stages of PPP implementation, these stakeholders provided resistance against the deployment of such a mechanism in the service provision of water and sanitation. The idea and misconception carried through by

these groups was that a PPP is associated with a full-scale privatisation both in principle and practice. Oftentimes Biwater Operations (Pty) Ltd was "stuck" in a political debate between political rival groups as to which Alternative Service Delivery (ASD) mechanism should be preferred for the service provision of water and sanitation in Mbombela Local Municipality. Taking into consideration general service provision principles according to which the private sector operates and functions (that is, the no pay no service principle), the municipality must engage in dialogue with its stakeholders to minimise potential obstacles that would inconvenience or impede a private sector functioning in a partnership agreement such as these;

- ii. communication suppression and lack of proper information dissemination methods to the community by the national politicians on various aspects such as free services have a negative effect on the service fee payments of the communities. In many situations for instance, illiteracy threatens the success of service rendering means and approaches. When politicians publicly declare that there are free basic services available in the country, fewer people continue to pay for services which mostly leads to cross-subsidisation, that is those paying for services are indirectly paying for non-payers who continue to be service recipients; and
- iii. differing tariffs and service rates paid by the communities in the Mbombela area further needed urgent attention in order to bring in balance and standardised local payments.

Nonetheless, Biwater Operations remained committed to the goals of the concession agreement of ensuring the creation of maximum employment output for the local community members of Mbombela, and the improvement of service rendering through the provision of modern technological systems in the administration and functioning of a municipality. Therefore, the PPP agreement entered into between Mbombela Local Municipality and Biwater Operations (Pty) Ltd remains one of the profound and leading long term agreements in the South African municipal administration and management experience. Before the lessons of the case study are outlined, it is important to consider the following determinants of the success of community participation in PPP undertakings.

DETERMINANTS OF THE SUCCESS OF COMMUNITY PARTICIPATION

Four major elements are evident from the case study above in determining the success and shortfalls due to the consideration and/or undermining community participation in the PPP projects.

- Consultation of relevant community structures by the municipality. Lack of consultation may pose strong threats to PPP success since those who are suppose to benefit are not actively involved, but are just waiting to 'reap where they did not sow';
- Negotiations with stakeholders regarding job securities of the employees, especially on the side of the public sector. Employees usually feel that since the

private partner becomes involved with the rendering of public services, this may render them redundant. Therefore, guarantees for job security and employee benefits cannot be emphasised;

- Improving public service delivery. The PPP deal is supposed to add value in its involvement with the public sector partner. It becomes crucial for the public sector to ensure that there is a notable improvement since the involvement of the private partner. When community members realises a decrease in service quality since the private sector involvement, resistance becomes inevitable; and
- Profit generation. The private sector is well-known for its dependence on profit when services are rendered. It is important to ensure that the terms and conditions agreed upon between the stakeholders are complied with for the sustainable operation of private companies as well as the ensuring that the project benefits all the parties.

These determinants are important for ensuring that shortfalls are minimised and that care is taken whenever PPPs are initiated. It now suffices to consider the important lessons that are offered by the case study of Mbombela Local Municipality.

LESSONS TO BE LEARNT FROM THE CASE STUDY OF MBOMBELA LOCAL MUNICIPALITY

Careful consideration of the lesson to be learnt from the Mbombela Local Municipality is extremely critical. Anticipations of the actual experiences are conspicuously provided for and municipal resources can be economically utilised, as information regarding the deploying of PPPs within municipalities becomes readily available. The Mbombela Local Municipality experienced patterns of employee resistance against the deployment of PPPs as a service delivery option. The conducting of an internal investigation (within the City of Johannesburg Metropolitan Municipality) to ensure that before the private partner's involvement is considered, the matters of concern from within the municipality are dealt with and clarified. Such matters of concern include:

- i. the availability of resources (such as fiscal, physical and human) from the inception to the end;
- ii. in-house expertise to assist the commencement of the deployment of the PPP and to steer the municipal involvement on the initial contract engagement with the prospective service provider. If the expertise is not enough or is non-existent/unavailable, then services of other useful structures such as the South African Local Government Association (SALGA) and the Municipal Infrastructure Investment Unit (MIU) are significant;
- iii. job security of municipal employees who may have to be moved to the private sector partner should be taken into considerations and negotiated between the participants;
- iv. partnership implications impacting on other labour issues such as possibilities for job losses and/or any other negative implications both on the long term and short term period;

- v. sufficient and ample time period to engage in discussions with other stakeholders such as the community forums and local political organisations;
- vi. targeting youth developmental activities in such PPP initiatives with an internal support from municipal employees;
- vii. identifying and dealing with stereotypes and misconceptions regarding PPPs, for instance, some political parties are socially oriented and as such are against any form of private sector involvement in the rendition of services of the public sector (Phago 2004, 122).

The above lessons should be considered for municipalities in South Africa to be able to ensure that proactive measure are taken whenever PPP deals are considered. This could ensure that more benefits for the communities and municipalities are obtained through such a partnership arrangements

CONCLUSIONS

A theoretical perspective of public participation is defined from the South African context in this article. Since public involvement is fundamental in legitimising governmental actions, informing, involving and educating the general public through public participation in matters pertaining to local government is critical. Furthermore, the involvement of community sector through community empowerment company, trade unions, private sector with the Mbombela Local Municipality provides both an ideal and practical situation in which stakeholder involvement can be undertaken. Although each party enters the debate to protect the interests of their affiliates, it is evident from the Mbombela Local Municipality case-study that negotiations between all the stakeholders could yield fruitful results such as providing public services to the community. For example, community empowerment company would ensure balanced and successful empowerment opportunities for communities from disadvantaged background, private sector company ensuring profit generation while the municipality would strive to enhance public service provision. Finally, the article argues for defined roles and responsibilities of each stakeholder in contributing to the success of the PPP deal.

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MUNICIPAL INTERGOVERNMENTAL BUDGETING FOR CO-OPERATIVE PROJECTS

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ABSTRACT

Strategic intergovernmental co-operation between municipalities, national and provincial departments requires intergovernmental planning, budgeting and appropriate arrangements about implementation. Funds which are budgeted by the National Treasury for strategic intergovernmental co-operation may not form part of the regular annual intergovernmental fiscal transfers to all municipalities. The transfer of such funds would depend on the implementation protocol. The project preparation and budgeting process for strategic co-operative projects where municipalities rely on funds from national departments require at least two municipal financial years to conclude. The long transacting cycle to conclude an implementation protocol often stands in the way of municipal councillors who want to produce short terms results for the electorate. Municipal officials who want to conclude strategic intergovernmental planning and budgeting processes with national and provincial departments must realise that the technical and political interactive and transacting processes take time. This article provides guidelines to municipal officials regarding the organs of state involved in the process and describes aspects of the multi-year intergovernmental planning and budgeting processes.

INTRODUCTION

Strategic intergovernmental budgeting is the process whereby organs of state in various spheres of government prepare their budgets in accordance with an intergovernmental agreement, or implementation protocol. The focus of this article is on municipal-national project finance for strategic intergovernmental projects. Although national-provincial references will be made to describe strategic intergovernmental co-operation, several municipalities and the province may also be a party to the co-operative process.

A distinguishing characteristic of strategic intergovernmental projects for municipalities is the regional or national significance of the development outcomes which goes beyond the narrow bounds local economic development. The regional and national significance

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may include that concurrent powers and functions overlap, such as planning, environmental and bio-diversity management, tourism and planning. In such instances, national, provincial and municipal developmental priorities are aligned, which make the pooling of financial resources a strategic priority. The pooling of budgetary resources for strategic ends may require that a national and provincial departments transfer funds to a municipality, who is responsible for project implementation.

Organs of state can only implement their co-operative plans when resources are available. In cases where the circumstances are such that implementation can no longer be postponed and national funds are not available or insufficient, a loan from the private sector may be an option.

STRATEGIC INTERGOVERNMENTAL CO-OPERATION

Intergovernmental relations comprise the actions and transactions of organs of state from different spheres of government and among municipalities (Carstens and Mathebula 2007, 10). The nature and scope of actions and transactions between organs of state differ, however, depending on whether they conduct routine or strategic intergovernmental relations. Routine intergovernmental co-operation is governed by statutory prescripts and relationships. Strategic intergovernmental co-operation is initiated when two or more organs of state interact with the intention to co-operate towards a common goal. The intergovernmental agreement, or implementation protocol, forms the basis of the terms and conditions for "joint work" among organs of state (South Africa 2007, 72). One of the critical issues of an intergovernmental agreement, or implementation protocol, is have sufficient financial resources to ensure the attainment of co-operative objectives of the parties.

MUNICIPAL-NATIONAL CO-OPERATIVE BUDGETING

One of the administrative and managerial challenges with which municipal officials are confronted to structure intergovernmental co-operation, is to obtain funds from the national and provincial governments. Intergovernmental projects must form part of the strategic plans of government departments and of the Integrated Development Plans (IDPs) of Municipalities. Only when in principle agreement has been reached for an intergovernmental protocol, may the process start to budget for national and local revenues. The financial years of municipalities are from the beginning of March to the end of February and that of national and provincial government are from the beginning of July to the end of June.

It is not possible for a municipality to prepare a strategic co-operative project, incorporate it into its IDP and the municipal budget, and to ensure that a national department provides for such project in its strategic plan and the annual budget. One of the main reasons for this difficulty is the *routine* nature of national and municipal budgets in terms of cut-off dates and processes, while strategic intergovernmental co-operation requires transactional processes which depend on political consensus and intergovernmental agreements.

The budget-making process is routine government activity. Strategic intergovernmental co-operation is however not a routine activity, yet the funding must be provided within a structured budget-making process (Carstens and Mathebula 2007, 59). Consensus to co-operate between a municipality and a government department, are reached outside the budget-making process. Intergovernmental negotiations and transactions must be structured with the national and municipal budget cycles in mind. The implementation of a project could be delayed for two years if the project funding is not requested at the appropriate phase of the national and provincial budget cycles.

There are critical stages in the national budgeting process when new projects and programmes have to be considered for funding. If an office bearer or official is negligent by not submitting an intergovernmental project in time, or by not providing substantial motivation to support its merit, it may have to stand over for another year. Municipalities who want to co-operate with national and provincial departments, must be aware of decision-making forums and cut-off dates for budget events. Municipalities must be able to prove that their co-operative projects will add value to the attainment of national objectives.

Municipal-national intergovernmental co-operative agreements must precede the budgeting process. Intergovernmental transacting and submissions to motivate for funds for intergovernmental projects, must however take cognisance of critical cut-off dates for both national and municipal budget cycles

PRIMARY BUDGET ACTIVITIES

A major activity of the national budget-making process is to finance expenditure programs of provincial and national departments in accordance with national priorities. This does not mean however, that the national budget-making process is not conducive to opportunities to evaluate the merit for intergovernmental funding from national revenues.

The Medium Term Expenditure Framework (MTEF) provides for the division of revenue between the three spheres of government. Major intergovernmental programmes, such as the Gautrain, are reflected in the MTEF period. The fact that there are relatively few intergovernmental programmes provided for in the Medium Term Expenditure

Framework (MTEF)² does not mean that they are not valued by the Minister of Finance or the National Treasury. The absence of intergovernmental projects is rather indicative of the inability of organs of state to negotiate intergovernmental projects as part of departmental strategic plans, and to motivate their relevance to political office bearers, and manage their implementation.

² The MTEF annual budget includes 3-year spending plans. Although only the single upcoming fiscal year is voted on by Parliament each year, the government presents numbers for the following two years as well. The MTEF is a tool to encourage cooperation across ministries and planning over a longer horizon than the immediately upcoming fiscal year. The Medium Term Budget Policy Statement (MTBPS) should be differentiated from the MTEF. The MTBPS is the written document used as the policy base for this framework. It is the policy underlying the figures and is published separately. The MTBPS is published by the National Treasury in October. November, five months before the following year's budget is tabled in Parliament. This document (i) delineates the acceptable division of revenue (2) gives the rationale for this division in terms of macro economic context and assumptions and (3) provides spending estimates for the next three years.

Intergovernmental co-operation is essential because various national and provincial government departments deliver services in within the localities of municipalities. National and provincial expenditures which form part of municipal projects must be reflected in municipal IDPs and budgets.

The preparation and management of joint budgets are more complicated than budgets submitted by single organs of state. There may be no budget incentives or special support systems for intergovernmental projects and co-operation. However, there are sufficient opportunities during each budget cycle for intergovernmental partners to prepare strategic plans and to submit new budget proposals.

The Medium Term Expenditure Committee (MTEC) provides for intergovernmental, cluster and departmental hearings to improve the evaluation of concurrent and crosscutting policies, and overall coordination of budget choices. The intergovernmental and cluster forums may be utilised for the purposes of obtaining support for intergovernmental projects, provided that their budget was prepared adequately and that they support national policy priorities. Intergovernmental MTEC hearings deliberate on budget priority areas that fall under the concurrent functions of national, provincial and/or local government. Other intergovernmental forums complement the work of the MTEC. These forums comprise of:

- representatives from the National Treasury, three provincial treasuries, the respective national departments and three of their provincial counterparts (4X4 forum), and
- all of the nine provincial treasuries, in addition to the National Treasury and the respective national departments (10X10 forum).

Forums or processes which specifically make provision for, or evaluate the funding of intergovernmental projects, do not exist. Although there are various intergovernmental forums, the allocation of budget funds is determined by viability studies, realistic budgets, the incorporation of private sector investment and effective implementation plans. The existence of the MTEC is not necessarily evidence of the policy of National Treasury to promote intergovernmental projects. The intergovernmental budget-making forums of the MTEC are not meant to facilitate the conclusion of intergovernmental agreements. These agreements should be concluded before funding is sought. The national budget-making process is meant to allocate funds in terms of national priorities and the projects which support them.

FINANCING OF CROSS-CUTTING PROGRAMMES

In 2003 a government task team was established as a result of a directive from the Governance and Administration Cluster (G&A) to develop a 'framework for managing joint programmes'. The purpose of the framework was to promote more effective management of joint (crosscutting) programmes (South Africa 2005, 4).

Enhancing budgeting for joint programmes

National departments base their medium-term spending proposals on draft strategic plans that cover a three to five-year period. The Framework Programme (South Africa 2005, 16-17) proposes that spending proposals should budget for cross-cutting programmes. If the strategic plan focuses on narrow departmental objectives and targets and does not reflect cross-cutting programmes, then the extent, to which the budget can accommodate cross-cutting policies, is limited.

The success of cross-cutting programmes depends, *inter alia*, on the alignment of planning, budgeting and reporting processes. If the human resources and fiscal implications of cross-cutting programmes are identified early in the planning and budget preparation stage, informed budget allocation decisions can be made. This can be done through joint planning sessions leading to formal agreements between the relevant departments. These agreements could then form part of a department's budget submission.

An enabling mechanism to finance crosscutting programmes would involve outcomes-based planning, budgeting and reporting. Some characteristics of such a cycle would be (South Africa 2005, 17):

- Medium-term strategic and performance policy priorities and performance plans, the success of which depends on the joint outputs of two or more departments. The strategic plans should contain specific targets.
- Binding agreements between intergovernmental partners which form part of a department's medium-term spending proposals.
- Budget evaluations, negotiations between departments and National Treasury, and trade-offs made by **MinComBud** and Cabinet must consider policy priorities of individual departments *vis-à-vis* intergovernmental priorities which cut across departments and spheres of government.
- The Estimates of National Expenditure and Appropriation Bill must provide for cross-cutting programmes.

The task team for the Framework for Managing Joint Projects proposes the following short term arrangements (South Africa 2005, 18). Firstly, programmes must go through processes of feasibility analysis, consultation and planning to facilitate budgeting. Resources should be made available to support these processes and ensure competitive programmes. The resources needed for this process are minimal compared to the actual costs of implementation and will result in better programme management and reporting, as well as more detailed proposals.

Secondly, once the initial conceptual and preparatory work has been done, the implementation plans should be incorporated into the Medium Term Expenditure Framework (MTEF) plans of the partner departments. Departmental budgets must provide for specific projects and programme management.

PRIMARY AND SECONDARY RESOURCE ALLOCATION FORUMS

Only a few decision-making forums allocate funds in the budget-making process. Municipalities must know which forums are relevant to their national and provincial intergovernmental co-operative partners.

Primary resource allocation forums

The primary resource allocation forums have direct relevance for national and provincial departments.

Minister's Committee on the Budget

The Minister's Committee on the Budget (MinComBud) is a non-statutory forum where Ministers deliberate about budget priorities. The Minister of Finance invites Cabinet colleagues to submit budget policy proposals round about July each year in order to start with preparations for the next year's budget. MinComBud addresses policy issues, including material increases or decreases to baseline allocations, which should be dealt with in the next budget. The MinComBud comprise of selected Ministers who are invited by the Minister of Finance.

Extended cabinet

This forum is made up of the national cabinet, premiers of provinces, and the chairpersons of the South African Local Government Association (SALGA). It convenes for budgetary purposes and does not have any statutory status. It is an authoritative forum which has an influence on determining the expenditure priorities of government. It advises the national cabinet when it finalizes the fiscal framework and division of revenue, on which MTEF budgets are based.

The Budget Council

The Budget Council serves the interests of provinces. It is established under the *Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)* (IGFR Act). Its members are, *inter alia*, the Minister and Members Executive Councils (MECs) of Finance. MECs of Finance may use the forum to argue for funding for provincial-municipal intergovernmental projects.

Secondary resource allocation forums

Secondary resource allocation forums may have an indirect influence on emphasising the relative importance of an intergovernmental project. The major forums for this purpose are:

The President's Co-ordinating Council

The PCC will not make a ruling on a budget matter. It may debate issues and reach consensus on the merit of a matter. It may express a view on a matter and refer it to an appropriate organ of state, such as the Minister of Finance or the Cabinet.

Local Government Budget Forum

Municipalities have access to the Forum through SALGA. The forum serves the interests of municipalities in general. It is the ideal forum for groups of municipalities which experience unique problems, to propose allocations for a service sector or an area of municipal management and administration.

Joint national intergovernmental forums

Joint National Intergovernmental Forums (Joint MinMECs) are non-statutory forums which Ministers establish among selected sector MinMECs and the Budget Council. The Ministers' Committee on the Budget is a forum which makes recommendations to Cabinet on budget policy proposals. It meets to consider, *inter alia*, preliminary MTEC proposals on the budget and to finalise the next financial year's medium term expenditure framework.

NATIONAL AND PROVINCIAL STRATEGIC PLANS

In terms of the Treasury Regulations (March 2005) all organs of state must prepare five year strategic plans and one year annual performance plans. The accounting officer of an institution prepares a five year strategic plan for the forthcoming MTEF period, for approval by the relevant executive authority. Submission and contents of strategic plans to facilitate the discussion of individual votes must be tabled in Parliament or the relevant legislature at least seven days prior to the discussion of the department's budget vote. The annual performance must cover a period of three years and be consistent with the institution's published medium term expenditure estimates. Municipalities must ensure that during the intergovernmental co-operation transaction phase with national and provincial departments, that co-operative projects are reflected in the strategic plans of government departments.

Programme of action

Municipalities which want to enter into co-operative agreements with national departments must bear in mind that they co-ordinate their work in clusters. The National Treasury may initiate bilateral discussions with the relevant departments. During bilateral consultation sessions the economic and fiscal implications over the medium-term to long-term period are considered. If the programme impacts on provincial and/or local expenditure, the fiscal implications of the policy will also be deliberated at joint forums consisting of national and provincial departments, the National Treasury and its provincial counterparts.

CONCLUSION

From an intergovernmental perspective, the national budget-making process provides opportunities for intergovernmental partners to obtain national revenues for their projects. The primary budget-making stages and instruments which create opportunities are firstly the draft departmental strategic plans which must provide for the intergovernmental project. Secondly, the new budget policy proposal must be part of the submission to the Minister of Finance's Budget Committee. If a new budget policy proposal is approved by Cabinet, the intergovernmental project must be well prepared and its merit argued at

MTEC hearings. These hearings take the form of intergovernmental, cluster and departmental deliberations in order to improve the evaluation of concurrent and crosscutting policies, and overall coordination of budget choices.

The national budget reflects the macro-economic and fiscal framework. Intergovernmental co-operation and related projects should strive to attain the national objectives. Intergovernmental projects should therefore support national objectives.

The process of allocating resources in accordance with national government policies follows an annual cycle which starts round about July of every year and ends in February of the next year on budget day in parliament.

The budget process ensures that there are sufficient funds for essential services. The intergovernmental budget-making process provides for both intergovernmental projects and provisions for budgets for organs of state. If national funds are required for intergovernmental co-operation, such intergovernmental projects should be part of the national budget-making process. Organs of state should therefore interact with diligence and be meticulous in their preparation of budget related documents.

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TRANSFORMING AND MODERNISING SOUTH AFRICAN PUBLIC FINANCIAL MANAGEMENT TO ACCELERATE SERVICE DELIVERY

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ABSTRACT

The South African Government has introduced some reforms with the aim and purpose of putting right the historical imbalances and ensuring fair distribution of resources. Some of the reforms that have been brought about relate to the effective management of public funds, in particular budget reforms. The transformation and modernisation of public financial management in South Africa was based on key elements such as transparency, accountability and the integration of policies that led to a comprehensive budgeting system aimed at accelerating service delivery. Compilation of budgets changed from the typical annual budgeting to a multi-year budgeting system. The article analyses the transformation and modernisation of public financial management environment, the current financial legislative framework within which public officials operate and examines the different budgeting systems applied and the impact these have on service delivery in South Africa.

INTRODUCTION

It is accepted that governments are striving towards the realisation of predetermined goals embodied in specific government objectives and targets. Governments are further established to cater for collective needs and demands. In order to satisfy the collective needs and demands, government require resources. The main source of income for government is taxes paid by the citizens and in turn the citizen expect quality service delivery. In order to ensure that services are delivered according to policies and specified plans, the available budget systems, irrespective of their inherent short-comings can play an important role in the rendering of quality services. The article focuses on the transformation and modernisation of public financial management in South Africa and the financial legislative framework in which public officials operate. The different budgeting systems are analysed to discuss the complex nature and relationship between an actual plan and the implementation thereof. These budgeting systems have common dominators such as planning, management and control to ensure accountability for government's activities.

PUBLIC FINANCIAL MANAGEMENT REFORMS

Budget reforms can be traced back to the early 1900 when budgeting was introduced in the local governments. Governments use budgets as primary tools available to efficiently distribute the available resources and delivery of service, and it is thus not surprising that most government reforms include the manner in which budgets are compiled as well as the distribution of revenue. Budgets were initially viewed as technical tools with a strong focus on expenditure control and accountability, rather than on deliverables and creating appropriate incentives. Mabala (2006, 76-77) argues that apart from the fact that the Constitution of the Republic of South Africa of 1983 was racially based and that the resources were allocated unjustly and inequitably, the different government administrations used different approaches to manage their financial resources while applying the *Exchequer Act*, 1975. After 1994, there was a need to reform general government administration and linked to these changes were changes in the approach to budgeting. Classical scholars like Aaron Wildavsky have questioned the traditionally entrenched character of budgets. For instance they argue that the typical line item budget does not match with the set programmes of government and that they only focus on inputs and not outputs and have a fragmented focus on budget changes (Christensen *et al.* 2003, 12).

Kohler in Golembiewski and Rabin (1975, 6) defines a budget as "... a financial plan serving as a pattern for and control over future operations; hence any estimates of future costs; a systematic plan for the utilisation of manpower, material or other resources". Willoughby (1927, 436) defines the budget as a "... report, an estimate and a proposal through which the chief executive ... makes a full report regarding the manner in which he and his subordinates have administered the affairs during the last year ... exhibits the present condition of the public treasury, and on the basis of such information, sets forth his programme of work for the year to come, and the manner in which he proposes that such work be financed".

There have been attempts by scholars and practitioners alike to put forward a more comprehensive budgeting system such as the Line Item Budgeting System; Planning, Programming and Budgeting System and the Zero Based Budgeting System. Budgets have also been moved from typical annual budgeting to multi-year budgeting, and furthermore the budget is shifting from its traditional incremental base (in theory), from which it is based on past expenditure level to a more performance management process (Christensen *et al.* 2003, 12). Budgets have evolved not only as management tool but also as recognisable and indispensable political tool.

The question asked is...what are the factors that drive the movement towards change? It is suggested that the same drivers responsible for change in the reinvention of the public service, are by implication the drivers for budget reforms and modernisation. Wise (2002, 557-558) identifies the following that can be regarded as normative drivers that are separate from economic or rational intellectual traditions:

- The demand for greater social equity in public administration and the provision of services;
- The demand for democratisation of the public service through greater employee participation and empowerment through public service accountability; and
- The demand for the public service to be humanised.

These drivers are seen as largely responsible for the call for reforms in the public service budgetary process. In this process the human side is emphasised in the relationships between objectives and outcomes and more emphasis is placed on efficiency, effectiveness, economy and equity within the accountability structures of a democratic state (Christensen *et al.* 2003, 12).

LEGISLATIVE FRAMEWORK FOR PUBLIC FINANCIAL MANAGEMENT IN SOUTH AFRICA

The transformation and modernisation of the public financial management in the South African context has been based on three key elements, namely to improve transparency, improved accountability and sound integrated policies. In this regard the budget process has been transformed whereby the legislature has been empowered by the Constitution of the Republic of South Africa 108 of 1996 to exercise their oversight in the budgetary process. Budgets therefore are no longer a technical and bureaucratic exercise. Section 215 of the Constitution of the Republic of South Africa of 1996 prescribes that the budgets prepared by the national, provincial and municipal governments must promote transparency, accountability and effective financial management. The Constitution of 1996 can there upon be regarded as the bedrock for good governance in the financial management of the state.

The *Public Financial Management Act, 1999* (Act 1 of 1999 as amended by Act 26 of 1999) (PFMA), was introduced to modernise the system of financial management in the public sector. The purpose of the Act is to move away from the rule driven and highly centralised system of expenditure control to the management of public financial resources by the Head of the Department. The Act creates the opportunity to move away from the previous rigid *Exchequer and Audit Act, 1975* (Act 66 of 1975) that only administered funding. The PFMA allows managers to manage in a responsible and transparent manner. Managers are also held responsible and accountable for the use of resources allocated to deliver services. The Act thus emphasises:

- Financial reporting;
- Independent auditing and supervision of internal control systems;
- Improved accounting standards
- Greater focus on output and performance, and
- Increased accountability at all levels.

In order to ensure effective delivery of service and as a pre-requisite of the legislative framework such as the PFMA and Treasury Regulations of 2005, each department is compelled to develop a strategic plan that will be supported by the budget process. The introduction of the strategic plans took effect from 1 April 2002. The strategic plans cover a period of three year, from which year one can be regarded as the operational plan, and this strategic plan should be consistent with the department's Medium Term Expenditure Framework.

The strategic plan guides the way government performs in the individual activities and organisational strategies by forming the entire value chain. The strategic plan will include: programme objectives and outcomes together with multi-year projections of revenue and expenditure for the forthcoming budget. The strategic plan also contains the key performance measures and key indicators of the Service Delivery Improvement Programme for assessing performance outcomes against desired outcomes and objectives. This also leads to the implementation of quarterly reports on performance. These reports have to be up-dated on a rolling basis that includes the adjustments made to the strategic plan, operational plan and budget.

Managers at all levels in the department have a critical role in managing the day-to-day line function activities and thus have to manage and administer the human, physical and financial resources. It is also expected that managers ensure that the maximum results are obtained with the minimum costs (Kuye *et al.* 2002, 112). Finally to ensure accountability, monitoring and evaluation action planning support the managers in achieving success in the execution of their tasks. Monitoring is thus described as a in-year activity, it measures and compares performance with desired budget outcomes, showing to management where they actually are when comparing (analysing) where they want to be and deciding what action they are going to take as result (action planning) (Smith 1994, 24-25). Evaluation is primarily an end of the year activity and focuses on the implication of outcomes and identifies specific goals to be achieved. The success of the aforementioned will be based on the mixture of the different budget systems utilised.

BUDGETING SYSTEMS

A budget is regarded as the monetary or financial plan of an individual or an institution in which details on how to reach objectives and goals are specified or outlined. A budgeting system will normally contain the following elements (McCaffery 2003, 89 Cf. also Dickey 1992, 124-126):

- Planning
- Management
- Control.

It should be noted that different budgeting systems would emphasise these elements differently. Planning involves the determination of objectives, the scrutiny of alternative courses of actions and the selection of appropriate programmes and projects. Management involves the programming of selected programmes and projects into specific goals and activities, which are aimed at the satisfaction of community needs.

Management elements are also responsible for designing programmes, which are essential to execute activities and tasks, related to specific goals. The management element involves the provision of human and other resources, which are key to carrying out management activities in an organisation. Control elements on the other hand involve the process whereby public officials have to stick to operational requirements that have been designed by management to ensure that policies are implemented according to plans. There are various control techniques that can be utilised by senior managers in the public service to ensure that there is a strict adherence to policy imperatives, which are adopted to satisfy human needs. Control elements assist management to set implementation limits such as the determination of the number of human resources to carry out organisational tasks and activities, transfer authority, procurement and pre and post audit processes. The three elements of budget systems are essential in public finance management because if government organs observe them, the needs and demands of the citizens will be satisfied. These elements will also improve the level of accountability and transparency in budget systems because they will be focused and goal-oriented (McCaffery 2003, 8).

Line-item budgeting system

In line with the views of McCaffery (2003, 89), the line-item budgeting system emphasises control over the planning and the management elements of the budget. To emphasize one element over the others does not necessarily mean the neglect of other elements. The line-item budget system is control-oriented, valuing the skills possessed by accountants scrutinizing budgets to determine if goals were achieved in providing goods and services as outlined in the budget.

The line item budgeting system is excellent for the purposes of financial control because it indicates a list of expenditure that is logical and contains such details as personnel, travel, equipment or supplies as does not allow a virement from one item to another. However, it should be noted that this type of budgeting system provides limited detail on the actual and specific items that were expended on. This system of budgeting is characterised as incremental as it is based on information on the last completed fiscal year, the current year and the forthcoming fiscal year. It uses gradual increase in expenditures. Nevertheless the shortcomings, one of the advantages is the sense of stability and continuity it provided from year to year (Leland 2003, 103). What is important about this system is that it does not only offers the public with a base upon which to ask questions to public officials with regard to how the tax money was spent, but also to stay within the limits as determined by the legislative body. Public participation in this type of budget will afford the citizens an opportunity to assess service delivery based on the budgeted items. This system will also promote control and monitoring process to evaluate the efficiency and effectiveness of government machinery in service delivery.

It is important to point out that the Line Item Budgeting alone may not meet government requirements such as the provision of the financial status, feedback to stakeholders or ensure that government's activities are evaluated. It is therefore necessary to couple this type of budgeting system with other systems or to use this budgeting system as a supplementary technique to ensure that other elements are included.

Performance-Based Budgeting System

According to Melkers (2003, 105) performance-based budgeting has improved accountability at all levels of government. This system of budgeting promotes not only communication with citizens but also amongst government institutions and they are also able to evaluate one another's performance and the general performance of government machinery. It is worth noting that effective communication between government and citizens improves public confidence in government because citizens can easily access services and government establishes effective structures to facilitate communication and feedback. This system of budgeting is preferred over the item budget system because it establishes a link between allocated funds and what the organisation or the institution will achieve with the allocated funds.

The performance-based budgeting (PPB) system is characterised by its long-term perspective, which emphasises what will be achieved in the future. This type of budgeting may be equated to the new role of government or what is referred to a government reinvention because it includes aspects of new public management such as outcome measurement, strategic planning, and benchmarking and performance management. It is indicated in the Public Service Regulations of May 2001 and the Treasury Regulations of March 2005, that the executing authority of each government department has to set measurable objectives for their departments and draw up a strategic plan in order to facilitate and manage the implementation of policy imperatives.

Performance indicators with appropriate measurements are set in departmental strategic plans with financial resources allocated to ensure that they are achieved. Members of the Senior Management Services (SMS) are also required in terms of the new role of government to sign performance contracts with which they are held accountable for the performance of their departments in their endeavor to render services to the citizens. It is interesting to note that some government departments are not performing as expected despite the adoption of progressive strategic plans. This may be attributed to human limitations because the human minds cannot always grasp the complexities of the social reality (Lindblom and Woodhouse 1993, 5). This then says all factors need to be considered whenever performance indicators are drawn. Equally important is the quality of the human resources in terms of their knowledge, skills and experience in dealing with the new challenges that face the public service.

Planning-Programming-Budgeting System

This type of budgeting could be seen as expensive budgeting system and the only time policy makers and public officials realise this fact is at the end of the projected future, especially if the planned activities do not take place. This may be viewed as wasteful expenditure as the eventuality may not occur as planned within the specified time frame.

Citizens then might be of the opinion that government has used the allocated funds for other activities, which would benefit other portions of the population (McCaffery 2003, 92). It is, however, argued that this system is particularly advantageous as it emphasises planning for outcomes which is essential if government wants to move beyond efficiency and management to decision based on rational decision making. The short comings of this system were rectified by implementing the zero-budgeting system and this system emphasised planning in order to succeed in prioritisation and accountability through control elements and other control related measures and mechanisms to improve accountability at all government levels.

Control measures are put in place to ensure that funds are spent correctly and for appropriate purposes. In this way control measures could prevent fraud, waste and the misuse of funds. On the other hand if government has effective and efficient structures to control public funds and to use them appropriately, the public will be able to trust their government as it administers the budgets within the parameters in which they were appropriated.

McCaffery (2003, 93) indicates that governments should attempt to balance the three elements of budgeting so that they can provide value for citizens' taxes. Government decisions and policies should attempt to reflect efforts to provide services and goods that worth the money contributed by the human collective. Government may achieve the best for its citizens if it targets important and achievable goals. According to Willoughby (2003, 988) planning, programming budgeting system (PPBS) requires that costs be associated with government activities. Budget materials and information should be arranged in such a manner that will help the executive and the legislature to understand the broader policy implications of their decisions. Government should take decisions that promote the welfare and interest of their citizens. Budgets improve accountability of government to citizens by making budget decisions transparent to reveal to the public the amount of money spent with what results and why it was spent as such (Miller and Robbins 2003, 9).

Target-based Budgeting System

The target-based budgeting system is particularly suitable for local governments and this system identifies overall expenditure for government entities based on revenue estimates that are available and that there is executive control measures in place. At the same time this system is equally suited to situations where there is greater decentralisation and devolution of authority to allow greater flexibility and speedy decision-making at decentralised institutions. Decentralisation to points of service delivery enhances public participation and the regular evaluation and review of policy imperatives in terms of impact and relevance to the needs of the citizens. Target-based budgeting (TBB) is easily implementable at municipal level because they have to control spending but on the other hand municipalities are faced with the challenges of unpredictable demands for services by local citizens (Reed 2003, 113-114). Targets in the TBB are based on the strategic priorities or the direction of a particular institution, as well as the estimated availability of funds. Despite the facts that ceilings are put in place within which expenditure has to be

done, the budget process in this system allows that a certain percentage of the budget be set aside to take care for contingencies and discretionary spending.

Zero-Based Budgeting System

Apart from the other forms of budgeting available to government, institutions may also decide to use a zero-based budgeting (ZBB) system especially with new projects or programmes. In this type of budgeting system, the budget is defined and reformulated from zero on an annual basis (Kind 1999, 119). Information that is available from previous budgets is disregarded and only figures that are related to the future are considered. Zero-based budgeting system evaluates all activities to be funded and costs will be calculated on such information to determine budget needs in terms of available funds. The rationale for each activity has to be examined to ensure that allocated funds are spent according to policy imperatives and priorities.

This system then calls for new information whenever budgets have to be determined each year, which means that old and redundant activities will be discarded when new ones are started. The ZBB is particularly suitable for budgets that are meant for the acquisition of equipment, buildings and other capital projects. This system of budgeting then calls for proper analysis of policy objectives in terms of what government needs to achieve. Policy priorities should also be considered because there has to be continuity in service delivery and the provision of goods. If the policy mandate of the government-of-the-day is to redress imbalances and backlogs that have accumulated over years, this system may defeat the mandate due to the principle that all the information of the previous year has to be disregarded. Reporting in this type of budget has to be rigorous, to ensure that planned activities continued without necessarily taking them as the baseline. Public participation will further enhance government performance in this regard because the public will demand that planned projects for a given year be undertaken successfully, to allow new activities to be started the following year (Brown 2003, 987).

Financial resources are mostly limited especially in South Africa with a history of social neglect. Although government is facing a challenge of executing policy and functions within the limits of the allocated funds, departments need to adjust their objectives, outcomes and even their outputs. However, such adjustments should not be at detriment to service standards or compromise service delivery and the provision of public goods. Adjustments that are necessitated by budget limits or budgetary constraints means that the strategic plans of a department has to be accordingly adjusted as well. The adjustment of the strategic plan means that policy objectives of a department will be altered so that its operational plans fall within the allocated funds for a particular year. These adjustments become necessary because fiscal framework of the budget is determined by the availability of funds and the framework in turn depends on policy issues.

MULTI YEAR BUDGETING SYSTEM

In recent years with the reform of the public sector spurred by growing globalisation and the drive towards deregulation and free market operations the public budget has moved from the traditional technical accounting practice aimed at just cost efficient and accounting to more politically orientated objectives (Walker and Mengistu 1999, 10). Furthermore, in practical terms budgeting should be regarded as a continuous process that is categorised in blocks of time. Budgets will reflect a number of perspectives. The short-term perspective will reflect how much can be spent in a particular month, quarter and current budget year. The medium-term perspective will determine programming and estimating within the next three-to-five-year period while the long-term perspective will determine what the implications are of government taking on a programmatic commitment on a more permanent basis (Pauw 2002, 75).

In the past budgets were prepared on a year-to-year basis whereby short budgets were easy to prepare and manage and are effective for short term planning. With the growth of governments and thus the increase in budgets, a need to plan on a long-term basis arose. Lee and Johnson (1998, 65) indicated that it might be relatively easy to prepare and manage short-term budgets for a single financial year as opposed to multi years. Axelrod (1988, 274) states that "an annual budget carries the burden of past policy, budgetary and legislative decisions, leaving little room for manoeuvre. Hence, in any one year, the overwhelming proportion of expenditures is uncontrollable. Whether unconcretionary programmes or fixed charges like interest on debt and retirement contributions, the effect is to reduce sharply the range of executive and legislative discretion in any one year; at best, then, short of crises, chief executives and legislative bodies can only nip at the margins of the budget". In this regard a medium-term budget can be utilised to address this problem.

With the short comings as addressed by the Presidential Review Commission (1998, 157-158) and as one of the reform processes, the South African Government introduced a medium term budgeting process referred to as the Medium Term Expenditure Framework to strengthen its planning process not only to cater for the longer periods that what used to be but also to ensure a continues and effective service delivery programme.

The MTEF was introduced in 1997 by the South African government whereby a more strategic approach towards public expenditure planning and management can be followed and linked to the MTEF is the Medium Term Budget Policy Statement (MTBPS) whereby the Minister of Finance announces the government's three-year policy statement about six months before the start of the following fiscal year. This statement provides the platform from which to make inputs into the next year's budget (Pauw *et al.* 2002, 76).

The introduction of the MTEF was as a result of a continuous realisation of the shortcomings of the short-term budgeting method prior to 1997. The shortcomings of the system can be summarised as follows (Department of Finance Draft MTEF Handbook, 1997, 4):

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

The results of the above shortcomings were that:

- Funded programmes/activities continued from year to year, even when they were not consistent with changing priorities and circumstances.
- The budget process did not involve the real funding requirements of services, but was based on adding a small percentage to the previous year's allocations, with the results that essential services were under-funded.
- Capital spending proceeds without an assessment of recurrent cost implications and where sufficient recurrent funds would be available to cover the recurrent costs that would arise.

The above shortcomings made it essential to intervene and to ensure that scarce financial resources were adequately managed and controlled. The MTEF is also based on the premise that managers will have longer planning periods and as such be able to manage the allocated financial resources more effectively and efficiently. The introduction of the MTEF was also to improve the budget process to (MTEF Handbook 1997, 5):

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

The MTEF approach have a number advantages firstly that the legislators are allowed to debate the trends in spending and the direction in policy, for the legislators to assess whether the funds requested are consistent with the broad objectives of the government and the fulfilment of the transformation process and that the legislators are presented with agreed

outputs, timeframes and reports on actual expenditure and outputs of the previous year to determine how well specific departments performed in the previous cycle. With reference to the departments there is a greater political involvement in making resource allocation decisions based on strategic priorities, expenditure are linked to delivery and outcomes by ensuring that resources are allocated to what will be delivered and identifying the actual costs of providing services (Walker and Mengistu 1999, 32).

In analysing the advantages as depicted above the MTEF method of budgeting it is clear that this method is not without problems. The fact that the MTEF allocations are made a number of years in advance; this can be seen as incremental budgeting. The allocations for the outer years are normally a percentage increase of the financial year's figures under consideration. Inflation and other factors might contribute to incrementalism; it cannot be determined with certainty whether those factors will lead to continued increases in price.

Furthermore, the MTEF budgeting system was supposed to eliminate the issue of rollovers where it would not be necessary for departments to ask for rollovers of unspent funds where this trend had been committed over a number of years within the MTEF. Currently departments are still required to request for unspent funds by way of rollovers into the following financial year. This makes the objective of the MTEF process to be lost.

CONCLUSION

The transformation and modernization of the public financial management in South Africa has been based on the improvement of the key elements, transparency, accountability and the integration of the policies. This further brings about that the Constitution of the Republic of South Africa empowered the legislative to exercise their oversight in the budgetary process. The budgetary process has been transformed from a highly technical and bureaucratic exercise to an open and manageable system.

In analysing the different budgeting systems it is clear that there are advantages, that can be utilised to ensure transparency and accountability, it is also clear that the different systems could complement each other. The main purpose of the Line Item Budgeting System is to monitor and to control funds to ensure that the spending agency stays within the allocated budget, while the Performance Based Budget is focuses on the determination of not only the funds required but also on the performance indicators and measures as determined by the strategic plans. This system will also assist the executive and legislative authority to identify those spending agencies that are performing poorly and thus requires restructuring.

Government activities are complex and required to be structured in programmes to be monitored effective and efficient. The arrangement of the activities in programmes will assist not only the allocation of funds to the programmes but will also assist the legislative and executive authority to understand the broader policy implications of the decisions. The utilisation of the Zero Based Budgeting System is to force managers to pay more attention to the everyday operations and to determine the viability of the

different programmes as the reporting on this type of budget is rigorous. With the introduction of the Multi-year Budgeting System all the elements of the abovementioned budgeting systems could play an important role in order to ensure that departments stay within the allocated funds, performance are measured and that a constant reassessment of the projects and programmes are made.

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BOOK REVIEW

THE POLITICAL MANAGEMENT OF HIV AND AIDS IN SOUTH AFRICA: ONE BURDEN TOO MANY?

Author: P. Fourie, First edition: New York: Palgrave Macmillan, Price: R199 (Exclusive books) pages: 240 ISBN NO: 0-230-51696-3

The book being reviewed focuses on the challenges which were faced by South African government under different political parties in developing policies to curb the HIV/AIDS epidemic in South Africa. The author uses figures and tables to illustrate the nature and extend of the HIV and AIDS problems in South Africa. The book is structured as follows:

- Introduction;
- Aids, poverty and development in Southern Africa
- The HIV and AIDS policy environment in Apartheid South Africa (1982-1994),
- Biomedical and workplace responses in apartheid South Africa (1982-1994),
- Public sector responses to HIV and AIDS in Apartheid South Africa (1982-1994),
- Aids policy-making during the Mandela Administration (1994-1999),
- AIDS policy-making during the first Mbeki Administration (1999-2004),
- Conclusion: Looking back and looking forward.

The introductory part of the book familiarises the reader with the nature and extent of the HIV and AIDS problem in South Africa. Statistics are used to validate the problem. The introductory part of the book further defines policy-making; describe the policy-making process (agenda setting, policy formulation, policy adoption, policy implementation, and policy evaluation). An important part of the introduction is the theoretical framework which the author uses to analyse the policy-making approaches adopted by different governments since the first two cases of HIV and AIDS were discovered in 1982. The theories mentioned above are systems theory, pluralist theory, public choice theory, rational choice theory, incrementalism, elite theory, statism, corporatist theory, and Marxist theory. Although the author advocates for the adoption of an eclectic theory in the description and understanding of political events and policies, he admits that the aforementioned theories are not applicable to all policies and all phases in the policy-making process. He therefore advocates flexibility. The introduction therefore lays a firm foundation for the understanding of all the following chapters.

Chapter one provides the macro perspective of the HIV and AIDS epidemic. In the author's own words, chapter one "addresses the socio-political impact of the HIV and AIDS in South Africa and the Southern African region, using human security as the conceptual looking glass through which to gauge the causes and effects of the disaster". Labour migration, rape, prostitution, transport infrastructure are factors which provided a fertile ground for the spread of HIV and AIDS. Peace, security, reduction of life expectancy, increasing number of orphans, crime, political instability, food security,

homophobia are the direct consequences of HIV and AIDS which cannot be ignored by public officials and politicians.

The author laments lack of academic discourse on this issue prior to 1990. When discussing this issue academics attempt to be politically correct or argue according to the racial divide. The author's concern regarding the lack of rigorous discourse in political science and public administration is justifiable. The spread of HIV has the potential to impact negatively on all spheres of life in South Africa. Chapters two and three focus on the impact of the National Party government on the development of HIV and AIDS in South Africa. The socio-political environment which existed in the early 1980's in South Africa provided a fertile ground for the spread of HIV and AIDS. The obsession of the then government on racial separation and discrimination, ignorance, denial, lack of social cohesion patriarchal society, single sex hostels, and blame on homosexuals, commercial sex work and intravenous drug users compounded the problem further.

Churches responses were negative; they believed that it is God's punishment for unnatural acts. Blacks responded by distancing themselves from the problem by labelling it as a white people's (Gay) disease. The confusion is attributed to the absence of quality data about the disease.

The first HIV surveys at South African antenatal clinics commenced in 1990, the data gathered was not readily available to independent researchers. In the 1990s Aids was already becoming an epidemic. The challenges that are identified by the author relates to public apathy, inefficiencies in the delivery of health care services and training programmes for AIDS educators and councillors, the absence of clear legal operational guidelines for medical practitioners, a legal context based on contested values, and the socially inappropriate AIDS information messages and strategies. Chapter three focuses on the workplace response. This part of the book focuses on the medical aid, insurance industry, and the mining sector. Nothing is being said by the author regarding the response of the South African public sector workforce to HIV and AIDS.

The public sector response during the apartheid years (1982-1994) receives attention in chapter four. In stead of being proactive by introducing plans and intervention, policy of inaction was adopted by the government. From inaction, a number of laws were enacted. These laws, instead of addressing the problem, they became part of the problem. The first legislation was the Human Tissue Act, 1983 (65 of 1983), which was amended in 1990 to prohibit homosexual males from donating blood. The Immorality Amendment Act, 1998 (Act 2 of 1998) criminalised prostitution and escort agencies. The amendment of the Public Health Act, 1977 (63 of 1977) on 30 October 1987 empowered medical officers of health to instruct any person suspected of being a carrier of communicable disease to subject himself to a medical examination. Minister could put that person in quarantine. The amendment of the Health Act empowered municipalities to shut public service agencies to an HIV positive individual.

Similarly, on 30 October 1987, regulations were published by the Minister of Home Affairs to allow immigration officers to subject a person to submit to medical examination. The Act empowered the Minister of Home Affairs to deport non-citizens if it is in the public interest. Case law has played a significant role in the shaping of HIV and AIDS policy in South Africa. Human rights approach was adopted which outlawed discrimination on the basis of HIV and AIDS. In 1988, AIDS was no longer a homosexual problem. It was plague associated with the black heterosexuals.

The national AIDS Co-ordinating Committee of South Africa was established in 1992. Subsequently, the National AIDS Plan (NAP) was adopted by the African National Congress in 1994 and by Cabinet in October 1994. NAP represented an integrated response to HIV and AIDS and comprised of education and prevention, Counselling, health care, human rights and law reform, welfare and research. Fourie identifies the failure of implementation as the underlying obstacle to the success of NAP. The NAP document did not, in the author's opinion, move beyond problem identification, agenda-setting, policy formulation and policy adoption phases. The author further points out that NAP was not realistic in the objectives it wanted to achieve. The drafters of NAP, that is NACOSA, were an unelected group that could not be held accountable. The failure of NAP gave way to the announcement of the Partnership Against Aids and Governmental AIDS Action Plan on 9 October 1998.

Chapter five focuses on the first five years of the democratic government. This is the term in which Mandela was at the helm of the South African government. The RDP served as an ideological basis for policies and plans such as NAP between 1994 and 1996. The RDP was consequently abandoned in favour of GEAR. In 1998 the cross-sectoral Partnership Against Aids was launched. In 1998 the epidemic had already become endemic. Pro-poor policies characterised the Mandela Administration. The attempts to deal with HIV and AIDS were overshadowed by a series of scandals ranging from Sarafina II in 1996, Virodene in 1997 and the AZT decision in 1998. The author further focuses on the challenges that the Mandela Administration had to overcome. The sunset clause guaranteed civil servants their jobs. Despite the guarantee, most civil servants were unsure of their positions; their moral and productivity were low. In some instances, civil servants were unwilling to assist their new colleagues and political masters in implementing the NAP.

Another challenge that is highlighted by the author relates to intergovernmental relations. HIV and AIDS policies were made at a national level. Provinces were expected to implement these policies. Many provinces regarded the National Directorate of HIV and AIDS with suspicion and were reluctant to accept joint programmes and decision making. Material from the National Directorate was rejected for lack of consultation. Similar feuds were observed between provinces and municipalities.

Chapter six focuses on AIDS policy-making during the first Mbeki Administration (1999-2004). The author portrays Mandela as a president whose focus was more on nation building and Mbeki as Mr Delivery. The portrayal of President Mbeki as Mr Delivery suggests that more was expected from his Administration. The Mbeki Administration was characterised by the culture of legislation and litigation; the questioning of the causal link between HIV and AIDS and denialism.

A number of institutions and policies came to light during the Mbeki Administration. Inter-ministerial committee produced the HIV and AIDS/STDs Strategic Plan for South Africa, 2000-2005. Other institutions which were established to implement HIV and AIDS policies are the South African National AIDS Council, Interdepartmental Committee on AIDS, MINMECS, and a committee consisting of all provincial heads of health, provincial AIDS Councils, and Directors-General forum. It is obvious that the government had better policies and intergovernmental structures meant to implement

HIV and AIDS policies. However, despite all these implementation, HIV/AIDS was still a challenge. Provincial programmes lacked an independent evaluation system. There was little inter-provincial collaboration or communication. Provinces could only spend 36.5% of the total HIV and AIDS grants available to them from central government.

Despite the challenges outlined above, there are few successes which can be attributed to the Mbeki Administration. Firstly, the government managed to put the issue of people living with AIDS' right to essential drugs on the international agenda. In August 1999, Chapter II of the Employment Equity Act, 1998 (Act 55 of 1998) came into effect. This chapter outlawed the discrimination of people with HIV and medical testing prior to employment. In 2002 government announced the roll-out of ARVs after a few legal battles.

In concluding the book, the author turns back to the theoretical basis for the analysis of public policy. Amongst others the author points out that further research is required to establish how policy actors inside and outside government can cooperate in an effort to make policy implementation effective; the role of litigation as a vector to implement AIDS policies is under-researched and; democratisation of technical knowledge and discourses in an effort to preclude abuse of certain epistemologies.

Although the book sounds like a chronology of misfortunes relating to the HIV and AIDS, it highlights serious challenges which must be avoided in the policy-making process by all spheres of government. An important question related to the book which has to be considered by municipalities in South Africa is whether prostitution should be legalised? The book is an interesting and informative read for public officials, students and academics.

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