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**AN EXAMINATION OF THE CHALLENGES IN INTEGRATED DEVELOPMENT
PLANNING AND BUDGET ALIGNMENT AT AMATHOLE DISTRICT
MUNICIPALITY, (EASTERN CAPE)**

by

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**A THESIS SUBMITTED IN PARTIAL-FULFILMENT OF THE REQUIREMENTS
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DECLARATION

I, **Ralph Roland Links**, declare that the work presented in this mini-dissertation is my own, that I have acknowledged all the sources I have consulted in it. All wording unaccompanied by a reference is my own work. This research work has not been submitted by me for evaluation at any other university. Where information has been derived from other sources, I confirm that this has been indicated as such.

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DEDICATION

I dedicate this work to my late mother, Hester Links, who raised me to become the man I am today. Her love, kindness, generosity and strength of faith have not only inspired me but have encouraged me to overcome any obstacles in life. I dearly miss her but her spirit is here with me.

ABSTRACT

The traditional mandate of local government is to deliver sustainable services to communities. The evolution of local government has since put more emphasis on evidence based planning in the form of IDP and sound financial management. The relationship between the IDP and Budget is that, a) the IDP contains community needs, objectives and strategies on how these will be responded or dealt with by the municipality, and b) the budget is the financial plan to execute strategies that need to be employed.

The purpose of the study was to examine challenges in integrated development plan and the budget alignment of Amathole District Municipality. The study moved from the premise that municipalities are different and ADM has been in the fore front in terms of producing IDP and Budget. The study therefore is based on the assumption that the Amathole District Municipality has challenges in the IDP and Budget alignment.

The study proposed to give a background of the scholarly literature of the IDP and Budget of local government.

The empirical survey and research methodology used in the study is described and explained in-depths and followed by data collection in the form of the questionnaire. The research findings of the empirical survey are then analysed and reported in statistical form.

LIST OF ACRONYMS AND ABBREVIATIONS

AFS	-	Annual Financial Statements
ADM	-	Amathole District Municipality
IDP	-	Integrated Development Plan
IDASA	-	Institute for Democracy in South Africa
MFMA	-	Municipal Finance Management Act 56, 2003
MSA	-	Municipal Systems Act 32, 2000
MSA	-	Municipal Structures Act 117, 1998
LGTAS	-	Local Government Turnaround Strategy
MTAS	-	Municipal Turnaround Strategy
SALGA	-	South African Local Government Association
RDP	-	Reconstruction and Development Programme
NDP	-	National Development Plan
Constitution	-	Constitution of the Republic of South Africa
MIG	-	Municipal Infrastructure Grant
MBRR	-	Municipal Budget and Reporting Regulations

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CHAPTER ONE

BACKGROUND AND MOTIVATION FOR THE RESEARCH

1.1 Introduction

In a democratic country like South Africa community needs have become the centre of any local government or municipal planning and funding of services to meet these needs. Koma (2010:112-113) states that “the local sphere of government constitutes an integral part of public administration that also ought to excel in regard to the provision of public services”. Therefore, the effectiveness of the local sphere or local government, in delivering its services, depends on its ability to respond to the needs of community members.

One of the methods of indicating that community needs are significant to local government is its exercise of public participation. The Constitution of the Republic of South Africa, 1996, (hereafter referred to as the 1996 Constitution) places an obligation on local government structures to encourage community consultation and participation in meeting the expectations of local communities. To this end, the “Local Government: Municipal Systems Act 32 of 2000 as amended requires municipalities to formulate strategies and programmes to enhance public participation in local government matters. This is because municipalities are aptly defined as a sphere of government that is located within communities and well-placed to appropriately respond to the local needs, interests and expectations of communities. Therefore, the embracement of community consultation and participation are significant as they are emphasized by the Constitution and the legislation, i.e. the Municipal Systems Act 32 of 2000.

The 1996 Constitution provides that a municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community. The municipality also has the responsibility to promote the social and economic development of the; community and participate in national and provincial development programmes (Constitution of the Republic of South Africa, 1996). In addition, White Paper on Local Government, 1998, states that

municipalities should be developmental in nature in terms of their new mandate. Municipalities should, therefore, focus and play an integrating and co-ordinating role, in order to ensure alignment between public investment (including all spheres of government) and private investment within the municipal area, attests Hanabe (2013:1). This implies that funding of services should be based on genuine needs assessment of communities. To this point, this research will go beyond testing the community needs and funding of those needs but rather the challenges that emerges in aligning the strategic plan of a municipality with the budget thereof.

For the purposes of this study, Amathole District Municipality (hereafter referred to as ADM) served as a case study in assessing the alignment of its Integrated Development Plan (hereafter referred to as IDP) and Budget. The focus of the study went further to investigate whether ADM budget is a performing budget or not.

According to its demarcation and historical background the Amathole District Municipality, is a category C municipality in the Eastern Cape Province. It is established in terms of Section 155 1(c) of the 1996 Constitution and Section 3 of the Local Government: Municipal Structures Act 177 of 1998. The abovementioned district municipality was established in year 2000 and it comprises of seven local municipalities (IDP 2015:1-2); namely: Nkonkobe, Nxuba, Great Kei, Ngqushwa, Amahlathi, Mquma and Mbhashe.

According to the Amathole District Municipality's IDP (2015:15); this municipality is situated within the Eastern Cape Province, between Port Alfred and Port St John's. The district stretches from the Indian Ocean coastline in the south to the Amathole Mountains in the north. The District includes the large parts of the former Ciskei and Transkei homeland areas, which means the district has large disparities within its borders. It is bordered by the Cacadu, Chris Hani, and OR Tambo municipalities. The District covers a land area of roughly 21 229km².

“In terms of section 153 of the 1996 Constitution, a municipality has developmental duties and must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the

social and economic development of the community”. Accordingly, ADM should plan and budget in a manner that will in turn meet the expectation of its communities.

For the purposes of this study, a contemporary theory was employed as a base of enhancing the theoretical thinking in the study. One of the contemporary theories is that of a new public management. Hughes (1998:59) argues that instead of being reforms to the public sector, new public management represents a transformation of the public sector and its relationship with government and society. Due to the failure of old model, governments realized this failure and began to hire economists trained in management techniques from the private sector (Hughes, 1998:59). The introduction of private sector practices has then forced government to introduce performance management as a model to enhance revenue to meet the growing needs of the politicians to satisfy the needs of communities. For example, setting of targets for revenue collection, introduction of cost based budgeting. On this notion of performance management, Hughes (1998:61-62) argues that the new public management comprises seven main points

- Hands-on professional management.
- Explicit standards and measures of performance.
- Greater emphasis on output controls.
- A shift to disaggregation of units in the public sector.
- A shift to greater competition in the public sector.
- A stress on private sector styles of management practice.
- A stress on greater discipline and parsimony in resource use.

These principles set the bases of a shift by government in testing whether strategies employed are fulfilling the objectives of the IDP. The objectives become measurably through financial terms. The theory of New Public Management has been followed by the South African government as this is attested by the reforms introduced and in this case, budget reforms. The alignment of the IDP and the Budget thereof, represent the principles mentioned above of NPM.

The Local Government: Municipal Systems Act 32 of 2000, as amended, advocates that each municipal council must, within a prescribed period after the first meeting of its elected term, adopt a single, inclusive and strategic plan. The strategic plan is used for the development of the municipality links, that it integrates and co-ordinates all plans, that it aligns resources and the capacity of the municipality with the implementation plan. Co-ordination is about aligning the activities of different sectoral organizations and focusing them on achieving the local development goals (Maserumule, 2008:438).

The relationship between the IDP and Budget is that, the IDP contains the community needs, objectives and strategies on how these will be responded or dealt with by the municipality and the budget is the financial plan to execute those strategies to be employed. In the process of budget and IDP alignment, financial planning discipline is vital in meeting the organization's objectives. IDP therefore is a process whereby municipalities develop a 5 year strategic development plan, the Integrated Development Plan (IDP) . The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making in a municipality, thereby enabling the municipality to fulfill its transformative and developmental responsibilities. The primary purpose of the Integrated Development Plan is to integrate planning of all service in response to the basic needs of communities.

In terms of the 1996 Constitution, a municipal council has an authority to manage the financial affairs of its jurisdiction and collect all revenue due to it. The fiscal arm of the municipality exists to fund the identified needs that are contained in the municipal IDP. In terms of the MFMA, council must within a prescribed period and in each financial year approve an annual budget before the start of the financial year.

To this end, the SDBIP has been introduced as a management tool to in promoting performance and service delivery. According to the MFMA circular 13 (2005:1) the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality becomes possible if the IDP and budget are fully aligned with each other, as required by the MFMA. Taken further, MFMA Circular 13 (2005:1) provides that the budget gives effect to the strategic priorities of the municipality and is not a

management or implementation plan. This financial plan is a vehicle to ensure that all activities of the municipality are cost effective and funded. It is prepared in the prescribed format legislated by the MFMA and promoted by the National Treasury Budget Reforms.

The SDBIP serves as a “contract” between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget. Taken further; the SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councilors, municipal manager, senior managers and community. Properly prepared SDBIP as a management tool reflects the perfectly structured and aligned IDP and Budget. Budget and IDP alignment means, the objectives of set in the IDP are finance through a financial plan called a budget; both plans and budget are reduced into quarterly deliverables. The SDBIP then reflects when will these targets are set to be met and what is the evidence confirming targets met. The IDP and Budget process must be one process and this in turn will ensure alignment of both strategic documents.

1.2 Problem Statement

The Municipal Finance Management Act, 56 of 2003 (hereafter referred to as the MFMA), prescribes that the budget process and the content thereof should form part of the Budget document. It appears that although both the MFMA and MSA on IDP and Budget seek to foster community needs and funding of these needs; there seems to be a misalignment of both documents. The contributing factor to misalignment is: a lack of a broader participation of the public in articulating the needs of communities; the integration of these needs by the district with those of local municipalities; booking of correct available funding to those identified needs. Accordingly; both these processes would be one process as prescribed by the MFMA and MSA. The Budget should be a financial plan to fund needs that are

contained in the IDP, contrary, there is no clear map on how these needs are funded. The consequence thereof is that, the budget cannot be said that it is a performing budget if it does not respond to the identified needs.

1.3 Objectives of the Study

The following are considered to be the key areas of focus of this research:

- To assess the ability of the Amathole District Municipality to align its IDP and Budget.
- To what extent is both the district IDP and Budget presents that of Local Municipalities.
- To appraise the institutional capacity to strengthen the systems of governance within the municipality.

1.4 Significance of the Research

The significance of this study is that it is going to add value on the existing body of knowledge on the subject about IDP and its alignment to its budget. The study is going to be valuable to other researchers who have interest in evaluating the impact of service delivery to communities within the jurisdiction of the district and to other organs of state for planning purposes.

The aim of this study was to determine the extent to which the IDP of the municipality is aligned to its budget. There is a need for these two strategic documents (the IDP and budget) to complement and speak to each other. The financial plan, that is, a budget must reflect the identified community needs contained in the IDP, in other words the finances that are available at the municipality must be linked to its strategic plan.

1.5 Literature Review

1.5.1 The purpose of literature

According to Creswell (1994:20-21), the literature in a research study accomplishes several purposes. These are as follows:

- It shares with the reader the results of other studies that are closely related to the study being undertaken;
- It relates a study to the larger, ongoing dialogue in the literature about a topic, filling in gaps, and extending prior studies; and
- It provides a framework for establishing the importance of the study, as well as a benchmark for comparing the results of a study with those of other findings.

1.5.2 The Integrated Development Plan and Budget

Nexus search has revealed that currently there is plenty of research that has been done on both IDP and Budget, but not much research has been conducted on the alignment of both these strategic documents used in enhancing service delivery, with particular reference to rural municipalities. Accordingly, the Municipal Finance Management Act 56 of 2003 (the MFMA) and related circulars on the MFMA, have set guidelines on the preparation of the budget and MSA on the development of the IDP in improving performance, monitoring, governance, and accountability.

“The key feature of developmental local government in South Africa is the Integrated Development Plan (IDP), a principal strategic instrument which guides and informs all planning, budgeting and management decisions of a municipality (Department of Provincial and Local Government DPLG, 1999:9). According to Craythorne (2006:145) IDP means a plan aimed at the integrated development and management of the area of jurisdiction of the municipality concerned in terms of its powers and duties, and which has been compiled having regard to the general principles contained in chapter 1 of the Development Facilitation Act 67 of 1995. Furthermore, planning undertaken by a municipality must be aligned with, and complement the development plans and strategies of other affected municipalities

and other organs of state, so as to give effect to the principles of co-operative government as contained in the Constitution.

Parnell and Pieterse (Undated: 3) cited by Asmaha-Andho (2009:104) argue that the establishment of separate bureaucratic systems for governing municipalities according to the dictates of developmental local government where issues such as integrated planning processes together with creating a fiscal base and institutionalising the principles of new public management go hand in hand with fragmentation of jurisdictions. Thus the municipal Integrated Development Plan's (IDP) alignment to the macro development perspective of a district municipality, a provincial or national sphere of government was tenuous at best". This suggests that IDP and Budget represented by fiscal power of a municipality come the long way and if both these are tackled correctly, they can produce the best result as far as delivery of municipal services.

1.5.3 The South African Legislation

Municipalities in South Africa are governed by legislation that gives guidelines on what is expected of them, what services to deliver, to whom, and of what quality. This includes the planning of these services and the implementation of such plans. The local sphere of government, is charged with various responsibilities, as outlined in terms of section 152(1) of the 1996 Constitution, as follows:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote the social and economic development of the community. In order for the basic services to be provided in a sustainable manner, the structure of the municipality must be correct; inclusive planning must be promoted; and the resources must be used effectively and efficiently.

- Moreover, a municipality must, as a developmental local government, structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community”;

The White Paper on Local Government, 1998, states that municipalities have a range of delivery options to enhance service provision; and their administrations need to be up to standard for the implementation of chosen delivery options in the most effective manner and to ensure maximum benefit to their communities.

The White Paper on Transforming of Public Service Delivery, 1997, promotes a public service to be more effective with the emphasis on the Batho Pele (People First) principles – for an improved service delivery. At the local sphere of government, the Local Government: Municipal Systems Act, 32 of 2000, prescribes that a municipality must, within its administrative and financial capacity, establish and organize its administration in a manner that would enable the municipality to:

- Be responsive to the needs of the local community;
- Facilitate a culture of public service and accountability amongst its staff;
- Be performance-oriented and focused on the objectives of local government set out in section 152 of the Constitution and its developmental duties, as required by section 153 of the Constitution;
- Ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality’s integrated development plan; and
- Organize its political structures, political office-bearers and administration in a flexible way, in order to respond to any changing priorities and circumstances”.

The primary aim of the Municipal Finance Management Act, 56 of 2003, is to secure sound and sustainable management of the financial affairs of municipalities and other institutions at the local sphere of government; to establish treasury norms and

standards for the local sphere of government; and to provide for matters connected therewith. Section 56(2)(c) of the Local Government: Municipal Structures Act, 117 of 1998, requires the Executive Mayor to recommend to the Municipal Council the various strategies, programmes and services needed to address the priority needs through the Integrated Development Plan. Section 56(3)(e) states that the Executive Mayor must oversee the provision of services to communities by the municipality in a sustainable manner.

1.6 Delimitation of the research

This study was limited to an assessment of IDP and Budget alignment in Amathole District Municipality.

1.7 Research Methodology

The methodology chosen for this study is quantitative approach– using a structured questionnaire to gather the data. The primary reason for choosing this methodology is that the respondents (the sample group) function within a political environment which could inhibit the respondents from freely providing the necessary information. An additional reason for selecting the quantitative approach is that the sample size is likely to be fairly large, coming from the political and administration components. The advantages of using quantitative research methodology are that, it is more objective; subjected to statistical analysis and it's easier to collect data as sample size is often larger.

1.7.1 The research design

According to Terre Blanche and Durrheim, (1999) research design is a strategic framework for action that serves as a bridge between the research questions and the execution or implementation of the research. This means, a research design concerns the process of formulating the most appropriate methodology for the purposes of the research and the actual implementation thereof.

1.7.1.1. Population and Sampling.

According to Neuman (2011:240), a sample is a smaller number (than the entire population) and must be representative of the larger group. To this point the selection of a sample was made from members of the municipal council (councillors), head of departments (section 56 - management) and officials dealing with the IDP and Budget. The section 56 managers and mayoral committee members participated, and their participation was justified in terms of their level of seniority at the municipality.

The researcher selected a sample of 24 respondents, who included members of the municipal council, selected municipal officials (section 56 managers) who hold senior positions. Creswell (1994:2) defines a quantitative study as an enquiry into a social or human problem that is based on testing a theory composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether the predicted generalizations of the theory hold true.

This means in a quantitative study statistics are used to interpret either a social behavior or to prove a certain theory. According to Neuman (2011:178), in quantitative research all the concepts are defined into the language of variables. Concepts are the building blocks of theory, and they are the pillars that support any thinking about the social world.

1.7.1.2 Questionnaire

In this study, the researcher used a well-structured questionnaire. Punch (1998:30) described a survey questionnaire as being one that is guided by the research questions, and is the main data-collection instrument. Therefore, it is situated between the research questions and the strategy, and process of data collection. Neuman (2011:309) argues that surveys can provide accurate, reliable and valid data; but they also demand serious effort and thought, and can produce information that is inherently statistical in nature.

To this point it is worth noting as expressed by Babbie and Mouton (2001:259) that self-administered questionnaires are appropriate when the population under study is

adequately literate. In this study respondents were given a questionnaire to complete based on the well-structured question.

1.7.1.3 Data-collection techniques

The reliability and accuracy of the data collected are important, as they play a major role in the interpretation and conclusion on the findings of the survey. As previously mentioned, the research instrument for the purposes of the empirical survey took the form of self-administered questionnaires. This is as a result of the level of understanding of the selected category of participants to be chosen.

The total number of questionnaires administered was 24, based on the sample size, as described above. One of the keys to obtaining quality research information is a well-designed questionnaire. A questionnaire was compiled to ensure that it meet the aims and objectives of the study. In this study, a questionnaire was designed to have fully structured statements using the 5-point Likert-Rating Scale. In addition, open-ended questions were also incorporated to allow for the respondents to freely express their views on the issue of alignment. To perfect this tool and the study itself, the researcher worked closely under the guidance of a qualified statistician and the promoter – in the construction. A pilot study was undertaken to refine and improve on the questionnaire.

1.7.1.4 Data analysis and interpretation

By employing the quantitative methodology, the data was processed using numerical interpretation. In the case of the questionnaires (numerical), the data are often captured manually and transferred to an automated spreadsheet to generate a report. An appropriate computer soft-ware program was used in the analysis of the collected data, and the researcher worked closely under the guidance of a qualified statistician in the analysis and interpretation of the collected data.

1.7.1.5 Reliability and Validity

The value of the research would ultimately depend on the reliability and validity of the data collected. According to Neuman (2011:207), reliability and validity are central concerns in all measurements involving surveys. Reliability means dependability or consistency (Neuman, 2011:208). Validity suggests truthfulness, and refers to how well an idea fits with the actual reality (Neuman, 2011:208).

1.8 Ethical Considerations

Ethical considerations are important when conducting research involving human subjects, in particular. The respondents were informed that their involvement is by choice and their response would be treated confidentially. No names or any other forms of identification were required in the questionnaire. According to Neuman (2011:143), ethical research depends on the integrity and values of the individual researchers. The anonymity of the respondents was protected, and the nature of the research was explained to all the participants before inviting them to participate in the survey.

Permission to conduct the survey was sought from the Accounting Officer of Amathole District Municipality and approval from Research Technology and Innovation (HDC) of the Faculty of Public Administration at the UFH, were also obtained prior to the survey.

The participants were requested to sign an Informed Consent Form prior to completing the questionnaire. Informed consent also implies that if there are risks involved to the participants, and were explained to them; and that they are free to withdraw from participation at any point.

1.9 Chapter Layout

Chapter One: Introduction – This chapter provides an overview on, *inter alia*, the introduction, purpose of the study, problem statement, objectives of the research and the method of assessment.

Chapter Two: Literature Review – The theoretical framework of the study is presented.

Chapter Three: Research Methodology –The research methodology is explained for the purposes of this study.

Chapter Four: The presentation findings and discussion – The interpretation of data collected is presented in this chapter.

Chapter Five: Recommendation and Conclusion -Recommendation and Conclusion are dealt with in this chapter.

CHAPTER TWO

THE LITERATURE REVIEW: MUNICIPAL INTERGRATED DEVELOPMENT PLAN AND BUDGET

2.1 Introduction

This chapter provides a perspective on the main features of this research by conceptualizing Integrated Development Plan and Municipal Budgeting giving clarity and focus to the research problem. Furthermore, in this chapter the introduction of the Municipal Finance Management Act to local government is discussed.

2.2 Definition of Terms

The following key concepts are defined hereunder:

2.2.1 Municipality

In terms of the Municipal Systems Act, 32 of 2000 as amended, a municipality –

- (a) Is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act, 1998;
- (b) Consists of—
 - (i) The political structures and administration of the municipality; and
 - (ii) The community of the municipality;
- (c) Functions in its area in accordance with the political, statutory and other relationships between its political structures, political office bearers and administration and its community; and
- (d) Has a separate legal personality which excludes liability on the part of its community for the actions of the municipality.

The Municipal Systems Act, 32 of 2000 as amended, defines a district municipality as a category C municipality. According to the 1996 Constitution, a category C

municipality is a municipality that has a municipal executive and legislative authority in an area that includes more than one municipality.

2.2.2 Status of Municipalities

According to the Constitution of the Republic of South Africa, 1996 a municipality is, the local sphere of government which consists of municipalities, which must be established for the whole of the territory of the Republic. The executive and legislative authority of a municipality is vested in its Municipal Council. A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution and the national or provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

According to Craythorne (2006:7) a municipality is not, as in the past, a creation of statutes, but an integral part of the government of South Africa by the virtue of being entrenched in the Constitution.

2.2.3 Integrated Development Plan

The term Integrated Development Plan means a plan that is aimed at the integrated development and management of the area of jurisdiction of the municipality concerned in terms of its powers and duties, and which has been compiled having regards to the general principles (Craythorne, 2006:145). IDP is a strategic document of a municipality from which, the plans and how they will be executed are recorded. This plan includes Spatial Development Framework that details the special aspects of the entire jurisdiction of the municipality.

2.2.4 Budget

According to Mikesell (1986:32) as cited by Gildenhuys (2000:417) budgets are public programmes expressed in monetary terms. In agreeing with this statement, Visser and Erasmus (2002:70) state that budgets align political objectives with monetary allocations.

2.2.5 Local Government

According to the 1996 Constitution local government is regarded as a distinct sphere of government in its own right, and it is no longer a function of National or Provincial government. Although this sphere of government is distinct, it is interdependent of, and interrelated to the other two spheres of government being: the National and Provincial government. The primary role of local government is to render services to the community. It is, therefore, responsible for infrastructural development, as an essential vehicle for the sustainable delivery of services, economic growth and investment promotion within its area of jurisdiction. In order for this to be achieved, it must work closely with citizens, groups and communities to create sustainable settlements to respond to the Constitutional provisions of a decent quality of life, and to meet the social and economic needs of its community.

2.2.6 Service Delivery and Budget Implementation Plan

In terms of the Municipal Finance Management Act, (56 of 2003) the Service Delivery and Budget Implementation Plan (SDBIP) is a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate—

- (a) Projections for each month of—
 - (i) Revenue to be collected, by source; and
 - (ii) Operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter; and
- (c) Any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the MFMA.

2.2.7 Powers and Functions of Local Government

Section 156 of the Constitution of the RSA, 1996 provides for the powers and functions of municipalities thus:

A municipality has the executive authority in respect of its duties and has a right to administer the local government matters listed in Part B of Schedule 4 and Part B of

Schedule 5. This includes any other duties assigned time to time by either national and provincial government. In addition, by-laws by municipalities ensure their administrative effectiveness and these by-laws must not conflict with the existing legislation by both national and provincial government. Taken further, a municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to the effective performance of its functions.

2.3 Local Government Reform in South Africa

Before 1994, no single, uniform system of local government existed across the country: Each Province had its own configuration of local government institutions (Visser, 2009:9). Local government, as an institution of governance was subservient to the higher spheres of government. The subservience of local government was manifested through local authorities that existed in terms of provincial laws, and that their powers and functions were dependent on and curtailed by those laws. The development of separate local authorities for separate racial groups, under the leading theme of 'own management for own areas', produced a clever scheme of naked exploitation on the basis of race (Visser, 2009:9).

According to Craythorne (2006:8-13) local government has been part of the central government with no executive powers. Taken further, the following depicts the transitional period of local government:

- Promotion of Local Government Affairs Act 91 of 1983
- Regional Services Councils Act 109 of 1985
- The Interim Measures for Local Government Act 128 of 1991
- The Local Transition Act 209 of 1993
- The Constitution of the Republic of South Africa, Act 108 of 1996
- Organized Local Government Act 53 of 1997
- White Paper on Local Government, 1998
- Local Government Municipal Systems Act 32 of 2000

These Acts and prescripts, clearly demonstrate the evolution of local government and the transformation thereof.

2.4 Developmental Local Government

Municipalities, as institutions of the local sphere of government, have been identified for the implementation of the national developmental agenda (Asmah-Andoh, 2005:269). In terms of section 153 of the Constitution, 1996, a municipality has developmental duties and must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community. Governing communities involves planning with communities and other stakeholders, provincial government, national government, and non-profit organizations. This would, in turn, promote accountable local government and public participation; and it should further deepen democracy.

Raga and Taylor (2005:246), as cited by Maserumele (2008:437), suggest that the term “developmental local government” encapsulates a new mandate, which should be intrinsic to the developmental role that local authorities would be required to perform. In terms of prescriptions contained in the White Paper on Local Government, 1998, developmental local government puts forward a vision of a developmental local government, which centers on working with local communities to find sustainable ways to meet their needs and to improve the quality of their lives. Local government has a critical role to play in rebuilding local communities and environments, as the basis for a democratic, integrated, prosperous and truly non-racial society.

The status of local government has accordingly changed significantly in terms of the new democratic order and has resulted in an executive authority (of local government) to govern its own affairs. The statement that local government is distinctive is of considerable importance to the autonomy and independence of local government.

2.4.1 Characteristics of Developmental Local Government

The 1996 Constitution commits government to take reasonable measures, within its available resources, to ensure that all South Africans have access to adequate housing, health care, education, food, water and social security (The White Paper on Local Government, 1998). Local government or municipalities are faced with numerous challenges, ranging from delivery of services to satisfying the basic needs of communities. This should be understood in terms of what is expected of them, as stipulated by the 1996 Constitution. Although this is expected of these municipalities, their challenges are complex and unique.

The White Paper on Local Government, 1998, prescribes that developmental local government in South Africa is based on four interrelated characteristics, namely:

- (i) Maximizing the social and economic growth of a local area to achieve cost-effective and sustainable service delivery, especially for the poor;
- (ii) Integrating and coordinating the various local economic and social developmental activities, and linking up with national and provincial development through the flagship of Integrated Development Planning (IDP);
- (iii) Building local democracy, as being central to development, and continuously involving citizens, businesses, communities, groups, and all the relevant role-players in processes, such as decision-making, planning and budgeting; and
- (i) Municipalities are required to provide leadership in the efforts to achieve the developmental vision.

The manner in which local government is required and expected to perform suggest the use of contemporary theory by adopting the features of private sector. Accordingly, the well know and accepted explanations of adopting the NPM model are as a result of weaknesses and failures of traditional way of the state bureaucracy, particularly managerial inefficiency, public inaccessibility, economic inertia, high level of corruption and serving only those know by politicians. The introduction of performance management and budget reforms by government strengthens the adoption of this model and its applicability in the public sector.

2.5 South African Legislation

South African legislation provides guidelines on what is expected of municipalities, and how they should be managed; on how services should be planned, budgeted and delivered to communities – including how the political and administrative leadership should conduct themselves and the businesses of municipalities, for the effective, efficient administration and management in municipalities.

In the South African context, there are a number of pieces of legislation that govern both the planning, budgeting and performance management of local government. Although these laws are different, the Constitution, 1996, states that the Constitution is the supreme law of the Republic. This is organized in such a manner that any law or conduct inconsistent with the Constitution is invalid, and the obligations imposed by the Constitution, 1996, must be fulfilled. Further to this constitutional provision, all spheres of government must observe and adhere to the principles of the Constitution, and must conduct their activities within the parameters that the Constitution provides. In this regard, local government is charged with a number of duties or activities on which it must focus in meeting its functions.

Craythorne (2006:7) states that by way of comparison, the national legislative authority of the Republic is vested in Parliament, while the executive authority of a municipality is vested in the elected council. The base of Craythorne's argument is that of the 1996 Constitution. Taken further, all municipalities in order to fulfill their constitutional mandate, must be developmental in nature. The White Paper on Local Government, 1998, mandates local government to be committed in working and planning with its citizens and groups, find ways and address matters of sustainable services and promote socio and economic development.

The primary aim of the Development Facilitation Act (67 of 1995), is to introduce extraordinary measures to facilitate and speed up the implementation of reconstruction and development programmes and projects in relation to land; and in so doing, to lay down general principles governing land development throughout the Republic. The Act further provides for the establishment of a Development and Planning Commission for the purpose of advising the government on policy and laws

concerning land development at national and provincial levels; to provide for the establishment in the provinces of development tribunals, which have the power to make decisions and resolve conflicts in respect of land-development projects; to facilitate the formulation and implementation of land-development objectives by reference to which, the performance of local government bodies in achieving such objectives may be measured.

The Act also provides for nationally uniform procedures for the subdivision and development of land in urban and rural areas, so as to promote the speedy provision and development of land for residential, small-scale farming or other needs and uses; to promote security of tenure, while ensuring that end-user finance in the form of subsidies and loans becomes available as early as possible during the land-development process; and to provide for matters connected therewith.

The Municipal Structures Act (117 of 1998), in its preamble, states that there is fundamental agreement in the country on a vision for democratic and developmental local government, in which municipalities fulfill their constitutional obligations to ensure sustainable, effective and efficient municipal services, to promote social and economic development, to encourage a safe and healthy environment by working with communities in creating environments and human settlements, in which all people can lead uplifted and dignified lives.

In terms of the Municipal Systems Act (32 of 2000), as amended, “development” means sustainable development and includes integrated social, economic, environmental, spatial, infrastructural, institutional, organizational and human resources upliftment of a community aimed at: (a) Improving the quality of life of its members with specific reference to the poor and other disadvantaged sections of the community; and (b) ensuring that development serves present and future generations.

Further to this, the Act, as amended, provides that a municipality must undertake developmentally oriented planning, so as to ensure that it strives to meet its objectives, as outlined in the Constitution, 1996, and to give effect to its developmental duties together with other organs of the State, in order to contribute to

the progressive realization of the fundamental rights of communities. In confirming this, Craythorne (2006:306) states that public planning and public administration and management are inseparable, and as such the MSA recognizes this by requiring the IDP to be reviewed annually and amended if it is necessary.

To this point, it is worth noting that, in terms of the Municipal Systems Act (32 of 2000) as amended; (1) The planning undertaken by municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution; (2) municipalities must participate in national and provincial development programmes as required in section 153 (b) of the Constitution; (3) municipalities are required to comply with planning requirements in terms of national or provincial legislation. It is proposed that in an effort to further achieve the aims and objectives of “developmental” local government, the Local Government: Municipal Finance Management Act (56 of 2003), requires secure, sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards, and other requirements for:

- (a) Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;
- (b) The management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;
- (c) Budgetary and financial-planning processes and the co-ordination of those processes with the organs of State in other spheres of government;
- (d) Borrowing;
- (e) The handling of financial problems in municipalities;
- (f) Supply-chain management; and
- (g) Other financial matters.

Sound municipal financial management forms part of the duties of developmental local government, as contained in section 153 of the Constitution, 1996.

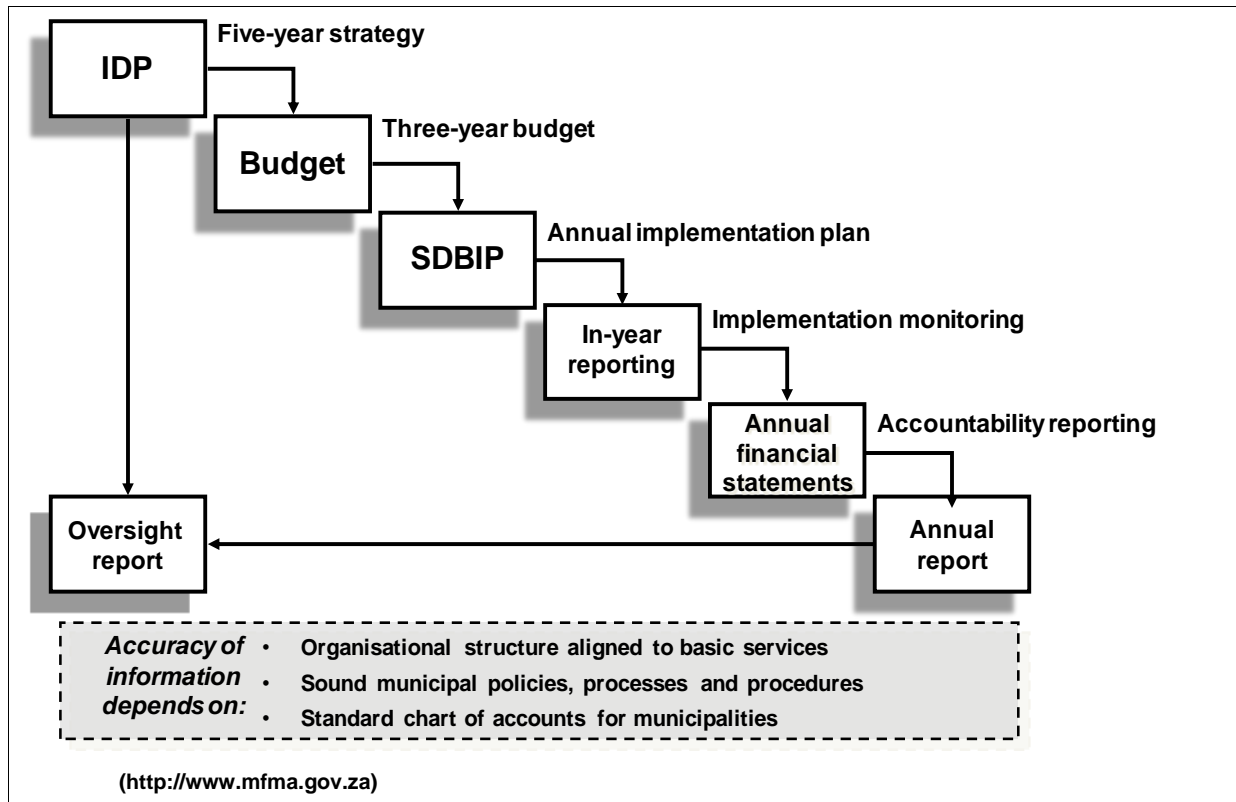
According to the Constitution, 1996, (section 215), National, Provincial and Municipal budgets and budgetary process must promote transparency, accountability and effective financial management of the economy, debt and the public sector. Each budget of each sphere of government must show the sources of revenue and the way in which proposed expenditure will comply with national legislation. The Municipal Finance Management Act (56 of 2003) states that; (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year; (2) in order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year; (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Taken further, the MFMA states that when an annual budget is tabled in terms of section 16 (2), it must be accompanied by the following documents: (a) Draft resolutions; (i) approving the budget of the municipality; (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and (iii) approving any other matter that may be prescribed; (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan; (c) a projection of cash flow for the budget year by revenue source, broken down per month; (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act. To this end, evidence exists that the IDP and the Budget compliments each, in fact, the municipal budget is the financial plan and is a face of the municipal planning.

Public financial decision-making should always aim at the most reasonable and equitable way in which public financial resources can be allocated, as well as at the most efficient and effective way in which the financial resources can be applied to satisfy the collective needs of the public (Gildenhuys, 1997:54). The diagram below represents an accountability cycle that enforces compliance with local government legislation to improve planning and financial management: that is, budgeting

planning, implementation and reporting. The accountability cycle includes: IDP (five-year strategic plan); Budget (Medium-Term Revenue and Expenditure Framework); Service Delivery Budget and Implementation Plan (Annual Implementation Plan); Annual Reporting (Implementation Monitoring); Annual Financial Statement (Accountability Reporting); Annual Report and Oversight Report.

Figure 2.1 the Accountability Cycle



This accountability cycle outlines the SDBIP as an important phenomenon in IDP and Budget alignment. According to the MFMA, the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and this will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA. The budget gives effect to the strategic priorities of the municipality and is not a management or implementation plan. In aligning these strategic documents, a municipality must be able to map out how the community’s needs that are outlined in the IDP will be financed either through grants or service charges. This will, in turn, make it easy for oversight committees of council to measure whether the financial plan in the form of a budget is able to meet the objectives contained in the IDP.

2.6 Conclusion

An Integrated Development Planning is one of the key tools for local government to plan with communities to realise its new developmental role. In contrast to the role that planning has played in the past, an Integrated Development Planning is now seen as a function of municipal management, as part of an integrated system of planning and delivery services. The IDP process is meant to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner (Malefane, 2008:716). To attest on this, IDP cannot be just a complaint matter but that of responding to the needs of communities that are funded and delivered in the form of municipal services.

According to the Department of Provincial and Local Government DPLG (1999:9) cited by Andoh (2009:106) the key feature of developmental local government in South Africa is the Integrated Development Plan, a principal strategic instrument which guides and informs all planning, budgeting and management decisions of a municipality. It is a form of planning that involves linkages and co-ordination among all sectors of a municipality as a blue print for the total operation of the municipality. A municipality's IDP is therefore, a product of the integrated planning process. The IDP represents a radical reorientation of municipal government and gives reality to the paradigm shift in terms of how municipalities should integrate development with planning (Ando, 2009:106).

The biggest question that always comes to the surface is whether the financial plan being the budget can fund services and needs contained in the IDP. The process followed by municipalities in both processes is able to display the alignment of these documents. Chapter 3 deals with the research methodology.

CHAPTER THREE

THE RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a perspective of the research methodology used; and it explains the data-collection techniques and sampling, focusing also on the reliability and validity of the data-measuring instruments.

3.2 Research Methodology

According to Brynard and Hanekom (2006:35) research methodology is the “how” of collecting and processing data within the framework of the research process. Two basic methodologies for collecting data may be distinguished, namely quantitative and qualitative methods. Babbie and Mouton (2001:647) argue that, research methodology includes an explanation of the methods, techniques, and procedures that are employed in the process of implementing the research design or research plan, as well as the underlying principles and assumptions that underlay their use. To this, Neuman (2011:200) argue that in all social research, both qualitative and quantitative data are connected to ideas or concepts.

The researcher decided to use a quantitative research methodology approach, as it is more relevant for this study. This would enable the researcher to obtain relevant, reliable and more useful information from the sample group (councilors and management) through a questionnaire that constitutes closed and open-ended questions. Struwig and Stead (2010:4) explain quantitative research as a form of conclusive research that involves large representative samples and fairly structured data collection procedures.

According to Webb and Auriacombe (2006:592), quantitative research uses methods that are adopted from the natural sciences, and it is designed to ensure objectivity, generalisability, and reliability. Quantitative data refers to the use of variables that can be characterized in numerical terms. These types of variables are common in

the natural sciences, where numbers, formulae and rigid exact physical laws play an important role. Variables, such as mass, distance and time are typical quantitative measurements in the natural sciences (Jarbandhan and Schutte, 2006:676).

In quantitative research, the researcher is considered to be external to the subjects (an *outsider*), and the results are expected to be replicable no matter who conducts the research (Webb and Auriacombe, 2006:592).

3.3 Research Design

Babbie and Mouton (2001:647) explain research design as a plan or structured framework of how one intends to conduct a research process, in order to solve a problem, so that it can be classified, according to whether it is empirical or non-empirical. A research design is basically a set of guidelines and instructions on how to reach the goal/s that the researcher has set for himself/herself. In simple terms a research design is the way that the researcher proposes to go about testing the hypotheses or answering the research question. Therefore, a research design consists of a clear statement of the research problem, as well as plans for collecting, processing, and interpreting the observations intended to provide answers to the research question or to test the hypothesis (Singleton and Straits, 2004) as cited by (Webb and Auriacombe, 2006:590).

For the purpose of this study, data was collected using a questionnaire survey method and the design to be used is in accordance with the quantitative method and as a descriptive research.

3.4 Population and Sampling

This study was conducted in Amathole District Municipality, and as such the population for purposes of the study consisted of the municipality's councilors and management staff. According to Neuman (2011:241), a population is an abstract idea of a large group of many cases, from which a researcher draws a sample, and to which the results from a sample are generalized. Babbie and Mouton (2001:164)

argue that sampling is the process of selecting representative participants and observations.

Concurrently a population is the object of research and consists, among others, of individuals, groups, organizations, events or the conditions to which they are exposed (Fox and Bayat, 2007:51). Brynard and Hanekom (2006:54) define sampling as a technique employed to select a small group (the sample) with a view to determining the characteristics of a large group (population).

To get a fair representation of the population, the researcher handed out questionnaires to 20 respondents.

3.5 The Empirical Study

Babbie and Mouton (2001:232) maintain that survey research is the best method available to the social scientist who is interested in collecting original data for describing a population that is too large to observe directly. Taken further, surveys are also excellent vehicles for measuring attitudes and orientations in a large population (Babbie and Mouton, 2001:232). Surveys have many uses and take many forms, for example, phone interviews, internet opinion polls, and various types of questionnaires. These can all provide accurate, reliable, and valid data, and can produce the information that is inherently statistical in nature (Neuman, 2011:308-309). To this end, questionnaires were handed out to a sample of 20 participants. The necessary permission to undertake the survey at the Amathole District Municipality was granted by the Accounting Officer as the Head of Administration.

3.6 Questionnaire Design

The questionnaire consisted of twenty (20) questions, fifteen (15) were closed-ended questions and five (5) were open-ended questions. The researcher's aim was to cover much information that is based on different categories of respondents (Councillors and Management). Questions were constructed in such a manner that they were not leading, intentionally or unintentionally, to bias. To this point respondents were given sufficient discretion to exercise their own judgement.

Willemse (1990:9), as cited by Tsatsire (2008:230-231), lists the following requirements to be taken into account when compiling a questionnaire: (a) Confidentiality should be assured; (b) wherever possible, a choice of answers should be given on the form; (c) the questionnaire should be well laid-out, with adequate space for answers, where necessary; (d) the questions should not be offensive; (e) the questions should not give cause for emotive language; (f) the questions should not require any calculations; and (g) the questions should be short, simple and to-the-point.

The closed-ended questions were based on the Likert-Rating Scale from 1-5, as follows:

- | | | |
|---|---|-------------------|
| 1 | = | Strongly Disagree |
| 2 | = | Disagree |
| 3 | = | Undecided |
| 4 | = | Agree, and |
| 5 | = | Strongly Agree |

These questions were structured without predetermined answers or direction of the research to obtain the true sense of the respondents' actual and honest views.

3.7 Self-administered Questionnaire

According to Babbie and Mouton (2001:258) self-administered questionnaires are only appropriate when the population under study is adequately literate. In this regard due to the level of education of the management of Amathole District Municipality and councilors, all respondents in this category were asked to do a self-administered exercise – this means that no assistance was given to them in completing the questionnaire. The respondents were given questionnaires by hand.

3.8 Conclusion

This chapter outlines the methods that were used in conducting the study. These include the employed techniques, sample to be considered as the unit of analysis, and how the data was analyzed. In this chapter findings are not discussed. Chapter 4 deals with data presentation, analysis and interpretation.

CHAPTER FOUR

DATA PRESENTATION

4.1 Introduction

In the previous chapter, the research methodology that was used in the study was discussed and explained including data-collection techniques and sampling. The focus of the chapter was also on matters of reliability and validity of the data-measuring instruments. This current chapter provides the research findings, that is, the collected data is presented and analyzed. Taken further, in this chapter the perceptions of councilors and officials (management), on the alignment of the IDP and Budget will be dealt with. This chapter further provides an account of the questions that were raised in chapter 1, which include

- (a) Does the municipality have a structured institutional approach to service delivery improvement?
- (b) Are the systems of governance fully functional in a manner that promotes the overall planning and budgeting?
- (c) Are the systems of governance fully functional in a manner that promotes the overall performance of the municipality?
- (d) Are the appointed officials sufficiently supported and skilled to meet planning and budgeting requirements?
- (e) What role should community members play in terms of municipal planning and budgeting?

4.2 Data Presentation, Analysis and Interpretation

Below is the research findings and interpretation thereof. All the respondents were given the same set of questions in the form of statements, to which they were expected to respond. Graphs and tables are used to interpret the findings to illustrate the level per value rating of each respondent. These graphs were constructed by the researcher using Microsoft Excel under the guidance of the supervisor.

4.2.1 Rate Response

As previously mentioned the researcher distributed twenty (20) questionnaires to the respondents; however only seventeen (17) questionnaires were completed and returned. According to Babbie and Mouton (2001:261), the overall response rate is a guide to the representativeness of the sample respondents. If a high response rate is achieved, there is less chance of significant response bias than in a low rate. A quick review of the survey literature would uncover a wide range of response rates. A rule-of-thumb in a return-rate consensus is that 50% is adequate for analysis and reporting; 60% is good; and 70% is considered to be very good. On this point, the response rate for this study was 85%; the researcher, therefore, decided to undertake an analysis of the collected data under the guidance of the supervisor.

4.2.2 Personal Profile

The structure of the questionnaire required the respondents to respond in three different categories (sections): biographical data, closed-ended and open-ended questions, of which questions 1 – 5 of the questionnaire required the respondents to complete the general biographical data, *inter alia*: gender, mother tongue, age, highest level of education, and designation in Amathole District Municipality. The interpretation of the findings is divided into three (3) sections; A, B and C; and the results are presented as follows:

Section A

[1] Gender

The frequency table and the graph below indicate the respondents, according to their gender.

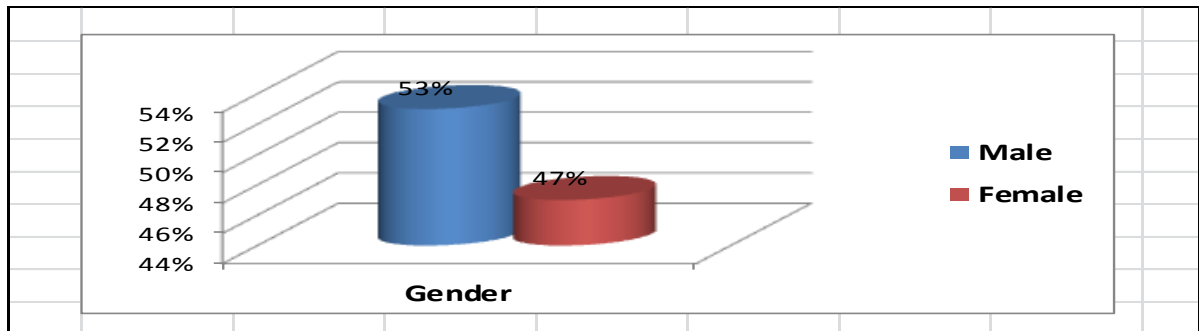


Figure 4.1: Gender Analysis – Own Construction

A total of 53% of the respondents were males, and 47% were females. The analysis of this indicates that respondents were predominately male.

[2] Mother Tongue

The graph below indicates the respondents according to their mother tongue.

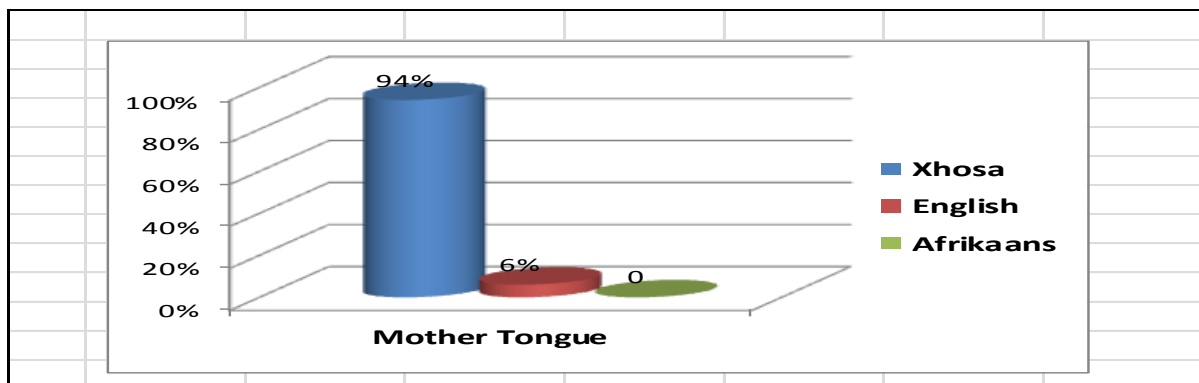


Figure 4.2: Mother Tongue Analysis – Own Construction

The graph reflects that the majority of respondents (94%) use isiXhosa as their mother tongue.

[3] Age

The frequency tables below indicate the ages of the respondents.

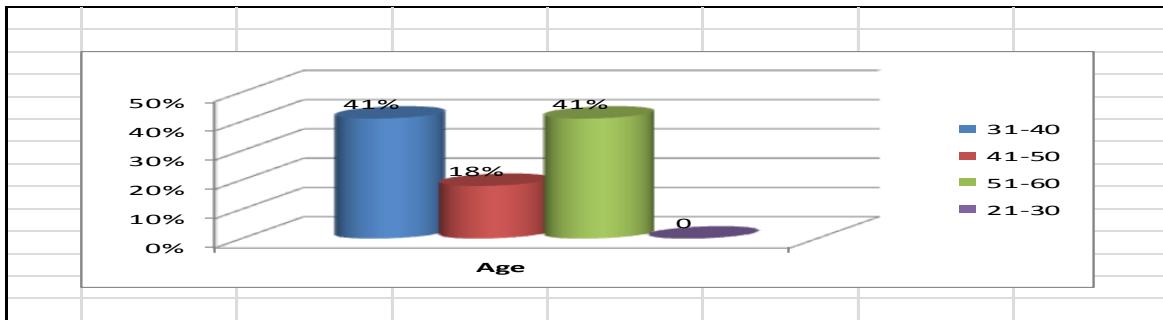


Figure 4.3: Age Analysis – Own Construction

A total of 72% of the respondents were below the ages of 50, whilst 28% were 50 and above.

[4] Highest Level of Education

The frequency table and graph below present the respondents, according to their level of education.

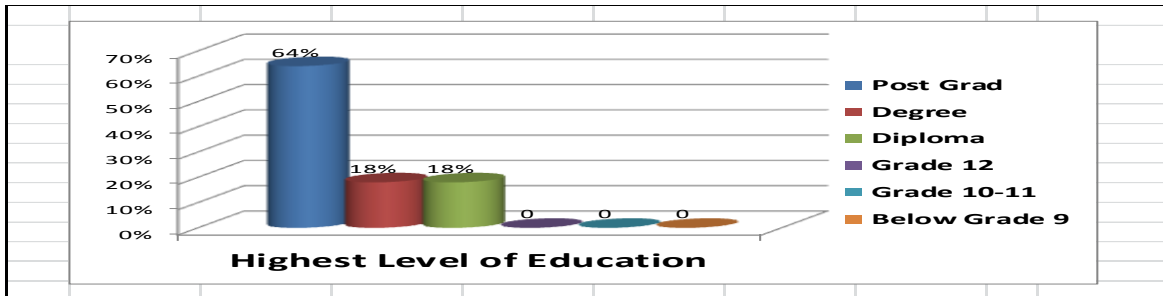


Figure 4.4: Highest Level of Education – Own Construction

A total of 64% of the respondents obtained a post graduate qualification; 18% has either a degree or a diploma. They are thus academically qualified to make a meaningful contribution to this study.

[5] Designation

The frequency table and the graph below present the respondents, according to their designation in the municipality.

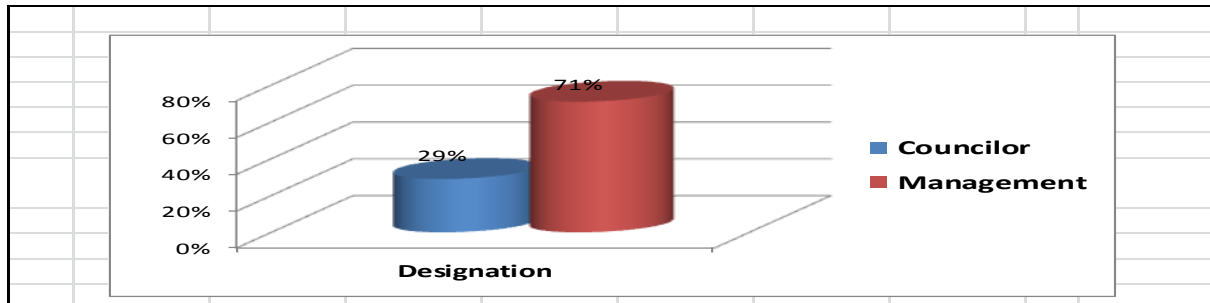


Figure 4.5: Designation – Own Construction

71% of the respondents formed part of management whilst 29% are councilors. They thus have the necessary experience to provide valid information for this study.

Section B

This section represents closed-ended questions. The use of descriptive statistical principles is used and the observation is that since three is the middle of the scale, and all the means are greater than 3, this implies that on average, the respondents were more likely to agree on all the statements. Any higher level expressed mean greater than 4 means that the respondents strongly agree with the statements presented as part of the questionnaire; and while others close to 3 or less imply that there was no tendency towards any side (agree/disagree) of the scale.

Frequency Tables: Questionnaire Responses

[1] Rural local municipalities have not yet come to terms with their developmental role.

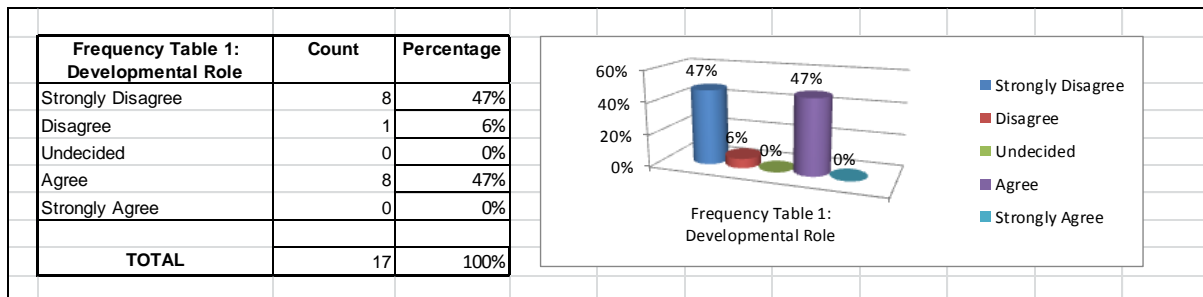


Figure 4.6: Developmental Role – Own Construction

These results indicate that 47% of respondents agree with the statement whilst 53% responded negatively. Accordingly, responses reveal a mean of 2.4 and this implies that there was no tendency towards any side (agree/disagree) of the scale. This implies that although there is no tendency to any of the sides, the gap between those agreeing with the statement and the others reveal the gap between the respondents in understanding the development role of rural municipalities.

[2] The challenges confronting the municipality are so over-whelming that it cannot be said to be developmental.

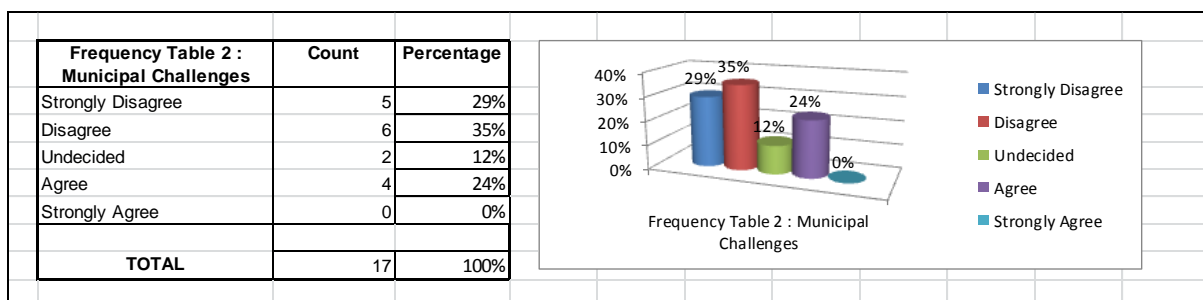


Figure 4.7: Municipal Challenges – Own Construction

The highest percentage of the respondents (64%) disagreed with the statement, whilst 12% were undecided, and only 24.38% agreed. These results imply that, challenges facing the municipality do not render it to be non-developmental as far as service delivery is concerned. Surprisingly, a mean as it is less than 3 implies that there was no tendency towards any side of a scale. Taken further, the results of the first statement and its reliability are evident in the mean produced.

[3] Developmental local government implies sustainable service delivery

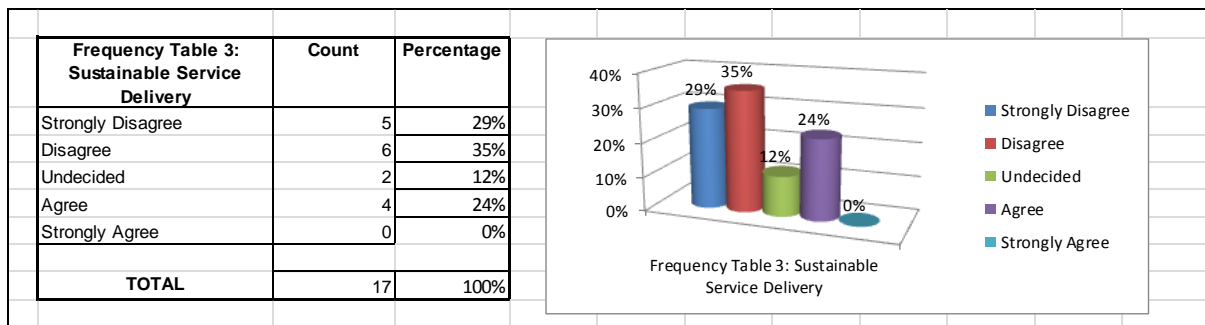


Figure 4.8: Sustainable Service Delivery – Own Construction

As many as 64% of respondents responded negatively, whilst 12% were undecided and 24% agreeing respectively. The average response for the above results was 4.4 (that is above 4), and this means that on average the respondents were more likely to agree with all the statements – and in this case, across the scale, the respondents largely agreed with the statement. These results imply that, even if all characteristics of developmental local government are found in a municipality that does not translate to sustainable service delivery.

[4] District municipalities have huge service delivery backlogs

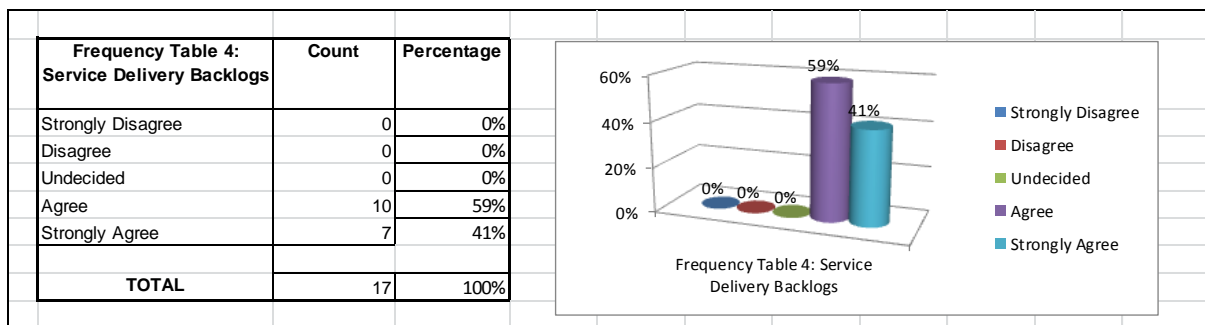


Figure 4.9: Service Delivery Backlog – Own Construction

These results indicate that 100% of the respondents agree with the statement. On average, the responses to this statement produced a mean of 4.4 (that is above 4) which means that on average, the respondents were more likely to agree with the statement.

[5] I am aware of the ADM's IDP and Budget process Plan

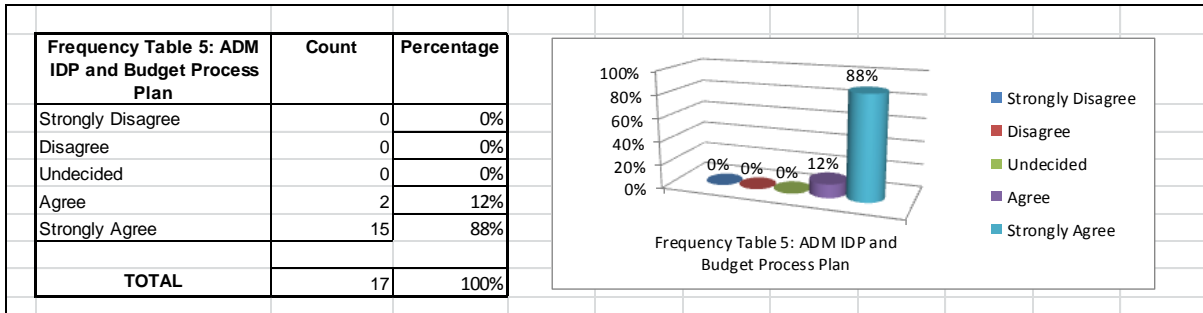


Figure 4.10: IDP and Budget Process – Own Construction

These results indicate that 100% of the respondents agree with the statement. On average, the responses to this statement produced a mean of 4.8 (that is above 4) which means that on average, the respondents were more likely to agree with the statement.

[6] I am aware of the IDP and Budget Documents

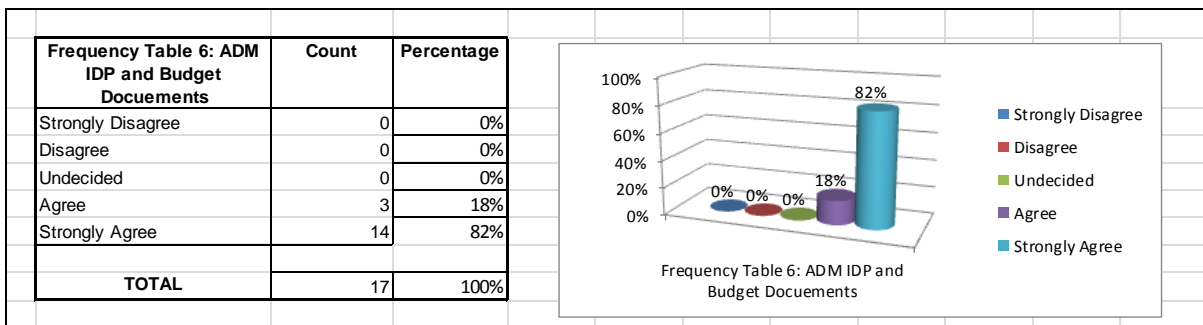


Figure 4.11: IDP and Budget Documents – Own Construction

The above results indicate that 100% of the respondents agree with the statement. On average, the responses to this statement produced a mean of 4.9 (that is above 4) which means that on average, the respondents were more likely to agree with the statement.

[7] The ADM and Budget process plans are a product of the collective

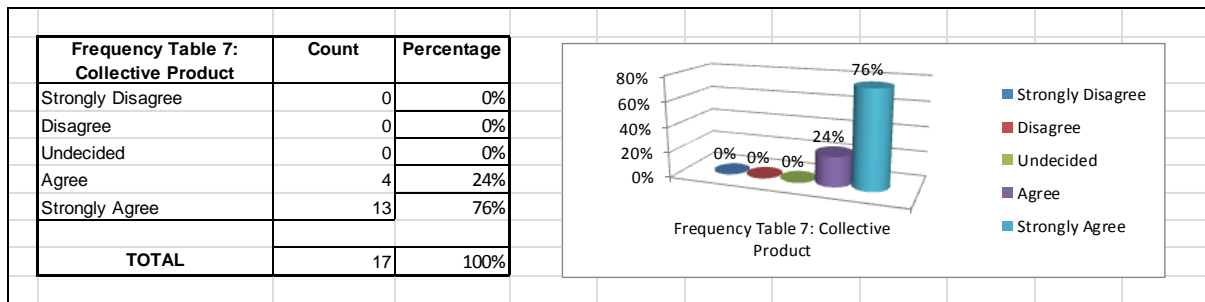


Figure 4.12: Collective Product – Own Construction

These results indicate that 100% of the respondents agree with the statement. On average, the responses to this statement produced a mean of 4.7 (that is above 4) which means that on average, the respondents were more likely to agree with the statement.

[8] Public participation does promote sustainable service delivery in local government

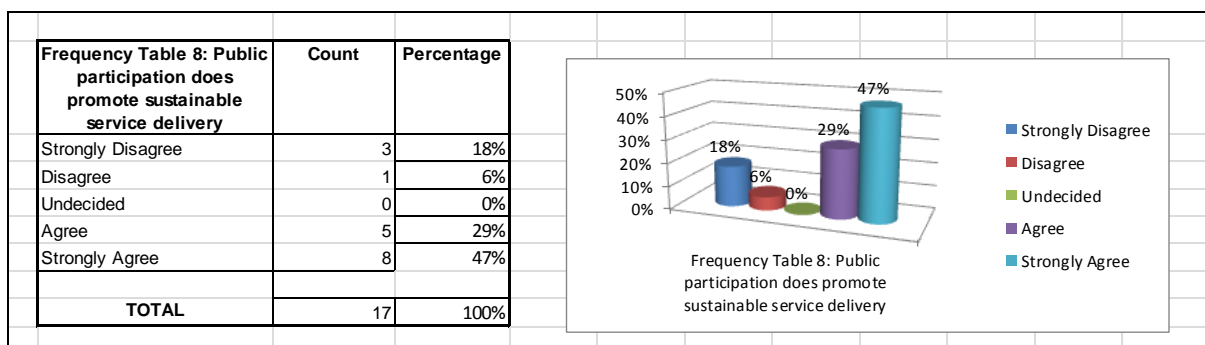


Figure 4.13: Public Participation and Service Delivery – Own Construction

The highest percentage of the respondents (76%) agreed with the statement, whilst 0% was undecided, and only 24.38% responded negatively. The responses to this statement produced a mean of 3.8 (that is above 3 and close to 4) which means that on average, the respondents were more likely to agree with the statement.

[9] Councilors and committees of council do play an acceptable oversight function in the ADM District Municipality

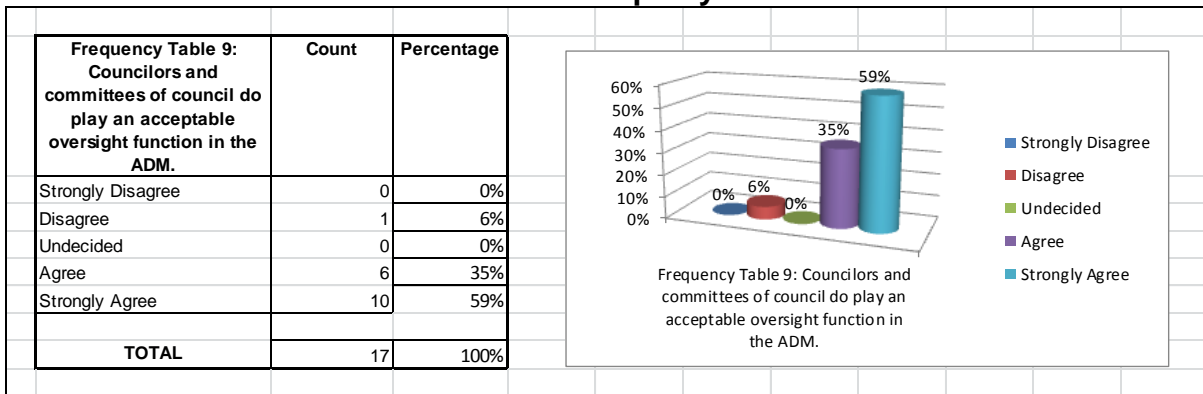


Figure 4.14: Oversight function – Own Construction

The highest percentage of the respondents (94%) agreed with the statement, whilst 0% was undecided, and only 6% responded negatively. The responses to this statement produced a mean of 4.4 (that is above 4) which means that on average, the respondents were more likely to agree with the statement.

[10] The greatest challenge facing ADM is proper alignment of its IDP and Budget

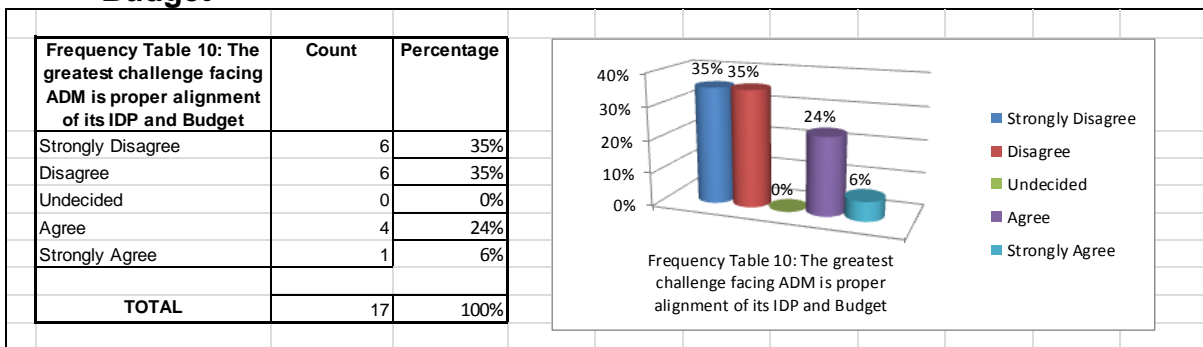


Figure 4.15: Alignment of IDP and Budget – Own Construction

As many as 70% of respondents responded negatively, whilst 0% were undecided and only 30% agreed with the statement. The average response for the above results was 2.29 (less than 3), and this means that on average the respondents showed there was no tendency towards any side of the scale.

[11] The District’s IDP and Budget are aligned with the municipality’s Turnaround Strategy

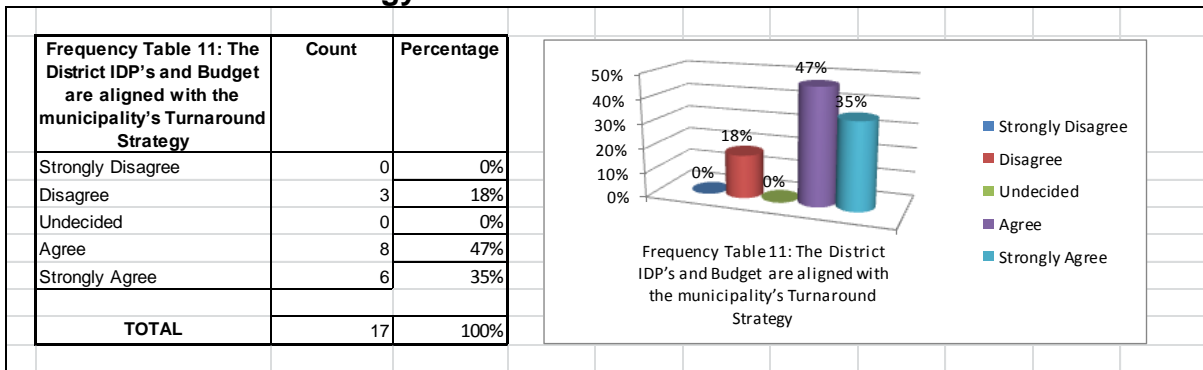


Figure 4.16: Alignment with the MTAS – Own Construction

The highest percentage of the respondents (82%) agreed with the statement, whilst 0% was undecided, and only 18% responded negatively. The responses to this statement produced a mean of 3.11 (that is close to 3) and this means that on average the respondents showed there was no tendency towards any side of scale. The reflection of a mean produced suggests that averagely the respondents could not boldly confirm that indeed the IDP and Budget speak to each other. This implies that there are challenges in aligning these documents.

[12] The introduction of the Municipal Budget and Reporting Regulations has improved Municipal Budgeting

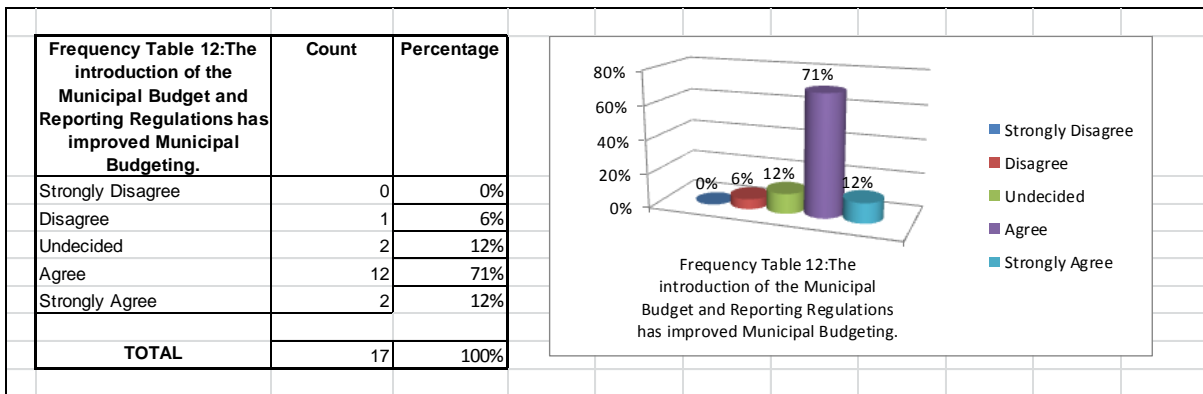


Figure 4.17: MBRR – Own Construction

The highest percentage of the respondents (83%) agreed with the statement, whilst 2% was undecided, and only 6% responded negatively. The responses to this statement produced a mean of 3.8 (that is above 3 and close to 4) which means that on average, the respondents were more likely to agree with the statement.

[13] Councilors do participate in the development of IDP and Budget

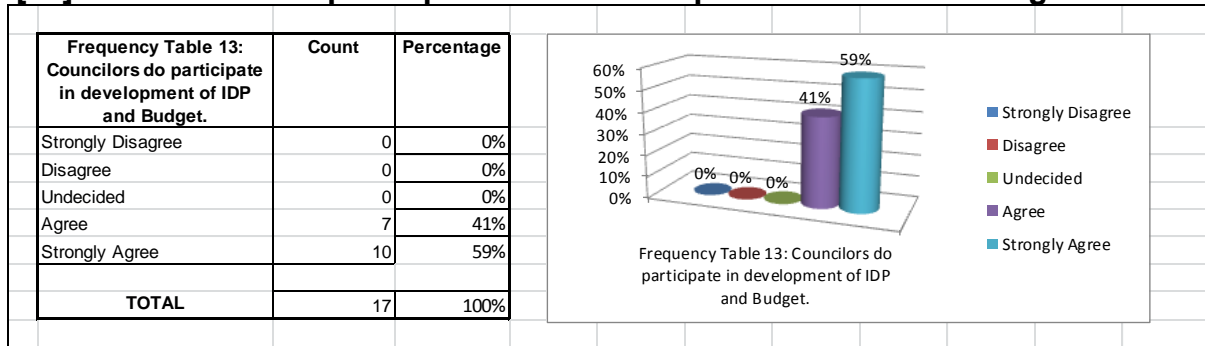


Figure 4.18: Councilor Participation – Own Construction

These results indicate that 100% of the respondents agree with the statement. On average, the responses to this statement produced a mean of 4.4 (that is above 4) which means that on average, the respondents were more likely to agree with the statement.

[14] The District Municipality’s is experiencing a shortage of critical skills, which affects IDP and Budget process

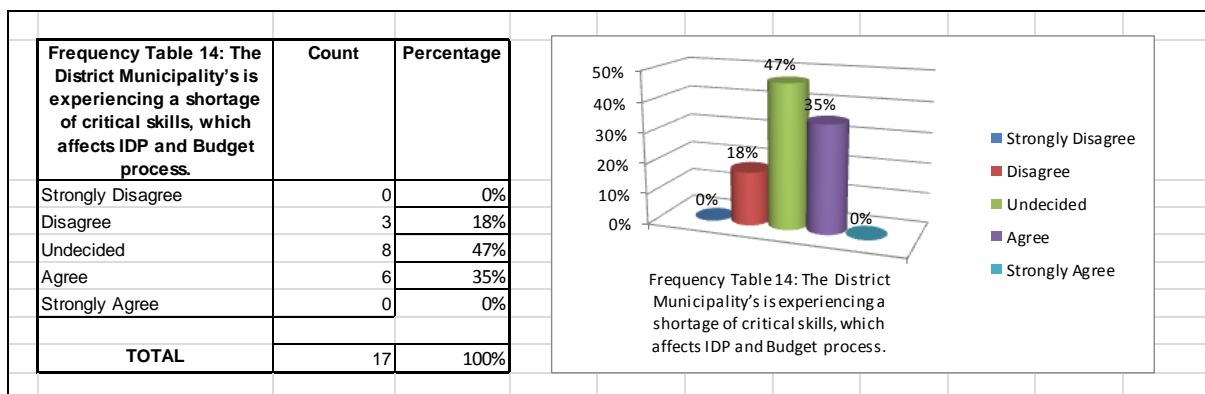


Figure 4.19: Shortage of Staff– Own Construction

These results indicate that 35% of the respondents agree with the statement, 18% responded negatively whilst the high percentage of 47 respondents were undecided. On average, the responses to this statement produced a mean of 3.1 (that is close to 3) and this means that on average the respondents showed there was no tendency towards any side of scale. Even though the mean suggest no tendency towards any of the side in the scale, but these results are not consistent with all of the above questions. This is evident by the undecided representation of respondents.

[15] ADM budget is a performing budget; this means that it responds to the objectives that are contained in the IDP

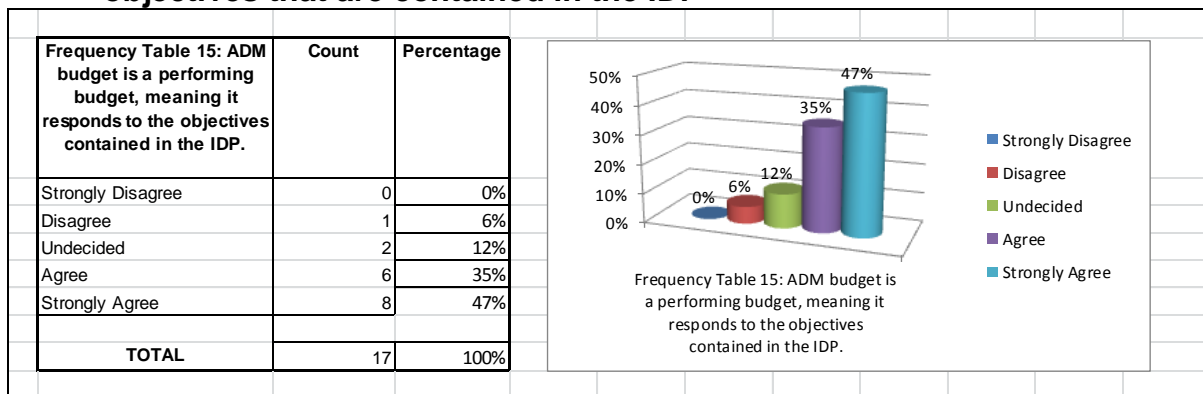


Figure 4.20: Performing Budget – Own Construction

These results indicate that 82% of the respondents agree with the statement whilst 12% were undecided and 6% responded negatively. On average, the responses to this statement produced a mean of 4.2 (that is close to 4) which means that on average, the respondents were more likely to agree with the statement.

Section C

In this section, respondents were required to respond to a few questions with regards to IDP and Budget alignment. Respondents were also requested to suggest possible solutions to the challenges where applicable. The following is a summary of the responses from the respondents:

[1] What do you regard as the most important challenge(s) that Amathole District Municipality is facing to fully meet the provisions of the MSA and MFMA with regards to the preparation of both the IDP and Budget?

- (a) Ensuring response to the needs as identified by communities.
- (b) Limited funding and Infrastructure backlog.
- (c) Implementation.
- (d) Growing settlements.
- (e) Poor participation of communities.
- (f) Effective ward based planning at local municipal level.
- (g) Relevant skills in all local municipalities.
- (h) Alignment of IDP of the district and local municipalities.
- (i) Integrated planning with provincial departments.

- (j) Community participation in identifying needs and prioritization is not adequate – this exercise is the desktop exercise.
- (k) Cut and paste syndrome in preparing these documents.
- (l) Community involvement due to language barrier.
- (m) Prioritization of programmes in responding to community needs.

[2] In your view, what is a possible solution(s) to the challenge(s)?

- (a) Budgeting in line with priorities raised by communities.
- (b) Lobbying for more funding to fix ageing infrastructure.
- (c) Donor management and revenue enhancement.
- (d) Community engagements.
- (e) Ward councilors to ensure wards participation at planning stages.
- (f) Ensuring competent people with skills are appointed.
- (g) Thorough planning at all levels and reliable prioritization.
- (h) Aligned fiscal year and attendance of FOR A and DIMAFO.
- (i) Single window of coordination.
- (j) Adherence of local municipalities to the IDP and Budget process.
- (k) More appropriate funding formula by National Treasury and proper needs analysis.
- (l) Utilization of Community Development Workers.
- (m) Utilization of ward committee members.
- (n) Own generated revenue.
- (o) Proper structure analysis with extensive inputs from the public.
- (p) Implementation the provisions of MSA (section 21A) and promote language that represent the demographics of the district.
- (q) Develop project prioritization model.
- (r) Cut cost on programmes that are not service delivery related.
- (s) Civic education.

[3] What role is being played by political leadership (council) in the preparation of both IDP and Budget?

- (a) Planning and identification of projects and monitoring thereof of implemented projects.
- (b) Oversight role.
- (c) Advisory role on community analysis and project analysis.
- (d) Political guidance on both IDP and Budget processes.
- (e) Crafting of clear vision and development of achievable goals to meet the vision.
- (f) Provision of clear political leadership and guidance on the direction to be taken.
- (g) Ensure that communities are consulted throughout the IDP and Budget cycle.
- (h) Champion the public participation processes.
- (i) Consult communities on the development of both strategic documents.
- (j) Decides on policy frameworks and budget allocations.

[4] Do you think the 2014/2015 IDP and Budget are fully aligned? Please provide details on your answer.

- (a) Budget is aligned to the objectives, strategies and projects as outlined in the IDP.
- (b) No rollovers of grants.
- (c) Expenditure tallies exactly with the initial budget.
- (d) Yes, the challenge is that the needs in the IDP cannot be grouped for by municipalities.
- (e) Budget is balancing.
- (f) Financial plan is talking to the identified priority issues.
- (g) No, the IDP is usually done first and there is no costing of activities to prove that what is budgeted for is indeed captured in the IDP.

[5] Are the officials of ADM skilled enough to prepare a sound IDP and credible Budget(s)? Please provide details.

- (a) Yes, to a certain extent, e.g. the PME and BTO assist departments to prepare for both the IDP and credible budget.
- (b) None usage of consultants in the development of these documents.
- (c) The organizational system has matured.
- (d) No, there is a gap in fully understanding a sound municipal budgeting; officials often master their areas of function though not the entire local government environment.
- (e) No continuous capacity building.

Almost all respondents completed section C with similarities in their responses; however, in some instances contradiction displayed the gap in understanding the district role towards communities with regards to what exactly are the needs of communities. The focus was mainly on the services rendered by the ADM and not the extended responsibility towards what is presented by the local municipalities.

4.3 Conclusion

The primary objective of this chapter was to test the relevance of the questions that were asked in chapter 1, against the actual research that was conducted on the ground or at the municipality level. The research involved all stakeholders that have a direct influence in planning and service delivery to communities. The results were interpreted against the original assumptions, together with the purpose of this research, and the researcher's motivation to conduct the study. On this point, it is worth noting that the responses to questions that were asked through self-administered questionnaires and question one, suggest the reasons that prompted the researcher to conduct this study.

By examining the data that has been collected, analyzed, and interpreted in this study, it may be concluded that there are challenges that undermine the alignment of the IDP and the Budget of Amathole District Municipality. The implication is that, the

services rendered and funding thereof might not be directed to the core and pressing needs of communities within the district. The chapter that follows will deal with the summary of the study; certain recommendations will be presented and the conclusion will constitute the end of the study.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter focused on the presentation of the findings of the study, and the discussion of the findings. As pointed out before, the purpose of the study is to examine the challenges in the integrated development plan and the budget alignment of Amathole District Municipality. This current chapter seeks to summarise the study, draw final conclusions and make recommendations regarding the alignment of the IDP and the Budget of ADM. Further, in this final chapter a summary of the previous chapters and the recommendations that emanated from the study are presented, including the conclusion thereof.

5.2 Summary of the study

The following section outlines the Chapters that were presented in the study, as undertaken by the researcher:

Chapter 1 provided an overview on, *inter alia*, the introduction, purpose of the study, problem statement, objectives of the research and the method of assessment.

Chapter 2 in this chapter focuses on the literature that was reviewed in the form of, relevant books, articles and applicable legislation. The concepts of local government, Integrated Development Plan and the Budget were presented.

In Chapter 3, the research methodology that was adopted in the study was outlined.

Chapter 4 focused on analyzing the results of the empirical survey and discussed the survey findings.

In chapter 5 certain recommendations are proposed, and the recommendations are discussed below.

5.3 Conclusion

The study seeks to determine the extent to which the IDP of the municipality is aligned to its budget. There is a need for these two strategic documents to complement and speak to each other. The study moved from the premise that ADM like any other municipality is facing challenges in aligning its IDP and Budget.

It is worth noting that developmental local government is very complex; and its growth and development is costing a number of municipalities due to the fact that they lack appropriate skills to run these organizations. Communities are expecting much from their municipalities and public representatives. Proper planning is compromised by a number of factors as outlined in this research. This study has revealed that, although ADM has implemented council decisions with regards to the preparation of the IDP and Budget, challenges exist in aligning these documents and as such, if nothing is done as per the recommendations outlined in this chapter, the services rendered will not reflect efficient performance.

Based on the empirical survey findings, it may be concluded that although each year, council approves IDP and Budget, challenges exist in aligning these documents. As a result, more research is needed to further investigate the root causes that are underpinning these challenges.

5.4 Recommendations

5.4.1 Developmental role of a rural district municipality

Findings: There is a gap that exists about understanding fully, the developmental role of the district. The White Paper on Local Government, 1998, requires local government to be developmental in nature; and the 1996 Constitution also attests to this need or requirement for this sphere of government. It appears that although both the councillors and management understand the services to be rendered to communities, the deep understanding of the developmental mandate in terms of both the White Paper on Local Government and the 1996 Constitution is not averagely understood.

Recommendation: The empirical study conducted revealed that 57% of the respondents seem to be sure that rural district municipalities have come to terms with their developmental role. This view is very low with regards to the level of responsibility of the respondents who participated in the survey. Therefore the need exist to close the gap of understanding and change the focus of the current organisational culture. This might be as a result of individuals perceiving the developmental mandate as being practised than the actual expectation of the legislation.

5.4.2 IDP and Budget Process as a collective product

Findings: The IDP and Budget process should be the result of a consultative process; and both (the IDP and Budget) be adopted by the municipal council, within a 10 month timeframe before the start of the preceding financial year. Accordingly, this process is the one that will further ensure that both phases of the IDP and planning steps of the Budget produce the desired results with regards to responding to community needs. The survey revealed that this process is only considered as a compliance matter and the plan adopted by council is not implemented accordingly. As a result, each year, the completion of both IDP and Budget is based on compliance. Further the study reveals that, IDP is usually done first and there is no costing of activities to prove that what is budgeted for is indeed captured in the IDP.

Recommendation: Each financial year the Executive Mayor must report to council on all activities that were undertaken, that demonstrate inclusive planning that is not as a compliance matter but rather a collective product.

5.4.3 Oversight structures of ADM

Findings: Although the results show that 100% of the respondents agree that structures of council do participate fully in the development of both documents, reliance is on what the administration presents with less scrutiny. Some respondents affirm that this process is a desk top exercise.

Recommendation: Periodic reports should be presented in council by all oversight committees. A reporting model must be developed on what need to be presented by these committees, e.g. the Audit Committee is seen by AGSA as ineffective.

5.4.4 The level of public participation

Findings: The White Paper on Local Government 1998 requires municipalities to plan with communities within the area of their jurisdiction. The Local Government is the only sphere closest to communities. The level of participation should be of an acceptable level. It is revealed that community participation in identifying needs and prioritization is not adequate – this exercise is a desktop exercise as a result there is an element of cut and paste syndrome in preparing these documents. There are no adequate or effective ward based planning at the ward level. Coupled with this, language barrier is also a contributor and this is as a result of not fully implementing the provisions of section 21A of the Municipal Systems Act as amended.

Recommendation: Collaboration with local municipalities should be strengthened. This would improve active ward based planning.

5.4.5 IDP and Budget alignment

Findings: The Local Government: Municipal Systems Act 32 of 2000, as amended, advocates that each municipal council must, within a prescribed period after the first meeting of its elected term: adopt a single inclusive and strategic plan for the development of the municipality links; that it integrates and co-ordinates all plans; that it aligns resources and the capacity of the municipality with the implementation plan. Accordingly, this plan must represent the entire needs of its jurisdiction. In the case of a district municipality, the IDP should reflect the IDPs of the local municipalities within its area of jurisdiction. The findings reveal that there is no alignment of the IDP of ADM and those of its local municipalities. Such a situation could result into the funding of needs that are not attributed to a particular ward and/or local a municipality.

Recommendations: Although there are no legislative requirements for local municipalities to present their IDP in the district council, it is recommended that council representatives from local municipalities should present draft IDPs of their respective municipalities in the council meeting of the district as the bases of inclusive planning. Notwithstanding discussions in the IDP representative forums that include local municipalities, consequence with ADM is that, these district IDP representatives forums do not translate into the IDPs of local municipalities being included in the IDP of the district.

5.4.6 IDP and Budget are aligned with the municipality's Turn-around Strategy

Findings: The Local Government Turn-around Strategy was introduced in 2009 to bring back public confidence in local government. Subsequent to the introduction of LGTAS, Amathole District Municipality adopted its MTAS in 2010 responding to the government's call on turning around the municipality. The empirical results reveal that, respondents could not boldly agree that IDP and Budget are aligned to the district's MTAS. This means that priorities in the IDP and Budget as a financial plan do not complement the strategy - MTAS that is supposed to guide the municipality in delivering services.

Recommendation: A report should be tabled in council to ascertain the relevance of MTAS adopted by the council.

5.4.7 Municipal Budget and Reporting Regulations have improved Municipal Budgeting

Findings: Although the empirical study reveals that respondents were likely to agree with this statement, however, a gap exists from respondents in fully understanding sound municipal budgeting. Officials often master their areas of function, though they do not present a full understanding of local government environment. This suggests that, alignment of the IDP and Budget cannot yield the desired results as some officials are not familiar with the new developments in local government budgeting.

Recommendation: Workshops on the new budget reforms must be conducted for non-financial managers speedily.

5.4.8 Shortage of critical skills, which affects IDP and Budget process

Findings: The empirical study reveals that the district has a shortage of critical skills and that affects the IDP and Budget processes. Relevant skills in planning and financial matters are crucial in the development of these two documents, alignment in particular.

Recommendation: Further investigation must be conducted that will reveal the root cause/s of the shortage of these skills.

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APPENDICES

QUESTIONNAIRE

Date: _____

Please complete this questionnaire by indicating your answers with an "X" where applicable.

Section A – Biographical Information

1. **Gender:**

Male

Female

2. **Mother Tongue:**

Xhosa

English

Afrikaans

3. **Age:**

21 – 30

31 – 40

41 – 50

51 – 60

Over 60

4. **Highest level of education:**

Grade 9 or less

Grade 10 – 11

Grade 12

Diploma

Degree

Post Graduate

5. **Designation:**

Councillor

Management

QUESTIONNAIRE

Please mark the applicable block with an “X”

Section B: Closed-ended questions.

LEGEND
1 = Strongly disagree
2 = Disagree
3 = Undecided
4 = Agree
5 = Strongly agree

PLEASE NOTE THAT THE FOLLOWING STATEMENTS HAVE NOT BEEN CONSTRUCTED TO FAVOUR PARTICULAR RESPONSES

- | | | | | | | |
|----|--|---|---|---|---|---|
| 1. | Rural district municipalities have not yet come to terms with their developmental role. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 2. | The challenges confronting the municipality are so over-whelming that it cannot be said to be developmental. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 3. | Developmental local government implies sustainable service delivery. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 4. | District municipalities have huge service delivery backlogs. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 5. | I am aware of the ADM IDP and Budget process Plan. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 6. | I am aware of the IDP and Budget Documents. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 7. | The ADM and Budget process plans are a product of the collective. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 8. | Public participation does promote sustainable service delivery in local government. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |
| 9. | Councillors and committees of council do play an acceptable oversight function in the ADM District Municipality. | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |

10. The greatest challenge facing ADM is proper alignment of its IDP and Budget.
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |
11. The District IDP's and Budget are aligned with the municipality's Turnaround Strategy.
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |
12. The introduction of the Municipal Budget and Reporting Regulations has improved Municipal Budgeting.
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |
13. Councilors do participate in development of IDP and Budget.
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |
14. The District Municipality's is experiencing a shortage of critical skills, which affects IDP and Budget process.
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |
15. ADM budget is a performing budget, meaning it responds to the objectives contained in the IDP.
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |

Section C: Open-ended questions:

1. What do you regard as the most important challenge(s) that Amathole District Municipality is facing to fully meet the provisions of the MSA and MFMA with regards to the preparation of both the IDP and Budget?

2. In your view, what is a possible solution(s) to the challenge(s)?

3. What role is being played by political leadership (council) in the preparation of both IDP and Budget?

4. Do you think the 2014/2015 IDP and Budget are fully aligned? Please provide details on your answer.

5. Are the officials of ADM skilled enough to prepare a sound IDP and credible Budget(s)? Please provide details

THANK YOU FOR YOUR KIND PARTICIPATION IN THIS SURVEY.

14 Syringa Avenue
Beacon Bay
East London
5200

The Municipal Manager
Amathole District Municipality
P.O. Box 320
EAST LONDON
5200

Dear Mr C Magwangqana

REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN AMATHOLE DISTRICT MUNICIPALITY

My name is **RALPH ROLAND LINKS**, and I am a Master's of Public Administration student at Fort Hare University in Bisho. The research I wish to conduct for my Master's treatise; involves **"AN EXAMINATION OF CHALLENGES IN INTERGRATED DEVELOPMENT PLAN AND THE BUDGET ALIGNMENT OF AMATHOLE DISTRICT MUNICIPALITY EASTERN CAPE)"**. This project will be conducted under the supervision of Dr Mle (UFH, South Africa).

I am hereby seeking your consent to approach the Executive Mayor, Mayoral Committee members, members of municipal council, Executive Directors and few municipal employees (managers below Directors) to complete a questionnaire for this project.

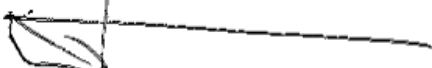
I will provide you with a copy of my treatise proposal which will includes copies of the measure and consent and assent forms to be used in the research process.

Upon completion of the study, I undertake to provide the municipality with findings in an information briefing session. If you require any further information, please do not hesitate to contact me on 082 4189 628, and ralphr@amathole.gov.za. Thank you for your time and consideration in this matter.

Yours sincerely,


RR LINKS

APPROVED/NOT APPROVED


C MAGWANGQANA
MUNICIPAL MANAGER

DATE 28-08-14