

**EVALUATING THE CREDIBILITY OF THE INTEGRATED  
DEVELOPMENT PLAN AS A SERVICE DELIVERY  
INSTRUMENT IN RANDFONTEIN LOCAL MUNICIPALITY**

by

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## DECLARATION

By submitting this thesis, I hereby declare that the work contained in this thesis is my own original work and that I am the owner of the copyright thereof (unless to the extent explicitly stated otherwise). I have not previously in its entirety or in part submitted it for the purposes of obtaining any qualification.

Lungelwa Dlulisa

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Signed

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Date

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## SUMMARY

The research study was undertaken to explore one of the most significant plans in local government and is aimed at guiding future development within municipal areas. It seeks to evaluate the credibility of the Integrated Development Plan (IDP) as a service delivery tool in Randfontein Municipality. Randfontein Local Municipality was selected, amongst other reasons, due to the finding by the Auditor General South Africa (AGSA) that it lacked crucial information relating to performance. The IDP spans five years and is an appealing super-plan for any municipality. An evaluation of this plan's effectiveness as a service delivery instrument is therefore important.

Various legislation oblige local government to prepare and undertake IDP, which should be a collaborative planning process aimed at guiding municipalities to eradicate service delivery backlogs while encouraging socio-economic development. The process also seeks to preserve and conserve the environment and address spatial disparities for the development of, and delivering on, agreed priorities which are translated into projects with clearly defined outputs and targets over a five year planning cycle.

In this study, the municipal IDP can be viewed as a five year service delivery commitment to the community by those elected and entrusted with ensuring that the IDP becomes a reality. It is integrated in such a way that it should be a reflection of government's wider plans such as the district municipality's plans and the relevant provincial and national government's plans. This plan should be informed by the communities which municipalities serve and must be backed by the necessary funding.

The IDP has become a focus of South Africa's post-apartheid municipal planning and is also seen as a key instrument in an evolving framework of intergovernmental planning and coordination within the South African government, as mentioned by the Department of Housing during their DBSA Conference on Integrated Development Planning, (2008). The IDP is a phenomenal practice which was, and still is, aimed at addressing the consequences of planning done during apartheid, such as deliberate divided development as well as the marginalisation of so-called historically underprivileged communities.

However, given the recent frequent and sometimes aggressive service delivery protests across South Africa, attention should now be focussed on tools used by government to ensure service delivery takes place. Existing information was explored during a literature review to contextualise service delivery while also discussing the elements of a credible IDP. The legislative framework for local government and its reforms budget was discussed and linked to the IDP.

The credibility of the IDP was evaluated using the available IDP evaluation framework of the National Department of Cooperative Government and Traditional Affairs (COGTA). Using this framework, challenges to the credibility and implementation of the Randfontein IDP were revealed. The municipality is struggling to use IDP as a tool to facilitate integrated and coordinated delivery, as the IDP identifies a large number of projects to be implemented by other spheres of government without indicating the sources of funding for these or their linkages with other programmes. The credibility of the IDP was measured by the following three performance indicators:

- financial viability;
- good governance; and
- institutional arrangements.

Certain recommendations were made to assist in improving the IDP as a credible service delivery tool, upon which decisions can be made to address service delivery requirements within the Randfontein area.

## OPSOMMING

Die studie is onderneem om een van die mees betekenisvolle, nuwe beplanningsbeleidstukke vir plaaslike regering te ondersoek. Hierdie beleidstuk het ten doel om rigtinggewend op te tree in toekomstige ontwikkeling binne munisipale gebiede. Die geloofwaardigheid van di Geïntegreerde Ontwikkelingsplan (GOP) as 'n diensverskaffingsinstrument in die Randfontein Plaaslike Munisipaliteit is geselekteer, onder andere, weens die Suid-Afrikaanse Ouditeur-Generaal (SAOG) se bevinding dat hierdie raad se GOP mank gegaan het aan noodsaaklike inligting vir behoorlike prestasie-meting. Elke GOP-termyn strek oor vyf jaar en skyn 'n aanneemlike superplan vir enige munisipaliteit te bied. Dit is dus belangrik om die effektiwiteit van hierdie beplanningsbeleid as 'n dienslewering-instrument te bepaal.

'n Verskeidenheid wetgewing verplig plaaslike regerings om vir so 'n vyfjaarplan voorbereidings te tref en geïntegreerde ontwikkelingsplanne in werking te stel. Die beplanningsproses moet 'n samewerkende benadering bevorder en daarop ingestel wees om munisipaliteite só te lei dat dienslewering-sagterstande uitgewis word, terwyl dit sosio-ekonomiese ontwikkeling bevorder. Die beleidsproses het ook ten doel om die natuurlike omgewing te beskerm en te bewaar en, in die toepassing daarvan, ruimtelike teenstrydighede en ongelykhede aan te spreek. Vooraf ooreengekome prioriteite moet eerbiedig word en beslag kry in projekte met duidelik omskrewe uitkomst en doelwitte vir die betrokke siklus.

In hierdie studie word 'n munisipale GOP beskou as 'n ooreengekome verbintenis tot vyf jaar van dienslewering aan die gemeenskap deur diegene wat daartoe verkies is en aan wie dit derhalwe toevertrou word. Die verkose raad moet toesien dat die GOP verwesenlik word. Dit moet op so 'n wyse geïntegreer word dat dit die regering se algemene ontwikkelingsplanne beliggaam en inpas by die beplanning van die betrokke distriksraad, provinsie en die nasionale regering. Hierdie plan moet geskied met die goedkeuring en medewerking van die gemeenskappe wat die munisipaliteite bedien en moet ook kan reken op die nodige befondsing vir die taak.

Die GOP is 'n fokuspunt van munisipale beplanning in post-apartheid Suid-Afrika en word beskou as die sleutelwerktuig in 'n veranderende raamwerk van interregeringsbeplanning en koördinering binne die Suid-Afrikaanse regeringsfeer. Dit is tydens die DBSA-Konferensie oor Geïntegreerde Ontwikkelingsbeplanning in 2008, deur die Departement van Behuising aangedui. GOP is 'n fenomenale beleidsplan wat gebruik word, en steeds daarop ingestel is, om die gevolge van beplanning gedurende die apartheidsera aan te spreek – soos doelbewuste verdeelde ontwikkeling, asook die marginalisasie van sogenaamde histories

voorheen benadeelde gemeenskappe.

Indien die gereelde, some gewelddadige, dienslewingsbetogings van onlangs tye in ag geneem word, is dit duidelik dat die regering nou sy aandag moet toespits op praktyke wat volgehoue dienslewering sal waarborg.

Bestaande inligting is d.m.v. 'n literatuurstudie ondersoek om dienslewering te kontekstualiseer en terselfdertyd die kenmerke van 'n geloofwaardige GOP te bepaal. Die wetsraamwerk waarbinne plaaslike regering plaasvind en die beskikbare begroting vir hervorming het ook onder die loep gekom en is met die GOP in verband gebring.

Die geloofwaardigheid van die GOP is aan die hand van die bestaande GOP-evaluasieraamwerk van die Nasionale Departement van Samewerkende Regering en Tradisionele Sake (COGTA) geëvalueer en bepaal. Die gebruik van hierdie raamwerk het die geloofwaardigheid en implementering van die Randfontein-GOP bevestig. Die munisipaliteit sukkel met die gebruik van die GOP identifiseer 'n groot aantal projekte wat deur ander regeringsfere geïmplementeer moet word, sonder om die oorsprong van die finansiering te meld of die skakeling met ander programme. Die geloofwaardigheid van die GOP is gemeet aan die volgende drie prestasie-aanwysers:

- finansiële lewensvatbaarheid;
- goeie regeerkunde; en
- institusionele ooreenkomste.

Sekere aanbevelings is gemaak om bystand te verleen en die GOP sodanig te verbeter dat dit as 'n geloofwaardige instrument aangewend kan word om ingeligte besluite betreffend dienslewingsvereistes in die Randfontein gebied te neem.

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## LIST OF ABBREVIATIONS

ANC	African National Congress
AGSA	Auditor General South Africa
APP	Annual Performance Plan
COGTA	National Department of Cooperative Governance and Traditional Affairs
DBSA	Development Bank of Southern Africa
DEAT	Department of Environmental Affairs and Tourism
DOH	Department of Housing
DPLGH	Department of Provincial and Local Government and Housing
EPWP	Expanded Public Works Program
IDP	Integrated Development Plan(ning)
IDASA	Institute for Democratic Alternatives in South Africa
IGRF	Intergovernmental Relations Framework
LED	Local Economic Development
LGMTEC	Local Government Medium Term Expenditure Committee
MBRR	Municipal Budget Regulations and Reporting
MDG	Millennium Development Goals
MSA	Municipal Structures Act
MTREF	Medium Term Revenue and Expenditure Framework
NFSD	National Framework for Sustainable Development
NSDP	National Spatial Development Perspective
PFMA	Public Finance Management Act
PGDS	Provincial Growth Development Strategy
RLM	Randfontein Local Municipality
RSA	The Republic of South Africa
SAICE	The South African Institution of Civil Engineering
SALGA	South African Local Government Association

SDBIP                      Service Delivery and Budget Implementation Plan  
WRDM                      West Rand District Municipality

## CHAPTER 1: INTRODUCTION TO THE STUDY

### 1.1 Background

The legacy of apartheid left some South African municipalities with distorted spatial patterns. The marginalised communities were on the periphery with large numbers of areas lacking basic infrastructure such as water, sanitation, decent roads, electricity, and so forth. This largely restricted investment of the private sector in the poorest areas, and led to an uneven distribution of social and economic development. On the other hand, the white enclaves enjoyed better quality services which were financially prioritised over the larger population, who proceeded through life without access to these services considered basic to ordinary life (Bahl *et al.*, 2003:23).

In 1994, the ANC won the first South African democratic election and subsequently the redressing of inequalities caused by the apartheid era took top priority. As part of this, the boundaries of the South African local government were redesigned, resulting in newly established municipalities which consisted of large areas characterised by diverse features. The South African municipalities also had to be transformed from a system of apartheid-driven local government to a more developmental-orientated system of governance aimed at overcoming the deliberate poor planning of the past.

The number of municipalities was reduced from 843 to just 284 and has since been further reduced to 278. The aim was to incorporate the underprivileged areas into those that were prosperous with the hope of equitable resource redistribution as the prosperous municipalities dominated (and still dominate) the economy within the district regions. Various challenges were posed by this incorporation as some of these areas were rural and, in most instances, under-developed which affects the manner and extent to which goods and services are produced and provided to the public. Reorganising the municipalities resulted in a larger jurisdiction and therefore service delivery arrangements were vital at settlement level, which is lower than the municipal government structure, a division which was necessary as the prosperous municipalities were considerably far from their constituencies.

Various reforms have been introduced in a quest to support municipalities when addressing the challenges they face (National Treasury, n.d.:02). During the encouragement of better planning and the addressing of these challenges and transformation, the Integrated Development Plan (IDP) concept was born and was enshrined in the Municipal Systems Act No. 32 of 2000 (RSA, 2000). The IDP is a five year planning method which is used by municipalities in South Africa as a plan for future development in their areas. A

solid foundation for the surfacing of the IDP was laid by the 1994 Reconstruction and Development Programme in conjunction with the 1996 South African Constitution. IDP provides an overall framework for development and aims to coordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area. It also considers existing conditions, challenges and available funds for development. The IDP must look at the socio-economic development for the area as a whole while setting a framework for land use management, infrastructure and services required, as well as the protection of the environment.

## **1.2 Rationale**

The report by the Auditor General South Africa concluded that the 2009/10 IDP for Randfontein Municipality was incomplete as it did not contain the key performance indicators and performance targets as required by section 26(1) and section 41(1) (b) of the Municipal Systems Act (RSA, 2000) and regulation 12 of the Municipal Planning and Performance Regulations of 2001 (AGSA, 2011:06).

Municipalities are custodians of public funds, irrespective of whether funds are raised internally, externally or through grants from other spheres or donations. The municipalities are tasked with using such resources in a manner that responds to their community's needs for infrastructure; basic services such as water, electricity and refuse removal (National Treasury, 2008:1). In other words, through service delivery. In addition, service delivery is one of the six key performance areas of IDP. The municipalities are regarded as the democratic building blocks of governance systems which are key development and service delivery vehicles. The tools available to local government to achieve these demands, such as the IDP and budget, therefore become attention-necessitating.

The developmental responsibility of local government requires municipalities to work jointly with the local public, other spheres of government and diverse stakeholders in an endeavour to obtain sustainable means to meet the needs of the community and improve their quality of life. Post-1994 South African municipalities inherited growing service delivery responsibilities and currently service delivery is of significant public interest and has become a buzzword, with attention positioned mainly on the local sphere of government. Despite the above, the class fault lines still separate the poor from the rich in different towns, suburbs and organisations and this manifests itself in service delivery and developmental choices (Ekurhuleni 2010:1).

### 1.3 Research Problem and Objective

In a study released by IDASA, Memela *et al.* (2008) established that most local governments in South Africa were facing a widening gap between the demand and supply of services, and the public were increasingly dissatisfied with both the quality and quantity of the services offered to them. This was despite significant improvements in service delivery by local governments over the past years and resulted in the general public losing confidence in local government as an organisation capable of meeting their needs and responding effectively to the challenges they face. The South African Institution of Civil Engineering (SAICE) provided a rough estimate of the repairs and maintenance backlog and funding requirements for Gauteng infrastructure.

**Table 1: Gauteng maintenance backlog for 2009**

<b><u>ROUGH ESTIMATE: GAUTENG MAINTENANCE BACKLOGS</u></b>	
<b>Service to be maintained</b>	<b>Estimated Rand Value</b>
Surfaced Roads	R6 590 479 200
Electricity	R8 618 700 000
Waste Management	R1 274 736 000
Sewerage Network	R3 113 449 000
Waste Water Treatment	R3 000 000 000
Water Networks	R1 579 857 000
Water Treatment and Pump Stations	R4 000 000 000
<b>Total</b>	<b>R28 177 221 200</b>

Source: Presentation by SAICE (2009)

In support of the SAICE findings, a review of infrastructure conducted by the Development Bank of Southern Africa (DBSA) cautioned about the transport systems (in particular roads, ports and rail) that have deteriorated in the past decade and threaten economic growth.

In addition, SAICE published an infrastructure report card for South Africa in which South African infrastructure was graded (overall) as a “C”. This grading means that the infrastructure condition is acceptable but would require investment in the current Medium Term Expenditure Framework (MTEF) period to avoid serious deficiencies. The report further alluded that the focus on investment in the previous five years has resulted in additional new infrastructure as well as an improvement in the condition of certain assets. The report also emphasised that infrastructure at municipal level remained poor and was further deteriorating in many places and questioned the resilience of all new and previously existing infrastructure if the commitment to maintain it is not improved (SAICE, 2011:9). The report card assessed and graded each of the areas listed in Table 2:

**Table 2: Areas assessed by SAICE report card**

Solid waste management	Water	Airports	Rail	Electricity
Public ordinary schools	Roads	Ports	Sanitation	Healthcare and infrastructure

**Source: SAICE report card**

Atkinson (2007:53) states that mass protests can be directly related to municipal ineffectiveness linked to service delivery as well as an inadequate reaction to the grievances of community members. In South Africa, public protests have become somewhat of the preferred conduct by the public to make local government listen to their dissatisfaction with the delivery of a range of basic services that this sphere of government is expected to deliver. Some of the protests are violent in nature and examples include two protests which took place, one in the Free State Province where a community hall as well as municipal offices were set alight; and one in Bothaville during which eight people were arrested for alleged public violence. All the earlier incidents of protests were directed against poor municipal service delivery. The abovementioned protests have led to a number of questions regarding service delivery in government as a whole and the tools for measuring service delivery which led to the research question as below:

- Is the Randfontein Integrated Service Delivery Plan a credible service delivery tool?

### 1.3.1 *The research objectives*

This area deals with the purpose of the investigation; in other words, it is a layout of the proposed research plans (Blumberg, *et al.*, 2008:83). The objectives for this study were identified as the following:

- To describe the IDP and contextualise service delivery;
- to describe the elements of a credible IDP;
- to assess the credibility of the IDP using the available framework; and
- to make recommendations for improvement.

## 1.4 **Research Design**

Various research design definitions exist and, in Blumberg, *et al.* (2008:195), one example has been cited:

*“Research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. It includes an outline of what the investigator will do from writing hypotheses and their operational implications to the final analysis of data. A structure is the framework, organization, or configuration of... the relations among variables of the study. A research design expresses both the structure of the research problem and the plan of investigation used to obtain empirical evidence on relations of the problem.”*

According to Mouton (2008:49), a research design addresses a question that is considered key; the question of what type of study will be undertaken to provide acceptable answers to the research question or problem. The research design is a blueprint for fulfilling the research objectives and responding to the questions (Blumberg *et al.*, 2008:69). The researcher should therefore indicate the research type, the reasons for selecting that specific type and possible limitations to be anticipated.

After considering the research problem and objectives of this study, the research design is empirical. This design was chosen as the research is considered to be qualitative in nature and with this design the researcher aims to conduct an exploratory study. Qualitative research is used to explore and describe what the researcher sees and, according to Welman *et al.* (2009), this form of research deals with subjective data which is produced by the minds of respondents or interviewees and is presented in

language as opposed to numbers. In short, qualitative research can be described as research that refers to the meaning, the definition or analogy, or model which characterises something, while quantitative research assumes the meaning and refers to measurements (Blumberg *et al.*, 2008:192).

## 1.5 Research Methodology

When planning any investigation, there is a necessity for the researcher to make a series of decisions about how the research questions can best be answered by the investigation. The research methodology focuses on the research process, and the kind of tools and procedures to be utilised (Mouton, 2008:56). There are various ways to collect data for a qualitative research and a number of them were used for this study. The data collection methods had to be adapted during the study in order to accommodate data as it emerged.

The objectives of this study will be accomplished through various techniques and, amongst these, the researcher will review secondary data such as secondary literature, the municipality's own archives, reports of prior research as well as confidential or public reports, government documents and opinions.

This study used a moderately observer-as-participant approach as the student's status as research agent was known to the Provincial Treasury, as the primary source of information. In addition, the student was a Budget Analyst for the Randfontein Municipality at one point during the study. This means that, when the case study was considered, the researcher had experienced the dilemmas of planning within Randfontein Local Municipality. The specific study period extends from the initial and most complete phase of the second round of IDPs in local government to the first revision phase.

Because this is an exploratory research, semi-structured interviews were also employed. During unstructured interviews, the researcher suggested the theme for discussion and posed additional questions as they spontaneously arose. In Blumberg *et al.* (2008:386), the purpose of semi-structured interviews is stated as to learn the viewpoint of the respondents regarding a certain situation that relates to a broader research problem. Depending on the course of conversation, these interviews are flexible as new and follow up questions may be asked. The target population has been chosen due to their relationship with local government, the monitoring, support and oversight role they individually play, as well as their level of experience in local government matters.

## 1.6 Data Analysis

The study seeks to evaluate whether the IDP is a credible service delivery instrument in Randfontein Municipality.

The data derived from the unstructured interviews, secondary data, as well as the information or reports obtained from the various sources, will be analysed and organised to establish possible links. Chapters 2 and 3 pursue an inductive process of defining and describing the IDP and service delivery by means of comparing literature together with the relevant legislation. In Chapters 4 and 5, the credibility of the financial component of the IDP in Randfontein Municipality is evaluated using the DCOGTA framework. In these chapters the findings will be presented and discussed for possible means of improvement.

## 1.7 Ethical Aspects

Despite the fact that the information used was mainly in the public domain, the study considered the following ethical aspects:

- The protection of the documents of the municipality and department.
- There was no unnecessary interference with the working environment of the staff.
- The study would not be used to abuse the researcher's position as Budget Analyst within the Department of Finance.

## 1.8 Defining and Clarifying Concepts

- **Integrated development planning** can be described as an interdisciplinary planning approach that should seek to close any gaps that might exist between physical and economic development planning (Conyers *et al.*, 1984:60). Since 2001, municipalities were required to write integrated development plans. These were intended to be multi-sectoral programmes including a broad selection of development ranging from hard services, such as housing, public transport, electricity and sanitation, to soft services like local economic development (Atkinson, 2002:4). Traditionally, the municipalities had to provide services such as refuse collection but the IDP introduced an extended role for them – from these definitions, municipalities are now expected to be leaders, managers and planners for development.

- **The budget** gives effect to the strategic priorities of the municipality as embodied in the IDP and is not a management or implementation plan (National Treasury, 2007:19). This therefore renders the budget as a plan expressed in monetary terms. A budget can also be defined as a documented source of information that reflects the income anticipated by the institution and the expenditure over a specific period of time. This is referred to as medium term expenditure framework or multi-year budgeting in South Africa. This document can also be used by various stakeholders to hold people accountable and to check whether expenditure has been incurred as it was budgeted, and revenue collected as anticipated.
- In this study, **basic service delivery** refers to such services that are essential to ensure a reasonable and acceptable quality of life. Failure to provide such services will result in endangered public health or safety. Basic service delivery refers, but is not limited, to basic infrastructural service delivery such as electricity, water and sanitation. According to van Rijn in Bardien (2005:26), service delivery is regarded as basic if, and when, the government opts to provide access of certain services to the people regardless of their social status or income.
- **Local government** is the sphere of government closest to the people and this term is used interchangeably with the term “municipalities” which also refers to the local sphere of government that should be established for the entire territory of the South African Republic. This sphere of government is autonomous in that its executive and legislative authority is vested in the municipal council. This sphere has rights to govern, as provided by the Constitution (1996), and the provincial and national spheres of government are prohibited from impeding on this sphere’s ability to exercise its powers and functions.
- **Developmental-oriented local government** is a constitutional requirement for all municipalities. According to the Constitution (1996), the budgeting and administrative processes of each municipality should be structured in such a way that priority is given to the basic needs of the community while promoting economic and social development (RSA 2008:88). This means the role of government has been reinvented from the traditional bureaucracy to becoming in line with new public management reforms which should in turn empower communities rather than just be the simple delivery of services.

- A **service delivery and budget implementation plan** is a plan for each municipality which should outline how the municipality will implement its budget to meet service delivery needs. The SDBIP should therefore clearly outline municipal ability to effect or implement its budget and, as such, give effect to the municipal budget and IDP. This would, to a certain extent, measure the extent to which the municipal objectives have been met. The SDBIP is a tool that seeks to ensure that the budget is effective. This plan should also serve as a “contract” between the municipal administration, council and the community of the relevant municipal space (National Treasury, 2005:1).
- Societies, especially democratic societies have some form of service provision to address economics, risks and moral responsibility. The Constitution (1996) requires a plethora of services to be provided to the public. Local governments are the major spenders of public funds and as such they should provide a variety of these services which include, amongst others, health, education, defence, technology and housing.
- A **credible IDP** is one that is guided by community participation throughout its design and review processes, and is resourced by an adequately skilled workforce and a realistic budget which can be implemented and monitored (DPLG, n.d.:3).
- **Conditional grant** refers to a conditional allocation of funding to either a provincial or local government which is derived from the national government’s share of revenue raised nationally. This is contemplated in section 214(1) (c) of the Constitution (1996).
- Lastly, **financial viability** refers to the organisation’s ability to generate sufficient income to meet operating payments, debt obligations and, where applicable, to allow growth while maintaining the required service levels (Registrar of Community Housing 2009:2). In other words, a municipality that is financially viable has the financial means and management capacity to support the socio-economic goals of its public and create a sustainable good quality of life.

## **1.9 Chapter Outline**

### **Chapter 1: Introduction to the Study**

The first chapter provides a background of how far South African municipalities have come and the challenges they face, leading to the rationale of the study. This chapter also relates the research design and methodology for the purpose of the study and the general and specific objectives.

### **Chapter 2: Literature Review**

The second chapter encompasses the theoretical foundation of the study and outlines the IDP principle and its perspectives. It contextualises service delivery and further highlights the elements of a credible IDP as defined by COGTA. Finally, the chapter clarifies and discusses certain terms related to the study topic.

### **Chapter 3: IDP Legislative Framework for South African Local Government**

In this chapter certain legislation that is relevant to the municipal IDP is reviewed to formulate the basis for the IDP inception, its formulation, review and implementation. The COGTA IDP assessment framework guideline will also be introduced in this chapter.

### **Chapter 4: Evaluating the Credibility of the 2011/12 IDP for Randfontein Local Municipality**

A brief background will be provided in this chapter regarding Randfontein Municipality but, in the main, this chapter seeks to answer the research question by assessing the credibility of the Randfontein Municipality using the available COGTA framework.

### **Chapter 5: Summary of Findings, Conclusions and Recommendations**

In this chapter, the findings are summarised and recommendations for improvements are made.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Chapter Background

In local government, the close proximity of decision-making to the public is a unique quality as well as an advantage. The municipalities should therefore take advantage of this proximity and make certain that decisions are responsive to the preferences of the community. The IDP should endeavour to always be responsive to the public's needs, and the assessment of the results of decisions should involve the community to promote accountability. The Service Delivery and Budget Implementation Plan (SDBIP) as well as other reports legislated for local government will enable the public to play this role. Despite previous successful strategies, the means to address service delivery backlogs for previously disadvantaged groups are confronted by considerable cost pressures which, to some extent, result in inappropriate decisions being made by the municipalities on the level of services to be provided (National Treasury, 2008:1). For example municipalities may be forced to choose between investing in social infrastructure so as to achieve the Millennium Development Goals (MDG) as opposed to investing in infrastructure that would support and stimulate economic growth.

Local government is responsible for services which are close to the public such as primary and secondary education, housing and utilities, local transport, local cultural and recreational facilities, water and sewerage and waste management. These services have an immediate influence in the community as soon as they are provided. Complicated measuring instruments are not necessary when judging the success of the municipality, as the public receive the services. They can therefore make an easy conclusion with regard to the quality of the services received as well as their reasonableness. Communities are in a better place to monitor the government's results and actions, as the beneficiaries of service delivery, without any survey or reporting lags.

### 2.2 The Service Delivery Concept

Traditionally, local government was regarded as the sphere of government responsible for the provision of core services such as refuse removal, water and electricity distribution and sanitation. In terms of the Constitution (1996), and in line with the developmental role that local government should strive towards, certain responsibilities, such as aspects of health and housing services, have now been assigned to local government.

Basic service delivery was referred to as the provision of such services which are regarded as essential to ensure a reasonable and acceptable quality of life. Failure to provide this would result in an endangerment to public health or safety. Service delivery is regarded as basic if, and when, the government opts to provide access to certain services to the public regardless of their social status or income. Basic service delivery refers, but is not limited, to community services (also referred to as amenities) which can be considered as somewhat “soft” services in contrast to “trading services” such as water and sanitation, electricity, etc. By its own virtue, community services represent a core service because they bring high levels of public benefit through the improvement of public or social states of affairs as well as a sense of well-being for communities. In a paper commissioned by IDASA in 2004 on local government powers and functions, it was concluded that:

*“Service delivery can be achieved through the direct provision of a range of services to citizens and businesses and/or through the regulation of external service providers. This relates to the provision of the full range of municipal services, regardless of whether the service is managed directly by the local authority or indirectly by other public or private bodies. Service delivery may also be achieved through activities performed on behalf of other spheres of government on an agency basis. In an intergovernmental system such as South Africa’s, a sector-based categorisation generally agreed upon across government allows policy and legislative alignment between national, provincial and municipal departments. Broadly speaking, such a common categorisation is found in policy and legislation.” (IDASA, 2004:23)*

This quote relays a point that all spheres of government, including the private sector, play a role in facilitating effective service delivery by coordinating their efforts towards achieving a common goal. This is a move away from the assumption or expectation that service delivery is for local government, and the inclusion of the private sector as an alternative to service delivery is a recognition by government that government problems are too complex for them to manage alone. In this regard, certain provisions are then made for local government to make use of the full spectrum of service delivery options available such as public-private partnerships, contracting out and other related mechanisms. Understanding the role of collaboration therefore becomes crucial for successful service delivery.

In the context of government, public service delivery can be viewed as one of the desired outcomes of good governance that governments, worldwide, desire to achieve. This means service delivery would be a major measure of good governance if it is effective and efficient especially in developing countries such as South

Africa which are struggling with good governance and service delivery. In contrast to this notion, public service delivery can be perceived as the responsibility of government institutions to directly or indirectly deliver a range of services to the public. In general terms, this means services should be available and accessible to all those who require or need to use them, though this principle does not prevent services being unavailable due to limited funds or financial constraints. According to the Constitution (1996), the local government sphere falls within the ambit of the public sector which renders it as a public institution.

### **2.3 The IDP Perspectives**

Aimed at integrated development and management of the area of jurisdiction under the municipality concerned, the IDP has to be compiled with due regard to relevant and applicable legislation. It becomes an all-encompassing combination which brings the diverse elements constituting the municipal planning beneath one umbrella.

There are various implications that the IDP poses to local government as the IDP is currently the most powerful policy mechanism within the revolution of local government. This policy has the potential to make local governments work, provided that commitment by politicians and officials to this development is achieved. According to Meyer and Ackron (2008:246, 248), communities are regarded as a nuisance when it comes to involving them in policy processes whereas a different attitude is portrayed when the communities pay for rates and taxes. For municipalities to be able to deliver what the public require, the public have to be perceived in a more positive manner (i.e. as role players) to allow them the maximum opportunity to have their voices heard in the municipal planning processes. After all, the municipalities are spending public funds, no one is then in a better position to inform such spending than the public itself.

The IDP can also be described as a strategic plan under which plans are coordinated and resources aligned whilst taking into consideration the capacity to implement such a plan (RSA, 2000:25). The IDP is regarded as the most important strategic planning mechanism that should inform and guide all planning and development activities, including decisions regarding development, planning and management within the municipality (RSA, 2000:25).

This document should bind the municipality in the use of its decision-making power and also bind stakeholders affected by certain parts of the IDP who might have duties imposed upon them or their rights affected should it be passed. Lastly, the IDP is expected to be a product of intergovernmental planning. The Municipal Structures Act (MSA) requires an alignment between the developmental plans of the national

and provincial spheres of government and those of other affected municipalities. These plans should complement each other so as give effect to the principles of cooperative government (RSA, 2000:146). The principles of co-operative government, coupled with intergovernmental relations, are crucial determiners when measuring the municipal ability to discharge its mandate. According to Mashamba (2008:9), the IDP can be conceptualised in three dimensions:

- politically;
- technically; and
- intergovernmentally.

When perceived politically, the IDP becomes a five year “agreement” between elected public representatives and the electorate, thus justifying the Councillors’ occupation of public office for a five year period, indicating that it should be politically led. Viewed technically, the IDP becomes a key plan of each municipality that has to be driven by municipal senior management (in three or five year-long contracts) to ensure that the politico-socio-economic objectives of the municipality are achieved. The IDP being viewed intergovernmentally means the IDP should be an “expression of government-wide plans” in a given municipal space, of which the context may change. These plans have to be developed, harmonised, implemented and monitored through Intergovernmental Relations Framework (IGR) structures.

On the other hand, Meyer and Ackron (2008:340) view the IDP as a product of the integrated development planning process and further regard it as a “process by which municipalities prepare a five year strategic development plan” which must be renewed annually in accordance with the assessment of the performance measures (RSA, 2000:34). The IDP is regarded as an important tool, available to the public sector for the transforming of structural differences from the previously divided society (Geyer, 2006:1).

The Constitution (1996) places an important responsibility on the municipalities to ensure the provision of certain services to satisfy the public’s most basic needs, in a sustainable manner, by structuring and managing of their administration, budgeting, and planning in a way that gives priority to these services, as service provision is about managing and using limited resources to satisfy ever-unlimited human needs. The values and principles guiding local government require municipalities to respond to their community’s needs, which the public should indicate in any form they choose. These must be prioritised within the IDP as an overall policy framework (Meyer and Ackron, 2008:21).

In other words, the IDP can be perceived as an economic ideology aimed at managing the available economic systems in order to live off its dividends (Rogers *et al.*, 2008:43) and, according to Cashdan, (n.d.:5), municipal services can be used as an anti-poverty strategy by maximising the social benefits and the fiscal return that are associated with taking such services as public goods, which requires a long-term local and national vision.

## **2.4 The Elements of a Credible IDP**

A credible IDP is the one which, amongst other things, complies with the pertinent legislation and should express the municipalities' consciousness of its legitimate and policy directive for DLG. It should also encompass the commitment by the municipal council to ensure community empowerment and participation in the crafting, budget choices, implementation and monitoring of this plan through sincere communication and the participatory and decision-making mechanisms thereof. Developing a realistic plan which can be implemented, monitored and reported on has always been a challenge since the origination of the IDP during 2000. The IDPs were initially criticised and labelled as "wish-lists" and were therefore rendered unrealistic (DPLG, n.d.:4). It was therefore necessary for the South African Local Government Department to develop a credible IDP framework. Consequently, a credible IDP is the one that encompasses the following six main performance areas (DPLG, n.d.:3):

- Spatial Analysis and Rationale;
- Basic Service Delivery;
- Local Economic Development;
- Municipal Transformation and Organisational Development;
- Municipal Financial Viability and Management; and
- Good Governance and Public Participation.

Of importance, the municipal IDP should reflect the major deliverables for the upcoming five years, which should be supported by a quantifiable budget that can be translated into the service delivery budget implementation plan as an indication of how the IDP and budget will be successfully implemented. A credible IDP is therefore the one that is guided by community participation throughout its design and review processes, is resourced by a realistic budget and an adequately skilled workforce which can be implemented and monitored (DPLG, n.d.:3). The IDP for Randfontein will be assessed with a focus on these elements.

### **2.4.1 Realistic annual budget**

Resource allocation requires synchronisation to ensure that municipalities do not operate in a manner that is incompatible with both provincial and national priorities and objectives. In South Africa, such coordinating mechanisms include, but are not limited to, regulation, financial incentive as well as hierarchical accountability structures. The budgeting and planning processes within local government should therefore be strengthened as this will empower the council to informed decision-making which is crucial during efficient and sustainable service delivery. It is vital to combine or run these processes parallel to each other, however the IDP should inform the budget and not vice versa. The municipalities need to establish the community's needs and then strategise and prioritise service delivery accordingly.

Municipalities have two forms of budgets, operating budgets and capital budgets. Of major relevance to this study is the latter type which relates to infrastructure projects such as sewerage, roads, water reticulation, housing etc. According to IDASA, (n.d.:15), capital budget is reserved for expenditure on durable items with a life span of at least one year, such as buildings, machinery and equipment, while operating budget is for expenses on items that will be consumed during a year such as employee related costs and administrative items.

The term "capital budget" is broad in that it embraces the identification, prioritisation, and preparation for capital needs over a multiyear future period; assessment of financial capacity; financial forecasting; development and use of suitable capital financing options; the evaluation, design, and costing of capital projects; project authorization and appropriation; and project implementation. The capital budget is often funded mainly by debt and conditional grants from the other spheres of government. Budgeting for capital projects can be a fundamental as part of the economic development programmes for fast-growing communities but is also beneficial to those communities who are still attempting to stimulate economic growth.

The budget process should establish broad goals to guide the government's decision-making by assessing the needs of the community, their priorities, opportunities and challenges. Approaches necessary to attain the desired goals should also be developed through the budget process by adopting the relevant financial policies such as tariffs and indigent policies. The budget process should develop a budget that is consistent with approaches outlined in the Municipal Finance Management Act which are geared to achieve

the desired goals by developing a process for preparing and adopting a budget. Lastly, the budget process ought to assess the municipal performance and make the necessary adjustments.

It is in this context that the MFMA describes a credible budget as one funded from realistically anticipated revenue and expenditure, in other words, it must be capable of being implemented as tabled if approved (National Treasury, 2007:5). A credible budget is one that is consistent with the IDP, which can be achieved in relation to service delivery and performance targets, has realistic revenue and expenditure projections, and the implementation of which must improve the financial viability of the municipality (National Treasury, 2007:5).

According to Shah (2007:152), budgeting is aimed at serving a number of significant functions such as the setting of budget priorities in line with the government's mandate, expenditure planning for pursuing the long-term development visions, exercising financial control over inputs to ensure financial discipline and operations management for ensuring that government operations are efficient. An additional function is to augment accountability of government performance to the public. The summarised MTEF budget cycle is illustrated in Table 3 below.

**Table 3: Municipal Budget Cycle**

<u>STEPS</u>	<u>PROCESS</u>	<u>TIMELINE</u>
Planning	Adopt a schedule of key dates, establish consultation forums, and review previous processes.	31 August each year.
Strategising	Review IDP, set service delivery and objectives for next three years; consult on tariffs, indigent, credit control and free basic services, and consider local, provincial and national issues, previous year's performance and current economic and demographic trends.	September to 31 December each year.
Preparing	Prepare budget, revenue and expenditure projections; draft budget policies; consult and consider local, provincial and national priorities.	From September to February each year.
Tabling	<ol style="list-style-type: none"> <li>1 Table complete proposed budget, IDP revisions and budget related policies before council.</li> <li>2 Consult with and consider formal local, Provincial</li> </ol>	31 March each year.

	and national inputs or responses.	1 April to mid-May each year.
Approving	Council approves budget and related policies.	31 May each year.
Finalising	Publish and approve SDBIP and annual performance agreements and indicators.	31 July each year.

**Source: MFMA No. 56 of 2003**

#### **2.4.2 Adequately skilled force**

An adequately skilled force is one of the requirements for any IDP to be classified as credible (DPLG, n.d.:3). This means the municipality should have the human capital to implement the IDP which necessitates the need for the SDBIP. The municipality should ensure that there is a qualified, full staff complement to execute the strategic plan of the municipality. This is because the budget process should also be managed in a manner where the IDP, the budget and the SDBIP are prepared in unison with one another.

This would significantly contribute to ensuring that the desired levels of linkages are achieved. In turn, the SDBIP would demonstrate the results and standards of performance to be attained during the financial year. Human capital is what will make the budget and IDP a reality through the SDBIP. This document articulates the municipal plans on how the budget will be spent, on which projects (as stated in the IDP), the timeframes and assigns responsibilities to the senior management of the municipality, all of which should be embedded in the performance contracts.

#### **2.4.3 Community participation**

Community participation in the IDP is dependent on the extent to which municipalities encourage and create conditions for this participation in municipal affairs such as the IDP. Municipalities should contribute to local community capacity building in participating in the municipal affairs, and such participation should be fostered by the councillors (RSA 2000:138-139). The IDP should be a document that reflects the community's needs and should integrate local, provincial and national government programmes that seek to integrate the national and provincial programmes within the local space; this will then enable it to become the "face" of all of government plans. Community participation is the involvement of persons or groups which are affected (positively or negatively) or are interested in, a proposed project, policy,

program, plan or which is subject to a decision-making process. This means community participation is a methodical approach used to identify and recognise the different relevant members of the public, while providing relevant and understandable information to them and working to resolve their concerns about the proposed project, programme or policy with them.

As alluded to in Chapter 1, South Africans prefer to march the streets when voicing their dissatisfaction with service delivery; the Internet contains a number of articles in this regard and our newspapers frequently report on poor- or non-service delivery, so much so that surveys and research sometimes predict where service delivery and violent protests will occur. The research revealed that at least 44 percent of the black population in the Gauteng Province were dissatisfied with service delivery, with some members of the public claiming to have been waiting as long as ten years for Reconstruction and Development Programme (RDP) housing (Tau *et al.*, 2007).

On the contrary, a discussion with Mkhehlane (2008:07 November 2008) revealed that, when consultation has been undertaken, the inputs from the stakeholders are either not forthcoming or, when received, they are of poor quality which makes it difficult for those inputs to influence the re-crafting of strategies. This poses a dilemma when resolving the community participation issue as communities accuse the local government for a lack of consultation, while local governments point fingers at communities for their non-participation or for not engaging the municipalities. Civic education can play a crucial role in improving the quality of inputs from the public as this will capacitate them and reduce the amount of time the municipalities have to spend on this exercise.

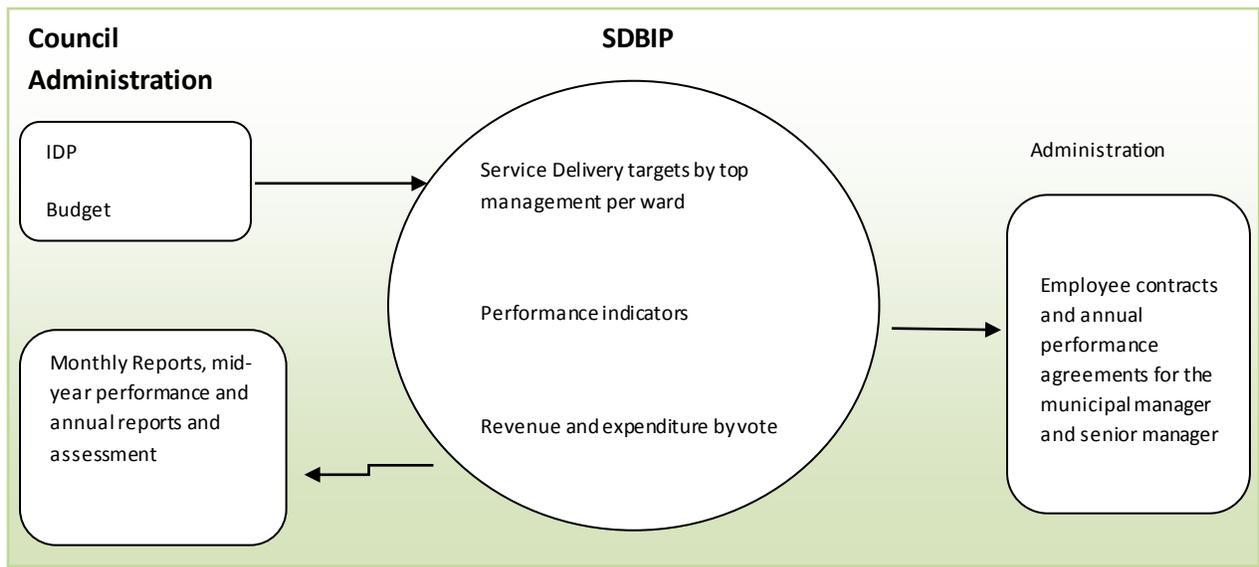
There are various obstacles and challenges to effective community participation in South Africa, such as less effective or meaningful public participation; the so-called “consultation fatigue” by local government officials charged with implementing the IDP, which is the lack of a sense of urgency by local municipalities when releasing funds as well as other resources for projects linked to an IDP without which it is impossible to improve the livelihoods of communities. Consultation fatigue is better explained as a barrier that is more eminent in the public sector where overburdened officials are used for decision-making that is short framed (Meyer and Ackron, 2008:245).

## **2.5 Link between IDP and other Strategic Planning Instruments**

For the purpose of this study, the documents under discussion will be limited to the budget, Service Delivery and Budget Implementation Plan (SDBIP) and Provincial Growth Development Strategy (PGDS).

As a strategic plan, the IDP should incorporate both short and medium term objectives, and is intended to serve as a guide to municipal budgeting, management and service delivery. It can be regarded as a master plan which supersedes all other plans within a municipality. The other spheres of government should assist the municipalities in creating the IDP and monitoring the content and local performance relevant to required and desired actions so as to ensure that the provincial and national priorities are reflected in the IDP development and performance. This is best illustrated in Figure 1.

**Figure 1: IDP/SDIP/Budget Linkages**



Source: National Treasury (2005:01).

### 2.5.1 Service Delivery and Budget Implementation Plan (SDBIP)

Priority issues identified in the municipality's IDP should have performance indicators and targets. For all the priorities reflected in the IDP, the performance indicators used to measure the extent of progress in service delivery should also be reflected as they are crucial for management and monitoring purposes. Indicators are defined as a gauge of the level of development or performance which permits for a comparison across space and time. Indicators are important tools which can be used by local government to set realistic targets and monitor action and resource allocation to ensure accountability to the public. As such, developing appropriate indicators for use by municipalities can be a demanding task as these indicators should be designed so they present the information transparently and in the best possible manner to inform policy formulation as well as monitor the policies that are being implemented. In addition, the public should be able to hold the council accountable for not attaining its goals through use of the

SDBIP as it should contain quantifiable outcomes that the municipal administration is capable of implementing during the municipal financial year.

The development of the SDBIP is essential to ensuring the synchronisation of the IDP and annual budget, and is defined as a detailed plan approved by the mayor of a municipality for implementing the municipality's delivery of services and the execution of its annual budget. This plan must include revenue projections for each month which should be classified by source, operational and capital expenditure, by vote and lastly service delivery targets and performance indicators for each quarter. The SDBIP therefore provides the foundation for the measurement of service delivery performance against the end of year targets and implementation of the budget. Progress that is not measured can be difficult to verify.

The SDBIP can be seen as a binding document between the municipality administration, municipal council and public which expresses the goals and objectives laid down by the council (National Treasury 2005:01). For the SDBIP to achieve its intended objectives, it should be linked to the performance contracts of relevant managers within a municipality for monitoring by the accounting officer of that municipality.

### **2.5.2 Provincial Growth Development Strategy (PGDS)**

When reviewing the IDP, it is important municipalities understand the strategic context within which they operate. According to the PGDS Guidelines, the provincial government has an important role to play in contextualising national government's priorities and grounding them within the realities and specificities of each province while guiding municipalities with the development and implementation of IDPs and programmes for sustainable development. The PGDS becomes a vital tool in guiding, coordinating and allocating the provincial, national as well as the local and private sector resources and investments to achieve sustainable development outcomes. The municipalities are also major role-players in this process, together with private and civil organisations (The Presidency & the DPLG, 2005:3).

Ideally, the PGDS should be a planning tool which takes cognisance of the needs identified in local government and its ability to deliver on national government priorities while ensuring that the necessary steps to actively channel resources to support these are in place. The PGDS guideline therefore requires the national government to commit resources to the realisation of the PGDS goals and objectives proceeding from the premise that their own projects find expression in specific provinces and municipalities. The budgeting and IDP processes should be automated so that updates are regularly announced.

Properly aligned planning and integration can only be achieved by, assessing the PGDS using the National Spatial Development Perspective (NSDP) principles and approach and enabling intergovernmental alignment while guiding the planning activities of the relevant agencies such as the parastatals, national and provincial departments within the local area. Furthermore, consideration of the available resources, economy, natural environment, social and political constraints as well as opportunities must be made.

### **2.5.3 Budget**

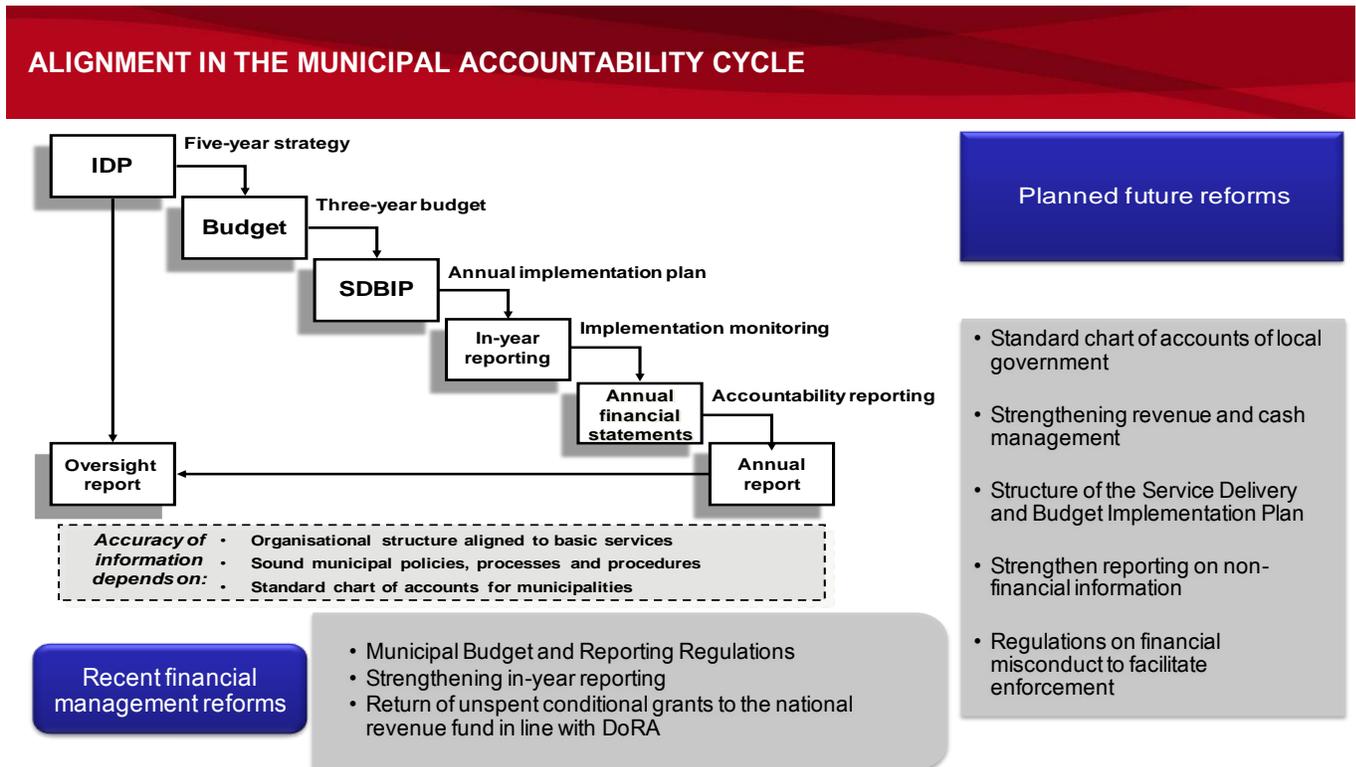
The IDP should inform the resource allocation and not vice versa and development indicators, which are regarded as an essential part of the IDP, should guide resource allocation in any municipality. In other words, the IDP should be a reflection of people's needs and the resources available to meet those needs should be translucent. This requires consultation from the local government sphere. Resource allocation should be focused on areas that are in most need. The budget gives effect to the strategic priorities of the municipality as embodied in the IDP and is not a management or implementation plan (National Treasury 2007:19). As such, it would be fruitless to determine the credibility of an IDP without establishing the linkages with other planning documents such as the budget, which is one of the key planning documents in a municipality and also determines the credibility of the IDP.

The budget and IDP process should be run as the same process. A well-run budget process incorporating a review of the IDP will smooth the progress of community participation, promote debate, encourage an improved perspective of the community's needs, provide a prospect for feedback and advance accountability and responsiveness to the local communities' needs (National Treasury, 2005). It also positions the municipality to represent the needs of the community, and to provide useful inputs to the relevant provincial and national department strategies and budgets for the provision of services such as schools, clinics, hospitals and police stations.

## **2.6 Alignment in Municipal Accountability Cycle**

The legislation applicable to local government makes provision for the municipalities accountable to various organs of state and the auditor general as a state institution supporting constitutional democracy. The municipal accountability cycle is summarised in Figure 2.

Figure 2: Alignment in the Accountability Cycle



8

**Source: National Treasury Presentation (2011)**

Figure 2 illustrates the relationship between the IDP and other key documents within the municipality. This relationship was dealt with in the literature review. To give effect to the IDP, the Municipal Planning and Performance Regulations indicate that the municipal IDP should inform the municipal budget. This should be based on certain objectives and priorities. These are translated into annual implementation plans such as the SDBIP and in-year reporting which can be monitored, as prescribed by legislation applicable to local government.

## 2.7 Conclusion

Service delivery should not be seen as a municipal primary responsibility but rather a joint responsibility where the other spheres of government can and must participate in providing the necessary support that municipalities require to make the IDP an effective tool in service delivery. In other words, coordinated effort and commitment is required from all spheres of government with each acknowledging their developmental role. Clearly, a lack of service delivery cannot be blamed entirely on municipalities simply because they are located where actual service delivery takes place.

The Millennium Development Goals can only be achieved through coordinated plans and activities by all spheres of government and the IDP is a great start. Combined with the PGDS and budget, the IDP becomes the most strategic planning instrument that guides and informs all the developmental areas to achieve alignment with the National Spatial Development Perspective (NSDP), and the success of the IDP/PGDS/NSDP synchronisation policy requires an enhancement in state performance. It is widely supported therefore that, at best, the IDP is a “modest and partial” tool which can support the municipality with the provision of a more strategic framework and an organised structure to achieve the developmental goals and which may largely assist with coordination between the various spheres of government (Harrison n.d.:204).

The IDP process should therefore ensure coordination across all spheres of government and should seek to ensure policy and budgetary conformity across these spheres (Shah, 2007:253). There are various strategic planning instruments at municipal and provincial level which the municipality should consider prior to adopting the final IDP. The effect of IDP on service delivery and the extent of this effect depend on various factors such as the ability of municipalities to carry out their mandate and the amount of community participation allowed, as the public have a crucial role to play in helping the municipality when deciding on which services to provide for varying communities.

## CHAPTER 3: IDP LEGISLATIVE FRAMEWORK FOR SOUTH AFRICAN LOCAL GOVERNMENT

### 3.1 Introduction

Chapter 2 discussed the theoretical context of the IDP and service delivery. Pre-1994, the local government was fundamentally regulated by the ordinances which varied between the different provinces and legislation on various subjects such as financial management, norms and standards, municipal structures and systems, land administration, electrical installations, etc. was limited. The transition to democracy brought about massive transformation in local government and a number of reforms have been introduced across all spheres of government since 1994. The most essential and applicable legislation introduced to local government since the first democratic election was the new Constitution, the Municipal Systems Act, the Municipal Structures Act, the Municipal Finance Management Act, Division of Revenue Act, the Municipal Property Rates Act and the National Credit Act and Regulations Act.

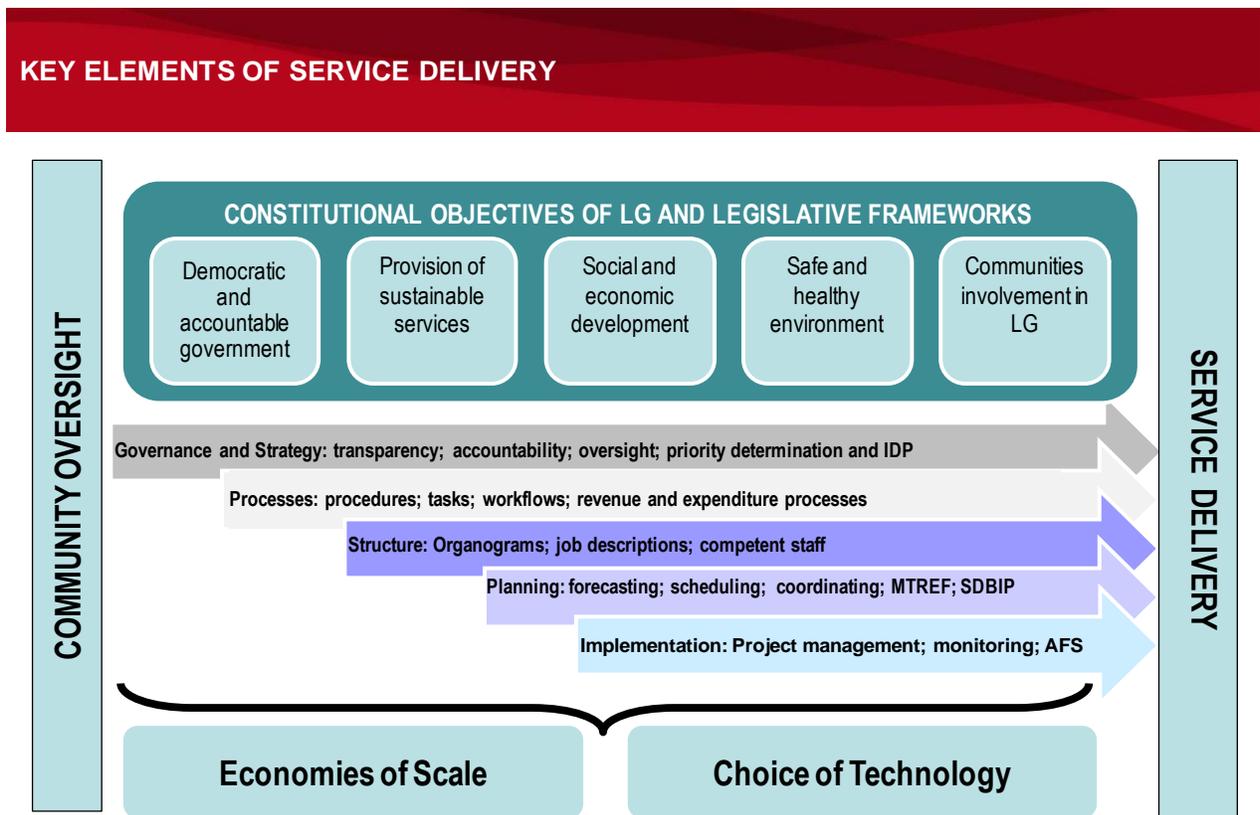
This chapter seeks to provide a **legislative framework for IDP formulation, implementation and review for South African local government**. A number of legislation regulating various aspects of local government exists. The following legislation and policy guidelines are reviewed to provide a legislative context for IDP in South African local government:

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- The White Paper on Local Government (1998)
- Municipal Systems Act (No. 32 of 2000)
- Local Government Municipal Planning and Performance Management Regulations (2001)
- Municipal Finance Management Act, (Act No. 56 of 2003)
- Intergovernmental Fiscal Relations Act (No. 97 of 1997)
- The Municipal Fiscal Powers and Functions Act (No. 12 of 2007)
- MFMA Budget and Reporting Regulations (No. 32141)
- Division of Revenue Act (No. 5 of 2002)
- COGTA IDP Assessment Format (2008)

### 3.2 The Constitution of the Republic of South Africa (Act No. 108 of 1996)

Chapter 3 of the Constitution clarifies the composition of South African government into National, Provincial and Local spheres as well as the relationship that should exist between these spheres. The Constitution clarifies the relationship for these spheres as distinctive, interdependent and interrelated. Furthermore, Chapter 7 of the Constitution places specific developmental duties on local government, which is expected to manage and structure its administration, budgeting and planning processes in a manner that prioritises the community’s basic needs. The details of the local government’s planning processes are outlined in the Municipal Systems Act as discussed in section 3.4 to follow.

Figure 3: Key Service Delivery Elements



Source: National Treasury (2011)

### **3.3 The White Paper on Local Government (1998)**

Significantly, the White Paper on Local Government clarified the developmental vision for local government in practice and explained developmental government as meaning two things, namely:

- 1 A new approach in doing things, and
- 2 A set of new tools to be used by local government when building the developmental local government approach.

The White Paper further proposes for municipalities to focus on a clear set of developmental outcomes aimed at meaningfully addressing the impact apartheid had on human settlements, such as provision of household infrastructure and services, creating liveable integrated towns and rural areas, local economic development and community empowerment. In orientating itself to these developmental outcomes, the White Paper proposed some of the new administrative systems that municipalities should adopt in building a developmental approach.

Regarded as a mini “Constitution”, the White Paper on Local Government is unique and does not deal with a sectoral policy but with an entire sphere of government as it affects all South Africans. Within the framework of the Constitution, the White Paper on Local Government establishes the basis for a new developmental local government system, which is committed to working with the public, groups and communities to create sustainable human settlements providing a decent quality of life to all and meeting the social, economic and material needs of communities in a holistic way. The White Paper on Local Government also prescribes for municipalities to develop mechanisms to ensure the public’s participation in policy formulation, implementation and monitoring, as well as decision-making and implementation. This involves public participation in municipal operations.

### **3.4 The Municipal Systems Act (No. 32 of 2000)**

This act provides for the fundamentals that give effect to the new system of local government. It sets down principles, processes and mechanisms necessary for municipalities to progressively move towards the social-economic upliftment of communities and ensures access to essential affordable services for all. Section 25 of the Municipal Systems Act prescribes for each municipal council to adopt a single, inclusive and strategic plan for the development of its municipality. The plan is the IDP and it must be adopted within

a prescribed period after the start of the council's selected term (Municipal Systems Act, 2000:147). This plan should:

- Link, coordinate and integrate all plans and should consider development proposals;
- align municipal resources and capacity during its implementation;
- form the policy framework and basis within which annual budgets are based;
- be compatible with the development plans and planning requirements of the national and provincial government; and
- comply with the provisions of Chapter 5 of the Municipal Systems Act.

Chapter 5 of the Municipal Systems Act deals with integrated development planning for local government. This chapter outlines, amongst other things; the adoption of the IDP, municipal planning in co-operative government, components, and framework for the IDP up to the review stage. The MSA requires municipalities to undertake developmentally-oriented planning to ensure that local government:

- Strives to achieve the local government objectives as articulated in the Constitution;
- gives effect to its developmental duties as required by the Constitution;
- and, together with other spheres of government, contributes to the fundamental rights as contained in the Constitution.

The Constitution and Municipal Systems Act requires municipalities to develop a culture of municipal governance which complements the formal nature of government and must promote and create enabling conditions for the local communities to partake in the IDP preparation, implementation and review as well as the budget preparation process, amongst others (RSA, 2000:138-139).

### **3.5 Municipal Planning and Performance Management Regulations (2001)**

The regulations prescribe that a municipal IDP should identify, amongst other things; the investment and development initiatives in the municipality and all known projects, plans and programmes that will be implemented by other organs of state within the municipality. The regulations also require that the municipal IDP includes a financial plan which includes a three year budget projection as required in terms of section 26 of the MSA. Last but not least, the financial plan should include a financial strategy which defines sound financial management and expenditure control. This financial strategy should address:

- Financial management strategies
- Revenue raising strategies
- Capital and operational financing strategies
- Asset management strategy as well as strategies that can enhance cost effectiveness within the municipality

### **3.6 Municipal Finance Management Act (Act No. 56 of 2003)**

This Act addresses three critical aspects of the IDP implementation plan, namely: the transformation of the procurement approach; the alignment of the IDP and budgeting and performance management processes as well as the linkage of IDP timeframes with budget timeframes. Section 16 of the MFMA indicates that the municipal council should approve an annual budget for the municipality before the start of that financial year which must be tabled by the mayor at a council meeting at least 90 days before the start of the budget year. Section 17 prescribes the contents and supporting documents of that budget and subsection 3(d) indicates that:

- Any proposed amendments to the IDP, following its annual review (in terms of section 34 of the MSA), should accompany the annual budget.

Section 21 and 53 of the MFMA also indicate that the mayor of the municipality must also coordinate the preparation and review processes of the IDP to ensure that such revisions are mutually consistent and credible.

In addition, the mayor should table a time schedule which outlines the key deadlines for the annual review of the IDP as well as the tabling and adoption of any amendments to the IDP. This should be done ten months prior to the start of the budget year. According to section 21(2)(a-d), the mayor must take the municipal IDP into account; take all reasonable steps to ensure the IDP is revised; take the national budget and relevant provincial budget into account and consult the relevant district as well as other local municipalities.

Furthermore, the MFMA prescribes the municipal council to consider approving the budget at least 30 days before the start of the financial year. The annual budget must be approved with the necessary resolutions such as the approval of any changes to the municipal IDP. All must be submitted to the National and

relevant Provincial Treasuries. Lastly, section 53(1) (c) (ii) requires the mayor to take all reasonable steps to ensure that the municipality's SDBIP is approved within 28 days after the budget approval.

### **3.7 Municipal Budget and Reporting Regulations (No. 32141)**

The MFMA was introduced as an endeavour to secure sound and sustainable financial management within local government and other relevant institutions, to establish treasury norms and standards for municipalities and provide for matters connected therewith. The introduction of the MFMA required National Treasury to provide guidelines relating to various aspects of the MFMA which led to the Municipal Budget and Reporting Regulations.

In the previous chapter, the budget is regarded as one of the elements of a credible IDP. In this regard, the regulations prescribe various municipal budget related matters such as the budget format, funding of budgets, tabling and approval of budgets, and the publication and submission of the approved annual budgets and other documents. The MFMA prescribed one of the "other" documents as the reviewed IDP and the SDBIP. In this study, the relevance of the regulations is the new budget format. This format prescribes municipalities to prepare a budget which discloses the reconciliation of the IDP strategic objectives against the budget in a supporting table named SA4.

Lastly, the MFMA circulars and guidelines also serve as a directive on a number of aspects relating to local government finances. These are not meant to augment any legislation but provide further guidance on implementing the MFMA through, in some instances, the provision of practical examples. However, it should be noted that these guidelines are binding to municipalities or entities only when adopted by the council of a parent municipality in the case of municipal entities (MFMA 2003:160).

### **3.8 Division of Revenue Act, 2003 (No. 7 of 2003)**

One of the intents of the DORA is the provision of an equitable division of revenue which is raised nationally amongst the three spheres of government for each and every financial year, as well as the responsibilities of such spheres pursuant to such divisions. Listed below are the broader objectives of the DORA:

- To provide for the equitable division of revenue raised nationally among the three spheres of government;

- to promote predictability and certainty in respect of all allocations to provinces and municipalities so that provinces and municipalities may plan their budgets over a multi-year period and thereby promote better coordination between policy, planning and budgeting;
- to promote transparency and accountability in the resource allocation process by ensuring that all allocations are reflected on the budgets of receiving provinces and municipalities and ensuring that the expenditure of conditional allocations is reported by the receiving provinces and municipalities.

This therefore means that all national grants to the local government must be published for the current financial year as well as the two outer or upcoming years in the DORA. This is done to enable the local sphere of government to prepare and table inclusive three-year budgets for the coming municipal budget. In turn this allows municipalities to effectively plan for the implementation and execution of their programmes. The DORA provides for one of the major sources of revenue in local government (equitable share and conditional grants). Complying with the DORA and its conditions therefore becomes important and failure to do such might lead to negative consequences for local government such as the withholding of funds by the National Treasury or the offsetting of some of the funds against the local government equitable share.

### **3.9 Intergovernmental Relations Framework (Act No. 13 of 2005)**

The Intergovernmental Relations Framework (IGRF) was established in 2005 to provide within the principle of co-operative government, set out in the Constitution (1996), a framework for the three spheres of government and all organs of state within those governments and to promote and facilitate coordination when implementing the policy and legislation, including:

- Coherent or consistent government;
- provision of services in an effective manner;
- monitoring implementation of policy and legislation; and
- realisation of national priorities.

The Act also makes provision for a line of communication that goes from municipalities to the provinces and directly to the Presidency. In this regard various intergovernmental relations structures have been established to coordinate the work of all the spheres of government in providing services, alleviating poverty and promoting development, etc.

The Act seeks to establish a framework (forums) for the national, provincial and local Government to promote and facilitate intergovernmental relations and to provide institutional procedures for the settlement of disputes among these spheres of government. Uys (2010:8) states that the objective of the MFMA (read in conjunction with Chapter 5 of the Municipal Systems Act 2000, No 32 of 2000) is to facilitate cooperation between spheres of government and within municipalities through IDPs by means of mutual support, information sharing, coordination of functions and communication.

### **3.10 Municipal Powers and Functions (Act 12 of 2007)**

This act seeks to promote the predictability, transparency and certainty regarding the municipal fiscal powers as well as functions. It also aims to ensure that such powers and functions are fairly exercised so as not to prejudice national economic policies, activities across municipal boundaries etc. The Act also provides for an appropriate division of fiscal powers and functions in circumstances where two municipalities share the same powers and functions in the same area by regulating the power to impose municipal surcharges on fees for services as contained in section 229(1)(a) of the Constitution.

### **3.11 COGTA IDP Assessment Format (2008)**

During 2008, the then DPLG, now COGTA, introduced a tool named the credible IDP Evaluation Framework which is a format to measure the credibility of the South African Municipal IDPs. According to COGTA, the framework was meant to serve as a tool to guide the crafting, design, improvement and assessment of a credible IDP. It was not intended to serve the purpose of a performance measurement tool but rather as a reference tool, or guideline, towards establishing the quality of a credible IDP. The tool articulates that a credible IDP will convey the following:

- The realities of what can be delivered by the budget over the three to five year horizon (the IDP must not be a “wish-list”).
- A clear measurable budget and implementation plans aligned to the SDBIP.
- Communication, participatory and decision-making mechanisms.
- The degree of intergovernmental action and alignment to government-wide priorities.

The framework is comprised of six components to be assessed which are the following:

- Spatial Analysis and Rationale;
- Basic Service Delivery;

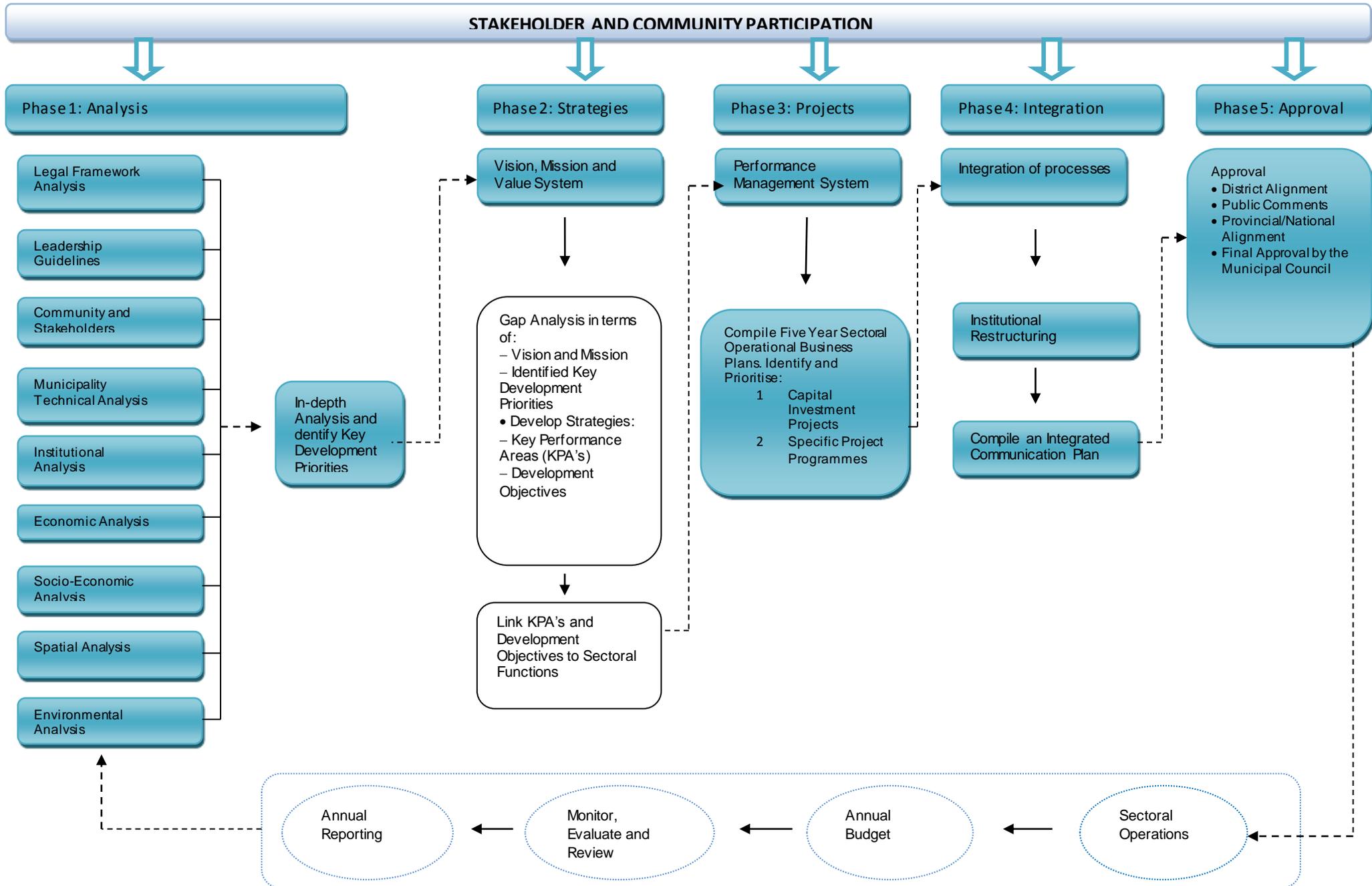
- Local Economic Development;
- Institutional Arrangements;
- Municipal Financial Viability and Management; and
- Good Governance and Community Participation.

The research question will be best answered by assessing the three components of Financial Viability, Good Governance and Institutional Development as these are the indicators of a credible IDP (DPLG n.d.:3).

### **3.12 The IDP Process**

The MSA requires each new municipal council to develop an IDP for their respective term of office. The technical process to be followed for drafting the IDP should be in accordance with the requirements of the relevant legislation as discussed in this chapter. The IDP process is extensive and should consist of at least five phases, namely analysis, strategies, integration and approval. Generally, the IDP process should be completed in accordance with the phases as illustrated in Figure 4.

Figure 4: Five Year IDP Process (Westonaria Local Municipality, 4<sup>th</sup> Review – 2011/2012 IDP)



The first phase is an analysis using the existing levels of development. In this phase, meetings should be held with the communities and other stakeholder representatives. Through these engagements, priority issues or problems are then identified and these, along with their causes should be agreed upon. Information on the available resources should be made available during this phase.

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

- Developing a vision for the municipality.
- Defining development objectives to deal with the problems outlined in the first phase.
- Development strategies which should clearly articulate the best way for the municipality to meet the development objective(s).
- Identification of projects.

The relevance and application of policy guidelines in the local government context should also be considered during this phase and the municipality should identify specific programmes and projects to be used and conducted.

The third phase deals with formulating the project proposals. These project proposals are screened, adjusted and consolidated. The details for all the projects should be clear and the beneficiaries of the project should be outlined; the cost of the project and funding sources should also be specified as well as the length and management details of the project. Integrated programmes should be compiled and the following should be clearly outlined:

- Performance indicators.
- Project outputs, targets and location.
- Project related activities and a time schedule.
- Cost and budget estimates (financial plan).

In other words, clear targets must be laid down and the performance indicators should be worked out so as to measure performance and the impact of individual projects.

As soon as all projects have been identified by the municipality, the municipality should again check whether they contribute towards meeting the objectives that were previously outlined in the second phase and this should be addressed in the fourth phase. In this phase an integration of the financial plan, capital investment programmes, disaster management plans, spatial development framework, institutional plans, performance management system and sectoral programmes such as LED, HIV etc. should occur.

The fifth stage relates to the approval of the IDP. It is during this phase that comments should be invited and incorporated from various relevant stakeholders. The IDP is presented to the council for consideration and the output for this phase is the adoption of the IDP by the municipal council. The IDP is then implemented over the budget year and reviewed annually as prescribed by legislation.

### **3.13 The Stakeholders and their Role in the IDP Process**

By its very nature, the IDP should be an interactive and participatory process and therefore it requires the involvement of various stakeholders as it guides the development plans of the municipality. The major stakeholders identified include the municipality itself, the councillors, the community and other stakeholders and the other organs of state such as provincial and national sector departments which will be discussed briefly.

#### **3.13.1 Municipality**

Certain organisational requirements need to exist to ensure the legislative requirements for the IDP are met. Within the municipality, the accounting officer or municipal manager is accountable on behalf of the administration. To fulfil the IDP responsibility, the accounting officer should appoint an IDP manager who must manage the drafting process of the IDP daily on his/her behalf.

#### **3.13.2 Municipal Council**

The municipal council is the decision-making body of the municipality. The councillors form part of the municipal council and are responsible for organising community participation as well as linking the IDP process with their constituencies or wards. The executive committee then decides on the planning processes as well as overall management and coordination and the municipal council is responsible for the final decisions in the IDP including its approval and monitoring.

### **3.13.3 *Communities and other stakeholders***

According to the Constitution (1996), one of the objectives of local government is to encourage the participation of communities in local government matters. The community refers to those who reside and conduct business in the municipal area, the ratepayers and community organisations as defined in the Municipal Systems Act (RSA, 2000). Chapter 2 alluded to the roles and responsibilities of the communities in the IDP process. The literature suggests that IDP should be based on the community needs and priorities which is a notion based on the Constitution (1996). The IDP process should encourage the community and give them a chance to participate in the IDP process to ensure that their most important needs are identified.

The ward committees were designed to help achieve such developmental goals and, as partners in participatory democracy, they are seen as a creation of legislation and obligated to be active partners in the functioning of local government in policy-making and implementation (Abibio, 2007). This means that ward committees should represent the structures of the community and interact with local government on aspirations, potentials and problems of the people. Ward committees therefore form bridges and ease the contact between municipal councils and the public they represent by vigorously partaking in determining municipal processes.

### **3.13.4 *National and provincial sector departments***

The three spheres of government are described by the Constitution (1996) as distinctive, interrelated and interdependent. The local government sphere has the right to govern the affairs of its municipality on its own initiative which is subject to national and provincial legislation. These spheres are all responsible for varying service delivery obligations but, in some instances, the local government acts as an implementing agent for such services. The other spheres of government have to be guided on how to use their resources to address local needs and this requires their participation in the municipal IDP process. On the other hand, the municipalities must take programmes and policies of other spheres into account when planning as this will ensure coherent and consistent service delivery in line with the requirements of the Constitution (1996) and IGRF.

### **3.13.5 Auditor-General South Africa (AGSA)**

Section 188 of the Constitution (1996) mandates the AGSA to audit and report on the accounts of all national and provincial state departments, all municipalities, and any other institution or accounting entity required by National and provincial legislation. The AGSA is responsible for issuing or expressing an independent opinion regarding the audit undertaken at the municipality. In so doing, the AGSA makes use of the norms and standards derived from the Municipal Systems and Structures Acts and any other legislation such as the MFMA which regulates and impact on local government administration and financial management.

### **3.13.6 South African Local Government Association (SALGA)**

SALGA is an independent organisation of municipalities which derives its mandate from the Constitution (1996). Through this mandate, SALGA is defined as the “voice” of local government as it interacts and interfaces with parliament, the National Council of Provinces (NCOP), the cabinet as well as provincial legislatures. As set out in, and in line with, its mandate, SALGA’s role is mainly to:

- Represent the South African municipalities and promote their interests.
- Transform the South African local government in such a way that will enable them to fulfil its developmental role.
- Raise the local government profile.
- Ensure that women participate fully in local government.
- Develop the capacity of local government.
- Perform its employer role.

### **3.13.7 The District Municipality**

The role of the District Municipality is the same as that of local municipalities but is focused on the district-wide preparation of the District IDP. The District Municipality has the responsibility to coordinate the roles of each local municipality within its jurisdiction. This responsibility entails the following: horizontal alignment of the IDPs of all local municipalities within the district council area; vertical alignment between district and local municipalities; vertical alignment of IDPs with other spheres of government and sector specialists; and preparation of joint strategy workshops with local municipalities, provincial and national role-players and

others (Randfontein 2011:19). Section 84(1) of the Municipal Structures Act prescribes the following competencies for a district municipality:

- Integrated development planning;
- municipal roads and airports;
- municipal health services and fire fighting services;
- establishment, conduct and control of fresh produce markets;
- promotion of local tourism;
- municipal public works relating to the above functions;
- receipt, allocation and, if applicable, the distribution of grants; and
- imposition and collection of taxes, levies and duties.

**Table 4: Summarised list of stakeholders in the IDP**

STAKEHOLDER NAME	ROLES AND RESPONSIBILITIES
Municipal Administration	Designs and crafts the IDP, consults on the IDP and presents it to the council for approval.
Municipal Council	The ultimate decision-making body of a municipality which endorses the IDP.
District Municipality	District-wide preparation and coordinating the roles of each local municipality within its jurisdiction.  Convene and represent local municipalities at provincial or premier coordinating forums and share integrated planning issues.
Other spheres of government (National and Provincial)	Departments should be guided through the IDP process on how to use their resources to address

	local needs.
Community and other stakeholders such as business, community based organisations, rate payer's associations and interest groups.	Responsible for identifying their most important needs upon which the IDP should be based.
Auditor General of South Africa	Audits and expresses an opinion on municipal matters as legislated, including opinions on the IDP.
South African Local Government Association	Represents the municipalities and promotes their interests. Responsible for transforming local government in such a way that will enable it to fulfil its developmental role.

### 3.14 Conclusion

There is a widespread legislative framework for IDP found in various Acts, regulations and guidelines as IDP is a key planning document for South African local government. Various laws and other policies which are applicable to the IDP exist and should be taken into consideration when drafting the IDP. From the previous chapter and the legislative framework, it is evident that the IDP should coordinate the work of local and other spheres of government into a coherent plan to improve the quality of life of all the people living in an area.

There are close linkages and alignment between the Municipal Systems Act and other legislation which should be recognised for the better interpretation and understanding of the legislation applicable to local government. This is particularly obvious between the Municipal Finance Management Act and Municipal Systems Act which are regarded as complementary. The reforms regarding long-term planning as contained in the MSA cannot be properly implemented without a strategic approach.

While it is acknowledged that service delivery is not solely a municipal function, services cannot be delivered in an uncoordinated manner, for example when a housing settlement is planned. Infrastructure related to such things should also be planned for, as with roads, sewage, schools, and so forth. In many

instances some of these services are a responsibility of another sphere of government and will therefore have to be paid for by the responsible department. In many instances, the legislation applicable to local government regulates these coordinated efforts.

The IDP process offers many opportunities for various stakeholders to influence service delivery plans during the different phases of drawing up the IDP as this must be drawn up in consultation with local forums and stakeholders. The word “integrated” means all those who have the power and leverage to contribute towards meeting the basic service delivery needs have to come together and meaningfully engage to make IDP a reality. Planning and integration should be achieved through alignment with the IDP process and should ensure that the metro or district IDPs express the three spheres’ developmental plans. The local sphere of government has to provide a vision and leadership for all those that can play a role in achieving local wealth and should exercise its power and functions in such a way to maximise the outcomes (impact on social development) and local economic growth. This would require the local government to use a different leadership style – one of a partnership nature which requires the municipality and the various stakeholders to connect in a balanced power sharing manner (Durbin, 2007).

## **CHAPTER 4: EVALUATING THE CREDIBILITY OF THE 2011/12 IDP FOR RANDFONTEIN LOCAL MUNICIPALITY**

### **4.1 Introduction**

The purpose of this chapter is to evaluate the credibility of the IDP for Randfontein Municipality which has been defined in Chapters 2, 3 and 4. This chapter seeks to answer the research question by evaluating the credibility of the 2011/12 IDPs for Randfontein Local Municipality using the COGTA IDP framework.

- Financial viability;
- institutional arrangements; and
- governance.

In this study, municipal financial viability is viewed as the ability of the municipality to ensure that it has and maintains sufficient financial resources to render services to the communities and to meet its financial obligations while contributing to the capital projects, amongst other things. Raga (2011:151) states that the municipality should listen to the views of communities and take cognisance thereof when making decisions about which services should be rendered. This means that RLM should engage the public in their planning and should treat them as their customers and clients.

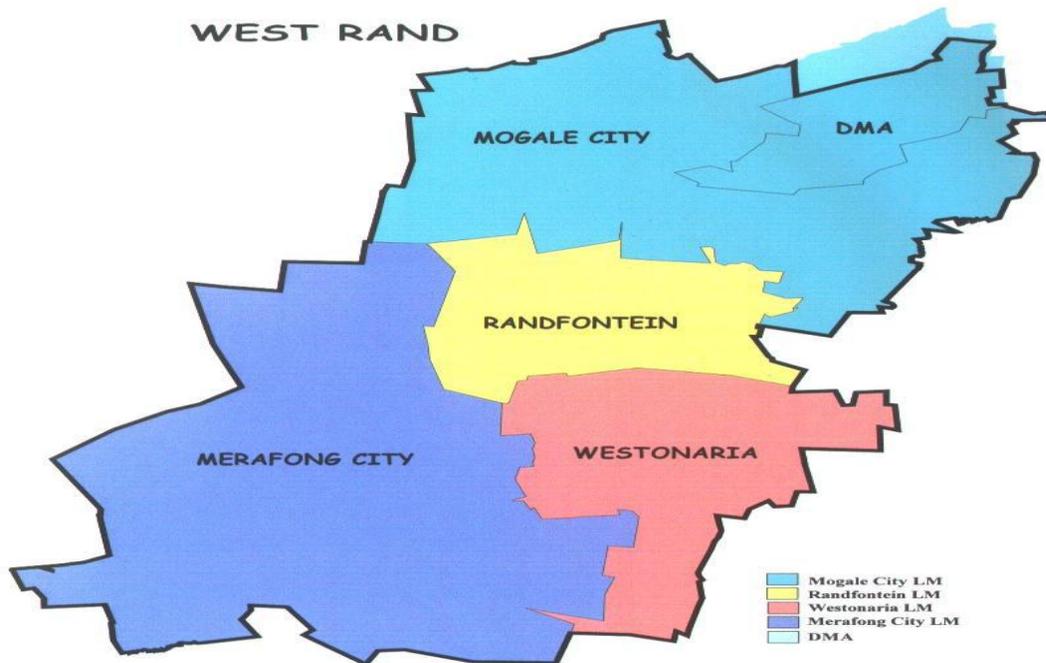
Fox (2005:59-60) states that the concept of “customer” can be perceived as suitable in the context of improving public service delivery because it encompasses certain principles that are as fundamental to public service delivery as they are for the provision of services for commercial gain. In essence, this means the communities of RLM should participate in the financial planning because certain RLM capital projects require participation of the public. This can be done under the principles of cooperative governance and democratic values enshrined in the Constitution (1996).

### **4.2 Background on Randfontein Local Municipality**

RLM is located on the South Western edge of Gauteng Province and forms part of the West Rand District Municipality (WRDM) which is further comprised of Westonaria, Merafong City and Mogale City local municipalities. This district is situated moderately close to the hub of economic activity in Gauteng and is traversed by major national roads such as the N12 and N14. According to the municipality, this creates firm potentials with regards to future economic development. It is reported that WRDM's role to the province lies mainly within the mining sector; however areas such as Krugersdorp fulfil a residential

function for many people working within Johannesburg. This district is an urbanised municipal region with high population concentrations and density in urban areas (Randfontein 2009:10).

**Figure 5: Outline of the West Rand District**



**Source: WRDM (2009:8)**

Randfontein was selected as one of the local municipalities falling within this district. According to the IDP, the West Rand region's total population was 813 487 as compared to 808 298 in 2007. The RLM accounted for seventeen percent of the total regional population (WRDM 2009:22).

**Table 5: West Rand district population by gender**

RACE	MALES	FEMALES	TOTAL	PERCENTAGE (%)
African	343 769	306 709	650 478	80%
Caucasian	68 760	69 758	138 518	17%
Coloured	8 006	8 495	16 501	2%

Asian	4 121	3 870	7 990	1%
Total	424 656	388 832	813 487	100%
<b>Total Percentage</b>	<b>52</b>	<b>48</b>	<b>100</b>	

Source: WRDM (2009:8)

The **vision** of Randfontein is to build a united, non-racist, non-sexist, competitive and prosperous community while contributing towards the building of a metropolis form of government within West Rand District by 2016 (RLM Annual Report, 2009). The municipality is guided by various core values which include, but are not limited to:

- Their municipality's commitment to the National and Provincial Priorities, intergovernmental relations, global city region, social and economic upliftment, welfare and safety for all as well as honesty, integrity and a sound work ethic.
- Being accountable and responsible for sound governance .
- Being participative and transparent in their approach.
- Being pro-active and responsive to the requirements of their clients
- Being innovative and forward-thinking in all service delivery solutions.

The municipality has outlined specific key performance areas:

- Improved community participation.
- Efficient and effective service delivery .
- Creating a democratic and accountable government.
- Customer care.
- Job creation and Local Economic Development.
- Alleviation of poverty and under-development.
- Safety and security in communities.

- Fighting the spread of HIV/AIDS.

The realisation of these performance areas is dependent upon the municipal institutional structure as depicted in Figure 6.

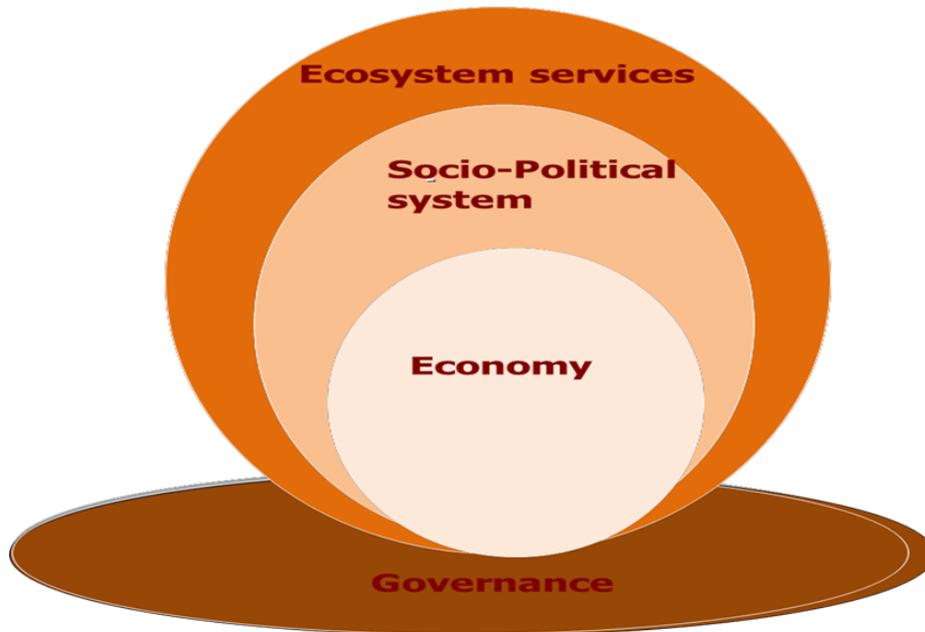
### **4.3 Evaluation of Practices in Randfontein Local Municipality**

During July 2011, a new draft five year IDP for RLM came into operation as approved by the council. This was after the May 2011 municipal elections and meant that the IDP informed the period of office for the newly elected public representatives.

#### **4.3.1 Financial Viability**

This refers to the ability of RLM as an organisation to generate adequate income to meet operating expenditure such as debt obligations and, where applicable, to allow growth while maintaining the required service levels. The Ministerial Advisory Committee defined financial viability as a municipality's ability to fulfil its constitutional and legislative responsibilities. Kaizer (2009:8) argues that municipalities need to have ward committees that have a say in decisions, project selection and prioritisation, the IDP, and performance management and the allocation of funds (budgeting) by the municipality.

It is against this background that the framework for evaluating the IDP includes the assessment of the financial viability, as the IDP priorities only become a reality when the municipality can generate or source the funding for these. RLM should be constantly working on innovative ways to improve their financial viability through activities such as improving their billing, finding means and ways to enhance their revenue, improving their IT controls and systems, replacing faulty meters, improving customer relations programmes, etc. These can go a long way in ensuring the revenue base of any municipality is protected and will assist economic sustainability of the municipality in line with the National Framework for Sustainable Development of 2008. The sustainable development framework promotes a triple bottom line approach of sustainability which speculates that municipalities need to have sustainable projects that are socially acceptable, environmentally friendly and economically efficient. This is further illustrated in Figure 7 below.

**Figure 6: Triple bottom line approach for sustainability****DEAT: (NFSD) 2008**

In Ramphela (2008:4), the former MEC Mike Mabuayakhulu stated that: “In order to achieve financial viability it is necessary for municipalities to, within their area of jurisdiction, have a relatively resilient and sustainable economic base – where people are working and earning living wages, and businesses, be they large or small, are facilitating the steady exchange of goods and services”. This idea has been complemented by the government initiative on poverty alleviation under the auspices of EPWP.

In order for RLM to function properly and provide effective and efficient service delivery, there must be accountability and good financial management which is regulated and governed by the MFMA at municipal level and by the PFMA Act 1999 (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA). The MFMA also contains regulations which deal with issues of municipal planning and municipal performance management systems and, as such, RLM should set up performance indicators on the IDP. MFMA regulations encapsulate three points of the financial performance management system as follows:

- Debt coverage;
- outstanding service debtor to revenue; and
- cost coverage.

Swanevelder (2005:68) proposes several ratios relating to the analysis of the income statement, balance sheet and cash flow statement that are considered necessary to evaluate the financial performance of a municipality. In order for RLM to achieve financial viability, these ratio need to be considered by the municipality. A view by Chaney (2006:185) on municipal financial rations is on the financial position of the municipality, financial performance, liquidity and solvency of a government and as such, Chaney (2006:185) suggested the following ratios:

- Liquidity;
- leverage; and
- ability to provide basic services.

In order for RLM to perform and provide service excellence on the financial viability the aforementioned ratios need to be applied.

#### **4.3.2 Good Governance**

The governance concept is an old one and refers to the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as corporate governance, national governance and local governance. Section 40 (1) of the Constitution (1996) stipulates that government is constituted of national, provincial and local spheres of government which are distinctive, interdependent and interrelated. These spheres of government are required to be effective, transparent, accountable and coherent, and must cooperate with one another in mutual trust and good faith by fostering friendly relations, assisting and informing each other, coordinating actions and legislation and avoiding legal proceeding against each other.

According to Robbins and Barnwell (2002:109), coordination is the process of integrating the objectives and activities of the separate units of an organisation in order to achieve organisational goals and efficiency. In the case of RLM, good governance involves coordination and collaboration. RLM has to coordinate its functions in an integrated manner by involving all components, units and other stakeholders in their developmental planning initiatives. A telephonic interview with Mr Phokojoe, the IDP Manager in RLM revealed a lack of coordination as he was not aware of whether policies were required to form part of the IDP as it existed within the municipality. Coordination can also be described as optimising the coherence and consistency of decisions and policy implementation across policies, actors and stakeholder's government levels.

The role of the WRDM in the RLM IDP was not clear. The district should be playing an overarching strategic role as per the Municipal Structures Act to oversee the alignment of RLM initiatives with the WRDM initiatives. These initiatives should be, in turn, aligned with the Gauteng Provincial Growth and Development Strategy which is in line with NSDP in the office of the presidency. The NSDP capitalises on complementarities and facilitate consistent decision-making and move beyond focusing on integration and coordination procedures to establishing processes and mechanisms that will bring about strategic coordination, interaction and alignment.

The Institute on Governance regards good governance as a fundamental and essential factor to the success of any endeavour within a public or non-governmental sector. Where good governance exists, it clarifies certain practices, authority and simplifies decision-making. It is also helpful in ensuring that people, as well as organisations, are held accountable for their actions and decisions. In terms of section 152 (1) (e) of the Constitution (1996), one of the objects of local government is to encourage the participation of communities and community organisations in the matters of local government.

Davids, Theron and Maphunye (2005:19) citing Yadav (1980) state that public participation should be understood in the sense of participation in decision-making process, participation in the implementation of development programmes and projects; participation in the monitoring and evaluation of development programmes and projects and participation in sharing the benefits of development.

The code of corporate practices and conduct contained in the King II report identify seven characteristics of good corporate governance as:

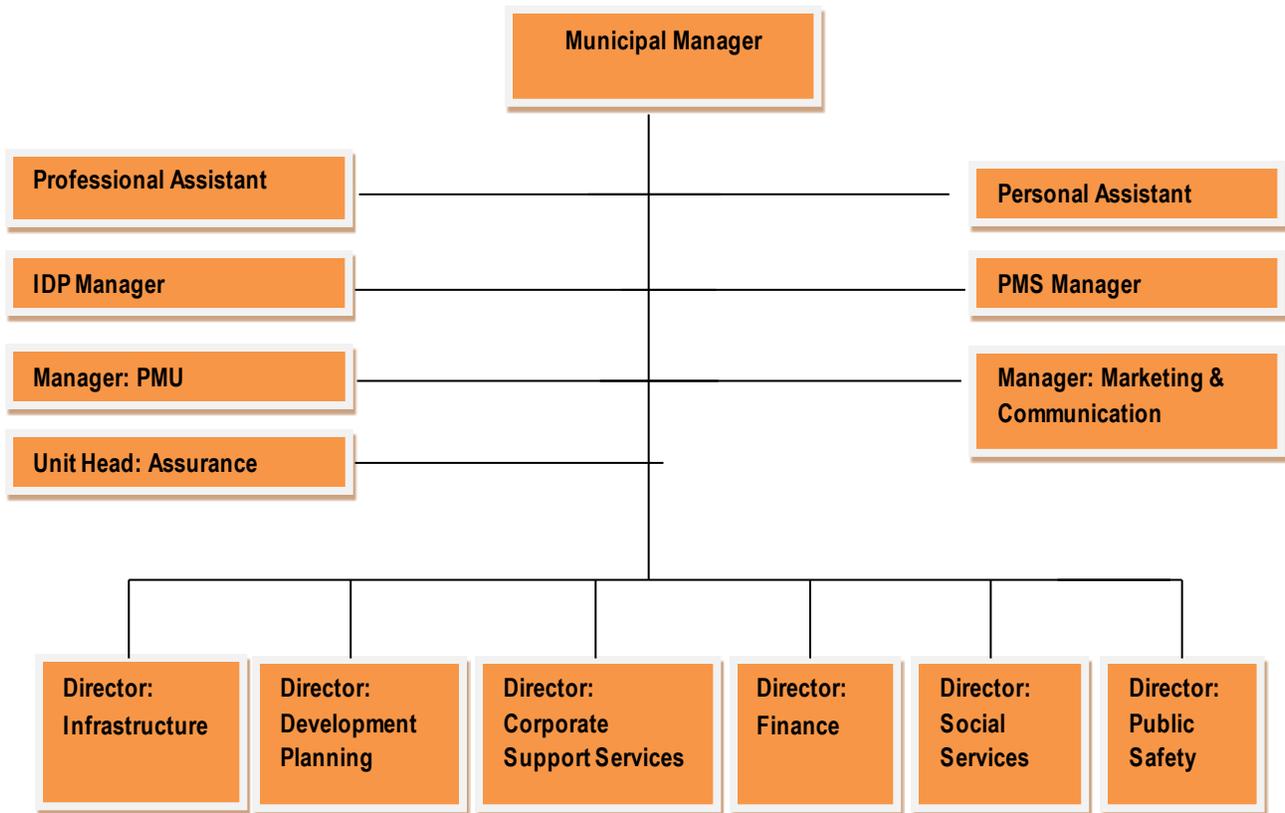
- Discipline
- Transparency
- Independence
- Accountability
- Responsibility
- Fairness
- Social responsibility

The municipalities are custodians of public funds and subscribing to these principles is an ideal situation within which they should operate, as those entrusted with public funds should be held accountable. Parliament of South Africa also introduced the White Paper on the Transformation of the Public Service (Batho Pele White Paper) in 1997 containing principles that are interrelated and, in some instance, similar to the good governance principles. It is for this reason that governance within the municipalities through documents such as the IDP needs to be inclusive. This would be an indication of participatory democracy which means provision of services based on the existence of a legislative framework that facilitates consultation, involvement and mobilisation of civic society in the formal processes of the policy and implementation. In a nutshell, RLM has to involve all stakeholders in the IDP process.

#### **4.3.3      *Institutional Arrangements***

“Institutional Arrangement” refers to the human capital within the municipality to make the IDP a reality. The IDP has to be funded and implemented by individuals (such as municipal employees, political leadership, oversight committees, etc.). These are the people or structures that are tasked with managing the public funds and, as such, they are the ones held accountable for the performance of the municipality. The achievement or realisation of the key performance areas is dependent upon the municipal institutional structure as depicted in Figure 7.

**Figure 7: Randfontein Municipality Institutional Structure**



**Source:** <http://www.randfontein.gov.za/wp-content/themes/randfontein/docs> [2011-06-23]

Based on the 2011/12 IDP review and municipal structure, sufficient institutional capacity exists in the municipality and the roles and responsibilities of the various players in the IDP process (such as the ward committees, full council, mayoral committee, municipal manager and his senior management team, IDP/Budget Steering Committee, etc.) are clearly outlined. However, according to Lennan (2007:06), delivery is political because it implies the use of institutional power through the state to ensure accountability and the effective management of resources for development.

Accountability can only be achieved by ensuring that the right people with the appropriate skills are appointed, performance contracts are signed and their performance is managed through the performance management systems as prescribed by the Municipal Systems Act No. 32 (2000). This is in line with the requirements of this Act which prescribes the appointment of municipal managers and managers who will be directly accountable to municipal managers by the municipal council. There are also other practical tools to assist with performance management such as the SDBIP.

#### 4.4 The IDP Evaluation Framework

During 2008, the then DPLG, now called COGTA, developed an IDP evaluation framework which was intended to serve as a tool for guiding the assessment of a credible IDP.

In this framework, a credible IDP has been described as the one which complies with relevant legislation and conveys the following:

- A consciousness by the municipality of its constitutional and policy mandate for developmental local government.
- Awareness by the municipality of its role and place in the regional, provincial and national context and economy. The municipality must also show how it would contribute to the fight against poverty, the creation of jobs and improving the lives of its public.
- A clear strategy, based on local developmental needs. The IDP must not be a “wish-list” but instead be subjected to the realities of what can be delivered by the budget over three to five years.
- The key deliverables for the next five years, with a clear measurable budget and implementation plans aligned to the SDBIP.
- The degree of intergovernmental action and alignment to government-wide priorities.

The evaluation framework is designed to assess each of the six focal areas of the IDP. These were identified in Chapter 2 as key performance areas and are:

- 1 spatial development framework;
- 2 basic service delivery;
- 3 sustainable economic growth & LED;
- 4 institutional arrangements;
- 5 financial viability and management; and
- 6 governance and organisational development.

For this study, the financial viability, governance, and institutional arrangements of the two selected municipalities will be evaluated using this framework.

#### 4.5 Evaluation of the IDP for Randfontein Municipality

RLM presented an IDP in which projects were identified for the various directorates within the municipality. About 177 projects (including operational projects) were listed in the IDP, per ward, for each of the directorates presented in Table 6.

**Table 6: Directorates within Randfontein Local Municipality**

Council and executive	Finance	Municipal Manager	Infrastructure Services
Corporate support services	Development Planning	Social Services	

Source: Randfontein IDP

The evaluation has been mainly based on the municipal IDPs for the 2011/12 municipal financial year.

#### 4.6 Current State of the Randfontein Municipal IDP

As alluded to in previous chapters, the MSA prescribes for all municipalities to undertake an IDP to produce five year IDPs which are linked to the term of office for the municipal council. In response, RLM commenced with the drafting of the 3rd generation 5-year IDP (2012-2017). Pursuant to the Municipal Systems (Act no. 32 of 2000), "Each District Municipality, within a prescribed period after the start of its term and after following a consultative process with the local municipalities in its area, must adopt a framework for integrated development planning in the area as a whole". The plan must be reviewed annually in partnership with the communities and all the relevant stakeholders (Randfontein 2011:06). The municipality summarised what it deemed to be the core benefits of an IDP as follows:

- It assists the municipality in fulfilling its constitutional mandate as a developmental local government;
- it helps to make more effective use of scarce resources;
- it integrates and coordinates service delivery within a municipality;
- it helps to speed up delivery;
- it forms the foundation on which annual budgets must be based;
- it helps to attract additional funds;

- it helps to strengthen democracy and hence institutional transformation because decisions are made in a democratic and transparent manner, rather than by a few influential individuals;
- it helps to overcome the apartheid legacy at local level;
- it promotes intergovernmental coordination;
- it aids in the making of informed decisions at management level;
- it ensures the alignment of municipal sector planning and spatial development planning;
- it ensures prioritisation of projects/programmes to inform the budgeting process; and
- it ensures vertical and horizontal alignment.

RLM's new council had to implement Intergovernmental Relations Act no. 13 of 2005 in order to be close to the communities and other spheres of government. In terms of this Act, certain forums have to be established for cross pollination of information of stakeholders and sector departments.

When reviewing the IDP for its participation processes, it would appear as though the municipality took a different stance or role of being a participatory democracy aimed at informing, negotiating and commenting on decisions made in the course of the planning or decision-making process. Through the IDP, the municipality emphasised the point of the elected municipal council being the ultimate decision-making body to endorse IDPs (RLM 2011:24). This notation is also complemented further in the Constitution in that the executive and legislative authority of the municipality is vested in its Municipal Council (RSA 1996:84). 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 (1996).

The MSA and the regulations make it clear that a Municipality's IDP and its Spatial Development Framework (as a core component of the IDP) "must give effect to the principles contained in Chapter 1 of the Development Facilitation Act, 1995 (Act No. 67 of 1995)". This means that land issues need to be taken into consideration during RLM planning.

**TABLE 7: Financial Viability Evaluation**

Evidential criteria/key performance indicators (KPI)  (Requirements)	Yes/ No	Evaluation – Chapter 4
Is there a financial strategy?	No	No mention is made of a financial strategy in the IDP document.
Is there a financial plan which includes a budget projection for at least the next three years in line with section 26(h) of MSA?	Yes	The IDP projects were not aligned to the budget in that a number of the municipal projects were not funded. This can create unrealistic expectations from communities. The funding for the outer years (2012/13 and 2013/14) was not indicated for a majority of the projects listed in the IDP (pages 100-139 of the IDP).
Is there a clear indication of national and provincial allocations and resources?	Yes	Some of the allocations could be traced to the Division of Revenue Act and Provincial Allocations Gazette and those included the Municipal Infrastructure Grant, Municipal Systems Improvement Grant and Financial Management Grant. The financial plan is on pages 100 to 139 of the IDP
Is there a clear indication of own funds?	Yes	Based on the IDP, there was an indication of own funding though it represents a small portion of the total funding mix. The municipality appears to be dependent largely on grants and subsidies for financing its budget. This can be observed on pages 100 to 139 of the IDP.  On the contrary, the municipal 2011/12 budget reflected that the total budget is mainly funded through internally generated funds. The operating budget is funded by service charges while the capital budget funding was balanced between own funding and grants.

<p>Is there an evidence of a billing system?</p>	<p>Yes</p>	<p>IDP mainly refers to the challenges with the billing system such as estimations on water meter readings resulting in high billings.</p> <p>The municipality further highlights intentions to improve revenue levels and is considering and or identifying other possible revenue sources on page 104 of the IDP.</p>
<p>Is there an evidence of debt control/debt collection?</p>	<p>Yes</p>	<p>A concern is that the budget for property rates was decreased by R1 million and there was no provision made for debt impairment in neither the IDP nor the budget despite the inability (of RLM) to collect 100% of their operating revenue. Page 104 speaks about improvement in debt collection, and pages 150 and 197 discuss the employee-related cost for the Credit Control Unit.</p>
<p>Are all the key focal areas, including spatial development budgeted for?</p>	<p>Yes</p>	<p>With the exception of Spatial Development, all the other key focal areas were budgeted for. However, spatial development was mentioned in the IDP but the funding associated with it was not evident.</p> <p>There is an indication of funding that should still be sourced from the Gauteng Department of Land Affairs and Rural Development but the exact amount is not indicated.</p> <p>Due to the above, the municipal SDF would not be considered as credible (page 122).</p>
<p>Is there an indication of a budget for community participation and empowerment?</p>	<p>No</p>	<p>Community participation is one of the characteristics of a credible IDP. Community participation will ensure that they have a voice in municipal matters and partake in municipal planning. This was discussed in the previous chapters.</p>

<p>Does the District Municipality budget cover support to Local Municipalities?</p>	<p>N/A</p>	<p>Randfontein is a local municipality in terms of Municipal Structures Act 1998 (Act 117 of 1998). The West Rand District Municipality is supposed to budget for the strategic support to be provided to RLM.</p>
<p>Are there indications of corrective steps for qualified reports or reports with matters of emphasis?</p>	<p>No</p>	<p>There was a mention of this topic as an issue that was raised by the MEC on the previous years' IDP evaluation. The municipality received an unqualified audit in 2009/10 and regressed to qualified opinion the following year.</p>

**Table 8: Good Governance Evaluation**

<b>Evidential criteria/key performance indicators (KPI) (Requirements)</b>	<b>Yes/ No</b>	<b>Evaluation – Chapter 4</b>
Is there an IDP Process Plan adopted by DMs and LMs?	Yes	A draft ID process plan was attached as an annexure to the IDP. The municipality indicated it was prepared and adopted by Council during August 2010 (page 23).
Is there a community participation strategy and plan?	No	This is not a strategy but was labelled as a strategy/mechanism. It is a process plan followed by the municipality in community participation (page 23-24).
Does the strategy/plan adequately cover issues of communication with the community and other stakeholders?	No	As per the above comment, the attached is a community participation process plan and not a community participation strategy (pages 23-24).
Does the Municipality show a commitment to community participation in the IDP/budget design and development?	Yes	The municipality expresses an understanding for the need of public participation on page 24 and public participation is budgeted for from pages 141 to 144.

Evidential criteria/key performance indicators (KPI)  (Requirements)	Yes/ No	Evaluation – Chapter 4
Is there adequate stakeholder and community involvement?	No	<p>It appears as though the community was involved in priority identification. However, how one measures the adequacy of participation is not clear. The attendance register cannot be considered sufficient evidence to prove stakeholder involvement.</p> <p>At the meeting held on 17 March 2011 in the Ramosa Hall, Mohlakeng, issues were raised, some of which were not addressed adequately or not addressed at all. The municipal IDP lists these concerns from pages 25 to 39.</p>
Is there contribution of ward committees to development priorities in the IDP?	Yes	The Ward Committee (page 24).
Does the municipality have strategies to involve traditional leaders and their communities in the IDP process if applicable? District Municipalities only.	N/A	Randfontein is a local municipality.
Is there an audit committee?	Yes	The existence of audit committees could only be confirmed through the budget that was seemingly set aside for this function on page 144. The auditor general's report confirmed the existence of this committee in this municipality for the 2010/11 financial year.

Evidential criteria/key performance indicators (KPI) (Requirements)	Yes/ No	Evaluation – Chapter 4
Is there indication of a plan to inform communities of the priorities for the current year and is there a plan for the coming years, regarding their inputs?	No	The comments/inputs received for the draft IDP were incorporated in the document during April 2011 but no plan for comments could be found for the upcoming years.
<b>Special Groups</b>  Is there evidence showing that there is mainstreaming of HIV/AIDS?	Yes	However, it is too broad and generic. Fighting the spread of HIV/AIDS is one of the unfunded programmes on page 118, as the municipality only committed R50 000 for reviewing the AIDS Council Quarterly Training of sectoral members.
Is there special focus to promote people with disabilities, women and youths?	No	One of the future projects for the municipality is to ensure accessible social development programmes are put in place pertaining to people living with disabilities and vulnerable women (page 218). A provision of R50 000 was made in the budget for gender mainstreaming and R150 000 for youth development and women.
Is gender equity promoted for access to economic opportunities?	No	Addressing the existing gender inequalities as they affect access to jobs, housing, land, etc. is one of the strategic objectives for this municipality. Focusing resources and efforts on improving the quality of life of especially the most disadvantaged is mentioned on page 95.

<b>Evidential criteria/key performance indicators (KPI)</b>  <b>(Requirements)</b>	<b>Yes/</b> <b>No</b>	<b>Evaluation – Chapter 4</b>
Does the IDP detail support initiatives for other special groups (for example the disabled, youths)?	No	Page 320 of the IDP states, “the Municipal Policy and Strategy will have to address the needs of people who are physically disabled because it is a policy and legislative requirement”. The IDP referred to an increase in the budget allocation for youth initiatives but the budget could not be found in the IDP.

**Table 9: Institutional Arrangements Evaluation**

<b>Evidential criteria/key performance indicators (KPI) (Requirements)</b>	<b>Yes/ No</b>	<b>Evaluation – Chapter 4</b>
Is there a Human Resources Strategy that responds to the long-term development plans of the municipality as reflected in the IDP?	No	This was not evident from the IDP. The organogram did not form part of the IDP either.
Is there an approved organisational structure/organogram to support the IDP?	No	None are attached or included in the IDP.
Does the workplace skills plan address scarce skills?	No	The workplace skills plan was not attached to the IDP document nor was it attached as an annexure.
Is there evidence that the municipality has an employment equity plan?	Yes	The municipality indicated they have an approved Employment Equity Policy on page 16 of the IDP but, upon request from the municipality, this was not available.
Does the workplace skill plan respond to the capacity challenges of the municipality?	No	The workplace skills plan was not attached to the IDP document nor was it attached as an annexure.
Does the municipality show evidence that it has a recruitment and retention strategy for scarce skills?	No	The municipality indicated they had an Attraction and Retention Policy as well as a recruitment policy. However, these were not attached to the IDP so the evidence of a recruitment and selection strategy could not be established.
Does the municipality focus on scarce skills through training?	No	The entire IDP document relates to the training of traffic officers and training to improve performance only.

<b>Evidential criteria/key performance indicators (KPI) (Requirements)</b>	<b>Yes/ No</b>	<b>Evaluation – Chapter 4</b>
Is there evidence of a strategy for recruitment and retention of staff?	Yes	The municipality has an Attraction of Retention Policy as well as a recruitment policy according to page 16 of their IDP. However, these were not attached to the IDP so that a check of whether the retention of staff is addressed can be made.
Is there evidence of a succession plan especially for key positions?	Yes	The municipality indicated they had a succession planning and career paving policy (page 16 of their IDP) but there was no evidence of such.
Is there an Organisational Performance Management System (OPMS)?	Yes	The municipal IDP adequately addresses this issue and there is a budget for a PMS office on page 143.
Is the OPMS aligned with IDP – Annual Plan Indicators?	Yes	This is addressed briefly in the PMS policy and on page 343 of the IDP.
Is there evidence of PMS?	Yes	The PMS policy was also included from page 339.
Is there usage of IGR structures to facilitate intergovernmental dialogue with relevant national and provincial sector departments?	Yes	The municipality has an IDP Representative Forum (page 20) and the District Council Representatives, provincial government and national government are reported to be represented in this forum.
Does the IDP cater for timeous submission of financial statements to the office of the Auditor-General?	No	The municipal IDP mentions compilation of credible financial statements as one of their key projects.

Evidential criteria/key performance indicators (KPI)  (Requirements)	Yes/ No	Evaluation – Chapter 4
Is there evidence that comments from AG reports are being seriously addressed?	No	<p>Obtaining a clean audit opinion is one of the objectives of the municipality (page 105). However the MEC, in his comments on the IDP, requested the municipality to take the Auditor-General's reports as input into the new planning cycle for the next term of local government.</p> <p>There is no clear action plan on what the municipality will be doing to address the AGSA comments.</p>

#### 4.7 Conclusion

The evaluation tool for the IDP was developed to assist in providing guidelines for the crafting, designing and improving of IDPs and it was expected that the application of this evaluation framework would assist municipalities to develop credible IDPs. Table 6 below presents the practical evaluation tool and results for Randfontein Municipality.

## CHAPTER 5: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Summary of Findings

The first chapter introduced the topic and the research problem as well as the background on how far the South African municipalities had come and the challenges they faced. The rationale of the study was also provided in this chapter and the research design and methodology was indicated.

The second chapter encompassed the theoretical foundation of the study and outlined the IDP concept and its perspectives. It also contextualised service delivery and further highlighted the elements of a credible IDP as defined by COGTA. Finally, the chapter clarified and discussed certain terms related to the research topic.

Chapter 3 provided a legislative framework for IDP formulation, implementation and review for South African local government. In this chapter, certain legislation that is applicable and relevant to the municipal IDP was reviewed to formulate the basis for the IDP inception, its formulation, review and implementation. The COGTA IDP assessment framework guideline was also included in this chapter as the tool with which municipal IDP's are evaluated by the other spheres of government.

The fourth chapter introduced RLM as the case study and provided a brief background about this municipality and the status quo of the municipal IDP. This chapter mainly provided an evaluation of the credibility of RLM, and the research question was answered by evaluation using the 2008 COGTA framework.

Chapter 5 was a summary of findings and conclusions for the three KPI's evaluated, namely Financial Viability, Good Governance and Institutional Capacity and recommendations were made for the improvement of the credibility of Randfontein Local Municipality.

#### 5.1.1 *Financial Viability*

The financial viability was tested in Table 7 on ten key performance indicators (KPIs). RLM attained five of these KPI while noting that one KPI was not applicable to a local municipality. The municipal IDP lacked in crucial areas as it did not contain all the information, such as:

- The financial strategy.
- An indication of corrective steps for the Qualified Audit opinion.

- No budget for the empowerment of communities and community participation.

According to an interview with Ms Karabo Nkosi of the Gauteng Provincial Treasury, the regression of RLM from an unqualified audit with findings to a qualified audit opinion could be a confirmation of the municipality's failure to implement remedial action for the negative audit outcome and the lack of financial strategy. This might be construed as though the municipality lacks financial direction. She however cautioned that the evaluation framework is lacking in interpreting as it does not indicate what does it mean to answer yes to particular questions. In addition, it does not allow for other means of obtaining the required information than through the IDP. It is not clear whether or not the municipalities are aware of this as some of the information was obtained from their website although it was not attached nor included in the IDP.

### **5.1.2 Good Governance**

Good governance was measured on thirteen key performance indicators (KPIs) as listed in Table 8. RLM attained six out of thirteen. In most instances, the municipality expresses an understanding of the requirements for a credible IDP but falls short of providing the required evidence, especially on initiatives of support to special groups such as:

- The youth;
- disabled individuals;
- and women and those living with HIV/AIDS.

The municipal IDP reflects a lack of understanding for strategies as the IDP presented process plans instead of strategies.

### **5.1.3 Institutional Arrangements**

RLM scored seven out of fifteen KPIs. There was no focus on the scarce skills of the IDP and the absence of the workplace skills plan made it impossible to measure whether the municipality was indeed addressing scarce skills or whether the capacity challenges (if any) are addressed in the workplace skills plan. However, it should be noted that the absence of the workplace skills plan in the IDP is not a confirmation of whether or not the municipality has them in place.

## 5.2 Conclusion

The assessment conducted on the IDP revealed that the RLM IDP is struggling to utilise the integrated planning process as the instrument for facilitating coordinated and integrated delivery within its locality. A large portion of the projects listed in the IDP would be funded by the other spheres of government and there were no clear linkages with other programmes. The IDP is not fully funded, which is a crucial aspect in its credibility as it makes the IDP a reality. The credibility of the IDP was measured on three performance indicators which are regarded as indicators of a credible IDP:

- Financial viability;
- good governance; and
- institutional arrangements.

However, the credibility of the IDP cannot be purely measured using the current framework. The IDP format guide is under review and, as such, the IDP evaluation tool should also be reviewed. The current format makes no provision to understand the matters of concern in the municipal IDP and the assessment of the RLM IDP by the Department of Local Government made no meaningful contribution to improve the IDP and the proposed evaluation framework should cater for this. This is in line with the monitoring, oversight and support role that the other spheres of government should play in terms of the MFMA. The evaluation of the COGTA IDP Assessment Format of 2008 is another research area which could be explored for further study.

There are a number of issues that RLM could address when improving the quality of their IDP so that it meets the legislative requirements. In this study, implementable recommendations were made for RLM to assist in improving the IDP as a credible service delivery tool upon which decisions can be made for addressing service delivery requirements within the RLM. These are discussed in Section 5.3 below.

### 5.3 Recommendations

<b>Table 10: Summary of Recommendations</b>			
<b>5.3.1 FINANCIAL VIABILITY</b>			
<b>Evidential criteria/key performance indicators (KPI) (Requirements)</b>	<b>Yes/ No</b>	<b>Evaluation – Chapter 4</b>	<b>Recommendations</b>
Is there a financial strategy?	No	No mention is made of a financial strategy in the IDP document.	The municipality should develop and include a community-based financial strategy in the IDP as financial viability is one of the key performance areas of the IDP. RLM must develop a financial strategy in line with the MFMA and the strategy must address bureaucracy that could potentially have a negative impact on good governance. This strategy should be aligned to the IDP and the SDF and the financial strategy of WRDM.

<p>Is there a financial plan which includes a budget projection for at least the next three years in line with section 26(h) of MSA?</p>	<p>Yes</p>	<p>The IDP projects were not aligned to the budget in that a number of the municipal projects were not funded. This can create unrealistic expectations by the communities. The funding for the outer years (2012/13 and 2013/14) was not indicated for a majority of the projects listed in the IDP. Most projects on the IDP are on the municipal wish-list.</p>	<p>The municipality should liaise with the provincial government, sector departments and the institutions such as DBSA, World Bank, African Development Bank, etc. for the funding of these projects. RLM should budget for these projects on the 3<sup>rd</sup> generation IDP process plans.</p> <p>RLM should budget in line with its APP and that of the WRDM. These APPs should be aligned with the Gauteng Provincial Growth and Development Strategy.</p> <p>There is also a need for the Gauteng Provincial Government to consider the Western Cape's Local Government Medium-Term Expenditure Committee process. This involves a stage where sector departments have to advise the municipality about the budget allocated for the RLM jurisdiction. Pulling in the resources of the sector department will assist the municipality in better planning and prioritising of projects.</p>
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Is there a clear indication of National and Provincial allocations and resources?	Yes	Some of the allocations could be traced back to the Division of Revenue Act and Provincial Allocations Gazette and some could not. For example, project number INFR18 was indicated as a project that would be funded by INEP and cost R2.7 million in the IDP, but the budget reflected R3.7 million.	The funding should reconcile back to the budget to prevent the budget from appearing as though it is under- or over-stated. The municipality should also provide the correct grant name for reconciliation purposes instead of indicating the name of the department.
Is there a clear indication of own funds?	Yes	The own funding presented a small portion of the total capital budget funding mix. The municipality appears to be dependant largely on grants and subsidies for financing its budget.	The municipality should consider and investigate alternative sources of revenue to increase their own revenue source. While grants and subsidies have been a reliable source of revenue, alternative own revenue would ensure that the municipality can also maintain the infrastructure brought in as a result of the grant funding. Borrowing to finance capital projects is another alternative.
Is there an evidence of billing system?	Yes	IDP mainly refers to the challenges with the billing system such as estimations on water meter readings resulting in high billings. The municipality further highlights intentions to improve revenue levels and is considering, and or identifying, other possible revenue sources.	Through the financial strategy, the municipality has to develop systems to monitor pricing structure for the supply of electricity, water and bulk resource payments for infrastructure. Realistic alternative sources can be highlighted in the financial strategy.

<p>Is there an evidence of debt control/debt collection?</p>	<p>Yes</p>	<p>The budget for property rates was decreased and there was no provision made for debt impairment in neither the IDP nor the budget despite the inability (of RLM) to collect 100% of their operating revenue.</p>	<p>The municipal consumer debt in South Africa has been rising as people's ability to pay is decreasing. RLM should identify those that are unable to pay and make sufficient provision for writing off debt and indigent support.</p>
<p>Are all the key focal areas, including spatial development budgeted for?</p>	<p>Yes</p>	<p>With the exception of Spatial Development, all the other key focal areas were budgeted for. However, spatial development was mentioned in the IDP but the funding associated with it was not evident. An indication of funding should still be sourced from the Gauteng Department of Land Affairs and Rural Development.</p>	<p>Although it is not the focus of this study, SDF is also an important component of the IDP. It is a 20 year plan that guides municipality for economic development. The SDF should provide the spatial incidence for all sectoral, economic as well as community development programmes. The municipality should also ensure this component is adequately budgeted for and funding should be clearly outlined in the IDP.</p>
<p>Is there an indication of a budget for community participation and empowerment?</p>	<p>No</p>	<p>None could be traced in the IDP.</p>	<p>Community participation is one of the characteristics of a credible IDP. Community participation of the public will ensure they have a voice in municipal matters and partake in municipal planning. This was discussed in the previous chapters.</p> <p>As such, the municipality should make provision for this item in the budget and include it in the IDP document.</p>

Does the District Municipality Budget cover support to Local Municipalities?	N/A	Randfontein is a local municipality in terms of Municipal Structures Act 1998 (Act 117 of 1998). WRDM is supposed to budget for strategic support to be provided to RLM.	
Are there indications of corrective steps for qualified reports or reports with matters of emphasis?	No	There was only a mention of this topic as an issue raised by the MEC in the previous years' IDP evaluation. This might be construed as failure to address the issues raised in the audit report and might result in such issues recurring.	RLM has regressed on audit findings, which supports a notion that the municipality did not adequately address the findings of the previous year's audit. The municipality must correct the matters of emphasis and any other matters raised by the auditor general to prevent recurrence of such issues.
<b>5.3.2 GOOD GOVERNANCE</b>			
<b>Evidential criteria/KPI (requirements)</b>	<b>Y/N</b>	<b>Evaluation - (Chapter 4)</b>	<b>Recommendations</b>
Is there an IDP Process Plan adopted by DMs and LMs?	Yes	A draft ID process plan was attached as an annexure to the IDP. The municipality indicated it was prepared and adopted by Council during August 2010 (page 22).	The municipality should follow this process plan as it allows all stakeholders to know and understand when the municipality will embark on certain important activities for a particular financial year.

<p>Is there a community participation strategy and plan?</p>	<p>No</p>	<p>This is not a strategy but was labelled as a strategy/mechanism. It is a process plan followed by municipality during community participation (page 23).</p>	<p>The municipality should develop a public participation strategy and the Department of Local Government can assist in developing such strategies through their public participation directorate. The public participation strategy should be clear, understandable and implementable.</p>
<p>Does the strategy adequately cover issues of communication with the community and other stakeholders?</p>	<p>No</p>	<p>The municipality has no strategy.</p>	<p>The municipality should develop a community participation strategy.</p>
<p>Does the municipality show a commitment to community participation in the IDP/budget design and development?</p>	<p>Yes</p>	<p>The municipality expresses an understanding of the need for community participation.</p>	<p>The understanding expressed should be accompanied by a clear budget for community participation.</p>
<p>Is there adequate stakeholder and community involvement?</p>	<p>Yes</p>	<p>It appears as though the community was involved in priority identification. However, can the adequacy of participation be measured?</p>	<p>The IDP evaluation framework should define the adequacy of community participation. The attendance registers cannot be used as a measure for adequate stakeholder participation. The IDP processes should outline the stakeholders, the IGR forums and ward-based plans.</p>
<p>Is there a contribution from ward committees to development priorities in the IDP?</p>	<p>Yes</p>	<p>The Ward Committee System has formed the basis of community participation in RLM for the 2011/2016 IDP process (page 24).</p>	

<p>Is there an audit committee?</p>	<p>Yes</p>	<p>This is evident from the budget set aside for this function on page 144. Additional information can be found on the upper table.</p>	<p>This is an oversight committee and the municipality should ensure the audit committee is well capacitated to perform their function and provide them with the support necessary to ensure that this committee is functioning well and is effective. Mere existence for this committee is not sufficient as, when fully functional and effective, these committees can have a positive impact on the audit outcomes of a municipality.</p>
<p>Is there indication of a plan to inform communities of the priorities for the current year and what is the plan for the coming years, regarding their inputs?</p>	<p>No</p>	<p>The comments/inputs received for the draft IDP were incorporated in the document during April 2011 but no plans or comments could be found for the coming years.</p>	<p>The municipality should inform the communities about the priorities of the current and future years as well as the community's inputs.</p>
<p><u>Special Groups</u>  Is there evidence showing that there is mainstreaming of HIV/AIDS?</p>	<p>Yes</p>	<p>However, it is too broad and generic and fighting the spread of HIV/AIDS is one of the unfunded programmes.</p>	<p>Municipality must work close with the Department of Health to mainstream HIV/AIDS and gender issues into the municipal planning. The National Aids Council should be consulted for assistance with funding.</p>

<p>Is there a special focus to promote people with disabilities, women and youths?</p>	<p>No</p>	<p>One of the future projects for the municipality is to ensure accessible social development programmes are put in place pertaining to people living with disabilities and vulnerable women (page 218). A provision of R50 000 was made in the budget for gender mainstreaming and R150 000 for youth development and women.</p>	<p>The budget should be increased significantly to ensure special focus is placed on those considered as vulnerable groups in RLM. The Department of Gender equity can be approached for further assistance.</p>
<p>Is gender equity promoted for access to economic opportunity?</p>	<p>No</p>	<p>Addressing the existing gender inequalities as they affect access to jobs, housing, land, and so forth, is one of the strategic objectives of this municipality. Resources and efforts must be focused on improving the quality of life of especially the most disadvantaged, e.g. women, youths and the disabled (page 95).</p>	<p>See above recommendation.</p>
<p>Does the IDP detail support initiatives to other special groups (e.g. the disabled or youths)?</p>	<p>No</p>	<p>Page 320 of the IDP states, “the Municipal Policy and Strategy will have to address the needs of people who are physically disabled because it is a policy and legislative requirement”. The IDP referred to an increase in the budget allocation for youth initiatives but the budget could not be found in the IDP.</p>	<p>See above recommendations.</p>

<b>5.3.3 INSTITUTIONAL ARRANGEMENTS</b>			
<b>Evidential criteria/KPI (requirements)</b>	<b>Yes/ No</b>	<b>Evaluation - (Chapter 4)</b>	<b>Recommendations</b>
Is there a Human Resources Strategy that responds to the long-term development plans of the municipality as reflected in the IDP?	No	This was not evident from the IDP as the organogram did not form part of it.	The municipality should develop a clear and simple strategy which will deliver the right people, at the right place and time, with the right skills. This strategy needs to ensure that the staff component of the municipality is affordable and ensure the correct alignment of people to needs will provide a value added result, falling within budget parameters.
Is there an approved organisational structure/organogram to support the IDP?	No	One is neither attached nor included in the IDP.	Upon enquiry from the municipality, it was indicated that an organogram exists. However, the municipality need to ensure compliance to the IDP requirements and attach the organogram as an annexure to the IDP document.
Does the workplace skills plan address scarce skills?	No	The workplace skills plan was not attached to the IDP document nor was it attached as an annexure.	The municipality revealed they did not have the workplace skills plan and were working on it. The main purpose of the plan is to provide information on the municipality's current employment profile and to point out training that is planned going forward. This will assist in employees' development and in improving the organisations performance. Municipality should consult with COGTA for assistance or the relevant SALGA provincial office for support.

<b>5.3.3 INSTITUTIONAL ARRANGEMENTS</b>			
<b>Evidential criteria/KPI (requirements)</b>	<b>Yes/ No</b>	<b>Evaluation - (Chapter 4)</b>	<b>Recommendations</b>
Is there evidence that the municipality has an employment equity plan?	Yes	Municipality indicated they have an approved Employment Equity Policy.	The IDP manager was not certain about the existence of this plan. The municipality should review its Human Resources policies, practices and processes and ensure that the employment equity plan exists. This requirement was introduced in 1998 and applies to employers and workers. It protects workers and job seekers from unfair discrimination. The Employment Equity Plan also provides a framework for the implementation of Affirmative Action.
Does the workplace skill plan respond to the capacity challenges of the municipality?	No	The workplace skills plan was not attached to the IDP document nor was it attached as an annexure.	The municipality has no workplace skills plan and it was previously recommended that one be developed.
Does the municipality show evidence that it has a recruitment and retention strategy for scarce skills?	No	The municipality indicated they had an Attraction of Retention Policy as well as a recruitment policy. However, these were not attached to the IDP so evidence of a recruitment and selection strategy could not be established.	While acknowledging the attraction and retention of scarce skills is a common challenge in smaller municipalities, the municipality is urged to find creative ways in through their policy to attract and retain these and ensure their continuity within their municipality.

<b>5.3.3 INSTITUTIONAL ARRANGEMENTS</b>			
<b>Evidential criteria/KPI (requirements)</b>	<b>Yes/ No</b>	<b>Evaluation - (Chapter 4)</b>	<b>Recommendations</b>
Does the municipality focus on scarce skills through training?	No	The entire IDP document relates only to the training of traffic officers and training to improve performance.	Focus should be made on all scarce skills within a municipality such as the budget and treasury office, engineering, project management, etc.
Is there any evidence of a strategy for recruitment and retention of staff?	Yes	The municipality has an Attraction of Retention Policy as well as a recruitment policy. However, these were not attached to the IDP so a check of whether the retention of staff is addressed cannot be made.	The municipality should comply with the supporting document requirement for the IDP and attach such as part of the IDP submission.
Is there any evidence of a succession plan especially for key positions?	Yes	The municipality indicated they had a succession planning and career paving policy but there was no evidence of this.	The municipality has had stability in some of the key management positions (except the Municipal Manager post) over past years.
Is there an Organisational Performance Management System (OPMS)?	Yes	The municipal IDP adequately addresses this issue.	
Is the OPMS aligned with IDP – Annual Plan Indicators?	Yes	This is addressed briefly in the PMS policy.	This should be addressed broadly in the IDP document.
Is there evidence of PMS?	Yes	The PMS policy was also included from page 339.	

<b>5.3.3 INSTITUTIONAL ARRANGEMENTS</b>			
<b>Evidential criteria/KPI (requirements)</b>	<b>Yes/ No</b>	<b>Evaluation - (Chapter 4)</b>	<b>Recommendations</b>
Is there usage of IGR structures to facilitate intergovernmental dialogue with relevant national and provincial sector departments?	Yes	The municipality has an IDP Representative Forum and the district Council Representatives, provincial government and national government are reported to be represented in that forum. No evidence of such could be found on the IDP or the annexure to the IDP.	The municipality should ensure that these forums are utilised to ensure co-operation between the three spheres of government, with plans and strategies of the three spheres to be alignment as complementary
Does the IDP cater for timeous submission of financial statements to the Office of the Auditor-General?	No	The municipal IDP mentions compilation of credible financial statements as one of the key projects.	Although the municipality submits their Annual Financial Statements on time, there should be an indication of the plans to submit them on time so that compliance with the IDP evaluation measure is achieved.
Is there evidence that comments from AG reports are being seriously addressed?	No	Obtaining a clean audit opinion is one of the objectives of the municipality.	The municipality should take the Auditor-General's reports as input into the new planning cycle for the next term of local government.

### **5.3.4 Conclusion**

The purpose of the study was to assess the credibility of the IDP as a service delivery tool in the Randfontein Local Municipality. The study investigated a number of issues which inform the implementation of IDPs, as well as legislation that govern its implementation within the government structures. The study was undertaken through secondary and primary sources of information, with the secondary information including a review of all relevant literature on the IDPs as well as documents on

Randfontein Local Municipality, as the chosen case study for this project. The primary sources of information included interviews with officials within the local government environment. The study adopted a qualitative research method, with the following objectives:

- To describe the IDP and contextualise service delivery;
- to describe the elements of a credible IDP;
- to assess the credibility of the IDP using the available framework; and
- to make recommendations for improvement.

From the literature review, it was established that the IDP provide for an overall framework for local development. Importantly, it plays the role of coordinating the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area and considers existing conditions, challenges and available funds for development. The formulation of an IDP should therefore take into consideration the socio-economic development for the area under consideration while setting a framework for land use management, infrastructure and services required, and the protection of the environment. From the literature, the following were found to be the core benefits of the IDP:

- It assists the municipality in fulfilling its constitutional mandate as a developmental local government;
- integrates and coordinates service delivery within a municipality;
- speeds up delivery;
- forms the foundation on which annual budgets must be based and helps to attract additional funds;
- promotes intergovernmental coordination; and
- ensures prioritisation of projects/programmes to inform the budgeting process.

It was concluded, from these listed items, that the Randfontein Local Municipality regards IDP as a beneficial tool in terms of service delivery; however there are a number of challenges relating to its credibility and implementation.

The study adopted the evaluation framework as developed by COGTA to evaluate the credibility of the Randfontein Local Municipality. The framework assesses six focal areas of the IDP, namely:

- 1 spatial development framework;
- 2 basic service delivery;
- 3 sustainable economic growth and LED;
- 4 institutional arrangements;
- 5 financial viability and management; and
- 6 governance and organisational development.

For the purpose of this study, Financial Viability, Governance and Institutional Arrangements were selected to evaluate credibility. The following were the key findings of the study:

- The **financial viability** was tested on ten key performance indicators and it was found that the Randfontein Local Municipality attained five of these KPIs, and one KPI was not applicable to them as a local municipality. The following were identified as critical areas which did not have sufficient information:
  - The financial strategy.
  - An indication of corrective steps to improve the audit outcomes (the Qualified Audit opinion).
  - A budget for a number of programmes and projects such as the empowerment of communities and community participation.
- The area of **good governance** was measured on thirteen key performance indicators and the evaluation indicated that Randfontein Local Municipality attained six. Evidence could not be found of initiatives to support special groups such as youths and people with disabilities.
- In the area of **institutional arrangements**, the municipality scored seven out of fifteen KPIs. It was found that there was no focus on scarce skills and their retention. A number of policies could not be found nor was there any evidence to indicate the municipality paying attention to scarce skills, crucial for institutional arrangements.

The development of a credible IDP is not an easy or simple task. This is supported when one considers and acknowledges the IDP as a complex, ongoing, interactional process in which capacities for decision-making, joint action and coordinated implementation are built over time, and in which there are multiple intervening variables.

In conclusion, the Randfontein Local has made reasonable efforts in implementing the IDP. However, from the selected areas of evaluation, the study found an average percentage of key performance indicators had been achieved. A number of factors could have contributed to such poor performance, and these may include the capacity and resource efficiency required to implement IDP. For the purposes of this study, specific recommendations have been made on each of the areas that were evaluated in the study.

A credible IDP requires joint planning by all spheres of government and other stakeholders such as communities and, most importantly, joint implementation. Any shortcomings that are highlighted during the evaluation of the IDP is not only a reflection of the shortcomings in terms of the planning of all three spheres, it also highlights the joint action that is then required in order to move forward. The IDP assessment should be used to develop programmes of joint action by the three spheres of government for achieving aligned and complementary plans, strategies, programmes and projects in that specific Randfontein Local Municipal area.

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