A PROPOSED PERFORMANCE MANAGEMENT SYSTEM FOR THE GREATER STELLENBOSCH MUNICIPALITY.

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ABSTRACT

This dissertation sets out to develop a Performance Management System for the Greater Stellenbosch Municipality. It is proposed for use as a unit of analysis. The system provides a framework for determining developmental priorities and identifying the appropriate resources. The system monitors progress and simultaneously serves as an instrument that maintains municipal accountability for the delivery of its core developmental functions.

Internationally, an infinite number of research projects in the field of performance management and best practices for organisational performance have been undertaken for local authorities. This includes a range of terms extending from the 1950's, known as benchmarking, to the current context where the balance scorecard has been put on the performance agenda. The emphasis for increased and accountable performance of local authorities is currently on the foreground, because local authorities are now responsible for executing duties in the form of developmental outputs.

This responsibility found its framework in a range of legislative obligations as found in:

- Sections 152 and 153 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), outlining the objects and developmental duties of municipalities;

- Section 73 of the Municipal Systems Act, 2000 (Act 32 of 2000) that outlines the general duties of municipalities in relation to service delivery;

- Chapters 4 and 6 of the Municipal Systems Act, 2000 (Act 32 of 2000) outlining, respectively, community participation and performance management procedures and systems, and

- Schedules 4 and 5 parts B of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 84 of the Municipal Structures Amendments Act (Act 33 of 2000) that outlines the service portfolio of municipalities on which service standards should be developed.

This dissertation attempts to develop a proposed Performance Management System (PMS) for the Greater Stellenbosch Municipality, as one of the tools to ensure developmental outputs, by providing a background that led to the implementation of PMS in South African local authorities. For this particular research, the case methodology was the most appropriate tool of research used. Greater Stellenbosch Municipality as the unit of analysis was researched and using related research on this particular phenomenon to guide the development of such a system.

The dissertation further aimss to substantiate why Stellenbosch Municipality should have the intention of creating a fully integrated system of managing for developmental results. This is facilitated whereby departmental plans, budgets, operating plans, and team and individual performance reviews are all linked by common, measurable goals, and performance indicators are used at all levels that align with those goals.

A number of findings of this research have indicated that performance measures are used to monitor strategic initiatives, to guide the budget process and allocate resources to produce specific strategic results in order to see a clear organisational consciousness for accountability. This research has proved that measurement can promote government and community activism and achievement. It has also been found from international case studies that the quality of performance measures is critical in establishing the credibility of measurement processes. This is supported by the fact that performance measures should bring about changes in staff behaviours, changes in organisational culture, cost savings and service performance improvements.

The conclusion was made that performance measures (indicators) should be clear, comprehensible, understandable, results-orientated, useful and valid, verifiable and accurate.

DEFINITION OF CONCEPTS

Performance Management System (PMS) – Describes and represents the process of performance planning, monitoring, measurement, review and reporting of a municipality; organization, management, and the contribution of relevant role-players.

Objectives – The general outcomes to be achieved through actions or activities.

Performance measurement – Involves determining the extent to which objectives are achieved through developing indicators and linking them to targets and related standards.

Impact – Refers to the changes and consequences that result from specific activities or achievements; both intended and unintended, assessed in terms of the contribution made to the achievement of a general goal.

Outcomes – The impact of services delivered, describing what changed as a result of effort. Measuring outcomes is generally recognized as difficult.

Inputs – The costs and resources used to provide the services.

Outputs – The goods and services provided.

Monitoring – To monitor progress towards achieving the objectives.

Performance indicators – Yardstick used to assess achievement of results; both quantitative and qualitative aspects.

Qualitative and quantitative measures – Quantitative measures indicate "how much" or "how many"; qualitative measures indicate "how well".

IDP – Integrated Development Planning: a developmental planning tool to assist local authorities to fulfill the developmental role they need to play.

Balance Scorecard – an aid in creating a "balance" among various development factors to be considered when the focus is on outcome performance.

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I, David Elmar Frederick Jansen, hereby declare that the content of this dissertation represents my own work and that the opinions contain herein are my own and not necessarily those of Peninsula Technikon.

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CHAPTER 1
RESEARCH DESIGN AND METHODOLOGY

1.1   INTRODUCTION

This dissertation sets out to develop a Performance Management System for the Greater Stellenbosch Municipality. It is proposed for use as a unit of analysis. The system provides a framework for determining developmental priorities and identifying the appropriate resources. The system monitors progress and simultaneously serves as an instrument that maintains municipal accountability for the delivery of its core developmental functions.

1.2   BACKGROUND

Community expectations from public sector organisations are undergoing significant changes. In the 1950's people were more tolerant of poor services: they waited more patiently in long queues and endured inefficient public administration. Now communities expect quality delivery of public services and are beginning to hold elected representatives increasingly accountable when their expectations are not met. The call is now for delivery, but more specifically, delivery that is responsive to and places greater focus on community satisfaction as communities become increasingly assertive in demanding and expecting a range of quality local services.

The pattern of rising expectations of public sector delivery is not unique to South Africa. An international discourse emerged during the last two decades with regard to government efficiency, size and cost. A wave of reforms, with increasingly distinctive styles, themes and interventions, was unleashed which collectively became known as New Public Management (Osborne & Gaebler, 1993:21). In the UK the reform agenda since the latter half of the 1980's was popularised by the Thatcher and Major governments. It rapidly spread however into Australia, New Zealand, and Scandinavia where bold reform programmes were introduced. By the early 1990's in order to address

the domestic crisis in public services, the Clinton Administration introduced broadly similar initiatives in the United States (Osborne & Gaebler, 1993:27).

The main elements of the 1990's reform agenda may be summarised as (Osborne & Geabler, 1993:39; Fitzgerald, 1995:79):

- Emphasis on improving service quality;
- Reforms to reduce costs and increase efficiency;
- Increasing emphasis on benchmarking and measuring performance, and
- Focus on increased responsiveness to individual needs of the consumers/customers of public services.

The first democratic elections in South Africa in 1994 coincided with a public sector reform wave fanning out across the world. The ills of the Apartheid administrative system were similar to those of other stale bureaucracies, such as mismanagement of resources, outdated management, unresponsiveness to users, lack of accountability, and poor labour relations. In time, key aspects of this reform agenda, were captured into Batho Pele principles and legislation, such as the Municipal Systems Act, 2000 (Act 32 of 2000). Municipalities are now expected to roll out a clear reform agenda in terms of a series of municipal legislation. Yet, almost all municipalities are faced with a dual challenge of rising community expectations/needs and declining resources. In many cases, cost cutting and revenue-enhancing strategies have reached their limit, as communities increasingly struggle to afford municipal services and municipalities risk infrastructure failure, through simplistic cost-cutting exercises. The time has come to introduce more sophisticated strategies that seek to strike a balance between the service municipalities deliver and the standards of services accepted by communities in relation to the payments they make. Within such strategies municipalities may strike a balance between community expectations and service affordability while still finding ways of improving efficiency and reducing costs. For example, services that were formerly provided by the now-defunct Winelands District Municipality, are now the responsibility of Stellenbosch Municipality. This places an even greater urgency to devise strategies for the municipality to deliver optimally in a cost-effective and efficient manner.

The legislative background against which this study has been undertaken, is:

- Sections 152 and 153 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), outlining the objects and developmental duties of municipalities;

- Section 73 of the Municipal Systems Act, 2000 (Act 32 of 2000) that outlines the general duties of municipalities in relation to service delivery;

- Chapters 4 and 6 of the Municipal Systems Act, 2000 (Act 32 of 2000) outlining, respectively, community participation and performance management procedures and systems; and

- Schedules 4 and 5 Part B of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 84 of the Municipal Structures Amendments Act (Act 33 of 2000) that outlines the services portfolio of municipalities on which service standards should be developed.

1.3   PROBLEM STATEMENT

National legislation has been promulgated that prescribes that a local authority in South Africa must have a Performance Management System in place. The Performance Management System that Stellenbosch Municipality has in place, however, is sub-optimal and does not drive performance. The problem that the Stellenbosch Municipality faces is that it is required to put in place a system that reflects the ability to accommodate community expectations and political ambitions, while, at the same time, ensuring a practical mechanism that drastically improves the performance of local government.

1.4 RESEARCH PROPOSITION

Firstly, to prove that corporate performance in Stellenbosch Municipality is enhanced through the implementation of an effective Performance Management System, as a key element of a package of solutions. Secondly, to recognise that for the effectiveness of this mechanism, it is essential that a uniform approach is consistently applied by both internal and external stakeholders in the Stellenbosch Municipality.

1.5 RESEARCH OBJECTIVES

The following objectives are the guidelines of this research:

- To provide an international perspective with regard to Performance Management in local authorities;
- To explain why performance management is being institutionalized in local government as one of the mechanisms to bring about developmental local government;
- To establish the link that needs to exist between an Integrated Development Plan and a Performance Management System;
- To analyse the current situation and related development plans as set out in the IDP of the amalgamated Stellenbosch Municipality, and
- To develop a Performance Management Systems framework for the Greater Stellenbosch Municipality.

1.6 RELATED RESEARCH

Internationally, an infinite number of research projects in the field of performance management and best practices for organisational performance have been undertaken for local authorities. This includes a range of terms extending from the 1950's, known as benchmarking, to the current context where the balance scorecard has been put on the performance agenda. The emphasis for increased and accountable performance of local

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authorities is currently on the foreground, because local authorities are now responsible for executing duties in the form of developmental outputs. This seeks to ensure that services are effectively rendered to the community. In research undertaken on local government performance, Michael Schaeffer (2000:7), states: "The annual budget should, therefore, be an estimate of the inputs, such as labour and materials, which are required to produce a given output." To enable municipalities, to achieve their goals by measuring their performance, Schaeffer established that they need to set Key Performance Indicators (KPI's) to check that their programmes are on track and that resources are being used optimally.

Schaeffer also indicates that: "Performance information is primarily a management, transparency and financial accountability tool rather than for example a mere budgetary instrument." Improved effective and efficient services delivery thus requires performance management. In this context performance management implies the planning, monitoring and measuring of service performance. In performance management, the local authority establishes service objectives and monitors performance towards the attainment of those objectives.

The Final Report on Performance Management, submitted by UNICOM: 2001, indicates that organizational performance cascades vertically. The report states inter alia: "Performance is the measurement, assessment and feedback process for monitoring the achievement of goals and objectives of the organization, unit or individual. Performance management ensures the alignment of an individual's actions with organizational goals and objectives. It reinforces the organizational direction through clearly articulated values and rewards and creates a shared understanding of the organization's and of each individual's objectives." The report further states that this may involve translating a balance scorecard of performance measures, for example, into a "concrete set of measurable indicators" that cascade through all levels of the organization. The outcomes of the introduction of this new dimension, is to assign personal accountability for achieving organizational objectives and to "provide focus on a balanced set of measures in key performance areas."

An indication from this report is that the introduction of a balance scorecard, as a model within a Performance Management System, produces a method for reaching agreement on where an operation should be heading and for making sure that it stays on course. As the term implies, the scorecard is an aid in creating a "balance" among various development factors to be considered. Olive, et el., (2000:7), states in this regard that:

" The balanced scorecard concept is based on three dimensions in time: yesterday, today and tomorrow. This implies that what we do today for tomorrow may have no noticeable financial impact until the day after tomorrow." The focus is thus broadened and it is more relevant to keep a continuous watch on non-financial key ratios. **Figure 1** below indicates a traditional input – output model before the introduction of the balance scorecard concept to illustrate how goals and measures may be placed along a causal chain, from resource input to the effects obtained.

Figure 1: Traditional input – output model
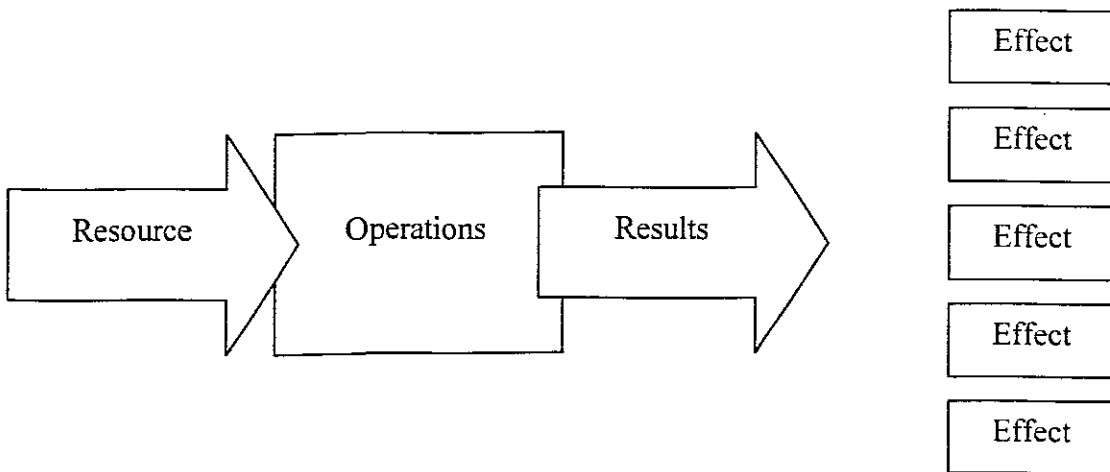
Source: Adapted from Olive, Nils – Goran, et el., 2000, *Performance Drives – A Practical Guide to using the Balanced Scorecard,* John Wiley & Sons Ltd.

Olive (2000: 8) believes that what is actually meant is the reflection of cause and effect, or some kind of identified priority: a higher reported profit, a better reputation, or a diminished environmental impact, for example. The conclusion is thus, that several of

these effects will, in turn, influence the organization's future operations and become a kind of input for the operations of the subsequent period.

Good scorecards aim to combine outcome measures with performance drivers. It is has been said that, with a balance-scorecard concept, a richer picture of reality replaces financial responsibility and financial control. In this context, Olive, et el. (2000, 12) states: " Not that monetary measures have become less important, but there must be a strive for balance when grading reflects a balance among several important elements of performance." It is therefore important that the scorecard be seen not only as a record of results achieved, but also equally important that it is used to indicate expected results. In addition to the legislative stipulations guiding performance management frameworks, the balance scorecard is a model, within a PMS, that is used by certain larger municipalities in South Africa.

Some reasons for introducing performance management as pointed out by Rashied (1999:25) can be outlined as:
- "Provides clarity about who is responsible and accountable for ensuring objectives are achieved and with whom, by when, and what the expected outcomes are;
- Clarifies what is expected of individuals, teams, and other organizations who are contributing to delivering shared priorities;
- Importantly, it provides or allows feedback to individuals and teams and to citizens and stakeholders;
- Demonstrates to interested parties that best value is being achieved;
- Enables effective use of limited resources;
- Improves communication inside and outside council and
- Leads to development and training for those who are charged with making things happen."

There are several key challenges for performance management, according to Rashied (1999:21). The first is how to involve citizens in measuring performance. The

involvement of citizens is a true reflection of local government's integrity in making itself more relevant to citizens. Secondly, the political vision and priorities should reflect the aspirations and expectations of citizens because local government must reflect the real social values. Thirdly, local authorities should be honest about setting priorities and targets and, in the same process, ensure that they win the confidence of the local citizens. Commitments to citizens and honest feedback ensure this. Fourthly, local governments work more and more closely across sectors, and therefore, innovative ways are necessary to bridge any performance gaps. The fifth challenge is that when a performance gap has been identified at an organization level, local government managers need to understand how to switch resources from other areas and lever in resources to bridge the performance gap. Lastly, there is a need for investment in new financial management and geographical information systems in order for managers to measure performance more accurately, on a frequent and regular basis, and on different levels.

Supplementing the definition for performance management that Rashied provides, the British Local Government Management Board (1994) has provided a description of performance management as:

"A means whereby accountability for contributing to the organization's strategic and/or operational objectives is allocated to employees and where these contributions are measured objectively. The outcomes are thus used to inform decisions about the further objectives and needs of the organization and its employees. The outcomes must match what members want, introduce or reinforce a performance culture and improve quality of services to customers."

Elaborating the key performance indicators to which Rhasied referred, Nayyer-Stone (1992:42) considers four primary types of performance indicators: **input, output, outcome and efficiency**. In general, input indicators address the amount of resources used in providing a service, whereas output indicators describe the activities undertaken in providing a service. The advantage of input/output performance measures is that data is readily available. These indicators however, only provide limited insight into whether goals have been achieved.

Outcome/effectiveness indicators are used to evaluate the quality and effectiveness of public services. These indicators provide an indication of how effectively community services are provided, but according to Nayyer – Stone (1992: 43), they are often difficult to use due to the inability to determine a direct correlation between the service provided and the results measured.

The final type of indicator is efficiency, which relates inputs to units of output or outcome, referring to what was achieved, for example, the cost per liter of water delivered to a household, or cost per ton garbage collected. It can be concluded that, when efficiency indicators are used over time, they provide evidence of productivity trends. **Figure 2** below defines the four primary types of performance indicators.

Figure 2: Primary Performance Indicators.

Type of Indicator	Definition	Example
Input indicator	Measure of resources employed	• Equipment needed • Employees required • Supplies used
Output indicator	Quantity of Service Provided	• Number of projects • Number of classes • Number of people served
Effectiveness/outcome indicator	The degree to which the Intended objection of the service is being met.	• Percentage increase in employment • Decrease in crime

Efficiency indicator	Cost per unit of output	• Cost/liter of water delivered by household

Source: Adapted from Harry P. Hatry, 1997, How Effective is your Community Services? Washington DC. : The Urban Institute.

The Manual on Performance Management (May 2001) outlined that performance indicators are a management tool for providing assistance in making performance-based decisions about strategies and activities. This introductory guide indicates that these indicators simply define how performance will be measured along a scale or dimension, e.g. the number of houses to be built. It is often used to determine whether local government has met its developmental role through providing services and infrastructure. This process enables the local authority to determine whether its organizational structure, for example, technical and human resources, is able to meet its strategic objectives. It is important to note that municipal indicators should be linked to a municipal employee performance management system. The Municipal Systems Act, 2000 (32 of 2000) requires each municipality to establish Key Performance Indicators (KPI's) and attain the standards set by them at the highest level. This should be in line with the Integrated Development Plans (IDP) of municipalities, because before indicators are established, the first process is for a municipality to develop objectives and priorities, which are captured in the municipal IDP. A municipality is often able to develop indicators and targets in relation to each of the development priorities.

Setting key performance indicators, performance targets and priorities as well as monitoring, needs the involvement of local citizens as indicated in the Municipal Systems Act. The involvement of citizens is an important aspect of developing a performance culture and an on-going effective performance management system. Led by the municipal manager, systems and structures should to be put in place to encourage the active participation of citizens. Rashied (1999:84) states that: "The dilemma for local government is that we are now beginning to see the citizen also as a consumer, but the

essence of local government is that the consumer must be involved as a citizen. Involvement must be about having a say in services and having opportunities to have a wider say on how services are produced and delivered, and how they impact on individuals and our wider community."

This dissertation aims to research a simulation of best practices with regard to local government performance management. The fundamental reasons are to determine why performance management has been legislatively requested from all municipalities; to establish the link that exists between performance management and integrated development planning, and ultimately, seeks to develop a Performance Management System for the Greater Stellenbosch Municipality.

1.7   RESEARCH METHODOLOGY

The research approach for the study is in the form of case methodology by means of an in-depth description and explanation of the specific phenomenon within the context of a specific reality and environment. One of the reasons for using this methodology is quoted by Helen H Perlman (1957: foreword), when she says: "The operations of casework are essentially those of the process of problem-solving." The problem statement indicates that Stellenbosch Municipality has a Performance Management System in place that is sub-optimal and does not drive performance. This methodology aims to develop a proposed system that reflects the ability to accommodate community expectations and political ambition while, at the same time, ensuring a practical mechanism that drastically improve performances in local government. This methodology aims to ensure that a logical application and decision-making is used throughout the investigation. This is supplemented with Kaufman's (1944: 230) statement that *research methodology is the theory of correct scientific decisions*. A quantitative outcome is anticipated in the sense that research is undertaken in such a manner that the outcomes of the research may be integrated into the municipality's current system for measuring performance.

Greater Stellenbosch Municipality will be used as the unit of analysis because the researcher was a member of the South African Netherlands Programme for Alternatives in Development (SANPAD), which facilitated the community participation workshops as part of the IDP process plan of the municipality. Also, an in-depth literature study to provide the theoretical contents will be undertaken. Primary data is to be collected from representative groups, such as:

- Councillors
- Officials

This will be done in the form of unstructured interviews, with the aid of questionnaires. Secondary data is to be collected from:

- Current legislation that envisages the new developmental role required from municipalities in South Africa, and
- A literature review on Performance Management (books, internet, articles), international research outputs as well as reports relating to local government. This will serve as the historical analysis of the reform mechanism under research.

1.8   SIGNIFICANCE OF THE STUDY

The significance of this research is to:

- Develop a mechanism that enables the public to hold the Stellenbosch Municipality accountable; councillors to hold the administration accountable, and the employer to hold employees accountable;
- Provide a directive for officials to develop a PMS;
- Monitor and review performance based on indicators linked to the IDP and budget projections;
- Provide a framework that enables Stellenbosch Municipality to determine whether the municipality has met its developmental role as envisaged in its vision and mission, and
- Assist in the overall planning of Stellenbosch Municipality.

CHAPTER 2
INTERNATIONAL CASE STUDIES OF LOCAL AUTHORITIES APPLYING PERFORMANCE MANAGEMENT SYSTEMS

2.1   INTRODUCTION

In the context of South Africa, the social dynamics that influence the performance management systems of local authorities differ notably from those of developed countries. The same core principles, however, motivate the need for the implementation of an efficient system. The purpose of this chapter is to devise suitable performance measures, with appropriate programme monitoring and service performance. The proposals are made against the background of the results of five case studies of local governments where viable systems are in place. The findings and recommendations emanating from this research will inform the proposal of a PMS for the Greater Stellenbosch Municipality.

This chapter collates information about the utility of performance measures in local governments. These municipalities have extensive experience in devising measurements that endorse decision-making, provide material for presentations to the public and data to decision-makers, and to assess and evaluate programme results and outcomes. Hence the reasons why the case studies selected in this chapter include Multnomah County and Portland, Oregon; Prince William County, Virginia; Tucson, Arizona; and Winston-Salem, North Carolina. Reference is also made to other States that have benefitted from performance management systems, to learn from their experience of how to rectify deficiencies and to ensure improvements to their developmental programmes.

This chapter seeks to establish the link between local government performance measurement and monitoring, while minimal focus centres on the more complex, analytic exercises, such as performance auditing and programme evaluation.

2.2 BACKGROUND TO INTERNATIONAL REFERENCE

In an international context, the 1990s were characterized by an extensive focus on performance of government at all levels, including local government. This was due, in part, to the demand made by citizens and elected officials for accountability. The outcome of this confirmed that performance monitoring and reporting could address and improve public confidence in government by informing citizens about the use of their tax 'dollars' and the results achieved in public programmes (Benowitz & Schein, 1996). Several national organizations, such as the Governmental Accounting Standards Board (1994), the American Society for Public Administration (in 1993), and the Government Finance Officers Association (in 1994) encouraged expansion of measurement to support decision-making, reporting, and management (GASB, 1994; Tigue, 1994; Epstein & Olsen, 1996).

The international public administration literature contains much advice on how to use performance measurement to demonstrate accountability. (Epstein, 1988; GASB, 1994; Ammons, 1995; Holzer & Halachmi, 1996). This literature, however contains little practical data on how specific local governments have used performance measures to support program monitoring, service performance improvement and reporting, or the effect of such use. Despite the supported advantages of using performance measures, the majority of state and local entities have not systematically developed and used performance measures (GASB/NAPA, 1996; de Lancer, 1997).

Where local governments have implemented performance measurement, consensus on what constitutes an excellent PMS, is lacking (Legislative Commission on Government Administration, 1994). Walters (1997:11) indicates that the provision of detailed information on PMS that relates to development, implementation, and use of information produced, could assist local governments that initiate the process of developing performance measures. Without detailed information, there is little to guide local government implementation of performance measurement processes. It was found that increased in-depth understanding of existing performance measurement systems and use

of measures provide guidance for those local authorities that plan to develop and use performance measures in the future (Walters, 1997:14).

Questions to be answered from these case studies are outlined below. They aim to provide the basis for the system this dissertation ultimately aims to develop. They are:

1. How do local government performance measurement models, systems, or approaches support use of performance measures in evaluating program results?

2. How do local governments use performance measures for decision-making, program monitoring and service performance, and to communicate and report results?

3. How do government officials perceive the usefulness and quality of performance measures, and how are performance audits and evaluations used to enhance the validity and usefulness of results information?

Basing the investigation on four criteria, the researcher selected the specific case studies. First, the selected municipalities each has a long history of using performance measures. This enables a better understanding of evolutionary issues that local government performance measurement users experience. Second, the selected municipalities demonstrate that performance measurement systems are designed to encourage intentional (e.g., planned) use of performance measures, with the understanding that unintended effects occur (unpredictability will definitely be experienced). Third, the local authorities selected have the approach of involving multiple departments and agencies, rather than single agency or programmatic use, the result of ongoing investigation into developing performance measures (Berman, et al., 1999). These selected areas of exploration, also investigate the use of a variety of different types of performance measures, including outcomes, outputs, workload, efficiency, effectiveness, and explanatory measures (Berman, et al., 1999). Finally, given the qualitative nature of these case studies, the analysis of the literature indicates that access to selected municipal areas, interviewees, and archival documents is critical when the implementation of performance for these municipalities is initiated. This ensures that proper data is in place before performance management is undertaken. The emphasis on acquiring and

disseminating detailed information by these local authorities is well developed, which has a secondary purpose, simultaneously, to promote transparency and to promote citizen awareness.

The five local governments selected are overall not representative of local governments in the United States, or of local governments that have extensive histories of using performance measures to support government processes and accountability. Only, because of the experience of these local governments, the researcher anticipates that detailed analysis within each case study and, summary analysis across the case studies, helps clarify factors affecting the use of performance measures.

2.3 MEASUREMENT MODELS SUPPORTING EVALUATION OF THE RESULTS

In two of the five local authorities, Multnomah County and Prince William County, readily available models clearly illustrate the intended uses of performance measures, including monitoring and evaluation of results and outcomes. In **Figure 3**, Ford (1998) indicates that the Multnomah County model provides a linkage between community-level benchmark goals and program-level key results.

Figure 3

Linking Programs to Benchmarks Through Key Results in Multnomah County

Source: Ford, 1998
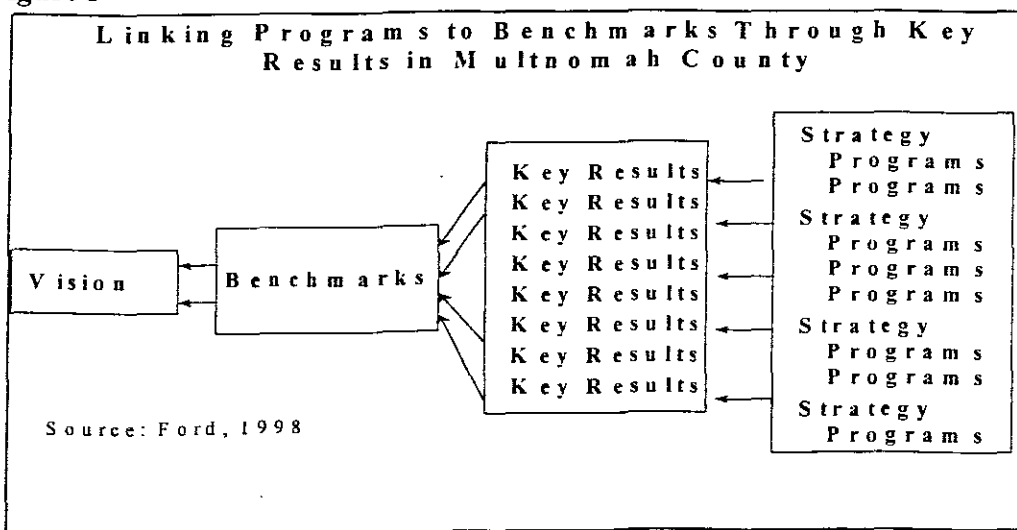
It is argued that evaluation and performance audits are critical to Multnomah County's efforts to demonstrate the logical link between government programs, private sector efforts, and achievement of community goals. At the same time, performance measures are used to monitor programs, track high priority programmes (benchmarks), and highlight areas that may need further, more sophisticated analysis. As can be seen in **Figure 4,** Carlson, 1998, indicates that performance measurement is part of an overall system of data-driven processes in order to measure results.

Figure 4

Data Use in
Multnomah County, Oregon

Proven or
Promising
Practices

Outcome Evaluation

Process Evaluation

Monitoring (Performance Measurement)

Data Systems

Source: Carlson, 1998
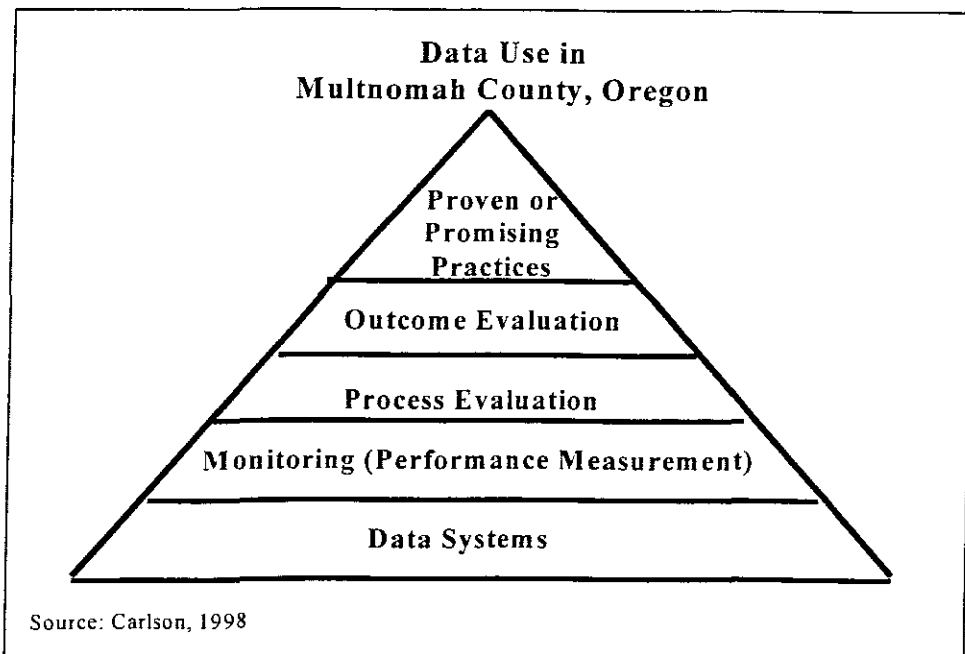
Extracted from Carlson, J (1998). Uses of performance measurement in Multnomah County: excerpts from a presentation to State of Oregan department managers. Portland, OR: Multnomah County.

In Prince William County **(Figure 5),** County staff has developed public presentations of their managing-for-results process, so a clear cyclical model (Marshall, 1998) has evolved. Monitoring and evaluation mechanisms are in place throughout the process of increasing performance in order to determine any flaws in all project cycles and this encompasses transparency for the purpose of citizen satisfaction. The focus of Prince William County's system is on strategic and program planning to define community-based outcomes, followed by a resource allocation/budget process to align resources with strategic goals. Alignment can be made in this instance with what IDP's and our

Performance Management Systems aim to achieve through citizen-identified priorities. This is followed by a deliberate effort to evaluate results by surveying citizens, gathering citizen input on services, performance reporting, and evaluations of department heads, as well as selected performance audits. This is followed by a feedback loop in which evaluative results are used to guide strategic planning efforts.

The process of graphically depicting a model or framework in the two counties was made somewhat easier because both incorporate a variation on the managing-for-results theme. In this theme a strategic plan is developed, department and programme mission statements and goals are created, and measures are used both to determine progress towards goals and to prioritize resources in achievement of those goals. As pointed out above, service delivery is followed by a very deliberate effort to evaluate results. The model has proved a useful tool for communicating the vision for implementing performance measurement, and for demonstrating a conscious effort to incorporate use of performance measures systematically into one or more governmental process. The model also promotes transparency that is supported by community-based outcomes and a budget process to align resources with strategic goals.

Figure 5 follows/...

Figure 5

Results-Oriented Government: Prince William County, VA

Source: Marshall, 1998

Extracted from Marshall, M. (1998). Local government performance measurement: a view of possibilities, pain and promise. Presented at the 1998 Washington Evaluators Conference. Prince William County Office of Executive Management.

The graph emphasizes that, between delivering services ultimately, and the evaluation process where it will be determined to what process in the cycle, redress remedies need to be directed in order to achieve an improved performance. This may be anywhere, individually or collectively, between the strategic plan, program planning or the budget process.

To some extent all of the local governments provide examples or evidence indicating government attention to accountability for results and processes. Multnomah County and Prince William County have comprehensive measurement systems that, by design, support a variety of government processes. The Prince William County system of using performance measures to monitor strategic initiatives, guide the budget process, and allocate resources to produce specific strategic results, shows a clear organizational

consciousness for accountability and strategic alignment of plans. Multnomah County's program-driven focus on achieving a limited number of high priority results shows sensitivity to how measurement promotes government and community activism and achievement. Portland has arguably been the leader and benchmark for considering citizen perceptions in establishing performance levels, designing programs, and demonstrating accountability with public reports. This is an important directive for the PMS that the researcher aims to develop, as it fulfils the legislative requirement of community participation in the affairs of local authorities as outlined in Chapter 4 of the Municipal Systems, Act (No. 32 of 2000). Tucson has been monitoring performance measures, but during the 1990s the City reinvented the way it monitors performance, in order to focus attention on achievement of community-identified priorities (City of Tucson, 1998). Winston-Salem has recently shown sensitivity to citizen perceptions of efficiency and effectiveness with establishment of the Citizens Efficiency Review Committee, and has been a leader in North Carolina in using performance measures for service level benchmark comparisons. This substantiates the importance of citizen involvement in establishing performance measures that can eventually be publicly reviewed and from an international perspective suffice our current legislative requirement and prove to be an effective component in increasing municipal performance.

The wide range of uses of performance measures, and the bureaucratic-procedural infrastructure changes, to support use over time, is worth noting. In these case studies, performance measurement is not a repeatedly failing exercise (Perrin, 1998). It is a continuous process with certain aspects and uses emphasized for a time until the local authorities' systems and efforts evolve to another stage of development.

2.4   PERFORMANCE MEASUREMENT QUALITY CRITERIA

A conclusion may now be made that the quality of performance measures is critical in establishing the credibility of measurement processes, and therefore critical to the confidence local government officials may have in using measures to assess and evaluate programs. In these case studies, performance measurement quality criteria were based on

four quality characteristics. (Ammons, 1996; CAP 1998; GASB, 1994; Hatry, et al., 1987; Tuck & Zaleski, 1996). All local authorities valued measures that were (a) clear, comprehensible, and understandable; (b) results-oriented; (c) useful; and (d) valid, verifiable, and accurate.

As part of the quality criteria, it was also found that performance review to determine the level of success, extensively conducted in Multnomah County, Portland, and Prince William County, was critical to establishing the validity and accuracy of measures. Analyzing whether government programs should take credit or be held accountable for less successful results, requires evaluations and audits to examine logic models, and accounts for factors that influence results and outcomes. These specifications hopefully satisfy the criterion of logic in the model that the researcher aims to develop. These criteria are a useful starting point to verify the quality of performance measures. Even in these five, very sophisticated, local authorities, formal mechanisms such as audits and reviews to ensure the quality of measures, are not routinely performed, but, instead are conducted to the extent that limited audit or evaluation resources allow.

The researcher puts less focus on auditing purposes when developing the model in order to avoid the complexities that are coupled with it, as well as inadequate availability of information. For the purpose of this proposed model, within a quality assurance framework, the researcher aims to keep it simple and logical because of the exploratory nature that encompasses performance measures within identified goals and objectives. **Table 1** is an indication of the evidence that is extracted from the government processes that incorporate performance measures within these five local authorities. This table provides cross-cutting information about whether, and in some instances, how, the five local governments, incorporated use of performance measures within other specific government processes.

Table 1
Evidence of Government Processes That Incorporate Performance Measures

Processes That Use PMs	Multnomah County	City of Portland	Prince William County	City of Tucson	City of Winston-Salem
Strategic Planning	yes (outdated)	yes	yes	no	planned
Policy Analysis	unknown	Unknown	unknown	unknown	unknown
Budgeting	yes	PMs reported in budget	yes	PMs reported in budget	in past; currently limited
Performance Reports, such as SEA	under review	major programs	major programs	no	yes, by department
Citizen/Customer Surveys	yes	yes	yes	departments	yes
Program and Performance Monitoring	yes	yes	yes	yes	yes
Personnel Evaluation	potential	Unknown	some	some	some
Contractor Monitoring	yes	some	some	some	managed competition
Performance Auditing, Evaluation	yes	yes	yes	no evidence	no evidence

The International City/County Management Association provided this information. The ICMA Comparative Performance Measurement program assists approximately 120 cities and counties in the United States and Canada with the collection, analysis, and application of performance information.

2.5   PRELIMINARY CONCLUSION

In GASB/NAPA, 1996; de Lancer, 1997 it is indicated that no amount of detailed information or success stories will cause the thousands of local governments, reputedly not using performance measures, suddenly want to start collecting, using, and reporting performance measures. Concerns still exist about the amount of time and human resources it takes to put a full-blown performance information system in place. Also, about the challenges of creating a culture in which elected officials, managers, staff and stakeholders are supportive of measuring performance. However, the ability to produce reliable and valid information on the results of government programmes, and to use measures to document outcomes of interest to citizens and elected officials could be successful in convincing less experienced governments that measuring results is a worthwhile process.

Regarding performance measurement systems, integration and quality, performance measurement implementation in local government, is more "evolutionary" than "revolutionary." The five local governments have extensive experience with performance measurement, which results in an evolutionary, incremental approach to performance measurement. The development of systems for use of, and reporting of, performance measures is not a new, revolutionary idea, as evidenced by the long and evolving history of measurement used in the local authorities studied. The evolutionary processes in all five local governments have matured so that the governments are now more focused on· results and outcomes. Enhanced planning for performance measurement implementation could address the ongoing need for systems integration and performance partnerships. Even as indicated by the 'much-respected' Portland, Oregon recognized that the need for integrating multiple measurement systems is almost chronic, despite the best intentions of those developing those measurement systems. It is also clear that multiple stakeholders, both within and outside of the government structure, may be responsible for the community outcomes that are of paramount interest within the field of public administration. Attention must, therefore, be paid to understanding how different stakeholders impact on desired outcomes, and how such stakeholders form partnerships to collectively work toward performance goals. New and more sophisticated evaluation techniques to capture the impact of multiple influences are a logical next step in the co-operative development of community-outcomes and managing-for-results.

Automation of measurement collection, analysis, and reporting, offers an opportunity to improve the quality, reliability, auditability, and timeliness of measurement data. The quality of measurement information produced, including the reliability and timeliness of such information, has often been an afterthought in development of measurement systems. Automation of performance measurement data collection, analysis, and reporting assists management by making higher quality information more readily available, and more easily audited so that data integrity and accuracy is ensured.

The Internet (Bernstein: 1999, 31) provides a vehicle for more frequent and cost-effective reporting of performance information, provides a wider audience than paper reports, and

greatly influences how information is reported and used in the future. Communication is essential, since "enhancing accountability" is frequently cited in these case studies as a driving force behind development of performance measurement initiatives. Easy and timely availability of data is conveyed via the Internet, and should receive more attention in the future. As local governments continue to become more sophisticated in the use of information technology, use of advanced technology systems, such as the Internet, for collection of citizen surveys and other evaluative information, is likely to be the primary means of collecting and storing data. This is for purposes of performance measurement and project management.

Contextualising the above, performance measures are most useful at the programme level, since programme staff makes most use of measurement information (Bernstein: 1999, 32). Reflections extracted from these case studies indicate that while their own use of performance measures may be sporadic, programme managers and staff use such measures extensively, particularly for ongoing monitoring of program outputs and outcomes. The next logical point to confirm, is that positive examples of the constructive use of performance measures, at the programme staff and manager level, have the potential to overcome some of the resistance resulting from fears that measures will be misused to hold managers and staff accountable for performance factors that are beyond their control.

There is still only a vague understanding of the impact that performance measurement has on citizen perceptions of effective government. Particularly since positive performance results are widely reported by the media, while some negative performance results may be due to factors that are beyond the influence of government staff and managers, and receives disproportionate media attention. It is not clear that heightened attention to performance results lead directly to improved performance, because so many factors affect results. The relationship between performance measurement and more sophisticated analytic techniques, such as program evaluation, is still not completely understood.

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These case studies project that additional research, analysis, and documentation of positive practices in local government are needed. The reason for this is to ensure that appropriate use of performance measures becomes the hallmark and reputation of measurement efforts, rather than the somewhat distorted and negative reputation that measurement efforts currently appear to hold in some quarters (Bernstein: 1999, 34). Only then can the valuable and groundbreaking work of the five local authorities that is discussed here, become better known, and be used as models for measuring and reporting government performance and accomplishment of public objectives.

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Supplementary to this, these case studies indicate that leadership from an elected, or high-level appointed official, is critical to the success and staying power of efforts to measure performance. In each of the five local governments, a champion or champions emerge to promote the development, use, and reporting of performance measures. While many local authorities put increasing emphasis on measuring performance, sustained long-term use of measurement information for government processes is unlikely without the kind of buy-in and active promotion of measurement used by high level officials demonstrated in the five local authorities discussed here. A willingness to invest in evaluation and performance audits in order to understand the influences on community and program results better will requires active and intentional commitment of elected officials. This is the known prevalent missing human factor that still exists.

2.6 PERFORMANCE MEASUREMENT EXPERIENCES OF ILLINOIS AND ARIZONA

In the State of Illinois, when performance management was reviewed, several individuals expressed their view that the political diversity, evident in Illinois, was a barrier to the use of performance measurement. The citizenry of this State is more diverse than in smaller States. Government decisions are highly political because of this diversity. Spending decisions, therefore, do not lend themselves to the use of rational or objective measures of performance. This is further escalated because of the number of elected positions within the executive branch. These two factors often prohibit consensus among

elected officials and the public regarding the purpose of government, its programs, and the desired outcomes for those programs.

The Office of the Comptroller provided a list of issues that must be resolved for performance measurement to aid the decision-making process in Illinois. These are:

- "the performance reporting policy must focus more on goals and objectives of government programs;

- there must be minimal reporting standards;

- agency budget and accounting systems must be able to generate the necessary performance information;

- there is a need to rationalize the institutional and programmatic framework;

- the amount of information necessary to provide and report frequency have not been determined; and

- performance data must be both valid and reliable."

It was found that within agencies, the greatest barriers to developing and using performance measures in the state include:

- "fear of retribution if performance measures do not indicate improvement;

- difficulty in obtaining reliable information so performance can be assessed;

- resistance from those whose performance is being measured;

- choosing the correct measures for managing; and

- the overall culture of the government being one that promotes political rather than rational cues for decision making."

The important lessons learned from developing and using performance measures in Illinois is the need for a comprehensive approach that provides State-wide support with a central driving force leading the initiative and the importance of the leadership to support the initiative in both word and action. This component of strong leadership in performance management is a common aspect that surfaced throughout the trial runs in developing performance measures.

Also, it was recommended that an external change agent is necessary for performance measures to really become entrenched in government. The business community and the general public must be interested in improving the budget process for performance measures to have the impact necessary. Too often, the interest from outside the government is on substantive action or policy issues rather than involving these stakeholders for optimizing service delivery.

It is also recommended that in addition to the external change agent, there needs to be "...state-wide support and central driving force and someone has to take initiative to take the process from planning through the implementation stages."

An extract from the research done in this State, indicates that for the initiative to be successful, it is important "to get everyone on board and that this [performance measurement] is not punitive [or viewed as] a way to micro manage and to control."

GASB SEA research encompasses the entire spectrum of performance management realistically when it states: "The people in leadership positions need to embrace [performance measurement], but it is a hard step for them to take. People don't know anything about what that is about [performance measures] and [they] get white knuckled and have the 'deer in the headlights' [reaction]. If they [will] embrace it [performance measurement] and actually put in the energy and the time required to do it right, it can be remarkably powerful. That is something that you have to live through once to appreciate."

Laura Tucker, the Principal Researcher wrote that: "You need to find ways to keep the governor committed and involved in the process then that will influence his agency directors and their commitment to the process. You can evoke long term change if you go at it in a way that is both obvious and encourage them to showcase their best efforts and validate their need for additional resources."

The public acceptance of government and their expectations for the quality of government services greatly impacts how much change performance measures can have on government efficiency and effectiveness. The most important thing for an effective performance measurement initiative is to determine the stage of development of a particular state. The principal researcher also recommended looking at the long term and

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warns against expecting immediate change. It is essential to talk to one's customers, because government does not have the natural feedback of sales.

High optimism is expressed for the future applicability of performance measurement in Illinois. There is hope that eventually the State will link employee performance appraisals and the performance of each agency or program. On the other hand, there is little hope that citizens drive the performance measurement initiative or that the public provides any pressure for producing better indicators of performance. There is also little hope that the use of performance measurement makes a marked difference in resource allocation in the state because of the political importance of many of Illinois' social programmes. Rather, it is generally expected that performance measures provide agencies with a much better idea of where they perform well and where improvement is possible.

In a GASB SEA research study (2000) in the City of Austin, it was found that Austin's shift to program budgeting, including performance measures for identified programs and activities, signaled that budgeting is one of the City's intended uses of performance measurement. They expected performance information to be used throughout the budgeting process, from departments' initial development of their budgets, to review by the budget office and preparation of the City Manager's budget, to public budget review and questioning by the City Council, and ultimately to final budget decisions made by Council.

In their budget preparation, several department managers note that their intention is to use performance measures to develop good budget justifications, either by demonstrating program effectiveness, or demonstrating a gap between needs and service levels. In another department, budget preparation cited as one intended link in key management processes, tied together by performance measures. When that department head has meetings with the managers about the budgets in preparation, the first question is: 'What is your strategic plan; how does that link to your budget; and let's see your performance measures.'"

It was indicated that intended uses of performance measures include eliminating programmes that are not performing, and shifting resources across programmes based on Council programme performance priorities and where investments have the greatest impact. The monitoring and evaluation component is addressed here.

In an extract from the case study, one department manager quoted this picture of the "ideal vision" sought for budgeting: "I've heard this story before of an ideal result being a book of pages. That the pages represent programmes and for it to be so well defined and so well delineated between programmes that an elected official could go through and, by consensus among elected officials, tear out a page and throw it in the garbage, and then whatever was left would be the budget. And that they could expect to see very well defined isolated programmes functioning and producing results individually and so that they could report their successes by program."

Another manager states that using performance budgeting to "sunset" programs: "What was anticipated was to be able to put a sunset concept on it. In other words, this activity costs X amount of dollars, and it does X for the citizens and for Austin. It allowed policy-makers and managers the ability to look at a program or an activity and determine if it was still worthy of existence and if not, what were the costs associated with it and could it be sunset or put away and if so, these are the dollars that go along with that program."

A comment listed from a City Council member puts a different twist on the sunset idea. He notes that eliminating programmes due to poor performance is not a likely occurrence; he wants managers to think it possible to motivate better performance: "I think that's a threat. It's like a nuclear deterrent. You have the nuclear bombs, but you hope never to use them. The fact that we can zero out your program if you don't get numbers up, means people are going to get their numbers up. They'll be there watching the same thing we're watching. So they're going to be operating the program with that in mind. And I think that is probably a closer match to what the real intention was."

Performance information is used on several levels for resource allocation in Austin . At the highest level of budget and policy decisions by City Council, performance measures are seen as supplementing the political process, rather than making these decisions less

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political. Departments use performance measures to develop and justify their budgets. Department managers noted that performance measures helped them "tell their story" to justify their budget requests. As one manager reports it, "My perception in the past, when it came down to budgeting, was: whoever had the best story got the most goods. ... I am not very good with words [but performance measures] tell you more. You can prove things. I think that the data proves what we need. That is also helping focus in on what is the information that you really need to know. It helps with the questions. We are much more prepared at budget time. We have a whole better understanding of the whole budget process."

Past performance measurement efforts in Austin tends to have a narrow focus, for example, to support programme budgeting, or to support total quality management and customer service improvement. The City's current initiative to improve the use of performance measurement is broader and more systemic than past efforts. The intention is on creating a fully integrated system of managing for results. In this system department business plans, budgets, operating plans, and team and individual performance reviews are all linked by common, measurable goals. In addition, performance indicators are used at all levels that align with the measurable goals. Performance measures play an important role in aligning all these key processes to achieve the intended integrated system. The system is further integrated by performance auditing and auditing of performance measures, both for an accountability link and to provide an opinion from outside departments on how they can improve their performance and the way they measure performance.

The effects of using performance measurement, cited by Austin, includes changes in staff behaviour, changes in organizational culture, and explicit cost savings and service performance improvements. So far, the main document for communicating city government performance in Austin is the budget. There is also a "Community Scorecard" report that has not come out every year, which has "measurements that relate to the City as a whole, like per capita debt." Also, the City Auditor's reports are public documents and communicate auditors' findings on performance, often including recommendations for improving performance measures.

Austin officials identified three basic kinds of barriers or special challenges to using performance measurement effectively: human barriers, technical and conceptual difficulties, and system and resource constraints. As one related set of human barriers, fear and lack of trust were the most dominant barriers found.

When discussing problems or barriers, there is a frequent mention of the words "trust" and "fear." It was indicated that it is hard to build people's trust that performance information will be used for decisions and improvement, rather than to punish operatives. Building trust is especially important when, like the City of Austin, a government wants to measure and report results, including community outcomes, such as crime rates and the incidence of disease, which are areas that cannot be controlled by government.

The political environment is a barrier, as it makes it difficult for elected officials to make measurement-based decisions, especially with limited discretionary funding available. A comment from the case study said that when an ineffective program is "very, very costly" but has "all kinds of political connections … it makes it very difficult to make a business-based decision."
Following this is the burden of collecting and reporting data - it is hard to keep up with the demands of the measurement systems, including finding the time to keep tracking data and compiling monthly or quarterly reports.

Many of the lessons learned by Austin relate to the long time it takes to build effective measurement systems, which is identified as:

- The need for *commitment, leadership, dedication,* and *patience,* as well as the need to *stay focused* for the long term, and *reinforce the learning process.*
- How people have a hard time, early on, determining what a good measure is, so *don't expect perfection early.*
- Measurement will never be perfect, so *improvement of performance measures never ends.* It's an ongoing story and an evolving process. It is not that simple to just jump in and do it. You have to start doing it, but you have to keep analyzing it as it evolves.

- It takes an awful lot of time to develop good measures and to get support of the groups. People who have been willing to spend time and have tried to come up with something that they use, have been the ones who have been successful.

- Also *building on success over time*: Once one has a few successes, one knows it starts to build momentum. Once one shows how it can help, then one starts getting some buy-in and some acceptance.

Several additional lessons derived are, to:

- *Design a complete, structured process* that takes a high level look at the whole organization, and then works out more detailed measures.

- *Manage expectations carefully.* Aiming for large-scale gains every year, corrupts the whole process because the level of improvement is better in some years than in others. So it is important not to generate expectations for huge improvements every year. And when results are not as good one year, it is important to *ask why*, rather than assume poor management.

- *Be careful about attaching rewards and punishments to performance measures.* A reward-punishment system could work if balanced heavily toward rewards

- *Focusing on relevant measures that people understand can quickly motivate performance improvement.*

This research seeks to indicate that the use of performance measures to achieve goals and improve performance has different effects. In some cases, performance indicators fail to measure what they are designed to measure and, therefore, need refinements or changes before becoming operative. Performance measures often identify where performance improvement is needed but further analysis is necessary to determine the appropriate program, process, or resource changes needed to realize improvement. In such cases, performance measures merely help to identify the problem. Subsequently, management and staff must find the root cause for the performance shortfall. As program processes, resources, or other factors are changed, the performance measures then become useful in identifying factors with the greatest impact on the performance of an agency activity or program.

In the State of Arizona the following have been identified as some of the barriers that hamper the effective use of performance measurement:

- "It is hard to get around the political nature of appropriations.
- A need for sustained executive leadership.
- If one cannot track ones goal, then ones mission and vision may need revising.
- One must educate departments about what performance measures can do for them.
- It is important that managers and politicians stick with the initiative.
- Often there is a struggle to encourage individuals who are already very busy to be creative in developing measures.
- There remains a fear that if we do not achieve the desired results because of issues beyond government's control, then government is going to be held accountable and blamed for this failure.
- It is important for managers to track and monitor performance measures that are important for their programs. It is also important to allow managers to continue to modify and improve such data.
- Performance measures that are poorly developed hinder their effective use.
- It is difficult to know if results are good or appropriate.
- Measuring performance can take time away from the purpose of the program or department.
- It is important that members of staff understand the importance of using performance measures for the management of programs.
- While performance measures are developed because it is mandated, they are often not used because they are not understood.
- Development and use of performance measures is often viewed as additional work.
- The performance measurement initiative is often viewed as bureaucratic.
- Difficulty to identify what information is needed.
- It is hard to convince people that failure to meet goals will not be punitive.
- Developing a culture supportive of the use of performance measures.

- There is a tendency by administrators to consider that their activities or programmes are different and therefore support of performance measurement is problematic.
- There are no trends or benchmarks against which to measure.
- This initiative requires that a lot of jargon be learned."

Performance measurement is an international phenomenon even though there always exists some form of barrier projecting itself in one or other form as listed above. Many states are developing performance measurement systems, and budget processes that more strongly incorporate measurement. However, much work remains to be done to institutionalize performance measurement into decisions about resource allocation. It is important to have the right balance of measures, quality and outputs and it is important to measure performance in the context of the organization, with time to determine both change and consistency.

2.7 CONCLUSION

These international overviews of performance management indicate that the intention of this process is to harness all available resources within an organization, and to ensure that these perform to the maximum, in order to achieve the desired results. Even within the context of continuous barriers that are identified as this system is implemented, performance management involves building processes, systems, culture and relationships that facilitate the achievement of organizational objectives. The wide range of challenges that local governments must respond to must be met within their budgetary parameters, which place emphasis on the need to ensure that existing resources are used optimally and with maximum impact. It is clear that whether internationally and nationally; a performance management system must address these challenges.

From these international case studies, it deduced that, for maximum impact and optimal use of resources, all these local authorities aim to have a structure in place that indicate a clear vision, mission and strategic goals. Hereby, indicating what they need to achieve

and identified methods whereby they will go about achieving the strategic goals. This is to be supplemented by clear plans for how human, financial and physical resources are to be procured and utilized, as well as agreed upon quality assurance standards for all aspects of organizational functions. The political diversity that is evident and ultimately influence spending decisions on which performance measurement is based, has similarities in a South African context. Whether this will have an impact on a PMS, is to be determined by the case study used for this research.

In an era of increasingly scarce resources and where service delivery has become a critical issue, traditional budgeting and planning, and sectorial service delivery systems, are no longer adequate tools for allocating government funds. The result is a lack of accountability for efficient and effective service delivery, and a high probability that policy objectives will not be achieved. The increased responsibilities placed on local authorities globally, requires that adequate developmental systems are in place in order for local authorities to realize their full potential to ensure sustainable effective and efficient service delivery that has all the elements to ensure the utmost form of quantity and quality in their deliverables.

This Chapter has sought to address the first objective of this research. The next Chapter aims to give an extensive explanation why performance management is institutionalized in local government as one of the reform mechanisms that aims to act as a key element of a package of solutions to improve performance within local government.

CHAPTER 3

THE INTRODUCTION OF PERFORMANCE MANAGEMENT WITHIN LOCAL AUTHORITIES IN SOUTH AFRICA

3.1   INTRODUCTION

This Chapter aims to explore the fragmentation that exists in local government service delivery and the factors that cause a decline in grassroots performance to the current recognition of local government as a distinct sphere of Government.

Before the transition to democracy in April 1994, local government in South Africa was based on apartheid racial division. The 'apartheid city', as it has become known, was distinguished by a number of key characteristics. Firstly, environment, health and other administrative structures were duplicated hierarchically for each race group on local, provincial and national levels of government. Applied legislation resulted in the fragmentation of functions along racial lines, policy, programmes. This led to inefficient and wasteful operations. In the Cape Metropolitan Area (CMA), for example, there were, prior to 1996, thirty nine different local government administrative structures with little metro level co-ordination. Secondly, service delivery was characterised by huge inequities in access between well-resourced white suburbs and severely under-resourced coloured, indian and black suburbs (Barron et al 1996; Hirschowitz et al 1995).

A number of additional interrelated factors contributed to the current state of local government in South Africa, such as:

• The administrative fragmentation of the past was compounded by the lack of an overarching metropolitan authority (Barron et al 1996; Hirschowitz et al 1995).

• Previous policies enforcing inequitable service delivery have left local authorities with substantial infrastructural and service backlogs in black townships, with high capital and ongoing costs for quality facilities in white areas, and with an inadequate revenue base for attaining greater parity in services (Environmental Evaluation Unit, 1997).

- Far from promoting ecological and social sustainability, land use planning was a fundamental instrument of the apartheid city, leading to, not only great poverty and inequity, but also environmental degradation and wasteful use of natural resources.

- As the pace of urbanization increased, apartheid policies, such as influx control, became unenforceable and large, informal, unserviced settlements grew on the borders of urban areas.

3.2   RECOGNITION OF LOCAL GOVERNMENT

The White Paper on Local Government (1993) states: "Transformation requires an understanding of the historical role of local government in creating and perpetuating local separation and inequity, and the impact of apartheid on municipal institutions."

In the past, greater central controls implied that Councils simply administered national services. In addition, local services were, increasingly, the responsibility of bodies, appointed rather than elected. Local governance reflected the fragmentation of local services and decision-making to suit white municipalities with smaller populations for whom to provide services, yet enjoyed greater access to economic resources. This was the consequence of legislation promulgated by the Government of the time. The central focus of these policies was separation along strict racial lines.

The most distinctive feature of South African local government was the racial division of powers that co-existed with the geographical division of powers. (Cameron, 1996a, Cloete, 1995: 83). Apartheid was centralist, involved large-scale social engineering in many spheres of life, including the functional activities of local authorities. There was a uniform policy in respect of control measures that did not take cognisance of the varying capacities of local authorities. Central control did not allow a municipality to express its potential to provide uniform services. The White Paper (1993) on local government states that: " Apartheid has fundamentally damaged the spatial, social and economic environments in which people live, work, raise families, and seek to fulfil their aspirations. Local government has a critical role to play in rebuilding local communities as the basis for a democratic, integrated, prosperous and truly non-racial society."

The beginning of South Africa's policy of devolution of power to local authorities was marked by the fact that provision was made for autonomy at local government level given the necessary legislative capacity.. This objective was achieved through the creation and strengthening of different racial local authorities. As the then State President, PW Botha, stated: "Devolution of authority to the local government institutions of various population groups was a constitutional mechanism which would protect the interests of minority groups within a heterogeneous society." (Cape Times, 27 March, 1984) The reason for this devolution was political and administrative, and the strategic purpose, greater stability within the country. Due to the lack of commitment of the still power-hungry government in the early 1980's, however, none of the objectives of devolution of power to local authorities was met. For strategic reasons the then National Party-led government, determined to retain control of the reform process, placed limitations on the decentralisation process. This was in complete contrast of what Mahood, (1990: 1-2) states as a classic definition of decentralised local government: "Local authorities should be constitutionally separate from central government and be responsible for a significant range of services. They should have their own treasury, separate budget and accounts and their own taxes to produce a significant part of their revenue; and central government should play an indirect advisory, supervisory and inspectorate role." After 1994, South Africa developed a unique form of decentralisation by the creation of three spheres, each required to govern in a co-operative manner with the others. The White Paper on local government transformation, asserts that decentralisation in South Africa is of a special type and cannot fail.

3.3 TRANSFORMING LOCAL GOVERNMENT

South African local government, as constitutionally mandated, was given a rare and historic opportunity to transform and meet the needs of the country for the twenty-first century. Local government now has a distinct status and role in building democracy and promoting socio-economic development. The process of transforming the institutions of the South African state is premised on the fact that our democratic state has a specific

mission; that of meeting the new developmental objectives which create a better life for all (IDASA, Developmental approach to local government service delivery, p. 27, 1999).

South African local government has undergone a three-phase transformation process. The pre-interim phase (1994-1995) dealt with the period prior to local government elections. After the 1995/96 municipal elections, the interim phase (1996-1999) was undertaken in terms of the Interim Constitution. This Constitution was characterised by a number of power-sharing agreements between the major political parties (Cameron, 1996a; Cloete, 1995). The final stage (from 1999) was the new system of developmental local government, as directed by relevant legislation.

Today South African municipalities find themselves in a constant state of change or transformation. One of their major problems is that they struggle to shake off the apartheid legacy. Two of the elements still visible in many municipalities, which have not gone through a fully participatory transformation programme, are the following:

- Many municipalities are still traditional, rule-driven bureaucracies that are not structured in a manner that allows it to undertake multi-dimensional activities, like Integrated Development Planning or Local Economic Development. (This will be discussed in more detail in the following Chapter.)

- Many municipal administrators remain locked in old work-practices and a managerial culture, which is usually top-down and purposefully non-creative (Frank Cass Journals, Local Government Studies, Vol. 27, No. 3, pp. 97 – 118).

In Chapter 7 on local government, in the final Constitution, Section 151(3) states that "… a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to legislation of the other spheres as provided for in the Constitution." This clause indicates a fundamental shift away from the system of Provincial control of local government, which has characterised South Africa's intergovernmental system since 1910 (Cameron, 1995). Many of the local government functions previously administered by Provincial control, have now been decentralized to enable local government to play a significant, facilitating role in identified development priorities of citizens and to promote democratic participation. Also entrenched in the

Constitution, is the fact that local government has constitutionally mandated functions, which should be exercised in a way that has maximum impact on economic growth and social development of communities. National and Provincial governments may regulate mandated functions but regulation must be done in a way that does not compromise the ability or right of local government to govern.

Local government is on the threshold of an exciting and creative era in which it is enabled to make a powerful impact on reconstruction and development within our democracy. Also, local government is now a leading player in achieving economic development, poverty alleviation, social justice and improving the lives of all citizens.

The recognition in the Constitution of local government as a sphere of government has enhanced the status of local government as a whole, and has given it a new, dynamic role, as instruments of delivery. This means that the elected representatives have been afforded more responsibility and scope to govern and to attend to the local affairs of their communities. The relationship between the three spheres of government is outlined in Chapter Three of the Constitution, which, among other things, requires Parliament to establish structures and institutions to promote and facilitate inter-governmental relations. The final Constitution has elevated the powers of local government significantly. Yacoob (1996: 41-43) points out that a diverse local government empowerment lobby played a significant role in this regard.

An important task in the transformation of local government was the drawing of new municipal boundaries. The previous 843 municipalities were disestablished and, by 5 December 2000, 284 new municipalities were created. By this regulation municipalities were required to amalgamate and restructure administration and service delivery arrangements. At the same time, local government was required to ensure that for all citizens, municipal services remained uninterrupted (Local Government: Municipal Demarcation Act, 1998).

The three inter-related tasks that define the South African democratic local government transition, as stated by Fitzgerald et al., 1995, are:

- "welding a greater sense of nationhood,

- deepening democracy and

- significantly advancing the economic and social development of our people, particularly the poor and disadvantaged."

In different phases of the transition, however, the content and form of these tasks, the range of social forces mobilised around them, and the ways to fulfil them, may differ. The new system of local government definitely advances the democratic transition, but even more, has significant potential to deepen this transition and substantially contributes in meeting all the challenges.

Local government has been undergoing a far more intricate, protracted and challenging transition process than provincial and national government in South Africa. Many countries have found it far more difficult to effect fundamental change in their local government systems than to make changes in their provincial and national systems (Frank Cass Journals, Local Government Studies, Vol. 21, No. 3, pp. 396 – 417). Because local government is closest to the community, the social dynamics in which this sphere operates in order to enable overall growth, transformation at this level is far more complicated than the regulatory functions of the other spheres of Government. With the 5 December 2000, local government elections in South Africa, and the beginning of the new local government system from that time, our three-stage transition, which began in 1990, has entered its "final phase". This phase marks, the moving from transition to transformation.

The time period for this final phase varies depending on the pro-active and facilitative approach that the national and provincial governments take in ensuring the success of the new system. This research aims to expand on some of the key features of the new system and to articulate some of the main challenges in implementing this system.

3.4   ENTRENCHING DEVELOPMENTAL LOCAL GOVERNMENT

The new system defines local government as a sphere of government, whose original powers and functions are enshrined in the South African Constitution. It should emphasized that it is not a third level of government, subordinate to provincial and national government; nor is it a function of provincial or national government. It is interrelated with the provincial and the national government into one overall system of cooperative governance.

In essence, the new system gives expression to the notion in the South African Constitution of developmental local government. This means that local government is not just an important site for the delivery of services, but it is crucial for the economic and social development of people. In order to be effective, it is essential for local government to work with the other two spheres of government, as well as a range of public and civil society organisations, and the private sector. Local government must also contribute to economic growth, job creation and social development. Through appropriate negotiations for the purpose of securing further funding, it is necessary for local government to take on increasing responsibilities for service delivery and development.

On of the key imperatives to entrench developmental local government, in the new system, is for all municipalities to develop and adopt an Integrated Development Planning approach (IDASA, Developmental approach to local government service delivery, p. 27, 1999).

An Integrated Development Plan (IDP) sets out the vision, needs, priorities, goals and strategies of a municipal council to develop the municipality during its term of office, as part of a long-term vision and plan for development. In terms of Municipal Systems Act, 2000 (Act 32, 2000) the community of a municipality should have a say in both the content and the process by which an IDP is drafted. The IDP also provides the framework for determining the budget of a municipality. A Performance Management System, as a strategy, provides the basis against which the residents evaluate a municipality's progress and performance as embodied in the IDP. The IDP is not only a plan, but also a strategic

instrument and a management tool. The IDP is the cornerstone of municipal programmes and is meant to be an important site for effecting co-operative governance in practice.

A defining feature of the new system of local government is the space it offers to ordinary people to become actively involved in governance. In fact, the legal definition of a municipality (The Municipal Systems Act, 2000) is that it comprises not just the councillors and the administration, but also the local community. Deriving from this definition, each of these inter-related components has certain specific rights and duties. These are derived from the Constitution and are set out in The Municipal Systems Act, 2000. Among the objectives of local government, according to the Constitution, are "to provide democratic and accountable government for local communities" and "to encourage the involvement of communities and community organisations in matters of local government".

In terms of The Municipal Systems Act, 2000, a municipality "... must develop a culture of municipal governance that complements formal representative government with a system of participatory governance". The Act makes it clear that residents have the right to contribute to the municipality's decision-making processes. They also have the right to submit recommendations and complaints to the council and are entitled to prompt responses to their submissions. They have the right to "... regular disclosure of the state of affairs of the municipality, including its finances". This is also supported by the White Paper on Public Service in terms of the Batho Pele principles. Residents also have the right to give feedback to the municipality on the quality and level of services offered to them. A guide by the Department of Constitutional Development, 1997(a) outlined that residents are encouraged to participate in the:

- "preparation, implementation and review of IDPs;

- establishment, implementation and review of a municipality's performance management system;

- monitoring and review of a municipality's performance;

- preparation of a municipality's budget;

- decisions about the provision of municipal services."

Within this developmental context, municipalities contribute to building the capacity of the local community to participate in municipal affairs and the councillors and staff to foster community participation culture. In establishing structures and processes for community participation, the special needs of women, the disabled, the illiterate and other disadvantaged groups should be taken into account. For communities to respond to the challenges that confront them, they must, for themselves, resolve that their capacity to solve problems requires initiative and pro-active engagement with local authorities. Outside consultants may make recommendations, but, without local ownership of a strategy and implementation plan, it is not likely that the community will take action.

Although not compulsory, the new system provides for ward committees to be set up in each ward of a municipality in order to "enhance participatory democracy" (Municipal Structures Act, 2000). A ward committee may make representations to the councillor on any issue affecting a ward or, through the councillor, to the council. It may also exercise such duties or powers delegated to it by the council. Women should be equitably represented in a ward committee. The ward committees are used to mobilize the broadest range of interests in the community in support of progressive goals, as part of the overall democratic local government transition. Attempts are made to ensure representation from civic, developers, trade union, business, taxi, women, youth, religious, cultural and other organisations.

If residents have many rights in the new system, they also have duties. They should take responsibility for ensuring that the municipality functions effectively. They are required to be prompt in payment of the municipality monies owed to it, within the framework of an indigence policy, for those who cannot pay. Residents are required to respect the municipal rights of other residents, comply with by-laws, and co-operate with councillors and officials in the course of fulfilling their legitimate roles. The system overall seeks to provide a balance between giving residents the fullest space to participate in municipal

affairs and ensuring the right of councillors to ultimately govern. (White Paper on Local Government, 1998)

Advancing non-racialism is a crucial ingredient in entrenching the developmental approach of South African local government. The December 5, 2000 elections were the first truly non-racial, democratic, local government elections as the "racial quotas" of the previous elections were dispensed with. With the new demarcation of municipal boundaries, on the basis of rational criteria, the old racially determined apartheid boundaries were finally abandoned. With the linking of racially separated areas and the merger of urban and rural areas, these new municipalities represent a further de-racialisation of South African society. With the implementation of spatial development plans, as part of IDPs, and other aspects of the new system, the racial segregation within municipalities will, in some measure, be reduced. (Chris Tapscott, 2001)

The new system also seeks to inculcate a "local community" identity that over time contributes to evolving a non-racial mindset among South Africans. This system is considerably advanced over the previous one in providing for the needs and interests of women, and their active participation in municipal affairs. This is reflected in the electoral system and in the many requirements designed to ensure the involvement of women in the mechanisms, structures and processes of community participation. In terms of The Municipal Systems Act, 2000, municipal councils are, in fact, required to "promote gender equity in the exercise of the municipality's executive and legislative authority".

Anecdotal evidence is that participation in local government elections is significantly lower than in provincial and national elections. It is in the nature of things that the local government transformation is a project and must gain popular acceptance. But popular participation is crucial for this new system to succeed. Clearly, the new local government system has enormous potential to mobilize people to active participation in governance. The potential the system offers should be realized before citizen participation has a positive impact.

Clearly, in conception, the new system of local government is more powerful, non-racial, non-sexist, democratic and developmental than previous requires and contributes to advance the national democratic transition.

The new local government system embodies considerable potential to advance transition. This is possible if implementation is effective. Some of the challenges in the implementation of this new system as outlined by the Department of Constitutional Development, 1999, are:

- "Developing a Transformation Campaign led by government

- Ensuring Community participation

- Developing Resources

- Clarifying Powers and Functions

- Responding to Service Delivery and Other Challenges"

Many issues do not lend themselves to being dealt with through policy papers and legislation: they are addressed only implementation. But implementation is not simply a matter for the Ministry and Department of Provincial and Local Government or the provincial governments or SALGA (South African Local Government Association). National and provincial government departments with legal obligation to participate in local government are required to work more closely if local government is to be effectively transformed.

It becomes clear that national and provincial government determine policy direction and have sufficient leverage to accomplish the purposes of the new system of local government. More than this, a variety of other stakeholders are compelled to work together: the political parties, residents associations, non governmental organizations, the private sector, individual experts, local communities, and other sections of civil society.

With regard to developing resources in order to set up the new system of local government to be operative, a study by SALGA indicated that there is enormous investment in capacity building of:

- councillors,

- officials and

- the community

In view of the new role of local government, the Foundation for Contemporary Research, 1999, indicated that: "... there has to be a review of its finances, which is ultimately one of the decisive elements of this developmental and local economic revival process. Very importantly, municipalities have to invest more in securing their own funding and have to significantly improve their management of their finances." The reason is that municipalities are able to direct spending to developmental priorities, without necessary aligning with other organs of State.

For the past four years a national program (the Municipal Support Program), funded through the Local Government Support grant, has enabled municipalities to develop various support programmes (Department of Provincial and Local Government, *Establishing new Municipalities*, 2002). This programme focuses on the enhancement of financial and administrative capacity of identified municipalities. The outcome of this programme, over a four-year period, improves the financial viability of municipalities in the provinces, which supports the demarcation of new municipal boundaries. For the new local government system to work, it is essential for drastic improvement in local government finances. The issue of local government finances is also linked to the distribution of powers and functions between district and local municipalities. This distribution is a highly complex and sensitive matter. It is crucial to the success of the new local government system and it is necessary to handle the matter expertly, as indicated by the Department of Provincial and Local Government (DPLG).

3.5 RESPONDING TO SERVICE DELIVERY AND OTHER CHALLENGES

The restructuring of municipal services, poses a major challenge in the new local government system, because restructuring means change and change is invariably coupled with resistance. The Municipal Systems Act, 2000, provides for a range of internal and external mechanisms that enable municipalities to provide services. Among the external agencies are water committees, licensed service providers, traditional authorities, CBO's, NGO's and stakeholders from the private sector. Because Government does not have the capacity to deliver all the required services, duties are selectively outsourced. On the one, hand, appropriate restructuring of municipal services leads to a significant improvement in delivery and development and this advances our national democratic transition. On the other hand, if the restructuring is mismanaged, it could impede delivery and development. Government has committed itself to providing free basic water and electricity services for the indigent people. Some municipalities, reportedly, are unable to comply by July 2003 because of the lack of infrastructure, especially in rural areas (Hologram, Newsletter 7 of 2003).

For an effective developmental local government system, a restructured administration is crucial. The Municipal Systems Act, 2000, as well as the White Paper on Public Service Transformation, refers to the concept, "Batho Pele"(people first), which sets out the principles and values of the administration and a Code of Conduct. The Act defines the broad structure of the administration, the roles and the responsibilities of key officials. The appointment of senior managers, on performance-based contracts, aims to enhance the search for efficiency and effectiveness.

In a speech, MEC OP Dikgetsi (11 October 2001), responsible for local government in the Northern Cape, said: "There are limits to what any system of local government can do, however advanced and developmentally-oriented it is. But an important test of the new system in the long term will be the extent to which it contributes to economic growth and job creation. Strategies and programmes on local economic development, the stimulation of small businesses, municipal service partnerships, and other areas can over

time contribute to economic growth and job-creation, especially if developed in cooperation with provincial and national government."

In essence, developmental local government portrays a vision that focuses on the rolling up of sleeves of those spearheading this process and working with communities to find sustainable ways of meeting their needs and improving the quality of life. This research outlines the four characteristics of developmental local government, which according to the White Paper on local government, 1998, are:

- "exercising municipal powers and functions in a manner which maximises their impact on social development and economic growth;
- playing an integrating and coordinating role to ensure alignment between public and private investment within the municipal area;
- democratising development;
- and building social capital through providing community leadership and vision and seeking to empower marginalized and excluded groups within the community."

Mechanisms are needed that promote approaches for workable models that achieve what will contribute to the developmental approach of municipalities. These Performance Management Systems and Integrated Development Planning, can have feasible outcome and impact, only by working together with local citizens and relevant stakeholders. The potential of these approaches as mechanisms for prioritising the needs of our communities, and evaluating and measuring these priorities after implementation, are vital considerations. This is the manner in which municipalities will fulfil constitutional obligations towards the upliftment of the South African urban and rural societies. Ultimately, local citizens are affected by municipal policies because they are the consumers and users of municipal services.

In November 2000, the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) was published to establish a framework for planning, performance-management systems, effective use of resources, and organisational change in a business context. Each elected council, within a prescribed period of five years, is required to adopt an inclusive

plan that links and coordinates the various strategies and proposals for the development of a specific area. This plan forms a policy framework and a basis on which annual budgets are drafted. This integrated development plan must reflect the council's vision for the long-term development of a municipality with emphasis on developmental and internal transformation needs. The Act also establishes a system for local councils to report on their performance, and offers an opportunity for residents to compare this performance with others, i.e benchmarking.

The White Paper (1998), the Municipal Demarcation Act (1998), the Municipal Structures Act (1998) and the Municipal Systems Act (2000) are the building blocks in the final phase of local government in South Africa. Each, in its own way, has created the way for a post-transitional and post-apartheid local government system in South Africa. New institutions have been created, with new principles to make this transformation a reality. Transforming South African municipalities is affecting virtually every part of local government. All role players, including organised local government stakeholders, at Provincial and National level, provincial departments of local government, and departments, such as Finance, must come to terms with these new responsibilities in order to ensure that transformation happens in local government. It is, therefore, imperative that Organised Local Government play a leading and advisory role in the process in its entirety (Hologram, Newsletter 7 0f 2003).

The challenge for developmental local government is thus to develop new legislation, and to provide new cultures and skills for officials, in order to alleviate poverty and promote economic growth on a sustainable basis. Municipalities cannot be passive in facilitating such a complex process. They must be proactive and innovative and should aim at creating the maximum synergy between role players at local level.

3.6   CONCLUSION

There are many challenges that have been highlighted in this Chapter. A course has now been set and, if it is not followed through, there could be adverse consequences. However, long-term perspectives, strategies and programmes could, however, achieve a significant measure of success. There is a unique opportunity to implement a fundamentally new, advanced system of local government, at a time of expected deliverables from local authorities. The degree of success in implementing the new system is an important barometer of the progress made in the transformation process of local government. It is also a measure of understanding of the process and challenges brought about by the democratisation and decentralization process in the South African local government context.

This Chapter addresses the second objective of the research. The next Chapter analyses the developmental tools – IDP and Performance Management – required from South African local authorities, as an effort to bring about developmental local government and, at the same time produce, quality services to its citizens.

CHAPTER 4

INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT

4.1 INTRODUCTION

This Chapter discusses Integrated Developmental Planning and Performance Management as developmental tools for South African local authorities, as stipulated by relevant legislation. The purpose of the analysis of these mechanisms is the establishment of the foundation for developing a performance management system framework, using Stellenbosch Municipality as the case study.

Currently a broad vision is set out to ensure a developmental local government. This is essentially a vision that calls on municipalities to find the means to confront the legacy of underdevelopment and poverty in their local areas. The White Paper on Local Government (1998) further recognizes that integrated development planning, performance management, and community participation are crucial mechanisms for achievement.

These mechanisms are aimed at reinforcing each other in order to bring about change, transformation and improved service delivery at local level. These are essential for municipalities to assume a developmental nature. By instituting these legislative required tools, local government aims to be a step closer to improving service delivery and sustaining local economic growth as outlined by the Department of Provincial and Local Government (DPLG).

Integrated Development Planning is a planning method to help municipalities develop a coherent, long-term plan for the co-ordination of all development and delivery in their area. In order to meet the challenges in developing sustainable settlements that meet the need and improve the quality of life of local communities, municipalities must come to terms with the dynamics within their area. (DPLG, 1998, *Guide to Integrated Development Planning for Municipalities*)

Coexistent with this is Performance Management, a system used with the IDP to ensure that all departments of the municipality work together toward the goals and targets that have been identified. Performance management is of critical importance to ensure that plans, as set out in the IDP, are monitored; that they have the desired developmental impact, and that resources are used efficiently (DPLG, 1998, *Guide to Performance Management for Municipalities*). This Chapter addresses the third objective of this research: to establish the link that exists between the IDP's and a PMS.

4.2   WHAT IS INTEGRATED DEVELOPMENT PLANNING?

The White Paper on local government (1996, 47) sees the process of Integrated Development Planning as *"...one through which a municipality can establish a development plan for the short, medium and long term."* The IDP should be the result of an assessment of the current realities in areas of jurisdiction, such as, economic, social and environmental trends, available resources, skills and capacities. The IDP should be a reflection of the varied needs of the community and different interest groups. Where these have been prioritized in order of urgency, importance, constitutional and legislative imperatives, the needs must be respected by the municipal administration.

The aims of an IDP are to restructure local government and to ensure that local government is developmental. At the same time sustainable local development and economic growth, linked into the annual budget cycle, must be achieved. From this, the idealized corporate themes of the IDP are encompassed as economic, social and organizational development. The strategic goals and the policy framework, for instance, the previous RDP goals, in which the IDP operates is:

- Poverty reduction and financial sustainability;
- Economic and social infrastructure;
- Adequate housing and access to essential services;
- Local agenda 21 initiatives;
- Community participation, and
- Improved community health, safety and security.

The above is encompass by, integrated development planning, a process through which municipalities prepare and devise a development plan on a five-yearly basis. The IDP is one of the key tools by means of which municipalities' cope with their legislatively required mandate to ensure a developmental approach. What this new form of planning aims to achieve is to contradict totally the role planning has played in the past. In the past, planning was centralized and within a departmental isolation context, while this form of planning is as a function of municipal management, part of an integrated system of planning and delivery. This form of planning aims to provide a framework for economic and social development within a municipality.

In essence, an IDP makes it an essential requirement for a local community to identify development needs and, simultaneously, execute agreed growth and anti-poverty strategies. This emanates from a common vision that spells out how local needs are satisfied. Emphasis is placed on the importance of a council's obligation to ensure that this process is essentially representative of local citizens. Furthermore, the IDP has as its core, the consultation of all stakeholders in the development of a local governance strategy that supports local citizens' understanding of how local authority ought to develop. The apartheid urban governance system, focused on the recognition and address of a particular urban community's understanding of desirable distributive outcomes and its associated urban form. The IDP, however, aims to facilitate locally negotiated consensus about what the transforming post-apartheid city should achieve for all its citizens. The bottom line, though, is, that the commitment of the various stakeholders and, particularly of those who will lead this process, are required.

The Isilimela project in Khayelitsha, geographically placed within the boundaries of Cape Town Unicity, provides an example of the interrelationships of stakeholders. This project indicates the link between the community and the IDP process where the community identifies the provision of funding through the budgeting process. This project commences by identifying and prioritizing the community needs through participatory structures. In this way projects are established to provide for these needs. Each project links with the strategic goals of the IDP, ensures that the annual budget of the Unicity is

based on the needs, benefits and strategic goals as identified in the IDP. Regular feed-back is given to the community through consultation between the community structure and the ward councillor. The next best next approach is that certain problem areas are identified and corrective action taken. Also, in all underdeveloped ares, when limited resources and unlimited needs are a consideration, the obvious surfaces and could influence the municipal budget in the allocation of appropriate funds. Against this background, an intervention strategy, that includes the development of a unifying vision involves all stakeholders, should be undertaken. The need to identify projects that can be incorporated into the budget cycle of the municipality, and to empower the leadership of Khayelitsha and its inhabitants, as part of the intervention strategy, becomes an option.

Significantly this project did not produce economic and social reforms immediately. Some valuable lessons, however, were learnt that are national problem areas of IDP processes. In this case it was learnt that communities often do not understand how government functions. Furthermore, roles and responsibilities are clarified through regular communication and information must be provided by both sides to ensure that development priorities, having been identified, are executed. One of the most prevalent challenges identified by this project, is the level of commitment from local government to fulfil its developmental role. This is confirmed by the words of the then Minister for provincial Affairs and Constitutional Development, the honourable M V Moosa: "Local government is at the heart of the development process in South Africa. Through its grassroots linkages, infrastructure investment programmes, local economic development strategies, partnerships with the private sector, and integrated development plans, local government is the public service agency best able to have a direct and enduring impact on the lives of its citizens."

This project incorporates all the aspects that an IDP should fulfill as outlined by the Department of Constitutional Development, which per se are to prioritize the needs of the community in order of importance, and to devise strategies to achieve these goals within set time-frames. This means bringing together the efforts of national, provincial, regional and local government, as well as the efforts of individual residents who set goals

and work together in a pragmatic way. This is to achieve goals in the interest of all in the community and in the country as a whole.

In order to achieve identified goals, the Mayor, the Chair of EXCO, the Chief Executive Officer, and executive officials set up working relationships with knowledgeable people to lead the IDP process, and each has an important role to play. These include:

- To raise issues in the media to promote public debate around key development issues facing communities;
- To motivate non-profit and non-governmental institutions that advocate the needs of the disadvantage;
- To encourage key stakeholders who can provide advice, support and resources towards achieving the objectives of the IDP, and
- To acknowledge, the particular important role that woman plays in their communities and secures their support and participation.

The IDP process stresses the importance of municipalities making the effort to engage the entire community and, more importantly, ensuring that the previously disempowered or marginalized sections of the community are fully involved. Within this broad context of integrated development planning, community development with all the facets of social and economic transformation and sustainability, is at the root of developmental local governance. The primary aim should be to make local citizens take ownership of their development on a short, medium and long-term basis. This is a critical overall objective of integrated development planning.

The question whether integrated development planning has the anticipated impact remains to be determined. Moving around in a more strategic, transparent and accountable way, the same amount of money that Councils operated on in the past, should lay the foundation for a developmental approach. This is ultimately projected from the improvements that would be in the area of greater efficiency of local governments, and the more equitable allocation of funds to developmental programmes and projects.

Communication within local government is an important issue that brings about the success or failure of the new mandate given to local government. The IDP requires structured communication channels to ensure integration and a uniform approach in delivery. In the past, communication between the former racially-based local government structures and the citizens, often reflected the unbalanced relationship that existed between the two parties. Local government communication was also characterized by a lack of transparency and access to information was considered a privilege, not a right. Integrated development planning can only happens within a framework of complete contrast.

The participatory way in which the 1996 Constitution was written initiated a new era of public participation, required by law. It also supported a general recognition that this approach deepens democracy and enriches governance. This has transformed the way in which local government communicates with citizens and residents in its area. Section 152 (1)(e) states that in setting out the objects of local government municipalities must "...*encourage the involvement of communities and community organizations in matters of local government*". This supplements Section 160 (7), which states: "*A Municipal Council must conduct its business in an open manner, and may close its sittings, or those of its committees, only when it is reasonable to do so*". The White Paper on local government (1996) introduces the concept of developmental local government and key to this is the direct and active involvement of residents and citizens in order to build a vibrant local democracy. The White Paper encourages citizen participation in policy formulation and in the monitoring and evaluation of decision-making and implementation. Ward councillors should play a central role in the communication process between communities they represent and the council, reporting back regularly through ward meetings and assisting residents in accessing officials who assist them with problems. Programmes facilitated by service providers, aim to educate councillors and officials on how to convey this developmental message in a constructive manner through suitable ways to local citizens. Communication problems, whether deliberate or because of incapacity, persist in many municipalities, which definitely hamper effective, efficient and developmental IDP projects. There is a deep well of untapped innovation and

creativity in communities. This creativity seldom gets drawn out. Ordinary people do not always know how to access information on institutional and financial support, that enables them to turn ideas for local development into real programmes. Municipalities do much to support individual and community initiatives, and to structure community energies into projects and programmes that benefit the area as a whole. This is achieved solely through transparency and to put systems in place for constructive communication. At the same time, the participative processes should not become obstacles to development. It is important for municipalities to find the right balance between delivery and participation. It is important to develop a system that facilitates and promotes interaction and communication with residents, to allow for meaningful participation in activities such as planning, budgeting, implementing specific projects, and community campaigns. Should this be regularly accomplished, a critical component of integrated development planning is already achieved, which paves the way for constructively fulfilling the mandate of municipalities that is legislatively required of them. Fulfilling the role of municipalities, as outlined in the Constitution, promotes economic and social development, and promotes participation in national and provincial development programmes.

It is also difficult for municipalities to ensure the contribution of the public to the IDP, the development of Key Performance Indicators or the budget process is not meaningless. How do municipalities ensure that the written or verbal comments received from the public are not put away in a filing cabinet, and have no bearing on the outcome of the IDP or budget? On the other hand, is it realistic for municipal officials to take into account the competing demands of different sections of the community, in the compilation of complex budgets and plans?

These are questions that are always asked of public participation processes. Whereas elected representatives always make the final policy decisions, the quality of this decision-making is enhanced when the views of the broader community are taken into account. Sarah Hetherington **et al** of String Communications (2003) indicates that: *"There are other benefits for municipalities that do embark on effective public*

participation processes. They present an important opportunity for councilors and officials to move out of the municipal offices into the communities, and see or be reminded first hand of the key concerns of local people. Ward councilors also have an opportunity to meet with constituents and officials can come into contact with the people they serve." They also confirm earlier convictions about the support for democratic participation when they indicate that building a richer understanding of local government is important for civic life.

Effective IDP and other participation processes provide an important opportunity to deepen local knowledge and understanding of the municipality, and create a richer sense of civic life. Sarah Hetherington, **et al** (2003) states: "*Public participation also plays an important role in civic education. The process of informing and educating the public about the diverse role of local government is an ongoing one. While many people are reasonably familiar with national government, how it works and its responsibilities, the same cannot be said for local government.*"

Commitment through good communication is an essential part of developmental local government. Unless communities, across the socio-economic spectrum, understand the business of the council they elected and know how their rates and service charges are spent, municipalities do not meet their obligations to be described as developmental.

However, added to this contention is the fact that municipal communicators face the challenge of interpreting and implementing the legislation in respect of to communication and public participation.

A striking fact about the local government communication arena is the lack of resources that exist for local government communicators. This indicates the extent to which other pressing needs take precedence within local government, but also points to a gap that should be addressed. Conclusively, given the legal framework, and the fact that public participation is here to stay, municipalities should develop internal capacity to manage these processes. As a body of experience develops over a period of years, the most effective and cost-efficient way of undertaking public participation processes in different local areas also evolves. The bottom line is that municipalities expect and promote constant questions from the public as an integral part of the democratic process.

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Another issue of importance is the effect the IDP has on budgeting processes. The financial plan that accompanies the IDP ought to show how the priorities in the budget are listed in order to achieve the objectives set out in the IDP. The IDP identifies key projects and establishes programmes to implement these projects, with time-frames that set targets for service delivery. All these things have a direct impact on the municipal budget. Basically, an IDP enables a municipality to draw up its budget to meet the needs and aspirations of the people, which is the desired quest, with the resources available. This prioritization of needs by the people who carry the burden of their circumstances, would have the desired outcome, should these identified needs, through public participation, be considered crucial and actually be acted upon.

As part of the SANPAD (South African Netherlands Programme for Alternatives in Development) initiative, in which this researcher participated, several workshops were held with various community sectors within the newly amalgamated Stellenbosch Municipality, which aimed at identifying and prioritizing the needs of the communities concerned. This was done within the mainstream of the municipalities' public participation aspect of the IDP process. An effective formula, called MCDA (Multi – Criteria Decision Analysis), was explained in simple language. The formula was used to give these prioritized needs s score and eventually it was clustered in a range of more to less important needs that would stimulate social and economic growth. The outcome of these exercises was submitted to the IDP Manager with the intention that the results would reflect positively on the annual budget and meet the identified needs and aspirations of the people.

What should be kept in mind is that effective and responsible planning is based upon a careful consideration of the direction I which to move, how best to get there, and how the necessary resources should be utilized. We cannot have dysfunctional cities with split personalities where certain officials try to work progressively, and where the entire system conspires against such activity. In order to achieve more inviting and cohesive cities, a move away from top-down approaches to people-centred development should undoubtedly be encouraged. Municipal legislation places emphasis on the directive to

introduce vision into our local and regional administration and to move away from the selfish and self-serving mindsets in which our politicians and administration seem stuck.

4.3   LEGISLATIVE FRAMEWORK

IDP planning takes place within a legislative framework that is in place to ensure that development planning takes place and all relevant stakeholders fulfil their required contributions towards this mainstream development phase in which our municipalities are currently engaged in.

The Constitution places new responsibilities on municipalities for social and economic development. Section 152 (1) states that it is the object of local government, over and above the provision of services:

(d) to promote social and economic development;

(f) to encourage the involvement of communities and community organizations in the matters of local government.

Section 153 (a) further instructs a municipality to *"structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.*

It is these clauses that form the legal basis for our current integrated development-planning system, especially as it is now enforced in the Municipal Systems Act. Subsequent amendments to legislation in 1996, also introduce integrated development planning which brings about reasonable results with re–enforcing legislation which took form as the Municipal Systems Act, 2000 (Act 32 of 2000) and the Municipal Structures Act, 1999 (Act 117 of 1999). This aims to guide this transformation period. The Structures Act (117 of 1999), as well as the Systems Act (32 of 2000), encompasses the message that delivery and development means that our society is entering a phase in which local government assumes greater responsibilities. The reason is to achieve developmental outcomes, integrated areas and a drastic improvement in service delivery.

Within the current legislative framework, the White Paper on Local Government (1998) contextualised Integrated Development Planning as a tool for developmental local government with the intention of enabling municipalities to:

- *"help to align scarce resources behind agreed policy objectives and programmes;*
- *make sure that actions are prioritised around urgent needs;*
- *ensure the necessary integration with other spheres of government, serving as a tool for communication and interaction with them; and*
- *serve as a basis for engagement between local government and communities/residents. "*

Supplementary to this, The Municipal Systems Act (2002), requires all municipalities (metropolitan councils, district municipalities and local municipalities) to adopt a single, inclusive plan for the development of the municipality which:

- *"links, integrates and coordinates plans and takes into account proposals for the development of the municipality;*
- *aligns the resources and capacity of the municipality with the implementation of the plan;*
- *forms the policy framework and general basis on which annual budgets must be based; and*
- *is compatible with national and provincial development plans and planning requirements that are on the municipality in terms of legislation. "*

The White Paper, therefore, creates a framework and a guideline for the Municipal Systems Act and subsequent legislation to bring about a developmental vision for local service delivery. This requires municipalities to have proper systems in place in order to promote social and economic development, through strategizing around the utilization of resources and developmental programmes, and the promotion of local democracy.

Integrated Development Planning may be influenced by other factors, which are usually channeled through provincial structures. However, it is wise for municipalities to

establish channels of communication with these other levels of government that enable these linkages to operate effectively.

4.4   PERFORMANCE MANAGEMENT IN LOCAL GOVERNMENT

Performance Management is but a mere tool to measure anticipated, desired outcomes of identified programmes, and to act as a directory on how, where and when to redress if targets, as set out in implemented programmes, are not fulfilled. Osborne L. Gaebler (1992, 58) as extracted from the Performance Management Guide for Municipalities, by the Department of Proyincial and Local Government (2001), gives the following summary regarding measuring performance. He states:

"What gets measured gets done

If you don't measure results, you can't tell success from failure

If you can't see success, you can't reward it

If you can't reward success, you are probably rewarding failure

If you can't see success, you can't learn from it

If you can't recognize failure, you can't correct it

If you can demonstrate results, you can win public support"

This ideology encapsulates the fact that performance management is designed to direct programmes and activities towards a progressive future. The direct reference in this context is that the utilization of development tools such as IDPs and Performance Management Systems has to be put into place in order to ensure or initiate our vision for sustainable developmental local government to create viability in the products of local administration. The commitment is the collective sharing of those that lead this process to have a continuously enthusiastic belief in performance driven organizations.

The implementation of performance management systems for municipalities is, as mentioned earlier in the analysis of the IDP, to utilize the same capacities that always existed in more progressive ways.

Improved service delivery at a local level requires the measuring of performance of municipalities to ensure developmental outcomes in a transparent manner. In essence, the White Paper on Local Government (1996) visualizes a process where communities are involved in governance matters, including planning, implementation and performance monitoring and review. In this particular way, communities are empowered to identify their needs, set performance indicators and targets and hold municipalities accountable for their performance in service delivery. The White Paper indicates that if communities engage municipalities from an informed position, this results in municipalities being able to plan better and more strategically while improving the way they work for accelerated service delivery. This, therefore, defines performance management as a tool for change in the conceptualization of local government transformation. This, however, is not a new conclusion that the researcher has arrived at, but was initiated by the many essential contributions that were made by local government practitioners, resource people from the private sector, academics, and leaders in the forefront of our developmental approaches that formulated existing policy in this regard, as well as social scientists and many others (Nishendra Moodly: 2003:15).

It is an obvious fact that Municipalities need constant feedback from service-users if they are to improve their operations. The White Paper on Local Government adds that:

"Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritize the amount of time it takes a municipality to answer a query; others will prioritize the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced".

Although there are several reasons why local government should consider measuring the performance of its programs and services, the most compelling reason is that citizens demand and deserve quality service from their municipalities. Citizens expect their municipalities to deliver services efficiently and, at least possible cost. As a result, local

government officials have a responsibility to ensure that programmes meet their objectives in the most cost-effective manner. It is definitely clear that performance measures help improve the quality and cost of local government activities.

A more formal definition of Performance Management is:

> "The use of performance measurement information to help set agreed-upon performance goals, allocate and prioritize resources, inform managers to either confirm or change current policy or program directions to meet those goals, and report on the success in meeting those goals." (American Performance Management Manual – 1997)

Pillay (1998:210) refers to Performance Management as a shared process between managers and the teams they manage and that, through its interactive nature, it creates a participative culture. Spangenberg (1994:1) takes this a step further by indicating that performance management assists in implementing the larger goals and strategies of an organization.

Whether in an international context or in a South African context, the introduction of performance management requires the same systems-approach in order to operate, and aims to achieve the same purpose of improving organizational effectiveness. This is achieved by identifying agreed-upon performance goals that inform decision-making at all levels of the organization to initiate a change of direction.

4.5   THE POLICY AND LEGISLATIVE CONTEXT

In South Africa, municipal performance management has its policy origins in the White Paper on Local Government (1996). It proposes performance management together with integrated development planning and public participation, as important tools central to the notion of developmental local government.

The White Paper proposes the introduction of performance management systems to local government, as a tool to ensure developmental local government. Government has taken this idea forward in the Municipal Systems Act (2000) that requires all municipalities to:

- *"Develop a performance management system;*
- *Set targets, monitor and review performance based on indicators linked to their IDP;*
- *Publish an annual report on performance for the council, staff, the public and other spheres of government;*
- *Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government;*
- *Have their annual performance report audited by the Auditor-General and*
- *Involve the community in setting indicators and targets and reviewing municipal performance. "*

In 2001, the Minister for Provincial and Local Government published the Municipal Planning and Performance Management Regulations. This sets out, in more detail, the requirements for municipal performance management systems. The regulations also include:

- Nine national key performance indicators, on which all municipalities are required to report; and
- New requirements for both internal and external audit processes of municipal performance.

Performance Management in Chapter 6 of the Municipal Systems Act (32 of 2000) refers to the management of performance of the municipality as an organization and not to a

performance management system in place for the employees for each respective employee.

Chapter 6 of this Act describes in detail the requirements for municipalities to develop and establish a performance management system. In terms of the core components of this system, Section 41(1) states specifically that municipalities must:

1. " set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;

2. set measurable performance targets with regard to each of those development priorities and objectives against the key performance indicators and targets"

The performance management system envisaged above complements the type of information required by the Municipal Financial Management Bill in terms of assessing value for money. Thus it is important to ensure that the performance measures and targets, as well as the monitoring and measuring systems, are integrated with the budgeting process.

Chapter Four of Municipal Structures Act of 1998, deals with internal structures and the functions and powers of executive committees and executive mayors. These include, as stated in Section 44 (3):

The executive committee in performing its duties must -

1. "identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and services can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;

2. evaluate progress against the key performance indicators;

3. review the performance of the municipality in order to improve the economy, efficiency and effectiveness of the municipality"

The same functions, stated above, are required of executive mayors. Once again, the importance of measuring and evaluating performance is highlighted, suggesting an integrated system, which can measure both financial and non-financial performance.

4.5   PRACTICAL IMPLEMENTATION OF THE LEGISLATION

Ideally, as Nishendra Moodley (2003, 15) indicates, *"...a municipality's performance management system should be developed while developing the IDP. The two are inter-related processes that share many common stages. For example the public participation requirements in developing an IDP are the same as when developing a performance management system. They should be using the same public participation process. The indicators to be developed for the IDP are the same indicators to be used to manage performance, hence the identification of indicators for the IDP relies on the type of approach being taken in performance management."*

Many municipalities in the country have left the development of their performance management systems until after their IDP was developed and adopted. They are now in the difficult position of having to re-visit their IDP and public participation processes. The need for municipalities to synchronize these processes should have reflected their awareness that performance management is closely aligned to the strategic planning and IDP processes; because this is directly relevant to the notion of developmental local government. Municipalities will need to assess whether the desired development impact in the municipal area is being achieved. This perspective ensures that measurements and focus are placed on the development priorities for the municipal area and to indicate whether the desired development outcomes are being achieved. The measurement of developmental outcomes in the municipal area will be useful in telling municipal officials whether policies and strategies have the desired development impact.

4.6   WHY MEASURING PERFORMANCE?

Former American president, William J. Clinton, on signing the Government Performance and Results Act of 1993, said that, the reason for institutionalizing performance measurement is to:

> *"...Chart a course for every endeavour that we take the people's money for, see how well we are progressing, tell the public how we are doing, stop the things that don't work, and never stop improving the things that we think are worth investing in."*

(Extract taken from A Brief Guide for Performance Management in Local Government. 1997. National Center for Public Productivity, Rutgers, The State University of New Jersey).

All high-performance organizations, whether public or private are, and must be, interested in developing and deploying effective performance measurement and performance management systems, since it is only through such systems that they remain high-performance organizations. Effective communication with employees, communities, and stakeholders is vital for the successful development and deployment of performance measurement and management systems. The citizens and stakeholders of a municipality ultimately judge how well the administration has achieved its goals and objectives. At the same time it is those within the organization, entrusted with and expected to achieve performance goals and targets, who must understand how success is defined and what their role is in achieving that success. Both organization outsiders and insiders need to be part of the development and deployment of performance measurement systems. This picture of integration, for the most effective outcomes with regard to developmental approaches should be clear to all involved in planning or performance measurement. The support of all relevant stakeholders should be engaged by municipalities eager to render service delivery in the most effective and efficient manner.

Performance measurement systems are learning systems that help municipalities to identify what works and what does not, so as to continue with, and improve on, what works and replace what does not work. Performance measurement is a tool that enables municipalities to track progress and direction toward strategic goals and objectives,

which ultimately align with what was identified in the IDP as needs and priorities agreed upon through the process of public participation. Through measuring performance of these priorities, municipalities are able to re-direct their resource allocation to different sets of developmental objectives, should desired outcomes not be fulfilled. Municipalities are high performers if they work competently and as a team with a shared objective as propagated by policy formulators, to score high on the outcome base and developmental scoreboard. For this integrated approaches and a shared quest for positive social and economic reforms is needed.

Performance management aims to place greater emphasis on performance planning and on-going reviews. It is designed to provide greater benefits, including clear communication about expectations, an objective basis for reviewing performance and an opportunity for collaboration that leads to enhanced organizational commitment. This is the motivation for the current integrated approach that municipalities have embarked upon to enhance developmental service delivery for our local communities.

4.7   STRUCTURING OF A PERFORMANCE MANAGEMENT SYSTEM

The structuring of a PMS has its founding principles in the wide range of challenges that demand a response from local authorities. This is the focus of this section of the dissertation. Local government has a unique role to play in terms of promoting democracy. This goes well beyond simply considering the interests of constituents. This higher role is realized only if local government becomes more strategic, visionary and ultimately has a developmental approach in the way it operates. The Green Paper on Local Government (1994) indicates that municipalities have a crucial role as policy-makers, as thinkers and innovators, and as institutions of local democracy. Developmental local government should play a strategic and visionary role, and seek to mobilize a range of resources to meet basic needs and achieve developmental goals. The White Paper (1996) points out that a new local government system needs to build on the strengths of the current system, but equally, it needs to address its weaknesses, and build

the capacity of municipalities to address the considerable challenges they face. These challenges are all around us and prevalent in the developmental evolution of local government to ensure sustainable economic and social reforms with the desired impact in respect of outcomes. These challenges include:

1. Serving the political and material needs (for example, access to basic services) of the community in rural areas, towns or cities;

2. Providing opportunities for democratic participation in the affairs of local government. Democratic participation is the utmost focal point upon which all other challenges stem and, if addressed in a systematic structure, performance-driven delivery is already half achieved;

3. Local economic development and tourism is part of the challenging responsibilities placed upon local government;

4. According to the Constitution, local authorities are expected to ensure access to services for people residing in their areas, and these include: water, sanitation, transport facilities, electricity, primary health services, housing and security;

5. Municipal councils are required by the Municipal Systems Act (32 of 2000) to develop mechanisms for consulting the community and community organizations in performing their functions and exercising their powers;

6. Apartheid influenced South African settlement patterns in profoundly inequitable ways, and imposed enormous costs on movement between rural and urban areas, and within urban areas. Municipalities play a key role in transforming settlement types, and addressing some of the existing distortions. Settlement conditions are taken into account when defining approaches to service delivery and appropriate municipal institutional arrangements;

7. Most urban areas are divided along racial lines that reflect in the settlement patterns. Townships and informal settlements, in particular, tend to be far from amenities and employment opportunities and are separated from city centres and former white areas by expanses of undeveloped land. The strategic challenge within this scenario is that municipalities in urban areas need to develop strategies for integrating the fragmented areas. At the same time they manage the continuing

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consequences of rapid urbanization and service backlogs that are caused by skewed settlement patterns, functionally inefficient and costly.

8. This is supplemented by the Green Paper on Local Government (1994), that states: "*irrational concentrations of taxable economic resources in formerly white areas, demanding redistribution between and within local areas.*";

9. The huge backlogs in service infrastructure in historically underdeveloped areas, pose a major challenge on local authorities that require municipal expenditure far in excess of the revenue currently available within the local government system;

10. Entrenched ways of decision-making, administration and delivery inherited from municipalities designed to implement urban and rural apartheid, should be addressed with current developmental processes.

11. The sequential challenge in relation to the former is the consideration of the substantial variations in capacity, with some municipalities having little or no pre-existing institutional foundations to build on. The effect of this is seen in the historical lack of credibility and legitimacy of local government in the eyes of many local residents.

How do local government officials and councillors conceptualize these challenges in a progressive way? Currently, there are phrases like "Developmental local government", "Organized local government", and "Restructuring in the form of demarcating new municipal boundaries". These phrases are sub-clustered and visualized in unnumbered approaches and processes. Supplementary to this is the legislation that is in place to guide developmental (whether socially, economically or technologically) processes. A response to this question is found through the implementation of performance measures to have productive and developmental outcomes. Performance Management, coupled with Integrated Developmental Planning, encourages Councils, that short-term solutions to redress financial backlogs create more financial and social disparities if there is no developmental planning for a better tomorrow.

In order for local authorities to address all the challenges effectively and efficiently, there is a need to ensure that existing resources are used optimally and with the desired

maximum impact. A Performance Management System must address these challenges as outlined in the IDPs in the form of priorities and needs within a developmental context. To ensure maximum impact and optimal use of resources municipalities must have the following elements in place:

- A clear vision, mission and strategic goals indicating what they need to achieve;
- Identified methods whereby the strategic goals as listed in capital and operating budgets are achieved;
- Clear plans for how human, financial and physical resources procured and utilized;
- Integrated and agreed upon, quality assurance standards for all aspects of departmental functions;
- An organizational culture that strives towards excellent performance and delivery, by ensuring that decentralization and the developmental mandate enshrined upon local government, lays the foundation for a sustainable and viable basis for the well-known slogan: "To create a better live for all".

Performance management provides the system and processes to put the above elements in place to ensure that municipalities are clear about the facilitating and leading role it needs to play. for achievement of organizational objectives. The Performance Management Guidelines for Municipalities (Draft 11, 2001) by the Department of Provincial and Local Government, indicate that in designing a PMS, the following questions need to be answered:

- *"When does performance management start?*
- *What are the components of a performance management system?*
- *Who will manage whose performance?*
- *When will performance be monitored, measured and reviewed?*
- *What aspects of performance will be managed?*
- *How do we respond to good and poor performance?*
- *What institutional arrangements have to be established to make this work?"*

To answer these questions, municipalities need to develop a framework in which a performance management system operates in conjunction with their respective IDPs, ultimately aligned with their budgets. Many municipalities mistakenly design their IDPs in isolation of a concurrent performance management system to monitor and redress, if necessary, identified programmes as part of the overall objectives of the municipality. The importance of this is to determine what has worked and what has not, and in what direction resources need to be streamlined to achieve desired outcomes. Even though this sounds like repeating the context of a script that needs to be acted out, local governments need to combat any disparities that might arise by improper planning and uninformed use of these tools to inculcate development.

Performance management starts when elected Councils institute their mandate to build local government's capacity to serve its constituencies, and it wants councils to deliver value-for-money services to local communities. It includes the measurement of the kind of job being done, and includes the effect of impact in communities. Together with benchmarking and continuous improvement, performance measurement forms the nucleus of managing for results.

The Basic Manual on PMS (2002) of Fairfax County, states: "*Without positive outcomes, councils face the possibility of an ever-diminishing role as individual services might be contracted to the private or voluntary sectors, while other concerns, such as the environment, are addressed by special interest groups or agencies. These changes can undermine local democracy and reduce service integration.*" The advantage of structural reform in the form of performance management, when priorities are identified in collaboration with community input, is that the money stays in the community. Money spent creating partnerships is instead spent on service improvement with proper performance management systems in place, such as repairing local roads or providing recreational facilities to help retain young people in rural communities. In one breath, job creation and skills development is encouraged amongst the underdeveloped.

In general, a good performance measurement system is able to provide answers for the following questions (Ford: 1998, 148):

- What was achieved?
- How efficiently was the work done?
- How were citizens helped by the effort?

In the quest for a consensus on services, service levels, service qualities, and cost, the need for sound information about the performance of services remains vital. In general, local governments are encouraged to measure performance because it:

- Strengthens accountability;
- Enhances decision-making;
- Improves customer service;
- Assists governments in determining effective resource use, and
- Supports strategic planning and goal-setting.

Taking cognizance of the content of this Chapter, the components of a performance management system incorporate the mission, goals, objectives, and indicators to achieve developmental outcomes as outlined by each municipality. This encompasses in a further strategy on how municipalities need to link these components strategically with the input and consultation of all relevant stakeholders to:

- Provide guidance on how to focus goals on outcomes, determine service areas, focus objectives on outcomes, and develop indicators that give us the feedback we're seeking;
- Provide guidelines on allocating costs to service areas in order to calculate various indicators.

If municipalities, from the initiation of the process plans of their IDPs, coupled with their performance management system, follow the required legislative frameworks, irrespective of political alignments, the abovementioned components are visibly reflected in their performance management systems.

The question of who is responsible for measuring performance is demonstrated in the form of logic models that are usually diagrammed as a series of boxes representing *inputs, activities, outputs, and outcomes.* They are drawn either horizontally or vertically as shown below (Noorzaman: 1999, 78).

Inputs ⟶ Activities ⟶ Outputs ⟶ Outcomes

Explanation:

Inputs are resources dedicated or consumed by a program. Examples include money, staff and staff time, facilities, equipment, and supplies.

Activities are what a program does with the inputs to fulfill its mission. Activities include the strategies, techniques, and types of treatment that comprise a program's service methodology.

Outputs are the direct products of program activities and used as measures in terms of the volume of work accomplished, i.e., classes taught, people served, applications processed, etc.

Outcomes are benefits resulting from program activities. For a human services program, it is generally some change in a participant's condition; for economic development, it is change in an area's economic status; and for public safety, it can be the degree to which citizens are or feel safe.

The above details are specified directives extracted from an IDP with the relevant resource allocation. However, both input and activities evolve from the mainstream of cooperation with Provincial and Central Government in the context of assistance that is provided to local government to promote social and economic reforms. Line function managers and senior management in local authorities are primarily tasked to assess performance at this internal level.

Outcomes have a direct effect on the lives of citizens, preferably an uplifting effect. In this context we look at a broad spectrum of areas that fulfil the components of a performance management system, referring to the mission, goals, objectives, and indicators to achieve developmental outcomes as outlined by each municipality. At this level, adequate channels need to be created for citizens to respond and assess service

delivery to enable municipalities to measure results to learn from it and to correct failure to attain public support. In this regard citizens bear the responsibility to assess municipal performance. It is at this point where performance is monitored, measured and reviewed to determine whether developmental initiatives has or has not been achieved on whatever programmes have been instituted. A proper performance management system indicates, if redress measures are necessary to correct failure, what aspects of the entire system need to be managed in a more progressive way, and whether citizens should, for example, play a more active role for certain desired outcomes. A concern though is how much influence political agendas exert or how much leeway should be created to streamline outputs for political support.

It is imperative for the purpose of sustainable development that local authorities monitor and evaluate their planning processes for the purpose of providing continuously improved services to the constituencies they serve. Key Performance indicators need to be in place and changed if so required against which local authorities measure their performance to ensure effective and efficient outcomes as well as to adjust identified segments in their IDPs, if developmental initiatives change course.

Performance standards in the form of clear descriptions whether targets are met in a satisfactory manner and whether time-frames allocated to these targets as well as whether these targets are results of identified indicators are sure to project performance that reflect success. This will ultimately surface in the form of organizational objectives that have been achieving their key performance areas of developmental delivery.

A quote from the White Paper (2000) substantiates this. It states: *"Municipalities face great challenges in addressing past backlogs and spatial distortions, meeting the needs of local communities, and planning for a sustainable future. In order to meet these challenges, municipalities will need to take a developmental approach which: focuses their own institutional and financial capacity on the efficient delivery of targeted programmes, and harnesses additional capacity and resources from other sectors."*

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4.8 CONCLUSION

The Constitution (1996) and the White Paper on Local Government (1998) advocate that local government should aim to be more developmental in its approach. This aim should become a cornerstone in the transformation process. In pursuit of this goal, local government needs to be committed to working with citizens and groups within communities to develop sustainable methods of meeting the community's social, economic and material needs.

The basis for developmental local government is set out in the Constitution (1996) and the Bill of Rights. The Constitution commits government to protecting human rights and meeting basic needs. While this has not always been apparent, these new responsibilities require local government to, *inter alia,* maximize social development and economic growth potential, integrate and coordinate development, and democratize development. It must learn and lead.

In order for local government to fulfil its developmental mandate, it needs to prioritize certain functions and community requirements. With a history of non-delivery and poverty, local government should strive to provide household services and infrastructure; create liveable, integrated cities, towns and rural areas; promote local economic development and play a key role in community empowerment and redistribution of resources. The notion of structured cross-subsidization aims to address apartheid-created settlements, which continues to be a challenge within the parameters of the overall budget allocations within the new amalgamated local boundaries.

National and provincial government are both responsible for assisting local government with policy and the means to achieve this. The introduction of Integrated Development Planning (IDP) and Performance Management are important policy initiatives. Objective Three of this research has been indicated in this Chapter. This relationship requires local governments to become more strategic in their approach to development and the allocation of resources, towards the achievement their goals. The ultimate aim of performance management is to foster a culture of accountability for performance. The

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ability to integrate sectorial functions is the key to effective local government. However, the current level of resources and skills, together with the need to shift attitudes and practices, are areas that still require considerable intervention. **The key:** local authorities should begin, actively, to identify the support systems necessary for them to meet their developmental mandate! In the case of the Greater Stellenbosch Municipality, these systems have been identified and, to a certain extent, are being implemented, but proper synchronization of the development processes is still to be achieved before a culture of proper performance measures can stimulate municipal growth in all its facets.

The next Chapter is an analysis of the Community profile of the amalgamated Stellenbosch municipality and the IDP for the purpose of integration within the proposed framework of a PMS for the municipality. The community participation workshops undertaken as part of the IDP process, will also be analyzed to determine whether the outcomes were listed in the IDP that ultimately influence the element of community participation in performance management.

As is indicated in the next Chapter, Stellenbosch Municipality still has to initiate policy discussions with regard to certain developmental priorities and get clarification of statutory responsibilities between local and district municipalities. Also certain functions that need national and provincial intervention to realize certain programmes, and plans for development that still need to be work-shopped. Measurement for impact of development priorities will be vague due to these existing disparities in the synchronization of the developmental processes, as strategic planning will not have a clear direction at this stage.

CHAPTER 5

AN ANALYSIS OF STELLENBOSCH'S COMMUNITY PROFILE AND ITS INTEGRATED DEVELOPMENT PLAN

5.1   INTRODUCTION

This Chapter incorporates an analysis of the community profile of the Greater Stellenbosch Municipality for the purposes of establishing the current reality, in the newly amalgamated municipal area. After the amalgamation process, Stellenbosch was divided into nine developmental areas with the incorporation of Franschhoek and Pniel. These developmental areas were identified as referred to in Table 2 below. Furthermore, the IDP process, as envisaged by the Council to facilitate public participation in the nine newly established development areas, is explained with detailed references to priority issues, identified as needs, in these respective development areas. The second section of this Chapter is an analysis of the 2002 – 2006 Integrated Development Plan of Greater Stellenbosch Municipality, in order to establish whether the current situation and related development plans, as set out in the IDP of the amalgamated Stellenbosch Municipality, is in alignment. Analysis of the above, is incorporated as one of the key objectives of this dissertation. This ultimately ensures that when performance is measured on these development priorities, this analysis is the guide for the framework which this dissertation aims to develop as suitable for the incorporation of municipal strategies.

Identified Key Performance Areas and Indicators by the municipality will be taken into consideration when developing a proposed PMS. This Chapter will thus be of an informative nature, with reference to the current situation in the Greater Stellenbosch Municipality.

5.2   COMMUNITY DEMOGRAPHICS OF GREATER STELLENBOSCH MUNICIPALITY

Following the new demarcation of municipal boundaries, which took effect after the municipal elections of December 2000, the new Stellenbosch Municipality consists of the former municipalities of Stellenbosch, Franschhoek and Pniel as well as surrounding rural areas, formerly managed by the Winelands District Council. This diverse, newly created, municipality includes communities who own and reside on wealthy agricultural land, a university town, small farm worker communities, a former mission station village, several poverty stricken, informal settlements, low cost housing schemes, and a number of prime tourist destinations.

Before the local elections of 5 December 2000 and the newly-established local boundaries, the functions between Local and District municipalities in South Africa, were divided geographically and not within a jurisdiction context, as current legislation stipulates it. All urban municipalities exercised jurisdiction in its geographical location, while District municipalities administered jurisdiction in the rural areas. This was the same for the Stellenbosch, the Franschhoek and the Pniel Municipalities. Stellenbosch Municipality was responsible for rendering all services to its residents within its geographical area, with the exclusion of the surrounding rural areas, which were serviced by the former Winelands District Municipality. Franschhoek Municipality was responsible for servicing its geographical area with the exception of primary health care, fire services and providing basic services to the surrounding rural areas, which was the responsibility of the former Winelands District Municipality. The capacity of the former individual municipalities played an important role when the allocation of certain services was made. Pniel Municipality enjoyed limited functions because of the capacity and demographics of the town and was predominantly assisted by the former Winelands District for rendering services to the community, within its geographical placement. At that time all municipalities functioned through directives from the various Provinces.

Although the objectives of local government were outlined in the Constitution (Act 108 of 1996), Schedules 4B and 5B came into effect only from 5 December 2000. Coupled with this, as with the amalgamated Stellenbosch Municipality, came the legislative directives of the Municipal Structures Act, 1999 (Act 117 of 1999) which outlined the functions of Local and District Municipalities in Section 84 (1) and (2). Functions of the various levels of municipalities were no longer based on its geographical placement, but now the newly-amalgamated municipalities were allocated both urban and rural jurisdiction. However, these functions were limited to the legislative directives as outlined in Sections 83, 84 and 85 of the Municipal Structures Act, 1999 (Act 117 of 1999).

The Demarcation Board devoted a period of two years, in terms of Section 84 (5) of the Structures Act (Act 117 of 1999), from 5 December 2000, to investigate the capacity of newly-demarcated municipalities to perform all the newly allocated functions. In the case of Stellenbosch Municipality, functions previously rendered by the former Winelands District Municipality, but are now functions of the Greater Stellenbosch Municipality, include:

- Water;
- Refuge;
- Sewerage;
- Planning; and
- Traffic Services.

Due to lack of current capacity, within the Municipality, as with various other newly-established municipalities, Section 12 Notices (Provincial Notice No. 486, 487, 488, 489, 490 or 491, as the case may be, published in the Western Cape Provincial Gazette No. 5590 dated 22 September 2000) that established the District and Local Municipalities, with certain functions the status quo remains. These include water, sewerage, electricity and primary health care. This has been extended for a period of two years till December 2002. With the implementation of Revocation Notice No. 826 of 13 June 2003, these functions have been revoked and allocated to the Greater Stellenbosch Municipality, as

reference WC 024, with the exception of electricity and primary health care. Due to Provincial and National policy discussions in respect of these services, extension has been granted till 1 July 2004, for the allocation of these functions to a local or district municipality.

Within this context, the newly demarcated municipality embarked on a process of defining nine different geographical areas within the Stellenbosch municipality, referred to as developmental areas. Within their process plan of 2001, the municipality described this decision as the need for "co-operation between areas of different character" from one perspective and from another as "common interests" (Integrated development plan 2002-2006: Process plan). **Table 2** below describes the nine development areas.

All figures and related logistical information in the first section of this Chapter were extracted from the Development Profile of Stellenbosch Municipality, drafted in 2001 by HL Zietsman.

Table 2
Newly Established Nine Development Areas within the Greater Stellenbosch
Municipality

Area	Description	Population Number
1.	De Novo, Muldersvlei, Klapmuts, Elsenbur2, Koelenhof, Devonvale	11 000 (10.6%)
2.	Devon Valley, Onder-Papegaaiberg, Plankenbrug, Vlottenburg, Lynedoch, Polkadraai	6 400 (6.2%)
3.	Die Boord, Krigeville, Dalsig, Brandwacht, Paradyskloof, Jamestown, Blaauwklippen Valley, Raithby	147 00 (14.2%)
4.	Kaya Mandi	10 300 (9.9%)
5.	Cloetesville, Nietvoorbij, Stellenbosch Town north of Molteno/ Jan Cilliers, Hammandshand Road	16 600 (16.0%)
6.	Stellenbosch Town south of Molteno/Jan Cilliers,Hammandshand Road and north of the Eerste River	11 000 (10.6%)
7.	The Idas Valley, Idas Valley suburb, Simonswyk, Uniepark,	

| Rosendal, Mostertsdrift , Arindal, Jonkershoek Valley | 12 300 (11.8%) |

8.   The Dwars River Valley Kylemore, Johannesdal, Pniel,

Lanquedoc Great Drakenstein   8 700 (8.4%)

9.   The Franschhoek Valley (Wemmershoek, La Motte, Franschhoek)   12 800 (12.3%)

Source extracted from a Paper presented at the FARCODE Research Dissemination Seminar in Kuils River, 28 February 2003.

From this table it can be deduced that the Demarcation Act (27 of 1998), provides for the new Stellenbosch area to include the following areas:

- Stellenbosch with its rural hinterland (De Novo, Muldersvlei, Klapmuts, Elsenburg and Koelenhof to the north; Johannesdal, Kylemore, Pniel, Lanquedoc and Great Drakenstein to the east; Vlottenburg, Lynedoch, Raithby and Jamestown to the south and west; as well as the farms in-between); and

- Franschhoek with its rural hinterland (Wemmershoek, La Motte and all the farms in-between).

The geographic size of the new municipal area is approximately 77 500 ha with a population size of more than 100 000. The figures mentioned in this summary of the town's demographics is stipulated in the Development Profile of Stellenbosch Municipality, drafted in 2001 by HL Zietsman. This population logistic is concentrated in Stellenbosch with a figure of 56 621, following with Franschhoek with 6 553 urban dwellers. Kylemore, Pniel, Jamestown, Klapmuts and Raithby occupy the rest of the urban space in order of accumulation. All the rural dwellers are distributed quite evenly through the rest of the municipal area, with densities of between 50 and 100 people per square metre. In this report it is indicated that the highest rural densities are found in the Berg River Valley, supplemented by other high-density rural areas along the major routes from Stellenbosch to Kuils River, Somerset West and towards Klapmuts. **Table 3** is an indication of the population size and groups within the various areas of the municipal area as extracted from the Development Profile of 2001 with figures as emanated from the 1996 Census.

Table 3 follows/...

Table 3: Population size and groups

Place	Black	Coloured	Asian	White	Unspecified	Total
Franschhoek	128	322	4	1120	3	1577
Groendal	1369	3573	4	12	18	4976
Jamestown	54	1682	6	1	97	1840
Klapmuts	82	1326	5	92	10	1515
Kylemore	17	2379	5	0	33	2434
Pniel	12	2339	0	4	44	2399
Raithby	0	542	0	1	3	546
Stellenbosch	11611	21888	226	21912	984	56621
Non-urban	2936	24206	34	3793	863	31835
Total	**16209**	**58257**	**284**	**26935**	**2055**	**103740**

Figures extracted from: Development profile of Stellenbosch Municipality, 2001 by HL Zietsman

The gender ratios were found to be comparatively even with 51,1 % female and 49,9 % male, except in the black population where the ratio was 91 females per 100 males. The majority of the minor urban settlements consists mainly of coloured people, as settled in Jamestown, Klapmuts, Kylemore, Pniel and Raithby; whereas the black population is concentrated in Kayamandi and Groendal. The white population inhabits mainly Stellenbosch and Franchhoek.

According to the Development Profile, one third of the population in the Stellenbosch Municipality is younger than 19 years of age. This means that there is a predominantly surfacing dependency ratio the provision of living subsistence and a clear need for educational facilities. This is reflected especially in the smaller places like Groendal, Klapmuts and Kylemore. In terms of priority setting, consideration should be given to the need for educational facilities. A heavy demand is also placed on job opportunities. It was found that about two-thirds of the population is in the economically active age group (Between 19 and 60 years old). The larger percentage of people older than 60 years lives

in Franschhoek, which is also a feature of consideration. Population figures as extracted from the 1980, 1991 and 1996 census data indicate that Franschhoek alone will double its 1996 population by 2025, due to developmental initiatives. Therefore, accommodation should be provided in social and economic terms and the need should be strategically approached in forthcoming amendments to projective IDP's and budgets.

With regard to language, evidently Afrikaans is the predominant language in the entire municipal area. Only in Franschhoek is where there is a strong English-speaking component. In Groendal and Kayamandi there is a concentration of Xhosa speakers. Should educational facilities receive the required attention, language integration in schools will also be a consideration.

Education, which is a national responsibility, is an area that still reflects large disparities. It is in this sector where the term 'marginalized' still is an appropriate description. Urban areas in this amalgamated municipality have the highest level of people with matric certificates and degrees. On the other side of the coin, rural areas and the more under-developed areas have the highest number of people with no education or have incomplete school careers (Development Profile Stellenbosch Municipality, 2001). This is an area that the amalgamated Stellenbosch's IDP in their budget decisions should address.

Unemployment was found to have an average of 10% throughout the municipal area and a significant feature is that unemployment is lowest in the rural areas, indicating that housing backlogs in these areas is also less as a result of certain tenure rights. Because of the strong agricultural nature of the municipality, this sector accommodates the largest percentage of employment, whereby education, manufacturing and trade follows, which is linked to the agricultural sector. As a result of the urban nature of central Stellenbosch, the financial, insurance, real estate and business workers are concentrated in the town. The question is how a spread of these sectors throughout the municipal area is facilitated to ensure economic development for the entire newly-amalgamated Stellenbosch municipality. Income distribution in the municipal area is linked to the employment ratios in urban and rural areas with an obvious reflection of education levels, which indicate the

high disparities in income distribution. For instance, it was found that in Klapmuts 57,7% of the residents do not have an income yet there was a component (42.3%) of the residents that have income of more than R30 000 per month. With regard to affordability, these high-income earners have access to better educational facilities, which ensures a sustainable education gap. The higher incomes are concentrated in Stellenbosch, with a result of higher education levels.

Housing structures in the Stellenbosch municipal area are a clear reflection of the above-mentioned where about 54% of all residents live in single dwelling units on single plots. Flats are a dwelling type that accommodate about 12% of the population and is found only in Stellenbosch, whereas semi-detached dwellings predominate in Klapmuts. Another important dwelling type in the jurisdiction is informal dwellings, found in Groendal, Klapmuts and Kayamandi, in Stellenbosch. It was found that 41% of the population occupies dwellings with a space of less than 4 rooms. Ownership of dwellings is characterized in an urban context, indicating that most farm workers live in dwellings that are owned by their employers.

With regard to household services, electricity is the main source for lighting, except on the farms and in places such as Jamestown, Klapmuts, Groendal and Kayamandi. These places, and the rural areas, seem to be the most underdeveloped in all facets of social and economic status. The provision of water supply in dwellings that need improvement are at Klapmuts, Jamestown, Kylemore, Raithby, Groendal and Kayamandi. The Development Profile of Stellenbosch indicates that more than 2000 residents still rely on public taps as their main water supply. In the case of toilet facilities, most households have flush toilets, while smaller settlements and informal townships like Kayamandi, Groendal, Jamestown, Klapmuts, Kylemore and Raithby use either pit or bucket latrines, or in the worst cases, the bush. This is a service priority that needs to be looked at to prevent health risks with long-term financial burdens on the municipality. It is these same places that need attention, with regard to refuge disposal. Although the Development Profile indicates that there is a general feeling of satisfaction with regard to tapped water, electricity supply, sewerage systems and refuse removal, an above-average degree of

dissatisfaction is still prevalent amongst all the under-serviced areas. Except for Stellenbosch, the need for better walkways and more pavements was also reflected as well as street lighting. Where this was non-existent, the problem of curbing crime, especially in the socially challenged areas, was evident. Other areas of development that need improvement are identified in the Development Profile as:

- Public Transport
- Sport and Recreation Facilities
- Health Services
- Library Services
- Safety and Security
- Public Participation in Local Affairs

Taking cognizance of all these community demographics, this dissertation examines the 2002 – 2006 Integrated Development Plan of Greater Stellenbosch in order to establish the overarching needs, for the purpose of fulfilling the developmental role, envisaged for all South African municipalities.

5.3 ANALYSIS OF THE 2002 – 2006 INTEGRATED DEVELOPMENT PLAN OF GREATER STELLENBOSCH MUNICIPALITY

Before the final IDP was adopted, there was a process plan that allowed for structured public participation through the structures outlined in **Figure 6**. This happened in the form of general public meetings and questionnaires to the public that were facilitated through the IDP representative forum and various community structures. Organizations with a constituent base within one of the development areas, as referred to earlier, were entitled to register as area forum members in order to take part in the public participation processes. To supplement this, the IDP representative forum envisaged two additional mechanisms to ensure that the marginalized and less-structured communities were also involved in fulfilling their legislative requirement of public participation. These mechanisms took the form of:

- Field surveys in poorer areas to do a needs analysis in order of priority;
- Public meetings in all the development areas where individuals were allowed to voice their issues of importance in their areas.

Three rounds of area forum meetings were held in each development area. They took the form of information dissemination, identification of issues of importance for development and prioritization of these identified issues for each area. A committee was established for each development area to prioritize issues of importance and to work closely with the communities for feedback purposes. **Table 4** shows how the infrastructure cluster of Development Area 1 was categorized and **Table 5** shows the defined best and worst outcome for the area. **Table 6** gives a priority weighting for each sub-cluster, later defined as community determined Key Result Area (KRA).

Figure 6 follows/...

Figure 6: IDP Structures in Stellenbosch Municipality
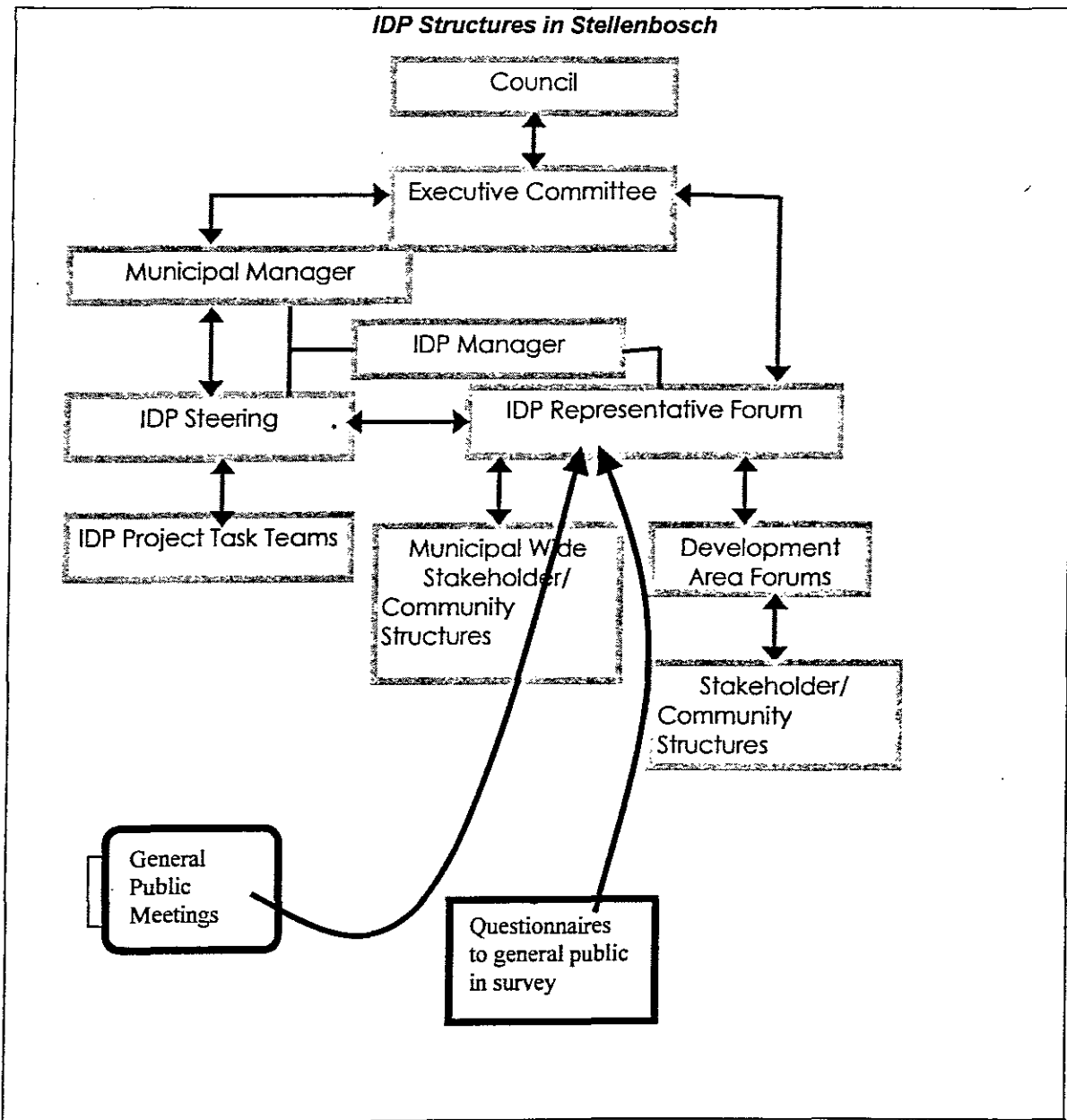
Source extracted from a Paper presented at the FARCODE Research Dissemination Seminar in Kuils River, 28 February 2003.

As the needs of each development area differ in terms of priorities, for the purposes of this dissertation, only the relevant information with regard to the development priorities of Development Area 1 were utilized. The outcome of the three rounds of area forum meetings in this area, revealed the infrastructure needs in this area as traffic management

related, public transport, infrastructure for pedestrians, basic services infrastructure and roads. **Table 4** is an elaborative indication of required programs sub-clustered under these identified infrastructural needs for Development Area 1. Further substantiation for the needs of these infrastructural developments was done in the form of descriptive scales and priority weights for this Key Result Areas in the Development Area. It was done in consultation with the various stakeholders in the public participation process by looking at what the possible best and worst outcome might be, should this infrastructural needs be addressed and vice versa. Also, in this table, weightings have been allocated to these infrastructural needs to determine how programmes will be responded to should these needs be addressed.
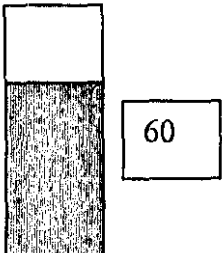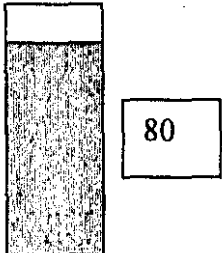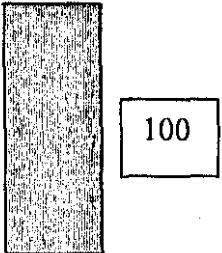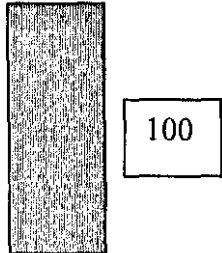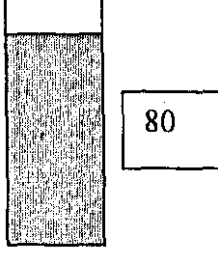
Project FARCODE facilitates the priority weightings given in **Table 6**, in the area forum meetings. These figures are derived by giving each participant the opportunity, in these meetings, to score the identified key result areas in order of priority, out of 100. Participants go back to their respective constituencies and return with a consolidated figure with regard to each key result area. This is captured and an average for each key result area was derived and placed in order of final priority as indicated in Table 6, which ultimately informs the priority weightings in Table 5 that are allocated in the first round of area forum meetings.

Traffic Management	Public Transport	Pedestrians	Basic Services	Roads
Including issues of managing and calming traffic and making the Roads safer to travel on	Including issues About taxis, busses And trains	Making the roads safe and Usable for pedestrians	The need for Water, sanitation And electricity	The need for roads and the Maintenance of roads
a) No traffic signs - Traffic Officers to be more visible b) Koelenhof – traffic control – proper control in area – skills and training of local people c) Traffic calming measures needed from N1 to Stellenbosch – R304 d) De Novo – traffic control hardly exists e) Traffic circle with subway for children needed- Koelenhof f) Roads in rural areas g) Elsenberg – Unsafe roads h) Koelenhof – need proper management of roads	a) Transport - bus service to and from Stellenb. b) Koelenhof – public transport and need taxi ranks c) Train service should improve d) Elsenberg – bad public transport	a) Elsenberg – pavements needed – also Klapmuts b) Pavements on road to school – on Kromme Rhee road until R44 c) Need pavements on Muldersvlei d) Protect children at road crossings – rumble strips or robots e) Bus shelters needed for pedestrians f) Improve safety for pedestrians crossing the N1	a) Everybody need the min. basic services at De Novo b) Water, electricity, toilets, fencing and refuse removal needed at Koelenhof	a) Roads everywhere are in a bad condition b) De Novo – all dirt roads are in a bad condition c) De Novo – the R101 is covered with potholes, forcing cars to drive on the wrong side of the road. d) De Novo – storm water drainage non-existent for dirt roads. e) Klapmuts – improve roads between houses f) More regular grading of Klapmuts roads needed In winter.

Information extracted from a Paper that was presented at the FARCODE Research Dissemination Seminar in Kuils River

Traffic Management	Public Transport	Pedestrians	Basic Services	Roads
Best Outcome: Traffic is effectively monitored and managed resulting in reduced levels of mortality due to road accidents	Best Outcome: There is a safe, convenient and well managed public transport system which includes affordable alternatives.	Best Outcome: Pedestrians using the road system, especially children and elderly people, are catered for with safe, convenient and well maintained facilities such as sidewalks, subways, effective lighting, shelters and pedestrian crossings.	Best Outcome: All homes have access to affordable electricity, sanitation systems and safe drinking water. Natural resources are well managed in a sustainable manner	Best Outcome: There is a safe system of roads linking the main settlement and economic zones of the area. These roads are well maintained.
Worst Outcome Traffic is poorly managed and speed limits are not effectively enforced. Road mortality rates are very high and there are no initiatives in place to reduce them.	Worst Outcome There is no public transport service or it exists but is very poorly run, inconvenient and/or dangerous.	Worst Outcome Pedestrians, especially children and elderly people, are not catered for when using the roads. The road mortality rates amongst pedestrians remains unacceptably high.	Worst Outcome: Many homes are not able to have access to basic services. Lack of sanitation and safe drinking water leads to environmental health problems, especially for children and old people. Poor management of resources results in shortages	Worst Outcome: The road system is poorly planned, unsafe and inconvenient. Roads are deteriorated to such an extent as to make some areas inaccessible
60	80	100	100	80

Information extracted from a Paper that was presented at the FARCODE Research Dissemination Seminar in Kuils River

Table 6: Prioritization weights assigned to Key Result Areas identified in Development Area 1

The weights in each instance are ratios with the most important issues scoring 100 and issues of no importance, scoring zero.

Issue	Priority
Housing	100
Land	100
Planning and control of Housing and Land	100
Basic Services	90
Pedestrians	90
Safety and Security	90
Clinic Services	80
Conservation and Heritage	80
Health Education	80
Training and Education	75
Environmental Landscaping	72
Pollution Control	72
Public Transport	72
Recreational/ Public Facilities	72
Roads	72
Jobs	68
Support for Small Businesses (SMME's)	68
Care Facilities and Services	63
Marketing	56
Traffic Management	54
Disaster Management	40

Information extracted from a Paper that was presented at the FARCODE Research Dissemination Seminar in Kuils River

Similar exercises are done in each development area to establish the dominant issues per area in order of priority, which ultimately should be reflected in the IDP of Greater Stellenbosch. These priorities should then be strategically aligned to the capital and operational expenditure as currently envisaged in the amalgamated budget, even if cross–subsidization is required to bring about development in all the identified development areas. The outcome of all these exercises is captured in **Table 7** and ranked in order of priority for the rest of the Development Areas.

Table 7: Dominant issues per area

Area	Ranked no. 1	Ranked no. 2	Ranked no. 3
2	Jobs and Training	Housing	Basic Services (#)
3	Housing	Basic Services	Jobs and Training
4	Housing	Basic Services	Jobs and Training
5	Housing	Jobs and Training	Basic Services
6	Jobs and Training	Housing	Safety and Security
7	Jobs and Training	Safety and Security	Housing
8	Jobs and Training	Housing	Safety and Security
9	Housing	Jobs and Training	Basic Services

#: Water, electricity, refuse removal and sanitation

Information extracted from a Paper that was presented at the FARCODE Research Dissemination Seminar in Kuils River

From this it is evident that the predominant issues in entire municipal area are Housing and Land, Basic Services, Job Creation and Training as well as Safety and Security. With reference to the Development Profile of Stellenbosch Municipality (2001), the issues that surface, is an affirmation of the developmental path the Municipality needs to be directed to, in order to fulfill its developmental role for increased social and economic reforms in the new amalgamated area. Other issues of prevalence in the more impoverished communities, that need to be addressed by the key result areas, are, the pressing need for road safety measures, especially for children; care facilities for the aged; intervention in social problems, such as alcohol, drug abuse and gangsterism; fire fighting services and pollution control.

Finally, task teams were appointed to consider the issues, needs, problems and proposals listed by both communities and officials and, in the light of the descriptive scales outlining the goals for each developmental area. The difficult task however was to come up with proposed strategies of how to proceed and identifying projects that are reflected in the budget that ensures maximum benefits for all the areas. The complete list of scored projects was put before Council, who, together with sector heads from each Department

approved the final budget. However, there are bound to be other factors that are political, strategic and logistical, which also determine whether or not a project is included in the budget. The responsibility is then on Council to explain why high scoring projects are not included in the budget, which ultimately, enhances transparency in the budgeting procedure.

The IDP Process Plan of Stellenbosch Municipality adopted by Council on 31 July 2001 indicated that:

"Before the Municipality commences with the IDP process, it has to do some preparation in order to:

- *Ensure a well organized process with adequate and effective involvement of all relevant role players;*
- *Ensure that the IDP becomes a tool for institutional transformation;*
- *Help the Municipality to plan the process in line with the requirements of the Municipal Systems Act;*
- *Ensure that all previous IDP related work done within the boundaries of the new municipal area and all relevant documents produced by committees and community participation forums are carried forward into the new municipal IDP."*

The underlying basis for this quote, in the context of the above-elaborated background, is that in scrutinizing the IDP, an assumption should be made that the majority of these issues and projects should be reflected in the IDP. Unless proven to the contrary to have political, strategic or financial implications that bring about exclusiveness of certain priority issues and projects as identified by all the development areas. In the same breath ensuring that the required mandate to fulfil the municipality's role to spearhead developmental local governance as pointed out in the Municipal Systems Act, 2000.

In terms of Section 26 of the Municipal Systems Act, 2000 an IDP must reflect:

(a) the municipal council's vision for the long-term development of the Municipality with special emphasis on the Municipality's most critical development and internal transformation needs;

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(b) an assessment of the existing level of development in the Municipality, which must include an identification of communities which do not have access to basic municipal services;

(c) the Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;

(d) the Council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the Municipality in terms of legislation;

(e) a spatial development framework which must include the provision of basic guidelines for a land use management system for the Municipality;

(f) the Council's operational strategies;

(g) applicable disaster management plans;

(h) a financial plan, which must include a budget projection for at least the next three years; and

(i) the key performance indicators and performance targets.

Against this background, the second section of this Chapter aims to analyze the 2002-2006 IDP of Greater Stellenbosch Municipality. The municipal vision of Stellenbosch Municipality in its IDP is translated as a guideline to provide direction for the municipality's strategies, objectives and implementation plans and this should communicate in a transparent manner to the community what they can expect from the municipality. The vision of Stellenbosch Municipality is encompassed in its IDP as:

- *"An integrated and reconciled community, free from all forms of discrimination.*

- *A harmonious, crime free area – with a vibrant economy; with a gratifying and sustainable lifestyle for all, visibly acknowledging its diverse socio-historical heritage while conserving its rich built, agricultural, rural and natural environment; whose hospitality, rich diversity, history and character make it a choice crime free destination for tourists;*

- *An acclaimed centre of learning, viticulture and sport."*

Organizational arrangements have been put in place to facilitate this process of Integrated Development Planning which the researcher has referred to in Figure 6 and the discussion thereafter.

The current situation in the municipal area has been examined and the following issues, with regard to the provision of basic services, have been identified in the IDP (Highlighted text indicating the basic services):

1. With regard to **electricity supply,** two components of electricity distribution system exist, i.e. Stellenbosch town and Franschhoek town. It is envisaged in the IDP that the expansion of electrical networks should be based on the spatial development framework of the area. Monitoring of electrical components is also anticipated.

2. Klapmuts, Groendal and Kayamandi have been identified as the areas where residents are mainly dependent on **public taps** as well as informal settlements in these areas that only have **access to pit or bucket latrines.** The preparation of a Water Serviced Development Plan has been identified for the jurisdiction of Stellenbosch Municipality.

3. **Roads and Storm water regulation** and upgrading have been identified for specific areas within the municipality with allocation of full-time maintenance teams for underdeveloped areas. A pavement management system has been in place since 1993, however it has been requested that this program be extended and integrated to include Franschhoek, Pniel and other new areas.

4. According to the IDP, the area of **waste management** is properly covered and has reached its full potential in terms of labour and it is only in certain farm areas that refuse removal is not up to standard. Investigation is listed on how to improve the service. The amalgamation brings a cost implication of R4m - R5m per year for the budget.

5. As result of the amalgamation, extra pressure has been placed on the **cemeteries** and the workforce for these cemeteries in Stellenbosch has been pointed out in the current situation.

Other areas identified for the anticipated implementation of targeted programmes are also referred to. Public Transport is an area that needs serious consideration because of the link between development and transport that ensures access to public facilities, environmental concerns, and population growth. Modes of transport like minibus taxi services, bus services and rail services need strategic and effective planning and management. In this regard, the Western Cape Department of Transport and Public Works are role-players to initiate policy discussions on sustainable public transport modes and to provide information for the preparation of Public Transport Plan. Transport, Roads and Crime are some of the identified issues that need National and Provincial intervention.

The IDP reflects the housing shortage in Franschhoek estimate at 1000 homes, but development plans are in place and currently infrastructural services are being built. Tourist facilities are also an issue of concern in the area and measures need to be implemented to preserve the rural character of the town by preserving the open spaces, the mountain area and rivers in and around the town. As indicated in the Spatial Development Plan of 2000, 2625 additional dwellings can be accommodated in Franschhoek. Caution should, however, be taken to ensure that a proper social and economic strategy is in place before a step of this nature is put forward. The housing need in Stellenbosch has been identified and at the same time ensuring maximizing job opportunities. In the IDP it is indicated that the statutory responsibility for housing management between district and local municipality needs to be clarified for the purpose of spatial planning and performance assessment. Discussions towards an effective housing policy needs to be initiated.

In Stellenbosch, population growth and proper land use for development, is a major concern. If not addressed appropriately, it will widen the socio-economic disparities. The current reality is that social problems need to be addressed appropriately to encourage a

fresh economic outlook by creating training opportunities and optimizing the utilization of the various industries.

Measures to uphold a sustainable environment in Stellenbosch are regarded as a high priority on the 'wish-list'. It is highlighted in the IDP that the public health system has been transformed to accommodate historical inequalities and emphasis is placed on providing essential health care for the marginalized, even though there is still a lot of uncertainty surrounding the transformation process with regard to health. To deal with the pandemic of HIV/AIDS, an HIV/AIDS Co-ordinating Committee, with support of a number of stakeholders, has been put in place.

The need for social welfare services, with reference to residential care for disabled people and care for the elderly, is said to be encouraged and social security as well as state grants and pensions are also issues of consideration.

Sport and recreation is still an area in the IDP that needs investigation to secure funds for new establishments and the upgrading of existing facilities to accommodate the amalgamation outcomes.

The development priorities of Stellenbosch Municipality as translated into development areas, are set in the IDP as:

- Economic Development
- Financial Management
- Health
- Housing and Land
- Infrastructure and Services
- Institutional Transformation
- Natural and Built Environment
- Social Development
- Agriculture

With regard to these development priorities, project FARCODE established through community participation workshops that the following were identified developmental priorities for the entire area:

- Housing and Land
- Basic Services
- Job Creation and Training
- Safety and Security
- Road Safety Measures
- Social Development

All the priorities, as identified in these workshops, are listed in the IDP. The question however, is, when will these development priorities be implemented in the form of programmes and projects? Currently the situation in the municipality is encompassed with the still existent non-synchronization of development processes needed to facilitate developmental local government.

The IDP reflects the fact that the Local Economic Development Plan of the municipality is still incomplete. With regard to functional service delivery it is obvious that, coupled with the amalgamation into the new municipal area, Stellenbosch Municipality is about to experience pressure on its organizational structure. Implementation and planning of organizational transformation should be given careful consideration to ensure an ongoing developmental focus of municipal service delivery. The IDP outlined that immediately after the new municipality came into action, a new political structure was put in place. It took the form of:

Figure follows/...

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                    ┌─────────────────────────┐
                    │   MUNICIPAL COUNCIL      │
                    │   Chairperson: Speaker   │
                    └─────────────────────────┘
                              │          ┌──────────────────────────┐
                              ├──────────│   Audit Committee        │
                              │          │   2 Councilors           │
                              │          │   3 Outside Members      │
                              │          └──────────────────────────┘
                    ┌─────────────────────────┐
                    │   Executive Committee    │
                    │   Chairperson: Mayor     │
                    │   7 Members              │
                    └─────────────────────────┘
                              │
                   ,    STANDING COMMITTEE
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Planning & Development Committee 11 Members	Corporate Services Committee 10 Members	Technical Services Committee 9 Members	Community Services Committee 7 Members
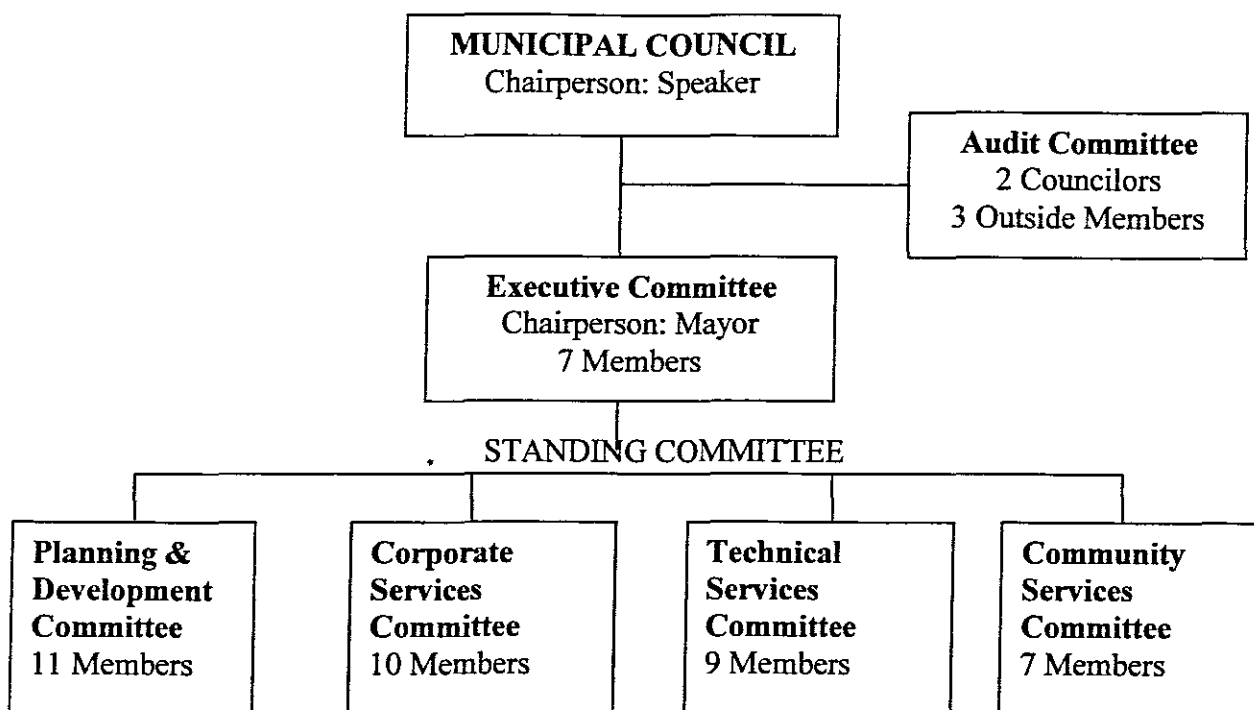
Source extracted from 2002-2006 IDP of Greater Stellenbosch Municipality

After approval of the new macro organizational design, the Council decided, in May 2002, that there is no need to change this structure, but only to relocate certain functions in order of alignment with the Standing Committee with the different departments. Immediately after amalgamation of the various administrations, the IDP pointed out that a number of Acting Assistant Managers were appointed with the Acting Municipal Manager to form an Interim Management team. Early in 2001 a new macro organizational structure was developed and approved by Council and in the IDP it is structured as:

Figure follows/...

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                        ┌─────────────────────────────┐
                        │     MUNICIPAL MANAGER       │
                        └─────────────────────────────┘
                                     │
                                     │        ┌──────────────────┐
                                     ├────────│    Secretary     │
                                     │        └──────────────────┘
┌──────────────────────┐            │        ┌──────────────────┐
│  Strategic Services   │───────────┼────────│  Internal Audit  │
└──────────────────────┘            │        └──────────────────┘
                                     │
┌────────┬──────────┬──────────┬──────────┬──────────┬──────────┬──────────┐
│ Civil  │Electrical│Planning &│Community │Safety &  │Corporate │
│Engineer│Engineer  │Economic  │Services  │Security  │Services  │
│ing &   │ing       │Developmnt│          │Services  │          │
│Technical│Services │Services  │          │          │          │
│Services│          │          │          │          │          │
└────────┴──────────┴──────────┴──────────┴──────────┴──────────┘
          ┌──────────────────┐
          │Financial Services│
          └──────────────────┘
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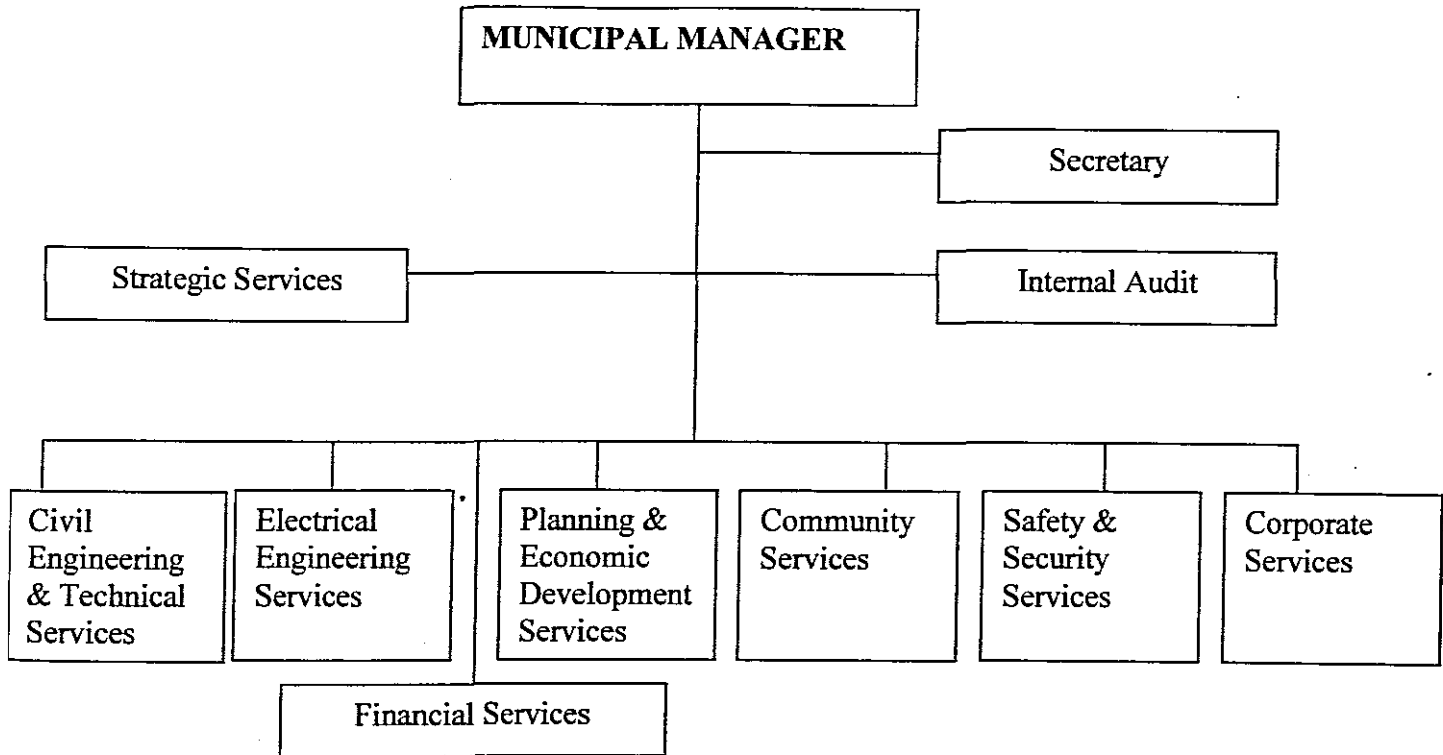
In the IDP it is envisaged that a new management system, which is directed at implementing and monitoring all IDP needs that ought to be developed. Quoting from the IDP, it is indicated that the internal transformation needs should address:

- "The role of the Municipal Manager;
- The role of the Management Team;
- The role of the Manager: Strategic Services;
- The appointment of project teams;
- Co-ordination between project teams and management and between project teams and IDP structures; and
- Regular process reports on IDP projects, etc."

From an operational perspective, it is indicated that the financial plan was, at the time, not work-shopped and accepted by the community, but preliminary provision was being made in the Council's estimates with the incorporation of IDP inputs. This indicated that, due to non-synchronization of development processes as referred to earlier, disparities in

implementing development programmes and projects still exists. The five-year Action Programme, Poverty Reduction Programme and Local Economic Development Programme were to be completed with the adoption of the IDP. Operational strategies that were identified by municipal officials were a Spatial Development Framework, HIV/AIDS Programme, Gender Equity Programme and an Environmental Programme. Operational strategies identified were footnoted with: "*Identified programmes will benefit greatly if more members of the public become actively involve in these programmes.*"

The entire process plan has been set in place with extensive public participation workshops, in which resources have been invested, but controversial statements in a final IDP are still surfacing. Directly referring this to the preliminary provision that was made in the Council's estimates with the incorporation of IDP inputs, due to anticipated policy discussions with regard to development priorities, unclear statutory requirements of district and local municipalities, etc.

A comprehensive Disaster Management Plan has been put into place in the IDP that still needs to be workshopped and accepted by the community at the time of accepting the IDP of the Greater Stellenbosch Municipality. The municipality has developed a Strategic and Tactical Disaster Management plan taking full cognizance of the impact of what large informal settlement areas in Kayamandi, Franschhoek, Klapmuts, Jamestown, etc. might have upon the possibility of disaster occurrence. This may be another supporting element to improve infrastructural developments in these areas as well as the health risks that might occur due to the influx of foreigners to Kayamandi.

5.4   CONCLUSION

The financial management arrangements of Stellenbosch Municipality are reflected in a number of documents. However, at the time of adopting the IDP, the financial plan had not been work-shopped and adopted by the community.

A number of Key Performance Indicators has been identified in the IDP for all the Development Priorities that includes the general indicators as stipulated in Regulation 10 of the Municipal Planning and Performance Management Regulations. It should be noted that at the time of adopting the IDP, Key Performance Indicators had also not been workshopped and accepted by the community. The fourth objective of this research has thus been dealt with by analyzing the current situation and the related development plans as set out in the IDP of the amalgamated Stellenbosch Municipality.

In the Capital and Operating Budget of Stellenbosch Municipality for the 2002/ 2003 financial year, a sense of streamlining funds to optimize the basic services in all underdeveloped sections of the municipal area is perceptible. However, the question is whether the streamlining is in line with the priority issues that were identified by the different development areas, if stimulation in the respective areas of prioritization will surface to ensure developmental local government or whether these priority issues are brought about selectively to fulfil political convictions to secure support from constituencies. An indication from interviews in the next Chapter provides a possible answers to these questions.

The final Chapter consolidates all common aspects of a PMS as confirmed at this point, and analyzes answers from unstructured interviews, in order to develop a framework proposed for a viable PMS for the Greater Stellenbosch Municipality.

CHAPTER 6

PROPOSED FRAMEWORK OF A PERFORMANCE MANAGEMENT SYSTEM FOR GREATER STELLENBOSCH MUNICIPALITY

6.1   INTRODUCTION

As indicated in the conclusion of the previous chapter, this chapter consolidates all common aspects that surfaced from the various Performance Management Systems researched and the guidelines provided for the purpose of giving direction to the formulation of a proposed PMS for the amalgamated Stellenbosch Municipality. This consolidation is supported by the deliberations provided from selected officials within the Municipality in response to the unstructured interviews that were undertaken.

It will be indicated in this Chapter that at this stage of initiating development programmes within the Municipality, the data and logistics for identified development programmes and projects are still sporadic, with regard to who is responsible for what, and policies that still need to be developed for specific programmes. Therefore, no specifications with regard to specific, measurable outcomes will be incorporated in the proposed PMS for the amalgamated Stellenbosch Municipality. The developed PMS will thus provide a framework in which development priorities may be monitored and evaluated.

6.2   GUIDELINES DERIVED FROM DATA OF PREVIOUS CHAPTERS

The objective of performance measurement is to monitor priorities as identified in the IDP, which ultimately aims to increase the overall delivery standards of local authorities. The rationale behind this is to ensure that service delivery becomes increasingly more out-put based, with the emphasis on furthering the accountable status of local authorities to the various needs of communities. This is emphasized because it is an expectation of citizens that all local government resources should be used efficiently in providing the highest level of public services, and also the fact that local authorities have the responsibility of ensuring that the programmes as identified, meet their stated objectives.

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The Final Report on Performance Management submitted by UNICOM: 2000 encompasses the above by stating that a PMS should be:

- Mission driven;
- Delivery orientated; and
- Result orientated

In general, local governments are encouraged to measure performance because it:

- Strengthens accountability; what get measured, can be improved upon;
- Enhances decision-making; measurement involve citizen participation;
- Improves customer service; delivering developmentally;
- Assists governments in determining effective resource use;
- Supports strategic planning and goal-setting.

Nishendra Moodley (200:8) confirms this when he says: "*In developing a framework for performance management, it is important that it is conceptualized as an inherent part of management in the municipality, and as part of the IDP process. It should not be seen as an additional process or a parallel process, but that it is a new way of working, where planning and management is performance based.*"

Therefore, a PMS aims to support decision-making, reporting and management, whereby detailed information is necessary to guide the implementation of performance measurement processes. Questions that should be asked to bring relevance to the abovementioned are:

- What performance measures (indicators) are in place to evaluate program results?
- How do officials perceive the usefulness and quality of performance measures?

These questions are also a guide to the incorporation of the above-mentioned fundamentals within the proposed framework of the PMS.

International studies have indicated that performance measures are used to monitor strategic initiatives, to guide the budget process and to allocate resources that produce specific strategic results in order to see a clear, organizational consciousness for accountability. It has been proved that measurement promotes government and

community activism and achievement. It has also been found from these international case studies that the quality of performance measures is critical in establishing the credibility of measurement processes. This is supported by the fact that performance measures should bring about changes in staff behaviors, changes in organizational culture, cost savings and service performance improvements. The conclusion was made that measures (indicators) should be:

- Clear;
- Comprehensible;
- Understandable;
- Results-orientated;
- Useful and valid;
- Verifiable; and
- Accurate

The above list reflects the common aspects reflected in these case studies, which is that without detailed information, there is little to guide local government implementation of performance measurement processes. Secondly, to some extent, all local governments provided examples or evidence indicating government attention to accountability for results and processes. Thirdly, all of local authorities valued measures as indicated above.

Another resolution is that program measures (indicators) are most useful at the program level, particularly for ongoing monitoring of programme outputs and outcomes.

Marshall (1998:7) also indicates that performance measures are proved to be more effective if they are discussed in the Council's budget deliberations. He argues that when things can be proven, the information on what really needs to be known is available for the budget process. He also indicates that to know the exact costs of goals, with the historical data of what actual performance have been, predictions could be made for future costs. Managing for results in a broader perspective should, therefore, align departmental plans, budgets, operating plans, team and individual performance reviews, which should then be linked to common and measurable goals. Performance indicators at all levels are aimed to align all these goals.

Performance indicators must be established that guide resource allocation and at the same time communicate to the community the goals, objectives and effectiveness of a programme. Should this be achieved, the following aspects are a projection of local government, fulfilling its developmental mandate:

- Development for the marginalized in its area of authority;
- The re-alignment of resources;
- The legislative requirements on a local authority will be fulfilled in the form of:
  1. Community participation in determining priority areas, the identification of suitable indicators, setting of targets and the review annually reported performance on these targets;
  2. Developmental local governance, where community development, in the form of skills development; taking ownership of projects; etc., is categorized as a priority and by providing service and infrastructure;
  3. Programmes of importance in the IDP are being institutionalized, with the accessibility of information to the targeted communities and channels for feedback are in place;
  4. A PMS in place that will monitor and measure performance.

Coupled with the above are the challenges for a PMS, as identified by Rashied (1999: 21), which are:

- How to get citizens involved in performance management, which will be a true reflection of local government's integrity to make itself relevant to citizens;
- How political vision and priorities should reflect the aspirations and expectations of citizens and not be a barrier to the use of performance measurement by engaging into programmes that are costly, but have political connections;
- How local authorities should be honest about setting priorities and targets. Commitment to citizens and honest feedback will be an insurance of this;
- The challenge to establish innovative ways to work across all sectors, because the co-operation of all stakeholders is imperative for a mutual understanding of a PMS;
- Continuous education on PMS to local government managers;

- Establishing new financial management and geographical information systems in order for managers to measure performance more accurately at different levels.

These challenges have been used to direct the questions (See Annexure 2 - 4) posed to councillors and officials interviewed in Stellenbosch Municipality. These questions was selectively directed to strategic placed officials and councillors and analysis of answers on these questions aims to give a supplementary directive on what needs to be in place as a framework for performance measures to monitor and keep development priorities on track. Reflections from this will indicate what measures need to be in place to review areas of performance with regard to time-frames, financial and communicative elements. Rashied (1999:25) argues that this would lead to the development and training for those who should lead this process.

Ensuring the alignment of individual actions with organizational goals and objectives will further strengthen a PMS, by cascading identified performance measures (indicators) through all levels of the organization. These Key Performance Indicators (KPI's) are identified in the operations of a programme to monitor progress enabling the achievement of the desired results. Performance indicators aim to define how performance is measured along a scale and also subsequently enabling the local authority to determine whether its organizational structure is suitable to meet its strategic objectives. Importantly, municipal indicators should be linked to municipal employee performance management systems. High performing employees, within their scope of contribution towards a particular development programme, will be instrumental in achieving the desired results of a programme as envisaged by the municipality. These indicators should be linked to the particular programme as identified in the IDP, because before indicators can be established, objectives and priorities should be reflected in the IDP.

Nayyer-Stone (1992:42) considered four primary types of performance indicators:
- Input – the amount of resources used;
- Output – the activities undertaken to provide the service, for example: the number of projects; number of people served;

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- Outcome – how effectively community services are being provided, for example: the percentage increase in employment; decrease in crime;

- Effficiency – referring to what were achieved, for example: the cost per unit of output.

In order to identify these indicators for monitoring and control purposes, which is the reason for the development of key performance indicators, the questions as set out in Annexure 2 aim to give a directive in developing these key performance indicators. These questions are listed as:

1. What are the operations of a particular programme?

2. What was the amount of resources used for a particular programme?

3. What is the anticipated outcome of this programme, taking cognizance of the input that was invested?

4. What other departmental plans, budgets, operating plans, team and individual input is incorporated in a particular programme?

5. Is there a specific trend or benchmark that is identified against which measurement can take place?

6. Who are the stakeholders and what are their responsibilities or respective roles?

7. What leadership structures from high-level officials are in place to measure performance?

8. What are the areas of focus for employee performance to a particular identified programme?

9. What are the expectations from the Municipality to citizens on which a particular programme are directed at?

10. What is the broader developmental outcome that the Municipality wish to achieve through a particular programme?

11. What are the channels of information for citizens about what the intended targets are?

12. What processes are in place to get the business community and the general public interested in improving the budget process?

13. How accessible is the Municipality?

14. What mechanisms are in place for the public to hold the Municipality accountable, Councillors to hold the Administration accountable, and Employer to hold the Employee accountable?

6.3   RESULTS FROM THE INTERVIEW SURVEY

Interviews were conducted with the Strategic Support Manager, IDP Manager, The Executive Mayor, Performance Management Manager, Municipal Manager and certain Departmental Directors within the Greater Stellenbosch Municipality.

All the questions as set out in Annexure 2 were posed to the Strategic Support Manager, who preferred to keep the entire spectrum of performance improvements very broad due to the sporadic nature of data and logistics that still exist within the Municipality. It was indicated that, in monitoring performance, it is important that all spheres of development (social, economic and organizational development) should be integrated to ensure that all functional areas should supplement each other to ensure the legislatively determined framework. To substantiate this, he made an example, that if housing is a priority in a certain development area, then job creation might be a secondary outcome of this social programme, yet is an economic priority for a different development area. No indication was, however, given whether this is the case in the new Stellenbosch Municipality and what the Key Performance Indicators might be that are attached to this form of developmental integration. The Strategic Support Manager indicated that for monitoring and review of performance, the IDP Manager should monitor all developmental programmes through a central database which is project-based and departmentally-linked, where relevant information is processed on a monthly basis. The rationale is to ensure there is a continuous improvement of projects.

In his response to the question of what the channels of information for citizens are concerning the intended targets, it was indicated that the Municipality is moving towards a ward committee system, with ward committee councillors for each ward. The rationale is to ensure an information flowing system, as well as Departments that have a particular

project in a development area, ensure that they stay in contact with the community and committee members.

In his response to what mechanisms are in place for accountability for the public to hold the Municipality accountable, it was indicated that they should use the IDP and projects that are identified in the budget for a specific financial year. This surfaces when the IDP is redressed, through the forthcoming ward committees, and projects that are not completed for which provision was made in the budget, are then questioned. Within the Administration, the Municipal Manager should keep the IDP and Performance Management Managers accountable, who in turn must be kept accountable by the Executive Mayor for organizational performance with regard to management, decision-making and delivery. It was indicated that all these top-level appointments were performance related, aimed at improving organizational performance. With regard to roles and responsibilities of the various stakeholders, each developmental programme is unique but differs from project to project.

Organizational performance is the core focus in developing a framework for a performance management system, for purposes of this dissertation. However, organizational effectiveness depends largely on how well programmes and projects are executed with regard to resource usage and well administered project cycles. Therefore, the IDP Manager was asked to break down this project base performance monitoring relating to the same questions as set out in Annexure 2, for the purpose of programmes that aim to ultimately reflect organizational performance. A scenario of housing projects in the various developmental areas was used for relating to some of the questions in order to reflect more detail with regard to overall performance monitoring. Operations of a programme of this nature has the following components:

- Planning
- Tenders for the appointment of Consultants
- Awarding of contracts
- Design of services to be provided
- Tenders for the appointment for construction

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- Building of units

Secondly, the amount of resources for a particular programme depends on the requirements of a specific programme. The IDP Manager indicated that they do not document outcomes at this stage of programmes, because they can direct programmes towards certain objectives, but are not in a position to indicate specific outcomes. He also responded that project leaders are assigned to different projects and liaise with relevant departments for integration of particular projects, because currently the Municipality is in the process of developing a benchmark against which to measure with the contribution of every departmental head. Stakeholders involved with various projects, range from officials, consultants and the public, depending on the nature of the particular project. Response to the question about leadership structures in place to measure performance, the IDP Manager indicated that all the Directors of the different Directorates meet once a week for an update with regard to monitoring and evaluation. Currently it is only these top-level officials that have performance-based contracts for the appointments the hold.

It was indicated that to improve performance, the Municipality expects citizens to give their full support and not to hamper the flow of programmes unnecessarily, because the broader developmental outcome that Municipality wishes to achieve would be total upliftment of the community. It was said that there are established channels of information conveyed to citizens by means of task teams and area forums. These task teams consult with the Director in question for steering a programme, who, in turn, informs and delegates responsibilities to the task teams, which ultimately keep the community abreast of all current developments. For contribution to the budget process, the IDP is the mechanism for consultation when being reviewed. Also, for the purpose of accountability across the different structures in the Municipality, Key Performance Indicators are identified in the IDP that are reflected in the budget. The IDP Manager indicated that ward committees are the vehicles through which complaints are lodged if identified programmes were not achieved. Another measure of accountability is that Council might review a top-level appointment for the non-allocation of bonuses if no performance was achieved as stipulated in delivering certain specified objectives.

In order to get a more specific direction for a Performance Management Framework, a different set of questions (See Annexure 3) was addressed to the Municipal Manager and the Performance Management Manager. These questions evolve from the legislative framework, as stipulated in the Municipal Systems Act of 2000, regarding Municipal Performance Management. The questions were:

Regarding the core components of a PMS, as described in Chapter 6 of the Municipal Systems Act,

1. What are your key performance indicators that are used for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives as set out in the IDP?

These responses are consolidations from the Performance Management Manager and the Municipal Manager.

Key Performance Indicators are set within the legislative framework of National and, Provincial Government, as well as Local Authority in question. These KPI's are then divided into a number of sub-programmes that are all IDP-related as development priorities and objectives of each individual Municipality. Attached, as **Annexure 5**, are a number of Key Performance Indicators as extracted from the IDP of Greater Stellenbosch Municipality.

2. What are the measurable performance targets with regard to the development priorities and objectives?

Measurable performance targets are also programme-based as set out as development priorities and objectives of the Municipality, which are also outlined in **Annexure 5**. These development priorities, as identified by Project FARCODE are still delivered, but in a sporadic fashion, due to the still existent disparities in the synchronization of development processes as referred to in the previous Chapter.

3. How is performance being monitored against those development priorities?

The monitoring of organizational performance against the development priorities are based on:

- Exact measurables as stipulated in IDP related programmes for a particular financial year;

- An annual extensive audit with regard to inputs for specified outcomes by the Auditor – General;

- Deliverables as set out in performance-based contracts of top officials that are specific and goal-focussed.

4. How is performance measured and reviewed?

Performance is measured and reviewed by means of reflections in the budget that should be equal to programmes as outlined in the IDP. This is supplemented by the performance-based contracts of top officials that get their origin in sub-programmes of the IDP. This ensures that exact measurables are in place for these officials for the purpose of annual increase in productivity, with regard to service delivery.

5. What steps are being taken to improve performance with regard to those development priorities where performance targets are not met?

When performance targets are not met, an investigation is conducted in the form of listing all key performance indicators, as set out in Annexure A, and reviewing the methodology to establish whether compliance did occur by all relevant stakeholders, and what measures should be instituted for redress. Individual performance-based contracts for organizational effectiveness are based on the following when performance targets are not met:

- Exceed

- Meet

- Improvement required – depending on the situation

0 – 100 % bonuses are linked to these criteria.

Performance improvement thus has an incentive component as well as organizational re-alignment of resources if the outcomes of the investigation against the key performance indicators require such action. Corrective action needs to be taken within two weeks after assessment by the Supervisor of each employee with performance-based contracts for determining the course of action required.

6. What process of reporting is in place to:

- The Council, other political structures and political office bearers?
- The public and appropriate organs of State?

To ensure that a proper process of reporting with regard to organizational performance is in place, monthly reports in the form of **Annexure 6** are disseminated to the Executive Mayoral Committee for scrutinization before Council. These reports have the inclusiveness of budget projections aligned with project-based programs as development priorities in the IDP. Quarterly reports from each Directorate are also presented before Council, other political structures and political office bearers as a measure of reporting.

The public and other organs of State are accommodated through public meetings, imbizos, participation in projects, etc. A process of establishing Ward Committees is in the making to further reporting mechanisms in a more inclusive manner.

7. Is the organizational design structured in such a manner that it is easy to accomplish performance measurement?

According to the Performance Management Manager, the organizational design of Stellenbosch Municipality is unique and user-friendly that makes it easy to accomplish performance. The municipality has a central database that is developed for the improvement of organizational effectiveness and efficiency to improve delivery to its citizens with its focus for developmental local government, was indicated by the Performance Manager. Also encompass in this approach, are "ingredients of motivational theories", was a remark made by the Performance Management Manager. Performance management is further encouraged due to the fact that the majority of the projects are community-driven. The question whether these projects are developmental in nature, cannot be answered at this stage, because outcomes cannot be determined because of the disparities in developmental processes. The process of establishing new ward committees, aims to further the effectiveness of the Municipality, because this aims to be a more representative mechanism to improve representative government.

No response with regard to functional lines, service models for delivery, was given, but responses from the IDP Manager in this regard will be utilized.

8. How do you ensure that outputs and outcomes are clearly specified in advance?

In order to give the Municipality a directive to work towards, outputs and outcomes are specified in advance by:

- An audit on key performance indicators by the Auditor-General, which should be a reflection of the legislative requirements of developmental initiatives, between National, Provincial and Local Government. After investigation, National Treasury ultimately approves these indicators.

- An integration of the entire process from the IDP ──────▶ Annual budget ──────▶ Performance-based ·contracts, which holistically is a reflection of the same priorities that needs to be monitored and evaluated.

9. What mechanisms do you have in place to ensure a well co-ordinated implementation strategy?

To have a well co-ordinated implementation strategy in place for the Municipality and that integration from various stakeholders is in place to ensure that a compilation of needs is the same throughout. Below is an indication from the Performance Management Manager in which this could take the form of:
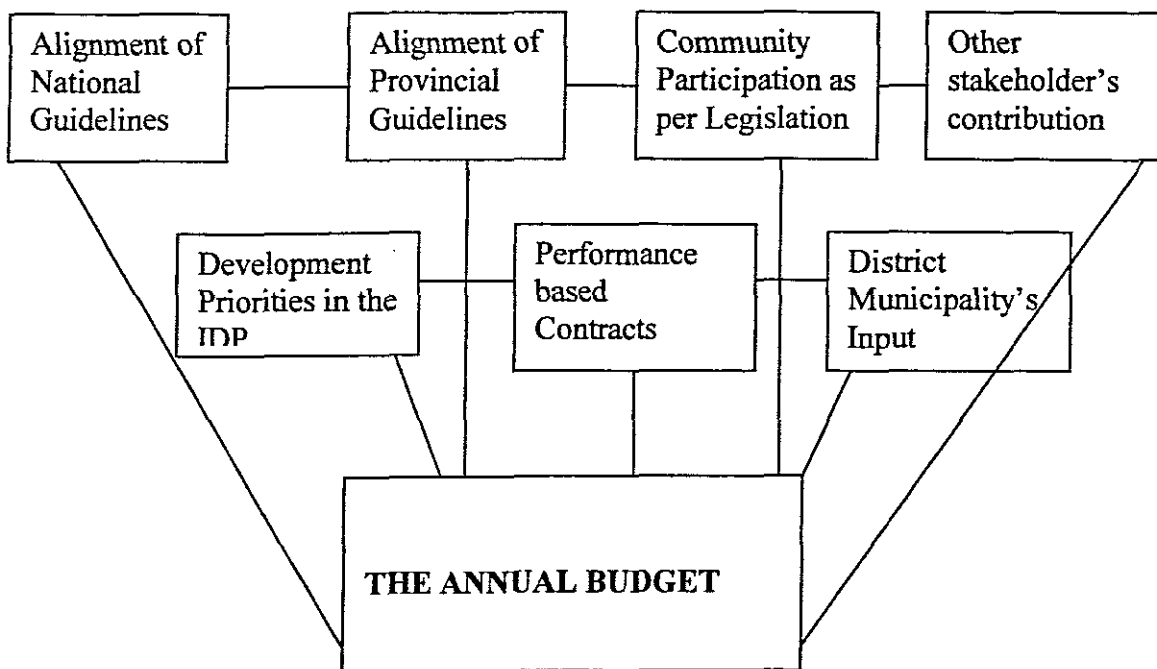
10. What leadership structures from high-level officials are in place to measure performance?

Leadership structures that are in place to measure performance have three components. These include:

- Political representatives in the form of the Executive Committee;
- Officials placed in strategic positions for execution of the development priorities and objectives as set out in the IDP; and
- Community and community structures in the form of ward committees, CBO's, and NGO's.

11. What mechanisms are in place for the public to hold the Municipality accountable, Councillors to hold the Administration accountable, and Employer to hold Employee accountable?

These structures that are in place bring about a total matrix of mechanisms that are in place to hold each other accountable for effective and efficient developmental local government.

In addition to the last six questions of the first set of questions (Annexure 2), the Executive Mayor was also asked to respond to the following six questions (See Annexure 4), in order for the researcher to get a directive of the political atmosphere in which performance management operates:

1. With regard to the development objectives as set out in Chapter 7 of the Constitution for local government, what is this Council's vision and mission to achieve these objectives?

According to the Executive Mayor, the vision and mission of the Municipality to achieve the development objectives of local government, because of the big variation of the standards of the citizens, is challenged by the need to balance citizen expectations. The Executive Mayor indicated that the most important aspects of consideration were to *"see that people don't suffer, have a good education and that everybody can make a*

comfortable living." This should be brought about by proper structures that are in place to promote transformation.

2. How do political convictions influence the overall organizational performance and what are the possible solutions for this?

With regard to the influence of political convictions, the Executive Mayor indicated that there is still a tendency amongst politicians to concentrate on high political ideologies and not on the most basic needs that are still prevalent and unfulfilled amongst communities. Also, the concern was expressed that the stronger political sides still channel resources into the more affluent communities, to hold on to their constituency, and the promotion of·social and ultimately economic development is misdirected. The need to improve the educational standards of politicians is also an area of concern in the Municipality in order to ensure a structured political approach from Councillors.

3. How does the Council evaluate progress against key performance indicators as set out in the IDP?

Progress against key performance indicators are evaluated by Council through reports received from the Municipal Manager, which is part of his performance indicators. The Executive Mayor and the Mayoral Committee evaluate these reports before it becomes an item for approval by Council. Resource people assist Council in evaluating these reports against the development priorities and objectives as set out in the IDP in relation with budget projections.

4. What mechanisms does the Council have in place to review the performance of the Municipality?

5. Is the organizational design set in such a manner that performance measurement is easy to accomplish?

6. How does the Council encourage the fullest participation of citizens in Performance Management in:
   - Setting indicators and targets?
   - Review municipal performance?

Because local government becomes the vehicle through which citizens work to achieve their vision for the kind of place in which they wish to live.

Answers to questions 4,5 and 6 are universally applied across the Municipality to ensure a unanimous approach to increase organizational performance. Earlier responses from the IDP Manager and Performance Management Manager on these particular questions are the current situation within the Municipality. The Executive Mayor responded that participation by citizens would be more encouraging by the introduction of the new ward committee system that forms part of Council and its proceedings. These ward committees would consist of elected representatives from all organizations in the community.

Results from these unstructured interviews, as well as the outcomes of all the previous Chapters will provide the foundation for the development of the proposed PMS. Within the proposed framework for a Performance Management System for the Municipality, the following developmental priorities should be prioritized into this framework: Job opportunities (Local Economic Development) and Housing. They were identified as the main priorities in impoverished Development Areas. These priorities are identified in the IDP as a number of programmes and projects with provision being made on the amalgamated budget. Other areas of priority are also reflected in the IDP, while the budget is aligned to these priorities, and certain projects and programmes aim to supplement each other in an integrated approach.

6.4 A PROPOSED FRAMEWORK FOR A PERFORMANCE MANAGEMENT SYSTEM FOR GREATER STELLENBOSCH MUNICIPALITY

As indicated earlier in this dissertation, the development of a PMS is not aimed at a particular programme and project, as currently envisaged by the municipality, because proper data is necessary to undertake research of such a nature.

Consolidation of all aspects that a Performance Management System should encompass as well as the responses from the questionnaires, the following should provide a framework in which this mechanism should operate:

1. A Performance Management System should, firstly, encompass a **developmental vision and mission** for the Municipality with directives to achieve the development objectives of local government from the big variation of the standards of the citizens and the need to balance this. This should be regulated within a framework of **organizational ethos** with regard to service delivery. With regard to ethos, the code of conduct for councillors and officials as stipulated in relevant legislation and municipal by-laws is to be the guidance for service delivery to its citizens. To further the developmental vision and mission, the Executive Mayor of Stellenbosch Municipality indicated that the vision and mission projects the developmental objectives to promote social and economic development, as well as the encouragement of communities to participate in the matters of local government.

2. Secondly, **development aims** are to develop and give effect to the realization of the mission and vision of the organization and to integrate the mainstreaming of participatory governance within a performance-driven municipality. These aims are encompassed in the new developmental role that is envisaged for local government since the inception of the transition phase for local authorities. In the case of the Greater Stellenbosch Municipality, as extracted from **Annexure 5**, it is:

- All citizens shall have access to adequate shelter and basic services.
- Encouragement of participatory local governance.
- An economical, effective, efficient and accountable organization.
- The biosphere reserves are registered for Greater Stellenbosch and are protected and managed on a continuos basis.
- Conditions to be conducive for attracting investment in the area.
- To enable local citizens to create their own employment opportunities via skills development programs, LED initiatives, etc.
- To ensure that economic development in general is promoted.
- Reducing the unemployment levels through creating job opportunities.
- To ensure that sufficient, suitable, adequate and appropriate land is made available to meet the various needs of the communities.

The above are some of the development aims extracted from the community demographics and needs analysis from the IDP process as outlined in the municipal objectives of Greater Stellenbosch Municipality, which is inclusive in their IDP report. The developmental aim is thus a reflection of the municipality's approach to ensure empowerment and upliftment of the marginalized sections of the community, while at the same time stimulates economic growth through marketing Stellenbosch as a world class tourist destination and protecting the character of the natural and built environment. This should be in alignment with the strategic goals as set out in many documents and the policy framework in which the IDP operates, which is:

- Poverty reduction and financial sustainability

- Economic and social infrastructure

- Adequate housing and access to essential services

- Local agenda 21 initiatives

- Community participation

- Improved community health, safety and security

3. Thirdly, **governance mechanisms** need to be implemented to ensure that the developmental aims of the Municipality have a stipulated framework in which it operates. Legislation enacted since 1999 provides the essential guiding mechanisms for municipal governance. The Structures Act (117 of 1999), as well as the Systems Act (32 of 2000) encompasses the message that delivery and development mean that our society has entered a phase in which local government assumes greater responsibility to achieve developmental outcomes, integrated areas and a drastic improvement in service delivery.

The main guide is the Municipal Systems Act (32 of 2000), in Sections 4, 6 and 51. These sections outlines the challenge of creating a development-oriented administration. Section 51 outline the following principles for the Municipality:

- To be responsive to the needs of the local community.

- To facilitate a culture of public service and accountability amongst its staff.

- To be performance-oriented and focused on the developmental duties as required by sections 152 and 153 of the Constitution.

Sections 152 and 153 of the Constitution are paramount in the developmental governance of a Municipality. In particular, Section 153's requirements that state: *"A municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote social and economic development of the community."* Clearly, municipalities are envisaged as output-oriented organizations, in a much stronger sense than was the case before the passage of the Systems Act in 2000. ·

In addition to these provisions, a close examination of the potential developmental functions of municipalities poses even more formidable challenges for the future. Section 4(2) of the Systems Act requires municipalities to "contribute, together with other organs of state, to the progressive realization of the fundamental rights contained in sections 24, 25, 25, 27 and 29 of the Constitution". These rights relate to the environment, property, adequate housing, land reform, health care, food, water and social security and education. The recognition of local government in the Constitution as a sphere of government has enhanced the status of local government, and has given municipalities a new dynamic role as instruments of delivery. The Constitution also places new responsibilities for social and economic development on municipalities. Section 152 (1) states that it is the object of local government, over and above the provision of services:

- *"To promote social and economic development;*
- *To encourage the involvement of communities and community organizations in the matters of local government".*

In addition, the functions of municipalities, as envisaged in the Systems Act, are significantly more wide-ranging than those stipulated in the Schedules of the Constitution. The White Paper, the Municipal Demarcation Act (1998), the Municipal Structures Act (1998) and the Municipal Systems Act (2000) are the building blocks in

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the final phase of local government in South Africa, which have created the way forward for post-transitional and post apartheid local government system in South Africa.

The challenges for the Greater Stellenbosch Municipality to increase performance is thus to develop and use new legislation, restructure its administration and service delivery arrangements as well as developing and provide new cultures and skills for officials, in order to facilitate a performance-driven municipality on a sustainable basis.

At an administrative level, the appropriate delegation of responsibility and accountability, and the alignment of the organizational structure to the programme structure, are essential. Accountability processes are much more effective if outputs and outcomes are clearly specified in advance. If managers are allowed to manage, and are given the appropriate responsibilities which allow them to do this, the emphasis moves from bureaucratic control to service delivery. It is believed that budgeting for results can be implemented successfully if there is sufficient institutional and managerial support and a well co-ordinated implementation strategy

4. Fourthly, **the structure of the organization** is imperative if Stellenbosch Municipality aims to become output-orientated. How, then, should a developmental Stellenbosch Municipality be structured to take on these developmental challenges?

The organizational design of an institution plays a critical role in financial planning and expenditure and revenue management. It is essentially concerned with dividing the work and responsibilities in a coherent manner, so as to obtain the best performance from individuals and the organisation as a whole.

Ideally, the organisational design should be streamlined, with managerial powers and control over decision-making distributed and delegated according to programme structure. In this way, specific individuals are made responsible for certain functions and activities and are held accountable for these. Within the performance budgeting system each manager, given the necessary responsibilities, can be held accountable for achieving

specific objectives in the form of outputs or outcomes, depending on the level of management.

The answer lies in how the municipality utilizes its resources in order to maximize its potential to become more effective and efficient. Firstly, the basic organizational and developmental questions need to be addressed - for example, the relationship between municipal head offices and outlying offices; the creation of co-operative mechanisms amongst municipal departments, and improving municipalities' public relations within their communities. In the Systems Act, it is envisaged that IDP's should be the framework according· to which municipalities are organized. There is a need for Stellenbosch Municipality to focus on the basic requirement of administrative competence when programmes and anticipated deliverables are identified in the IDP. This would be the strategic departure for performance measurement.

Secondly, in order for Stellenbosch Municipality to increase its performance, adherence to the following requirements of the Systems Act aim to ensure that the administration becomes development-orientated:

- To ensure that it's managers and other staff members align their roles and responsibilities with the priorities of the municipality's IDP;
- To establish clear relationships, and facilitate co-operation, between the political office-bearers, the administration, and the local community;
- To perform its functions through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units, and where necessary, on a decentralized basis;
- To assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms;
- To delegate responsibility to the most effective level within the administration, and
- To involve staff in management decisions as far as practicable.

Throughout the whole spectrum of these requirements, Stellenbosch Municipality is required to take serious steps to promote co-operation with local communities and to involve the community, on a sustainable platform, in decision-making as a measure to increase performance.

Section 4 of the Systems Act indicates that the Council of a Municipality has the duty to "encourage the involvement to the local community", and "consult the community about: (i) the level, quality, range and impact of municipal services provided by the municipality and (ii) the available options for service delivery". Section 5(1) stipulates that members of the local community have the right to "(i) contribute to the decision-making processes of the municipality; and (ii) submit written or oral recommendations, representations and complaints".

The entire Chapter 4 is devoted to community participation, notably with regard to the drafting of IDPs, the design of performance management systems, the monitoring and review of municipal performance, and the drafting of the municipal budget.

For Stellenbosch Municipality to maximize performance and become an IDP-guided organization, it should thus:

- Focus on developmental outputs such as infrastructural projects, poverty alleviation, community projects, or investment promotion, which, to a certain extent the Municipality does engage in;
- Secondly, in an output-oriented municipality, the administrative, financial and technical departments would be aimed primarily at supporting the developmental functions (whether located in the economic, social services or technical departments);
- Thirdly, it would be more developmentally driven should the municipality employ a high level of developmental staff, where such staff has appropriate qualifications and experience in development management, programme management or project management. In the context of an amalgamated

municipality, such as Stellenbosch, identified project managers should be spatially distributed, i.e. located within each town or rural settlement, so that they offer hands-on project guidance and support. This ensures community-driven projects with a sustainable developmental approach;

- Fourthly, the need for departments in the municipality to co-operate and co-ordinate their activities in the implementation of development projects are to be intensified. Key functions in the municipality that can play a more effective guiding role in developmental programmes should be investigated. Hereby referring to the utilization of functions to ensure that can be programmes and projects are IDP guided. Co-ordination and mutual adjustment of priorities should be continuously monitored and reviewed. This requires a high degree of leadership from the Municipal Manager, who needs to be sufficiently and constantly informed of project requirements and dynamics;

- Lastly, the Executive Mayor indicated that political convictions still bring about mishandling of resources, which need to be sorted out amicably.

A recent study of a Northern Cape municipality (Bekker and Van Zyl, 2000:17) makes several useful recommendations for a Municipality to become performance-based. A community education and development programme should be undertaken as a matter of urgency; training and development programmes for councillors and staff should be undertaken, to change the mind-set of the Municipality toward client service; where development projects have been undertaken, "after-care programmes" should be provided. This should include Monitoring and Evaluation of client opinions.

Furthermore, as the establishment of Ward Committees is currently being initiated in the Municipality, councillors should meet ward committees on a regular basis. Such meetings should be synchronized with Council meetings. Agendas and minutes of Council meetings should form the basis of discussions at meetings of ward committees. Training for Ward Committee members should be provided. Venues for Council meetings should be rotated between the various towns of the municipality, and this should include "road

shows" in each town (including meetings with ward committees, with interest groups, Council meetings, and community feedback meetings).

5. Lastly, for a Performance Management Framework to increase output, Key Performance Indicators (measures), as identified by the municipality, to become developmentally orientated in the IDP, should be the **tangible measurement yardsticks** projecting itself in the form of programmes and projects to be achieved. This should be approach with consideration of all the abovementioned to ensure that the Municipality becomes out put driven.

In implementation of the various programmes and projects, the identified Directorate that plays the primary facilitating role, needs to monitor inputs in conjunction with the anticipated outcome. All information that a particular programme or project makes use of, needs to be available for the budget process, because this is a reflection of what actual standard of performance is and will enable the prediction of future costs. Ultimately, departmental plans, budgets, operating plans, team and individual performance reviews are aligned, and these should be linked to common and measurable goals. Therefore, performance indicators at all levels are aimed to align all these goals. These performance indicators should be the directives towards what is ultimately expected from the municipality with regard to the developmental priorities as listed in the IDP of the Greater Stellenbosch Municipality. This enables the municipality to assess its annual deliverables when budget review is undertaken, and if necessary, to re-align resources.

The importance of performance indicators is aimed at guiding resource allocation and at the same time communicates the goals, objectives and effectiveness of a programme to the community.

These findings and recommendations thus provide a framework for a Performance Management System to operate within the Greater Stellenbosch Municipality, supplemented by the system that is already in place within the municipality as discussed earlier in this Chapter. Annexure 1 provides the framework for the proposed PMS.

6.5   CONCLUSION

The Greater Stellenbosch Municipality should deliberately and systematically set about creating a fully integrated system of managing for developmental results, in which department business plans, budgets, operating plans, and team or individual performance reviews are all linked by common, measurable goals, and performance indicators are used at all levels that align with those goals. Performance measures play an important role in aligning all these key processes to achieve the intended integrated system. The system is further integrated by performance auditing and auditing of performance measures, for both an accountability link, and to provide a view from outside departments on how they can improve their performance and the way they measure performance.

Essentially, a clear mission, and strategic goals, indicating what they need to achieve and identified methods whereby they will go about achieving the strategic goals, should be put in place. This must be supplemented by clear plans for how human, financial and physical resources are procured and utilized, as well as agreed-upon quality assurance standards, for all aspects of organizational functions.

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ANNEXURE 1: PROPOSED FRAMEWORK FOR A PMS FOR THE GREATER STELLENBOSCH MUNICIPALITY

DEVELOPMENTAL VISION

To be regulated within a framework of organizational ethos

DEVELOPMENTAL AIMS of the Municipality as outlined in Annexure A.

This should reflect the approach to empower the marginalized, and at the same time stimulate economic growth.

Alignment of the strategic goals in which the IDP operates.

Appropriate **GOVERNANCE MECHANISMS** to ensure a framework for the development aims, by structuring of the administration, budgeting and planning processes to give priority to the basic needs of the community.

Provision of new cultures and skills for officials.

Appropriate delegation of responsibility and accountability.

Sufficient institutional and managerial support and a well co-coordinated implementation strategy.

A proper **ORGANISATIONAL STRUCTURE** in order for the tasks to be divided in a coherent manner.

Managerial powers and control over decision-making delegated according to programme structure.

The basic requirement of administrative competence and adherence to the Systems Act for administrative reform.

The promotion of co-operative governance with citizens in decision-making through sustainable mechanisms.

Co0ordination and mutual adjustment of priorities by the relevant role-players.

Monitoring and evaluation processes in place.

Key Performance Indicators should be the **TANGIBLE MEASUREMENT YARDSTICKS.**

Each Directorate to monitor inputs in conjunction with the anticipated outcome of development priorities.

Guiding KPI's for resource allocation and to communicate to the community the goals, objectives and effectiveness of a programme.

ANNEXURE 2

Unstructured Interview Questionnaire 1

1.	What are the operations of a particular programme?
2.	What was the amount of resources used for a particular programme?
3.	What is the anticipated outcome of this programme, taking cognizance of the input that was invested?
4.	What other departmental plans, budgets, operating plans, team and individual input is incorporated in a particular programme?
5.	Is there a specific trend or benchmark that is identified against which measurement can take place?
6.	Who are the stakeholders and what are their responsibilities or respective roles?
7.	What leadership structures from high-level officials are in place to measure performance?
8.	What are the areas of focus for employee performance to a particular identified programme?
9.	What are the expectations from the Municipality to citizens on which a particular programme are directed at?
10.	What is the broader developmental outcome that the Municipality wishes to achieve through a particular programme?
11.	What are the channels of information for citizens about what the intended targets are?

Unstructured Interview Questionnaire 1 Continue

12.	What processes are in place to get the business community and the general public interested in improving the budget process?
13.	How accessible is the Municipality?
14.	What mechanisms are in place for the public to hold the Municipality accountable, Councilors to hold the Administration accountable, and Employer to hold the Employee accountable?

ANNEXURE 3

Unstructured Interview Questionnaire 2

1.	What are your key performance indicators that you use for measuring performance, including outcomes and impact with regard to the municipality's development priorities and objectives as set out in the IDP?
2.	What is the measurable performance targets with regard to the development priorities and objectives?
3.	How is performance being monitored against those development priorities?
4.	How is performance measured and reviewed?
5.	What steps are being taken to improve performance with regard to those development priorities where performance targets are not met?
6.	What process of reporting is in place to: The Council, other political structures, political office bearers, etc.? The public and appropriate organs of State?
7.	Is the organizational design structured in such a manner that it is easy to accomplish performance measurement?
8.	How do you ensure that outputs and outcomes are clearly specified in advance?
9.	What mechanisms do you have in place to ensure a well-coordinated implementation strategy?
10.	What leadership structures from high-level officials are in place to measure performance?
11.	What mechanisms are in place for the public to hold the Municipality accountable, Councilors to hold the Administration accountable, and Employer to hold Employee accountable?

ANNEXURE 4

Unstructured Interview Questionnaire 3

1.	With regard to the development objectives as set out in Chapter 7 of the Constitution for local government, what is this Council's vision and mission to achieve these objectives?
2.	How does political convictions influence the overall organizational performance and what are possible solutions for this?
3.	How does the Council evaluate progress against key performance indicators as set out in the IDP?
4.	What mechanisms does the Council have in place to review the performance of the Municipality?
5.	Is the organizational design set in such a manner that performance measurement is easy to accomplish?
6.	How does the Council encourage the fullest participation of citizens in Performance Management in: • Setting indicators and targets? • Review municipal performance?