

**ASSESSMENT OF DIFFERENT APPROACHES TO PUBLIC
SERVICE PROVISION BY THE CITY OF JOHANNESBURG
METROPOLITAN MUNICIPALITY**

By

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DECLARATION

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ABSTRACT

Since its establishment in the 19th century, the City of Johannesburg has metamorphosed from a gold mining dormitory, a segregated town to a modern metropolitan municipality that is one of the flagships of South African municipalities. The formerly apartheid city had the legacy of fragmentation along racial lines based on the disintegrated economic logic that systematically developed areas disproportionately with black urban and peri-urban areas at the mercy of the white urban areas¹.

The advent of democracy in 1994 necessitated the city's transformation into a democratic, non-racial, developmental and mega municipality encompassing the townships that were previously on its periphery. This required the national government, as the superior government to formulate a regulatory framework for local government to foster a developmental orientation, democracy, good governance and accountability to the constituent inhabitants, provincial and national government. Similar to all other municipalities country wide, it became paramount to improve the provision of public services to cover the backlogs that were created by the previous separate development policies of apartheid, but specific to Johannesburg, to maintain its position as the biggest city by population, gross domestic expenditure and economic growth.

In this study the researcher maintains the seven assumptions advanced by Caiden (1982:14-6) about public administration i.e. that it is unavoidable, expects obedience, has priority, has exceptional size, has political top management, poses difficulties in performance measurement and that more is expected from it. Although public management is not entirely unique in the above ways due to the phenomenon of new public management (NPM), it is easy in the South African context to identify public administration through the schedules in the Constitution (1996), the Public Finance Management Act, 2002 (PFMA)² and the formation structures of service providing municipal entities.

¹ Fedsure Life Assurance Ltd and Others v Greater Johannesburg Transitional Metropolitan Council and Others, 1998(12) BCLR 1458 (CC).

² Schedules 1 to 3.

Public policy analysis literature documents the paradigm shift in public management from traditional bureaucratic structure to decentralisation, NPM and policy networks amid the complexity theory in the public service endeavour to provide services. The local legislature i.e. the municipal council is granted the authority over the sphere of work of the municipality and therefore has the final say in the running of the municipality to meet the expectations of the electorate. In this study the researcher focuses on the analysis of the council's choices of the above public management structures or policies options in exercising its authority.

The council has to decide on functional activities i.e. municipal services from what the Constitution (1996) allows and decide on the executive institutions that are tasked to execute the functions within the budgetary allocations. Regarding research methodology, annual reports, departmental reports, AG performance reports, community complaints, council meeting minutes, provincial government reports, national treasury reports and primary data from questionnaires and expert interviews were consulted to answer the questions on the levels effectiveness and efficiency.

It was found that the provision of services has substantially improved as from the beginning of the 21st century and the reason for this improvement is the public service reforms that include NPM. The semi permanency of entities and utilities could inhibit the provision of services in future. It was also found that the weaknesses with the utilities and entities can well be covered by the implementation of policy networks and the municipality finds it difficult to cope under exogenous complexity challenges.

OPSOMMING

Sedert die stigting in die 19e eeu van die stad Johannesburg, het die stad verander van 'n goudmyn stad, 'n afgebakende stad, na 'n moderne metropolitaanse munisipaliteit wat een van die suksesvolste Suid-Afrikaanse munisipaliteite is. Die voormalige apartheid stad het die versplintering op grond van rasistiese beginsels nagelaat wat daartoe gelei het dat swart stedelike gebiede oneweredig ontwikkel het ten opsigte van wit stedelike gebiede.

Die totstandkoming van demokrasie in 1994 het die stad se verandering in 'n demokratiese, nie-rasistiese, ontwikkelende en mega-munisipaliteit bewerkstellig, wat voorstede wat voorheen randgebiede was, insluit. Dit het beteken dat die regering, 'n raamwerk van regulasies moes instel om 'n ontwikkeling van demokrasie, goeie regering en verantwoordelikheid aan die inwoners, provinsiale en nasionale regering te bewerkstellig. Dit het uiters belangrik geword om, soos met ander munisipaliteite in Suid Afrika, die voorsiening van openbare dienste te verbeter om die agterstallige dienste, wat deur die vorige aparte ontwikkelings beginsels van apartheid veroorsaak is om Johannesburg te laat ontwikkel en die stad se posisie as die stad met die grootste bevolking, uitgawes en ekonomiese groei, te behou.

In hierdie studie argumenteer die navorser dat die sewe aannames voorgestel deur Caiden (1982: 14-6) oor openbare administrasie, naamlik dat dit onvermybaar is, gehoorsaamheid verwag, het prioriteit, het grootte, het politiese topbestuur, lei tot probleme met die meting van prestasie en dat meer daarvan verwag word. Al is openbare bestuur nie in die bogenoemde opsigte uniek, as gevolg van die fenomeen van 'new public management (NPM)' nie, is dit maklik in die Suid Afrikaanse verband om openbare administrasie deur die skedules van die Grondwet (1996) te identifiseer, asook deur die PFMA (1999) en die strukture van diens van munisipale entiteite.

Analise van skrywe oor openbare beleid, gestaaf deur dokumentasie, wys die paradigma verskuiwing van tradisionele burokratiese struktuur tot

desentralisasie, NPM en beleidsnetwerke in die teorie van ingewikkeldheid in die poging om dienste te verskaf. Die plaaslike wetgewer, naamlik die munisipale raad, word mag verskaf oor die werk van die munisipaliteit en het dus die finale besluit in die beheer van die munisipaliteit om die verwagtinge van die kieserskorps na te kom. In hierdie studie lê die navorser klem op die analise van die raad se keuse van openbare bestuurstrukture of keuses van beleid om die raad se mag te bewerkstellig.

Die raad moet op funksies, naamlik munisipale dienste, soos deur die Grondwet (1996) toegelaat, besluit, en moet besluit oor die uitvoerende instellings wat die funksies binne die begroting uitvoer. Die metodiek van navorsing het jaarverslae, departementele verslae, Ouditeur–generaal verslae, klagtes van gemeenskappe, notules van raadsvergaderings, provinsiale regeringsverslae, nasionale tesourie verslae, en data van vraelyste en onderhoude deur kenners behels, oor die doeltreffendheid en effektiwiteit van diensverskaffing.

Dit is gevind dat diensverskaffing merkwaardig verbeter het sedert die begin van die 21e eeu, en dat die verbetering veroorsaak is deur die openbare diens hervorminge wat NPM behels. Die permanensie van entiteite en utiliteite kan verskaffing van dienste in die toekoms benadeel. Dit is ook gevind dat die swakhede onder die utiliteite en entiteite wel deur die implementering van beleidsnetwerke voorkom kan word en dat die munisipaliteit sal sukkel om die uitdagings van ingewikkelde, eksogeniese veranderinge baas te raak.

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LIST OF ABBREVIATIONS

ANC:	African National Congress
ASGISA:	Accelerated Shared Growth Initiative of South Africa
AU:	African Union
AG:	Auditor General
APRM:	African Peer Review Mechanism
BBBEE:	Broad Based Black Economic Empowerment
CDE:	Centre for Development and Enterprise
CJMC:	City of Johannesburg Metropolitan Council
CJMM:	City of Johannesburg Metropolitan Municipality
CWMC:	Central Witwatersrand Metropolitan Chamber
DoR:	Division of Revenue Act
DPLG:	Department of Provincial and Local Government
EC:	European Commission
EM:	Executive Mayor
EU:	European Union
FDI:	Foreign Direct Investment
GAMAP:	Generally Accepted Municipal Accounting Practices
GASB:	Government Accounting Standards Board
GDP:	Gross Domestic Product
GDS:	Growth and Development Strategy
GPG:	Gauteng Provincial Government
GEAR:	Growth Employment and Redistribution
HDI:	Human Development Index
ICT:	Information and Communication Technology

IDP:	Integrated Development Plan
IMF:	International Monetary Fund
JDA:	Johannesburg Development Agency
LED:	Local Economic Development
MCDA:	Multi-Criteria Decision Analysis
MDG:	Millennium Development Goals
MFMA:	Municipal Finance Management Act (2003)
MIDP:	Municipal Integrated Development Plans
NGO:	Non-Governmental Organisation
NPM:	New Public Management
NEPAD:	New Partnership for African Development
NSDP:	National Spatial Development Perspective
OECD:	Organisation for Economic Cooperation and Development
OPM:	Old Public Management
PFMA:	Public Finance Management Act (1999)
PIMS:	Planning and Implementation Management Support Centres
PPPFA:	Preferential Procurement Policy Framework Act (2000)
RDP:	Reconstruction and Development Programme
RSA:	Republic of South Africa
SADC:	Southern African Development Community
SALGA:	South African Local Government Association
SANCO:	South African National Civic Organisation
SAC:	South African Constitution
UAE:	Utilities, Agencies and Corporate Entities
UN:	United Nations

UNDP: United Nations Development Program

WTO: World Trade Organisation

CHAPTER 1

Introduction and Research Problem

1. Introduction

The existence of any city worldwide like Johannesburg is a manifestation, principally of public economics principles and in the South African context in particular, of the legal provisions of the Constitution (1996). Starting from the public economics point of view as stated by Brown and Jackson (1998:255), the benefits that inhabitants derive from the consumption of public goods is limited to their locality and secondly, decision making on the provision of public goods is slow and costly if carried out solely by a central authority rather than different decentralised units of authority.

There is however no fiscal rationality regarding the determination of boundaries of the different decentralised authorities, giving discretion to the Municipal Demarcation Board that demarcates municipal boundaries based on historical and economies of scale reasons (Friedman 2005:767). Accordingly, the public goods of a stabilisation and distributive nature must be left as responsibilities of national or central government while local authorities and provincial governments take upon the discharging of functions that are of an locative nature.

Municipalities are assumed to be more efficient in allocating local resources than national government by providing a mix of different public goods and services that best reflect the individual tastes in a locality (Tiebout 1956:417, Musgrave 1969:2).

Consolidating the economic principle above is the legal founding of a local government sphere by the Constitution (1996) in section 40 (1) which states that “In the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.”

Constitutionally, municipalities are a permanent feature of government whose existence cannot be tempered with without any constitutional amendments to that effect. Local government is established out of this, implying that any municipality as a sphere of government enjoys considerable autonomy from national government

but has to be accountable to local citizens for the public goods and services that are delivered. Local governments cannot fully deliver the benefits of decentralisation without being fiscally empowered to do so. The Constitution (1996) forms the first pillar of fiscal decentralisation that bestows the important mandate to deliver together with discretionary authority to deliver to local communities. Not only are the roles and responsibilities assigned, but concurrently, the financing of all these expenditures is clarified.

The extent to which municipalities are firstly empowered, then the authority and control they command over the use of the devolved resources measured in terms of control over (i) the provision of the local basket of services as assigned; (ii) the level of local taxes and revenues; and (iii) the intergovernmental grants that are made available to make the delivery possible are constitutional imperatives.

The fiscal decentralisation above is accompanied by political and administrative decentralisation in pursuit of service delivery. Local power is important for various purposes, the most important being to have democratically elected representatives and local councils that hold the municipalities accountable on behalf of the public.

Secondly, local political power must have administrative control over services that are provided to empower communities. Local power, in the form of the municipal council (legislature), creates an enabling environment consisting of local by-laws that are complimented by national support for capacity development for the strengthening of inclusive systems for local public expenditure management and coherent accountability mechanisms. Meaningful dialogue between the local sphere and provincial and national spheres is fostered appropriately by the Constitution (1996), other legislation and institutional arrangements for local government without perverse incentives.

1.2 Background

Internationally local authorities generally endeavour to manage viable and environmentally sustainable urban and rural systems. The White Paper on Local Government (1998:4.1) sites additional challenges for South African municipalities of which CJMM is not exempt. In developing its service delivery strategies, the city is bound to consider the following legacies created by apartheid:

- settlement patterns are skewed in favour of a particular population group in line with the apartheid policy of separate development resulting in functional inefficiencies and excessive costs.
- taxable economic resources (tax base) are concentrated in formerly white areas which require substantial redistribution within the entire municipal jurisdiction.
- infrastructure backlogs of both maintenance and expansion nature are widespread in historically underdeveloped areas that require the municipality to fund expenditure substantially in excess of the revenue raising capacity.
- the creation of viable municipal institutions for a plethora of informal settlements which have large populations with no access to municipal services and no economic base.
- great spatial separations and disparities between low density suburbs and townships and recent trends in urban sprawl that increase the costs of providing services. Although the city need not develop spatial integration with rural systems, it has to manage the continuing consequences of rapid urbanisation.
- the need to build relations between the municipality and the communities since socio-economic problems such as unemployment, poverty and the culture of non payment of services need sensitivity in response to universal accessibility of services (White Paper on Local Government 1998:4.1).

Harris (1999:10) was pessimistic about the ease with which some of the basic fundamentals were going to be achieved and conceded that the envisaged transformation was an enormous task given the huge weight of expectations. The executive mayor of CJMM, Councillor Amos Masondo recently summed up the

vision of the city in the following quote *“In Johannesburg we have set ourselves a vision of a city economy that plays a role as the key economic hub on the continent, and as a national economic-growth leader that will initiate and drive sustainable shared growth that benefits all.”* (The Star, March 9, 2007).

The Constitution (1996) empowers the city to structure itself appropriately to meet these demands. At the time of writing the White Paper on Local Government (1998), it was factually beyond reasonable doubt that the CJMM in its previous form was inadequately equipped to fulfil its developmental mandate including the above mentioned challenges as it was still structured to meet the demands of the apartheid era.

A fundamental transformation of the city’s government system ensued aided by local government restructuring; financial management; transitional boundaries; systems improvement and support grants from national government. Having amalgamated with the surrounding municipalities, significant changes to administrative systems took place. There was a submission to these challenges and unequivocal support by National government:

“Local government policy reforms require a fundamental shift in the structures, systems and approaches of municipalities to the performance of their functions. The restructuring and support grants are provided to assist and encourage municipalities to restructure their organisations, functions and fiscal positions, and to improve the equity and efficiency of services delivery.” (RSA Budget Review 2001:159).

Table 1: Capacity Building and Restructuring Grants

GRANT	2000/01	2001/02	2002/03	2003/04
Transitional	100	250	200	-
Restructuring	300	350	450	465
Support	150	160	220	230
Financial Management	50	60	120	125
Systems Improvement	-	30	30	30
Source: RSA Budget Review 2001:157				

This study focuses on the various service delivery systems and approaches to the transformation of municipal service delivery systems that the city adopted. Without

any option on transformation as with all other municipalities, the city had a discretion from a whole range of public service options available based on local circumstances augmented by national interventions such as frameworks on municipal borrowing; public-private partnerships; integrated development planning; municipal entities and preferential procurement.

1.3 Research Problem

The decentralisation of government cannot be changed or influenced by any sphere of government (national, provincial or municipalities) since it is imposed by the Constitution (1996). Municipalities are faced with numerous challenges of service delivery and have to come up with innovative structures that are not contrary to the Constitution (1996) to be able to provide services efficiently and cost effectively.

South Africa is an emerging economy in transition and relies to a considerable extent on assistance from donor countries from the developed world, the World Bank and borrowing from the IMF. This assistance is often encumbered by conditions to emulate developments advocated in the developed world particularly the phenomenon of NPM (World Bank 1996:110; 2002:3, Galal and Shirley 1994, UNDP 1995:37 and Sarker 2005:257). However, the economic conditions and stages of development in South Africa are different from the so-called developed countries.

The South African economy is unique to all developing countries in that it has a developed economy alongside an under-developed economy manifesting in high technology business and wealthy urban elites living side by side with extreme poverty and economic backwardness (Butler 2004:47). This is what the President calls the first and second economies (Mbeki 2003 and JCMM Growth and Development Strategy 2006:5). If the country is to benefit from this concept it has to be adapted to the local conditions rather than the “*one size fits all*” which resulted in some disappointing failures in Central and Eastern Europe and South Asia according to empirical evidence (Manning 2001:301), and the World Bank’s costly efforts to reform agricultural extension (Turner and Hulme 1997:11).

The local government reforms that have been concluded in 2006 (re-demarcation of boundaries, promulgation of new legislation, regular democratic local elections and

financial assistance) had limited effect on improving the effectiveness of municipalities (Schmidt 2007:18). Butler (2004:103) is of the opinion that municipalities are preoccupied by achieving financial viability and thus disproportionately concentrate on intensifying cost recovery through the collection of user charges, enforcement of new legislation and budget control at the expense of effective and efficient service delivery. Beall *et al.* (2002:86) propose research in administrative devolution to assess its extent and the scale of funding for the mandate of local government bearing in mind the fact that the success of the goals of the RDP policy advanced by the ANC hinged upon the developmental performance of local government.

The White Paper on Local Government (1998) advanced the principles of participation, efficiency and partnerships as the chief drivers for the transformation of local government in South Africa. Pieterse (2002:7) aligns participation with the developmental approach, efficiency with the perspectives of NPM and partnerships with policy networks that involve civil society participation.

What are the most widely accepted structural approaches to public services delivery? What factors or conditions motivate the adoption of particular approaches in the context of Johannesburg? Is there empirical evidence of the success or failures of particular public management approaches? What public management strategies can best put the City of Johannesburg on an accelerated and sustainable service delivery trajectory?

1.4 Research Objectives

The purpose of this study is to assess the most appropriate structural/institutional mix of public services delivery approaches that can promote efficiency and effectiveness in a municipality in transition like Johannesburg. Quade (1989:4) describes policy analysis as a form of analysis that has the objective of generating and presenting information that improves the manner in which policy makers make decisions. Contextualising this assertion to public management narrows the focus to government decisions on public goods and services spending. Research on public management can be objectively achieved by multiple methods of inquiry to enable

governments to be responsive to recurrent problems and crises that they face and cannot avoid.

The study on the CJMM is not limited to the development and testing of general descriptive theories, typically how the ruling party, mayoral committee and senior management operate or the economic and social circumstances that determine public expenditures. According to Dunn (1994:62) policy analysis is supposed to transcend traditional disciplinary concerns by explaining the empirical public management irregularities and appropriateness aiming at combining and transforming the substance and methods of a variety of disciplines (finance, governance, leadership, management and accountability). This should produce policy relevant information that is utilised to resolve problems in specific political settings.

1.5 Motivation for the study

NPM is not a panacea to public management. Networks and complex structures fit quite well where NPM has short comings. Public managers need to know which aspects of public policy works under what circumstances and when to change when circumstances change.

The majority of the electorate in South Africa is still immature to be able to change a government due to inefficient or poor service delivery as voting is mainly still emotional for sentimental reasons. Booysen (2007:21) observed after the March 2006 local government elections that the loyalty to the governing ANC remained intact despite critical and confrontational stances that resulted in approximately 900 service delivery protests between February 2004 and February 2005. South Africa's experience is unusually complicated in that the rhetorical argument that 'if discontented, voters can turn to an opposition party' does not hold. Therefore, efficient service provision can meanwhile be achieved through the efficiency of the public service and not through threats to re-election to power.

The Constitution (1996) is enabling in the establishment of public entities but very rigid in the restructuring between centralisation and decentralisation and therefore public managers need to be cautious not to put too much emphasis on public entities

and privatisation to counter this weakness in flexibility. There is a plethora of public entities in South Africa and an analysis need to be carried out to determine the degree of duplication with government departments. NPM might be costing more than the government intended it to save by its adoption. Contemporary literature on NPM documents lessons learnt in America, Europe, the Far-East, New Zealand and Australia, but nothing on South Africa. This indicates that little research has been done to assess the South African state of affairs on a comparative basis.

The country is in the third phase of implementing macroeconomic policy having started with RDP, followed by GEAR and now ASGISA which leaves audiences at pain to understand whether these policies achieved the government objectives or if the change in policy initiatives is actually an intensification or a correction of failed policies and what contribution this state of affairs can be attributed to any government structure.

The transformation of local government in South Africa and how its impact is viewed by people of varying levels of intellect provide grounds for investigation into the capacity of municipalities to meet key challenges presented by the Constitution (1996) and the expectations of a democratic populace. Research in the City of Johannesburg is vital to achieve a number of developmental outcomes among which are:

- to be aware of the expectations and views of the community and other service beneficiaries about the services and activities of the municipality;
- in line with the Municipal Systems Act (2000) to foster authentic public participation;
- to diversify the methods of public management as a precursor for innovation and policy change, service delivery, management and organisation;
- to understand the diverse problems of a very diverse community as a basis for formulating effective local policies, products and services;
- to constantly understand the changing and sometimes complex social, political and economic conditions in which the city operates as a basis for effective strategy and vision for the development of local areas; and

- to facilitate the formulation of assessment and evaluation tools for the impact of strategies, policies, programmes and service provision on the welfare of communities.

The developmental obligations derived from the Constitution (1996) and reiterated in the White Paper on Local Government (1998) and the extent of their achievement and the processes thereof with reference to CJMM necessitate this study.

1.6 Preliminary Literature Review

There was a conscious decision to peruse contemporary literature on public management that resulted in the reforms to public management worldwide together with historical and legislative documentation that is the basis for local government in South Africa. Literature on public economics, traditional hierarchical bureaucracy, public management reforms, NPM, public service networks, complexity approach to policy management, monitoring and evaluation forms the basis of reference to the study. Specific literature on the history, opinions (local and international) and current affairs of the city of Johannesburg complements the other literature as dictated by the scope of the study.

1.7 Public Management

Public management or public administration is a subject of policy studies or sciences that has been of interest to societies since prehistoric times as simple community based policy science limited in scope. Presently, in the twenty first century, it now involves quiet sophisticated and dynamic nation-states and also requires empirical and normative truths (De Leon and Overman 1998:467). In the bygone era, it was characterised by being personal, idiosyncratic between personal advisors and the rulers with seldom recording and following of predetermined structures or procedures. The public was not allowed access to information that affected its societal public needs, thus there was neither reviews nor improvements on policies that were implemented almost on ad hoc and often haphazard manner. It was not important to the rulers to apply political science knowledge in effectively interacting with society, probably because of low levels of sophistication and illiteracy. Public management is a concept whereby

governments organise groups of its citizens with the necessary skills to formulate, implement and monitor programmes for delivering services. Similar to all organisations with objectives, the public service (government employees) must be motivated, trained, monitored and their results monitored to ensure that these objectives are met.

Public management always operate in a political environment (Lane 2005:5), or is a byproduct of political processes whatever their nature: liberal democratic, authoritarian, communist or socialist. Public management is analogous to the principle and agent arrangement where the citizens are likened to the principals in need of public services, the responsibilities of which are tasked on the government (the subject of public management) following a political process. Although the politics and the subsequent administration are different aspects, the products of administration should be politically relevant to ensure stability and the survival of the political regime driving the principals' (citizens') mandate.

The defining characteristics of contemporary public management are characteristics like defined roles, hierarchically organised authority and control, the rational co-ordination of roles and programmes intended to maximise benefits of specialisation, all of which is inherently bureaucratic (Jreisat 1997:2). As will be seen later this was naïvely presumed to be the most efficient and effective instruments to deliver public services.

Two organisational models of public management have so far been employed worldwide for the public services to conduct their agent responsibilities depending on different strategies. The oldest public service model of public management has been hierarchical with authority for the allocation of resources and co-ordination of allocation residing centrally in a bureaucratic structure (Niemi-lilahti 2003:59). Traditionally, governments have performed their distributive and allocative roles by providing public services single-handedly with emphasis on accountability to its citizens. Efficiency in the provision of services was largely ignored until about two decades ago when a new paradigm of public management started to put emphasis on efficiency, accountability and public participation³ and empowerment. The

³ See section 1.9.2 for detail discussion.

implementation of the traditional model has widely been abandoned (as a solitary model) in the developed countries and replaced by the new public management system. Although the old public management system has some obvious weaknesses, it has not been completely abandoned for new paradigms. NPM is the new model of policy implementation based on networks that works in conjunction with private markets which has been advocated but has not yet completely replaced the hierarchies because it has weaknesses of its own and cannot be applied in isolation.

1.8 Research Design and Methodology

Due to the nature of the research topic, the researcher proposes a multi-paradigm approach. To put the various aspects of public management into perspective, the study starts with a historical or descriptive approach (Breisach 1994; Burke 1991). The research's qualitative inquiry will be twofold by questionnaires to a sample of municipal service clients, department heads, entities and utilities senior management and through direct participation to have first hand observation bearing in mind the importance to establish a rapport and trust with the research subjects first (Guba 1987; Tessmer 1994).

The researcher conducted in-depth empirical investigation on municipal structures and effectiveness in the USA, Canada, the NPM benchmark countries (UK, New Zealand and Australia) and Bangladesh through the study of academic literature, European Commission, OECD and World Bank reports. Country reports by both the EC and World Bank are available electronically from the internet free of charge. To come up with service delivery solutions and recommendations, critical analysis and problem solving is appropriate to complete the research design. The researcher followed a deductive approach in this regard. Public management consists of different theories or models with particular characteristics upon which certain municipal outcomes can be inferred.

Public policy theory is not a new phenomenon as the transformation of policy studies has occurred over the past five decades and has not been a smooth progression but was punctuated with intermittent criticisms and neglect (De Leon and Overman 1998:467). Influences in America and some major political events there played a

significant role in shaping this development together with attendant scrutiny of academia. It is the initial object of this study to attempt to reconstruct the chain of events in the history of public policy management development and identify the critical events that lead to each stage of change. A historical or narrative analysis is therefore most appropriate at this initial stage of the study and the use of contemporary public policy literature from the university library, public library and the internet will be pursued. Although there are inherent limitations due to data limitations, this did not adversely affect the comprehension of the study since the final product was intended to be reached based on three types of research methodologies.

CJMM is a local sphere of government which together with other spheres of government (provincial and national) are obliged to provide public services. Based on this common obligation, it is necessary to make a comparative analysis of the municipalities with like entities from a theoretical point of view across different structural public management dimensions. The degree of comparability due to geographical sizes, economic circumstances and diversity might be limited, however the focus on efficiency will mitigate this limitation as efficiency is a common objective in all spheres of government.

Lastly, the main purpose of the study which precedes both the historical and comparative enquiries is the evaluation of the municipality's choices of public management structures that are implemented to overcome the structural limitations imposed by the Constitution (1996). A number of methods to collect data are going to be used. In implementation evaluation studies such as this one, it is essential to use all modes of observation. Questionnaires, tests and scales will be structured to get data from different stakeholders. Mouton (2005:104) states that secondary analysis is essential for current research and as source of other prospective researchers.

Interviews with both individuals and groups complemented by participatory observations were conducted. Perceptions about the appropriateness of structures, performance and monitoring will be solicited from councillors of all political parties including independents. Councillors represent constituencies of civil societies and have an array of information from satisfied and dissatisfied residents. The

researcher selected a representative sample consisting of an official spokesperson of each political party since an enormous number of councillors in total will make a purposive sample prohibitive. Public documents produced by the municipality, auditor-general, local government association, civil organisations, NGO's, development agencies and donor organisations will be analysed quantitatively and statistically. This was necessary in order to gain an independent perspective from outside the council.

Empirical investigation was done on NPM benchmark countries and applied in solving the problems that might surface in South Africa. European countries i.e. Britain, Ireland, the Netherlands, Germany, Italy together with the USA, Canada, New Zealand and Australia have embarked on various public service reforms with mixed results (Manning 2001:301). To suggest service delivery solutions and recommendations, critical analysis and problem solving were appropriate to complete the research design.

1.9 Defining and Linking Key Analytical Concepts

"Reform is a journey, rather than a destination." (OECD 1995:2).

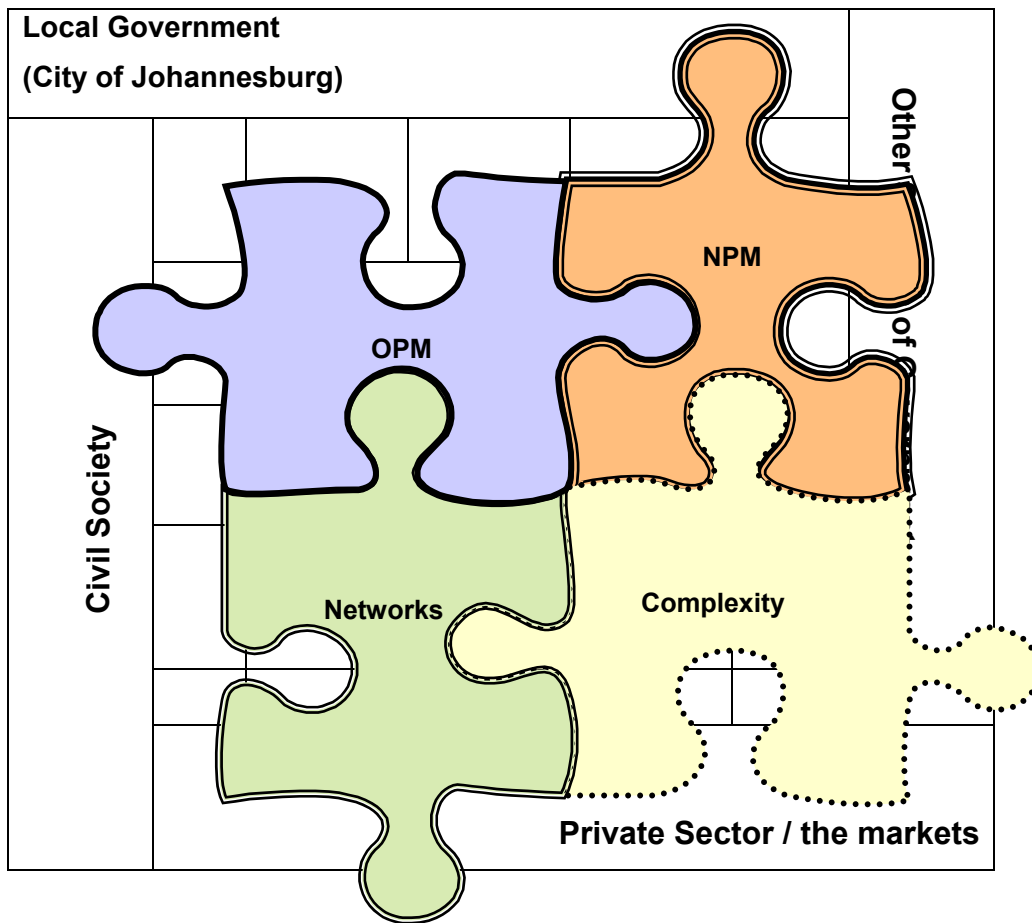
Minogue (1998:17) asserts that the subject of analysis of public sector reforms is an area of competing concepts. The aspects that are contested are what *governments* should do, what public *management* should do and how public *managers* should behave. Advocates for each ideology are prescriptive in their preferences or models of improving public management and only objective assessment, evaluation and monitoring can determine whose model surpasses the other. The bone of contention was the paradigm shift from the older welfare assumptions about the state based on 'old public management' to an entrepreneurial model of government based on 'new public management'. There is also another dimension of compromise between the two models or supplementing the two models with the incorporation of informal networks and adaptation when circumstances are complex.

In this contest, Osborne and Gaebler (1992:34) emerged with the following ten principles to promote a transformed model of public management:

- limit responsibilities to the formulation of policy, provision of guidance and monitoring only while delegating the running of operations to entities.
- go beyond the mere delivery of service by empowering, consulting and educating communities.
- to have a mission or vision towards the communities that the management strategies focuses on rather than hiding behind legislation and regulations.
- the application of funding to particular goals rather than resources that must be mobilised to create services.
- to differentiate between community's needs of public services from the self interests of the bureaucratic elite driven by professional interests and strive to meet the former rather than the later.
- to do away with the dependency syndrome by strengthening revenue generating capacity rather than spending depending on intergovernmental grants.
- be proactive in detecting and preventing problems before they occur.
- to decentralise both administrative and fiscal authority.
- make use of the market to solve problems of delivery when it is not strategically incompatible rather than public programmes.

Reforming public management to improve service provision is not a homogeneous formula but situational based on socio-economic conditions. It becomes largely multi-dimensional around the three pillars of 'old public management'; 'new public management' and 'policy networks' structured appropriately to quickly respond to the needs of communities served as illustrated below.

Figure 1: Public Management Structure

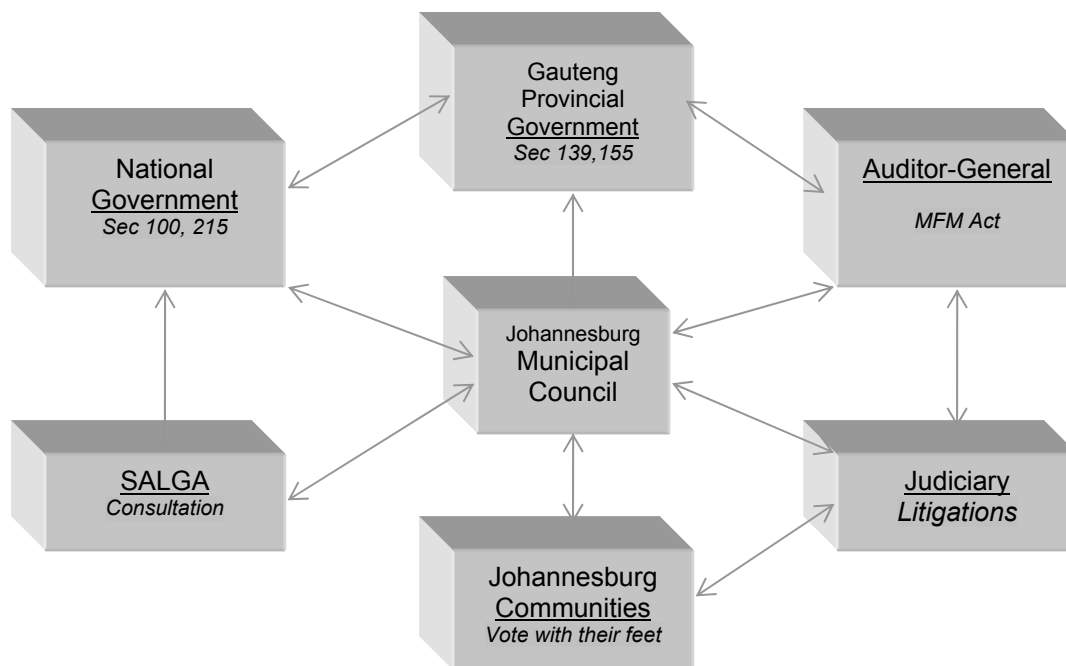


1.9.1 Municipal Governance

Governance is important to the achievement of policy or organisational objectives. According to Heinrich and Lynn (2004:7), it is not clear whether this refers to organisational structures, administrative processes, managerial judgement, systems of incentives, and philosophies of administration or a combination thereof. Kaufmann *et al.* (2005:7) regard urban governance as the processes that guide and consider the various links between stakeholders, municipalities and local residents. Mehta (1998:15) uses a set of attributes to look at urban governance that include accountability, responsiveness, and participation and management innovation. In the context of this study, the term 'governance' means the relationship between the city of Johannesburg on one side and national government, Gauteng province, organised local government (SALGA), the auditor general (AG), the courts of law

and communities jointly on the other who act to constrain, prescribe and enable local government activities on the city in its endeavour to produce and deliver public goods and services. The Constitution (1996) envisages the relationship depicted in figure 2 below for the directing, control and coordination of municipal activities on behalf of community interests.

Figure 2: Governance Structure



Source: Own construct

Governance in the context of the CJMM is a complex network of distinct but interrelated stakeholders; statutes; policy mandates; organisational, functional and programmatic structures; resource levels; administrative rules and guidelines and institutionalised rules and norms, that jointly constrains and enable the tasks, priorities and values that are incorporated into regulatory, service production and delivery processes with an interest of supervising and monitoring the council's performance by holding it accountable. The Constitution (1996) together with other legislation empowers the six stakeholders in figure 2 to interfere with the city's strategic decisions that influence municipal operations with the ultimate goal of enforcing accountability for the actions of the city. Municipal (local) governance as opposed to local government is the constitutional provisions, legislation and

institutions (in figure 2 above) whose collective authority is exercised for the common purpose of meeting the developmental goals of municipalities.

The values and interests of communities, legislative enactments and oversight, executive and organisational structures and roles and judicial review are interconnected dynamically, interactively and socio-politically as a schematic or heuristic framework. Two important outcomes result from this process i.e. the performance of public programmes (council objectives and obligations) and the mediation of the consequences of particular strategies (e.g. national government priorities) for change or reform of government activities. The undesirable but unavoidable outcome is the creation of symbolic activity, distributing resources to favoured interests (votes) or even preventing efficient administration of controversial policies (e.g. the lax implementation of credit control measures).

1.9.2 Public Participation

Post 1994, South Africa adopted a liberal, multi-party democratic political system in which citizens choose between rival political parties whose programmes closely match their policy requirements. According to Booysen (2007:21), after an election process, the electorate is supposed to passively trust the chosen government to determine and implement the appropriate policies. The Constitution (1996) and the Municipal Systems Act (2000) significantly departs from this rhetoric by requiring public participation that is developmental. The idea behind this is to enable the citizens to change their current situations to better ones through their own actions.

With all government initiated programmes, the community must concur with the beneficial outcomes and be allowed to constructively influence the direction and execution thereof aimed at improving their livelihood measured in terms of income, personal growth and other values (Davids *et al.* 2005:113). The same applies with community initiated programmes in requiring honest consideration rather than arbitrary dismissal from council officials.

The South African solution to authentic public participation is supposed to be through IDP which has clear potential of enhancing public participation in policy making, fulfilling the constitutional obligation of developmental local government that is enforced by the Municipal Systems Act (2000) to empower local communities and thereby improving their lives and mostly upholding democratic principles.

Although public participation is not specified in the Bill of Rights, section 152 (1) (e) of the Constitution (1996) it is tantamount to an entitlement of local communities to participate in the governance of their municipalities which is a right associated with democratic values. Participation is an important issue for public administration today because of its intrinsic importance to democratic values (Morse 2006:9).

Mohamed (2006:44) sights a number of factors that inhibit the active participation of informal settlement inhabitants in policy formulation at municipal level that include the attitude of local governments towards informal settlements; the prevailing urban management approach; the approach to public participation and the lack of strong organisations that represent the informal settlement communities.

Frieman *et al.* (2003:18) echoes similar sentiments based on critics who perceive the IDP process to be very top-down and allowing local communities mere comments on development proposals rather than content contribution. Whitford *et al.* (2006:37) sight Crain and Rosenthal's (1967:972) dissenting view that public participation in decision making may result in more opposition, prolonged negotiations and a greater risk of failure while moderate and irregular participation may destabilise government. Jackson (2001:18) also noted the benefits of participation but insists that participatory mechanisms costs are prohibitive, results in delays in decision making and lost opportunities.

Theron *et al.* (2007:1) submit that implementing participation in South Africa is hampered by features of the socio-economic-political scenario i.e. poverty, the expanse of municipal boundaries, poor public transport (unlike CJMM with taxis, train, public utility buses and a good road network) language barriers, illiteracy and the lack of a proper definition of participation.

The majority view is that public participation increases the likelihood of successful policy implementation (Langton 1978:48) and contributes to the legitimacy of government action (Gellhorn 1972:361; Jaffe 1968:1105). The IDP is intended to be a proactive participation mechanism that involves the public in the practice of government.

1.9.2.1 Benefits of Public Participation

There are several benefits that can be derived from public participation i.e.:

- It enhances allocative efficiency;
- It increases the chances of effectiveness by applying local knowledge in implementing public programmes and projects;
- It improves equity since the ability and willingness to pay for services are better assessed at the local level; and
- It enhances accountability because if it is authentic empowering participation, local people can strongly demand transparency.

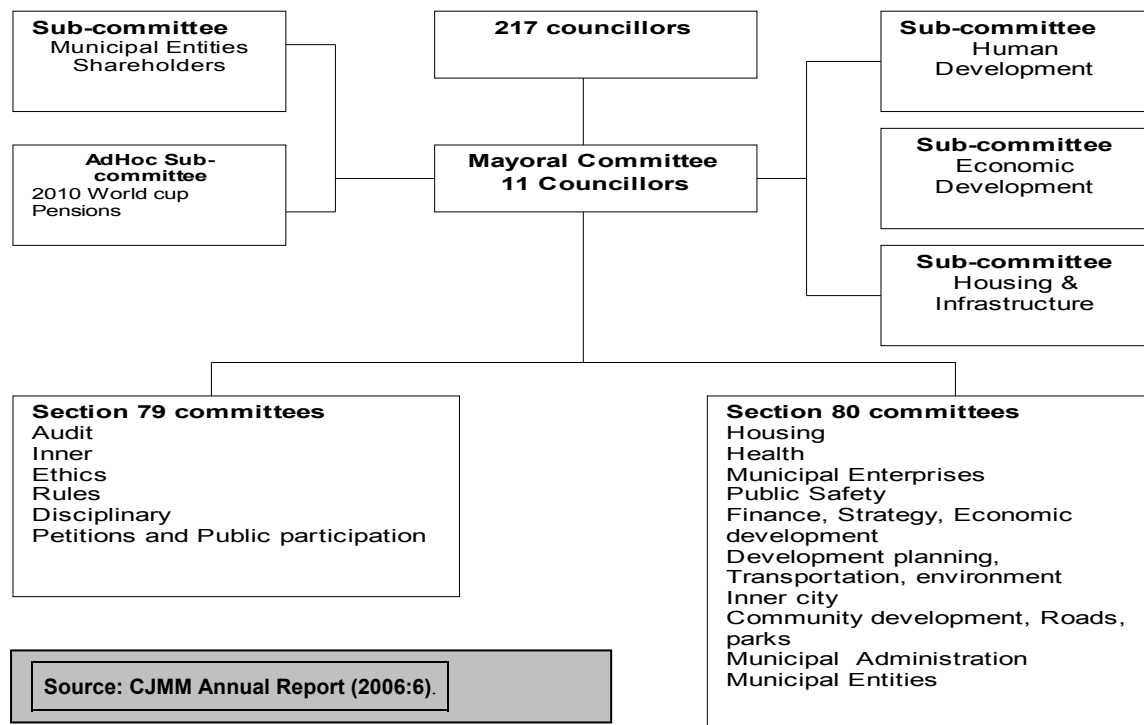
Lastly, participation acts like a control mechanism by promoting accountability externally as opposed to the traditional, vertical bureaucratic accountability that is limited to the internal process (Jackson 2001:18). The Constitution (1996)⁴, Municipal Systems Act (2000) and the IDP process act as the enabling mechanisms that promote participation.

1.9.3 Political Structure

According to the Annual Report for 2004/05, the CJMM was established by notice 6766 of 2000, in terms of section 12(1) of the Municipal Structures Act (1998) as a category 'A' municipality with a single tier.

⁴ Section 152 (1) (e).

Figure 3: Political Leadership Structure



As illustrated by figure 3 above, the Executive Mayor, Mayoral Committee, and the Council form the political leadership that exercise both executive and legislative powers that govern the city^{5/6}. This is in line with the earlier assumption and public management rhetoric that *'top management is political'*. Appointment to the council is based on public popularity, promises and expediencies revealed in a general election, where business acumen, social enlightenment nor scientific precision are not prerequisites (Caiden 1982:10).

Since the council consists of 217 councillors from different political parties and organisations, it creates coalitions to support and enact specific by-laws and pass resolutions. With independent councillors playing a very negligible role in council politics, re-election is largely not the motive, but on given issues, councillor's viewpoints have no bearing on their re-election prospects since most of them have safe seats due to their political parties and financial muscle to fund campaigns.

Coalitions in council deliberations therefore reflect differing viewpoints based on present and future interests in issues. Heinrich and Lynn (2004:6) introduced the

⁵ Annexure IV.

⁶ Annexure I.

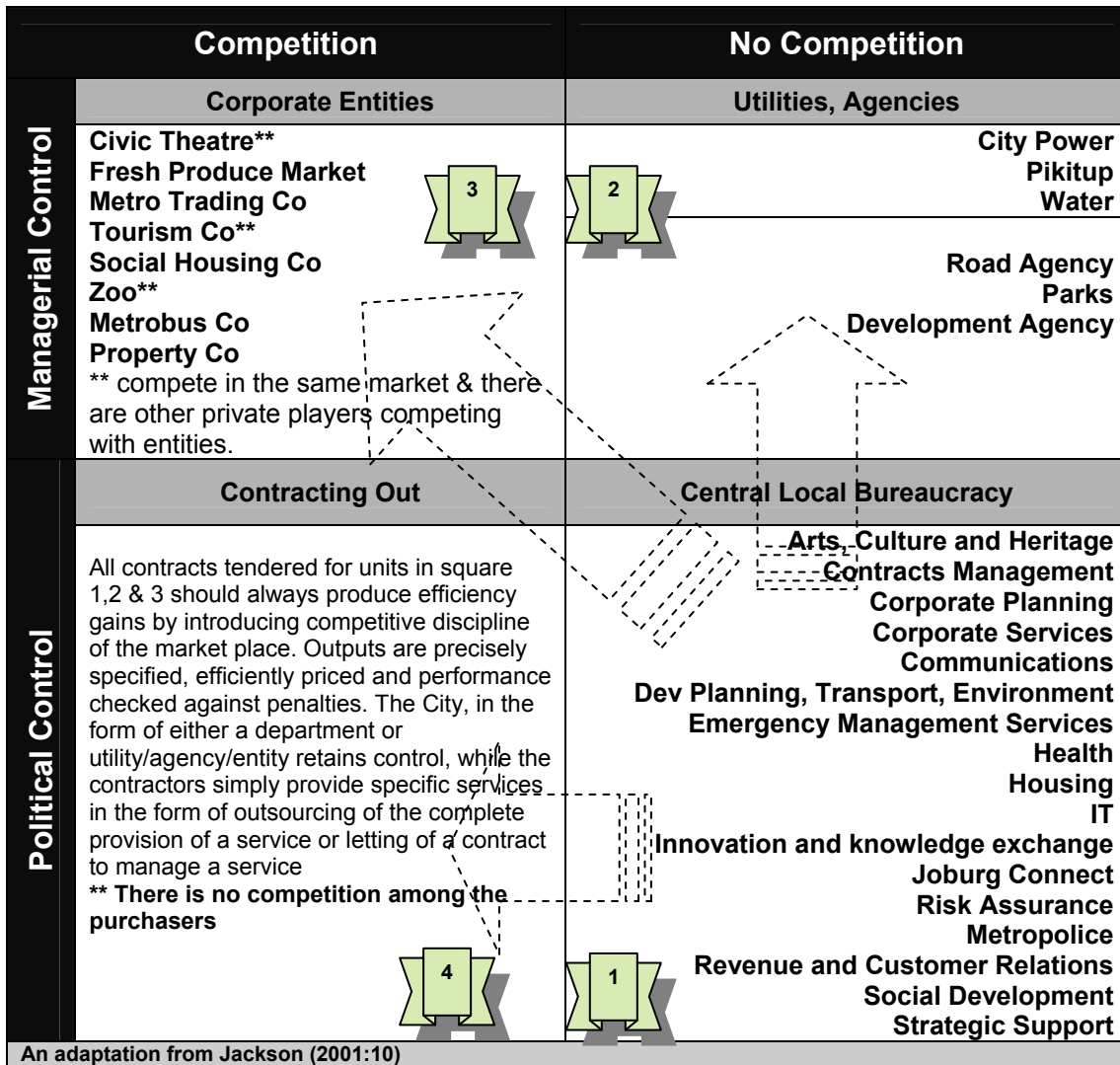
term “deck stacking” to describe the behaviour of politicians in the local legislature. This means tailor-making legislative mandates so that they favour particular actors and interests particularly of the majority poor citizens and make durable deals by anticipating and forestalling future threats to council resolutions by making them difficult to repeal. Heinrich and Lynn (2004:6) go on to suggest that deck stacking is important in the governance above by creating structures and processes that distribute authority and responsibility to benefit the favoured groups.

The mayoral committee, sections 79 and 80 committees and sub-committees specify administrative decision rules, decision criteria, and procedural instructions, adjust evidentiary burdens, empower particular actors and subsidise particular groups especially the indigent.

1.9.4 Structural / Institutional Configuration

The quality of decision making and performance of the City of Johannesburg is determined by the city’s organisational architecture. Sah and Stiglitz (1986:176), determined this architecture as the internal structure of an organisation or the manner in which the constituent decision making units are arranged collectively in the system and how decision making authority is distributed. CJMM’s structure is built around a matrix of four squares which horizontally show the degree of competition and vertically, the allocation of control rights. The arrows in figure 4 indicate this current alternative structure as an evolution from an initial central local bureaucracy that came to being from the holism of the relational configurations the city deems best fit for effective and efficient service delivery. Jackson (2001:16) is of the opinion that organisational architecture shapes organisational space and defines organisational context. The interest of this study is to determine whether the organisational architecture chosen by CJMM is empowering or constraining it in achieving its objectives and obligations.

Figure 4: Johannesburg Organisational Architecture



Assuming that this architecture emerges from the city's constant search for a desirable constellation of relationships that result in excellence, the matrix above is intended for exceptional performance that should result from emulating and testing of various hypotheses and empirical evidence. The search for a sustainable efficient and effective Johannesburg architecture that adds maximum value for communities is not a once-off strategic design problem but a continuous process involving experimentation to discover continuous improvement techniques in the midst of changing challenges and environments bearing in mind one of the earlier assumptions that 'more is expected of public management' (Caiden 1982:11).

1.10 Summary

This chapter gave an introduction of the structure of public administration in South Africa and where local government fit in the whole structure. The economic rationale for formalising the existence of local government is provided together with the contextual setting related to the case study relating the CJMM's structures of public service provision (independent variables) to the provision of municipal services (dependent variable). Since this study is about the provision of public services at a local level, the factors that affects this endeavour in the CJMM i.e. governance, politics, legislation and administrative architecture are introduced and linked to the research questions.

The study finds that CJMM has certain legacies, politically, economically and geographically that worked detrimentally to its ability to provide municipal services. The researcher introduces how attempts to reverse the legacies were influenced internally by the expectations of communities due to a newly founded democracy, externally by the donor community as conditions for the extension of grant funding.

The research objectives and motivation emanates from the state of the municipality before reforms were introduced, the effects of the reform and the roles played by local experts through the White Paper on Local Government (1998) and international practises of public management.

The researcher realised that the research findings would not be meaningful without the historical, theoretical and international perspectives being pursued before evaluation and thus chose a multi-paradigm methodology approach.

The discipline of public management is a branch of the social sciences with key concepts that overlap with other disciplines which raised the need to define and link key analytical concepts to contextualise the research objectives. The key analytical concepts are explained at this early stage and applied together with public management for CJMM contextual analysis later in the subject chapters.

CHAPTER 2

Legislative and Regulatory Framework

2. Introduction

Unlike Mehde's (2006:165) assertion of the existence of alleged or factual inefficiency in service provision as the main justification for interference in local government affairs with reform legislation imposed by central governments, legislative reforms in South Africa was a comprehensive exercise that involved the creation, legitimising and enabling municipalities to improve outcomes at local level.

The CJMM has assumed powers that would otherwise have been residing with the national government in centralised states. This authority, together with the structure and management within which it is exercised is formalised by legislation to maintain certainty, order and a platform for resolution of disputes. The diffusion of authority from national government in standard political forms leads to a profusion of terms or processes: intergovernmental relations, cooperative governance, powers and functions, competing jurisdictions and autonomy, all of which are impossible to manage without formal rules and regulations.

According to Bache and Flinders (2004:16), there is widespread agreement on the assumptions that the dispersion of governance across multiple jurisdictions is both efficient and superior to centralisation; facilitates credible policy commitments and allows for competition, innovation and experimentation. A stark contrast to this assertion is the absence of consensus on how multi-level governance should be organised. The Constitution (1996) and other legislation below overcome this quagmire by conceiving special jurisdictions, formalities or rules of operation and rights that regulate the fulfilment of distinct policy problems. The formation of municipalities enmeshes the nation in complex networks that blurs responsibility for certain functions. Legislation and regulations clarifies democracy and the treatment of governance by extending the basic framework of representative democracy in the local sphere. Appropriate mechanisms of control and accountability that draw on the principles of self-governing municipalities are created by these rules without compromising their independence and operational efficiencies.

2.1 The Constitution of the Republic of SA, Act 108, 1996

According to the second founding provision of the Constitution (1996), it proclaims itself as the supreme law of the Republic invalidating any law or conduct that is not consistent with it. Section 40 of the Constitution (1996) forms the basis for the creation of municipalities by defining the characteristics of government as;

- constituted as national, provincial and local spheres which are distinctive, interdependent and interrelated; and
- bound to observe and adhere to the principles in it and to conduct activities within the parameters provided.

In the Interim Constitution (1993) that preceded this final one, local government was a provincial function. This has been abandoned in favour of an independent local sphere of government. The establishment of municipalities is not negotiable and thus no rationale of any kind, economic or otherwise can justify the abolition of a municipality apart from the re-demarcation of boundaries.

Section 41 of the Constitution (1996) provides the basis for harmony and cooperation between municipalities and other government spheres and orders the collective:

- security of the well being of the people of the republic;
- provision of effective, transparent, accountable and coherent government;
- respect of the constitutional status, institutions, powers and functions of other spheres;
- prohibition of the assumption of powers not conferred by the Constitution;
- restrictive exercise of powers and functions in a manner that does not encroach on the geographical, functional or institutional integrity of governments in other spheres;
- co-operation with one another in mutual trust and good faith in all matters.

There is no ambiguity in the structure of local government in that although the autonomy and integrity of municipalities from other spheres of government are prescribed, it should be acknowledged that higher levels of government are required to monitor the functioning of municipalities and take remedial action when there are deficiencies in a manner that seemingly compromises this autonomy but enhances

the functioning of the municipalities. The compromise is limited to a specific purpose to ensure the effective and efficient performance of constitutional powers, functions and duties of municipalities (Meyer 1997:12).

Chapter 7 of the Constitution (1996) is entirely dedicated to municipalities and deals with the nature, objects, developmental duties, national local government legislation, political leadership and the democratic processes prescribed for municipalities.

Of paramount importance to this research are the powers assigned to municipalities that are listed in Section 156 of the Constitution (1996). According to Meyer (1997:73) these responsibilities are set out as imperatives following the structuring and management of municipal administration, budgeting and planning that prioritises on the basic needs, the promotion of socio-economic development and the participation in national programmes. The researcher's assumption in the abstract was that political leadership is supreme in public management and this is followed in the Constitution (1996) by the vesting of executive and legislative powers in the municipal councils that have definite goals defined, the achievement of which is discretionary to the council.

National and provincial governments ensure that municipalities effectively perform the following functions listed in Schedules 4b and 5b through executive and legislative authority: (The researcher has allocated codes for each function according to three categories of my own construct for easy referencing throughout the chapters, viz. R – regulatory function; S – service function and P – production function).

- air pollution [R1];
- building regulations [R2];
- child care facilities [S1];
- electricity and gas reticulation [P1];
- fire fighting services [S2];
- local tourism [S3];
- municipal airports [S4];
- municipal planning [R3];
- municipal health services [S5];

- municipal public transport [S6];
- municipal public works [S7];
- pontoons, ferries, jetties, piers, harbours [S8];
- storm water management systems [S9];
- trading regulations [R4];
- water and sanitation [P2];
- beaches and amusement facilities [S10];
- billboards and the display advertisements in public places [P3];
- cemeteries, funeral parlours, crematoria [S11];
- cleansing [S12];
- control of public nuisances [R5];
- control of undertakings that sell liquor to the public [R6];
- facilities for the accommodation, care and burial of animals [S13];
- fencing and fences [S14];
- licensing of dogs [R7];
- licensing and control of the selling of food to the public [R8];
- local amenities [S15];
- local sport facilities [S16];
- markets [P4];
- municipal abattoirs [S17];
- municipal parks and recreation [S18];
- municipal roads [S19];
- noise pollution [R9];
- pounds [S20];
- public places [S21];
- refuse removal, refuse dumps and solid waste disposal [S22];
- street trading [S23];
- street lighting [S24];
- traffic and parking [R10].

Additionally, in the spirit of cooperative governance and to legally circumvent the ultra-vires principle⁷, other spheres of government may assign the administration of their own functions that relate to municipalities e.g. municipal policing [D1] and

⁷ See summary section of this chapter below.

vehicle licensing [D2] are performed by the CJMM by agreement with the Gauteng Provincial Government provided the municipality has sufficient capacity to administer the functions more effectively.

2.2 Local Government Transitional Act, 209, 1993

The Local Government Transitional Act (1993) preceded the Interim Constitution (1993), the final Constitution (1996) in promulgation and all legislation on local government that is analysed in this study. The Act was a framework for guiding the transition process for local government. It first required the transformation of local forums into legitimate forums with structures and procedures that are recognised by the state and then mandates the established forums to negotiate local solutions that are appropriate and in compliance with principles of democracy, non-racialism, inclusivity, consultation, accountability and the abolition of multi-tax bases within single metropolitan areas. The Act created the Transitional Metropolitan Council of Johannesburg and its four Metropolitan sub-structures after the first democratic elections for local government in 1995. The Act was a precursor to the Local Government: Municipal Structures Act (1998) that facilitated the final phase of the local government transition program.

2.3 Local Government: Municipal Finance Management Act, 56, 2003

The Local Government: Municipal Finance Management Act, No. 56 (MFMA) gives effect to section 216 (1) of the Constitution (1996). This provision requires the enactment of national legislation that prescribes measures to ensure both transparency and expenditure control in each sphere of government, by introducing generally recognised accounting practise; uniform expenditure classifications and uniform treasury norms and standards.

The Act also gives effect to other sections in Chapter 13 of the Constitution (1996) as follows:

- section 215 that prescribes municipal budgets and budgetary process to promote transparency, accountability and the effective financial management of the economy, debt and the public sector;

- national legislation that prescribes the form of municipal budgets, budgets that show the sources of revenue and the way in which proposed expenditure is compliant with national legislation, budgets containing estimates of revenue and expenditure, differentiation between capital and current expenditure, proposals for financing anticipated deficits and indications regarding borrowing that increases public liability;
- section 217 (1) that requires municipalities to contract for goods and services in accordance with a system that is fair, equitable, transparent, competitive and cost effective; and
- section 218 (1) which states that municipalities may guarantee loans for its entities only if the guarantee complies with national legislation.

Accordingly, the municipal council that is politically vested with the executive and legislative powers is expected to:

- “..conduct the municipal affairs in an effective, economical and efficient manner with a view to optimising the use of its resources in addressing the needs of the community;
- conduct its financial affairs in an accountable and transparent manner;
- prepare a financial plan in accordance with the integrated development plan in respect of all its powers, duties and objectives;
- structure and manage its administration, budgeting and planning processes to give priority to the basic needs of its community, and promote social and economic development within its area of jurisdiction and support the implementation of national and provincial programmes;
- manage its financial resources to meet and sustain its objectives;
- regularly monitor and assess its performance against its integrated development plan (IDP).”⁸

The Act is similar to the Public Finance Management Act, No. 1 (1999) which the honourable Minister of Finance summed up as follows:

“The Act is one of the most important pieces of legislation passed by government to promote good financial management in order to maximise delivery through the

⁸ Local Government Transition Act 209 of 1993 s 10G(1)(a)-(g).

efficient and effective use of limited resources. The aim of the Act is to modernise the system of financial management in the public sector. It represents a fundamental break from the past regime of opaqueness, hierarchical systems of management, poor information and weak accountability. The Act lays the basis for a more effective corporate governance framework for the public sector.” (PFMA 1999: Foreword).

2.4 Local Government: Municipal Structures Act, 117, 1998

The Local Government: Municipal Structures Act, No. 117 of 1998 gives effect to Chapter 7 of the Constitution (1996). Ballard and Schwella (2000:737-749) submit that the Act formalises the basis of local government restructuring or transformation that gives municipalities greater autonomy in a democratic context and enables the provision of more effective and efficient services to communities. Section 155 (1) of the Constitution (1996) provides for the enactment of national legislation for the establishment of municipalities in accordance with the requirements relating to categories and types of municipalities; the criteria for the determination of the categories thereof; and the types within each category. The apportionment of functions and powers is dealt with in section 156 (1), the regulation of internal systems in section 160, structures and office bearers in section 157 and electoral system in section 158.

Typical of formal decentralisation of authority, the Act entrenches the political decentralisation, the principal beneficiaries of the decentralised authority being the elected politicians (municipal councils). Section 156 (1) is the decentralisation of municipal functions specified in Parts B of schedules 4 and 5 in the Constitution (1996).

Section 157 meets the requirements of democracy by ensuring regular elections to pinpoint elected leaders at regular intervals. The Act details an election process that ensures the best choices for selecting leaders supported by the community and ensures that the system is fool proof as much as possible.

2.5 Local Government: Municipal Systems Act, 32, 2000

At best, the Local Government: Municipal Systems Act, No. 32 of 2000 can be described as a manual or guide to the operations of municipalities as they move progressively towards the social and economic upliftment of local communities with universal access to constitutional municipal services that are affordable. An array of administrative tasks is provided for that includes:

- the definition of the legal nature of a municipality as including the local communities working in partnership with the municipality's political and administrative structures;
- provision for the manner in which municipal powers and functions are exercised and performed;
- community participation;
- simple and enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change for development;
- a framework for local public administration and human resource development;
- the empowerment of the indigent and the determination of tariffs and credit control policies that take their needs into consideration;
- credit control and debt collection;
- framework for the support, monitoring and standard setting by other spheres of government to enhance efficiencies; and
- legal matters that pertain to municipalities.

The Act reinforces the conventional theory and practice of administrative ethics that require all administrators to implement the orders of senior management, political leadership and the policies of the government they serve (Shafritz *et al.* 2004:459). By following the Act, the administrators are impartial, selfless and do not exercise independent moral judgement but are expected to give effect to the democratic, developmental and participative principles of local government that are reflected in the Constitution (1996), national legislation and the White Paper on Local Government (1998) that form the basis of the policies they are charged with implementation.

2.6 Division of Revenue Act (Annual)

The Division of Revenue Act is an annual Act that provides for equitable division of revenue raised nationally among the three spheres of government and the responsibilities of recipients pursuant to such revenues. The Act gives effect to section 214 (1) of the Constitution (1996) by providing for the equitable division of revenue raised nationally among all spheres and any other allocations to provinces, local government or municipalities from national revenue and any conditions on which those allocations are made. Shafritz *et al.* (2004:423) state that the process of budgeting highly depends on financial stability. The Division of Revenue Act (DoR) helps municipalities to accurately predict the extent of revenues to make financial provisions for future municipal expenditure since it is published months before the municipal budgeting cycle⁹ and contains indicative allocations for two consecutive outer years from the current year.

2.7 Provincial Legislative Mandate

The Constitution (1996) enables and obliges the Gauteng Provincial Government in which the City of Johannesburg is situated, to enact and implement legislation that affects local government on three instances confined to indirect monitoring and support. Firstly, section 155 (5) requires provincial legislation to be enacted that determines the different types of municipalities to be established in the province. A short and general Gauteng Types of Municipality Act, No. 3 of 2000 is in place for this purpose and includes the nature and form the City of Johannesburg should exist as in section 2.

Secondly, section 155 (6) states that “each provincial government...and by legislation or other measures, must a) provide for monitoring and support of local government in the province; and b) promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs. There is no specific legislation for the implementation of this section; however, as an alternative, the province has mandated the Municipal Integrated Development Planning unit (MIDP) within its administration to facilitate support

⁹ The National Fiscal year begins in March while the local one begins in June of the same year.

between provincial sector departments and municipalities administratively and financially through grants (Gauteng Provincial Government 2005:3).

Lastly, section 154 (1) requires national and provincial governments to jointly support and strengthen the capacity of municipalities through legislation and other means to manage their own affairs, exercise their powers and perform their functions. There is a gap in Gauteng's provincial legislation in this regard in that although budgetary support, through provincial grants exists, the Constitution (1996) does not allow any option between 'legislation' or 'other means', but imperatively states legislation and other means to comply with this section.

2.7.1 Local Government Laws Amendment Act, 51, 2002

The Local Government Laws Amendment Act (2002) is an update of the current local government laws by means of repealing the transitional arrangements in the Transitional and the Organised Local Government Acts and certain ordinances. Certain sections of both the Municipal Structures Act (1998) and the Municipal Systems Act (2000) are amended to align the legislations with new developments.

2.7.2 Rationalisation of Local Government Affairs Act, 10, 1998

The purpose of this legislation is twofold, firstly, to rationalise the legislative framework and, secondly, to rationalise the administrative framework within which the sphere of local government operates with the particular aim of transforming the status, powers, functions and duties; by-laws and regulations process; labour relations and procurement access regulation.

2.8 Summary

Caiden's (1982:15) assumption that public management 'expects obedience' manifests itself in this chapter. The legislation discussed above expects its provisions to be obeyed by all spheres of government in relation to local government affairs and the municipal by-laws equally expect obedience from the communities within specific municipalities.

The Constitution (1996) together with the legislation analysed above can effectively be termed the '*South African Local Government Law*', which is based on the concept of ultra-vires, the statutes having given birth to municipalities. Any administrative measures pursued by municipalities are expressly illegal when applied to functions that the legislation has not explicitly transferred to the local sphere.

There is however a reciprocal relationship between the municipalities as public bodies empowered by law and the courts as the custodians of the law, i.e. while the municipalities enjoy the freedom of powers and functions that has been allocated which the courts have to respect, they are reciprocally compelled by the same courts to fulfil the mandate enshrined in the said powers and functions by delivering services to the communities. Leigh (2000:52) is critical of the ultra-vires phenomenon, deploring it for its lack of respect for democratic merits of local self-government; its contradiction with factual diversity at local level; results in exaggerated concern for questions of legality and that it distinguishes municipalities from other public service providers.

These concerns can be dispelled in the South African context since the law of local government is an instrument of reform that enables unambiguous responsibility and accountability for a nation in transition having enormous expectations of service delivery equalisation as a result of a new democracy.

Secondly, cooperative governance enables the attainment of national goals in a coordinated manner, participation of which cannot be voluntary. It is a strong constitutional position (section 41) to observe the principles of co-operative government and intergovernmental relations, and (section 40) to respect the existence of each other.

Thirdly, a general distrust of local community leadership (due to ethnicity driven diversity) to their commitment in implementing the concepts of centrally pursued reforms is not unique to South Africa alone.

CHAPTER 3

Administration through Traditional Central Hierarchy

3. Introduction

Several authors have formulated very restrictive views on the different frameworks in which a public bureaucracy manifests itself. However, all economic analysis of bureaucracies regards these institutions as homogeneously hierarchical formations (Dunleavy 1991:162).

According to LaPalombara (1967:8), Dorsey likens a bureaucracy to a computer central processing unit that gathers information from the society through elected representatives and converts it into energy in the form of priorities and delivery programmes. Dandeker (1990:202) formulated the term '*bureaucratic surveillance*', which in modern democratic societies translates to the gathering of information, its storage, processing, retrieval and application to public management decision making. In totalitarian and autocratic regimes, the bureaucracy enjoys a monopoly over all valuable information and therefore acquires a foothold over the nation. On the contrary, in regimes where democratic pluralism prevails, other centres of power are created to either relieve or complement the bureaucracy enabling the information that is essential to the development of the nation to be equitably shared.

The second framework was advanced by Hoselitz (1963:171) in the form of a structural-functional model (organisational design) that responds to cultural maintenance and transmission, societal integration, systemic goal gratification and the transformation of the environment. Eisenstadt's (1959:20) framework is similar in nature to Hoselitz's (1963:171) but deals with how the bureaucracy deals with the flow of societal / community demands and organisations that interact with the political system (LaPalombara 1967:9). The performance of the bureaucracy in this regard has immediate and direct impact on the kind of development that is achieved on behalf of the community and how rapidly change occurs.

Fainsod (1963:38) suggested a fourth framework in the form of a typology based on political power relationships in dealing with multitudes of public service functions the bureaucracy is burdened with executing, internal bureaucratic traits and its role in effecting modernisation. Four processes can be identified in the modern states that are characteristic of a bureaucracy i.e.:

- formal legal rationalisation of social relations;
- non-proprietary administration of the means of administration with regard to discipline and enforcement;
- increasing knowledgeableability of organisations; and
- specialisation as a source of advantage in competing for scarce resources.

Growth in the size of a bureaucracy (government growth) is driven by strategies of control by senior bureaucrats (self interest) and the demand of public goods by citizens (Lynn 2006:576).

The principles espoused by Dorsey (1957:310), are found in section 157 and 158 of the Constitution (1996) and in the Municipal Structures Act (1998) although the legislation is entirely in a democratic pluralism mode. Hoselitz's (1963:171) structural framework is replicated in the Municipal Structures Act (1998), the orientation in the Municipal Systems Act (2000), Chapter 7 of the Constitution (1996) and in the White Paper on Local Government (1998). Eisenstadt's (1959:20) framework is encountered in the requirements of the Municipal Finance Management Act (2003) and section 156 of the Constitution (1996). Fainsod's (1963:38) framework has its replication in the Municipal Systems Act (2000).

The researcher can conclude that local government administration in South Africa displays the characteristics of all four taxonomies discussed in LaPalombara (1967). Unlike LaPolombara's (1967:10) assertion that public administration systems fall short of the Weberian legal-rational model, the Constitution (1996) and the local government legislation deliberately set out local government administration to be a bureaucratic machinery that advances social-economic-political transformation with central tendencies in the true Weberian sense where public administration hierarchies are possible, with responsibility, rationality, goal orientation, specialisation, diversity, discipline and professionalism. With no obvious goal for

profit maximisation and no market participation, the bureaucracy has to be centrally managed by pervasive regulation and monitoring of functionality and subordinates.

3.1 Background

According to Kramer (1981:xiii), a public bureaucracy is the most important institute of government that makes public policy and implements it. LaPolombara (1967:48) views it as a vital component of a political system. By applying Hoselitz's (1963:171) classification of social actions, a public bureaucracy falls under 'goal-gratification'. The systemic goals that a bureaucratic apparatus is designed to achieve for all members of a particular society amount to the provision of specific public goods and services. In executing these systemic goals, various departments (public bureaucracy) and agencies (NPM) are formed with specific legal powers that public managers must adhere to and enforce.

It is inevitable that the bureaucratic apparatus does not always succeed in achieving the assigned systemic goals. The unintended negative consequences that arise as a result of government action are termed 'government failure' because the outcomes of the good intentions of government to intervene in the economic activity would not have been achieved. Black and Dollery (1992:20) identified three sources of government failure, i.e. politicians behaving irrationally in pursuit of more votes; rational behaviour by state bureaucrats (officials) in search of self utility maximisation; the rent seeking behaviour on the part of citizens, interest groups, politicians and bureaucrats. While it is a good intention to be benevolently omniscient in economic planning to serve the interests of the public at large, government failure often results in an imperfect state of affairs that serves only the interests of powerful lobby groups and private interest of politicians and bureaucrats.

3.2 Public Management Principles and Theory

Public management can be described in many ways, the common definition of which is by providing a list of what it performs (Bayat and Meyer 1994:3). Fox *et al.* (1991:2) formulated the most appropriate definition based on character i.e. "the system of structures and processes operating within a particular societal environment, with the

objective of facilitating the formulation of appropriate governmental policy and the effective and efficient execution of the formulated policy". Coetzee (1988:16) regards public management as a type of administration that executes the rules, laws and regulations of government to meet the needs of the citizens, the success of which is based on the policies that have been formulated and adopted together with the effectiveness of implementation¹⁰.

Stivers (2001:5) describes public management as discipline of techniques, processes and procedures for putting into effect policy decisions and effectively carrying out the purposes of the state. In all the above attempts to define public management, there is no isolation of the concept from the environment in which it is applied.

Jackson (1996:18) proposed a more comprehensive definition of public management based on a democratic political system as follows i.e. 'a process by which government is organised in the form of either bureaucracy, agencies (NPM) or policy networks, to supply essential public goods, services, and regulations, managing resources and resolving conflicts under a popular mandate to be efficient, fair and accountable to the public'.

Public management always operate in a political environment (Lane 2005:5 and Caiden 1982:16) or is a by product of political processes whatever their nature: liberal democratic, authoritarian, communist or socialist. Public management is analogous to the principle and agent arrangement where the citizens are likened to the principals in need of public services, the responsibilities of which are tasked on the government (the subject of public management) following a political process. Although the politics and the subsequent administration are different aspects, the products of administration should be politically relevant to ensure stability and the survival of the political regime driving the principals' (citizens) mandate.

According to Fox *et al.* (1991:18) the general environment influences the management of an organisation, however, for public administration; it is the political,

¹⁰ Basic values and principles governing local public administration see Annexure II.

economic, social, cultural and technological aspects that are considered to be the public management environment.

3.2.1 General Political Environment

The political environment is driven by political institutions that are the custodians of political ideas, philosophy and political ideology. According to Fox *et al.* (1991:19), public managers should consider the political system that impact on the society they operate in. International political institutions, namely the African Union (AU), the Southern African Development Community (SADC), the United Nations (UN), and the Commonwealth have common policies that affect member states that include South Africa. In Europe, the term 'Europeanization' is the practise of transferring European ideas and political ideology to the core of local decision making in a reciprocal way as from local policy-making arenas to supra-national level (John 2001:73). Public managers have no option but to innovate and improvise policies and public programmes in the context of trans-national co-operation and EU policy making.

The UN imposed sustainable development goals to all member states through the Agenda 21 document that was signed in Rio de Janeiro in 1992 (UN 1993:28.1) and the Millennium Declaration and the Millennium Development Goals (MDG) signed in 2000, established a universal framework for development and a commitment between developing countries and development partners to cooperate towards a common future (UNDP website 2007).

South Africa and twenty six other African countries are signatories to the African Union's African Peer Review Mechanism (APRM) (Stultz 2007:247). In this international agreement under the auspices, firstly, of the New African Initiative, then the New Partnership for African Development (NEPAD), all member countries agreed to be periodically peer reviewed by AU selected African reviewers on the promotion of four substantive areas of democracy and political governance; economic governance and management; corporate governance and socio-economic development (New African 2004:15). One of the six key strategic objectives that make up CJMM's vision is to contribute to the successful achievement of NEPAD's

goals and objectives (CJMM Annual Report 2006:27). The first benefit to be realised from this cooperation was financial, culminating in pledges of increased assistance by the G8 countries from US\$25 billion in 2005 to double by 2010 and treble by 2015 (Stultz 2007:249).

3.2.2 General Economic Environment

The way in which a society creates and distributes wealth and allocates limited resources to unlimited beneficiaries is called the economic system (Fox *et al.* 1991:19). The South African economy is small compared to the world economy but open, following a mixture of capitalist, market and interventionist ideologies (Butler 2004:50).

The openness of the economy puts it under considerable influence of the international economic bodies such as the IMF, World Bank, OECD, and the G8 *et cetera*, hence the financial assistance mentioned in 3.2.1 above. Public management has to consider the structure of the economy, economic growth, the state of inflation, exchange rates, balance of payments, foreign direct investment (FDI) and budget deficit (Fox *et al.* 1991:19). Other factors that are considered are the climate and the geography of the country since the occurrence of natural resources is dependent upon these conditions.

Butler (2004:47-48) states that although the South African economy is very small in global terms, it is the biggest in Africa, responsible for more than 30 per cent of the continental GDP.

Table 2: Key facts about the South African economy: 2000

GDP (US\$)	125.9 billion
GDP (US\$) PPP*	402.4 billion
GDP per capita (US\$) PPP	9 401
% living on less than 1US\$ per day 1993	11.5%
Imports as % of GDP	26%
Exports as % of GDP	29%
Primary exports as % of exports	33%
High technology as % of manufactured exports	1%
Public spending on education as % of GDP**	7.6%
Military expenditure as % of GNP	1.5%
Debt service as % of GNP	3.1%
* Purchasing power parity figures (PPP) adjustment for differentials between countries for comparison purposes.	
**1995-97 figures	
Sources: Butler (2004:49)	

According to Butler (2004:49), the economy was diversified and robust by the beginning of the 2000's and no longer dependent to a large extent on mining and agriculture but on the services sector (65 per cent), manufacturing (20 per cent), financial and government sectors, but nonetheless besieged by massive shortfalls in skills and infrastructure.

3.2.3 General Social Environment

The social environment is determined by the factors that influence the characteristics and needs of the society as consumers of goods and services or employees of an organisation (Fox *et al.* 1991:20). Public managers consider such factors as the demographics of the population, trends in urbanisation, housing and education, and human development. In South Africa, the emphasis is on the country's efforts on poverty reduction and equality (Butler 2004:65).

In the Constitution (1996), the rights to equality¹¹, housing¹², social services¹³ and education¹⁴ are protected while developmental obligations are imposed on government. UNDP formulated a statistical indicator to measure and compare the well being of societies in different countries known as the 'Human Development Index' (HDI). According to Butler (2004:66), the HDI measures life expectancy, literacy, school and college enrolment and GDP per capita as three basic capabilities a country should have. The HDI index puts the Bill of Rights in the Constitution (1996) on the spotlight as it measures its requirements of which South Africa scored very poorly with an index of 0.695 and ranked 107th out of 173 countries measured in 2000 (Butler 2004:66). By 2005, the index had deteriorated to 0.674 as compared to the United Kingdom's 0.946, USA 0.951, Brazil 0.800 and China 0.777 (UNDP website 2008).

Factors that contribute to South Africa's poor performance on the HDI are, firstly, the inequality in the distribution of income due to the racial policies of the past. Unemployment is relatively very high leading to widespread poverty. Secondly, there is no universal access to public services such that the well off benefit most from

¹¹ Section 9.

¹² Section 26.

¹³ Section 27.

¹⁴ Section 29.

education, health, water, sanitation and transport despite efforts to extend services since 1994.

3.2.4 General Cultural Environment

The beliefs, attitudes, roles, definitions and interactions of a society form the cultural environment (Fox *et al.* 1991:20). The society *inter alia* interacts as individuals, families, religious denominations and sects, ideological proponents, ethnical or tribal groups, generations and educational institutions.

Public managers are influenced by their knowledge or study of cultural values and norms held by each segment of the society to formulate appropriate public policies. In South Africa this is made easy by constitutional provisions¹⁵ and bodies that have been established to strengthen constitutional democracy¹⁶. These instruments guide the administration and the courts to build a nation that is comfortable with and strengthened by diversity by prioritising the reduction of profound inequalities in status and wealth to eradicate racial conflict (Butler 2004:165). The slogan on the new national parliament's coat of arms and coins is '*ike e: ixarra iike*' meaning, unity in diversity. A near extinct dialect of the indigenous Khoi San tribe is deliberately used to emphasise tolerance and inclusivity.

3.2.5 General Technological Environment

Processes and machinery used in delivering public goods and services are in the form of technology. The more modern the processes and machinery are, the more modern the technology is and the reverse is true. Fox *et al.* (1991:20) consider it important for public managers to converse with the technological environment in order to cope with changing technologies; to learn new technologies and understand the impacts of new technologies on public policy.

Information and Communication Technology (ICT) is a buzz-word in government nowadays. ICT applications do not only focus on narrowly transforming the public service into an efficient administration, but holistically to improve a multitude of services offered by the government. ICT is a catalyst for better government by

¹⁵ Constitution (1996) sections 9, 15,16,18,19 & 30.

¹⁶ Constitution (1996) section 181.

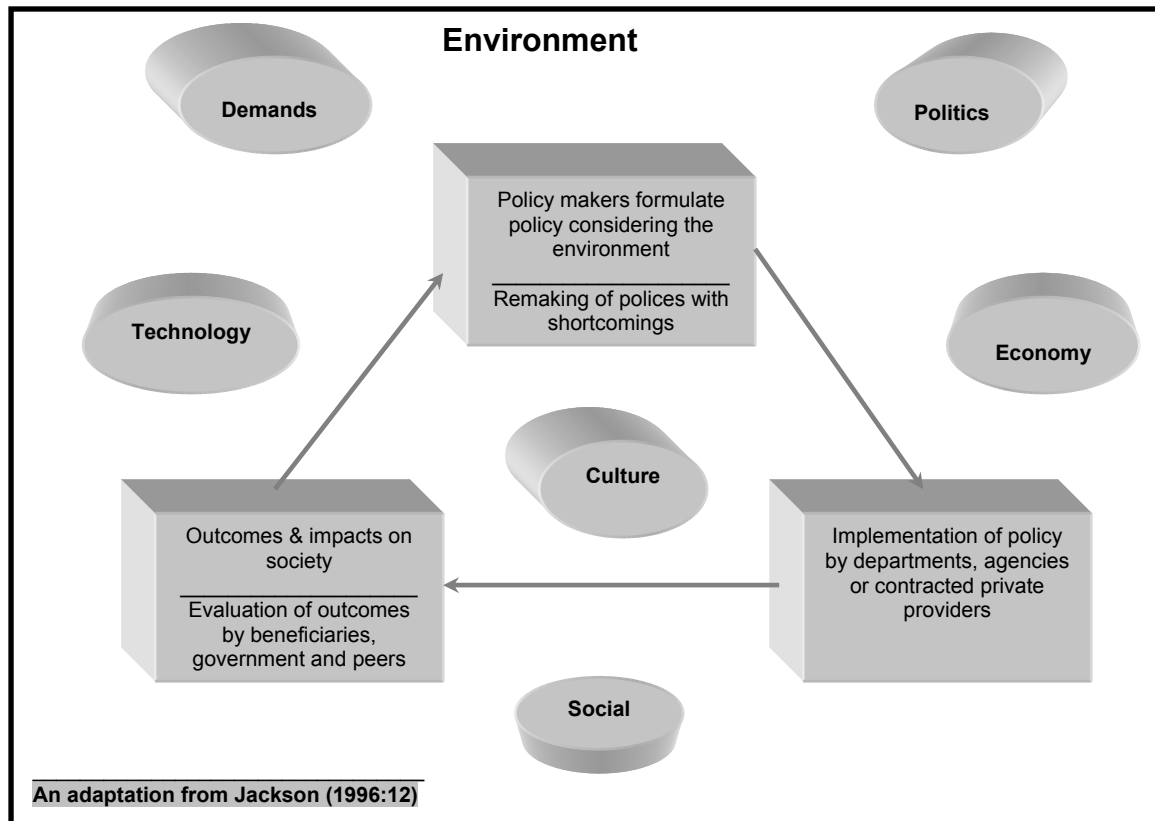
enabling the government to meet the increasing pressures from the public for improved services and being more responsive to citizens as liberal democracy dictates rather than dictating terms (Schiavo-Campo and Sundram 2001:67).

3.3 The Cycle of Public Management

In sub-section 1.4, the researcher linked public management to the process of public policy and concluded that it is that part of the process where policies that the government has chosen are implemented methodically to serve the public. According to Jackson (1996:12), public management is interrelated with two other elements in the public policy process.

The process starts with the formulation and reformulation of policy with the aim of continuous improvement, followed by public management where resources and policies are transformed into goods and services. The third element is the outcomes i.e. the extent to which the public policy objectives are fulfilled and the reaction of the society thereto. If the society is satisfied, only a change in technology or the needs of the society will lead to the reformulation of current policies; however dissatisfaction of the society will inevitably result in the realignment of policy or a change in policy makers by democratic process.

Figure 5: The Virtuous Cycle of Public Policy



3.4 Characteristics of Hierarchical Bureaucracy

The defining characteristics of contemporary public management are defined roles, hierarchically organised authority and control, the rational co-ordination of roles and programmes. Although intended to maximise the benefits of specialisation, they are inherently bureaucratic (Jreisat 1997:2). As will be seen later, this was naïvely presumed to be the most efficient and effective instruments to deliver public services.

According to Merton (1957:109), the structure of a bureaucracy is formal and rationally organised whereby all the roles and activities are defined in relation to the purpose of the organisation or department. The status of a particular office is the source of authority and power to control from the top of the hierarchy downwards to the very lowest level.

Figure 6: Characteristics of Hierarchies

Administrative structure	Centralisation Specific division of labour Sectorisation
Implementation process	Command- top down
Governance style	Rule governed Organised tasks Specific rights of control and complaint Governance by government
Benefits	Clear command and control Legitimacy based on representative democracy Professional capacity Stability Autonomy
Problems	Growth of government Implementation deficit Lack of local knowledge Rigidity Problems in coping with complex, dynamic and diverse social-political sub systems
Source: Niemi-lilahti (2003:62)	

The functions of the bureaucracy are divided into clear-cut activities that are integrated with inherent but not ad-hoc duties. Formalised impersonal procedures are used as technical qualifications to assign roles per functionality. There is no room for creativity or flexibility as even professionals are governed by the very general, abstract and unambiguous rules that prevent the use of out of the norm procedures. A bureaucracy maximises vocational security as the growth or expansion of government extends the expectation of tenure (Merton 1957:109).

The formal structures define or dictate the way public policy is formulated following strict rules that control the way rights are upheld and the handling of complaints. It is generally accepted that making decisions is quite straight forward in a hierarchy since a few people at the top are responsible for this task and are not required to consult, the rules having specified who makes decisions, impose and control them.

The down side of hierarchies is that the policies that are formulated are not easily implemented due to lack of capacity. Capacity to control does not translate to ability of social persuasion and since policy is imposed in most instances, this is met with resistance from a populace that feels discontent with rules and regulations. Resistance disrupts implementation as policy makers are forced to go back to the drawing board to formulate further rules that compels compliance. While the strict

rules and regulations are fixed or rigid, the environment in which they are supposed to be applied is constantly changing rendering some of the policies inappropriate or outdated (Niemi-lilahti 2003:61).

3.5 Johannesburg Hierarchical Authority Functions

The researcher took Caiden's (1982) fifth assumption that public management has exceptional size to be a microcosm of all three spheres of government in South Africa. CJMM as public bureaucracy is faced with a large scale of municipal functions following this assumption and therefore imperatively requires it to coordinate those functions outside the realm of markets collaboration by use of a hierarchical authority structure i.e. the law of hierarchy (Dunleavy 1991:151). Kramer (1981:85) states that Weber regarded public bureaucracy to be superior above all organisational forms because of the ability to coordinate the activities of the more productive functional specialists in the society.

Of the thirty eight specialist functions allocated to local government by the Constitution (1996), the CJMM is exempt from legally performing only two i.e. pontoons, ferries, jetties, piers, harbours [S8]; and beaches [S10] due to the proximity of the boundaries of the city away from the coast and inland dams and lakes. The city has assumed limited police functions in the form of the Metropolitan Police Department (Metropole) from the national sphere as permitted by section 156 (4) of the Constitution (1996) and regulated by the South African Police Service Act (1995) and the Criminal Procedure Act (1977)¹⁷ which it has amalgamated with traffic and parking functions¹⁸. Additionally, the city has assumed the administration of vehicle licensing from the Gauteng provincial government¹⁹ and housing functions which constitutionally are the preserve of national and provincial government.

According to the city's website, the departments that still operate under a government bureaucracy are known as the core administration and are grouped into three categories, i.e. direct service delivery; indirect service delivery (provision of inter departmental support) and policy formulation, monitoring, evaluation and

¹⁷ Section 334 of Criminal Procedure Act (1977).

¹⁸ Section 205 (1), and Schedule 4 Part A of the Constitution (1996).

¹⁹ Schedule 4 Part A of the Constitution (1996).

operations (CJMM Annual Report 2005:10). They all have a generic organisational design that resembles a typical machine bureaucracy. According to Robins and Barnwell (2002:114), a machine bureaucracy design option is characterised by operating tasks that are not discretionary but routine; strict conformance to formalised rules and regulations; the division of tasks by specialisation into functional departments; centralised authority and a decision making process that follow a chain of command.

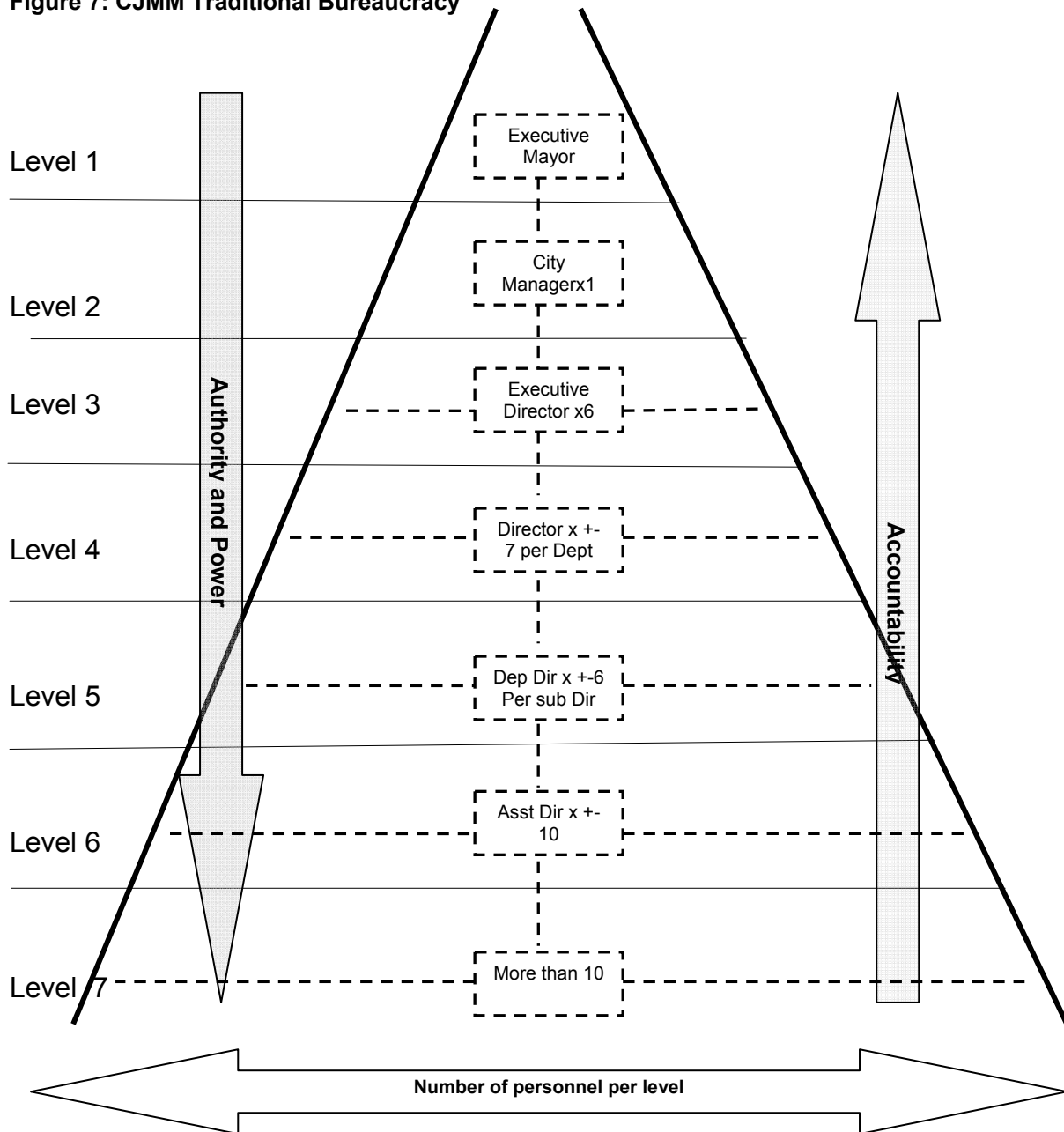
CJMM is allowed to provide any municipal service in its jurisdiction through an internal mechanism such as a department or other administrative unit in its administration (Municipal Systems Act 2000:76a). The medium term revenue and expenditure budget for 2006/07 to 2008/09 lists ten departments under 'core administration' operational as at the end of the 2004/05 financial year and fourteen departments budgeted to be operational from the 2006/07 financial year.

Table 3: CJMM Core Administration Medium Term Expenditure Budget

VOTE	ACTUAL RESULT 2004/05	Original Budget 2005/06	Revised Budget 2005/06	Budget 2006/07	Budget Estimate 2007/08	Budget Estimate 2008/09
Office of the Executive Mayor	421 411	426 224	431 293	2 239 469	2 182 569	2 278 782
Economic Development	-	-	-	51 594	56 372	60 909
Community Development	586 354	597 656	628 490	496 318	500 985	526 060
Development Planning and Urban Management	195 403	232 320	249 359	462 991	502 860	536 470
Environment	-	-	-	64 420	75 857	78 338
Infrastructure and Services	2 423 797	2 090 935	2 094 569	184 568	203 516	185 894
Health	206 564	225 860	233 450	267 053	285 746	299 389
Housing	556 165	447 101	443 501	472 764	664 337	597 465
Metropole	692 608	719 440	749 440	839 514	900 814	960 633
Emergency Management Services	323 481	364 274	367 274	376 351	413 922	450 087
Transportation	-	-	-	434 233	478 255	347 158
Finance	679 653	1 679 932	2 004 456	1 657 851	1 966 729	2 147 861
Corporate and Shared Services	259 830	342 403	359 219	382 121	400 696	424 652
Revenue Customer Relationship		279 376	308 484	431 378	417 705	480 435
Core Administration	6 345 267	7 405 521	7 869 535	8 360 625	9 050 363	9 374 133

Source: CJMM Medium Term Revenue and Expenditure Budget 2006/07-2008/09 (2006:12).

Figure 7: CJMM Traditional Bureaucracy



3.6 Role of the Executive Mayor

According to the Municipal Structures Act (1998), the executive mayor (EM) presides over the executive committee meetings and performs the duties, including ceremonial duties while exercising the powers delegated to the mayor by the municipal council²⁰. The CJMM Annual Report (2005:8) states that the executive council of CJMM vests executive powers in the executive mayor to manage the

²⁰ Annexure IV.

affairs of the municipality and thus has to balance executive duties with political oversight in the governance equation.

3.7 Section 80 Committees

Section 80 committees are formed to assist the executive committee or the executive (Municipal Structures Act 1998:80). In CJMM, these committees are tasked with policy development, monitoring of service delivery and have oversight on strategic programmes and projects (CJMM Annual Report 2005:11).

3.8 Ward Committees

In section 1.9.2 the researcher dealt with public participation. The ward committee system is an instrument for public participation that is not as prescriptive as the IDP process where communication is one-way from the top down to communities (Theron *et al.* 2007:12). The Municipal Systems Act (2000) is in contradiction with the fifth core value of IAP2 core values of public participation. The IAP2's fifth core value requires participants' input in designing how they participate (IAP2 2007) while section 17 of the Municipal Systems Act (2000) prescribes the manner in which public participation should take place. According to the Municipal Structures Act (1998), a ward committee can be formed in a metropolitan council comprising of a chairperson who must be the councillor of the particular ward together with ten other people as determined by council regulations.

The purpose of the ward committee is to make recommendations to the ward councillor or through the councillor to the municipality, mayoral committee or executive mayor on any matter that affects the particular ward. The municipality may also delegate some duties and powers to maximise administrative and operational efficiencies and provide for governance measurers²¹.

By creating a dialogue between municipalities and resident communities, authorities endeavour to facilitate active participation of communities in the day to day management of their lives. The creation of ward committees is intended to encourage public participation in the council decision making process by involving community based actors in the system of local governance (Pycroft 2000:153). This

²¹ Section 32 (1) (iv) and 74 of the Municipal Systems Act (1998).

approach strengthens the community's ability to control the city council and increase pressures for effective transformation of service delivery (Smith and Vawda 2003:31).

3.9 The City Integrated Development Plan

According to the CJMM Integrated Development Plan (IDP) (2006:1), the CJMM's IDP is a single document that consolidates the planning processes of legislative requirements, stakeholder needs, political priorities, intergovernmental alignment, budget parameters, institutional capacity, strategic management and implementation.

Legislation's concise definition of an IDP is that it is the principal strategic planning instrument that guides and informs all planning and development and all decisions with regard to planning, management and development in a municipality (Municipal Systems Act 2000 and DPLG 2005:8).

As prescribed by the Municipal Systems Act (2000), the city is obliged to undertake developmentally oriented planning that always results in the achievement of the Constitutional (1996) (i) objects of local government, (ii) developmental duties of local government and (iii) the realisation of fundamental human rights.

An IDP is adopted shortly after the beginning of the term of a newly elected council and is applicable for the full term of the council and may be amended annually in line with the council's performance assessment and changing circumstances.

3.9.1 Need for Integrated Planning

According to Tomlinson *et al.* (2003:10), the financial and institutional malaise in the City of Johannesburg and other municipalities by 1997 led DPLG to promulgate a requirement that all municipalities must prepare "integrated development plans". DPLG, in its IDP booklet lists seven needs that necessitate integrated planning (Municipal Integrated Planning 2005:9) viz:

- to maximise the effects of the utilisation of scarce local resources;
- to speed up service delivery;
- to attract private investment;
- as a motivation for increased intergovernmental transfers;

- to strengthen democracy and institutional transformation;
- to ensure the universal access of local services in dealing with the legacy of apartheid; and
- to meet the constitutional obligation of cooperative government²².

The Gauteng Provincial Government (GPG) monitors and supports integrated development planning of all municipalities in the province and adopted a number of priorities as a basis for evaluating municipalities under its jurisdiction following a presidential directive and documented some findings subsequent to the evaluation of IDP's (GPG 2005:7). The first priority was to enable faster economic growth and job creation; however, the current strategies for job creation i.e. Broad Based Black Economic Empowerment (BBBEE) and Local Economic Development (LED) proved insufficient.

The second priority was the eradication of poverty by building safe, secure and sustainable communities. Although the provision of basic services to communities was high on the provincial agenda, municipal IDP's did not have specific targets detailed on this issue. For CJMM, GPG expected the city's 2030 targets on urbanisation to reflect on problems of resource consumption, transportation, and housing, employment associated with urban construction and the integration or eradication of informal settlements.

The third priority was to develop healthy, skilled and productive communities. It was found that municipalities, except CJMM, had not developed capacity to do their own IDP's but were relying on PIMS which did not have a clear mandate on their consultancy and capacity building activities. GPG commended CJMM strategies on skills shortage and HIV/AIDS especially the deployment of community development workers who assist in consultation and service delivery (CJMM IDP 2006:6).

The fourth priority was to build an effective and caring government through the alignment of priorities and activities between municipalities and provincial departments. CJMM's endeavour to comply with legislation was commended. CJMM

²² Section 41 (h) and 154 of the Constitution (1996).

undertook to improve intergovernmental alignment by comparing policy imperatives in CJMM's IDP to policy imperatives in both the provincial Growth and Development Strategy (GDS) and National Spatial Development Perspective (NSDP) (CJMM IDP 2006:33).

Figure 8: Benefits of Integrated Planning

STAKEHOLDER	BENEFITS
Municipality	<ul style="list-style-type: none"> ▪ Provides clear and accountable leadership and developmental direction ▪ Develop cooperative relationships with stakeholders and communities ▪ Obtain access to developmental resources and external support ▪ Monitor the performance of officials
Councillors	<ul style="list-style-type: none"> ▪ Provides mechanism for communication with constituencies ▪ Enable effective representation of constituencies with informed decisions ▪ Enable the measurement of own performance
Officials	<ul style="list-style-type: none"> ▪ Guides business unit planning within the administration ▪ Provides mechanism to communicate with councillors ▪ Enables municipal officials to contribute to the municipal vision ▪ Enables inclusive decision making
Community	<ul style="list-style-type: none"> ▪ Gives them the opportunity to inform the municipal council of developmental needs ▪ Gives the opportunity to determine the municipality's developmental direction ▪ Provides a mechanism to measure the performance of councillors and the municipality
Provincial Government	<ul style="list-style-type: none"> ▪ Enables the MEC to monitor the performance of the municipality and report to the province and National Council of Provinces ▪ Facilitates coordination and alignment of IDP's of different municipalities in the province ▪ Facilitates coordination and alignment of IDP with the plans, strategies and programmes of provincial organs of state ▪ Facilitate dispute resolution between municipality and community and between different municipalities regarding planning, drafting and adoption
National Government	<ul style="list-style-type: none"> ▪ Enables the minister to formulate regulations and municipal guidelines on incentives to ensure compliance
Investors	<ul style="list-style-type: none"> ▪ Enables quick decision making on supporting new investment or expansion
<p>Source: An adaptation: DPLG: Municipal Integrated Development Planning (2005:10)</p>	

3.9.2 CJMM Integrated Development Programmes

The CJMM IDP for 2005/06 is a culmination of the city's Strategic Agenda which sets the priorities of the executive committee for the financial year and is applicable

to the core departments²³, regions and municipal entities. The city has set key performance areas, key performance indicators and baselines and targets that focus on fifteen IDP programmes spread across all departments and entities that undertake projects to implement these programmes (CJMM IDP 2006:2).

Table 4: CJMM IDP Programmes

IDP Programmes
<ul style="list-style-type: none"> ▪ Deepen democracy and promote good governance ▪ Ensure basic service delivery ▪ Enhance Batho Pele principles and customer care ▪ Address job creation and accelerate economic development ▪ Target poverty and advance human development ▪ Consolidate inner city regeneration ▪ Consolidate HIV/AIDS initiatives ▪ Create sustainable human settlements ▪ Enhance integrated transportation ▪ Ensure financial stability ▪ Improve community safety ▪ Promote strategic planning and management ▪ Develop and implement strategic projects ▪ Prepare for 2010 Soccer World Cup ▪ Advance sustainable development agenda
<p>Source: CJMM Integrated Development Plan (2006:2)</p>

Scott (2005:695) points out the importance of the submission of substantive information from all stakeholders that must result in a consensus on the specific priorities for the municipality to formulate a proper IDP. The above programmes as policy alternatives are evaluated by the IDP process stakeholders to evaluate their efficacy resulting in multiple role players advancing multiple conflicting objectives. Scott further developed the Multi-Criteria Decision Analysis (MCDA) tool for use in this IDP scenario to clarify and converge the needs of communities, evaluate alternative delivery options and monitor the implementation of agreed programmes.

²³ See sub-sections 3.10.1 to 3.10.10 and Table 3.

3.10 Objectives of the Central Bureaucracy

The CJMM's vision is summarised in Joburg 2030 (CJMM 2002:58) as:

"...a world class city with service deliverables and efficiencies which meet world best practice. Its economy and labour force will specialise in the service sector and will be strongly outward oriented such that the City operates on a global scale. The strong economic growth resultant from this competitive economic behaviour will drive up City tax revenues, private sector profits and individual disposable income levels such that the standard of living and quality of life of all the city's inhabitants will increase in a sustainable manner."

Table 5: Departmental Objectives and Programmes

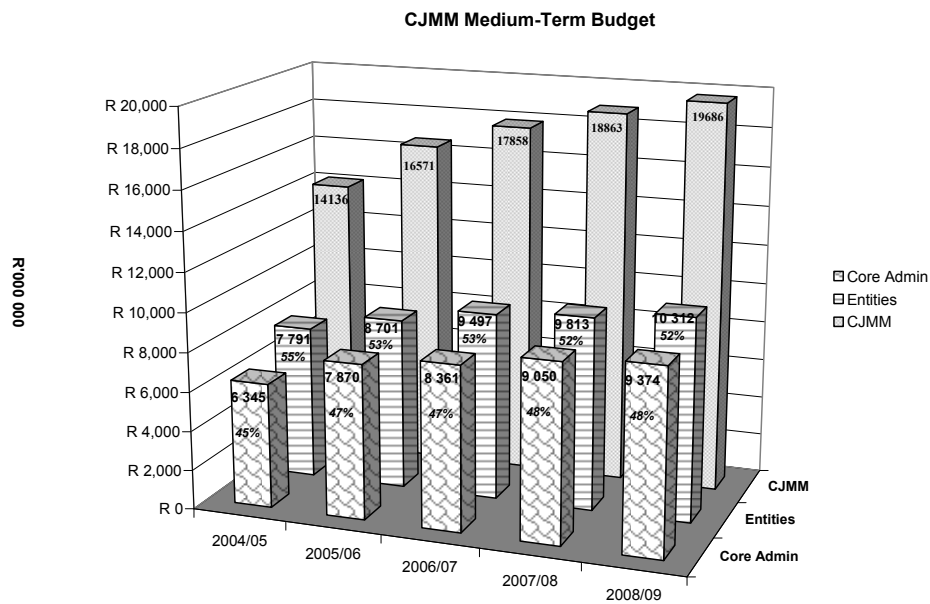
Department	Objectives	Programmes
Community Development	Promote the well being of all inhabitants through empowerment, economic development. Quality relaxation through cultural, sport and entertainment facilities	<ul style="list-style-type: none"> • Libraries and information centres • Sports and recreation • Galleries and museums • Cultural outlets • Poverty alleviation
Corporate and Shared Services	Provide an effective and efficient support service to world class standard to all business units	<ul style="list-style-type: none"> • Human resources • Labour relations • Administration & support • Facilities management • OHS • Finance • Fleet management • Contract management
Development Planning and Urban Management	Provide spatial and settlement transformation through integration, efficiency, sustainability and accessibility	<ul style="list-style-type: none"> • Land use management • Building control • Planning control and enforcement • Development planning and facilitation • Geo-informatics • Urban management • Regulation and strategic support
Economic Development	Ensure the implementation of the city strategic plans through sector focused economic projects to stimulate the local economy through support, facilitation, intervention and innovation	<ul style="list-style-type: none"> • Soweto empowerment zone • City Broadband Network • SMME Fund
Emergency Management Services	Save lives in disasters or accidents	<ul style="list-style-type: none"> • Fire safety and fighting • Disaster management • Medical rescue
Environmental Planning and Management	Create favourable surroundings for living, business and recreation	<ul style="list-style-type: none"> • Policy and strategy
Finance	Development of financial strategy and overall financial management. Development of financial framework for city owned entities	<ul style="list-style-type: none"> • Budgeting • Treasury • Financial accounting • Supply chain management

		<ul style="list-style-type: none"> • Valuations • Rates and taxes
Health	Provide primary health care and ensure the availability of safe and quality medication	<ul style="list-style-type: none"> • Environmental health • Public health • Primary health care • HIV / AIDS and STI
Housing	Create sustainable settlements that are adequately serviced, well located within efficient and well maintained service infrastructure	<ul style="list-style-type: none"> • Hostels • Inner city properties • New settlements • Temporary shelters
Infrastructure and Services	Development maintenance of infrastructure in all areas	<ul style="list-style-type: none"> • Energy • Water • Waste
Metropolitan Police	Develop and co-ordinate crime prevention strategy and law enforcement	<ul style="list-style-type: none"> • Preventative policing • Traffic management and enforcement • Crime intelligence and cooperation
Revenue and Customer Relations Management	Effective and efficient management of revenue collection and customer relations	<ul style="list-style-type: none"> • Billing • Distribution of statement • Revenue collection • Credit control • Revenue improvement
Source: CJMM website 2007/09/27		

The service deliverables that are assigned to the core administration measured as operating expenditure were R6,345 billion which was 45 per cent of the total CJMM operating expenditure at the end of the 2004/05 financial year (CJMM Medium Term Revenue and Expenditure Budget 2006:10). This assignment was budgeted to increase to R9,374 billion by the 2008/09 financial year, becoming 48 per cent of the total CJMM operating budget. The implication of these figures is that the core administration is being assigned more service delivery obligations away from the municipal entities in an alternating paradigm shift between central bureaucracy and NPM²⁴.

²⁴ See chapter 4 for a detailed discussion on NPM.

Figure 9: CJMM Medium-Term Operating Expenditure Budget



Source: CJMM Medium Term Revenue and Expenditure Budget 2006/7:10-14

3.10.1 The City’s new strategic approach to service delivery

According to a study by the Centre for Development and Enterprise (CDE 2002:79), CJMM having established entities to deal with the operational aspects of service delivery, the greatest challenge facing the city is no longer access to services for communities as was the case for the seven years that preceded the advent of democracy in 1994.

Extremely high levels of crime in the city continue to affect investment and business activities unabated, resulting in a near stagnant economic growth. Johannesburg citizens are concerned more about the resultant unemployment rather than service backlogs because with disposable incomes comes the ability and freedom to choose what services to consume. (A consumer can opt for gas rather than electricity where there is an electricity backlog or a taxi where city bus service is unreliable but without income there is no access to anything). The improvement of the quality of lives for the city’s citizens is the reversal of the poverty vicious circle which has to be triggered by a sustainable increase in economic growth.

3.10.1.1 Conditions Conducive for Economic Growth of the City

The city is already endowed with four critical factors that can be catalysts to economic growth if properly exploited (CDE 2002:79 and CJMM Joburg 2030 2002:58). Firstly, the city is situated in Gauteng, a province with the highest GDE and GDP in South Africa. Secondly, state utilities Rand Water and Eskom provide very cost-effective and efficient water and electricity services respectively. The existing transport infrastructure although requiring significant upgrades can reliably facilitate the movement of goods and services both around the city and to outside markets. Lastly, property rights are well entrenched supporting an advanced residential and commercial property development industry.

3.10.1.2 Inhibiting factors for Economic Growth

A plethora of problems that the city is faced with are not unique to the city alone but are simply amplified due to the magnitude of population and economic activity as compared to other local cities and towns (CDE 2002:80).

- As mentioned in section 3.10.1 above, the rate of economic growth per capita for the city has lagged behind other international cities with comparable circumstances over the past 20 years, hence the quality of life that is positively affected remains unchanged.
- Crime dominates all other negative factors to such an extent that investment will always be at a lower rate than is required even if the city were to deal with all other factors successfully. Dirsuweit (2005:1) is of the opinion that the ritualised routines that the city inhabitants have adopted to mitigate the effects of crime have a considerable effect on the form and usage of the city.
- The city has the most highly skilled inhabitants, however a survey conducted by CDE on Johannesburg firms showed 30 per cent of respondents indicated that the lack of managerial, professional and technical skills inhibits their aspirations for growth (CDE 2002:80). The crisis of skills shortage forced the minister of Home Affairs to allow for the issue of 34 825 quota permits to foreign nationals with skills considered scarce and critical in April 2007 (Department of Home Affairs 2007).
- The unintended consequences of new labour legislation that results in a proliferation of unions employers have to deal with; collective agreement; workdays lost due to strikes; costly disciplinary procedures and hiring and

retrenchment costs. Seventy four per cent of firms surveyed complained about new labour legislation constraining their plans of expansion (Chandra *et al.* 2000:48).

- Road traffic congestion is a constraint to efficient business operations in the city. A significant increase in the number of vehicles on the roads without a corresponding expansion of the roads network results in inefficiency due to the increase in vehicle kilometres, more time spent on the roads, increased fuel costs, increased pollution and lack of road maintenance.
- Budgetary constraints led the city to concentrate on expansion of service provision at the expense of maintenance and refurbishment of existing infrastructure over the seven years since 1994 resulting in huge backlogs in municipal infrastructure (Kwangwane 2006:2) and CDE (2002:82). Kwangwane (2006) advocates the intensified use of the municipal bond market to augment the meagre infrastructure grants from national government and municipal capital budgets as funding for all infrastructure purposes and maintain service levels. This is in the light of CDE (2002:82) assertions that electricity infrastructure with operational life expectancy of 40 years was 33 years old by the year 2002, the urgent renewal thereof requires millions of Rands in funding.

3.11 Performance Assessment

High expectations for improved public services by the public puts governments under perpetual pressure to improve performance and deliver its goods and services more efficiently and at the least cost to the taxpayers (Stupak and Leitner 2001:338). Performance assessment is a formal procedure that tracks progress in all efforts an organisation takes to achieve the predetermined imperative goals so as to objectively justify or criticise decisions that are made by management. According to Ingraham *et al.* (2003:13) there are many contingencies that critically influence government performance including elections, socio-economic conditions, media scrutiny and legislative priorities. Advocates in these constituencies express their satisfaction or otherwise after having assessed the performance of government using different criteria.

All providers of public services where public money is used need to demonstrate that funds are spent according to the legal framework to produce high quality goods and

services for the public. This has led to the growth in public sector inspection programmes as a response to high priority placed on performance improvement in the public sector (Van der Waldt 2004:170). The information derived from a system of performance measurement is used to set goals and standards; pinpoint problem areas and take corrective action; manage, describe and improve processes; and record what it accomplished.

3.11.1 Legislative Requirements

Performance assessment in the local government sphere is a legal requirement imposed on the municipality by the Municipal Systems Act (2000) and on the municipal accounting officers by the Municipal Finance Management Act (2003). The municipal council and the communities have the responsibilities for establishing, developing and reviewing of the performance management system. The minister of provincial and local government has the responsibility of providing regulations, general key performance indicators and reporting annually to parliament and to provincial ministers of local government a consolidated report on the performance of municipalities in terms of the indicators. The provincial minister of local government is responsible for reporting to the provincial legislature and the national minister on the performance of municipalities in the province.

3.11.2 Performance Management Tools

3.11.2.1 Productivity measurement

Productivity is the ability of an organisation to utilise lesser resources than previously in the attainment of business objectives (Eskom Holdings Ltd 2006). A corollary to this is the ability of an organisation to attain more of the business objectives by the utilisation of the same amount of resources used previously.

According to Van der Waldt (2004:171), public sector productivity is the efficiency with which public resources are utilised in the effective delivery of services. Productivity data compiled from accounting records over a period is used to measure and assess performance enabling the identification of unproductive areas, the establishment of performance improvement standards, the evaluation of the

benefits of alternative improvement strategies and the refinement of resource allocation (Van der Waldt 2004:171).

3.11.2.2 Benchmarking

The idea is not entirely to close the gap between the subject of assessment and the peers with international best practice but firstly to identify a variety of best in class performers and practices that they are characteristic of, then strive to refine own processes to meet or exceed the benchmark set as international best practice (Ammons 2001:24). The City of Phoenix in the USA always compares the cost, efficiency and effectiveness of its own services with those provided by other cities (Osborne and Gaebler 1992:89). This does not put pressure on Phoenix alone but to its comparative peers to be always ahead in innovation.

3.11.2.3 Balanced scorecard

A balanced scorecard is a set of measures that give information on the organisation from different aspects of operation simultaneously. The four important perspectives that managers are recommended to look at are the customer perspective, the internal business perspective, the financial perspective and the innovation and learning perspective (Van der Waldt 2004:188). SALGA encourages municipalities in South Africa to utilise the balanced scorecard as a preferred tool of assessment since the compulsory IDP has the basic balanced scorecard objectives of making the broad strategic goals for service delivery depend on detailed plans that are subjected to performance assessment.

3.11.2.4 The three Es: economy, efficiency and effectiveness

According to Van der Waldt (2004:179) the three Es model developed by the British Audit Commission measures the economic costs of inputs the municipality utilises to produce public goods. Linked to the inputs is the efficiency with which these resources are transformed into services (costs per unit of output). This is in turn followed by the effectiveness which shows how the beneficiaries view the success of the output in achieving stated objectives.

3.11.3 CJMM Performance Assessment System

Performance assessment in CJMM is driven by accountability, transparency, planning or budgeting, operational improvement, programme evaluation, performance appraisal, resource allocation and the management of operations. The performance assessment of the city is in the form of a City Scorecard that gives a consolidated picture of its plans and commitments for a particular year with measurable, relevant, objective and precise performance indicators (CJMM Annual Report 2005:18). Not only was the scorecard intended to be a strategic tool that drives the annual priorities of the city, the performance indicators serves as a reporting framework for measuring delivery against objectives and the city manager's performance is based on it. The city manager's performance is based on the list of duties detailed in annexure III.

CJMM scorecard measures the magnitude services in absolute terms based on an arbitrary scale of 100 per cent without making comparisons with a set benchmark or standard. Hatry (1980:318; 1999:35) and GASB (1992:6) favour a further comparison of the magnitude with prior periods, other units in the municipality, with peers outside the municipality, with pre-established targets or existing standards. This is one of many criteria-based assessment methods. Ingraham *et al.* (2003:28) favour a relative rather than absolute criteria-based assessment because of its focus on data collection and analysis around prevailing norms applicable to the nature of good government management.

While the annual financial results focuses on money spent against the budget vote, the scorecard focuses on the results that are achieved by each municipal department in executing programmes. Van der Waldt (2004:178) observed that the PFMA (1999) focuses on financial reporting while accounting officers are required to annually report on the activities of the organisation²⁵. The MFMA (2003) is specific about performance assessment, focusing on performance against budget and against service delivery plans²⁶. In the case study (chapter 6) the researcher will design a more detailed and sophisticated scheme of criteria than the CJMM

²⁵ PFMA (1999) section 40 (1) (d).

²⁶ MFMA (2003) section 72 and 88.

scorecard in order to yield more information on the analysis of appropriate public management options.

3.12 Complexity Challenges

CJMM is a complex system that interacts with its environment affected by globalisation, the society, national politics, organised labour, the labour market, the national economy and international organisations. According to Blackman (2001:1) a complex system is open (as in small open economies) but dynamic and needing control mechanisms or cooperation so that the system does not dissipate when the environment changes. Any drastic change in the way any one of the external environmental components affects the city as complex system and causes it to be out of equilibrium.

To cope with the change in equilibrium, the city constantly needs information about the external environment to learn, communicate, improve and adjust or adapt to changes effected exogenously. If the city operates without major shocks to the system for a long time, it settles to what Blackman (2001:2) and Haynes (2003:25) term an attractor, which is a stable state with generic, describable features e.g. transition, pre-democracy era, post-apartheid, world class city or third world city.

According to Stroup (1997:15) the behaviour of the complex system can be predictable, meaning that it is able to get clues from early warning signs to determine what the possible new attractors could be. The system can also be random, meaning that no early warning signs are forthcoming and there are no recorded events of the past that exist to help. Worse still, the system can be chaotic, meaning that the randomness with which the environment changes makes the system very far away from equilibrium and at a strange attractor. Blackman (2001:3) states that the situation of a complex system being at a strange attractor is of great importance to policy management, an analogy with CJMM will suggest that any change in the long term characteristics of its external environment may cause a dramatic change of the city's operations far beyond the city's capacity to cope.

3.12.1 Normal Complexity Attractors for CJMM

The Constitution (1996), Municipal Structures Act (1998) and the Municipal Systems Act (2000) give city authority to raise revenue mainly through user charges (U), property tax (T), surcharges (S), RSC levies (R) and fines (F). The ability of the city to fund its operating expenditure and debt redemption is dependent upon U, T, S, R and F sources of income, thus the legislation created U, T, S, R and F attractors for the local government sphere which has been constant since the promulgation of the law and is not expected to change soon.

Immediately prior to the national government elections, a directive was passed at national level (national politics is one of the external environmental factors of CJMM) for every municipality to provide free basic services in the form of 50 kilolitres of water and 50 kilowatts of electricity to every registered household excluding informal settlements as from July 2001 (DWAF 2001:1). The large scale shift in the revenue and expenditure gap caused a fundamental change in the city and broke up the usual capacity to balance the budget. The stabilising attractor forces that create near predictable revenues were displaced into a shrinking revenue base which the city has to deal with amid increasing expenditure obligations (Haynes 2003:25).

The reduction in attractor 'U' due to free water and electricity put the city on a strange attractor and therefore out of equilibrium that manifested itself in scaled down infrastructure spending and service provision²⁷, as testified by the reduction in the overall city satisfaction index from 68 per cent in 2004/05 to 60 per cent in 2005/06 (CJMM Annual Report 2006:32).

3.13 Summary

The bureaucratic paradigm is well entrenched in CJMM representing almost half of the responsibilities for service delivery in the city in terms of operating expenditure. The central bureaucracy (core administration) operating expenditure is budgeted to increase steadily from 45 per cent in 2004/05 to 48 per cent by the 2008/09 financial year showing a rather persistence of the bureaucratic paradigm despite criticisms from intellectuals since the 1930s (Barzelay and Armajani 1992:533). The

²⁷ See section 3.10.1.2 last bullet point.

bureaucratic paradigm has persisted in the city to bring efficiency and effectiveness to the satisfaction of the executive council because of other public service reforms that have been imposed by legislation other than NPM.

The national government's bureaucratic reform vision that culminated in reforms in municipalities enforced by the legislation stated in chapter 2 mitigated on the negative aspects attributed to bureaucratic failures in figure 6 and section 3.4. From the city scorecard, it is clear from the departmental objectives that the municipality's quest for efficiency and effectiveness has become customer driven and service oriented. Analysts might attribute the growth of the core administration relative to utilities agencies and entities to the bureaucracy's age old tendency of maximising vocational security and therefore the growth of government. However the constant restructuring of the core administration since 1994 indicates the willingness of the city to solve operational problems by transformation aimed at responsiveness, user-friendly, dynamic and competitive service provision.

CHAPTER 4

NEW PUBLIC MANAGEMENT AT THE CITY OF JOHANNESBURG

4. Introduction

In the preceding chapter, the researcher determined that almost half of CJMM public service obligations are assigned to the core administration i.e. central bureaucracy. The other half is provided by fifteen utilities, agencies and corporate entities (UAE) that are owned by the city.

The Municipal Systems Act (2000) enables the city to structure itself in such a way that services can be provided internally by a department or an administrative unit within its administration and or by any business unit established by the city. Services may also be provided externally by agreement with a municipal entity, another municipality or state entity. The core administration, discussed in chapter 3 falls under the internal mechanism while the UAEs, the subject of this chapter fall under the external mechanism. The MFMA (2003) regulates the establishment of UAEs with specific focus on the financial implications²⁸.

Figure 4 in chapter 1 is a graphical illustration of the structural architecture of CJMM, where the UAEs have an environment of competition and management control divorced from political control. All three squares of the matrix originated from the central bureaucracy as the advent of public service reforms, including NPM unfolded.

4.1 Public Management Reforms and Empirical Evidence

According to Polidano *et al.* (1998:278), analysts depend on anecdotal evidence to evaluate the outcomes of NPM in Britain, Australia and New Zealand, the countries that have successfully applied it for a long time. Similarly, Moynihan (2006:77) confirms the widespread implementation of NPM policy advice in these NPM benchmark countries and other OECD countries although empirical evidence as to

²⁸ Municipal Finance Management Act (2003) section 84.

its effects remains untested. According to Rhodes (1998:21) the aims and results of NPM differ from state to state. While in Britain, NPM is aimed at creating a minimalist state, in Sweden it serves to protect the state and in France it stands for regional devolution.

4.2.1 Britian

NPM in Britain initially focused on cost-cutting and efficiency and later included consumer welfare (Batho Pele in South Africa²⁹) and it came in a variety of forms from privatisation, marketisation, corporate management, regulation, decentralisation and political control (Rhodes 1998:19). The government in Britain forced local government transformation by letting all services subject to competitive bidding (compulsory competitive bidding) while opting for autonomy was voluntary (Osborne and Gaerber 1992:328).

4.2.1.1 Public Housing

Since 1998, public housing units in British municipalities have been transferred to tenants through housing associations that are legally autonomous which allow them to trade and make surpluses, although the surpluses cannot be distributed as dividends (Pollitt *et al.* 1998:54). Although the transfers were voluntary and had to be subjected to a tough approval process, they increased steadily due to further reforms introduced in the form of the Government and Housing Act (1989)³⁰ which limited council interest in each new housing association to a stake of less than 20 per cent and the introduction in 1992 of compulsory competitive tendering in housing management. There was substantial progress by 1995 when it was recorded that 40 housing departments had transferred 180 000 homes and generated in excess of £2.6 billion in private finance (Pollitt *et al.* 1998:56).

4.2.1.2 Public Schools

As from 1987, there was a choice in the public schooling system that allowed grant maintained public schools that opted for autonomy to secede from central school districts and receive funding directly from national government, Pollitt *et al.* (1998:55). The schools which seceded were constituted by law as autonomously incorporated institutions directly funded by national government with powers to

²⁹ See section 4.4.5 below.

³⁰ This is a British Act of Parliament.

determine admission policy, finance, staffing, investment, property management and contracting (Fritz *et al.* 1993:9).

4.2.1.3 National Health Service

Restructuring in the British National Health System was initiated in 1989 by the separation of policy management from service delivery and also requiring hospitals and physicians' groups to compete for contracts. This was also a national government reform programme culminating from the White Paper on the Future of Health Services. The government's intention was to stimulate better services for patients by enabling hospitals that were willing and had capacity, to run their own affairs (Pollitt *et al.* 1998:65). By 1994, 90 per cent of the National Health Services had assumed autonomy and were as envisaged, assumed to have more freedom to make decisions that affect the hospitals without supervision, giving patients a variety of choices, and producing quality service that other hospitals emulated through competition.

4.2.2 New Zealand

NPM as a policy reform in New Zealand was a reaction by the Labour Government to the dismal state of the economy in the early 1980s that was characterised by low growth; rising foreign debt; high inflation; unstable currency; large agricultural and business subsidies; extensive regulation and very high budget deficits (Verheijen 1998:256 and McKenna 2000:153). The three main causes to this dismal state was the government's propensity to intervene in the economy, high level market regulation and an inefficient public administration.

To correct the situation, the New Zealand Government came up with an administrative reform strategy based on eight principles i.e.:

- the separation of commercial from non-commercial functions;
- separation of advisory and administrative functions;
- the 'user-pay' principle combined with transparency of subsidisation;
- competitive neutrality;
- greater managerial discretion and decentralisation;
- improved accountability;

- open government; and
- transitional assistance.

The government took a radical approach to public service reforms in that the eight drivers mentioned above were not voluntary but legally imposed by three pieces of legislation i.e. the State Owned Enterprises Act (1986), the State Sector Act (1988) and the Public Finance Act. McKenna (2000:153) observed that the government became active in reforming public sector functions to achieve greater efficiencies and reduce state involvement in commercial activities to the extent that the New Zealand Government became zealous about deregulation of the economy and exposing it to the forces of the market.

4.2.2.1 Commercialisation

Corporate management is what the New Zealand Government termed commercialisation, whereby the government departments and their functions were restructured to allow for accountability and economic efficiency into state commercial activities without devolution of functions (McKenna 2000:153).

4.2.2.2 Corporatisation

Corporatisation in the New Zealand context is the devolution of trading functions from government departments to state owned corporations and was deemed a halfway step towards privatisation at a later stage (Verheijen 1998:262).

4.2.2.3 Privatisation

The ultimate level of reform is privatisation which involves the selling of state assets or its entire equity in an entity. Privatisation in New Zealand after 1987 was for an ulterior motive, to fund the fiscal deficit. According to Boston *et al.* (1992:47), little or no improvement in performance of the privatised enterprises materialised, moreover the proceeds of the privatisation did not meet the expectations.

4.2.3 Australia

NPM reforms were adopted and implemented in Australia under the Labour Government which is aligned to trade unions and thus did not take a radical approach reminiscent to New Zealand since consultation and consensus with trade

unions was a governing strategy of the Australian Labour Party Government (Verheijen 1998:270) and Johnston (2000:350).

NPM was influenced by the rational principles of neo-classical economic theory as follows:

- the need to stimulate economic growth through efficient resource allocation facilitated by deregulation of markets in place of government intervention;
- the need to reduce excessive government expenditure and therefore the budget deficit through public sector downsizing and privatisation;
- the need to encourage private sector investment through less restrictive regulation and reduction of taxation;
- the need to control inflation and reduce foreign debt by implementing contractionary monetary and fiscal policy;
- the adoption of corporate management from the private sector and incorporate performance assessment systems for greater efficiencies in the smaller public service;

To support the government's macro-economic and micro-economic agenda, NPM took the forms of mergers, deletions and the incorporation of new entities to devolve some government functions while strengthening state direct control over policy and service provision (Johnston 2000:350). Within these entities, organisational hierarchies were flattened and senior executives were given more discretion of financial and human resource management matters.

4.2.4 Bangladesh

Bangladesh nationalised all industry and commercial entities in 1971 leaving no role for the private sector participation in the development of the country (Sarker 2005:256). The state led development process that was driven by the old hierarchical paradigm of public management resulted in government failure which manifested in the politicisation of service delivery systems and low levels of efficiency, effectiveness, accountability and transparency.

As from 1997 the new government, after concurring with different commissions, committees and policy papers decided to reform the state functions by creating

space for the private sector and NGOs to alleviate the state's tardiness in service delivery (Government of Bangladesh 1998:139). According to Sarker (2005:257) a total of 13 000 NGOs' were providing public services in the year 2000, covering 400 local authority jurisdictions and these proved to be good mobilisers and effective delivers of goods and services to the poor who make up a larger percentage of the Bangladesh population.

NGOs provide public services on behalf of the government by contracting out the NPM style and by targeting areas that the government has not prioritised using donor funds (Hulme 2001:139), and have been successful by devising management practices that are suitable to different areas since they have considerable autonomy in discharging their responsibilities.

4.2.5 National and Provincial Government in South Africa

South Africa is inaccurately described as a developing country because of its location and some of its characteristic features are taken into consideration when stereotyping countries according to their developmental needs. Literature on NPM e.g. Hood (1991:503), talks extensively of developed countries, particularly the OECD group, ignoring that NPM has been part and parcel of this government long before the 1990s with state entities like Eskom, Telkom, Sasol, South African Board of Standards, water boards and research bodies *et cetera*. as the following table 6 reveals:

Table 6: National and Provincial State Entities

Public Entities in Operation in South Africa			
Category	Function	Format	Number
Constitutional Institutions	Regulatory	Agency	10
Major Public Entities	Revenue and Service	Incorporated	19
National Public Entities	Revenue, regulation, research	Agency	46
National Government Business Entities	Revenue and service	Incorporated	25
Provincial Public Entities	Regulation and service	Agency	18
Provincial Government Business Entities	Revenue and service	Incorporated	108

School governing bodies	Management Administration	Community	All
Source: Public Finance Management Act (1999)- schedules 1, 2 & 3.			

The point of departure for analysts who want to comment on NPM in South Africa should be the decentralisation of government functions within the three spheres of government. Decentralisation is enshrined in the Constitution (1996). As Vista-Babylon (2001:155) stated, effective service delivery, political stability, poverty reduction and equity can be achieved by the decentralisation of central power and authority to sub-national entities.

Section 41 (1) (h) of the Constitution (1996) calls for the co-operation of all spheres in mutual trust and good faith by fostering friendly relations, assisting, supporting, consulting and co-ordinating with each other. Schedule 4 part 'A' specifies thirty three government functions that must be performed concurrently by national and provincial governments, while part 'B' specifies functions that should be the responsibility of municipal governments³¹ with assistance and supervision of both national and provincial governments. Schedule 5 devolves functions, thirty five exclusively to provincial governments, twenty three of which fall under local municipalities. In line with Pollitt *et al.*'s (1998:7) definition of non-competitive decentralisation, each province and municipality is given greater authority to manage its own budget. This arrangement is reminiscent to the broad definition of NPM which is discussed in section 4.3.2.1 below.

4.3 New Public Management

4.3.1 New Public Management Principles

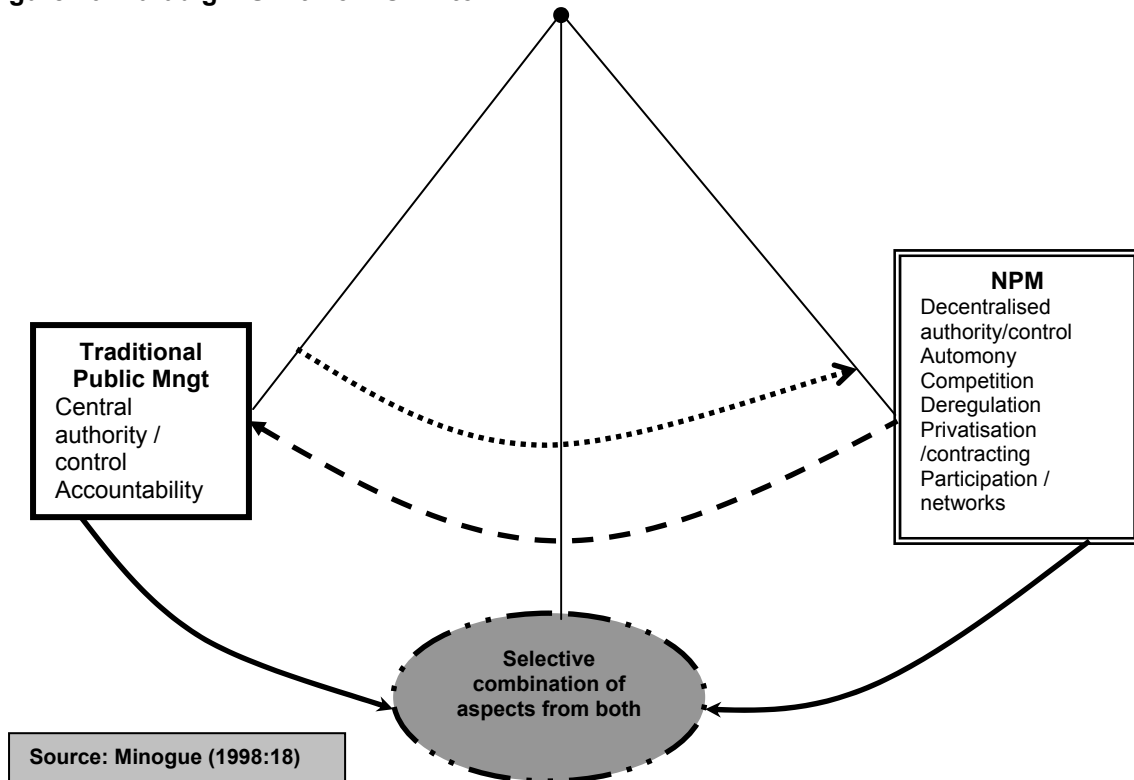
NPM is a form of public sector reform and this does not mean therefore that all public sector reforms are based on or driven by NPM, e.g. e-government is inspired by information and communication technology and works with both models of public management. NPM is a paradigm shift that shifts the responsibilities of public services to the private sector, autonomous government entities and involves

³¹ See section 2.1 on page 27.

competition and accountability in the hands of the decentralised units as illustrated by figure 10 below.

The essence of NPM is to create efficient government on one side by the realignment of boundaries and responsibilities of the state and on the other side, democratic participation, entrepreneurialship, accountability and empowerment. According to Keating (1989:49), NPM is viewed as the only doctrine that could correct the irretrievable failures and moral bankruptcy caused by the old bureaucratic model of public management. On the contrary, Nethercote (1989:24) dismissed the coalescing of NPM as unwarranted and hostile destruction of valuable work in developing public service ethics, culture and norms carried out for a long period of time.

Figure 10: Paradigm Shift from OPM to NPM



4.13 The Nature of New Public Management

Organisational aspects that are rhetorically associated with NPM and used to differentiate it from other concepts of public sector reforms are limited to the following five government functions (Lane 2005:5):

- the provision of public services to the citizens must be organised efficiently to achieve or meet the expectations of communities as set in the objectives;
- the hierarchical structure of government is rigid and inflexible and thereby restricts the public service employees from meeting the complex requirements of the citizens (Barzelay and Armajani 1992:535). It is therefore necessary to empower the responsible people to use their '*leadership and enterprising skills*' to make choices from alternatives and make them accountable;
- the capacity of government is limited to meet all the service requirements. Specialist providers in the private sector can do the job more cost effectively at no risk to the government and thus should be contracted to provide services on behalf of government competitively;
- with the responsibility of service provision spread all over the society, it is necessary to have functional networks of public, private and civil organisations

to co-operate in the governance of accomplishing service delivery goals (Minogue 1998:34);

- When public and private organisations assume the task of executing policy, the traditional hierarchical and formal model of organisation must be abandoned to give managers authority to be flexible and efficient. The hierarchies are re-engineered into flatter structures fused with corporate management practices and delegated authority.

Based on the academic knowledge of the nature and operations of government, experts with business administration are instrumental in implementing NPM based on the above framework (Hood 1991:503).

4.3.2.1 Broad Definition of NPM

Lane (2005:6) defines NPM as public sector reforms adopted in developed countries not too long ago with the objectives of achieving efficiency through decentralisation. The following characteristics have been found to be common in the countries that have embarked on NPM although they did not adopt a homogenous framework containing all, instead they combined different aspects from the above based on their circumstances:

- while traditional public services emphasised inputs i.e. the civil servants were influenced or bound by the legislation and formal rules with regard to finance and budgeting to apply the government resources, NPM professionals are driven by the results or outcomes (Barzelay and Armajani 1992:535). NPM uses performance information to increase performance and holds the responsible people accountable for specific predetermined goals having provided them with the necessary authority to achieve these goals (Moynihan 2006:78). They value the benefits society expect and then strive to achieve this regardless of the restriction on the resources at their disposal.
- when allocated through a monopoly, the value of public service can not be determined, however through the market, the value can be measured since citizens will be able to compare among different choices. The value is therefore dependent upon the productivity and effectiveness of the producers and thus the cost of production will determine the prices.

- the existence of each public entity is justified by the value of its services to the people. If the people are not satisfied by the service, they look for alternatives (Barzelay and Armajani 1992:538).
- the shifting of government responsibilities to other entities results in the government downsizing its roles of allocation, redistribution and regulation.
- deregulation and re-regulation work in a compensating relationship as barriers for entry are forbidden by competition regulations, other regulations to protect consumers come into place.
- central governments operate in co-operation with regional and local governments in the allocation of functions according to the competencies of each level (Constitution 1996). The same function may be performed by all levels sharing the burden or different levels may specialise in certain functions.
- privatisation comes in different forms in assuming public responsibilities. Often ownership remains in government hands or both ownership and activity becomes in private hands (Rhodes 1998:20). The provision of services by government is a monopoly according to public choice economists (Pollitt *et al.* 1998:34). When government solely supplies services to an area, it has no incentive to search for lower costs, eliminate inefficiencies or modernise the procedures.
- almost everything that the government provides can be outsourced to the private sector. Restrictions are often put on those activities that pose security risks and are of strategic importance to the state.
- following the transformation of structures in the private sector by removing or limiting middle level management, a giant hierarchy is now an impractical structure everywhere with the aim of empowering lower level managers (Pollitt *et al.* 1998:1).
- corporate management implies copying private sector management in the public sector with specific emphasis on: hands-on, professional management; explicit standard and performance assessment; managing results; value for money and consumer concern (Rhodes 1998:20).

There is no one size fits all package for reforms followed by countries, however some common futures can be identified as strategies governments took to radically change the way of doing the 'business' of government.

4.3.2.2 Narrow Definition of NPM

The narrow definition of NPM is market oriented with principles of economics since no clear-cut ways can be prescribed to governments to get them working optimally. The following four mechanisms of the market form a framework for the narrow definition:

- it is advocated that the government specialises in the regulatory functions and relinquish the allocative role to the private sector where the market can better perform the function. Outsourcing becomes a strategic way for this allocative role.
- when allocation is in private hands, the market will test the production of services and this should force the government to initially select potential providers through contestable tendering and bidding processes.
- by competitive tendering in seeking allocating agencies, comprehensive procedures are put in place that can be used as uniform standards in all spheres of government (Rhodes 1998:19).³²
- the services that involve the collection of revenue as part of the allocation process e.g. hospital fees, electricity, water, toll roads should be incorporated in the same way as public enterprises are incorporated businesses.

Lane (2005:8) is of the opinion that the use of new market mechanisms based on agency theory and economics of information can enhance public management efficiency since rules and incentives are matched more correctly than in traditional public management.

4.3.3 Inspirational Theories

The practical politicians and expert business practitioners that advocated and implemented NPM were not the sources of its origination. Several incoherent academic sources prepared the ground for NPM inspiration in the normal way of formulating theory while waiting for empirical evidence (Hood 1991:12).

- the school of thought of public choice dissented from public management discourse by suggesting the roles that are played by self-interest in the society,

³² See the Preferential Procurement Policy Framework Act in section 4.4.2

i.e. i) bureaucrats are motivated predominantly by self-interest (Boyne *et al.* 2003:6), ii) attempts to maximise revenue and budgets by politicians and bureaucrats alike can be better achieved in the private sector to reduce budgetary constraints (Lane 1995:125).

- the Chicago School of Economics postulated the importance of market efficiency since the governments intervene only when markets fail. Government and markets are partners in the economy and one cannot exist without the other (Lane 1995:129).
- in comparing the interactions between government and citizens through a bureaucracy and the buying and selling in the market, the former takes much longer than the latter because of the formal rules of tenure, vocation and virtual monopoly.
- the emulation of management tools as applied in the private sector by the management in the public sector has been a subject of discussion for a long time. Deregulation of government or the reinventing of government has been suggested by other practitioners as alternative ways to improve government (Barzelay and Armjani 1992:536). Before this advent, the private sector had borrowed from bureaucracy the formal hierarchical structure which was later abandoned. Economic organisational theorists advance that long term and near term decisions are made based on opportunity costs on alternatives of either producing or purchasing readymade products. In the same breath, when a function is expected of government, decisions have to be made by public managers on whether to provide the service in-house or contract out based on opportunity costs.
- information in a hierarchy structure does not move more efficiently since it takes one direction from top to bottom (Barzelay and Armjani 1992:540). Networks that have a free flow of information horizontally to all participants are structures of modern society that is flexible to cope with the organisational requirements of the modern technologically advanced society. When networks have been formed, they should be followed by governance models that ensure accountability.

4.3.4 Conditions for Implementation of NPM

For NPM to be successfully received as an alternative public sector reform mechanism, a couple of conditions must be prevailing in the target country. Countries with mature economies are capable of devising strategies to contain excessive government expenditure and at the same time maintain the welfare commitments to their citizens without the need to look for aid from international aid agencies or donor countries. This is the case of OECD countries (which are donors of note) hence NPM has been their policy ambition covering a host of public sector reforms (Rhodes 1998:19).

Information and communication technology is vital for services such as education, health and social services that are driven by technological changes. Large government operations generate huge amounts of information and require also huge amounts of information that must be stored and retrieved in quality reports, the capacity of which needs computers and knowledge. Organisational changes concomitant to NPM require considerable computerisation for effective implementation with its inherent cost and time saving advantages.

Countries are increasingly organised in international (regional or intercontinental) organisations for common interests in trade, migration, world peace and development to unprecedented levels that affect public policy and its implementation. Conditions set by the international organisations are applicable in the individual nations that are members and can inform which direction for NPM to take as competition does with the WTO, EU and most regional integrations.

Public policy literature shows that there has been a phenomenal growth in sizes of governments in the twentieth century (Lane 2005:12), mostly exacerbated by wars. Increased government expenditure is followed by increased demand that initiates increased production by the private sector and this virtuous cycle creates and sustains private sector capacity to be an alternative for public goods provision when the public sectors decides to off load services when implementing NPM.

4.4 NPM Policy in CJMM

According to CJMM Medium Term Revenue and Expenditure Budget (2006:14), Figure 9 and Section 3.10 above, the operating expenditure attributed to UAEs was R6.345 billion for 2004/05 and projected to be R7.869 billion for 2005/06, R8.360 billion for 2006/07, R9.050 billion for 2007/08 and R9.374 for 2008/09 representing 55 per cent, 53 per cent, 53 per cent, 52 per cent and 52 per cent of the total municipal operating expenditure respectively which is a typical NPM phenomenon.

The UAEs which are a decentralisation dimension of NPM including devolution and deconcentration are the most visible structurally, however, other dimensions, specifically privatisation, marketisation, corporate management and political control are also prevalent in CJMM.

4.4.1 Privatisation

Privatisation is the sale by the government of public assets that were utilised to produce goods and services for public consumption to the private sector (Rhodes 1998:20). Metro Gas, which CJMM inherited on its establishment, had been operated as a municipal entity from 1929 to produce gas from coal and to distribute it to the city's domestic and commercial/industrial clients. It was sold by CJMM as a going concern in 1999 (Coetzee and Van der Schyff 1999:4.5).

The city officials had first considered other NPM dimensions such as management contract, corporatisation/re-engineering, concession contract; or a partial share sale. However, outright sale as a going concern was finally preferred to maximise the financial return to the city at the shortest time. This was in line with the city's *iGoli 2002* Development Plan, a strategic vision in which certain non-core municipal functions would be transferred to the private sector partners with specialist capacity and capital to manage them more efficiently (Coetzee and Van der Schyff 1999: 4.5).

4.4.2 Marketisation

Marketisation is the use of market mechanisms to deliver public services on a contractual basis without devolving functions and with the government bearing all

risks associated with the services (Rhodes 1998:20). The Municipal Finance Management Act (2003) requires every municipality to have in place a supply chain management policy that is fair, equitable, transparent, competitive and cost effective in the management of the procurement of goods and services. In essence, this is reminiscent to the British Compulsory Competitive Bidding (Pollitt *et al.* 1998:45 and Wilson 1999:39) which saved the health services £73 million. The municipality is barred from entertaining unsolicited bids, must advertise widely to invite tenders from the public that must compete fairly and be judged on the ability to realise value for money for the municipality.

The Preferential Procurement Policy Framework Act (2000) and the Preferential Procurement Regulations (2001) provide a framework which lead state entities including municipalities to the selection of the preferred bidding service provider to contract with³³. The only weak point in this framework is section 2 (1) (d) (i) that make 'affirmative action' i.e. preference in favour of historically disadvantaged individuals one of the considerations municipalities must take into account when selecting a preferred bidder. This defeats the whole purpose of fairness and competition and the situation has been compounded by its susceptibility to corruption in the form of fronting where historically disadvantaged individuals are bribed by non-qualified business people to register companies and bid on their behalf.

4.4.3 Political Control

There has always been a night of long knives for municipal managers and other senior executives after local government elections when municipalities change hands in mostly the Western Cape and Kwazulu-Natal provinces. It is a common occurrence for local ruling parties and coalitions to assert and reassert political control over municipal management to drive certain political party influenced reforms for local government in South Africa. However, unlike the City of Cape Town which changes hands in every local election, CJMM has had very stable politics and therefore the council has always been dominated by the ANC.

³³ Annexure V(a) and V(b) .

Politicisation of senior appointments is the norm especially on the municipal manager who reports directly to the mayoral or executive committee that is dominated by the ruling party councillors (Wenzel 2007:54). Friedman (2005:766) noticed that the choice of the ANC's provincial premierships and big city mayoral candidates has been shifted from provincial and local structures to the national leadership and popular incumbents are occasionally removed on the guise of lacking technical know-how when in fact they are deemed not to tow the line.

The ANC has long proclaimed its commitment to pro-poor service delivery and public sector transformation aimed at responsive, accountable and transparent government (Wenzel 2007:50). CJMM is an ANC ruled municipality and therefore senior managers of strategic importance are bound to have and pursue the same developmental aspirations as those proclaimed.

4.4.4 Decentralisation

According to Rhodes (2000:21) decentralisation has two guises, i.e. deconcentration and devolution. The Constitution (1996) deals with deconcentration by establishing a local sphere of government and allocating administrative functions and specific autonomous powers to municipalities away from national government³⁴.

Devolution (or agencification as the British call it) is in the form of UAEs, the autonomous entities responsible for operational management. A total of 14 UAEs have been established in CJMM to take control of operations while the policy making functions remain with the core administration. UAEs are responsible for slightly over 50 per cent of the total operating expenditure of CJMM and since municipalities are required to have balanced budgets, this translates to the equivalent in operating income.

4.4.5 Corporate Management

Private sector management is dominated by: hands-on, professional management; explicit standards and performance assessment including measurement; managing

³⁴ Constitution (1996) sections 40 (1), 151, 156, schedule 4 Part B and schedule 5 part B.

for results; value for money and concern for the consumers (Rhodes 2000:20). CJMM persistently tries to employ highly technocratic and professional management with each entity autonomously determining sound management practice through benchmarking in its quest to become a world city (CDE 2002:75). Performance assessment in terms of performance measurement and output measurement requirements is enforced by the Municipal Finance Management Act (2003) and Municipal Systems Act (2000). CJMM and its entities are at liberty to choose from a variety of effective systems it deems fit.

Concerns for the consumers are driven by the '*Batho Pele*' (people first) principles, a new approach to service delivery that ensures that service delivery systems prioritise citizens (Mc Lennan 2007:14). According to this 'people first' framework, citizens that receive public services are treated as customers in the private business sense and have the power to hold municipal workers accountable.

4.5 Role of the Sub-committee on Entity Shareholders

The CJMM Annual Report (2006:13) states that the 'Shareholding of Municipal Entities Sub-Committee' is led by the Executive Mayor and comprises the members of the mayoral committee responsible for Municipal Service Entities, Municipal Enterprises, Finance, Strategy and Economic Development and Community Development, Roads and Parks. The sub-committee monitors the governance of UAs to ensure that they optimise the shareholder value of CJMM. This includes:

- corporate governance (to protect and optimise the utilization of assets);
- financial evaluation (to pursue growth of entities);
- business strategy (to ensure a return on the CJMM investments); and
- legislative compliance.

4.6 Role of Boards of Directors

The board of directors represent the interest of the sole shareholder, CJMM and oversees the management of UAs in accordance with the principles of good corporate governance, legislation and the mandate of its principle. Its broad functions are as follows:

- formulate the strategic direction of the company;
- monitor activities and performance of executive management; and

- provide the shareholder and other stakeholders with information on the business of the company.

4.7 JCMM's Rationale for Creating Utilities, Agencies and Entities

4.7.1 Structural Problems

According to CJMM website (2007), the city faced a crippling financial crisis in 1997 due mainly to a bloated administration which caused the duplication of functions and waste of financial resources. This was exacerbated by the city's inability to recover service bills in excess of R2 billion. The advent of democracy in South Africa in 1994 ushered in a host of public management environmental changes in that CJMM was now faced with:

- a new council dominated by the ANC with a different political agenda and priorities;
- a new legislative environment; and
- globalisation in which benchmarking is a major aspect that could expose the council to the world for a host of ill practises.

According to Robbins and Barnwell (2002:347) environmental change makes the magnitude of organisational change 'revolutionary' and therefore systemic structural change is required for revival.

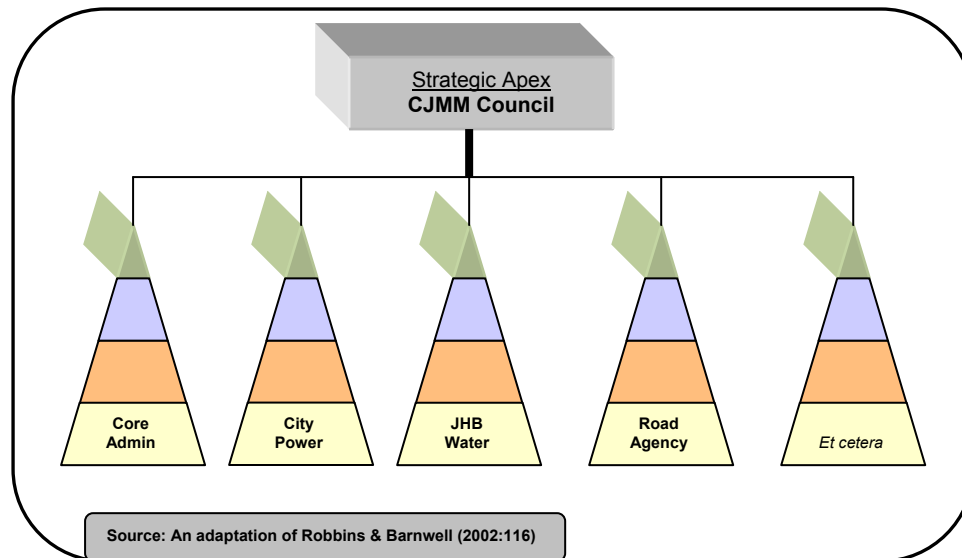
4.7.2 Structural Change

Before the formation of UAEs, CJMM organisational structure was entirely a machine bureaucracy as depicted by figure 7 in section 3.5 and typically having highly routine operating tasks, formalised rules and regulations, tasks that were grouped in functional departments, centralised authority and a top-down decision-making process.

For CJMM to make decision-making fast and appropriate; respond innovatively to environmental change and be accountable for service delivery, it changed the organisational structure from the bloated machine bureaucracy to a divisional structure. According to Robbins and Barnwell (2002:116), a divisional structure is a set of autonomously independent units that are configured as machine bureaucracies individually. In the CJMM context, the executive management of each

UAE is the middle management in terms of the whole divisional structure but have a great deal of autonomy over the business operations of these entities.

Figure 11: CJMM Organisational Design Option: Divisional Structure



4.7.2.1 Advantages of the Divisional Structure

The divisional structure has three distinct advantages reiterated by NPM policy advice i.e.:

- by providing clear accountability and responsibility for the performance for each utility, agency or entity, the CEOs become more focused on the outcomes expected of their individual units without worrying about the internal processes;
- it frees core administration personnel from the operational matters so that they can concentrate on strategic policy making unhindered;
- the autonomy and business focus of UAEs provide a platform for training and development of city managers. CJMM has 14 UAE CEOs who are developing the kind of generalist perspective that is needed in the city's top job. The current City Manager, Mavela Dlamini honed his city management skills as the CEO of Johannesburg Roads Agency; and
- each UAE is autonomous and can be privatised with minimal or no disruption to the city's entire administration. Ineffective performance in one UAE has no effect on other UAEs. Inevitably, the divisional structure mitigates risk by minimising the

chances that a non performing UAE will take down other parts of the city administration with it (Robbins and Barnwell 2002:118).

Table 7: UAEs Operating Expenditure 2006/07 to 2008/09

R'000	Actual 2004/05	Revised Budget 2005/06	Budget 2006/07	Estimate Budget 2007/08	Estimate Budget 2008/09
City Power	3 338 744	3 557 682	3 791 844	4 021 254	4 283 297
Johannesburg Water	2 915 222	3 143 987	3 321 611	3 260 662	3 385 630
Pikitup	620 417	622 861	700 581	730 814	763 699
Johannesburg Roads	-	401 686	424 043	450 641	472 324
City Parks	332 673	342 945	369 039	385 325	402 333
Johannesburg Zoo	34 622	34 622	36 815	46 202	49 930
Fresh Produce Market	92 359	112 734	141 252	146 151	161 433
Metrobus	291 194	327 385	352 156	374 186	391 420
Civic Theatre	35 694	39 187	39 258	40 688	42 604
Property Company	21 791	28 460	32 944	34 218	35 404
JDA	50 018	29 031	34 339	37 804	41 017
Metro Trading	23 638	32 734	42 703	44 665	46 962
JSHC	10 055	13 901	34 982	47 861	61 209
Johannesburg Tourism	7 346	11 720	15 452	17 074	18 771
Total UAE	7 791 447	8 701 118	9 497 471	9 812 545	10 312 033
% of Total CJMM	55%	53%	53%	52%	52%

Source: JCMM Medium Term Revenue and Expenditure Budget (2006:14)

4.8.1 City Power

4.8.1.1 Mission

City Power Johannesburg is an entity of CJMM, incorporated in 2000 as a wholly owned proprietary company as an electricity distribution service provider to the city.

The mission of the entity is to meet the expectations of its customers and stakeholder by:

- provision of a sustainable, affordable, safe and reliable electricity supply;
- provision of prompt and efficient customer service;
- developing and incentivising employees;
- being a preferred equal opportunity employer; and
- undertaking the business in an environmentally acceptable manner.

(City Power Annual Report 2005:1).

4.8.1.2 Strategic objectives

- the strategic agenda of the entity is to enhance its value proposition and to become the model for and leader of future developments in the electricity distribution field.

- the core strategy is to develop and grow its business model to maximise value in terms of economic, citizen, social and environmental returns.
- the entity's sustainable strategy brings together business objectives that increase the entity's revenue base, increase revenue collections and improve internal service delivery."

(City Power Annual Report 2005:1).

4.8.1.3 Board of Directors Assessment

In City Power's relatively short life as corporatised entity, it has progressed from:

- being a loss making business concentrating on collection and billing; to
- being a profitable but efficient business, poorly skilled and undercapitalised; to
- being profitable and appropriately capitalised but efficient. Although the skills levels were improving, they were not always the appropriate skills and the service delivery was often questionable.

(City Power Annual Report 2005:8).

4.8.2 Water

Johannesburg Water is a utility that supplies water and sanitation to CJMM. The utility was incorporated in 2000 as a limited proprietary company with the city as the sole shareholder.

4.8.2.1 Mission

To provide all residents of Johannesburg with access to quality water and sanitation. Water and sanitation is a constitutional function allocated to municipalities directly by the Constitution (1996).

4.8.2.2 Objectives

The utility's strategic objectives are to:

- deliver a sustainable, affordable and cost effective service;
- upgrade services in low income residential areas;
- create a customer focused culture (Batho Pele) principles;
- build capacity through the development of employees; and

- protect the environment.

(Johannesburg Water Annual Report 2005:8)

4.8.2.3 Assessment

The continued implementation of the Turnaround Strategy progressed successfully with a significant positive impact on the financial results of the company. The upgrading of infrastructure and installation of prepayment meters progressed well with the resultant reduction in water purchases. Migration of customers resulted in an increase in payment levels. The attainment of service level targets resulted in improved customer responsiveness.

(Johannesburg Water Annual Report 2005:7).

4.8.3 Johannesburg Roads Agency

Johannesburg Roads Agency is an agency of CJMM, incorporated in 2000 as a wholly owned proprietary company responsible for the design, maintenance, repair and development of CJMM's road network and storm water infrastructure, including bridges and culverts, traffic lights and signage. The agency is responsible for functions coded S6, S7, S9 and S19 in section 2.1 above³⁵.

4.8.3.1 Mission

To be a world-class roads services manager that enables sustainable service delivery and movement for economic growth.

(Johannesburg Roads Agency Annual Report 2004:1).

4.8.3.2 Objectives

The main objective of the agency is to work towards becoming a world class company that manages and develops a balanced road services infrastructure to ensure sustainable service delivery and mobility within the city, thereby creating a sustainable platform for economic growth with emphasis on:

- upgrading of road infrastructure in townships and informal settlements;
- improving accessibility;
- upgrading systems for safety and sustainability;

³⁵ Constitution (2006) Schedules 4B and 5B.

- managing car usage growth and congestion;
- support public transport; and
- improve the efficiency, management and sustainability of the agency.

(Johannesburg Roads Agency Annual Report 2004:8).

4.8.4 Parks

Johannesburg City Parks is a city agency incorporated in 2000 as a company not for gain and mandated to provide the parks, cemeteries and environmental conservation services in the city with a business approach.

(Johannesburg City Parks Annual Report 2005:1).

Cemeteries, funeral parlours and crematoria together with municipal parks and recreation are direct municipal functions allocated by the Constitution (1996). Johannesburg City Parks is therefore in competition with Johannesburg Zoo which also functions as a recreational entity and private entities.

4.8.4.1 Mission

The mission of the agency is to develop, maintain and conserve the green environment and cemeteries for the present and future generations.

(Johannesburg City Parks Annual Report 2005:1).

4.8.4.2 Strategic Objectives

The primary function of Johannesburg City Parks is the development and maintenance of regional parks, open spaces and cemeteries to meet community needs and hence it must:

- ensure environmental conservation and awareness;
- improve maintenance service standards; and
- promote eco-tourism.

(CJMM 2007).

4.8.4.3 Board of Directors' Assessment

City Parks operated efficiently within the communities because of continuous factoring of stakeholder expectations. Operations were very effective in implementing key deliverables defined in the strategic plan and the detailed

Extended Public Works Programme. In spite of the portfolio growth and disproportionate funding in relation to the portfolio of services, the entity was able to cement its position through increased productivity and efficiencies.

(Johannesburg City Parks Annual Report 2005:1).

4.8.5 Johannesburg Development Agency

4.8.5.1 Mission

Johannesburg Development Agency is an agency of CJMM, incorporated in 2001 as a wholly owned proprietary limited company, “which stimulates and supports area-based development initiatives throughout the Johannesburg metropolitan area in support of the City’s Growth and Development Strategy. As a development manager of these initiatives, it coordinates and manages capital investment and other programmes involving both public and private sector stakeholders. (Johannesburg Development Agency Annual Report 2006:2).

4.8.5.2 Strategic Objectives

In delivering on the Mayoral and City priorities for 2005-2006 the Johannesburg Development Agency adopted five Strategic Objectives to guide its interventions:

- to promote economic growth through the development and promotion of efficient business environments in defined geographic areas;
- to regenerate decaying areas of the city so as to enhance their ability to contribute to the economic development of the city and the quality of life of its residents;
- to promote economic empowerment through the structuring and procurement of Johannesburg Development Agency developments;
- to promote productive partnerships and cooperation between all relevant stakeholders on area-based initiatives; and
- to develop best practice and organisational expertise in respect of area-based development management.

The Johannesburg Development Agency initiatives respond to the city priorities, and its developments are aimed at achieving the outcomes for the city and its citizens. (Johannesburg Development Agency Annual Report 2006).

4.8.5.3 Mayoral Committee Assessment 2005/06

The committee, after final analysis of the performance report and annual financial results was of the opinion that “the 2005/2006 financial year was another important year for the Johannesburg Development Agency. Despite a number of organisational challenges the Johannesburg Development Agency has delivered a positive set of results for the City. Johannesburg Development Agency’s work continues to positively impact on the re-development of many areas of Johannesburg, contributing to an improved quality of life for all our citizens.

“We are particularly pleased with the impact of the Johannesburg Development Agency’s work, on both the inner city and Soweto. A number of important high-profile developments - notably Kliptown, Newtown, Constitution Hill and Braamfontein – have helped to bring investment flows into marginalised areas by creating a platform for development.”

“These and other developments have contributed positively to the running of the City, leading to property investment, enterprise growth and job creation.”

“The Johannesburg Development Agency has demonstrated that area-based development activities are an important tool in the city's efforts to increase economic growth and restructure the urban space.” (Johannesburg Development Agency Annual Report 2006:10).

4.8.6 Civic Theatre

4.8.6.1 Mission

The entity’s objective is to operate the theatre as a premier home of entertainment and maintain its status with the Leisure Options Peoples Choice as Best Theatre Complex and become an internationally recognised venue for global touring theatrical productions.

4.8.6.2 Objectives

To maintain its standards the theatre has strategically focused on:

- retaining the reputation of the Civic Theatre as South Africa's premier home of entertainment;
- solidifying the theatre's identity of being the country's 'receiving house' of choice; and
- continuous building and maintenance of the theatre's value added facilities in order to operate a popular meeting place and leisure destination. (CJMM Annual Report 2005).

4.8.6.3 Assessment

The theatre has increased audiences by 88 per cent from 194000 to 364000 and more than doubled the revenue by 113 per cent from R8.579 million to R18.280 million. Capacity utilisation has increased from 61 per cent to 91 per cent.

4.8.7 Johannesburg Zoo

The Zoo is utility for CJMM, incorporated in 2000 as an association not for gain. As a tourist destination, it caters for recreation, entertainment, hospitality and education with the animal husbandry being incidental to the welfare of the animals (Johannesburg Zoo Annual Report 2005). The Zoo derives its mandate directly from the Constitution (1996).

Apart from numerous private amusement and entertainment providers (cinema houses, casinos and shopping complexes), the Zoo is in direct competition with the Johannesburg Civic Theatre.

4.8.7.1 Mission

The mission of the Zoo is to be recognised as the province's environmental and wildlife destination of choice through conservation, recreation, education and research.

4.8.7.2 Objectives

The Zoo has developed a number of strategies to maintain high standards i.e.:

- edutainment, a combination of education and entertainment;

- development of public, private partnerships;
- effective use of funding; and
- focus on world-class research facilities.

4.8.7.3 Chairman's Assessment

According to the Chairman of the Board, Ike Ngwenya, "the Zoo operates in a sustainable and financially responsible manner producing successive surpluses and unqualified audit reports (Johannesburg Zoo Annual Report 2005:3).

4.8.8 Metrobus Company

Metrobus is CJMM corporate entity that provides commuter transport across Johannesburg. According to CJMM website (2007), it was incorporated as a limited proprietary wholly owned company in 2000 and is the second largest municipal bus company in South Africa.

Metrobus shares the municipal public transport function with JRA, the former providing a direct service to the public and the latter infrastructure service to the city. The entity is in competition with Metrorail, Public Utility Transport Company, the minibus taxi industry and private operators.

4.8.8.1 Mission

Metrobus is at the forefront of a continuing improvement and customer-focused public transport service that strives to be:

- innovative in seeking new business ventures for the benefit of all stakeholders;
- maintain passenger safety through high vehicle standards and driver consistency;
- reliable by being punctual and sticking to scheduled timetables;
- efficient through streamlined and demand driven service; and
- ensure that the bus service is sustainable in the long run.

(Metrobus Annual Report 2005:8).

4.8.8.2 Objectives

In the light of legal restrictions to route expansion Metrobus's strategy focuses on efficiency improvement by:

- increasing frequency in high volume routes;
- re-organising bus configuration on low volume routes;
- implementing passenger counting systems to improve data integrity for better planning;
- implementing an electronic scheduling system to improve efficiency in route planning; and
- tightening cost control measures to reduce unfruitful expenditure.

(Metrobus Annual Report 2005:8).

4.8.8.3 Assessment

Based on the customers' focus survey conducted in 2005, 78 per cent of customers were satisfied with the service delivery, an improvement of 1 per cent from the previous year. The bus service provides citizens with access to educational, employment, social and health care facilities. As part of the social security net, it contributes to national poverty alleviation by subsidising fares for pensioners, scholars and the disabled. Despite all these challenges, the company achieved a profit of R2,3 million. (Metrobus Annual Report 2005:10).

4.8.9 Johannesburg Property Company

The Johannesburg Property Company was established as wholly owned limited proprietary company in 2001 and tasked with property development and management; and realising the fixed asset value of CJMM properties. Johannesburg Property Company competes in the property development and accommodation sectors.

4.8.9.1 Mission

JPC is on the mission to develop and manage Council-owned properties for the purpose of maximising both social and commercial opportunities for the municipality in the short and long-term.

4.8.9.2 Strategic Objectives

The agency's objectives, are:

- to identify abandoned and derelict buildings for expropriation and attraction of new investors to increase rates and municipal service revenues
- to intensify inner city regeneration programme;
- to regularise land ownership in the former black townships and create a formal property market; and
- to compile an asset register in compliance with GAMAP for reconciliation with the balance sheet for asset protection.

(Johannesburg Property Company Annual Report 2006).

4.8.9.3 Assessment

The entity increased revenue by 26 per cent equivalent to R5 million and generated a net profit of R2,9 million.

4.9 Summary

CJMM embraced NPM policy advice with alacrity and took a radical approach in implementing it. Although other public management reforms in local government were compulsory i.e. budgeting and finance management; supply chain management; performance assessment; integrated development planning and amalgamation, the devolution of functions or agencification and hence the formation of UAEs was voluntary within an enabling framework regulated by the Municipal Structures Act (1998) and the Municipal Finance Management Act (2003).

CJMM's adoption of NPM is twofold. Firstly, slightly more than fifty per cent of services measured by operating expenditure have since 2000 taken the agencification dimension of NPM and secondly, both the core administration which inherently remained a hierarchical bureaucracy and all the UAEs adopted corporate management emulating the management techniques applied in the private sector.

What remains to be established is the impact which all these reforms have on the efficiency and effectiveness of services the city provides to its citizens. The annual

reports of the UAEs do not give a fair assessment on the impact of NPM policy advice on service delivery other than some vague self-praising exercise. In chapter 6 the researcher is going to expand on the city scorecard which is an 'absolute' criteria-based assessment by including 'relative' criteria-based assessment methods.

CHAPTER 5

THE APPLICATION OF POLICY NETWORKS IN RELATION TO PUBLIC MANAGEMENT

5. Introduction

Public management reform has been instrumental for the evolution of the functioning of government after the Second World War, starting from a welfare state in which the government was entrusted with the entire responsibilities of policy making, planning and implementation (Kickert *et al.* 1997:1). The discontent in the manner in which the governments dimly handled the economies following the oil crisis in the late 1970s and early 1980s precipitated further reforms that reduced government intervention in the economy and the involvement of private sector innovation and provision of public services in the form of NPM policy advice as explained in chapter 4.

With the third step or phase in public management reform, new public policy problems that transcend national borders i.e. global warming threats to the environment; sustainable development; organised crime; globalisation and brain drain due to international migration of labour have called for serious reconsideration on the roles of governments. Although the government could not reclaim all its roles prior to the NPM phenomenon, Kickert *et al.* (1997:1) noted that governments still have intermittent capacity problems even though limited to strategic policy direction alone.

The growing recognition of the insufficiency of relieving government of operational functions only led to some explorations on government-societal relationship which resulted in the concept of policy networks. According to Jackson (2001:16), co-operation is the third form of governance that is under explored in which the central bureaucracy acts as a broker and facilitator in a 'network' of contractual relations, that congregates public and private sector organisations, public service organisations and voluntary agencies, et cetera. Governments can achieve more of public policy formulation and implementation by allowing the full participation of

private actors based in different professional and societal interest organisations (Klijn 2003:29).

5.1 Nature of Policy Networks

There are two schools of thought on the understanding and application of policy networks (Borzel 1998:255). Firstly, policy networks are interpreted generically as different forms of relationships involving interest groups and the state by the '*interest intermediation school of thought*'. Secondly, the '*governance school of thought*' regards policy networks as a specific form of governance where political resources that are widely dispersed in the hands of the public and private sector are mobilised. The researcher, in this study, focuses on the '*governance school of thought*'. Policy networks are taken to be a specific form of governance that can alternatively be employed together with central hierarchies and the markets as Klijn (2003:31) stated that public actors cannot achieve much without others.

5.1.1 Definition of Policy Networks

Policy networks are non-formal, stable arrangements of organisations and individuals, loosely connected with the government in an interdependent relationship based on resources, in the process of public policy making, implementation and governance (Kickert *et al.* 1997:30). Scharpf (1978:362) described policy networks as the ensemble of direct and indirect linkages defined by numerous mutual relationships of dependency among a co-operating set of organisations. Borzel's (1998:254) minimal or lowest common denominator policy network definition states, "...a set of relatively stable relationships which are of non-hierarchical and interdependent nature linking a variety of actors, who share common interests with regard to a policy and who exchange resources to pursue these shared interests acknowledging that cooperation is the best way to achieve common goals."

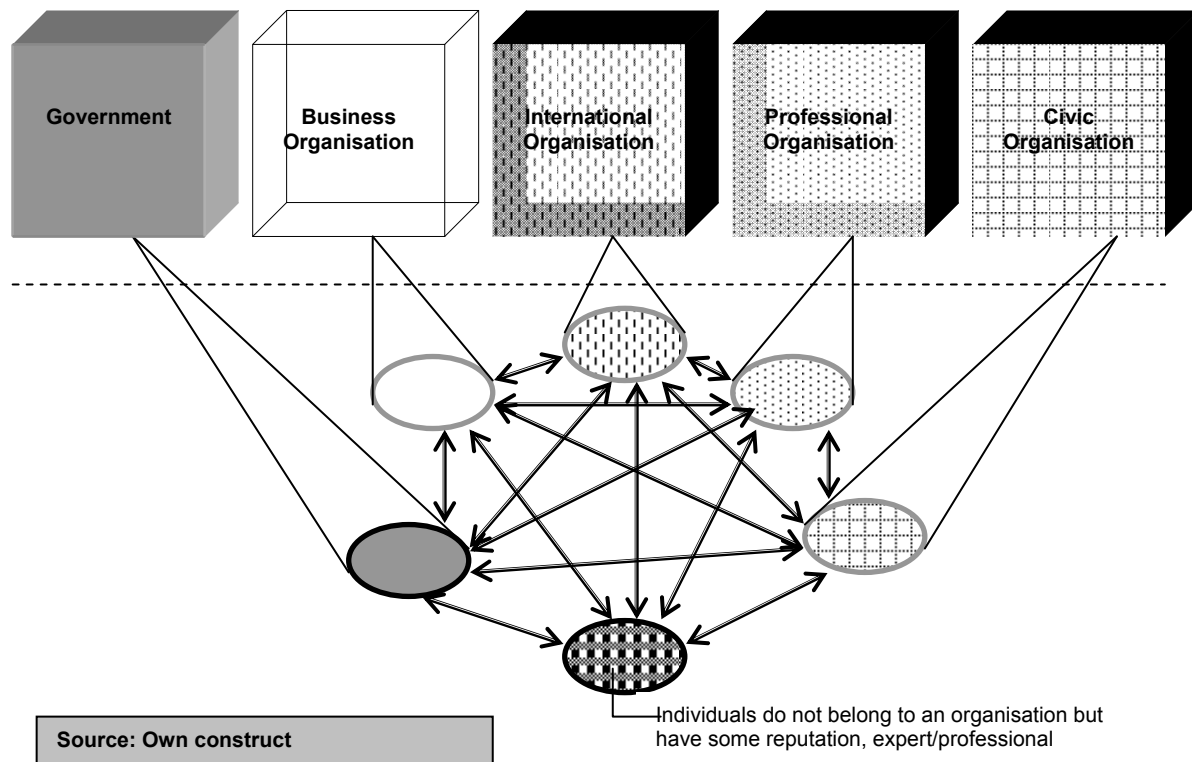
A network consists of various actors i.e. individuals of some standing; coalitions; bureau or organisations, which are on an equal footing such that strategies are formulated voluntarily with no undue influence from other network members. According to Niemi-lilahti (2003:61), networks cannot be categorised as organisations even if they *may* turn into organisations once formed.

5.1.2 Structure of Policy Networks

There is no organisational culture in policy networks. Borzel (1998:260) observed that they are characterised by predominantly informal interactions between the public and private actors with distinctive but interdependent interests who endeavour to solve societal problems of collective action on a central but not hierarchical level. Since networks are not organisations, different interest, conflicts and professional differences cannot be avoided which is the cause for co-ordination deficiency. When policy implementation takes place, almost every instance involves one form of a government structure of some sort. Various types of networks are at play in policy studies, the dominant of which is issue networks comprised of many participants of diverging interests.

These networks facilitate different selfish objectives, from policy influence, participation to maintaining personal image. In such a disjointed structure it is not clear who makes decisions, limiting the network purpose to the identification and deliberation of complex issues. To identify a particular type of network, it is therefore essential to first identify certain characteristics and assign the type from what is dominant in the size and type of participants, purpose or who yields the power (Niemi-lilahti 2003:63).

Figure 12: Public Policy Network Organisational Structure



5.1.3 Characteristics of Policy Networks

Networks are extracts of existing organisation or unbounded seconded clusters of organisations that do not have hierarchies and have characteristics that are alien to their constituent organisations as follows:

- there are no collective methods of decision making;
- relationships and coordination are not formalised;
- coordination is by horizontal bargaining instead of hierarchic authority; and
- they cannot make binding decisions or impose obligations and will side-step controversial issues.

The public management environment is continuously changing and the uncertainty that abounds in increasing international, sectoral and functional overlap of societal sub-systems that often defy conventional forms of public management, hierarchy and NPM. Policy networks offer a crucial backup to meet these challenges (Borzel 1998:260).

Table 8: Comparative Perspectives on Public Policy Making

Perspectives: Dimensions:	Rational central rule	Multi-actor	Networks
Objective of analysis	Relation between government and target groups	Relation between government and local actors	Network of actors
Perspective	Government	Local actors	Interactions between actors
Characterisation of relations	Authoritative	Centralised versus autonomous	Interdependent
Characterisation of policy process	Neutral implementation of ex ante formulated policy	Political processes of interest representation and informal use of guidelines and resources	Interaction process in which information, goals and resources are exchanged
Criterion of success	Attainment of the goals of the formal policy	Local discretionary power and obtaining resources in favour of local actors	Realisation of collective action
Causes of failure	Ambiguous goals; lack of information and control	Rigid policies; lack of resources, non-participation of local actors	Lack of incentives for collective action or blockages
Recommendations for governance	Coordination and centralisation	Retreat of central rule in favour of local actors	Management of policy networks: improving conditions under which actors interact
Source: Kickert et al. (1997:10)			

5.1.4 Cycle of Network Policy Making

Networks are loosely connected structures without permanent organisational structures, and are volatile depending on their achievement of certain goals (Niemi-lilahti 2003:60). This intra-organisational and inter-organisational decision making process in structures of horizontal coordination across loosely connected heterogeneous actors constitutes a bargaining system in which conflicts occur due to competing or antagonistic interests and the horizontal structure itself (Borzal 1998:261). They follow a certain cycle as depicted graphically in figure 13 below.

5.1.4.1 Activation of the network

The existence of societal problems that cannot be attended to successfully by either government, private sector, NGOs or communities acting individually makes it necessary for co-operation to be an obvious public policy option³⁶. The innovative prospective network member initiates the interaction with other potential members

³⁶ See section 5.2 for a pre-democracy typical case.

identified to possess resources that can be depended upon in solving particular problems that have persistently defied contemporary public policy mechanisms. As Kickert *et al.* (2003:47) state, the process of identifying and activating the potential network members earmarked to solve particular problems is called selective activation. The success of this process depends upon the willingness of the invited potential members to participate by investing their time and resources in the decision making process.

5.1.4.2 Network interaction arrangements

The potential members normally agree or commit to the network after taking consideration of the risks of free riding and premature pulling out, the common adverse behaviour associated with cooperation. An interaction arrangement is made by way of a memorandum of understanding, cooperative agreement, contract or joint venture to formalise the commitments, objectives, rules and procedures of interaction (Kickert 2003:48).

5.1.4.3 Network brokerage

The member who initiates the network activation usually emerges as the broker of the network or may promote the brokerage role by others depending on the skills. According to Mandell (1990:47), if a business or business organisation emerge as broker of a network, it orchestrates the concerted action of networking with a particular objective (not ulterior but usually vested interest) in mind. Should an individual of high repute emerge as broker, they typically focus solely on bringing parties together without a particular vested interest in the content of the outcome. This was the case with CWMC in section 5.2.

A community based organisation with not much in terms of physical resources might become highly involved and intent upon keeping other resourceful members in the process. A network is abundant with diverse ideas, insights and solutions which should be harnessed and utilised to tackle problems under the guidance of the broker.

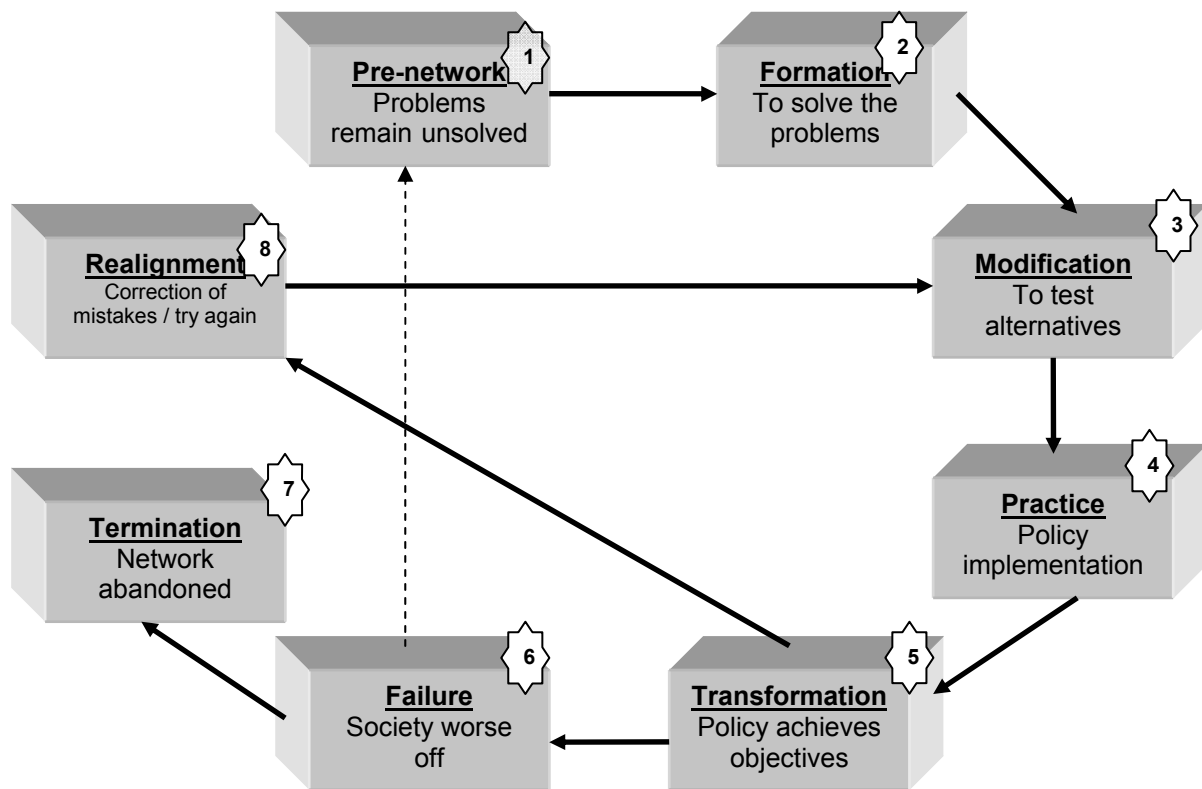
5.1.4.4 Facilitation of interaction

The networking process i.e. administration of meetings and the quality of dialogue are functions carried out by the interaction facilitator. Methods such as workshops, surveys, brainstorming sessions, role play initiation and promoting image building enhance understanding of issues at stake, the diversity of ideas and the ability to appreciate each other's viewpoint. Cooperation and coordination of goals and interests are not a given condition due to collaboration in the network. There must be a concerted effort to steer interactions in policy games within networks (Klijn 2003:33). Facilitation is proactive conflict resolution and consensus building by the pre-mediation of concerns in advance before conflicts disrupt the functioning of the network (Forester 1989:91).

5.1.4.5 Network mediation and arbitration

While facilitation occurs before any conflicts erupt, mediation and arbitration are reactions to actual conflicts that have occurred and threaten to disrupt the network interaction process. The mediator should be the impartial member who is not involved in the conflict and does not show a propensity of having conflict of interest (Kickert 2003:50).

Figure 13: Network Policy Making



Source: A graphical presentation of Niemi-lilahti (2003:65)

Horizontal self-coordination may cause the problems to remain unsolved as depicted by cubicle 6 in figure 13 above. The network has the option to terminate (cubicle 7) or to modify the network in light of the causes of the failure. The malfunctioning of the self-coordination mechanism of the network can be corrected with the cooperation of hierarchies. The importation of hierarchical decision making is required to fix the misfit between the empirical structure of the interorganisational network and the prescriptive task structure designed by network members in their policy interactions. The hierarchical control is not required throughout the process but only when it comes to decision making (Kickert *et al.* 1997:11). From the beginning of the process the network process takes the lead by bargaining and consultations between all interested parties to gather as much information as possible.

The rigid formal structure of a hierarchy is made flexible to improve governance by sharing responsibilities and shifting emphasis on the needs of the people

represented by the network membership rather than on how to respond to them. In section 5.1.3 the researcher raised the concern of constant change in the public management environment making it unavoidable for government to interact across sectors, organisations and national borders. According to Borzel (1998:261) and Scharpf (1993:61) traditional hierarchical coordination is impossible to implement across all these actors, however, horizontal self-coordination can be relied upon.

While hierarchies lack implementation capacity, networks, through bargaining, consensus and co-operation, improves implementation without the risk of rejection associated with lack of participation. The hierarchies come in handy when the network falters in decision making and facing crucial and controversial issues (Borzel 1998:261). Networks are a knowledge generating process and can take a new course of action easily when the desired results are not being met while the hierarchies sometimes have to wait for an unlikely change of government to change policies.

5.1.5 Benefits from Policy Networks

According to Khan and Cranco (2002:266), a government with developmental objectives benefit more by facilitating and enabling service delivery by working in cooperation with markets, civil society organisations, communities and households. As has been alluded to earlier by the researcher, policy networks come in different forms based on the makeup of actors and their interests, the concomitant level of complexity depending on resource endowments and institutional capacity.

Khan and Cranco (2002:267) identified five basic important benefits that accrue from such arrangement:

- authentic public participation with regard to service delivery and the provision of infrastructure is enhanced and sustained;
- large scale public programmes attributed to government but initiated by government partners are facilitated from conceptualisation, implementation, service delivery, up to monitoring and evaluation;

- circumvention of bureaucratic delays in policy formulation and responsiveness to social developmental needs through structured and unstructured interventions;
- accelerates the emulation of alternative service delivery system from successful programmes; and
- access of public goods and services to the poor is improved with incremental change in both municipal policies and procedures, norms and values in favour of the poor.

The maxim adopted pursuant to patriotism i.e. “*united we stand, divided we fall*” is equally applicable to municipal partnerships allowing diverse strengths to be combined and individual weaknesses to be addressed.

5.1.6 Problems of Networks Dysfunctionalit

Since a network is an informal structure of loosely coupled organisations it follows that there can be no centre of decision making (Niemi-lilahti 2003:61). Outside of the network, each organisation that forms the membership of the network follow its own decision making process making it impossible to consolidate these processes to form one hybrid decision making process for the network to adopt. There are thus no methods for making collective decisions as established procedures and vested interests will not only block the innovative solutions to new problems but also the acceptance and implementation of new policy initiatives. The resultant indecisiveness is ineffective policy making that is costly to all parties.

Negotiation and bargaining does not always lead to the convergence of conflicting interest. The controversial issues that obviously do not lead to unanimous agreement are avoided. Decisions that are made at network level are mere proposals or recommendations whose fate has to be decided by the principles. Government is worse affected by this since it needs to deliver certain objectives. The bargaining and compromises destructs the government from accomplishing its goals (Kickert *et al.* 1997:171).

Transparency and accountability is questionable in the policy process. According to Kickert *et al.* (1997:171), informal deliberations, the complexity of consultation structures and overlapping administrative responsibilities make it impossible to apportion responsibilities with the effect that collective responsibility for decision making results in no accountability.

5.2 The Operations of Policy Networks in CJMM

5.2.1 Pre-democracy

Policy networks were pioneered in Johannesburg during the apartheid era by the signing of the Soweto Accord in 1990 (Tomlinson *et al.* 2003:9 and Beall *et al.* 2002:74). It culminated in the formation of the Central Witwatersrand Metropolitan Chamber (CWMC) which was made up of fifty three organisations including the Transvaal Provincial Administration (now Gauteng Provincial Government); local government structures; civic organisations; the then white ratepayers and residents associations; the unbanned ANC with trade unions, educational institutions and organised business as observers.

CWMC was formed to deal with the 1982 formation of the illegitimate black local authorities which were defied by the Soweto Rent Boycott starting from 1986. The business community facilitated the network activation and since the local authorities were already under financial duress, they agreed to enter into negotiations with civic organisations. Organised business also emerged as the broker of this policy network motivated by the need to save the declining business environment.

Although the CWMC failed to broker an end to the rent boycott and the culture of non-payment of services (Tomlinson *et al.* 2003:9), it succeeded in establishing the local forums that negotiated the appointment of interim local government councils that ran municipalities up to the first democratic local government elections in 1995.

In the Johannesburg CBD, racism was the cause of rent boycotts (Dykes 2004:173). The migration of black people into the CBD during the early 1990s presented opportunistic landlords with a chance to demand higher rates of rent, often more than double to what was charged to existing white tenants. Even violent attacks on

resisting tenants could not stop the rent boycotts which led to the neglect in maintenance of buildings with landlords maximising on their return on investment at the expense of capital maintenance. Rent boycotts were accompanied by malicious damage to buildings which set off a vicious circle leading to bonds and municipal services defaults and the abandonment of buildings by landlords

Affected tenants would then form tenant organisation to police their buildings, pay for services and continue to provide accommodation for low income households that had migrated into the inner city.

5.2.2 Post 1994 policy networks

Figure 14: Network Managed Public Programmes in CJMM

Programme/Project	Stakeholders	Purpose	Outcome
Central Johannesburg Partnership (CJP)1992	Local authority ICO/JDA Business community excluded other stakeholders	Inner-City Regeneration	<ul style="list-style-type: none"> • Four Business improvement districts; • Voluntary levy; • Security service; • Street cleaning; • Maintenance
Seven Buildings Project	ICO/JDA Inner-City Housing Upgrading Trust Property developers USAID National Housing Finance Corporation	<ul style="list-style-type: none"> • Rehabilitation of dilapidated buildings • Recover bad debt • Provision of residential accommodation 	<ul style="list-style-type: none"> • Revenue from sale in execution; • Revenue from services; • Construction of markets, taxi rank • LED project for garment industry
120 End Street Building	JDA City Parks Affordable Housing Co Amdec Properties Chelsea Manhattan Prop	<ul style="list-style-type: none"> • Conversion of office block into 924 residential apartments • Improvement of surrounding area 	<ul style="list-style-type: none"> • 2010 Soccer cup preparation; • Street lighting; • Park benches • New train station
Randburg CBD	City Power Property Developers Residents Forum	<ul style="list-style-type: none"> • Upgrade of Randburg CBD • LED 	<ul style="list-style-type: none"> • Project halted until end of 2008 because City Power cannot supply power; • Properties occupied by illegal squatters
Linden Community Policing	SAPS Metropole Winsor RA Cresta RA Blairgowrie RA Fountainbleau RA Cresta Shopping Centre Multichoice ABSA bank Glen Rand MIB Security Companies	<ul style="list-style-type: none"> • Safety and Security • Crime prevention 	<ul style="list-style-type: none"> • General reduction in crime • High rate of burglaries, car hijacking, car thefts and drug trafficking
Source: Beall (2002:110-116); Sunday Times Metro (2007:4); Sunday Times Metro (2007:8); The Star (2007:9); Simone (1997:255)			

5.3 Summary

In this chapter the researcher confirmed that although networks do not appear on CJMM's formal organisational structure and budget alongside the core administration and UAEs, they play an important role in delivering public policy outcomes and have been doing so for some time.

Policy networks are important because they reveal a lot about the way in which power is distributed among the communities, NGOs, business community and government in CJMM both before and after the advent democracy. The importance of policy networks is demonstrated by the different responses between policy sectors to common societal problems in table 14 such as crime, local economic development (LED), urban degeneration and social housing.

The discussions on the problems and benefits of policy networks highlighted the existence of ineffective, inefficient and insufficiently legitimised policy outcomes on one hand and benefits on the other. CJMM as the network activator must calculate that the benefits outweigh the losses, before committing to their establishment as a service delivery option. Without CJMM taking the lead though, the desirability of policy networks is determined by community or business values and therefore the city cannot ignore a network established with the objective of performing a local government function.

CHAPTER SIX

CASE STUDY: SERVICE DELIVERY IN CJMM

6. Introduction

The dominant impetus of this research is to assess, among central hierarchical bureaucracy, NPM and policy networks, the most appropriate option or combination of options of public management suited for efficient and effective service delivery in CJMM. NPM is a form of public management reform as it involves the deliberate change in the arrangements for design and delivery of public services (Boyne *et al.* 2003:3). The achievement of effectiveness and efficiency were the formal purpose of local government reform in general and of CJMM in particular. The researcher embarked on assessments based on a number of criteria i.e.:

- is effectiveness and efficiency being achieved in CJMM?;
- did reforms in CJMM have the impact as envisaged by its proponents?
- are any unintended consequences being produced by reforms?
- do the benefits of reform outweigh the costs?

As Boyne *et al.* (2003:5) promote both organisational and academic knowledge. The theoretical background given by the researcher in chapters 3, 4 and 5 had assumptions and arguments concerning the relationships between three public service formats and their respective effects on service delivery. The theory-driven evaluation strengthens the multi-criteria based assessment in drawing lessons for practise and research.

It is therefore incumbent on the researcher to define what efficient and effective service delivery is before starting the measurement or assessment.

6.1 Definitions of Assessment Criteria

Although effectiveness and efficiency are mutually exclusive terms, they are the two components of universal access to municipal services all residents of CJMM, both individuals and organisations expect from the municipality. Effectiveness comes first,

as the capacity of the municipality to provide universal access of municipal services (Van der Waldt 2004:70). This can be done without regard to the amount of input resources that are consumed in providing the services. However, municipal governments, like all other spheres of government have limited resources, raising the necessity for efficiency which is the capability to be effective with the minimum of resources i.e. energy, time, money and materials that are measured in fiscal terms by the aggregate municipal budget.

Boyne *et al.* (2003:18) have three variables in their definition of efficiency i.e. cost, quantity of output and quality of output consistent with public choice theory. The most obvious outcome supported being lower cost, higher service quantity and quality.

Municipal clients cannot expect the municipality to achieve its service delivery obligations in isolation since municipal expenditure is funded by revenue that is generated from service charges of which without efficiency, would result in unaffordable increases that are costly to residents.

6.2 Criteria-Based Assessment

In section 3.11.3 the researcher determined from the CJMM and the UAEs annual reports that the assessment used across the board, is absolute. The disadvantages of stereotyping municipal performance in this manner were elucidated. For purposes of policy analysis, the researcher is going to use a broader criteria based assessment that is relative by comparing the provision of services during the current regime to that prior to the year 2000 when the city structure was strictly a central hierarchy. The second comparison will be against other local municipalities.

The assessment information in the annual reports and the city score card represent secondary data as it has been collected via other sources (Welman *et al.* 2006:149). The researcher will attempt to validate this information with primary data collected through structured questionnaires. According to Welman *et al.* (2006:165), Mouton (2005:105) and Welman and Kruger (2000:166) a structured questionnaire facilitates

interviews directly or telephonically to save time and to be consistent on the opinions, beliefs and convictions about the issue.

6.2.1 Samples for the case study

The population size in which the researcher had to select suitable samples comprised of all service account holders of CJMM which is too large to draw sampling frames that are representative of the population (Welman *et al.* 2006:58). The researcher decided on two sampling methods for the four questionnaires.

6.2.1.1 Cluster sampling

Cluster sampling was selected for municipal client interviews (tables 9 and 11) since the municipal clients pre-existed in heterogeneous categories of domestic; commercial; industrial; mining and community facility clients that the researcher took as clusters. For simplicity sake, the researcher consolidated the clusters into residential, business and facilities and conducted the interviews by adopting a sampling procedure as follows:

- began by drawing two samples of 220 from the eleven regions of CJMM³⁷;
- followed by the number of wards in each region;
- followed by the selection of number of streets in wards; and
- concluded by a randomly selecting 10 residential clients, 5 business clients and 5 community facility clients in the identified streets.

This resulted in samples of 160 for the two questionnaires; however the same respondents were interviewed for the two questionnaires at the same time capitalising on their availability.

6.2.1.2 Purposive sampling

Purposive sampling was selected for business with other operations outside of CJMM and politicians, tables 10 and 12 respectively. According to Welman *et al.* (2006:69), researchers using this type of sampling rely on prior knowledge, experience or previous research findings to secure analysing units that are deemed representative of the relevant population. Accordingly, the researcher relied on the

³⁷ See Annexure VI for the map of CJMM with demarcated regions.

results of the 2006 local elections that determined the composition of CJMM council to select a sample of 12 respondents comprising of the political party spokespersons or chief whips from the African National Congress, Democratic Alliance, Inkatha Freedom Party, Independent Democrats, African Christian Democratic Party, Pan Africanist Congress, Azania Peoples Organisation, Christian Democratic Party, Christian Front, Operation Khanyisa Movement, United Democratic Movement and Vryheidsfront.

Similarly, for interviews targeted at businesses operating in more than one municipality including CJMM, the researcher relied on advertisements in the print media and unsolicited pamphlets that publicise the availability of merchants and service providers to select a sample of 10.

6.2.2 Data capturing and editing

Since the data source was structured questionnaires, a code book was constructed for the filing of all questionnaires completed and the survey process. The numeric data from the questionnaires was captured on a computerised statistical package i.e. MOONSTATS2 (2001-2005) which was used to produce reports for analysis and interpretation.

6.2.3 Data synthesis

According to Mouton (2005:108) all research field work leads to the analysis and interpretation of data gathered from the survey. MOONSTATS2 was manipulated to break up the data into manageable themes, patterns, trends and relationships. The reports generated for interpretation are pie charts and frequency tables which lists the values or scores and how frequently they occur. The values are in the "Value" column and the number of cases obtaining each value in the "N" column. The "%" column shows the number of cases as a percentage.

By analysing these frequency charts the researcher was able to understand the various constitutive elements of the compiled data by inspecting the relationships between constructs and variables revealing patterns and trends in effectiveness;

efficiency, satisfaction and awareness. Mouton (2005:109) states that by interpreting the observations, researchers can relate their findings to existing theoretical frameworks or models and either support or invalidate them by new interpretations.

Table 9: Municipal clients interview questions

Questionnaire for effectiveness and efficiency. Sample = 160 (5 Business x 5 Facilities x 10 Residents x 8 Regions)					
Clusters					
1= Region 1 2= Region 2 3= Region 3 4= Region 4 5= Region 5 6=Region 6 7= Region 7 Region					
Region					
1= Resident 2= Business 3= Community Facility					
Type of respondent					
1= Electricity 2= Water 3= Refuse 4=Billing 5=EMS 6=Safety 7=Roads 8=Parks 9=Ent 10=Dev 11=Housing 12=Health 13=Trans 14=Tourism 15=Prop Mngt					
Service type					
1= S Disagree 2= Disagree 3= Sometimes 4= Agree 5= S Agree					
Effectiveness assessment					
Cost assessment					
Quality assessment					
Would you like the service provider to be changed?					
Would you participate in service provision?					
1= Municipality 2= Entity					
Who provides the service?					

Table 10: Multi-jurisdictional business interview questions

Questionnaire for inter municipal competitiveness. Sample = 10 (Businesses with operations in Johannesburg and other municipalities)			
1 = Better 2 = Same 3 = Worse			
Service comparison			
Tariff comparison			
Quality comparison			
1 = Municipality 2 = Entity			
Electricity Service Provider			
Water Service Provider			
Refuse / Solid Waste Service Provider			

Table 11: Municipal clients interview questions

Questionnaire for intra regime competitiveness. Sample = 160 (5 Busines x 5 Facilities x 10 Residents x 8 Regions)			
Devolved functions			
1= Better 2= Same 3= Worse			
Electricity			
Water			
Refuse			
Public Transport			
Roads			

Table 12: Councillors interview questions

Questionnaire on politician's attitudes towards institutional arrangements.				
Sample = 12 (All political parties)				
1= S Disagree 2= Disagree 3= Sometimes 4= Agree 5= S Agree				
Do you support all reforms in your municipality?				
What is your assessment of the current performance?				
Would you support further reforms to correct performance?				

Are there any unintended side-effects produced by the reforms?					
What are the causes of service delivery protests?					

6.3 Summary

While the historical and descriptive analysis was carried out in chapter 3, 4 and 5, this chapter dealt specifically with the qualitative aspects of the study. The secondary data from the annual reports was not independently compiled as it was compiled internally and thus needed to be validated.

The validation process of the secondary data was done by way of cluster and purposeful sampling using structured interviews guided by four questionnaires. The samples were representative and drawn from all eight regions of CJMM³⁸. To obtain a 100 per cent response rate the researcher personally conducted the interviews.

A total of 242 questionnaires were completed and the synthesis of this sizable amount of data was made easy by using a computer program MOONSTATS2 that produced reports in the form of pie charts and frequency tables for analysis.

³⁸ See annexure VI.

CHAPTER SEVEN

INTERPRETATION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

7. Introduction

The feedback obtained from the surveys from the residents, businesses and community facilities, collectively the municipal services clients of CJMM; performance assessments as reflected in the annual reports of CJMM and UAEs and the expert interviews unanimously support the issues posed by the research questions. The researcher will henceforth provide interpretations of the data gathered by the questionnaires and the expert interviews and justify the theoretical suppositions postulated by public policy management advocacy.

7.1 Findings

Figure 15: Intra-regime assessment “Refers to Table 11”

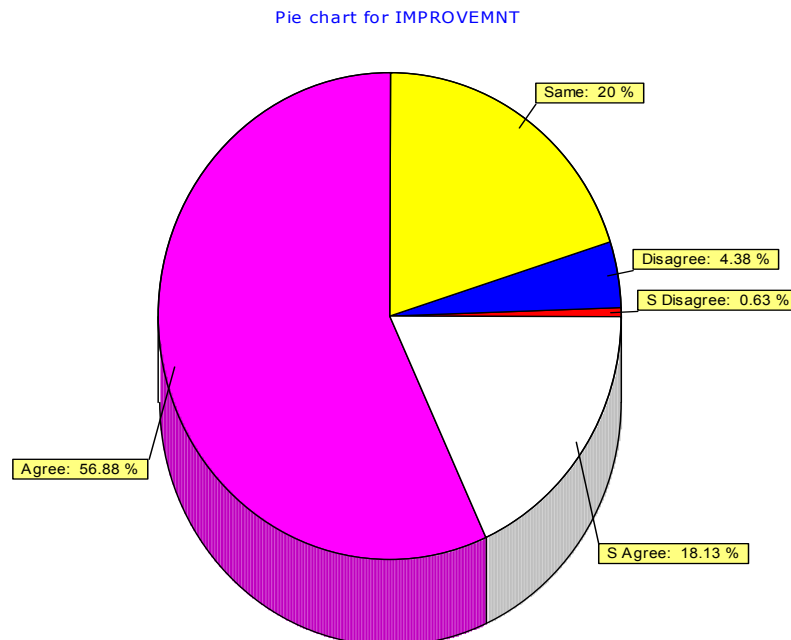


Figure 16: Frequency Table (Intra-regime Survey) “Refers to Table 11.”

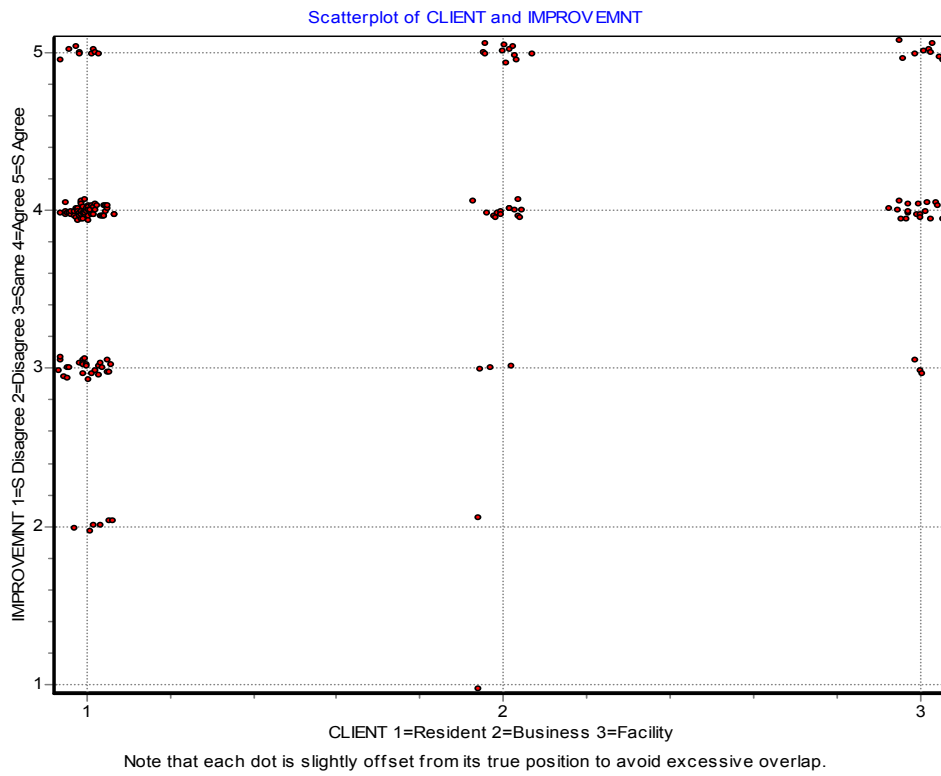


Figure 17: Current Regime Effectiveness “Refers to Table 9”

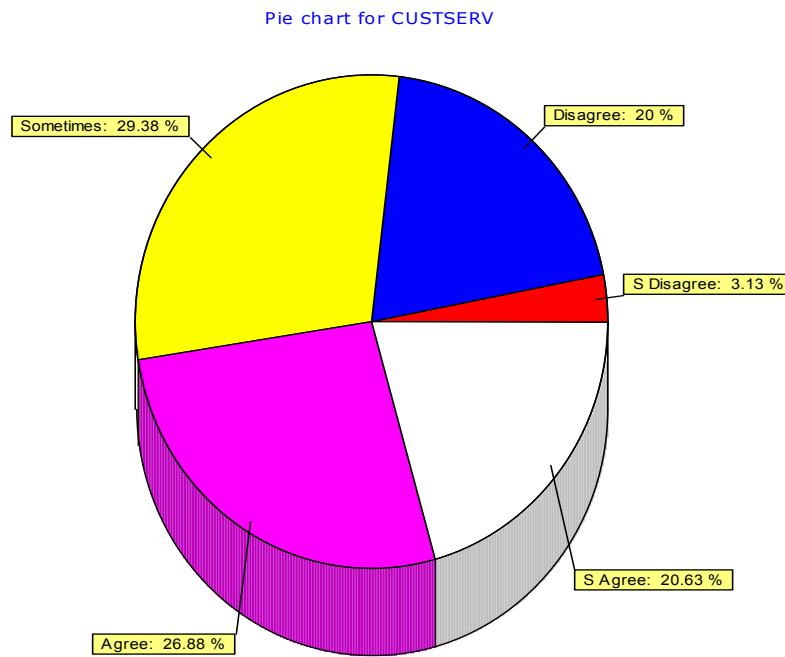


Figure 18: Frequency Table (Current Regime effectiveness) “Refers to Table 9.”

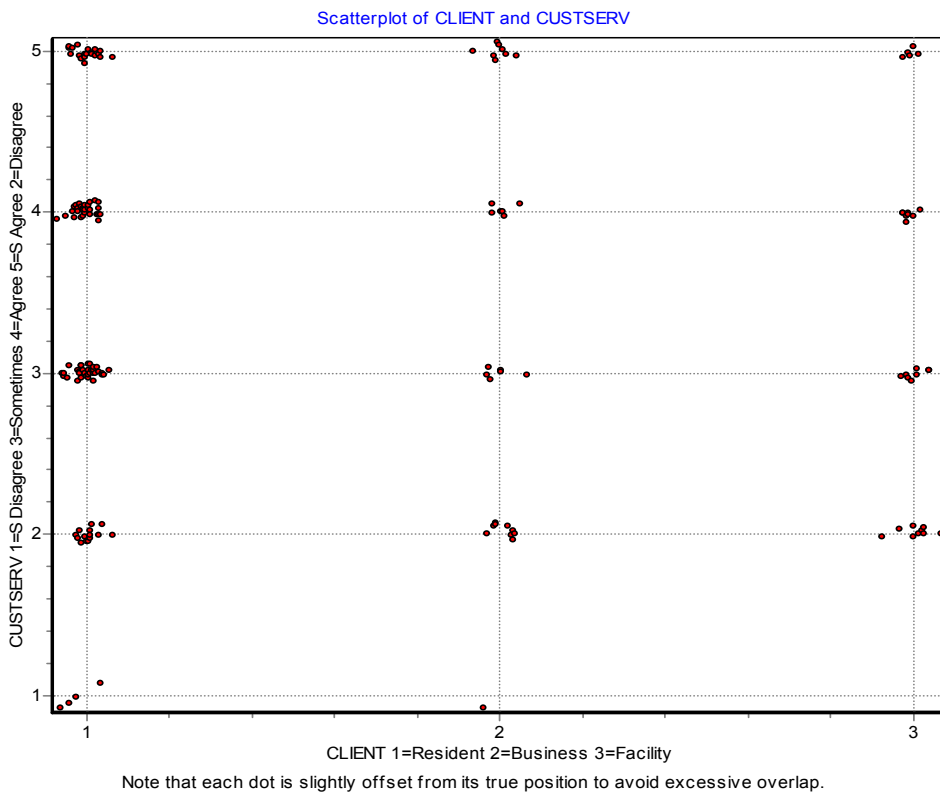


Figure 19: Current Regime Cost effectiveness “Refers to Table 9”

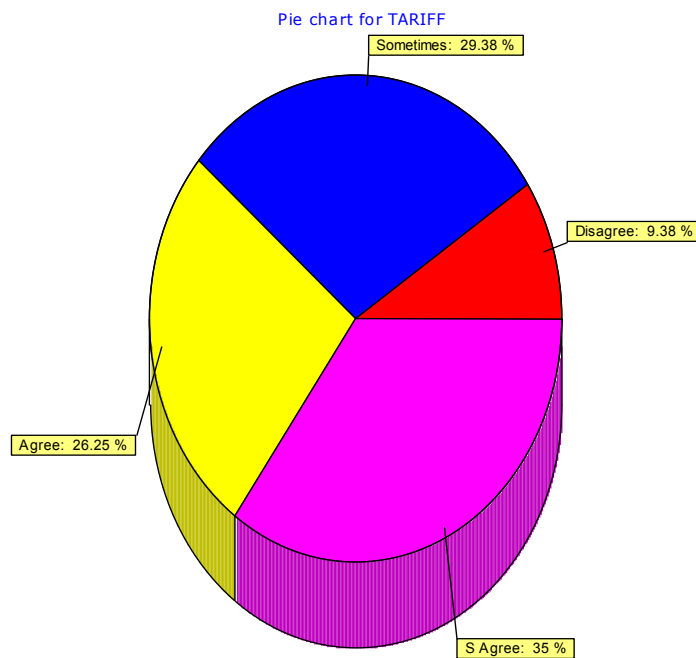


Figure 20: Frequency Table (Cost Effectiveness) “Refers to Table 9”

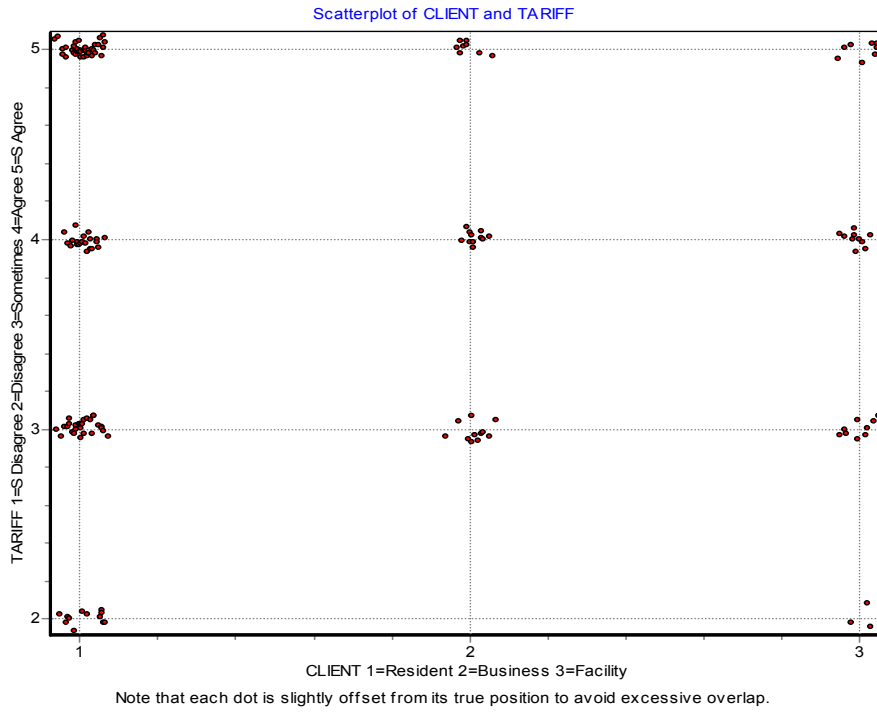


Figure 21: Current Regime (Change of Service Provider) “Refers to Table 9”

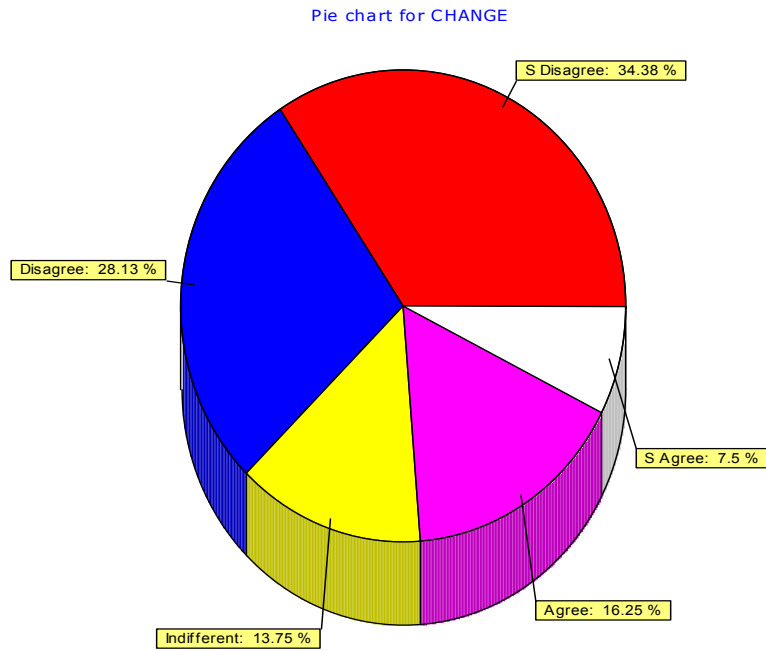


Figure 22: Frequency Table (Change of Service Provider) “Refers to Table 9”

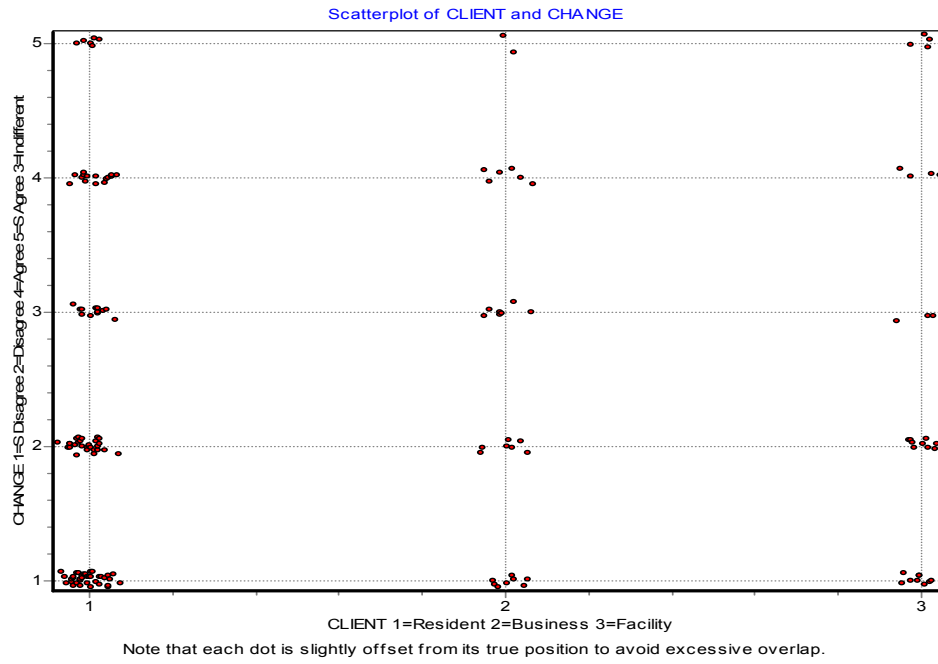


Figure 23: Inter Municipality Effectiveness Assessment “Refers to Table 10”

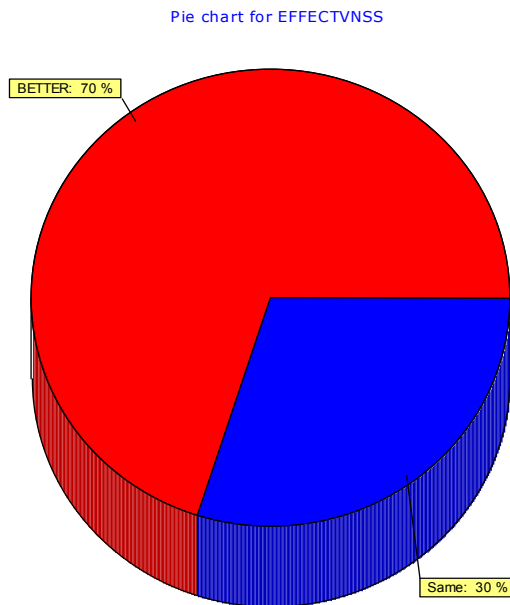


Figure 24: Frequency Table (Inter-municipality effectiveness) “Refers to Table 10”

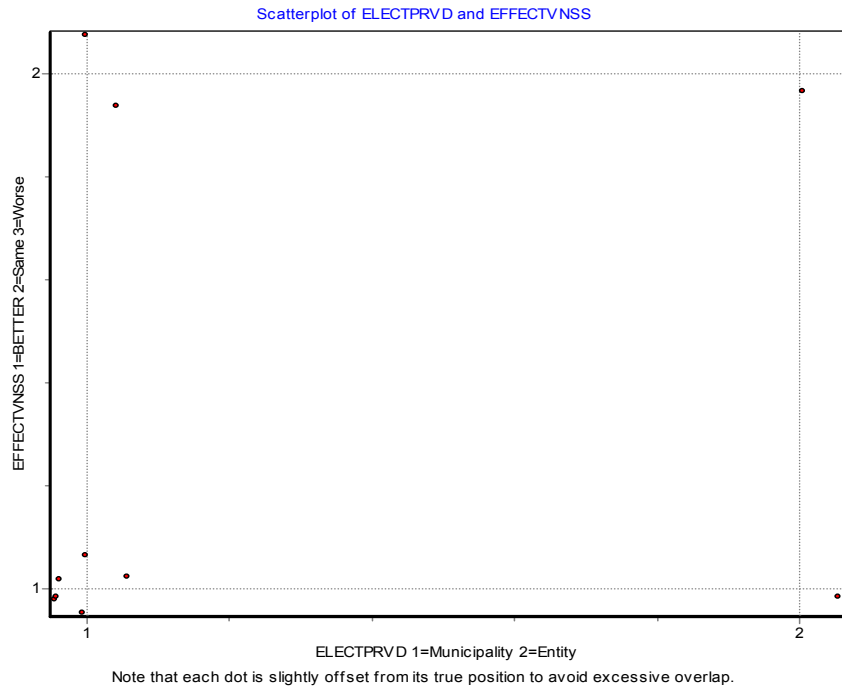


Figure 25: Frequency Table (Inter-regime cost effectiveness- Electricity) “Refers to Table 10”

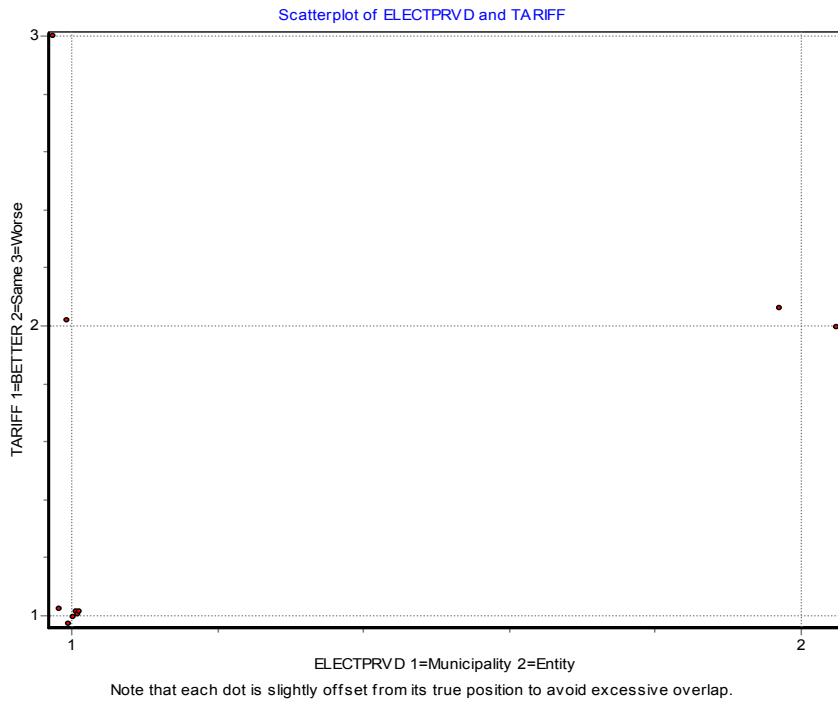


Figure 26: Frequency Table: (Inter-municipality cost effectiveness – Water)



Figure 27: Views of Political Parties about Support “Refers to Table 12”

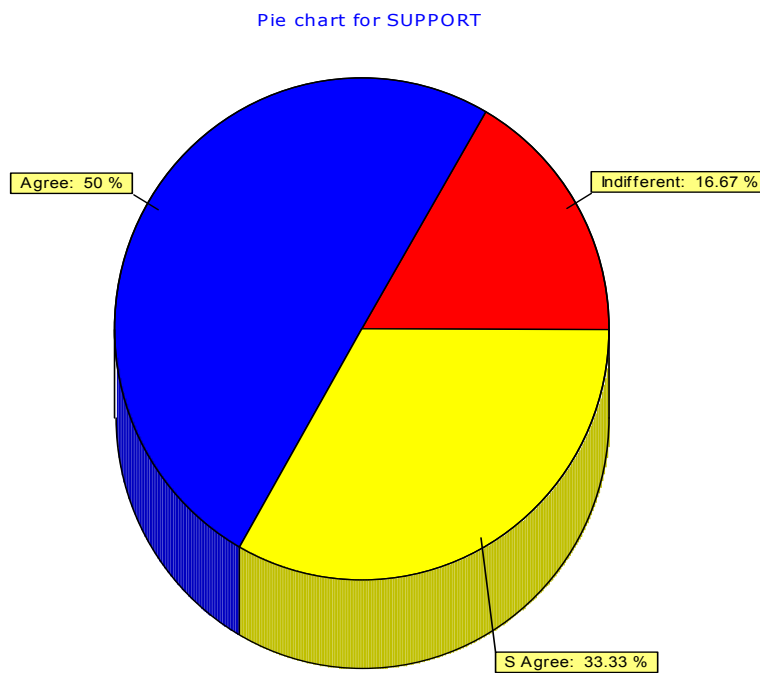


Figure 28: Views of Political Parties about Performance

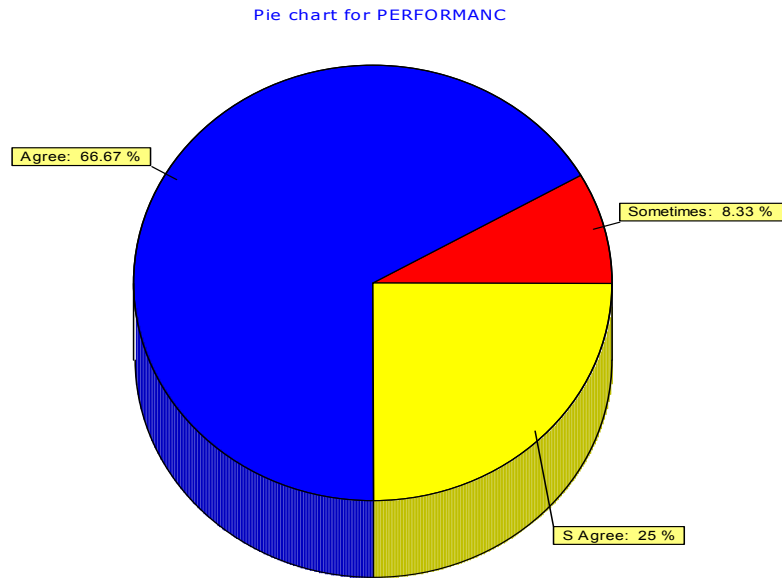


Figure 29: Views of Political Parties about Further Reforms

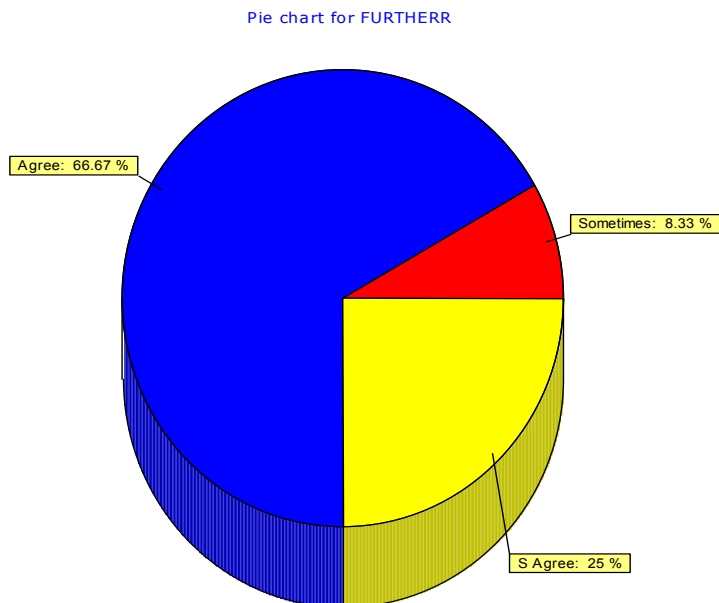


Figure 30: Views of Political Parties about Unintended Consequences

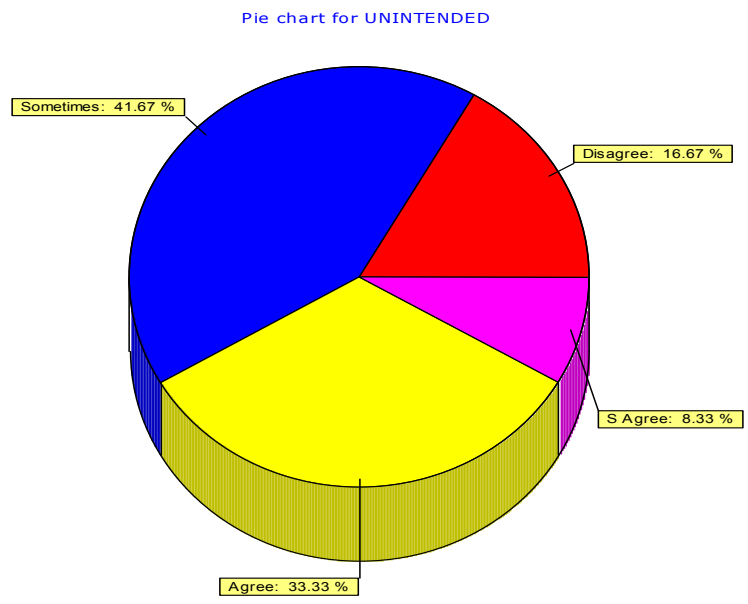
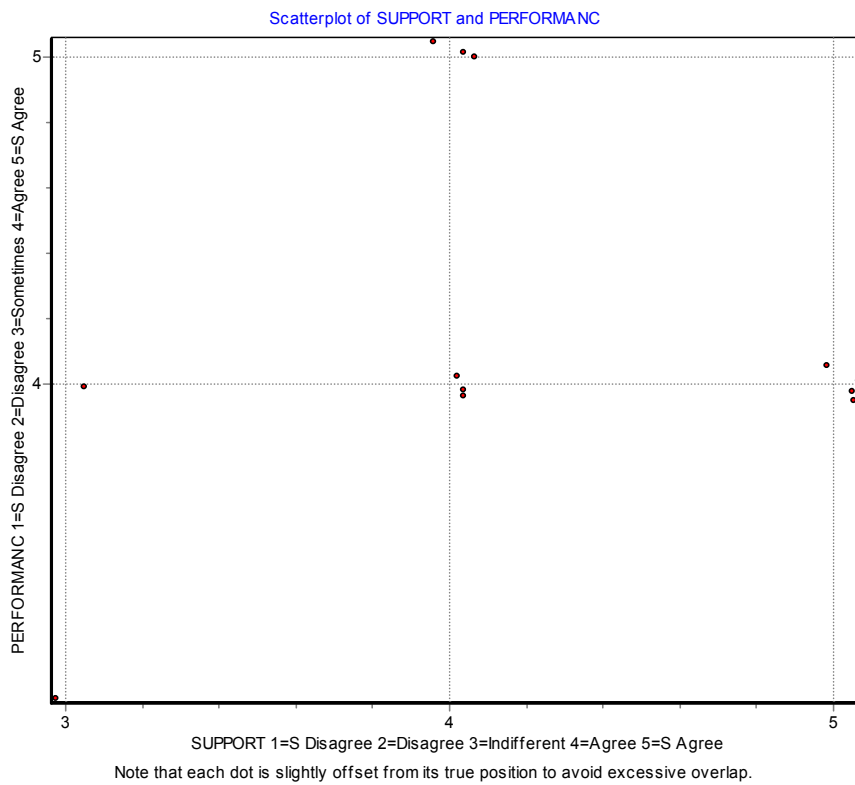


Figure 31: Frequency Table on Political Support and undesirable Consequences



7.2 Discussion of Findings

To present the results of the findings logically, the analysis of the information is done structurally according to the following themes of public policy analysis:

- public service delivery design
- public management reform as a catalyst for improved service delivery
- the role of reforms in improving service delivery performance
- the role of reforms in service delivery protests

7.2.1 CJMM Public Service Delivery Design

As suggested by the topic of this research, the public service delivery in CJMM is dynamic, i.e. a design comprised of a variety of independent options that are coordinated to collectively achieve the mandate of CJMM. Public management reforms did not lead to the stereotypical abandonment of the central hierarchical bureaucracy in CJMM. The central hierarchy still exists in CJMM as the core administration and is responsible for approximately 50 per cent of the municipality's operating budgets.

7.2.1.1 Core Administration as Central Hierarchy

What reforms attempted to do in CJMM was to alter one of Caiden's (1982:14) assumptions that '*public management has an exceptional size*'³⁹ by being 'antipathy to a large municipal bureaucracy together with its structured planning of service delivery' (Boyne *et al.* 2003:35). The association of big organisation with planning, coordination and professional service in the interest of the public was strategically abandoned in favour of markets, competition and autonomy.

The size of central hierarchy was drastically reduced by almost 50 per cent as reflected by the operating budget of the core administration in table 3 of section 3.4 and was accompanied by performance-oriented contract management and monitoring of results through the city scorecard. A new arrangement that limits the core administration to steering only has overcome the classical political and bureaucratic control and oversight with only the contracts management unit being

³⁹ See the abstract on page iii.

responsible for steering and control by using of contracts and published internal reports.

7.2.1.2 UAEs as NPM

Alongside the scaled down core administration emerged NPM's UAEs, a manifestation of smaller organisations providing public goods and services with clearly identifiable organisational autonomous units that can attract more motivated and committed staff that would normally be demotivated by the notion of the civil service. According to Tiebout (1956:420) a fragmented local government system as in CJMM is conducive to the market-type solution to the problem of matching local services and the local tax base to community preferences. After the demarcation of new municipal boundaries from over 1000 to 283 municipalities, CJMM as a bureaucracy grew phenomenally with the effects of overstaffing and overspending threatening to cripple the municipality which justified the reorganisation of the municipality into smaller administrative units as a corrective measure.

The 14 UAEs that are relatively small in size compete with each other for budget allocations either for capital or operating expenditure which motivate the management for better performance. The devolution of functions to UAEs is accompanied by the appointment of independent boards and executive management with the autonomy for operational decisions to achieve more efficiency and responsiveness. During the 2006 Metrobus strike, the labour union South African Municipal Workers Union frivolously refused to negotiate with the utility's management insisting that the bureaucrats had assumed more power in determining that accumulated sick leave is not a liability for any employer (Shongwe 2007). The practise of paying out unused sick leave by CJMM before the establishment of Metrobus as a utility was a typical case of the inefficiency of a central bureaucracy that was suddenly exposed by the decentralised utility as unfruitful expenditure.

Shongwe insisted that without competition, CJMM as a central hierarchy was under no pressure to identify inefficiencies and save costs thus expanding on service delivery. Metrobus has both internal and external competition. The autonomy that the CEO and his team enjoy is not for management to pursue their own interests but to respond to market pressures for the sake of public transport consumers.

7.2.2 Assessment of Service Delivery

The researcher earlier in section 3.11.3 alluded to the fact that CJMM uses a scorecard across the board that measures the magnitude of services in absolute terms based on an arbitrary scale of 100 per cent without making comparisons with a set benchmark or standard. This is a typical workload measure which counts for example the number of housing plans approved, the number of traffic fine tickets issued, the number of streets paved or the number of water connections made. According to Ammons (2001:2), workload measures are in essence “bean counting.” Although it is an important measure, it has to go a step further to determine the quality of services provided and the efficiency with which the services were provided.

7.2.2.1 Intra-regime Assessment

With the questionnaire in table 11, the researcher sought to determine the attitudes of municipal clients towards the service delivery of CJMM as a comparison between the period prior and after reforms were implemented. This information is not available in the municipality’s annual reports as the city scorecard is limited only to the measurement of the magnitude of current services.

The results of the survey in figures 15 and 16 show unanimous agreement to improvements in current service delivery by the respondents as compared to the period before reforms. The pie chart shows that 56.88 per cent agreed moderately, 18.13 per cent were upbeat about their agreement, 20 per cent were indifferent, 4.38 per cent disagreed while 0.63 per cent categorically disagreed.

This survey confirmed that while the magnitude of service provision in CJMM has increased due to population growth and urban migration the efficiency with which it produces these services has increased as well since the residents who were clients prior to reforms have confirmed a marked improvement.

7.2.2.2 Inter-municipality Assessment

The questionnaire in table 10 probed the performance of CJMM’s service delivery as compared to other municipalities based on the experiences of industrial and commercial clients with operations in other municipalities in addition to CJMM. The majority of respondents unanimously disagreed to receiving better services

elsewhere than in CJMM. According to figure 23, no respondents were indifferent, 70 per cent scored CJMM as providing better services while only 30 per cent disagreed.

Figures 24, 25 and 26 are frequency tables depicting the effectiveness of the provision of three municipal services i.e. electricity, water and waste removal. Although CJMM was more effective in each of these areas, the majority of the municipalities that CJMM was compared to have still not reformed their service delivery mechanisms as UAEs for electricity; water and waste removal were found to have been established only by 10 per cent, 4 per cent and 20 per cent of the municipalities respectively. In two municipalities with utilities for water and waste removal efficiency and effectiveness were rated at par with CJMM.

Figures 24 to 26 further confirm the inefficiencies inherent in hierarchical bureaucracies because none of all the municipalities providing services without the aid of agencies or utilities were more efficient than CJMM.

7.2.3 NPM as Catalyst of Improved Service Delivery

Since municipal services are currently being delivered in CJMM under a NPM regime, the questionnaire in table 9 sought to determine all the categories of municipal services clients' views on the performance of the municipality according to effectiveness and efficiency.

According to the pie chart in figure 17, there was a unanimous agreement as to the municipality's effectiveness in service provision. Only 3.13 per cent of the respondents categorically disagreed, 20 per cent moderately disagreed, 29.38 per cent experienced fluctuations in effectiveness, 26.88 per cent moderately agreed while 20.63 per cent were upbeat about the effectiveness they experienced.

The frequency table in figure 18 shows the distribution of these results according to client categories without any deviation from the consolidated result. Efficiency was based on service tariff, quality and quality that are consistent with public choice theory i.e. lower cost, higher service quantity and higher service quality (Boyne *et al.*

2003:18). The pie chart in figure 19 shows that 61.25 per cent of the respondents agreed to the city providing efficient services, 29.38 per cent had moments of agreement and disagreement while only 9.38 per cent disagreed.

The frequency table in figure 20 shows that business respondents neither disagree nor seriously disagree with efficiency which is a serious vindication on NPM in CJMM as these clients receive no subsidies or indigent tariffs.

Figure 21 confirms the efficiency of CJMM as 62.51 per cent of the respondents did not agree to the changing of the service provider back to the central hierarchy, 13.75 per cent were indifferent while 23.75 per cent agreed.

7.2.4 The Extent of Public Management Reforms

The assessment of the extent of public management reforms in CJMM was targeted at the politicians. Although Boyne *et al.* (2003:29) proposed four methods of assessing the extent of public service reforms, i.e. comparisons on the 'policy as adopted' and 'policy in action' before and after reforms, the researcher limited political respondents to the extent of change in principle and in practise to avoid duplication with the service client respondents above. The researcher also found that no reforms in CJMM were mere formalities for pre-existing municipal practise and that bureaucrats could not stifle new policies to protect their powers since reforms were not only implemented by council but imposed by national government⁴⁰ and monitored by provincial government.

Figures 27 to 29 show similar results of unanimous support by politicians for initial reforms, further reforms and that the reforms are achieving what was intended of them. Figures 30 and 31 show that despite the achievement of intended goals, the reforms also produce unintended negative consequences mainly in the form of corruption that the researcher mentioned in section 4.4.2 and political control mentioned in section 4.4.3.

⁴⁰ The Municipal Restructuring Grant in table 1 was conditional on comprehensive plans on public service reforms.

7.2.5 The Role of Reforms in Service Delivery Protests

Lastly, the worrisome fact that some violent protests had occurred in CJMM in the guise of 'poor service delivery' needed some explanations as this contradicted the results of the survey. Explanations for this weird phenomenon were sourced from the expert interviews that were conducted. The interviewees were unanimous in the view that protests were not a result of residents showing their dissatisfaction with municipal service delivery but:

- incitement by disgruntled politicians as a result of disciplinary measures which included expulsion from the ANC;
- criminal elements disguising their illicit activities;
- undocumented individuals who fear the exposure of their illegal migration by the eradication of informal settlements; and
- incitement of residents by disillusioned members of the subordinate parties of the tripartite alliance dominated by the ANC.

The interviews sighted many incidences of violent protest in which social problems were used as a front for some sinister motives starting from the days of apartheid:

- the train violence was widely blamed on political rivalry between hostel dwellers and township residents but the final analysis proved that the dominant aim was to discourage commuters from using trains to boost the minibus taxi businesses;
- newly installed infrastructure for running water was ironically destroyed in KwaMashu township of the Durban Municipality (similar to prepaid meters in Soweto suburbs) where such essential service did not exist and diarrhoea was rife by a few rogue residents opposed to the payment of services. The municipality was in the habit of delivering drinking water to the area free of charge in water tankers;
- the PAC has been campaigning for the past 14 years for the release from prison of its members it claims went on a bank robbing spree before the 1994 democratic elections in the name of raising funds for its armed struggle against apartheid;
- the relocation of informal settlement residents in Diepkloof Soweto to a formal former mining compound of Braam Fisherville by CJMM was initially resisted but on the city's resilience, it turned out that only half the squatter

residents registered for formal settlement, the rest disappeared into thin air. This was a typical case of either criminals who set up base in informal settlements or illegal immigrants who incite residents to cover up their illegal tracks;

- a prospective councillor expelled from the ANC in Johannesburg formed an 'Operation Khanyisa Movement' that incited Soweto residents to vandalise prepaid meters for water and electricity but was previously in the fore front of educating the same residents on the importance of service payments for sustainable service delivery;
- the reasons advanced for the on-going protests against the re-demarcation of the cross boarder municipality of Khutsong formerly shared between Gauteng and North West Provinces are outright frivolous. Municipal services are not provided by the province but by a municipality which was not disbanded and the subsequent destruction of existing infrastructure does not reconcile with the need for improved municipal services; and
- around Johannesburg, the culture of non-payment of services was entrenched during the Soweto rent boycotts during the 1980s⁴¹ and therefore the residents who are aware of their effects need little motivation to free ride.

The persistence of protests in the guises similar to the above instances mentioned anonymously by the interviewees show the propensity of members of the community with sinister motives to construe their illicit activities as genuine protests for service delivery which has been misunderstood by many analysts.

The magazine, *Delivery* (2007:23) refutes this notion of acute ineffective and inefficient service delivery causing violent protests as it notes relative satisfaction with service delivery in cities by residents.

7.3 Impact of Public Service Reforms

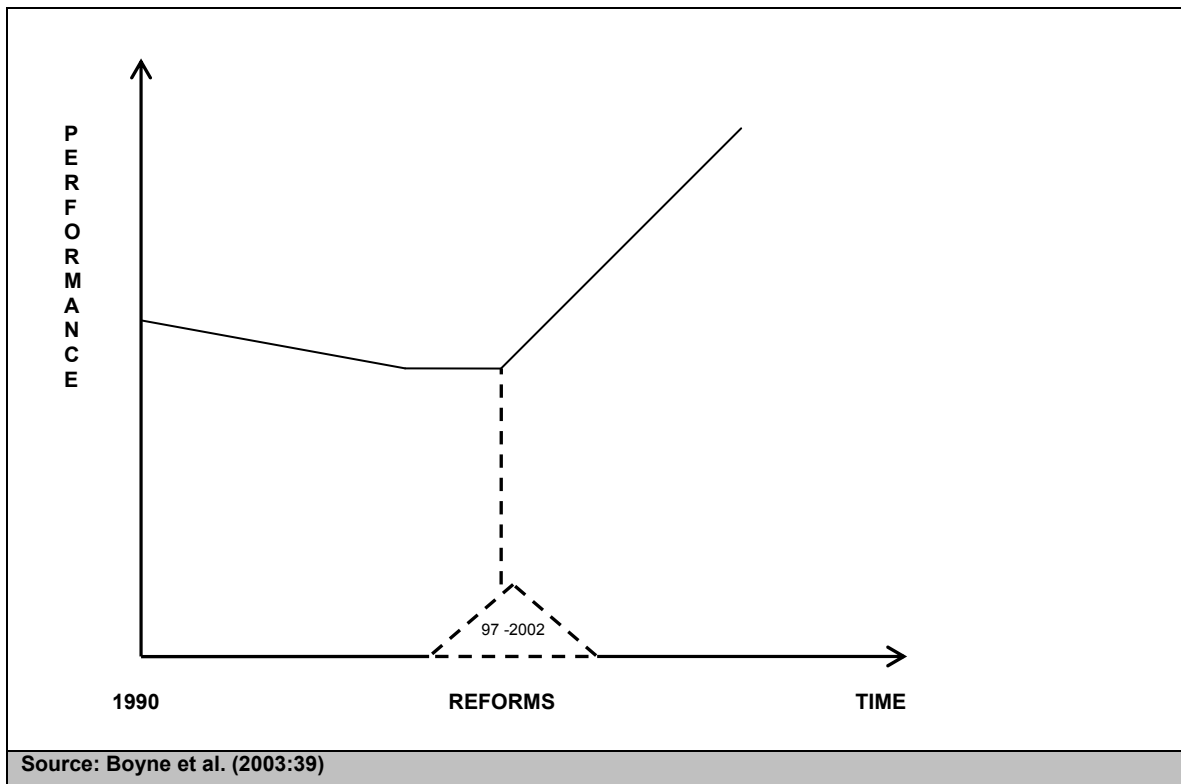
CJMM implemented public management reforms expecting to achieve improved service delivery measured in effectiveness and efficiency. The structural reforms entailed the substantial reduction of the size of the central hierarchy by devolution of operational functions to autonomous agencies, privatisation, competition and the

⁴¹ See section 5.2.1.

adoption of private sector management practices. All these conditions are in place as detailed in chapters 3 and 4, therefore a conclusion can be made that a complete public choice reform programme has been implemented. The advocates of this reforms should now expect the municipality's performance in service delivery to improve substantially.

Boyne *et al.* (2003:38) reiterates the public choice perspective that the extent of public service reforms is positively correlated with the improvement of service delivery performance. On checking the direction of results of the surveys conducted against the public management reforms adopted, it is clear that they are positively correlated as illustrated in figure 32.

Figure 32: Reform and Organisational Performance Relationship



The horizontal axis measures time while the vertical axis measures service delivery performance. From the early 1990s, there were no reforms in place. CJMM was operating an entirely central hierarchy with apartheid policies except for Metro Gas which was later privatised. Reforms were introduced after the 1995 local government elections. There can be no definite moment showing the start of implementation as several reforms were implemented for a period up to 2002 hence the dotted triangle. The trend in performance was declining before the reforms, stagnated with beginning of reforms, and then started to rise steadily when the reforms started to reverse the dysfunctional culture as indicated by the solid line. The illustration shows that reforms occurred in the desired direction.

7.4 Conclusions

This study has shown that NPM did not completely overhaul the bureaucratic government with an entrepreneurial government in CJMM as summed up by Osborne and Gaebler (1992:32). Although it is advocated that entrepreneurial

government is both competitive and customer driven, CJMM opted for a situational public service design in which the bureaucratic government size was halved, the central hierarchy remained but was transformed from a public administration which was conjured up in rules; regulations; centralised authority and a lethargic decision making process, to a public management that is characteristic of commercial operations intended to substantially reduce red tape. Only in 50 per cent of CJMM operations did the 'paradigm shift' or 'cultural shift' occur to emulate NPM's entrepreneurial government. Moreover, policy networks have played an important role in service delivery without the deliberate planning of CJMM but driven by communities.

It was important for the CJMM's political leadership to protect citizen rights; retain administrative integrity and non-partisanship, essentially, reinforcing liberal democracy by retaining part of the bureaucracy. According to Matheson (2007:234), a central bureaucracy enforces the separation of personal from official business; procedural conformity; vocational commitment and subordination to authority. The shift from public administration to public management overcomes the inefficiency, waste, inflexibility and inertia that are often ascribed to the non-existence of opportunities for self-realisation and personal involvement. The political leadership was reasonably prudent not to fall into the trap of assuming that NPM was the panacea to service delivery improvement by providing for a scope for contradiction and persuasion. This answers the fourth research question i.e. which service delivery options are available to put CJMM on a continuously improving service delivery trajectory?

The results of the survey are in contrast to the research done by Manning (2001:298) and Keraudren and Van Mielo (1998:46) which had difficulties in confirming whether the effects of NPM in OECD countries were profound or not after twenty years. In this study the researcher confirms that NPM in collaboration with a debureaucratised central hierarchy and intermittent interventions from policy networks was more efficient in CJMM than before the local government reforms⁴². This is in support of Manning's (2001:300) assertion about developing countries,

⁴² See figure 32 on page 129.

which South Africa is categorised under, that NPM has not become the 'only' public management paradigm. The third research question is therefore only partially answered. According to the methods of measuring public management reforms in section 7.2.4, the empirical evidence of NPM in OECD, shows that only the extent of change in principle is evident without the extent of change in practice.

The results also overwhelmingly support the NPM assumptions of gains in effectiveness and efficiency. The significant gains in effectiveness and efficiency were achieved because reforms that were initiated were implemented.

7.5 Recommendations

The research findings pointed to the advanced stage public management in CJMM is at in considering NPM. NPM is better assessed in CJMM than in its native OECD/Commonwealth habitat. There is a broader knowledge on the options offered by NPM converging around the culture and orientation of management focused on communities as service clients and accountability for producing results. CJMM's focus on public service reforms was on the betterment of community lives by producing quality services and concurrently evaluating alternative delivery mechanisms rather than on legislative compliance alone. A number of recommendations are advanced by the researcher to further broaden the dynamism of public service delivery.

7.5.1 Increasing competition

It is undeniable that any attempts of increasing competition in the sectors of electricity reticulation, water and roads will be insurmountable due to the steep regulations in place, the prohibitive cost of infrastructure development and economies of scale. However, for other sectors like public transport; the Zoo, Civic theatres, Art galleries that provide amusement and entertainment services; social housing; property development and general development, more competition can benefit the efficiency objectives of CJMM.

Boyne *et al.* (2003: 31) defines competition as the contest between many producers of the same product or close substitutes in the same market. In this economics

model, consumers choose freely between several suppliers of goods and services who have a small market share each. Contrary to private markets, money does not change hands between suppliers and consumers in CJMM as billing is done centrally by the revenue section of the core administration. Money, however changes hands directly in public transport, Johannesburg Zoo, Civic theatres, solid waste removal, social housing and municipal accommodation where the CJMM UAEs compete directly in the private market.

The economics models can be replicated in CJMM for guidelines to establish whether the reforms that were implemented resulted in more competition in the provision of services. The reformed CJMM would reflect the public choice prescriptions about competition and consumer choice by meeting the conditions in table 13 below.

Table 13: Conditions of Increased Competition

Conditions	Results	
	-	+
Government Regulatory Influence		
Number of separate service providers after reform		√
Division of market share more equal		√
Consumers have more choice between suppliers of public service		√
Consumers have more choice between public and private suppliers		√
Consumers have more direct choice (less 3 rd party intermediaries)		√
More exist from the market by producers		√
More entry into the market (barriers of entry removed, lower regulation)		√
Attitudes and behaviour of consumers and suppliers		√
Robust marketing to expand market share and revenues		√
Consumers exercise market power by switching between suppliers		√
Source: Boyne et al. (2003: 32)		

7.5.2 Advanced Performance Indicators

The researcher's assessment of CJMM performance management system in sections 3.11.3 and 7.2.2 was that the city scorecard is a simple isolated workload figure. To reveal more information about municipal operations than a simple workload figure, Ammons (2001:2) suggests measurement of efficiency,

effectiveness and productivity. Boyne *et al.* (2003:34) suggest a matrix of performance indicators measuring expenditure, outputs, outcomes, efficiency, cost effectiveness and probity as in table 14.

The assessment of all annual reports for CJMM and UAEs reveal only the internal gauge that compares current performance to previous periods as common, probably due to its simplicity and the readily availability of data. Municipal regulations, through either the MFMA or Municipal Systems Act (2000) should require assessments that compare performance between periods, between units in the same municipality, between peers outside the municipality and against pre-established and regularly reviewed targets or existing standards (Ammons 2001:2).

Table 14: Comprehensive Matrix for Producing Performance Information (Example)

Municipal achievements	Performance indicators				
	Current	Previous Year	Internal Peers	External Peers	Pre-established Standard
Expenditure					
Outputs					
Outcomes					
Efficiency					
Cost-effectiveness					
Probity					
Adapted from Boyne <i>et al.</i> (2003:34)					

7.5.3 Flexible Government

Although the case of CJMM is of dynamic public management at play, there is no policy on flexible government as part of the dynamics. Peters (2001:77), decries the conceptualisation in many countries that forming an organisation in the public sector has been thought to be creating a permanent entity no matter how transient the rationale for forming it may appear. According to Peters (2001:77) the dysfunctions of permanence in government for organisations are widely recognised. While the policy for the appointment of senior management demands for term limits to guard against the dysfunctions of permanence, CJMM policy is silent about it on organisations (UAEs) even though the Municipal Systems Act (2000) is enabling

about the flexibility with which municipalities can structure their service delivery mechanisms.⁴³

Condition number 6 in table 13 that sets out conditions of competition looks at the increase in numbers of producers exiting the market. With flexible government, failing public organisations should be shut down because of irreversible inefficiencies and unresponsiveness to consumer demands. CJMM should have a proactive policy in place that decreases the permanence of budgets (zero based budgeting) and organisations, should performance standards and targets decline unacceptably as a way of correcting perceived governing deficiencies.

7.5.4 Building Institutional Capacity for Evaluating Reforms

The findings noted from the AG declarations in the annual financial reports that the scope of the annual statutory audit is limited to financial results only. The evaluation of performance is thus internal and raises serious questions about objectivity since management will be tempted to suppress substandard performance to protect their jobs and claim performance bonuses using uncollaborated findings. Thoenig (2003:219) notes that policy implementers have a propensity to use evaluation systems that are internally developed which shows scepticism and distrust towards outsiders particularly analysts and academics.

The researcher proposes the substantial increase in the AG's budget to establish a performance audit branch alongside financial audit, staffed with personnel with social science research methods competencies. The performance audit section is envisaged to independently investigate, report and promote efficiency and effectiveness in local government activities. If size is the problem, a completely new institution should be formed as in Sweden, UK, the USA, the Netherlands and Germany.

In the UK, performance assessment that informs the 'Best Value' regime is done by an independent Audit Commission (Wollmann 2003:250). The evaluation helps the

⁴³ See Municipal Systems Act 2000, sections 76 to 82.

central government to reward or sanction local authorities according to their high or low performance quality.

In Sweden, the National Audit Board has a performance audit department which routinely performs audits for local municipalities. In addition, the Swedish Agency for Public Management performs evaluations and audits on public programmes on request from the government or government agencies. The evaluations entail inter-organisational comparisons, international comparisons and benchmarks on performance (Wollmann 2003:238).

In the USA, the General Accounting Office audits not only the public agencies' expenditures but also programme performance and reports to the US Congress. The office has social science research capacity and utilises cost benefit analyses as one of its evaluation techniques (Wollmann 2003:237). The Government Performance and Results Act is a comprehensive system used in the USA for evaluating public agency performance; efficiency audit; programme effectiveness and performance management capacity.

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INTERVIEWS

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ANNEXURE I

Municipal Executive and Legislative Authority as per Municipal Systems Act (2000). Section 11.

- I. The executive and legislative authority of a municipality is exercised by the council of the municipality, and the council takes all the decisions of the municipality subject to section 59⁴⁴.
- II. A municipality may exercise executive and legislative authority within its boundaries only, but may by written agreement with another municipality and subject to Chapter 5 of the Municipal Structures Act and other applicable national legislation, exercise authority in the area of that other municipality.
- III. A municipality exercises its legislative or executive authority by:
 - developing and adopting policies, plans, strategies and programmes, including setting targets for delivery;
 - promoting and undertaking development;
 - establishing and maintaining an administration;
 - administering and regulating its internal affairs and the local government affairs of the local community;
 - implementing applicable national and provincial legislation and its by-laws;
 - providing municipal services to the local community, or appointing appropriate service providers in accordance with the criteria and process set out in section 78.
 - Monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the municipality;
 - preparing, approving and implementing its budgets;
 - imposing and recovering rates, taxes, levies duties, service fees and surcharges on fees, including setting and implementing tariff, rates and tax and debt collection policies;
 - monitoring the impact and effectiveness of any services, policies, programmes or plans;
 - establishing and implementing performance management systems;
 - promoting a safe and healthy environment;

⁴⁴ Figure 3.

- passing by-laws and taking decisions on any of the above mentioned matters; and
- doing anything else within its legislative and executive competence.

ANNEXURE II

Basic values and principles governing local public administration as per Municipal Systems Act (2000), section 51.

A municipality must within its administrative and financial capacity establish and organise its administration in a manner that would enable the municipality to:

- be responsive to the needs of the local community;
- facilitate a culture of public service and accountability amongst its staff;
- be performance orientated and focussed on the objectives of local government set out in section 152 of the Constitution (1996) and its developmental duties as required by section 153 of the Constitution (1996);
- ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality's integrated development plan;
- establish clear relationships, and facilitate cooperation, coordination and communication, between (i) its political structures and political office bearers and administration and (ii) its political structures, political office bearers, and administration and local community;
- organise its political structures, political office bearers and administration in a flexible way in order to respond to changing priorities and circumstances;
- perform its function: (i) through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units; and (ii) when necessary, on a decentralised basis⁴⁵;
- assign clear responsibilities for the management and coordination of these administrative units⁴⁶;

⁴⁵ Principles of NPM, see section 4.

⁴⁶ Characteristics of hierarchies, see section 3.4.

- hold the municipal manager accountable for the overall performance of the administration⁴⁷;
- maximise efficiency of communication and decision making within the administration;
- delegate responsibilities to the most effective level within the administration;
- involve staff in management decisions as far as is practicable; and
- provide an equitable, fair, open and non-discriminatory working environment.

ANNEXURE III

Role of Municipal Manager as per Municipal Systems Act (2000), section 55.

As head of administration, the municipal manager is subject to the policy directions of the municipal council⁴⁸, responsible and accountable for:

- the formation and development of an economical, efficient, effective and accountable administration that is (i) equipped to carry out the task of implementing the municipality's IDP in accordance with chapter 5; (ii) operating in accordance with the municipality's performance assessment system as per Chapter 6; and (iii) responsive to the needs of the local community to participate in the affairs of the municipality;
- the management of the municipality's administration in accordance with this Act and other legislation applicable to the municipality;
- the implementation of the municipality's IDP, and the monitoring of progress with implementation of the plan; the management of the provision of services to the local community in a sustainable and equitable manner;
- the appointment of staff other than those referred to in section 56(a);
- the management, effective utilisation and training of staff;
- the maintenance of discipline of staff;
- the promotion of sound labour relations and compliance by the municipality with applicable labour legislation;
- advising political structures and political office bearers of the municipality;

⁴⁷ Annexure III

⁴⁸ See annexure I for the mandate of the municipal council.

- managing communications between the municipality's administration and its political structures and political office bearers;
- carrying out decisions of the political structures and political office bearers of the municipality;
- the administration and implementation of municipality's by-laws and other legislation;
- the exercise of any powers and the performance of any duties delegated by the council, or sub-delegated by other delegating authority in the municipality, to the municipal manager in terms of section 59;
- facilitate participation by the local community in the affairs of the municipality;
- develop and maintain a system whereby community satisfaction with municipal services is assessed;
- the implementation of national and provincial legislation applicable to the municipality;
- the performance of any other function that may be assigned by the municipal council.

As accounting officer of the municipality the municipal manager is responsible and accountable for:

- all income and expenditure of the municipality;
- all assets and the discharge of all liabilities of the municipality; and
- proper and diligent compliance with applicable municipal finance management legislation.

ANNEXURE IV

Functions and Powers of Executive Mayor as per Municipal Structures Act (1998), section 56.

An executive mayor is entitled to receive reports from communities of the municipal council and to forward these together with a recommendation to the council when the matter cannot be disposed of by the executive mayor in terms of the executive mayor's delegated powers.

The executive mayor must:

- identify the needs of the municipality;
- review and evaluate those needs in order of priority;
- recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan, and the estimates of revenue and expenditure, taking into account and applicable national and provincial development plans; and
- recommend or determine the best way including partnership and other approaches to deliver those strategies, programmes and services to the maximum benefit of the community.

The executive mayor, in performing the duties of office, must:

- identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and services referred to in sub-section (2)c can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;
- evaluate progress against the key performance indicators;
- review the performance of the municipality in order to improve (i) the economy, efficiency and effectiveness of the municipality, (ii) the efficiency of credit control and revenue and debt collection services, and (iii) the implementation of the municipality's by-laws;
- monitor the management of the municipality's administration in accordance with the directions of the municipal council;
- oversee the provision the provision of services to the community in the municipality in a sustainable manner;
- perform such duties and exercise such powers as the council may delegate to the executive mayor in terms of section 32;
- annually report on the involvement of communities and community organisations in the affairs of the municipality; and
- ensure that regard is given to public views and report on the effect of consultation on the decisions of the council.

An executive mayor must perform a ceremonial role as the municipal council may determine.

An executive mayor must report to the municipal council on all decisions taken by the executive mayor.

ANNEXURE V (a)



BID

CITY POWER JOHANNESBURG

Bidders are hereby invited for the following bid, further details are available from CITY POWER, Tender Advice Centre, 40 Heronmere Rd, Reuven, Booysens
Telephone (011) 490-7000, Fax (011) 490-7292/(011) 870-3688
Payments, Customer Care, 1st Gate House on the left at Main Entrance
Cash payments or Bank guaranteed cheques must be made out to
CITY POWER JOHANNESBURG (PTY) LTD

REQUEST FOR PROPOSAL SUPPLY AND DELIVERY OF BUILDING MATERIALS

REQUEST FOR PROPOSAL	:	16336
RFP INFORMATION MEETING DATE	:	Not required
RFP INFORMATION TIME	:	Not required
RFP CLOSING DATE	:	26 October 2007
RFP CLOSING TIME	:	11h00
COST OF DOCUMENT	:	R600.00 (NON-REFUNDABLE)
CONTACT PERSON	:	KOLOBETSO MACHABA

**BID DOCUMENTS ARE AVAILABLE FROM THE
TENDER ADVICE CENTRE, 2ND SMALL GATE
HOUSE AT MAIN ENTRANCE FROM
Friday, 05TH of October 2007
40 HERONMERE ROAD REUVEN, BOOYSENS**

SUBMISSIONS: TENDER BOX, TENDER ADVICE CENTRE
Please note:-
That we also advertise on our Website:
Website Address: www.citypower.co.za Available Bid's

11/09/07

Source: The Star 16 September 2007.

ANNEXURE V (b)



a world class African city



INVITATION TO TENDER CONTRACT MTC/ JHK001/10/2007

The Metropolitan Trading Company (Pty) Ltd "MTC" an entity of the City of Johannesburg is committed to activities, which open access and support to SMMEs, Black empowerment and Social development. In that regard, tenders are hereby invited by the MTC for the following:

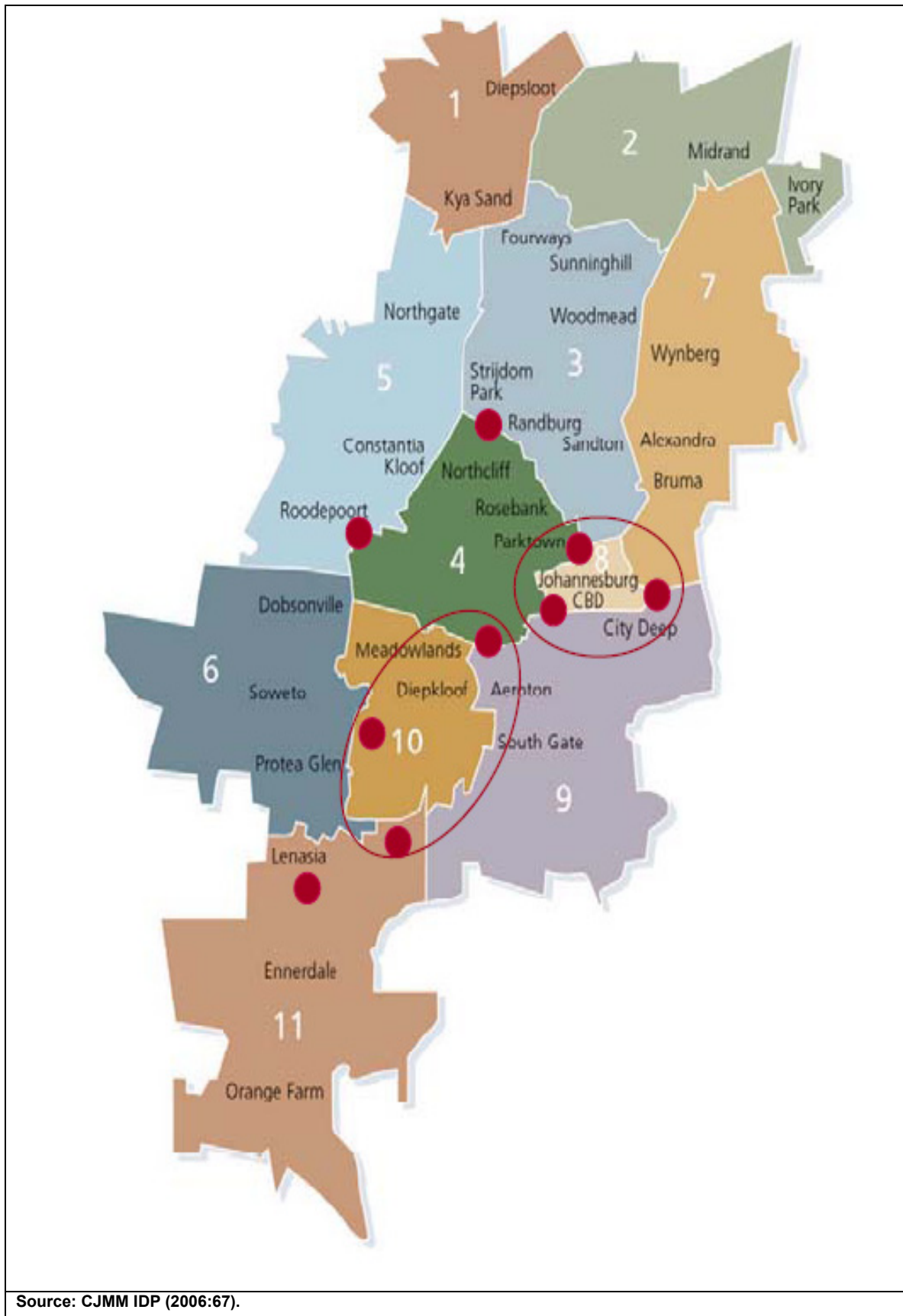
Bids are hereby invited from prospective bidders for the Construction of Linear Market in the Johannesburg CBD. The scope of works for the Hoek Street Linear Market consists of construction of new trading facilities for street traders between Noord and De Villiers Street. The distinctive feature of the Hoek Street Linear Market is enclosed roofing and stalls that cater for various uses.

- Bid documents are obtainable from 8:30am on Monday 1st October 2007 at reception Metropolitan Trading Company offices at Top Deck, Metro Mall 171 Bree Street Newtown, Johannesburg 2001, Tel (011) 833-7344.
- A compulsory tender briefing and site inspection will be held at 9:00 am on Friday 12th October 2007, Metropolitan Trading Company offices and site inspection at corner Hoek Street and De Villiers Street Johannesburg, CBD.
- A non-refundable payment of R500.00 cash per bid document is required. Cheque will not be accepted.
- A completed bid document and supporting documents sealed in an envelope marked **Project NO. MTC/JHK001/10/2007** should be deposited in a tender box at the foyer of **Metropolitan Trading Company offices. The tender submission Closing date is strictly not later than 12:00 pm on Monday 19th October 2007.**
- Only bids from companies who attended the site inspection will be considered. One person may only represent one Company, Joint Venture or Consortium.
- Bidders must include the following: A valid tax clearance certificate; a copy of registration certificate; proof of payment of municipality services account within the area of jurisdiction, address and contact details of bidder. A bidding company shall have a Construction Industry Development Board (CIDB) grading designation of 2 GB CE, 3GB CE and higher. All companies which are part of joint venture must be registered with the CIDB. Only companies that meet the grading for the bid under consideration will be considered.
- This tender will be evaluated on the basis of the 90/10 in accordance with the Preferential Procurement Policy Framework Act (Act 6 of 2000); where 90% weighing will be for price and 10% weighing for preference.
- Tenders will immediately thereafter be opened in public and no late tenders, telegraphic, facsimile or e-mailed submissions will be accepted. Metropolitan Trading Company (Pty) Ltd is not obliged to accept the lowest or any tender and reserves the right to accept or reject any tender in whole or in part thereof.
- It should be noted that tenders will remain valid for a period of 90 (ninety) days after the Closing date.

Enquiries related to the tender can be directed to the **Project Manager**
Mr. Justice Mashele, Metropolitan Trading Company Tel (011) 833-7344
and technical inquiries to **Mr Antun Medic** LTE Consulting Engineers Tel (011) 315-4661

Source: Sunday Times 8 July 2007.

ANNEXURE VI



Source: CJMM IDP (2006:67).