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**Enhancing Financial Compliance through Participatory Budgeting: A Case
study of Nelson Mandela Bay Metropolitan Municipality**

By

Linda Louisa Bungane

2000046694

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Supervisor: Dr M.P. Swanepoel

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Declaration

I, Linda L Bungane, herewith wish to indicate that this has been work carried out mostly with information in an environment wherein I am directly involved. The study has been mainly carried out with the assistance of my peers as well as the community groups that have made it possible to realise this work. The work has mainly been based on desktop research and analysis of the applicable legislation, and has taken the approach of compliance through participation, an approach that is documented in all legislation pertaining to local government. This, to my knowledge, is work I have done with acknowledgement of extracts from other authors and work previously done.

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Abstract

Compliance within the areas of financial management legislation and division of revenue for improved service delivery has to always speak to each other according to the integrated Development Plan (IDP), the overall local government legislation and the Constitution. There is a relationship between the citizens, public revenue and officials, as well as politicians that act as 'messengers,' who interface with both the citizens and the municipalities. For the municipality to be functional, available resources must be used optimally and for the benefit of the citizens at large. This is arguably not the case in practice although there are policies, procedures and legislation in place to ensure that such measures are implemented. There are always loopholes and challenges that hinder effective implementation due to ignorance, inadequate control measures and non-compliance in the management of public resources.

Non-compliance has been prevalent in the public sector, and local government is no exception, as some officials entrusted with compliance are able to manipulate the systems in place and engage in corrupt practices. It follows then that inconsistency in legislative compliance becomes not only a problem in municipal financial management, but becomes expansive in other avenues and legislation. The study will focus on local government financial management and finding a synergy between such management and division of revenue.

The inadequacy in compliance may be as a result of the varying challenges that are faced at local government level, due to size, location and different categories of municipalities; thus the different priorities of citizens they render services to. The size and location of the municipality then tends to influence the nature of community needs. The study will look at interventions sought to regulate and rationalise overall financial management at local government level, as well as the appreciation of the varying nature of municipalities in the current dispensation. The study takes three phases;

The first phase covers the background of public sector prior to the democratic dispensation, the reform period after the democratic elections. The phase then delves on development of local government and restructuring and amalgamation of

metropolitan municipalities. The history of the NMBMM from 2000 when it was amalgamated from three different municipalities to Port Elizabeth, Despatch and Uitenhage is also looked at. The consequences as a result of the amalgamation affecting both the community of the metro as well as the challenges within the municipality that affect the employees also receive attention. The ruling of the ANC for the past two decades since the democracy, until it was taken over by the current coalition leadership will receive attention.

The study then looks at initiatives by the municipality that benefit the community, particularly a pro poor budget as well as community participation initiatives. The general undertaking of community participation is explored with all the legislation pertaining to community participation being visited. Community participation is in no way questioned as it is legislated to ensure that the community gets involved in the affairs of its municipality. The point that becomes the issue is the extent to which such participation is allowed and the varying interpretations of community participation as they lie solely at the discretion of individual municipalities. This part of the study unpacks a loophole that gives rise to lack of clarity in the extent of community participation. Based on this, the study identifies a research methodology that initially could take a mixed method approach due to the fact that interviews can be carried out from as many community members and municipal officials as is possible. Also the study is derivable from all legislation pertaining to local government. However the study does not intend to unpack the quantity measured to establish the concept of community participation. The study aims at the quality of knowledge and experiences from the community based on direct interviews with the community as well as the municipal officials in so far as their analysis and interpretation of community participation.

Due to the nature of the study being mainly on analysing and enhancing legislation, the bulk of the information is merely through desktop and internal policies that are structured at the NMBMM. The study analyses these documents and their applicability as well as effectiveness.

A third stage of the study is highlighting the gap unpacked through desktop information gathered and embarks on the possibility to first design a policy that details the extent of community participation in general for the NMBMM. The policy must be concise

and give a full disclosure of such an extent. The public participation policy does exist at the NMBMM, however the extent of such participation needs to be revisited. The reason for this is because there seems to be a blur between public participation and consultation at the NMBMM. The second policy that becomes quite essential and shapes up this study, is the policy on participatory budgeting. The study then completes the three areas of research by deducing the work from the general public participation concept to the two issues, that of detailing the extent of participation such that there are no ambiguous areas in terms of such participation. The second issue is to offer proposals and recommendations for the NMBMM to embark on a comparative study of participatory budgeting in order to design its own policy on participatory budgeting. The study is carried out in a very unstable political environment and many changes are implemented throughout the study.

Abbreviations

AG	Auditor General
ANC	African National Congress
ATTP	Assistance to the poor
DA	Democratic Alliance
DoRA	Division of Revenue Act
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act
MMC	Member of the Municipal Council
MSA 1998	Municipal Structures Act
MSA 2000	Municipal Systems Act
MSCoA	Municipal Standard Chart of Accounts
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NT	National Treasury
PA	Patriotic Alliance
PB	Participatory Budgeting
PH	Public Health
PPP	Public Participation Policy
PPPF	Public Participation Policy Framework
SCM	Supply Chain Management
SMME	Small Medium Micro Enterprise
UDM	United Democratic Front

WM

Waste Management

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CHAPTER 1

Community Participation strategy as Public Sector Reform at Local Government

Outcome of the study

This chapter aims to unpack public sector reform in South Africa since the start of the democratic era that was realised in 1991, with the first Constitution that openly encompassed and promoted democracy. This study appreciates the reality that while the legislation has provided for a democratic era that promotes citizen participation, there will almost always be limitations in implementing such inclusions of citizens. Citizen participation is mainly applicable at local government level, as this is the closest sphere of government to the citizens.

As this study starts in the broader context of the South African democratic era, it first addresses citizen inclusion in general. However, the study later takes a deductive approach towards the communities that are closest to the municipalities. The study further identifies three key areas that might hinder sustainable public resources, more so on factors affecting such sustainability. The three factors are limited resources hindering optimal Integrated Development Plan (IDP) implementation, the inevitable political interference in administrative issues giving rise to the old politics-administrative dichotomy. The final challenge is the inconsistent policies that have a direct effect on municipal officials. The study further gives a breakdown of the contents of the research.

1 Introduction and Overview

Division of revenue at local government level plays a major role in the incidence of non-compliance with financial management legislation. Non-compliance may be a consequence of inequality in terms of revenue division, resulting in many loopholes being observed when it comes to adherence to legislation. This study aims at proving this statement in a country that has experienced a significant political shift in the past 20 years. South Africa has gone through major changes in the past two decades during which a shift to democracy came into effect. Transparency was not prevalent prior to the 1994 era under the previous capitalist regime. Nkonyeni (2012: 127)

reasons differently as he cites that as far back as 1978, officials have always been able to bend civil service procedures. He further states that in approaching what needed to be done, civil servants did not necessarily show signs of respect in terms of complying with strict adherence to budgetary control. He also highlights that moving funds from one budget sub- vote to another has never been an issue

Revolutionary changes and transparency were, however only observed for the first time between the periods 1991 and 1994, shortly before the first democratic election, which can be associated with the contingency theory of leadership innovated by Heifetz (1994: 17-18). This leadership theory reasons that leadership style should allow for change due to circumstances, meaning therefore that if the specific circumstances necessitate for example, participative leadership, then that should be applied. This revolutionary change saw a shift to democracy that puts an emphasis on transparency, accountability and good governance for an effective political system. The preamble of the Constitution provides for the establishment of a society based on democratic values, social justice and fundamental human rights.

The citizens voted for the government-of -the day on 27 April, 1994, and promises made to them pertaining to a better life have become a challenge due to resource limitations, particularly providing for the communities at local government level. The public sector reforms in the form of transparency seem to have gradually retracted from the premise of an inclusive and transparent leadership style that the country fought hard for its change. According to the Government Gazette (RSA NT2014:3), transparency by municipalities has been lost due to inconsistency in managing and reporting on public finances. This inconsistency may have and still does influence a degree of manipulation with regard to financial management. However, implementing a uniform managing and reporting method to enhance compliance may depend on the structure and size of each municipality.

Of the three spheres of government - that is, national, provincial and local - local government is the closest to the communities and is expected to render frequent basic services like refuse collection, sanitation and running water. These are services that need to be rendered regularly and need sufficient resources to be able to sustain service delivery, as these services can become health hazards if they are not rendered regularly. The Constitution (RSA 1996:81) stipulates as one of the objectives of the

municipalities, that they should ensure provision of services to communities in a sustainable manner. This means that there always has to be resource availability to render such services. The resources are provided for in the process of annual budgets resourced from public revenue and conditional grants, National Treasury, property rates and taxes, as well as traffic fines.

The Local Government Budgets and Expenditure review (RSA 2008: 22-23) cites that by virtue of their autonomy and ability to generate their own revenue, municipalities should be able to finance their functions. There are two aspects that arise from this fact. The first aspect is whether or not the municipalities are able to collect this revenue from the communities to whom they provide services. This is to establish if all recipients to the services are paying for those services. Given the challenges of different population groups in terms of the indigent and the working class, this may pose a challenge. Kanyane (2011:937) states that citizens should shoulder the responsibility of paying for services rendered to them. The second aspect is whether or not revenue is divided fairly and according to the needs of the community. Sampling study subjects' and citing possible limitations in undertaking the study may be pertinent at this stage in order to be able to establish facts about findings, thus providing an understanding of the two aspects.

1.1 Limitations of the Study

The study may encounter challenges as it focuses on a particular environment, but will employ comparative analysis of other municipalities to augment the rationale behind conducting the study. The first limitation to the study is a time constraint as it was conducted at a time where the municipality was going through major organisational and political changes. Time is of the essence when it comes to gathering data for a scientific document. The key role player in the objective of the study is the Executive Mayor as he is the one that needs to address the community in terms of their degree of their participation. The community participation as it is currently is limited to consultations and for it to extend beyond to the budgeting process would require the political leaders' inputs. The data gathered may be generalised, but only to a degree, as a result of the reality that the municipalities function independently due to their autonomy and right of existence. Implementation of Municipal Standard Chart of Accounts (RSA 2014) will address this independence but only to a degree of financial

reporting. Sampling in this study was also another challenge, as people who need to be interviewed may resist being interviewed. Their availability and level of interest in the political affairs in their environment also determines how and if they can participate.

1.2 Need for the Study

The study investigates compliance to the local government financial management legislation and measures that can be pursued to promote such compliance and realistic division of revenue through significant public participation. The legislation can be easily applied incorrectly as a result of the number of ways in which it is interpreted. The control, accountability and transparency of municipal financial management has been a challenge for which solutions are still being sought to ensure sustainability in terms of effective budgeting and revenue division. The applicable solutions would be found in systems that eradicate any kind of manipulation that hinders community benefit as well as inclusion of such communities in matters pertaining to the resources that should be at their disposal. .

The impetus for this study is the advantage the public officials have in terms of accessing the municipal budget, an advantage they have paramount to the communities that should be beneficiaries to such budgets. Madumo (2015: 154) reasons that the local government system in South Africa still remains fairly new, encompassing previously disadvantaged communities enhancing community participation and a developmental local government. The developmental nature of local government is also echoed in Chapter 7 of the Constitution (RSA 1996). The population and sampling of the research group wherein all these theoretical observations apply will then be narrowed to a specific environment as well as respondents that participate in the study.

1.3 The population dynamics and sampling of the study

The study is conducted at the Public Health Directorate at the Nelson Mandela Bay Metropolitan Municipality (NMBMM). This directorate comprises eight sections; namely the Office of the Executive Director; Occupational Health, Safety and Wellness; HIV and Aids; Environmental Health; Environmental Management; Administration; Horticulture & Cemeteries and Waste Management, with the latter being the major cost driver in the directorate. However, the nature of the study focuses

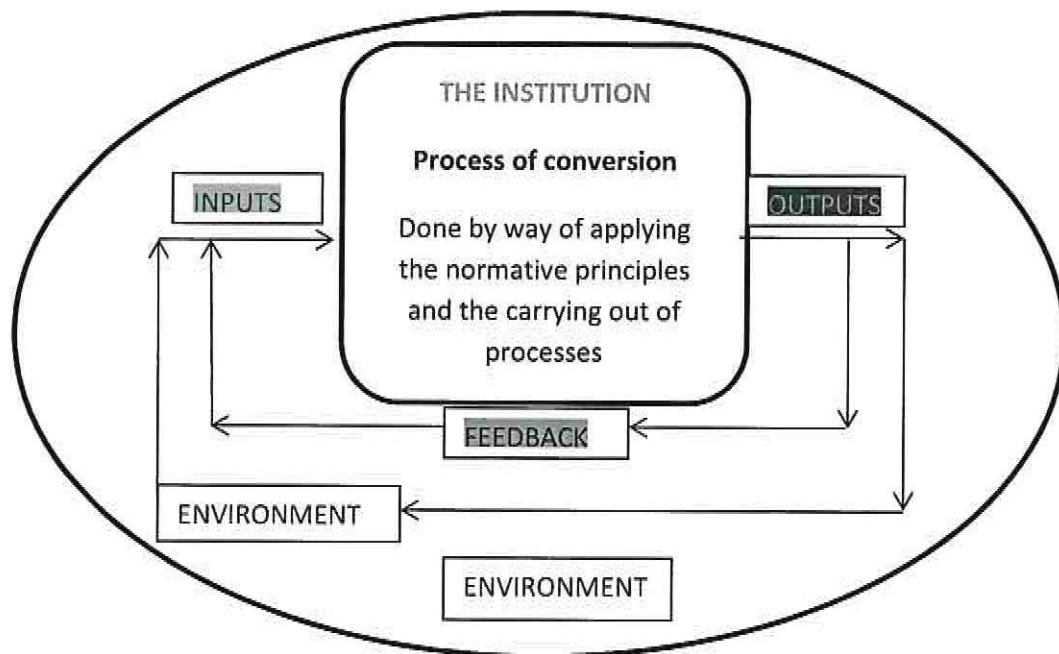
mainly on financial management processes with public participation as the main bone of contention. The respondents therefore are financial officials and community members that also participate in the ward based community cleaning projects. The study is also carried out at ward 59 in Motherwell, a township east of NMBMM. The research will be in the form of informal interviews with three population groups. To enhance the study and to cover as diverse a population as possible, respondents from other wards will be interviewed. Waste Management which is a section under the Public Health directorate will be chosen for this study. The rationale behind this choice is the nature of functions that are executed by Waste Management. Waste Management serves a cyclical role as it ties in with other directorates in terms of its service delivery. This role is best explained by the diagram here below,

The concept of democracy since its inception in 1994 has been that the system has to best benefit the community, thus giving rise to the systems model, with emphasis on accountability and transparency regarding usage of public funds. Waste Management serves a cyclical role as it ties in with other directorates in terms of its service delivery. This role is best explained by the diagram here below. The section renders services to both street cleaning as well as domestic households. It is responsible for the cleanliness of streets and open spaces, also ensuring compliance through fining community for illegal dumping. The section also is responsible for household refuse collection which gets converted to disposal thus generating an income. The income is again ploughed back into the community. The second role of waste management is to ensure that there is a refuse collection system in all the newly developed areas as Human Settlements continues to build houses for indigent groups. Infrastructure has to therefore ascertain that there is adequate access to these houses to ensure that their refuse collection is maintained on a regular basis.

The following diagram, emulated from Du Toit (in Adams 2012:17), clearly visualises the cyclical relationship of political systems model as it is aligned with Waste Management

Table 2.1 Diagrammatic dynamics of the systems approach

ENVIRONMENT



Having illustrated the systems model, another concept that comes with local government reform puts an emphasis on the developmental role of municipalities towards the community they serve. This developmental aspect of local government was given a degree of attention after it was realised that the Small Medium Micro Enterprises (SMME) were not getting the recognition that is due to them. A newspaper article on SMME's (*The Herald* 23 February 2017: 17) affirmed that there is a draft policy for an Enterprise Development Support Programme that was drafted as per the developmental aspect of local government as it is enshrined in the Constitution. Research is a scientific document that has to adhere to methodologies and ethical provisions. A research methodology will therefore have to be applied to conduct the study.

1.4 Research Methodology

Various research methodologies are applied, based on the nature of research to be conducted. But the core methodologies applied are qualitative and quantitative research. These two methods can be applied individually, or can be synergised in order to reach a better outcome of the research conducted. Quantitative research emanates from natural sciences as they study natural phenomena that can be quantified practically. It deals with cause and effect and is thus easily explored through causality or hypothesis. An example of quantitative research can be with the assertion that inconsistent use of tuberculosis medication will lead to multi drug resistant tuberculosis. These are relationships that can be proven using scientific research. Qualitative research, however, focuses on social and cultural issues, and cannot be proven quantitatively. These two methodologies (Anon 2016:n.p.) may overlap and a need for them to both be applied simultaneously may arise.

Research is pursued for discovering, enhancing, interpreting and furthering advancement of knowledge (Anon 2016.) Babbie and Mouton (2001: 647) purport that research methodology is the application of techniques and processes to implement research design accompanied by its underlying principles. This definition clearly indicates that research is a scientific process that is steered towards the end results. Eller, Gerber and Robinson (2013:35) reason that science is the use of systematic methods to observe, assess and draw inferences based on the assembled evidence. Information gathered for research purposes has to be validated scientifically and an appropriate research methodology needs to be applied. This study pursues a descriptive and interpretive approach that employs qualitative methods.

There is always a belief that research has to be objective and unbiased. This is not practical in that the mere need to embark on a research subject is mostly fuelled by a degree of exposure by the researcher on the subject. This then results in a situation that cannot be free from being subjected to objectivity. Total objectivity is almost unattainable as the researcher and the respondents might have a degree of confidentiality and non-disclosure, although it is applied to regulate the quest for knowledge. Eller *et al.* (2013: 36) support this by reasoning that it is not a fallacy for a scientific process like research to have ambiguous purpose statements, yet remain an effective research strategy.

1.4.1 Qualitative Research

This method of research enables explorative insight into the reasons behind certain behaviour. For the purpose of this study an in-depth analysis of non-compliance by public officials to legislation is employed. One will note how the research is aimed at finding a synergy between legislation, which is a legal document, and how municipal resources stakeholders interpret and respond to it. Interpretivist approach assumes that a researcher will look at people's subjective experiences of the external world, meaning that facts revolve around social experiences. One can argue in this regard that the issue of non-compliance is not intended to defy legislation. Walsham (1993: 295) reasons that an interpretive tradition assumes that there is no wrong or right. Circumstances and theories should best be left to the analysis of the researcher and the subjects. By virtue of it being a scientific study, research has to be verified and validated in order to complete its process.

1.5 Validity and Reliability of the study

Due to the fact that the environment wherein the research is conducted has been continuously changing, most documented supporting evidence has been gathered directly in the environment as well as newspapers. According to Eriksson and Kovalainen (2008:78), interviews consist of talk organised into a series of questions and answers. These interviews or interactions, as preferred, were conducted in an informal manner that was not aimed at offending any of the research subjects. Moreover, there seems to be no set criteria pursued for conducting case studies (Anon 2016). This study is no exception to that, but is structured on facts as they are provided in the relevant legislation.

Du Plooy- Cilliers *et al.* (2013: 252) reasons that validity and reliability cannot be fully verified in qualitative research as they are mainly based on measuring results. The issue of credibility and dependability can instead be applied. These two factors also become biased in the sense that the researcher has to have complete objectivity and validating the data collected, as does the respondent. In the case of this study, it is less challenging to measure validity as the three main sources of information directly responded based on their personal experiences. Also the legislation that guides implementation of functions at the directorate applied. This means that any reliability questioned is tantamount to rendering the legislation unreliable. Sampling of ward 59

community cannot be unreliable as the community members will be individually interviewed and the responses mainly report on their personal experiences.

Internal circulars indicating problem areas were also included. Updated government circulars, government gazettes, local government legislative framework as well as extracts from the local newspaper were also used. Documents from the internet also shaped the writing as comparative analysis was also explored, particularly documents that refer to participatory budgeting (PB). A document on the subject of standardising municipal accounts formed part of the writing as well. One of the reasons behind standardising municipal accounts is to reorganise cost centres, thus realigning division of revenue in line with the systems model that best benefits residents, with an emphasis to promoting accountability by the project managers. The research was an interactive on-going study, as the researcher forms part of the environment where the study was conducted. The study is a scientific document that has to consider the interests of the population and groups to be sampled. The community and the municipal officials referred to as respondents will have their personal views taken into consideration for ethical reasons.

1.6 Ethical Considerations

Research ethics are, simply explained, the do's and don'ts of research practices. Eriksson and Kovalainen (2008:62) reason that ethics pervade the way we live our lives. One can cite a few guidelines to ethical research, like informing the subjects, not reintroducing someone else's work without acknowledging them, unacceptable degree of plagiarism and displaying an abundance of respect for the subjects. Information gathering that is legitimate forms part of research ethics. The study mainly takes the form of voluntary participation by finance officials, particularly accountants at the NMBM Budget and Treasury directorate. Officials that are vote custodians will also be interviewed. Resistance in terms of disclosure from the latter is also envisaged, as most of the questions and the nature of the study unpacks how the custodians aim to spend finances to the benefit of the community. Anonymity was also preserved, as some of the participants may be subjects of irregularity or expose some degree of irregularity that may or may not be intentional.

The study is mainly focusing on the municipal officials, in terms of budgeting process as the involvement of the communities is minimal in the budgetary cycle and is mostly

seen in the 90 minute consultations after the budget process has been completed. However, the study extended to interviewing ward 59 residents in order to unpack waste management challenges and identify participants for ward-based services as well as ideal community members for participatory budgeting. Participatory budgeting then becomes a new concept that encapsulates the community in the direct processes of their budget cycle. It is understood that the involvement of the community in their budgeting process can best explain the resource allocation. This then gives rise to the research problem to unpack this concept.

1.7 Research Problem

There is an over-arching concern of whether there is a causal relationship between lack of inclusion of the community in the division of revenue and non-compliance to MFMA. The challenge in rendering services at municipalities can be narrowed three fold. Firstly, there is a challenge of limited resources resulting in priorities in the Integrated Development Plan(IDP) not being met appropriately. For the IDP to be effective, Madumo (2015: 155) reasons that municipalities need to consult and negotiate with communities. It becomes pertinent to appreciate that community involvement has to be emphasised in municipal affairs. The funds may be available, but allocating them according to priorities may solely be vested in the finance officials or budget custodians. There is a concept of virementing funds, which is standard practice at municipalities. This is when unspent funds are being transferred from one project to another. The transfer of these funds cannot be ascertained if it is to the benefit of the residents. This brings about the importance of on-going participatory budgeting (PB), which will ensure that communities are part of such transfers as they appreciate their needs and decide where these funds should be allocated to.

The second challenge is the interference of political structures in the administrative running of the municipalities. Many senior officials, like the City Manager and Executive Directors appointed as section 57 employees according to the Municipal Systems Act, 2000 (RSA 2000), have been in the past suspended on full pay, or hired and fired for political reasons resulting in litigation and sometimes out of court undisclosed settlements. During these prolonged periods of absence, officials are deployed from other establishments to ensure continuity and fill these positions at huge costs. This affects the sustainability of public funds as there is no contingency

budget for the out of court settlements. Identification of savings through budget cuts are then carried out, resulting in a reduction to the already limited public resources. Another issue that affects public funds is the ad hoc structural changes in the municipalities for good governance and service delivery. A recent change has been the implementation of metro police, a project that resulted in the available budget being cut to identify savings for implementation of the project. This poses a challenge of service delivery being hampered even further.

A third challenge is the inconsistent policies as a result of metropolitan integration. NMBMM was previously divided into three municipalities that were amalgamated in 2001 into a metropolitan municipality. The amalgamation saw employees having different conditions of service that favour some over others. This has resulted in services coming to a halt with the less favoured employees wanting what is owed to them.

These strikes cost millions of Rands, as the employees end up having to work overtime to compensate for the time lost during these protests, resulting into public funds being compromised further. These three challenges are some of the cost drivers that are internal, besides the external public protests and discontent by communities. It becomes pertinent at this stage to wonder if the MFMA is able to address and provide for such ad hoc challenges, with this research aiming at unpacking these challenges and the study's objectives.

1.8 Research Objectives

The research objectives are as follows:

- * To establish if the preamble of the MFMA addresses the practical challenges experienced at local government level;
- * To analyse the extent in which the budgetary cycle considers participatory budgeting;
- * To establish if other spheres of government play a pivotal role in the correctness and relevance of MFMA;
- * To explore the extent to which standardising the municipal chart of accounts can remedy loopholes in effective financial management; and

* To consider implementation of a zero based budget over a 3-year cycle, with community participation as a financial management tool.

Various undertakings that shed some light on community participation as a governance tool or an impediment will then be considered

1.9 Community Participation as a Governance Tool

Community participation, particularly in municipal budgeting, cannot be overemphasised. It is ideal for the communities to prepare and input their own budget in what is referred to as participatory budgeting (PB), knowing what is available to them in order for them to have a realistic overview of the services they are recipients to. As is stipulated in the Constitution, community participation forms part of the solutions to the problems that hinder sustainability and transparency at local government. Matsiliza (2012: 444) reasons that public participation is a process for deciding on the division of resources at local government environment level, by the inclusion of all affected in the process. However, public participation is sparked by the number of communities that can participate and to what extent they can participate in the budget cycle.

The challenge with community inclusion and participation lies in how best to sample communities that will participate in the budgetary process. It is abundantly clear that not all communities, for example, the 1.3million communities at the NMBMM, can be directly involved in the distribution and management of its resources. NMBMM (2014: 4) has developed a public participation policy to validate the Council's commitment as an enabler for an environment conducive to the engagement of its community. Be this as it may, the 90 minute consultations that only take place after the administrative part of the budget cycle has been finalised, barely count as community participation. These are merely indicative of a situation to 'rubberstamp' what has been concluded already by the officials and legislation. Matsiliza (2012: 445) clearly specifies the spectra of public participation, when she highlights that it should extend as far as tracking the expenditure control post the implementation cycle. The important factor based on the concept of democracy is to adhere to the systems model by finding a synergy between public resources utilisation and the legislation pertaining to management of such resources for the benefit of the community. Communities have to then participate as much as possible in the running of their municipalities. The size and nature of

municipalities, however, make it impossible for a community to participate in numbers, which is an unfortunate reality.

1.10 Size and Nature of Municipalities

The Municipal Finance Management Act (RSA 2003) has an overall function of securing sustainability in terms of managing the financials of the municipalities and local government entities. The Act provides for all categories of municipalities, thus bringing yet another challenge in terms of how applicable it is to all categories of municipalities, as well as requiring a comparison between urban and rural municipalities. The Municipal Structures Act (RSA 1998) provides for three categories of municipalities; namely A, B and C categories. The Constitution gives clarity on what these categories entail. The Constitution (RSA 1996: 82) defines these categories as follows:

- * Category A: an independent municipality with its own executive and legislative autonomy;
- * Category B and C sharing executive and legislative authority; and
- * Category C: with legislative and executive authority shared with other municipalities.

The study aims to focus on legislative analysis and the impact thereof on overall implementation and compliance with such legislation. According to the systems model, a relationship exists between the political heads, administrators and the community. This means that councillors who are political representatives serving as a mouthpiece for communities, engage with municipal administrators to ensure that basic services are rendered to the communities. The administrators in turn ensure that there are funds to render such services. This then creates the cyclical relationship between the community, administrators of public funds and politicians.

Failure of the systems model means a failing or non-existent relationship between the municipality, the resources and the community. Consistent service delivery has to occur, or the existence of municipalities will be in jeopardy.

1.11 Municipal Service Delivery and Revenue Division

According to the NMBMM Service Delivery and Budget Implementation Plan (SDBIP) (RSA 2015:16), there exists a contract between the administration, council and the community. This means that there has to be inter-relationships amongst the three stakeholders to give outputs, outcomes and inputs. Further elaborated, this indicates that the administrators of public funds as well as the political representatives have to ensure that the political system in place feeds into the needs of the community. NMBMM Financial Management Policies (RSA 2006:7) state that the City Manager has to ensure reasonable implementation steps, in terms of spending, that are on par with the budget, as well as proper monitoring of expenditure and revenue collection.

A challenge arises here in terms of who decides what has to be a priority in terms of resource allocation. It also raises another concern in monitoring expenditure of allocated resources. In as much as the City Manager has an oversight role in terms of implementing the budget in line with the MFMA, there are still loopholes in terms of proper financial management within the municipality. Compliance then becomes a matter of fiduciary scrutiny at this stage.

1.12 Legislative Compliance at Municipalities

Mle & Maclean (2011: 1372) reason that the local government sphere struggles to ensure effective financial management, thus opening grounds for fraudulent practices, regardless of the parameters of the MFMA that should be addressing such loopholes. In as much as it is clearly stated that contravening the MFMA is a punishable offense, these challenges continue to prevail in implementation of municipal resources. De Lange (2014:21) also reasons that executing public budgets is characterised by major deficiencies found in the uneven concentration of power. De Lange further argues that one way of contravening the MFMA is through irregular expenditure (2014:21). He further states that irregular expenditure is not just characterised by losses to the municipalities, but rather by irregular audit findings in terms of procedures not followed. This means that even in circumstances where resources are available, non-adherence to procedures results in losses as a result of non-compliance. An example of non-compliance, according to Fourie and Opperman (2007:272), may be a public official seeking a service from a non-accredited service provider who may not even be on the municipality's data base. This results in unnecessary administration to the

City Manager as it is his responsibility to ensure that the municipal budget is spent appropriately and as per the MFMA. This brings another important aspect to the fore in term of compliance, that of risk management and auditing.

1.13 Risk Management and Auditing

Local government has the right of existence as is enshrined in the Constitution, with powers vested in it that are not necessarily contrary to the legislation, and are in compliance with promoting inter-governmental relations and good governance. Fourie and Opperman (2007:18) cite that local government is treated as an equally important sphere of government as it is distinct, inter-dependent and inter-related. The two authors further note that an Auditor-General (AG) is the supreme audit custodian that is entrusted with the responsibility to audit the financial management of public entities. An added responsibility is for the AG to give advice on the effective and efficient utilisation of resources. Given all the challenges in terms of compliance, it becomes a necessity for the municipalities to be audited for accountability, expenditure and financial statements that have to always show accuracy and lucid patterns of compliance. Failure to comply with auditing standards of public resources may put the municipality at the risk of being put under administration as it runs out of funds needed to optimally function by rendering essential services to its community

The issue of being put under administration due to major deficits, for example, occurred at Thabazimbi municipality in the Limpopo Province in 2015. In a recent move in April, the Department of Cooperative Governance and Traditional Affairs (RSA 2017), decided to place Mafube Municipality under administration. The aim is not to render municipalities as invalid or dysfunctional, as their right of existence is enshrined in The Constitution, but they will be placed under administration if audit findings prove that they are unable to manage their resources and thus get into financial deficits. Putting municipalities under administration is often an interim measure for them to recover and pass a clean audit. The process of administration is also a form of inter-governmental relations; thus this can be considered as a rehabilitation process to improve service delivery, resulting in good governance without being seen as overriding the right of existence of local government.

1.14 The Right of Existence of Local Government

According to The Constitution (RSA 1996: 81), local government exists in order to:

*Render sustainable services to its residents, and

*Ensure that the residents form part of the affairs of their municipality, like being involved in the budget preparations and in regular interaction with their ward councillors, who in turn feed into the municipal council as a mouthpiece for improved service delivery within each ward.

The challenge with ensuring sustainable service delivery is a very broad one and is-by and large-the underlying challenge to sound financial management, thus creating legislation that has many gaps and loopholes. A question then arises as to who decides what services are a priority for the benefit of the resident? This opens the first loophole regarding who needs to assess what is best for the community and how the revenue received is divided as per community needs in such circumstances. The concepts used in the writing of this study will now be given clarity.

1.15 Clarification of Concepts

In this study the following key concepts are unpacked:

Assistance to the Poor (ATTP)

The municipality has a policy of providing assistance to disadvantaged residents. These residents get free monthly electricity and their general rates are either subsidised or most of the time written off, a decision made in the Municipal Public Accounts Committee.

Residents/Communities

These two terms are used interchangeably to indicate recipients of services as per the political systems model. They are also seen as ratepayers.

Community Participation

NMBMM has come up with a policy on community participation. This is the manner in which citizens participate in the affairs of their local authority.

City Manager

Previously referred to as the Municipal Manager, this is the accounting officer of the municipality, the administrative head.

Compliance

This term, indicating adherence to legislation, will be repeatedly used throughout the document, as this dossier mainly unpacks non-compliance in various forms.

Division of Revenue Act (DoRA)

DoRA is a process of dividing resources in a financial year for effective service rendering. This is an issue being challenged alongside compliance to MFMA.

Legislation

This would refer to all the legislative frameworks in place at the municipality, but the main focus will be on the Municipal Finance Management Act (2003:56)

Municipal Public Accounts Committee (MPAC)

According to Ababio (2007: 5), this is a committee that looks at making decisions on public debts mainly in the form of general rates.

Municipal Standard Chart of Accounts (MSCoA)

One of the important reference points of this research is an introduction to the Municipal Standard Chart of Accounts (MSCoA) to promote compliance and accountability in all municipalities. This policy is provided in the National Treasury Government Gazette (2014). The new policy took effect at the start of the new 2016 financial year, that is July 2016, and compliance thereto has to be met in future.

Municipal Finance Management Act (MFMA)

This study aims at analysing compliance with legislation applicable to financial management at local government level. This legislation is known as the Municipal Finance Management Act, 56 of 2003.

Nelson Mandela Bay Metropolitan Municipality (NMBMM)

This study takes the form of a case study that will be conducted at the category A NMBMM. Comparative analyses of other municipalities will be explored, but the main environment of the case study was the NMBMM. This municipality was amalgamated into a metropolitan municipality in 2001.

Public Officials

These are all officials at municipalities entrusted with the administration and budgetary processes.

Participatory Budgeting

Like community participation, participatory budgeting means involvement of residents in the budgeting processes of their municipality. The extent to which this participation should be exercised is the issue that needs to be taken into consideration.

Votes

Local governments allocate their budget in the form of vote numbers. Vote number is a combination of eight digits, wherein the first four digits are referred to as votes and the last four are known as items. The concept of vote numbers is currently being revisited with the Municipal Standard Chart of Accounts (MSCoA), particularly the Repairs and Maintenance category.

1.16 Information Gathering Sources

The study is a qualitative interpretive research project aimed at analysing people's behaviour towards a set of rules and regulations that embody their core functionality. The sources of information used are mainly legislative framework guidelines, updated information from National Treasury in the form of gazettes, ad hoc financial management policies, Acts, interaction with officials and residents in the form of interviews that form part of the systems model. Due to the inability for all community members to participate, and as a result of the relevance of the study, ward 59 community members in a township called Motherwell were sampled. The ward 59 community gave input on one service rendered by NMBMM, which is managing of waste through refuse collection, litter picking campaigns and community based cleansing. The focus was on how the service is funded and to establish the residents'

willingness to participate in these services in order to have direct involvement in the affairs of the municipality.

Consideration is made to interview a City Manager of a Category B municipality in the Eastern Cape for comparative analysis in terms of the impact of standardising systems across different category municipalities. Interviewing a portfolio councillor from a coalition political party was also strongly considered. The study occurred in an environment in the process of transformation with pending new political leadership. The parameters of the study, therefore, evolved and changed during the time of the study. The research has been mainly informed through the local newspapers, interviews with NMBMM officials, and the community members that were yet to figure out what the political milieu of their environment is. The documents and information gathered are as follows, but not limited to:

Financial Management Policies; Journals and Publications; Municipal Finance Management Act; Municipal Property Act; Municipal Structures Act; Municipal Systems Act; The Constitution

Regulation Gazette

The Herald and other newspapers

1.17 Outline of the Study

The study takes the following structure:

Chapter 1

Introduction and overview

This chapter is the first phase of the study reflecting on the basis of the study, the political background in the public sector prior to reforms to a democratic era as well as the evolution post the implementation of the era subsequently followed by the first democratic Constitution, then the nature, scientific applications of a research document will be looked into. The study will look at the status quo of the political reform and impact to the study. The main purpose of the study will be to find a causal relationship between effective financial management legislation and community participation in general. The study's limitations will play a significant role as a result

of where the case study is conducted. The scientific inputs of research will be explored in the form of research methodology, ethical issues as well as the population wherein the study will apply. Sampling becomes a pivotal part of the study as the issue of community participation becomes the cornerstone in trying to confirm the causality. The validity and reliability of the study gets a brief explanation as they have to form part of the study. The research takes a deductible approach from the general citizen participation to specifically community participation at local government level. The reader's attention is drawn to the subject matter, the environment wherein the study takes place and what the following chapters aim to unpack. The limitations of the study are also explored here so as to inform the reader and the researcher of the challenges beyond control.

Chapter 2

Theoretical Framework of local government financing within the paradigm of public governance

The chapter on theoretical framework will focus on all the theory applicable in enhancing community participation. The theoretical framework is available in both document that encompass public participation in all levels of government, as well as legislation that is only applicable to local government and delves on community participation. This means therefore that the framework will form two categories, the one being a general category and the other taking a direct route towards community participation at local government. Chapter two will reflect on all the theoretical foundation of good governance through community participation is explored here and is linked to writings sought and applicable to the dossier. The theory will be applied as the important fact is that the research has to be scientific. In as much as the methodology is qualitative and may not be seen as scientific, scientific methods have to be applied to give the study structure that has been tested and researched over time. The theoretical framework will find a synergy between theory and application in so far as good governance is concerned. Theory and the legislative framework have to always feed into the political system, as governance aims at focusing on the betterment of the quality of life for the community.

Chapter 3

Data analysis on the public participation framework

The preamble of MFMA is interrogated here and analysis of Chapter 4 of the MFMA is done to illustrate community participation in the budgetary process. The framework that has been collected will be analysed in this chapter. The aim is to always find a synergy or causal relationship between the theory on community participation entailed in legislation and policies and improved compliance and accountability. The chapter interrogates each framework as is applicable in general at local government as well as framework applicable solely to NMBMM. Due to the fact that the case study is at the NMBMM, the writing then moves from a general approach to unpacking systems, challenges and current policies at NMBMM. The analysis links the findings with its relevance to the NMBMM. The implementation of MSCoA will also be looked into as well as the impact of the newly formed coalition at the NMBMM on governance and service delivery. Other legislation, journals and articles will elucidate the purpose of the MFMA. The reality of governance and public resources is discussed here. The reason to continuously link the NMBMM to the theory and data analysis is as a result of the ever changing and fairly new political leadership. The circumstances vary on a continuous basis hence the need to reflect on these changes as they take place and link them to the status as it exists. A hypothesis can be formulated on the following causality: Effective Financial Management breeds good governance. Good governance in turn will best benefit residents if they buy into the management of resources intended for them.

Chapter 4

The structure of NMBMM with Waste Management as a functional area of focus is greatly explored here. The chapter focuses on the current political challenges at the NMBMM which may hinder or enhance the design and implement the PB policy. This chapter focuses on the unstable political environment and a ray of hope that considerations to implement a PB policy might improve on the status quo.

Newspaper articles will play a pivotal role in this part of the writing relies mainly on newspapers as there seems to be a change every day in the political arena at the NMBMM as the political environment has not been static since the start of the coalition

leadership. The chapter finishes off by suggesting political reforms that will favour a more encompassing community participation role, that of participatory budgeting for improved accountability and transparency underpinning participatory governance.

This chapter focuses on the application of the research methodology to find synergy on the subject of compliance. It will also unpack the challenges and possible mixed method system to interrogate the subject of compliance and revenue division.

Chapter 5

The departure point in the final chapter will be the traditional budgeting process followed by a model of participatory budgeting. The application or implementation thereof will be explored to build up confidence and virtue of the community in the leadership they have lost confidence in. Recommendations and proposals to design a participatory budgeting policy will be generously explored here as well sampling the community members that should form part of PB. The study closes with the changes that can be seen as further limitations in carrying out the initial idea of the research due to the decreased morale in the community to participate as well as the instability that has been brought about by the political infighting between the two coalition leaders. It then concludes with the changes in leadership that have since been implemented, with the executive mayor almost being voted on the 30th November and the new deputy mayor having since been appointed. The study opens yet another opportunity for further research as the environment of the NMBMM continues to evolve due to this new concept of a coalition leadership.

Conclusion

This reveals if the study managed to unpack what it intended to do. It also recognises the challenges that were experienced. It also acknowledges that the course of action changed during the study, and reasons therefore, like limitations beyond control, time constraints and political instability.

Remedies and possible recommendations.

Remedies and possible solutions: to establish if legislation can be revised such that it gives the same meaning to all readers and recipients of its contents. Furthermore, if there can there be a cogent dichotomy in practice between legislative and executive

roles, a thought or rationale behind zero-based budgeting for a period of three years until a realistic reflection of expenditure trends against available resources is established.

1.18 Summary

This chapter has addressed the many facets of public sector reform since the political dispensation changed to the democratic. It has been generally assumed that the pre democracy era came with many administrative practices not being exposed to the community. However, the change in political dispensation brought about transparency and was aimed at improving the lives of the community through service delivery at local government level in particular. The emphasis on the community participation as is legislation is yet to be fully realised as there are uncertainties in terms of the extent of such participation. The chapter has touched on these issues and has managed to unpack problem areas that resulted in gaps due to limited community participation. The study first took an umbrella approach in terms of public sector reform, but later narrowed down to local government to establish compliance to financial management and community participation. The chapter has also delved on the right of existence of the municipalities and challenges as well as possibilities of reform at local government. The following chapter focuses on the theoretical framework that has been gathered to conduct the research.

Chapter 2: Theoretical Framework with the paradigm of public governance

Introduction

This study will emphasise the importance of community participation particularly in the division of revenue as a result of the legislation that embodies such participation. It also is a pivotal exercise due to the fact that the communities have to have something to count on that is positive and to their benefit, decided by them for themselves. The study is mainly about a possibility that accountability and transparency for good governance can be achieved through community participation in the budget process.

The following theoretical framework has been gathered to enhance the essence of community participation. The framework is divided into two categories, that is legislation and policies that are applicable to local government at large. The second category embodies dossiers that are specifically applicable to NMBMM. The reason for the categories is to establish to what extent NMBMM's internal policies can be amended or structured to encompass the design of Participatory Budgeting policy. The content in the current policies can be emulated to assist in the design and formulation, and will be enhanced by comparative study of other municipalities that have the participatory budgeting policy. The main sources of theory at NMBMM are newspapers due to the current evolving political circumstances. The Constitution will, however, be the first consideration to community participation theory.

2.1 Local Government Legislation detailing Community Participation era

While one of the objectives of local government reform at the NMBMM for indigent community has been met, the issue of community participation still is not clear. The green paper on Local Government in 1997(RSA DoLG 2007), the Municipal Structures Act (RSA DoLG 1998) and the Municipal Systems Act (RSA DoLG 2000) have also provided for community participation at local government level to unpack the provision as entrenched in the Constitution to strengthen the role of community participation in local government affairs. The main challenge with community participation is the vastness of communities and the lack of a system in place that can best sample the communities that will participate, as not all community members can participate all at once. It then becomes imperative that the participation of communities does not hinder

any of the services carried out by the local governments. A watertight system is therefore essential to realise fruitful participation of communities in planning, budgeting, projects and public campaigns.

2.2 The Constitution of South Africa

The Constitution of South Africa (RSA1996) clearly states in chapter 7 the objectives of local government. Local government has a responsibility to ensure and secure a democratic, accountable government for communities in their respective jurisdictions. Local government has to also enhance and promote community involvement in all matters at local government. The Constitution further cites the developmental role of local government where community basic essential needs and promotion of social and economic growth of such communities should be given priority. Many interventions have been sought to put these in place, with community participation being the most debated issue, even though being provided for in the Constitution. The rationale behind the Constitution as the starting point is due to the fact that it is the first legislation that provides for community participation. Maclean brings about another concept to community participation, that of cost benefit analysis

2.3 The Green paper on Local Government

The Green Paper (RSA DoLG 2007:23-25) emphasising developmental local government cites three factors that define developmental local government. These developmental aspects echo the ones entailed in the Constitution, namely maximisation of economic growth and social development, integrating and co-ordinating and finally democratic development. For the purpose of this research democratising development will be explained. Democracy at local government level can best be applied through maximised community participation, it being the sphere closest to communities.

The role of local government in the democratic dispensation has evolved from merely service rendering to a developmental and inclusive structure that recognises its community as the cornerstone of its existence. Local government then promotes community participation and the right for communities to have a say in matters that affect them.

2.4 Community participation and the cost-benefit analysis

Community participation in the budgeting process is essential to ensure division of revenue, transparency and good governance. The theoretical framework here aims at unpacking the extent to which communities can participate in the budget process in order for the revenue collected and funding for essential services to best benefit such communities. There is a cyclical relationship of benefit between communities, resources and services. The communities will always want the public resources to be allocated according to their needs. It becomes imperative therefore that the communities should ideally have a say in how public resources can be allocated and require accountability for all activities and projects executed with such public funds. MacLean (2013:5) refers to this cycle as cost benefit analysis.

The rationale behind cost benefit analysis is that it is an aid for government to decide on the allocation of resources that have an effect on the general welfare of communities. This means therefore that there is a dire need for government, particularly at local level, to account to the communities for these resources. In the previous era, local government would only account to the bodies that provided funding for public services, like grant funding and in some cases, donor international funding. However, in the democratic era of South Africa there has been a shift whereby officials account also to the communities from whom income is generated such as rates and taxes, fines imposed and renting of property out to communities. It is imperative therefore, that public resources get accounted for to the communities that are recipients of services rendered with these public funds. The best approach then would be to involve the communities in the budget process through participatory budgeting.

2.5 Public Participation as per the Municipal Structures Act

The Municipal Structures Act (RSA 1998) also delves into the issue of community participation. However, this is minimally detailed, but nevertheless gives a clear indication that the discretionary role the municipalities have in handling its affairs will be the determinant of the extent of community participation. It would be more appropriate, subsequent to the Constitution, that there be a cogent policy in the form of a dossier that deals solely with community participation and the extent thereof, so

as to give cogent guidelines. The dossier would be a standard dossier applicable across all municipalities. However, the limitation here would be the varying needs of communities, possibly resulting in the dossier being applicable to one municipality but not to another. Standardising the Municipal Chart of Accounts as per the Government Gazette (RSA 2014) for financial management and reporting at local government level would help regulate the various municipalities and their different needs.

The Municipal Structures Act (RSA:1998) echoes what is in the Constitution by reiterating the objectives of the municipality, being among others, a continuous review of community needs and a further review of processes for community participation. The Act further places emphasis on the municipality to develop structures and strategies of consultation with communities to detail its functions and right of existence. The discretion given to municipalities in coming up with mechanisms to involve communities in its affairs still becomes an issue as there is no lucid dossier that spells out in detail the extent of community participation. The Municipal Systems Acts gives cogent support to community participation.

2.6 Municipal Systems Act and Public Participation

The Municipal Systems Act (RSA: 2000) commits a chapter to community participation. The common objective cited in the various legislations for municipal reform is that all municipalities need to shift from being merely service delivery organisations to socially and economically developing their communities. This social and economic development includes community participation. There is a slight contrast in the community participation provision as a result of it being solely dependent at the discretion of the municipalities. Fourie and Opperman (2007: 6) reason that the separate legal entity of the municipality, exempts the municipality of any liability to the community for its actions. This becomes the major challenge in terms of community participation particularly in the planning and budgeting process as is provided in Chapter 4 of the Municipal Finance Management Act, 2003 (RSA 2003). Although The White Paper on Local Government has given detail about four factors defining community participation, one being community participation in policy processes, it still is a blur regarding to what extent this can be realised. Until this extent is realised, Fourie and Opperman (2007: 6) emphasise the following:

“It is important to note that community participation is one of the cornerstones of accountable financial management, as seen throughout the Municipal Systems Act and other important pieces of municipal legislation.”

The paradox then becomes the discretion the municipality has in not being liable to communities about its course of action, even when it is legislated that community participation enhances accountability in financial management, thus promoting good governance. Based on this, it becomes imperative that legislation that embodies the extent of community participation, giving it the status of legislated roles and responsibilities, is pivotal. One would then expect that the legislation pertaining to financial management at local government level would detail the extent of community participation in the budgeting process and division of revenue. It is pertinent to look at the limited scope of the community

2.7 Municipal Finance Management Act budget process

Chapter 4 of the Municipal Finance Management Act (RSA: 2003) provides for the budget process to be undertaken by public officials and has the accounting officer as per the National Treasury being the Chief Financial Officer. However, the budget process exists for the betterment and upliftment of communities and rightfully so, they should be involved in what will benefit them. The issue of cost-benefit analysis by MacLean (2013:5) again comes to the fore here. The public official will escalate budget provision by percentages allocated by the National Treasury and the whole process is linked to a deadline. The only time that the budget gets to be presented to the communities at the NMBMM is when the process has come full circle and the division of revenue has been finalised. The process takes about 90 minutes and is almost always communicated to the communities at the last minute, resulting in most of the community not being able to attend these consultations. Another challenge is with the officials that are assigned to address such sessions, shifting the responsibility to junior staff due to lack of timely communication.

The aim of the MFMA (RSA 2003) is to give guidance to municipal officials to adhere to financial management policies and act according to principles of good governance and transparency. Good governance in the democratic era encompasses participation by communities. The budget process of the MFMA downplays community involvement to merely an extent of consultations.

The preamble of the MFMA (RSA 2003) states that the legislation provides for financial management at local government that ensures sustainability and provision for other matters connected to the community. Due to the lack of a cogent dossier that details the extent of community participation and based on the statement, "and provide for other matters connected," community participation can be easily linked to these other connected matters. However, having previously mentioned that local government has a right of existence with its own discretion in terms of accountability to the community, it becomes a challenge to ascertain to what extent the community can play a role particularly in the financial affairs of local government. The budget has to be divided according to the essential needs that can be seen as basic services to benefit the community. The IDP that details priorities in terms of such basic community needs has to then be taken into consideration when an annual budget is planned as well as for the next three years going forward.

The National Treasury provides percentages within which the municipality can escalate the annual and three year budget. Administratively this becomes a repetitive exercise that proves to be futile during the course of the financial year. The underlying reasons here are that this exercise is based on the percentages of escalation provided for in the financial statements from the National Treasury. These percentages are based on the budget increases as per categories and not the realistic expenditure patterns as being observed in the previous years. This then gives rise to the same problem occurring over the years and is, in most cases, rectified through taking funds from one vote and transfer to another. According to the structure of the municipal budget system there are four categories to a budget which are Employee Related Costs; General and Contracted Services; Repairs and Maintenance, and finally the Income category where all the income that is raised by the municipality gets credited to offset the expenditure. It has been observed that the budget for Employee Related Costs far exceeds the provision for services that need to be rendered to the community. It is also noted that in the General and Contracted Services category, most of the funding goes to hiring consultants that render soft services in terms of surveys and environmental impact assessment studies. Such services do not benefit the many indigent communities although they may be essential to carry out in some instances like landfill sites for refuse disposal to establish any potential hazards in containing refuse disposal.

Another challenge that manifests through the challenge of division of revenue that can be unpacked is providing a budget for the beautification of major entrances, particularly at the NMBMM by planting trees, repairing roads and installing flood lights. To expand on the matter, budget can be provided to hire a consultant to host events and provide entertainment that does not benefit the general public. In an article in the local weekend newspaper (*Weekend Post* 12 February 2017:1), a company called City of Champions was given a budget of R21m to host events that are at international standard for the NMBMM. Asked to account for the expenditure, the Chief Executive Officer of the company could not provide any financial statements that would tally and account for the expenditure. These financial discrepancies represent loopholes in the revenue division that do not encompass community participation.

The municipal financial year starts in July and the process of budgeting is therefore mainly controlled and managed by the officials entrusted with the responsibility, with minimal and ambiguous contributions from communities in the budget process. The process starts in July of each financial year and is followed by a budget amendment in October that is approved in February of the following calendar year.

The entire process of the budget cycle is handled internally as per the provision in the IDP. It is therefore imperative that the IDP has to be in line with the annual budget provision. At least 90 days before the start of the financial year, the annual budget is presented to the municipal council and only at this stage are communities given an opportunity to present their budget submissions. Inputs of the community are only taken into consideration at this stage.

One can reason from the above that community participation in the budget process is limited to the community merely placing a rubber stamp on a process that has been executed fully by public officials. The MFMA (RSA 2003: 23 (1)(a)) even gives a term for this participation as "Consultations on tabled budget," indicating that the process is already in the penultimate stages. For the purposes of consultation with the community, also referred to as public hearings, the National Treasury allows the Municipality to set up committees to ensure that such public consultations and hearings (MFMA RSA 2003: 23(3)) are in place. These processes are thus deemed to be allowed for implementation. However, the municipal council reserves the right to adopt such provisions and processes.

Discussing the ward committee system to enhance community participation and consultation at local government level becomes pertinent at this stage, in as much as their existence and functionality lies solely at the discretion of the municipal council. It is pertinent to give a brief overview of the NMBMM's Public Health Directorate wherein the study is undertaken.

2.8 Municipal Finance and Accounting on community participation

There might be a reason for community participation to have a limited role particularly in the budget process. Community participation is deemed to merely be interference when it comes to the budget process. This, added to the process being seen as an internal administrative undertaking, has always been seen as the rationale behind community participation being limited to the consultative process. Fourie and Opperman (2007: 127) reason differently as they come with a totally different rationale behind this limited consultation. The previous writings and observations as well as most of this research have cited the limited participation to lack of clarity in the legislation and policies pertaining to community participation. Added to this lack of clarity regarding the extent of participation, there is no policy that solely focuses on community participation in the budget process at the NMBMM. The municipality has a responsibility to provide for community participation in the many aspects of local government affairs as it entrusted with the task of capacity building to ascertain such community participation. Fourie and Opperman (2007: 127) cite that this capacity building is presumably inclusive of engaging the community in the annual budget process.

However, a different clarity regarding the limited community participation in the budget process has been uncovered. Fourie and Opperman reason that it is the responsibility of the municipality to carry out all these functions, that is ensuring a budget that is in place to render services and allocation or division of this budget to different projects. Fourie and Opperman (2007:127) cite the following provisions that should be carried out by the municipality which are clearly indicative of the fact that this participation is limited to post implementation of municipal activities that should supposedly be carried out with the community. The provisions by the municipality are as follows;

* receiving and considering petitions and complaints from the community;

- * consultative sessions with community; and
- * providing feedback to the community.

There is no provision at any point that reflects the pre implementation phase in conjunction with the community. The provisions above merely extend the reality that the municipality carries out these activities on behalf of the community. The reasons for this are stated clearly in Fourie and Opperman (2007:127), that the municipalities have to carry out all these responsibilities for the community due to the vast nature of the community. This entails people with special needs, who cannot read or write, who cannot make use of computers, who may not be able to go to municipal offices and people with disabilities. The fact that these limitations have been stated, does not necessarily exonerate the municipality from the responsibility of identifying and training community members who do not form part of these groups from participating in the process of their budgets. For the sake of this finding the issue of identifying unemployed graduates which shapes most of this research will assist in rectifying these limitations. Matsiliza (2012:443) gives her own contribution in the field of participatory budgeting in her sustainable local governance article.

2.9 Participatory Budgeting for sustainable governance

It is mandatory to shift the local government budget process from a basic administrative undertaking to that of community inclusion for good governance. Community participation has been well legislated, even though the extent thereof still remains unclear. Matsiliza (2012: 443) reasons that the aim for involving communities extends to the point of implementing local government policies and projects. Communities need to have direct influence, in terms of budget allocations, as the resources are ploughed back into rendering services to such communities. This means that the communities have to have a say in matters pertaining to public budgeting. However, the communities comprise a wide population dynamic and not all members of the community will be conversant with planning and allocation of public budgets. The knowledgeable, as well as the indigent communities alike, will have differences of opinion in terms of dividing public revenue. For example, each community will want funding for projects whose scope encompasses their needs. For example, indigent groups that do not have proper housing and live in informal settlement, will want most of the revenue to be routed to building formal houses.

Matziliza (2012: 444) gives background to the concept of participatory budgeting, where he indicates that it started in Brazil in 1989. This has also been successfully implemented in other countries like Uganda, but its full cycle is yet to be realised in South Africa. The challenges around this have been noted and narrowed to the following:

- Not all communities can participate in the budget process;
- The municipalities have to have systems in place that will educate communities about participatory budgeting;
- The municipality has to apply a sampling process after embarking on extensive ward member analysis to establish those community members that can participate in the budget process but also have the interests of the larger communities at heart. These participants would have to sign an oath to commit to the benefit of larger communities where if the opposite appears, fines can be executed;
- The current political structures, particularly at the NMMM can seize this moment of change by appointing as many officials as possible to educate communities on participatory budgeting. It is quite evident that communities that are involved in the revenue division feel that transparency and accountability can be achieved. Most importantly, including the communities in the division of revenue is reflective of democracy, thus good governance.

Once again, the one provision made in the Constitution that has not received full attention, thus has lacked full impact, has been the extent of participatory budgeting. Matsiliza (2012: 445) again mentions two ways in which participatory budgeting can be realised. The communities can only be knowledgeable through being engaged with and empowered in different levels of budget planning and implementation. The second aspect is monitoring and evaluation of the participatory budget process on an on-going basis. A further observation that can tie in with participatory budgeting, particularly in the South African context within Category A and B municipalities, is to start the participatory budgeting process on a zero based budget. Matovu and Mumvuma(2008: give a totally different input on the concept of community

participation and bring about such informative outlook on the phenomena in the participatory budgeting training companion.

2.10 Participatory Budgeting in Africa

This part of theoretical framework deals specifically with participatory budgeting and not just community participation in general as has been the case with other literature. The contribution sees participatory budgeting as a novel tool that can prove vital in developing good governance at local government level. More than the improved transparency for governance purposes, it realises the community to be role players that need stimulation in order to find an interest to participate in the affairs of their municipality. It recognises the fact that community participation needs to be extended to more substantial roles like decision making.

By virtue of the public sector being in a democratic era, it should by all means be enforced that community participation only be limited as a result of the larger community numbers, not due to the fact that they only need their affairs to be decided for by the public officials and political leaders. The limits should therefore prevail, but only in a manner of sampling so as to minimize the participants. Sampling therefore becomes a control measure for the larger community, not a control for the community to not be exposed to the affairs of their municipality. Participatory budgeting is gaining momentum in Africa at large as it is being implemented to strengthen the role of the community. This participation is not without challenges even though it is clearly articulated in this literature. The analysis of this contribution will be unpacked as the document focuses on the chapter of data analysis.

2.11 Limited Scope of Community Participation

The first lesson learnt is a dichotomy between politics and administration. The internal processes that are executed by public officials in ensuring sustainable service delivery can be seen as administration. The two methods of community participation that are prevalent to date are public protests and voting during elections. The administrative procedures of budget processes are yet to encompass the community. The public officials ensure that all mechanisms are in place so that service delivery is sustained and continuous. However, the lack of service delivery and the protests that communities embark on to show discontent about leadership is a political issue.

The question then arises is, do communities have to have access to financial administrative issues which they can protest about on a political platform? If so, what is regarded as an administrative undertaking and how does it differ from a political milieu? If the lack of one results in the consequences of the other, it becomes a challenge to assume that there can be an administration-politics dichotomy in reality. It becomes relevant at this stage to establish a synergy between the theoretical framework chosen particularly in the form of legislation and the environment and functions of the directorate to emphasise relevance to the framework. The structure of Public Health in general is then explored.

2.12The Structure of Public Health Directorate at NMBMM

The municipality has a responsibility to provide health services to its employees as well as the community it is entrusted to service. Public Health is the one directorate that renders these services to both the employees and the community with functions that encompass health and safety for its employees, extending to rendering-among others-cleanliness of cemeteries, offering pauper burials for the disadvantaged communities and refuse collection and disposal services. According to the Public Health Directorate presentation (2016: 6), Waste Management, which is the main focus of the study, is entrusted with the following responsibilities, as discussed in the next section.

2.12.1 Waste Management Functional Areas

- * Waste Collection
- *Waste Transfer and Disposal
- *Illegal Dumping
- *Waste Minimisation
- *Public Awareness and Communication, and
- *Legislation and enforcement.

The following Acts are legislative documents that the Public Health department adheres to in rendering its broad services, with their purposes briefly explained the in depth analysis of the legislation is briefly unpacked for clarity purposes, but is not

discussed at length as the nature of the study focuses on community participation in the budget process and not the scientific basis of the functional areas of Public Health.

2.12.2 Legislation that embody Public Health Functional Areas

*Occupational Health and Safety Act (Act 85 of 1993) that provides for health and safety of employees as well as their occupational activities.

*Air Quality Act (39 of 2004) that provides for air quality that is not harmful to health and well-being of persons.

*National Environmental Act (97 of 1998) that regulates air quality monitoring management and control and for any incidental matters thereto.

*Animal Protection Act (7 of 2002) that aims at amending and implementing the laws relating to the prevention of cruelty to animals.

*Waste Management Act (59 of 2008) which makes provision for interventions and measures to control waste as well as provision for compliance and enforcement of illegal dumping.

2.12.3 The Structure of Budget Allocation at Waste Management

Waste Management that is the core study area for this research, has a budget that is split into three categories wherein it is allocated. Most of the budget is allocated mainly to the employee related costs, with the remainder reflecting on the general expenses category and repairs and maintenance. Waste Management is further divided into Cleansing services that focus mainly on the cleanliness of street and beaches. The second service is the Refuse Category that entails domestic refuse collection. The refuse service has an income category as it generates income through refuse collection. The monthly income generated is estimated at roughly R3million per month. The income is generated through both Cleansing and Refuse Services, as the street and beach cleaning services under Cleansing services also dispose of their cleaning garbage at Refuse Disposal, which is under the Refuse Services. The budget policy provisions do not, however, allow for any transfer of available funding or income generated to be transferred to any cleansing services. Transfer of funding between the two services is prohibited, resulting in a limited budget for Cleansing Services, as they do not generate an income as is the case with Refuse Services. Due to the fact

that the study is undertaken in a specific environment, the theoretical framework took two different sections, the first one having been the generally applicable legislation and the following one focusing on policies applicable to NMBMM. Although the study explores the one area of NMBMM, the participatory budget policy, when completed, will be applicable to the entire institution. Public Health can therefore be seen as a sampled directorate for the purposes of the study and not necessarily a determinant of the research. The theoretical framework now changes from the general legislative approach to policies and journals specific to NMBMM, with the first policy being the ward committee system to enhance community participation at NMBMM

2.13 The Ward Committee System for community participation

Two factors stand out in terms of community participation, according to Raga and Taylor (2005: 246). The communities are to become actively involved in preparing the municipal budget, as well as being involved in monitoring and reviewing the performance of the municipality. The limiting of the role of communities to that of merely casting votes every five years has obviously taken a revolutionary turn. Ward committees exist to be the bridge between the community and the municipal council. However, the practicality and sustainability of their role is still blurred, as their position is merely that of an advisory status. It is also arguable that the ward committee members do not necessarily have any knowledge of the many affairs of the municipality and that the municipality often withholds information it should be disseminating to such committees, which in turn have to provide feedback to their communities.

The resolution then has been for such committees to have a more involved role of, among others, collecting revenue and monitoring the budget of their wards. Ward Committees should thus be given a significant status in order to ensure maximum public participation so as to ensure good governance. In as much as documentation has been employed in assessing the role of public participation within the local government sphere, it still becomes a challenge in terms of the extent to which it is allowed, as the municipality has a decisive role in terms of the extent of such participation. It then becomes imperative that there be legislation that enshrines such participation so as to do away with any ambiguous practices around community participation.

Raga and Taylor (2005: 246) reason that the emphasis has in recent years shifted from government to governance. This means that the ruling party has given way to the new system of ruling, that of democracy to realise governance. The shift has then been noted to be inclusive in terms of community participation and development. It becomes imperative to acknowledge the status of community participation as an integral form of good governance, as the decisions are embedded in the capabilities of the community rather than decisions being taken on behalf of communities. Barichiev, Piper and Parker (2005: 371) asked a very pertinent question:

“How do the requirements of participatory governance sit with the requirements for tighter financial management in local government?”

The aim of this study is to find causality between participatory governance and effective financial management. Community participation has been widely legislated. Nevertheless, community participation was initially limited to casting a vote for new leadership. However, the scope widens as participatory governance emerges from public participation to implementing systems in place that are employed continuously with the communities in mind in between elections, meaning the sustainability of community participation outside of the local government elections. Because of its position of being closer to the community, local government promotes community participation and is thus the only sphere of government that is mandated with this function. However due to its mandate and position of power with its own council, local government has discretion in terms of applying community participation. The conundrum is, while the concept of participatory budgeting is bound by the constitution, community participation, if left to the masses without there being proper strategic policies in place, may tend to interfere with the administrative procedures of the local government. Another question arises: “Does the local government together with its political and administrative staff have the capacity to implement participatory governance, particularly in financial management through a concept referred to as participatory budgeting?”

Participatory governance may have been recognised and legislated as far back as 1996 in the Constitution (RSA 1996) and emphasised in later legislation, but it is still work in progress. One can note that in the political leadership prior to the coalition at NMBMM, the status quo remained whereby slow progress in governance was

prevalent. However, with the many loopholes and reduced vote of confidence in the government of the day, many gaps were created that rendered the system to be vulnerable. This has been prevalent through the interesting turn of events, whereby a metropolitan municipality that was governed by the African National Congress (ANC) over many years lost its powers to opposition parties. The one way that the communities are able to show their discontent with a vote of no confidence in the political leadership is to vote out that leadership in favour of the opposition.

2.14 Assistance to the Poor

The municipality has come with a policy for assistance to the poor (ATTP). The policy is just one of the initiatives that the NMBMM has undertaken to improve lives of the previously disadvantaged groups. The policy provides for subsidy to qualifying households and the current political leadership has recently launched another qualifying criteria that gives any household with a combined income of R100 000 the right to the services. The leadership has also written off the many public debts particularly from the previously disadvantaged groups. The initial qualifying criteria was non- payment for properties with a value of less than R100 000. Interviews were also conducted with community members as part of the framework to shape the study

2.15 Interviews with community members

The interviews were conducted in a non-partisan manner, meaning that there was no bias in terms of political affiliation. The respondents were advised to give general answers that do not reflect political party preferences, but rather the systems employed for good governance. The questions were without bias and were applicable to the respondents' knowledge and experiences in their ward.

2.15.1 Interview questions for ward respondents

The interviews aimed at establishing but not being limited to the following:

- If the community was content with the consultation sessions that are undertaken after the budget has been tabled in the council;
- If the respondents did attend these consultations referred to as imbizos;
- What the respondents would rather have the bulk of the revenue allocated to; and

- How they would restructure the budget process to enhance community participation

The responses to the interviews questions are provided for in the data analysis as they were answered after the theoretical framework was finalised. The senior official at Budget and Treasury also volunteered to be interviewed due to the accounting nature of his functions.

2.15.2 Interview with a senior official at Budget and Treasury

The interview with the senior official was voluntary, and the questions were responded to with reliability and objectivity. The questions were as follows.

The degree or level of community participation as provided for in Chapter 7 of the Constitution (108: 1996);

* The degree or level of community participation in the budget process as tabled in Chapter 4 of the MFMA (56: 2003);

* The measures to be employed by NMBMM to ensure an improved encompassing system that best address challenges and embark on revolutionary community participation;

* The loopholes in the MFMA in fully addressing the extent of participatory budget;

* Whether the implementation of Municipal Standard Chart of Accounts should have provided for community participation;

* The best way to employ a revolutionary participatory budget system; and

* If Category B and C municipalities, provided for in Chapter 7 of the Constitution, should not have sub policies that address their own individual challenges given the comparison in size, community needs and budget between them and category A Municipalities.

2.16 Public Participation Procedure Manual

In 2014 the NMBMM adopted a public participation procedure manual to enhance the commitment the municipality has in ensuring implementation of public participation. The manual provides for the importance of municipal officials to work hand in hand for

optimal community engagement. The manual provides for the development of a Public Participation Action Plan as well as Public Participation Action Team. The directorate that would be embarking on a course for public participation would also form part of the manual as the need arises for that particular directorate to embark on public participation. For example, Waste Management has an initiative of Illegal Dumping Strategy Project. Various directorates have to also be part of the project, like communications, to ensure that the project is well publicised. The procedure is adopted with the Public Participation Policy at the NMBMM which will be briefly unpacked.

2.17 Public Participation Policy at NMBMM

The NMBMM has developed a public participation policy that creates framework that enables the community to be able to participate in the affairs of its municipality. The policy, it is reasoned, serves as proof of commitment by the municipality to include its community in "meaningful contributions to the planning, design and implementation of programmes affecting them" (2014: 4). The policy, in a nutshell is aimed at creating a better environment for governance regarding public participation. The policy is therefore echoing values and principles embedded in the Constitution and is said to be promoted by the provincial citizen participation charter. This statement reflects again the concept of intergovernmental relations as the formulation of the policy has a degree of provincial endorsement. This is seen through the National Treasury initiative to compile standardised systems of accountability that apply in overall municipalities

2.18 Municipal Standard Chart of Accounts

The National Treasury has as recently as 2014, come up with a policy to standardise municipal accounts to promote accountability. This process will ensure a uniform system applicable to all municipalities in South Africa in all three categories. The system is developed through various stages and will be implemented in the 2017/2018 financial year and is referred to as the Municipal Standard Chart of Accounts (MSCoA). The objective of the MSCoA is to achieve a realistic uniform quality of financial information to be disseminated across all municipalities for accountability and transparency purposes. However, it is unclear who benefits from the implementation of MSCoA, if it is the officials and public sector organisations through the

intergovernmental relations of the three spheres of government, or if the communities stand to benefit from such an undertaking.

2.19 Unauthorised, Irregular, Fruitless and Wasteful Expenditure at NMBMM

The NMBMM has compiled this policy as an internal control measure that works with the MFMA to track and monitor expenditure, particularly waste and unauthorised. The purpose of the policy is to put in place reasonable steps to eradicate such budget mismanagements and irregularities. The policy works hand in hand with the ad hoc audit queries and compels the public officials to report any financial mismanagement in order to preserve public funds for the purposes they are intended for. The policy mentions two aspects, amongst others, that is to responds appropriately as well as address instances of unauthorised expenditure. The purpose for this is to emphasise on accountability by directorates and managing the process further even after the investigations have been pursued and finalised. The previous writings have put an emphasis on accountability being also accessible to the community and not only contained internally. The policy, however, clearly states in its scope of application that it applies to Council and its members.

2.20 Summary

The chapter has detailed and establish a connection between legislation pertaining to community participation as well as its applicability in so far as the functionary areas of Public Health are concerned. The study's main area of focus is Waste Management, however, it becomes impossible to focus on Waste Management in isolation because of the interconnectedness of the functions at Public Health. The directorate is grouped as per its service areas, although Waste Management is quite a huge functional area of the directorate. Finding a synergy between the structure of Waste Management and the theoretical framework proves to be a necessity as there are two areas of legislation that embody Waste Management, that is the scientific aspect of service rendering which has its own legislation as well as the financial aspect that needs to ensure that a budget is available to render these scientific services.

The functions at Waste Management have an environmental aspect that will result into environmental hazards should the function not be properly contained. The process

then becomes a recurring one as the environmental hazards, should they occur, result into health hazards which then become a responsibility of another functional area that forms part of provincial government. The intergovernmental relations have to then be maintained at all costs for governance purposes. The structure of Waste Management was further unpacked to establish the importance of having a well-structured budget that is carried out by the communities that are recipients to these services. The following chapter will analyse the data in all the theoretical framework gathered, which is the general legislative framework.

Chapter 3: Data analysis and the impact at NMBMM

3.1 Introduction

Any form of research can be considered a scientific study. It is important to reflect on the analysis and verification of all the data that has been collected and its application to the study and its environment know the varying research methodologies and how they apply to different research studies. Issues of ethics, confidentiality and technical requirements which were theoretically indicated in the opening chapter are practically tested in this chapter. These were applied in the data that was collected to enhance understanding of the study. These technical applications were tested against the case study, which is Waste Management budgeting at the NMBMM. The internal challenges at NMBMM, particularly at Waste Management were unpacked, as well as the positive initiatives that have been implemented by the new political leadership.

This chapter deals with data collected and how it is presented. The research is qualitative in nature and the purpose is to analyse all the data that has been collected to enhance the study. The system of collecting data chosen for this study, be it through interviews or desktop research, is referred to as text analysis, which McKee (2003:4) describes as anything that is produced as an interpretation of an underlying meaning. The collected observations have been compared and finalised through sampling the experimental community in order to generate the information required for research purposes. Bless & Higson-Smith in Maclean (2002:137) reason that data analysis empowers the researcher with information he or she can generalise to a larger population from the sample wherein the research was conducted. Du Plooy-Cilliers, Davis & Bezuidenhout (2014: 230) contend that qualitative research is iterative and hermeneutic. This means that the analysis is repeated over and over again until new patterns are unpacked. It also means that the qualitative method is interpretive and philosophical, giving grounds for more research to be carried out. The purpose of qualitative research, according to Du Plooy-Cilliers *et al.* (2014: 231) is to obtain an understanding of the experiences the respondents are subjected to.

The aim of this research has been to establish a link between financial management legislation compliance and the extent of community participation in the budgetary process. Other developmental factors in the newly formed coalition at NMBM have also been observed in so far as how they impacted on the case study, as well as

challenges that have emerged and still prevail under the new leadership. The researcher sampled a ward 59 area called Motherwell, east of NMBMM in Port Elizabeth, as its subject. The purpose of linking NMBMM as a municipality to the study of Waste Management has been due to the fact that the Deputy Mayor was the MMC of Public Health directorate which Waste Management is part of. Decisions and any political challenges therefore affected Public Health directly thus Waste Management. Also key to the expectations of the new political leadership, the Executive Mayor emphasised a need for a Waste Management plan. It then became imperative that any political differences that prevailed affected the functionary role of Waste Management

3.2 Analysis and Presentation of Data Collected

Data analysis looks at all the policies and legislation in place in so far as their contribution is concerned regarding the study objectives to enhance the means for a participatory budget. This also included comparative analysis with other municipalities, analysing the community participation policy of the NMBMM parallel to what has been implemented in other municipalities. The various data collection instruments and other research issues will be unpacked in the following sections. Data gathered comprised mainly of desktop information as it delved into the legislation and policies currently available. Another advantage is that the researcher is in direct exposure of the environment and respondents in terms of ward 59 interviews as well as senior officials are within reach. The challenge with research has not been about accessibility to the respondents, the challenge has been solely on the willingness to participate and to continue to be part of the research until completion.

The green paper has tapped on the developmental and community participation local government as cornerstones of an improved local government. The developmental approach pertaining to the community and projects within Waste Management has been realised to a degree. Waste Management has come with projects like community based cleansing and illegal dumping strategies that were to the benefit of the community. The challenge, however, has been the objectives of these projects and their sustainability. Waste Management needs good personnel and systems in place in the form of a Waste Management strategy in order to sustain these initiatives and have a cleaner city free from environmental hazards. The challenges with this

developmental and community participation initiative is that it has not sustained nor yielded successful results to the benefit of the community. The process needed more time to be planned and implemented such that it is to the benefit of the community. The budget process of the projects was, however, not subjected to the community. This leaves a gap in terms of the limited role of the community in the resource aspect of the projects.

3.3 Cost benefit analysis

Macleon cited the concept of cost-benefit analysis. This merely meant that there is a connection between resources, communities and the services. This three- fold reality echoes on the many literature regarding the role of community, but just like the other findings, it gives this cyclical relationship but not the extent of such a relationship. The cost benefit analysis in the Waste Management Projects has been with gaps. The community members were involved in so far as observing and applying contingencies to contain illegal dumping. However, the project was still managed by the officials. The main miscalculation was the fact that administration and record keeping of the project was left at the hands of one of the community members. This has a positive and a negative impact.

The positive impact is that this gives the culture of ownership and participation by community in terms of affairs of the municipality. The negative impacts are that the project of public participation needs proper planning and longer sessions to educate the community about the participation. There was inadequate time to expose the community resulting in administrative loopholes. The second challenge was that the project did not provide for continuity in terms of administrative staff and inputs. These administrative glitches could not be verified as there was no post implementation audit and the community members that were responsible for administration had left the project. The cost benefit analysis could therefore not be reached as the project had to be carried out administratively by municipal officials during its second phase at the beginning of the new financial year.

3.4 Municipal Structures Act analysis

The act did not hold back in reiterating that in as much as community participation is a Constitutional commitment, its application is solely dependent on the discretion of the municipality. This statement simply identifies a gap in terms of community participation and this has been seen in the manner in which the municipal officials simply took over the administrative part of the project. The problem may have been the fact that there was no proper planning and adequate for a fully-fledged community participation on the projects. The planning would have structured administration such that there are clear cut systems to be able to carry out clean audit post the implementation of the project. The challenge therefore may have lied in the planning and not in the inability for the community to be able to fully execute the project with its financial administration and post implementation checks and balances.

3.5 Municipal Systems Act analysis

With its contribution of a full chapter on community participation, the Municipal Systems Act is faced with the same challenge of the lack of clarity on the extent of community participation. The Act states the issue of compliance that is detailed in the supporting legislation, but seems to lack clarity in terms of the role of the community on the compliance issues. Compliance breeds accountability. Accountability in turn is what needs to encompass the community. It is understood that officials have to be accountable, but the accountability is not clear and should involve being accountable to the community. The Municipal Systems Act at this stage does not provide an extensive role of the community, particularly to the issues of budget.

3.6 The MFMA analysis

It is for the purposes of lack of clarity in the extent of community participation in the budget process that a number of dossiers were compiled to best establish this undertaking provided for the Constitution. The Constitution gave rise to citizen participation which was later emulated at local government and referred to as community participation. These gaps in the MFMA have resulted in unclear control measures in terms of financial accountability, budgetary participation and the role of public officials in seeing to circumstances conducive for community participation. The Illegal dumping strategy project can be seen as a learning experience and be further

emulated in the budget process that bears direct involvement of the community. The process can start on a small scale and escalate as its progress is realised.

De Vos, Strydom, Fouche' and Delport (2011: 397) reason that the process of qualitative data analysis brings order, structure and meaning to the mass of data. The MFMA is a structured legislation that can only make sense to the end users who are public officials and are bound to comply with the legislation. However, the legislation needs to be interpreted as it provides for the key component of this research, which is community participation as a tool to enhance accountability, thus good governance.

3.7 Analysis of the Municipal Finance and Account

Fourie and Opperman (2007: 127) came with a very rationale contribution that of the community being of different category members. Limited community participation here has been nothing more than an aid to see to community needs by the public officials. According to this finding, the community are spared the details and responsibility of having to carry out responsibilities at local government level. The municipality employs the officials so that they can carry out these tasks for the community. This finding can enlighten a number of unclear issues in terms of limited community participation. Taking the argument further, the limitations of community members like lack of education and no transport system that could give them access to municipal offices to participate are not necessarily the only reasons for limited community participation.

The community members that can be able to carry out these functions have become indifferent in the affairs of their municipality. Citing an example here, the participants in the Illegal Dumping Strategy project that were part of the initial project were not available to be a part of the project during its next phase. This lack of interest may have been as a result of negative publicity as there were negative feedbacks regarding the project. Also the political instability that directly affected Waste Management has cause a drop in the interest. It becomes quite easy to lose interest and back down in the affairs of the local government as community participation becomes the first issue that is compromised whenever there are political and administrative issues. The emphasis placed on a separate participatory budgeting can solve the many issues.

3.8 Analysis of Participatory Budgeting for sustainable governance

Matsiliza (2012: 443-452) has been very realistic in approach when dealing with the community participation issues. She has cited three factors that need to form part of the participatory budgeting policy at the NMBMM. She reasons that the municipality has to want to educate its community in the budget process. She further states the importance of sampling, which has been undertaken in this study. The study has sampled Waste Management to establish if their budget process can accommodate the community of ward 59. The study has also attempted to ascertain if transparency through participatory budgeting can improve compliance to the legislation embodying financial management act. This framework has addressed the many facets of this study and has contributed to a great extent to the study's undertaking. Clearly put, if the officials are not keen on exposing the community to the budgetary processes, then the community will not be involved. However, if there is amended legislation that details such community inclusion, with punitive applications to the officials should resistance be prevalent, community inclusion will be applied.

Another very important aspect is the willingness for the community to be involved. If the amended legislation that provides for community inclusion is passed, and the community still feel less interested in the affairs of its municipality, then the exercise is futile.

3.9 Analysis of Participatory Budgeting in Africa

This input needs very limited analysis as it clearly echoes the need for participatory budgeting and serves as a guideline in designing a PB policy. However, this literature raises some important aspects. The document has very realistic contributions that recognise the importance of participatory budgeting. However, the literature is realistic in its contributions. The writing uses the following words;

- Participatory budgeting has the potential;
- Participatory budget can yield benefits;
- Participatory budgeting can improve transparency;
- Participatory budgeting can strengthen social networks.

Use of these statements indicate that this contribution does not promise results cast in stone for the success of PB. The contribution merely illustrates that participatory budgeting needs an opportunity to be applied in order to realise these possibilities. The contribution therefore realises the discretionary role of municipalities in bringing on board community members, but also appreciates the fact that these initiatives might or might not yield concrete success to participatory budgeting.

3.10 Analysing the ward committee system

This was the political-community initiative that was sought at the NMBMM after the amalgamation of the municipalities for local government reform. Ward committees that entailed ward councillors served as mouthpiece of the community. The system failed due to the rising personal interests of the councillors as well as their limited status in terms of decision making. The appointment of unemployed graduates that formed part of the research should replace this ward committee system such that it is now owned by unemployed graduates. This will promote accountability by municipal officials as well as political leadership. The ward 59 community did not show any confidence in terms of political representation at the NMBMM. Therefore ward committee system was but a limited part of this review to give background in terms of how far back the process of community participation has been attempted with fail due to its limited and discretionary status.

3.11 Analysing policy on Assistance To The Poor

ATTP is an entitlement policy for previously disadvantaged community. This policy is merely a confirmation of how the political leaders and the municipal officials are eager to carry out issues on behalf of the community. The challenge with this policy is that the many utility bills that were not paid were written off in the implementation process by the Executive Mayor. The negative aspect of this is that it will bring a shortfall in public funds and the utility bills will be raised again. It becomes an issue then of whether or not such raised bills will be written off again, resulting into the municipal public funds taking more strain. The leadership should embark on ensuring that there is an income in each household through job creation in order to pay for these services. Job creation is more of a long terms strategy than writing off of debts. This writing off of debts limits any chances for the municipality to have any contingent funds to come up with projects to employ the youth at the NMBMM.

3.12 Public Participation Procedure Manual analysis

This study took a three dimensional approach. It interviewed community members regarding their interest in the affairs of the community and if they are at all interested in participating. The study then interviewed the senior officials to establish their willingness to assist in educating community members such that they participate in the municipal affairs. The study then explored the theory that embodies community participation and it is through this that it was discovered that NMBMM is in need of a participatory budgeting policy. The final part of the study then explored the comparative analysis of institutions that already have a participatory budgeting policy and came with a participatory budgeting policy design for the NMBMM based on the comparative studies as well as the existing public participation policy that the municipality has currently.

An interest aspect of the study has been the fact that the officials on an assumption that participatory budgeting and public participation policy are the same. A generalisation like this can easily leave the municipality not seeing the need for a participatory budgeting policy as the understanding is that the current policy on public participation serves the purpose. The Public participation policy also forms part of this analysis as the manual merely reflects the procedure in which the policy should apply. Another initiative by National Treasury for accountability at municipalities is MSCoA

3.13 Municipal Standard Chart of Accounts contribution

MSCoA has been implemented and has been an on-going process since its inception in 2014. Provision for MSCoA is that it will improve accountability as the performance of the budget custodian or the project manager will be measured according to how the budget is utilised. This means therefore that MSCoA comes with a performance management system which has only be applicable to Executive Directors at the NMBMM. The project manager who is currently known as the vote custodian will then have to account for any expenditure or lack thereof in his or her budget allocation. MSCoA is a good tool for accountability, but it fails to provide for community participation. MSCoA also fails to explain how the accountability to the community can be realised. Another policy that should encompass community participation in terms of accountability is the policy on unauthorised and wasteful expenditure. A review of this policy will be briefly stated

3.14 Analysing Unauthorised and Wasteful Expenditure Policy

The policy as is compiled by NMBMM is also complementing the MFMA for improved accountability at NMBMM. The policy mentions prompt reporting of any expenditure that is illegal, irregular and unlawful. Such expenditures have been noted on several occasions and brought to the attention of the relevant officials. Reporting such cases is not the issue. However, the issue is that the policy does not provide clearly how the responsible officials aim to undertake the process of auditing and finding these irregularities. Also, when the policy states that such irregularities must be reported to the senior officials, that is a very unclear instruction. The policy should state clearly the person or persons responsible for such undertakings. A senior official might just be the one person whose intention it is not to divulge the details of such irregularities. The policy again fails to provide for accountability to the community for such irregularities. It then becomes one of the policies that are documented with their main purpose not being realised.

The analysis takes a different angle now as it unpacks the part where the study sample in the form of the interviews is being discussed. Further data analysis was based on the informal interviews of public officials.

3.15 Community Interviews feedback on participation

Interviews with ward 59 community were also carried out. These respondents came from different population groups. There were respondents between the ages of 18-35 that comprised of youth. Their needs were around education and jobs. There were also communities that formed middle aged and senior citizens. The community members were more interested in Waste Management bringing to their environment improved Waste Management initiatives and a roll out of refuse bins. They were also interested in security issues like some open spaces being fenced to eradicate illegal dumping whilst others can be identified as safe parks for children to play. These older community members had common interests with the youth, that of seeing to their children finding jobs to reduce crime. Some of the groups of community members had very limited knowledge and interest in community participation.

The interviews expanded to community members of other wards than the sampled ward 59 where the study was undertaken, the research included communities from

other wards at the NMBMM which was possible for the purpose of the study. The reason for this inclusion was to establish consistency, reliability and validity in terms of the findings. In being asked questions about inclusion as per the Act, the respondents reasoned that they bear very limited knowledge to community participation. Asked further about their attendance of the consultation sessions, they did not show an interest as they elaborated that these are merely administrative and political processes that did not take their needs into consideration. The Municipal Structures Act, the Green Paper on local government had very limited scope of community participation. The scope was also very vague, echoing specifications as per the Constitution. The data analysis mainly depended on the levels of exposure and education of the respondents.

Rau (2016:5) raises two important aspects of research in his article on improving the quality of research, the rationale of inter-subjective consensus and the sensitivity to power levels of the respondents. The respondents of the research comprise the indigent community, as well as graduates within the same community that have both the scholarly advantage as well as the exposure to the community and its challenges. A third group of respondents are highly skilled and educated officials in senior management positions. The interviews were as inclusive as possible of all the levels of the community members. The purpose was to establish the effectiveness of the legislation as well as to draw attention to the concept of revised public participation.

Of the 175 community members that were randomly sampled at ward 59, only 67 were willing to be interviewed. There was a consensus to do a second round of interviews after all the administrative undertakings and feedback to municipal officials executed. After interviewing the respondents, the documented responses were given to the respondents for scrutiny and criticism of their responses to establish consistency and omit any undue bias or editing of their responses. The purpose of the administrative undertaking was to establish the preparedness of officials to assist the community members in taking part in budget process. The respondents requested, by signing on an additional page that the research returns for correction as this would ensure the reliability and consistency of the interviewer. However, the outcome was not well received as only 29 community members showed an interest in being interviewed again. At the onset of the first interviews, the respondents did not want to be named or recorded as they feared intimidation should they divulge matters contrary to

leadership expectations. However, an interest to be a part of the budget process was welcomed by the hopeful unemployed graduates who felt they would gain experience by being part of the budget process.

The direct answers the respondents gave to the questions cited in the theoretical framework were as follows;

The respondents reasoned that the consultations are insufficient and they do not consider them as part of community participation. They also confessed never to have attended any of the sessions due to a lack of proper communication about these sessions and very limited time frames as the communication was on short notice. Table reflects on the limited timeframes in communicating the consultation sessions

Table 2.2 Communication on public participation meetings

<p>To: GroupWise Admin</p> <p>Date: 19-04-2017 10:24 AM</p> <p>Subject: 2017/18 DRAFT IDP/BUDGET MEETINGS: TODAY, WEDNESDAY, 19 APRIL 2017</p> <p>Dear colleagues</p> <p>Please note the Draft 2017/18 IDP and Budget Public Participation meetings scheduled for today, Wednesday, 19 April 2017 and ensure your attendance, if required.</p> <p>NB: Note the time change in respect of the meeting at the Raymond Mhlaba Sport Centre: The meeting will be held at 18h00 - 20 h00 (not at 10h00 - 12h00, as previously advised).</p>
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The respondents preferred that the bulk of the funds be allocated for educating youth so as to improve their chances of being employable. There was one response that is very relevant to the study. The rationale was to have unemployed graduates in individual wards to be part of the budget process at the NMBMM. These unemployed

graduates would be chosen by the community and there would be a municipal official responsible for processing their supporting documents. The graduates would then be absorbed by the system and form part of the budgetary process. The needs of their immediate community would remain the responsibility of the ward councillor. However, the administrative side of community participation in the budgetary process would encompass them.

These graduates would in turn educate communities in their respective wards about the budgetary process. This would give rise to the start of a new system of participatory budgeting, which would ensure accountability by officials to both the community as well as the accounting officer in order to realise the systems model of an effective political system. This inclusive system would in no way create an expectation of job creation for these unemployed graduates. It is a means to start a new era of community participation through sampling from the individual wards such that all communities are represented. This type of participation would do away with the stereotype that MFMA and MSCoA as well as any other related documents are too technical to be understood by the community members, as is suggested by the senior official at budget and treasury at the NMBMM.

Another interview was conducted with a senior official at the Budget and Treasury directorate of NMBMM.

3.16 Interviews with senior official for participation commitment

The official concluded that reasons for any lack of clarity in community participation, particularly in the budget process, were not an omission. The community did not have to be a part of the budget process and the extent of participation allowed sufficed for the community inclusion in the affairs of the municipality. Again the legislation could not sufficiently detail the extent of community participation. The exact responses the senior official provided to the specific answers detailed in the theoretical framework are as follows;

The senior official reasoned that the consultation sessions in Chapter 4 of the MFMA are not enough to cover all the basics for community participation. The official also reasoned that a municipality must develop its own community participation policy at its own discretion, as this is a function left solely to the discretion of the municipality.

It has also been observed that the MFMA has not addressed fully the concept of community participation as this is dealt with broadly in the Municipal Systems Act (32:2000). The fact that in response to the question on MSCoA, the senior official indicated that this is a technical undertaking that need not be subjected to the community, does point to a paradox in terms of transparency, accountability and overall good governance. The community needs to be made aware of any accounting practices and new systems in terms of resource management as this would enhance their confidence in their municipality and its degree of transparency.

3.17 Data Collected and Verified

The following documents and means of collecting data were pursued:

1. Municipal Finance Management Act (56:2003)
2. Municipal Systems Act (32: 2000)
3. Public Participation Procedure Manual for NMBMM
4. Public Participation Policy for NMBMM
5. Ward 59 community interviews
6. Government Gazette on Municipal Standardised Chart of Accounts (MSCoA)
7. Politeia, an overview of ward committee systems: A case study of the NMBMM

Other related documents and newspaper articles. Having analysed the data, it becomes pertinent to look at the budget process at the NMBMM as well measures in place for budget monitoring and accounting. The data has been analysed to establish the causal relationship between participatory budgeting and effective legislation in terms of budget process.

3.18 Budget Preparation Process

The process of preparation of the budget is co-ordinated by the executive mayor in line with the Integrated Development Plan (IDP). According to Chapter 4 of the MFMA, the process of co-ordinating the budget process takes about ten months to complete, meaning that it is an on-going process which may prove inconceivable for the community members if they are not employed by the municipality. However, the interviews conducted with the community members have unpacked a method wherein

sampled members of such communities can be a part of the process. These findings will be dealt with at length in chapter four of this study. Babbie and Mouton (2001: 164) reason that sampling is the process of selecting relatively few observations and making a generalisation from them to a wider population.

Once the budget process is tabled at the council, it is only then that the community plays a role. The interpretations of this role will also be discussed under interview findings, as the community sampled for the study aired their views on the issue of participation. The awareness sessions for public scrutiny of annual budgets currently only comes into being once the process has been finalised, resulting in the community having a rather passive role in the affairs of the budget that is intended for them. Section 23 of the MFMA states that a municipal council must consider views of the local community when the annual budget has been tabled.

It is imperative to reason that accountability for public resources be to the accounting officer as well as recipients of such resources. MFMA does not provide cogent guidelines in terms of accountability to the community, but provides for such accountability to the accounting officer in Chapter 8 of the MFMA.

3.19 General Financial Management Functions

The City Manager (CM), who is the accounting officer, has a responsibility to manage financial administration by ensuring effectiveness and efficiency. The accounting officer has to also ensure that expenditure is authorised, is regular and is not wasteful. Another important function for the accounting officer is to impose disciplinary action against any official that has not complied with the provisions of the MFMA. Again some ambiguity is observed here, as the officials that may have been in breach of the MFMA, only account to the accounting officer. A system in place where such officials who have not complied with the provisions of the MFMA, have to also account to the community is yet to be realised. This should occur when the system of participatory budgeting is fully implemented. Accountability and supervision is, however, limited to the accounting officer as well as Provincial and National Treasury.

3.20 Local Government Finance Management Supervision

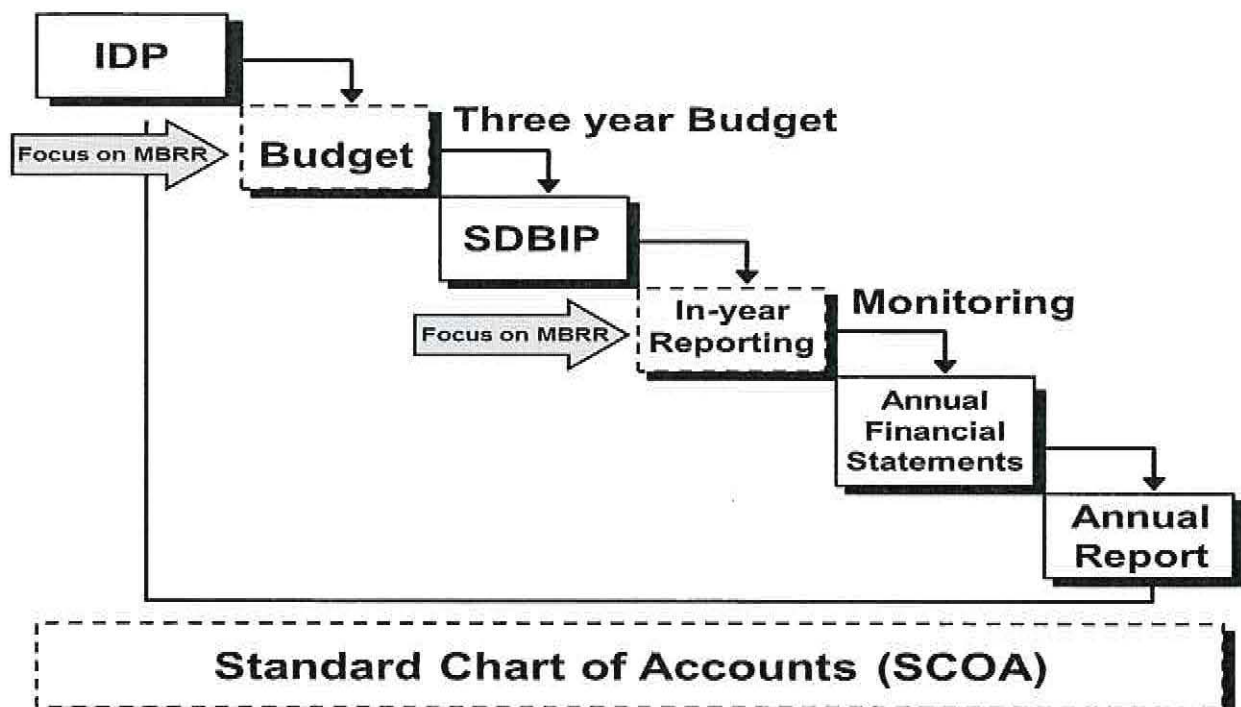
The accounting officer at the municipality is the city manager. This means that all officials entrusted with financial management have to account to the accounting officer

as per the MFMA provisions. However, the municipality has to account to the National and Provincial Treasury. The National Treasury has a role to impose measures at local government should the latter not be able to own up to its responsibilities. The National Treasury (NT), according to Section 5 of the MFMA, has to enforce compliance and ensure that the municipality adheres to standards of generally recognised accounting practice as well as consistent expenditure and income classification systems. It is for this reason that the NT has imposed the Municipal Standard Chart of Accounts (MSCoA) (2014). Like the MFMA, MSCoA is an administrative tool devised to improve on the standardised chart of accounts.

3.21 Municipal Standard Chart of Accounts as a participatory tool

The preamble of MSCoA states that measures to ensure transparency at local government have to be constantly improved on for uniformity, as required by National Treasury. The municipalities are said to have their own reports to manage in a system that is not uniform, compromising transparency, reliability and accuracy, thus applying the principles of good governance are difficult. Once again the MSCoA implementation has not provided for community participation in the process of implementing the standardised municipal chart of accounts. MSCoA is merely an administrative accounting tool to enable cogent control measures of municipal resources. The attached table shows the non- inclusion of community in the financial accountability process through MSCoA

Table 2.3 Municipal Accountability Cycle



The systematic method of data collection and analysis undertaken for this study has given a very consistent and reliable insight in terms of the findings. Be this as it may, getting the consistent findings does not necessarily mean that the data is cast in stone and cannot be amended. It also does not mean that the findings are accurate, hence the need for a proposal to amend or improve on the legislation currently applicable. The writings in the form of journals and articles have expanded on the need for the data presented in terms of legislation to be inclusive and precise in terms of its provisions such that the concept of community participation carries the weight it should be afforded. Evaluation of the desktop data and its reliability will then be summarised.

3.22 Evaluating desktop data collection method

Any research method undertaken has advantages as well as disadvantages. The disadvantages in the case of desktop data particularly with an emphasis in evaluating legislation are very limited. There are no rights or wrongs as the analysis is based on the data as it appears in the legislation. The prevalent disadvantage is that it is almost impossible to dispute provisions entailed in the legislation in as much as gaps are easily identifiable. There are legal systems that will have to be undertaken in order to amend provisions to legislation. This brings the study to a halt as the challenges it aims to unpack are with limitations as a result of the necessity to comply with the legislation.

However, the case of this study, there is a provision in the legislation for community participation. The legislation even gives discretion to the municipality to employ the issue of community participation as it sees fit in order to consider rights of the community. In this particular study the onus lies in the preparedness of the officials to impart and educate the community in the affairs of its public funds which the community should be beneficiaries to through service delivery. The advantages of desktop research particularly in analysing legislation are that there are no wrongs. There is just very little room to move around and implement changes.

There are no ethical issues that are compromised as there is no personal sensitive data to unpack. The research has been combined with a degree of interviews. This also has not been a challenge in terms of ethics, validity or reliability. The respondents

simply voiced their experiences and there were no biases as they were interviewed individually. The only challenge was that of reliability and commitment to the study. A disadvantaged community member often looks at what Maclean referred to as cost benefit analysis. If there is no benefit to the research, chances of committing are very minimal. This means therefore that a gap is created in the study going further. However, the principle remains and a commitment by the municipality to improve lives and impart skills to the respondents that may form part of the budgeting process.

The challenges with the research were only on the fact that the political leadership has been in an unstable and ever changing state due to leadership differences as a result of the coalition. Finally the research unpacked the lack of interest of the community due to the same political leadership issues. It would suffice at this stage to expand on the challenges with regards to participation and what is currently referred to as community consultation to align it to the analysis of the data collected. The challenges experienced might be attributed to the current political conditions. However if the study can focus in hindsight prior to current political leadership, it would be acknowledged that the results of the local government elections that favoured the current leadership were due to the reasons of discontent by the community in the previous leadership. In the community's hope for improved services and leadership, the circumstances have brought them to conditions they were under even in the previous political leadership.

3.23 The changes by new leadership at NMBMM

NMBMM has been under new leadership since the local government elections in August 2016. The metropolitan municipality has seen many reforms since the new leadership took over. Particularly important was meeting the needs of the previously disadvantaged groups and approving a budget that targeted these indigent groups. An initiative by the DA (*The Bay News* 9 June 2017:1) confirmed that the NMBMM approved a R10 billion budget termed a pro-poor budget, which would benefit the indigent groups. This budget targeted previously disadvantaged areas particularly in townships, with most of the funding allocated to human settlements. This would see to more houses being built and eradication of the squatter settlement.

The challenge though has been that this increase in the human settlements' budget would come with the challenge of increased Waste Management responsibilities. The

more houses that are built, the more the challenges of Waste Management are on the increase. The budget, however, for these services has not been escalated to accommodate this increased responsibility. The challenges of Waste Management increased to the extent that external contractors were sought (*The Bay News* 9 June 2017: 2) to assist the directorate to execute these functions. The challenge of Waste Management still remains an issue that needs to be contained at this municipality. The new coalition leadership of NMBMM also experienced challenges based on pre-election promises made to the community for improved service delivery and economic development, which were not being addressed.

3.24 Challenges with NMBMM Leadership

As the new leadership came with many pro-poor policy changes, challenges with the leadership itself were experienced. Political differences among leadership styles were observed on numerous occasions and at council meetings. A shift emerged when community needs were tossed aside and focus had to be on the political dynamics within the new coalition leadership. Negotiations for another coalition partner to rule out the Deputy Mayor, who is a United Democratic Movement (UDM) member by the current coalition partner under the Democratic Alliance (DA), was observed to be underway. In an article in the local media, (*The Herald* 2017: 1) the strain the coalition was under was observed, but the UDM was the DA coalition partner with an agreement at national level. With these challenges, it was becoming increasingly clear that the interests and needs of the community would suffer as more internal political challenges became prevalent among the leadership groups. Ultimately, the two main leadership reforms the coalition decided upon were innovative, however sustaining them under the circumstances would be an issue to contend with. These two strategies are the assistance to the poor policy (ATTP) and the pro-poor budget. The ATTP policy saw all households that have an income of less than R100 000 per annum being beneficiaries of this policy that entitled them to free benefits. The policy also wrote off public debts from these indigent groups.

The new leadership is yet to resolve the issue of coherent public participation that would see the community being involved in allocating the resources they are beneficiaries of. The new leadership has succeeded in implementing policies for the

people, instead of formulating such policies with the people. This research looks at this key element at local government level, that of enhancing compliance and transparency for good governance through participatory budgeting. The research has analysed legislation and policies detailing public participation as well as sampling of the community at ward level to complement the legislation. Since coming into office, there has not been any clarity regarding the commitment of the political leadership in focusing on the existing public participation policy that was formulated in 2014 for the NMBMM. The policy has not been revised to be more specific in detailing the extent of participation, an issue that seems to be main bone of contention in the domain of public participation.

The NMBMM (2014: 1) has developed an integrated approach for public participation that necessitates municipal officials to work together to maximise community participation opportunities. The policy places emphasis on the need for public participation to take place. For example, in the budget process there are consultative sessions, resulting in a need for public participation that would require co-ordination until the actual participation takes place. Before the community participation takes place there has to be a plan in place that would co-ordinate logistics around community participation. These would involve dates, timelines, notices and how best to inform the community about such participation processes. The co-ordinating team for public participation is then established immediately after the need for direct community participation is identified.

The policy does not clearly detail who identifies the need for community participation. It does, however, unpack who should form part of the co-ordinating team, one member being the portfolio councillor, the directorate that will embark on community participation, the public participation unit and communications directorate. For the purpose of this study the participation will be undertaken with the Budget and Treasury directorate as the aim is to establish community participation in the budget process, or participatory budgeting as it will later be called. While planning can be done at municipal level internally, attendance of these meetings and consultative sessions still lies within the interest of the community towards these sessions. There are many factors that are taken into consideration as has been observed in the interviews conducted in a sample study of ward 59 community. Table 2.5 below gives details of

community participation and challenges that are observed during the community participation sessions.

Table 2.5 Security issues in attending community participation sessions

CHECKLIST FOR ENGAGING PUBLIC IN FORMULATION OF POLICIES AND BY-LAWS

Step 1: Preparing for the public participation process

Step	Description	Details	Timeline	Responsible	Comment	Budget
1.1	Engage Relevant Directorates.	Meet with all relevant stakeholders to allocate roles and responsibilities.	Once approval for public participation is granted in principle by Mayoral Committee.	Champion.		
1.2	Translation.	Translate summary of policy/by-law into official languages- English, Afrikaans, IsiXhosa	Before going to printing.	Champion together with COO: Communications sub-directorate.		
1.3	Develop communication plan.	Develop plan to action public participation process. Develop public participation schedule.	As soon as PPCT is established.	Champion together with COO: Communications sub-directorate.	Consult community engagement plan to determine that no clashes are likely to occur. Creating confusion among public must be avoided at all cost.	
1.4	Bookings.	Book venues, equipment, transport, translator, etc.		Champion.	Ensure that the venue is central to the majority of people within ward clusters and big enough to host the anticipated number of community members. Times should be staggered to allow sufficient coverage of the majority of community members.	
1.5	Security	Determine whether safety and security risks exist and make the necessary arrangements to eliminate or mitigate risk		Champion together with Safety and Security Directorate		
1.6	Develop cover page	Draft cover page to attach to draft policy/by-law explaining the process and inviting public to comment		Champion together with COO: Communications sub-directorate.		

1.7	Draft notice to the public.	Inform public of: date, time and venue of meetings (if any) as well as place to obtain copies of documents.		Champion together with COO: Communications sub-directorate		
1.8	Print documents.	Print sufficient number of copies of the cover letter, policy/by-law and/or summary		Champion with assistance of Printers		
1.9	Distribute documentation.	Distribute documents to Customer Care Centres, libraries, Ward offices, municipal buildings and/or clinics.		Champion with assistance of B&T (CC centres) EDRS (Libraries) PH (Clinics) CS (municipal buildings & Ward councillor offices).		
1.10	Notify public.	Publish notice in local newspapers, municipal buildings and/or broadcast over the radio, and/or do loud-hailing.	At least seven (7) days before the meeting.	COO: Communications Sub-directorate.		

The table above illustrates the security issues in attending the community participation sessions previously undertaken by the ward 59 community. There is also provision to notify the public seven days before the meetings take place. The table also indicates that the findings of the meetings for community participation must be communicated back to the community involved in such participation within 30 days after the undertaking. The respondents indicated in the interviews that these follow up reports are never received. Another barrier that the public participation co-ordinating team planned to implement was to overcome the problem of language. All these interventions have been included in the procedure; however the application thereof depends on how safe the community is in attending these sessions that have already been concluded internally. It also depends on how included the community feels in such participation processes.

3.25 Challenges with Ward Committee System at the NMBMM

According to Raga and Taylor (2005: 244-254), the ward committee system came into effect in 2001. Two years after it coming into effect many challenges were observed. Its purpose was to serve as a link between the community and the municipal council.

However, it had a merely advisory role. This meant a contradiction of community participation as was legislated in the Constitution. This limited role resulted in an evident collapse of the ward committee system, whereas reforms to such challenges should have been put in place if governance was to be realised. Many challenges have continuously emerged in the recent past and it appears that community participation does not take priority. Policies are formulated and gather dust. However, their extent of implementation is limited to the discretion of the officials and task teams that are selected for the purpose of such participation. Due to the nature of the current political changes and socio economic challenges at the NMBMM, the focus has mainly been on service delivery and policies that best benefit the previously disadvantaged. The trend has been to pay attention to such groups as a priority for the new leadership. Problems that existed then still are prevalent, as a result of the limited scope of influence in the policy making process at the NMBMM.

3.26 Limited scope of influence in the policy making process

Legislative provisions place an emphasis on community participation and empowerment in all municipal processes. Raga and Taylor (2005: 248) reason that it was solely for this purpose that the ward committee system was founded. According to Raga and Taylor (2005: 252), one of the roles of the ward committee system that was highlighted, was for such committees to develop an integrated community participation strategy. This meant that the ward committee system would provide informed strategies to ensure that these participatory practices by the community would be sustained and be able to be tracked for improved participation. The challenge with this responsibility being given to the ward committee system is their current limited scope of responsibility that is merely kept at advisory level. The committee members would not maintain their interest knowing that their role is limited. The municipal council would also not give too much responsibility to such committees in fear of the latter interfering with the routine running of administration at the municipality.

It can be deduced from this premise that the role of community participation and the manner and degree to which it can be implemented lies in the many systems that are also not quite clear in terms of how this should be implemented and even realised. If

then such ambiguity is prevalent, the municipality needs more than just policies to implement community participation that exceeds beyond mere consultations after the budget is tabled. The legislation itself needs to make provision of greater detail in terms of the extent of community participation in the budgetary process. Community participation remains a challenge that rests solely at the discretion of internal procedures of the municipality. Participatory budgeting as a specific form of participation is an even bigger challenge as it has always been deemed as a purely administrative undertaking, and that the community need not necessarily be subjected to its semantics.

3.27 Building capacity in the ward committee system

A need to revert to the ward committee system is quite necessary. However, Raga and Taylor (2005: 253) reason that it is imperative that these committees be given a much bigger and significant responsibility than a merely advisory one. These committees are representatives of the community, and limiting their scope means limiting the inputs of the community. Thus, while their role and existence also takes away direct participation, it becomes crucial that the community be represented somehow, as not all community members can give direct input for participatory governance in a democratic era. One of the respondents sampled in ward 59 reasoned that members in a ward that are unemployed and are graduates can serve as mediators between these communities and the council. The reason for this undertaking is that they are directly residing in these wards, they are gaining knowledge and exposure in the affairs of their municipality and they want what is best for the wards wherein they reside. They are therefore the ideal choice to represent the ward committees as the ideas and challenges will be coming directly from the community that is experiencing such challenges. This is a process that could yield desired outcomes if PB policy was already in place and just needed a plan of action. However, the policy itself is yet to be realised.

The basis of this study is to design this policy, giving grounds for further study to establish post implementation after the policy has been designed and applied. Nyerere (in Ndevu 2011: 1248) reasons that the duty of the government is to ensure that the leaders and experts implement plans that have been agreed upon by the people themselves. The issue of community participation has become synonymous with the

democratic era. However, a sound system of implementing and sustaining such participation is yet to be realised.

The issue of politics and administrative dichotomy has often been emphasised over the years. This dichotomy has mainly focused on the institutional overlap in terms of the political and administrative roles. This institutional overlap has had many challenges in the past, as the political office bearers would interfere in the administrative running of daily issues at the municipality. The same will be observed if the ward committee system is allowed to be run or headed by a councillor. Councillors are merely political representatives of members of the community. They realise community needs and bring them to the attention of the council. These needs are then implemented with resources that are managed administratively through the officials ensuring that there are budgets to execute such services. The example of the community taking unemployed graduates in their respective wards to head the committee system and form part of the budget process becomes more appropriate as these unemployed graduates will not hold any political interests, but will rather be representing their wards and gaining expertise in the field of municipal budgeting.

The system would serve a dual purpose as it would give rise to the start of participatory budgeting and a new approach to the ward committee system.

3.28 Successes and Failures of the Ward Committee System

Raga and Taylor (2005: 246) further reason that there has been a shift from the power to govern, referred to as government, to the act of governing, referred to as governance. This shift sees international appreciation of the community needing to be empowered to share responsibility for this act of governing. The authors (2005: 246) further note that local governance, as the new system in South Africa, necessitates that municipal councils shift from representative government to participatory governance. This means decisions should be taken more with communities than for them. This again becomes a contradiction as participatory governance, particularly in the process of participatory budgeting, has been noted to lie at the discretion of the municipality. This would further imply that, while participatory governance is emphasised, the guidelines, limitations and extent of participation still lie solely at the discretion of the municipal councils.

The ward committee system was implemented to serve as the link between communities and the municipal council. The challenge with such committees is that they merely hold an advisory status. In contrast, their existence takes away the element of participatory governance that is strongly appreciated by democracy, and implements that of representative governance. The rationale behind community participation being mainly emphasised at municipal level is as a result of this level of government being the closest to the community, rendering essential services to such a community. The challenge then becomes the discretionary advantage the council has over the implementation of any form of community participation.

3.29 Implementing Change for or with the Community

The new leadership, that previously comprised a coalition, has now done away with the deputy mayor. The main challenges were within this coalition. It is safe to assume that with the political pandemonium of deputy mayor being resolved more positive changes with priorities focusing on the community participation dilemma and disadvantaged groups will prevail. The municipal budget, approved in May 2017 mainly benefits the poor. The pro-poor budget looks at service delivery programmes in the townships, part of which is ward 59 in Motherwell. The executive mayor also proposed that all rates accounts that were in arrears were written off, and to consider households with an overall income of R100 000 to be regarded as previously disadvantaged, thus qualifying for assistance to the poor (ATTP). These are some of the policies that the new leadership has implemented. Many budget cuts were also implemented to make way for much needed essential services and such resources were reallocated for such services. One of the cuts was for consultants and legal fees.

The NMBMM has internal capacity in terms of engineers and its own legal section; however, it became fashionable for the municipality to seek these services externally, resulting in expenditure incurred that could have been avoided. Rather, the new leadership has proved diligent in looking at the needs of its community, but the focus has been solely in what the leadership is doing for the community rather than what it is doing with the community through participation. In order to come up with novelty and renewed virtue, the new leadership should place emphasis on a more inclusive community participation, particularly in resource management and allocation. This

system of participation in resource allocation and management is referred to as participatory budgeting.

3.30 Participatory Budgeting as a Paradigm Shift

The process of including the community in the budgetary process cannot be limited to the consultations after the budget has been tabled. The consultations merely reflect that the process has been completed and the community are just being informed of this completion. The sessions with the Integrated Development Plan (IDP) are not adequate interventions to ensure that the budget for the community is what is finally implemented within the municipality. If that were the case, the municipality would never run short of funds to manage waste before the financial year ends. De Kock (2016: 1) has observed that politicians made promises during the pre-poll that put the waste management budget under pressure, and this clearly indicates that the revenue division is not what it should be. The community knows what they want most of the budget to be allocated to. The findings by De Kock (2016: 1) further state that the annual budget allocated for waste management and refuse collection would be exhausted in just two months into the new financial year. Measures for Waste Management one of the major concerns of the community at the NMBMM, have been implemented since 2008 with many auxiliary considerations employed.

One of the interventions in place for Waste Management was the appointment of Community Based Cleansing refuse co-operatives. The budget allocated for these community based cleansing initiatives was initially about R10 million. It has since been increased and is R18.8 million for the 2017/2018 financial year. The process to employ these refuse co-operatives has been a deviation from the budget process; thus a change provided for in the MFMA which is not necessarily essential. The same change could be applied in terms of participatory budgeting such that it be fully stipulated in the MFMA.

Table 2.5 below reflects the extension of such a contract. Containment of waste has however been a challenge and possible novel solutions need to be implemented.



Done
16.6.17

10:52



PUBLIC HEALTH

MEMORANDUM

TO City Manager
FROM: Acting Executive Director: Public Health
DATE: 23 June 2017

APPLICATION FOR APPROVAL / CONFIRMATION OF BID ADJUDICATION RESOLUTION WITH REGARD TO APPOINTMENT OF VARIOUS COMMUNITY CO-OPERATIVES IN THE NMBM AREA

1. PURPOSE OF THIS REPORT

To request the City Manager of the NMBM to consider the report and to approve / confirm the resolution taken by the Bid Adjudication Committee on 23 June 2017 regarding the appointment of various community co-operatives in the NMBM Area.

2. BACKGROUND

Since 2008 the Waste Management Sub-directorate of the Public Health Directorate made extensive use of community co-operatives in certain areas of the NMBM area to assist in the collection of waste and litter picking programmes.

In 2008 a total of 10 co-operatives were appointed for a period of 3 years, following on a competitive bidding process.

The above tenders expired in 2011, and since then the above contracts were extended or re-appointed on a number of occasions via deviations in terms of the Supply Chain Policy, the most recent one being Deviation No. 2615 dated 15 February 2017 approved by the City Manager for the extension of the current appointments of the 6 contracts for a further 6 months on a month-to-month basis with effect from 1 January 2017, on the same terms and conditions as their current appointments, or until a new format for Co-operative involvement is adopted and implemented. This authorization will expire on 30 June 2017.

In the interim it was agreed to adopt a new method of involving community entities, and specifications for inviting interested entities to submit "Expression of interest" bids was

1 | Coop deviation june 2017

approved by the specification committee on 2 May 2017, with tenders closing on 15 June 2017. It is realistic to assume that the procurement process and award will not be finalized in the next number of months, bearing in mind the interest shown at the clarification meeting, and the fact that tenders must be evaluated for 43 different cleansing areas.

Cognisance also to be taken also that certain Municipal staff recently went on a go slow strike and that litter pickers on the Municipal cleaning programme, as well as the war-on-waste project were not prepared to take over the collection functions, being afraid of intimidation. During these times the current community co-operatives continued with their appointments, providing a much needed service in certain areas of the NMBM.

Hence a request for the approval to extend the current appointments of Co-operatives on a month to month basis not exceeding 6 months, i.e. to end December 2017, or until a new project on involvement of community entities is adopted and implemented, was submitted to the BAC Meeting of 23 June 2017 (copy of detailed report and minutes of the meeting are attached as Annexure A), who resolved as follows:

- (a) *That authority be granted to deviate from the provision of the Supply Chain Policy in terms of Section 39(1)(a)(v) thereof.*
- (b) *That the current appointments of the following 6 contractors be extended on a month-to-month basis with effect from 1 July 2017, on the same terms and conditions as the current appointments, or until a new format for Co-operative involvement is adopted and implemented but for a period not exceeding 3 months, whichever realizes first.*

CONTRACT NUMBER	CONTRACTOR	AREA	NO OF UNITS
CE177/2	Sodlasonko	Gqebera / Walmer Seaview / Beachview / Kini Bay	7329
CE177/6	Madiba Global	Joe Slovo	4492
CE177/4	KuphllwaPhi	Mathew Goniwe Hostel	1984
CE177/3	Eyabafazi	Missionvale / Kleinskool	6003
WM0004	Missionvale / Kleinskool	Missionvale / Kleinskool	3955
WM0003	NtingaNtakaNdini	Motherwell	

- (c) *That a Section 32 report be submitted to the MPAC subcommittee with regard to the irregular expenditure incurred. The contract has been extended repeatedly with the initial award being made in 2008.*

3.31 Budget Allocation as per Ward to Maximise Participatory Budgeting

The two challenges with the waste management intervention described in document 1 above are that the division for this revenue to contain waste is not allocated as per ward. It is an overall allocation for the NMBMM. Containing waste at the NMBMM is not at the same level for all wards. Some areas still receive more out of the service of waste management than others. Alternatively put, most of the areas in the townships are inaccessible for the refuse trucks to reach them. The second challenge is that in spite of the budget increase for this Community Based Cleansing (CBC), the problem with waste management remains on the increase. One common challenge is the community or households not taking out their refuse on the specific dates allocated to their area, resulting in patterns of illegal dumping.

With direct ward participation in their ward budget, it is not suggested that the NMBMM budget will be without any challenges. However, if the community allocated their own revenue division as per the needs best known by them, any failures in the budgetary process would be community failures. In that case there should not be any protests for poor service delivery, as the community will have allocated and taken ownership of the process. It may be a reality that despite the community allocating its own budget as per their needs, resource are not enough to sustain or carry out the services needed due to lack of resource management strategies in place.

3.32 Challenges Arising from Lack of Resource Management

The sustainable existence of any entity or organisation requires sound financial management in order to kick start and sustain it. This means that any institution or organisation has its success vested in how well its resources are managed and how it generates revenue for such resources. There is a frequent prevalent call in the country for provision of basic resident needs, where an attempt is made for these needs to be met. Failure to meet residents' needs has seen the residents going to the streets, burning tyres in violent protests for poor or non-service delivery. Mangcu (2011:1163) further cites another basis for service delivery protests. The reason extends beyond delivery to lack of access to council officials and other municipal structures. This is a challenge that will be best addressed through public participation in the form of Participatory Budgeting.

A recent incident at the NMBMM was, according to de Kock and Chetty (*The Herald* 31 March 2016:1), when angry residents blocked the national road between Port Elizabeth and Grahamstown due to non-delivery of services. However, there is always a major challenge of fulfilling one need only to give rise to another. This challenge is as a result of different needs of the community that cannot all be addressed at once as a result of resource limitation and community promises not met. One example is that of the municipality giving houses to indigent residents. These residents then create rates and general accounts, but are seen as residents that live under deprived circumstances. The municipality and its council thus decide that these residents are entitled to Assistance to the Poor (ATTP). Their debts at some point get written off and this cycle continues, leaving the municipality with a huge gap to fill in terms of its resources. However, in an article in the local newspaper (*The Herald* 29 April 2016:4), it was evident that there had been a huge increase in revenue collection at the NMBMM in the previous four months. This is an example of the local municipality's responsibility to give assistance the poor, while ensuring valid ratepayers pay their accounts.

It should be quite simple to pinpoint problem areas when establishing effectiveness to compliance of MFMA. There might even be an urge to take the corruption route in identifying these areas, but the emphasis lies solely in the effective application of the local government financial management legislation, as well as other legislation and applicable policies through Participatory Budgeting PB. This research is therefore practical and critical, supporting the validity and longevity of the MFMA. Given the peripheral challenges raised, it is only befitting to analyse what the problem statement for the study is and what the aims of this research are. Sufficient background has been given on the subject and questions that need to be addressed are as follows:

- Does the preamble of the MFMA address the practical challenges experienced at local government?
- To what extent is the issue of participatory budgeting dealt with in the budget cycle?
- Are the other spheres of government assisting in establishing the relevance and correctness of the MFMA in terms of effective financial management?

- Will the standardisation of Municipal Chart of Accounts, among other interventions, solve the current loopholes in effective municipal financial management?
- Is the concept of zero-based budgeting over a three -year cycle not a possible solution to financial management, especially with the proposed citizen involvement in post implementation control?

Community participation should neither be seen as a solution to the current challenges in terms of compliance, nor should it be seen as interference by community members in administrative processes. Community participation should be seen as an intervention to enhance political stability in terms of ensuring community inclusion to the affairs of the municipality. It cannot be ascertained that participatory budgeting in particular will be a solution to the current challenges as it is not a given fact that the current challenges are caused by such lack of participation.

3.33 Suggested Accountability Reform Measures for Improved Participation

The community member chosen by a ward, preferably an unemployed graduate, would be in regular consultation with a municipal finance officer in individual directorates as a mandated exercise, preferably once in two months to check the status of the budget. Matters to look into can be to establish if the status quo of the budget deviates from the budget tabled to the community as per Chapter 4 of the MFMA. A second observation is to see if there is under-expenditure and why this is the case. In the case of unexpected over-expenditure resulting in more funds being needed virements could be considered. Finally, what have the officials under investigation spent the funds on and why such expenditure was authorised by the departmental head, could be investigated.

This direct participation can be made possible if the budget is allocated as per ward instead of as per vote. This is another method of accountability that the National Treasury may have considered in implementing MSCoA, that the implementation encompasses the community in the budget' preliminary stages. The rationale is not for the community to interfere with the administrative undertakings of the NMBMM. The aim is to rather have the administration being simplified through direct contact with the community as the resources the municipality manages administratively are

for the community. The National Treasury is not in direct contact with the community, the municipality is. Therefore, a relationship between the municipality and its community best informs the National Treasury as to what needs to be undertaken for improved resource allocation and management at local government. Based on this stakeholder relationship and cost benefit analysis previously unpacked, enhancing public participation is an important aspect of local government reform

3.34 SUMMARY

Community participation has been legislated over the years, emanating from the Constitution (108: 1996). Subsequent legislative frameworks have also unpacked the issue of community participation. However, the extent of community participation has been limited and quite ambiguous, depending solely on the discretion of the public institutions wherein such participation would have to be implemented. Any change in leadership would have to make revolutionary changes, as the issue of corruption has been dealt with extensively in previous years, since the start of South Africa's democratic era shortly before 1996.

A new approach to leadership would have to implement changes particularly in the pro poor and developmental interventions at local government. The takeover of new leadership at the NMBMM in August 2016 proved to be an opportunity for new policies to be implemented. The new leadership in the form of a coalition between the DA and the UDM was promising initially. However, the many cracks that subsequently appeared resulted in a shift from the interests of the community to the DA being in talks with other minority parties with the intention of finding partnerships with these parties, deflecting attention from the participatory policies.

On the cards was a possibility of the DA partnering with the Patriotic Alliance (PA). The directorate of Public Health which has Waste Management as one of its sub-directorates, with very critical functions, has been grossly affected by the above challenges with the coalition. The reason for this is due to the fact that the portfolio councillor or political head of the department is also the Deputy Mayor of the NMBMM coalition. This meant that any challenges and pending suspensions by the executive would affect the running of the Public Health directorate.

The one leverage the political leadership might have over and above improved pro-poor policies would be designing a cogent community participation strategy that would focus on participatory budgeting. Interventions have been sought to unpack the issue of participatory budgeting and the PPP of the NMBMM has come with a very important fact in its pursuit for participatory governance, which is continuously striving to create an enabling environment for the community to be involved from the developmental stages of municipal policies

The data analysis has looked at community participation in general, with some scenarios emulated that would resemble participatory budgeting at the NMBMM. Data analysis on the extent of community participation has come with a few challenges as most of the data collected echoed the same sentiments with regards to community participation. There was very little to compare or dispute the findings in the theory that was extensively used in carrying out this study. The only comparison would be found in the form of disputing the gaps found in the legislation that was unpacked through desktop. The advantages are that the legislation is consistent across all municipalities. The disadvantage has been that it is quite a process to amend the legislation and all that can be done is give proposals. In as much as it is a challenge to amend legislation, the issue here is not about amending. The issue is about the preparedness of the officials to give opportunities to the community by interpreting the legislation in a manner that is enabling the community.

The evident approach particularly at the NMBMM has been that the inclusion of the community was not necessary and is limited to the consultations. Any other attempt for inclusion by the community is seen to be an interference by Budget and Treasury. However Waste Management has given opportunities for community participation although they were also limited to building capacity through community based litter picking projects.

The next chapter, will look at the developmental role of Waste Management towards its community through litter picking campaigns. The writing focuses on the positive aspects of the nature of existence of municipalities and how they have the capacity to empower their communities irrespective of the limited resources. A comparative approach of other municipalities and institutions that practice participatory budgeting will be looked. The Municipal Systems Act that allocates a full chapter on community

participation will be unpacked as a point of departure. Contributions by Matovu and Mumvuma (2008) will dominate this writing as the ideas behind the participatory budgeting design were mainly emulated from the inputs.

Chapter 4: Designing participatory budgeting policy at NMBMM to enhance MFMA

4.1 Introduction

This chapter will first start by analysing chapter 4 of the MSA (32: 2000) to give a general foundation of the legislation that details community participation. The research then moves on to bring a comparative analysis of PB as applied in other institutions. A brief background of the concept of PB will be explored. The research will then narrow down from a broader PB study to deal with the design of the PB policy at NMBMM. The research will start with the MSA preamble (32: 2000), which explains the community participation role, further giving a full chapter on community participation. There will be an attempt to formulate and design a policy of PB. The legislation has also compelled municipalities with the purpose of developing PB policy. The NMBMM is no exception. The PB policy does not ascertain improved accountability. However different methods to complement MFMA for improved accountability and governance are explained in this chapter. The existing challenges at NMBMM have been taken into consideration, particularly attempting to design and implement a PB policy in a politically unstable municipality.

4.2 Including Community in the Budgetary Process

It is an extensive process to research and implement change in the current budgetary process at NMBMM, for it to shift from being purely an administrative undertaking guided by National Treasury regulations, to being a community encompassing budgeting process. The regulations come in the form of MSCoA and the MFMA, which are currently merely administrative tools guiding budgeting for the community, instead of budgeting with the community. While Chapter 4 of the Municipal Systems Act (32: 2000) puts a detailed emphasis on community participation, it still highlights one factor, that community participation should not be regarded as interference in administrative processes. There has always been an emphasis on the politics-administration dichotomy. This has however been misleading based on the nature of consultation regarding the IDP and budgetary process. A degree of politics is unavoidable in these community consultations, and it in turn feeds back to the administrative process giving rise to discrepancies regarding community participation.

The MSA (32:2000) cites in section 17 that community participation is executed through political structures, among other processes. Public participation takes different paths that are not without challenges. The concept of public participation comes with an intention for the communities to embrace a lucid and substantial degree of involvement in the affairs of their municipalities. Thus, while participatory budgeting has increased since Brazil's adoption, Matovu & Mumvuma (2008: 1) reason that its level of competency and success remains a challenge. The reasons behind these challenges vary, as explained next.

4.3 Varying Circumstances regarding PB

PB can be implemented as a policy to enhance transparency and accountability at local government level. However, the challenge does not lie in the policy draft. The policy is merely an idea, an enabling tool. The policy is an indication that PB can be exercised and implemented at local government to appreciate democratic governance. The main bone of contention lies in sustaining PB once it has been implemented. The municipalities that have already implemented PB are most likely at the stage of doing post implementation analysis and criticism. As a policy itself that places emphasis on community participation, public participation policy stands as a firm basis to ensure that PB is part of community participation. However, the important aspect in this regard is attempting to practice PB in a politically unstable environment, resulting in the community being indifferent and losing interest in the affairs of its municipality.

The previous chapter unpacked three prevalent loopholes in terms of applicability of community participation. The first loophole is the lack of lucid yardsticks in terms of the degree of public participation. Community members should, according to Matovu & Mumvuma, (2008: 2), decide how to allocate their budget or part thereof. This comes as a challenge as the municipality officials do not appreciate any scrutiny of administrative procedures when it comes to budgeting. This has been highlighted in the legislation and policies pertaining to public participation peripherally embarking on the subject. Legislated public participation just is not detailed enough. The second loophole is the absence of PB policy at NMBMM, which necessitated a comparative approach with institutions that already have the policy, thus serving as guidelines to design the NMBMM policy. The third challenge is the comprehensive chapter in the

MSA appreciating community participation. The MSA (32:2000) provides for the municipal development of a culture of municipal governance with a system of participatory governance. The provision for participatory governance is then turned around by an ambiguous control measure, that of the participation not being seen as allowing any interference to govern. The previous chapter focused mainly on the concept of public participation in general and revealed the dossiers that have not sufficiently unpacked PB at local government level.

This study focused mainly on NMBMM but has considered a brief comparative analysis of other municipalities and any other writings that delved into PB policy. The interesting finding has been that the research unpacked one important aspect, that is lack of clarity and distinction at the NMBMM between participatory budgeting and community participation. This does not pose any challenge in terms of designing the PB policy at the NMBMM. The existing public participation policy can be used and paralleled with the PB policy used in other institutions for comparative analysis and assist with a PB policy for NMBMM that is in line with the current legislation. The one legislation that has given more detail about community participation is the Municipal Systems Act (32: 2000).

This chapter will first start by analysing chapter 4 of the MSA (32: 2000) to give a general foundation of the legislation that details community participation. The research then moves on to bring a comparative analysis of PB as applied in other institutions. A brief background of the concept of PB will be explored. The research will then narrow down from a broader PB study to deal with the design of the PB policy at NMBMM. The research will start with the MSA preamble (32: 2000), which explains the community participation role. further giving a full chapter on community participation. In designing the PB policy, it becomes imperative to detail the Municipal Systems Act's provision applicable to public participation. This Act has encapsulated the main provisions of public participation from all the legislation that provided for this participation, particularly at local government level.

4.4 Preamble of the MSA (32:2000)

Unlike the legislation and policies previously visited, the MSA (32:2000) starts to acknowledge the existence of community participation in its preamble, followed by a chapter on community participation. The preamble recognises the importance of

economic and social community development. This economic and social development has been implanted at the NMBMM since the new leadership, whereby community members have been included in a number of community based projects, particularly at the Public Health Directorate. This has been noted in the litter picking campaign (2017:1), where more litter pickers were hired. Ward 59 community have also had a direct benefit to the litter picking project.

The project was initially for Motherwell as an urban renewal initiative. This was a collective initiative that also saw a community centre built for the communities in an attempt to bring services to the community. However, the litter picking component of the township was later spread to benefit other wards as a result of the challenge of containing waste in the entire NMBMM. This, however, had an adverse reaction, as irregular expenditure was incurred. Economic and social development is also noted in Chapter 7 of the Constitution. There is also an emphasis on political, administrative and community partnership for improved and sound local government. The preamble, while covering participation in general at this stage, explains the cogent and emphatic role of community participation. The preamble finally recognises inter-governmental relations by placing an emphasis on the monitoring measures imposed by the provincial and national spheres on the local government in order to sustain this community social and economic development. The following paragraphs will focus on the chapter 4 of the MSA.

Chapter 4 on community participation gives rise to six salient factors, among other provisions (32:2000):

- * Creating a platform for the community to participate in the affairs of the municipality;
- * Monitoring and reviewing the performance of the municipality, thus encouraging accountability and governance;
- * Encouraging the community to participate in allocating funds in the budget;
- * Enabling community participation by councillors and municipal staff;
- * Establishing an advisory committee and creating transparency through allowing community members to sit at the municipal councils;
- * Allowing the community to participate in the decision to enter into a service level agreement thus underpinning transparency and inclusion.

The synergy between community participation in terms of budgeting and the IDP is that the budget allocation should mainly be based on the ward based community inputs in terms of what they need to go into the budget allocation.

These can be seen as guidelines when drafting a PB policy, overarching the comparative approach based on the existing PB policies. PB has already been unpacked in the previous chapters of this study as having emanated from Brazil at the city of Porto Alegre. Matsiliza (2012: 444) reasons that this city resorted to a new system of budgeting process after the bankruptcy experienced by this state in the year 1989. The citizens then embarked on a revolutionary budgeting process that meant that they took over their budget, removing it from bureaucracy in the process referred to as participatory budgeting.

The successes and failures of such an undertaking can be viewed once the overall PB practicality is evaluated via analysis. As the basis of PB policy has been reasonably unpacked, the objective now is its applicability, particularly at the NMBMM, emulating the existing policies. The research does not aim to influence PB, but to rather look at the advantages and disadvantages of this policy, as well as how realistic it is in practice, taking cognisance of the current community participation status.

4.5 Critical Overview of the Current Community Participation

The applicable process of community participation at present is making limited difference in ensuring that the municipality and its staff play a pivotal role to ensure such participation. One might even reason that the current process just appears to be adhering to legislation, so that the NMBMM is not deemed to be contravening such legislation in terms of implementing community participation. One can further assume that the limited interaction is mere consultation with the community on issues, particularly the budgetary process, just so the NMBMM community can rubber stamp what has already been concluded by the municipality and its officials. This would be the same municipality and the same staff that has been mandated to enhance community participation. The comment by the senior official in the previous chapter who indicated that the budget process, the MSCoA and MFMA are administrative tools and need not be under scrutiny or provide for the inclusion of the community, comes to mind. Further unpacking of budgeting is pertinent at this stage.

Budgeting becomes appropriate and realistic if the beneficiary of the budget draws his or her own budget. This implies that the budget beneficiary knows what needs to be budgeted for, based on priorities affecting such individuals.. Brackertz, Zwart, Meredith and Ralston (2005:10) cite very relevant aspects of PB. There is first a distinction between PB and budget consultation. There is further an in- depth analysis of PB:

* Budget/financial dimension. This means that the budget is allocated as per the needs of the community and not based on the percentage increase usually imposed by the municipality or National Treasury.

* Participatory dimension. This would be the community members realising their right and role that they can play in the budget process.

* Physical /geographical dimension. This dimension has been briefly mentioned before, and is seen to be what has been currently applied at the NMBMM when a pro poor budget was passed. The geographical dimension mainly implies that the budget is being allocated as per the geographical dynamics. Participation It is not clear how participation can be implemented in rural areas, where the majority of the community is illiterate. However, MSA (32: 2000) has stressed the importance of ensuring that the community is guided by the officials to ensure that there are no language barriers in the process of implementing PB.

* Legislative dimension. The legislative dimension appreciates a possibility that the community might want to overstep their right to participate. Legislation provides for their participation. However, control measures have to be put in place to ensure that the participation is regulated even though it is legislated.

Frankly in the South African context, particularly at the local government level, PB appears to be observed merely as a legislative framework. Nevertheless, the four dimensions will be briefly unpacked, however not without the distinction between PB and consultation.

4.6 Distinction between Participatory Budgeting and Consultation

There is always an overlap between public participation, participatory budgeting and consultation. The three concepts are often used interchangeably. Consultation in terms of chapter 4 of the MFMA is regarded to have the same meaning as public participation. The public meetings that are held with the community for consultation purposes after the administrative part of budget process has been finalised, are seen to be indicative of public participation. Brackertz *et al.* (2005:2) reason that participation is the manner in which compliance is improved to obtain mutual goals. The distinction, therefore, is that consultation takes place when participation has been achieved. In order for the community to be consulted regarding the budget, they first need to have been recognised as being in the mainstream of participation in creating the budget.

Participation forms an integral part of governance as it widens the scope of accountability, which is necessary in a democratic environment. Participation, according to Callahan and Kloby (2009:157), is crucial in determining the needs of the community rather than deciding on their behalf. According to Fourie and Reutener (2012: 88), in an interview with the EThekweni City Manager, the City Manager stated that the needs of the community are known by the municipalities. The City Manager further cited that the community will want the same for the next 100 years. This assumption is what results in the same undertakings implemented over and over with negative consequences in the form of public protests or budget allocations that are not on par with community needs. This assertion can, in fact, be seen as the root of the challenges at municipal level, as the level is the one closest to the community and renders essential services to the community. As long as there are such assumptions by public officials, there will always be a barrier in terms of applying PB for improved service delivery and accountability, thus achieving good governance.

To expand on this assertion, there is also always a perception that with the consultations that link the budget to the IDP, the outcome or end product should be what the community requires, as there is always a marriage between the IDP and budget allocations. One can mention in this case an example of the Bus Rapid System (BRT) that was implemented at the NMBMM about seven years ago. The BRT had exorbitant financial implications while the budget at the time could have been

distributed for the betterment of indigent community groups at the NMBMM. The initiative by the current Executive Mayor to have come with a pro poor budget in his first year of tenure has been a change that was welcomed by many. However, its sustainability, particularly given the current political infighting, might be unattainable.

4.7 Participation and Democracy Realm

If one can predict, the many NMBMM projects that have been identified to be implemented might grind to halt, as the focus has now shifted from community needs to political differences. Callahan and Kloby (2009:157) further put an emphasis on participation and how it allows for the management of knowledge from the community. This then promotes realistic needs of the community that are not thumb-sucked and based on assumptions. The final advantage of participation, according to Callahan and Kloby (2009:157), is that it enhances transparency and accountability, which are pivotal in a democratic society. The important aspect of democracy is that officials that spend the budget need to be accountable not only to the donor, but to the community as well. Therefore, the rationale with regard to accountability and transparency becomes integral for good governance.

Matovu and Mumvuma (2008: viii) reason that an empowered community is needed to appreciate accountability, thus preventing corruption. This is where the Ethekewini City Manager (in Fourie and Reutener 2012: 88-89) would differ as he highlights an assumption that municipal officials have a responsibility to decide on behalf of the community. Corruption has been vastly explored in many research papers, as a result of it being the main bone of contention that exhausts public resources. Corruption is a consequence which can be avoided with water tight control measures and well-designed policies and systems in place. This is where PB as a policy comes in, particularly to promote accountability and transparency, as the community would be seen to be actively involved in the budgetary process. It might not be an easy undertaking to develop a fully-fledged and effective PB policy, due to already existing tendencies for corruption and National Treasury regulations, like pre-determined annual budget increases.

4.8 Designing Consistent Policies for the Restructured NMBMM

NMBMM is a metropolitan municipality that incorporates Port Elizabeth, Despatch and Uitenhage. The amalgamation of the three municipalities into a metropolitan municipality took place in 2000 when the municipalities were being restructured. There were many challenges and inconsistencies when the amalgamation was implemented, some only having been recently rectified, although not to the benefit of many. The challenges and inconsistencies were observed internally as well, affecting the municipal staff that experienced these challenges due to inconsistent policies. The issues are still in the process of being rectified 17 years after the NMBMM came into being. Thus, attempting to design a policy in place for PB will also not be without any challenges as this will be work in progress until it is perfected. The PB challenges have been already highlighted by all stakeholders, even by the communities of this metropolitan municipality.

4.9 Challenges Faced after Amalgamation of the NMBMM

Port Elizabeth is seen to be the biggest city of the three regions that form part of the NMBMM. The new leadership would have had to implement uniform policies that benefit equally the community at large, irrespective of the geographical dimensions. It has been implied that Port Elizabeth, and even the affluent communities in the three cities, seem to receive more attention and preference given to them when it comes to the betterment of the standards of living at NMBMM. The overall perception is that the affluent communities, in the suburbs, are always kept clean and the areas for marginalised or previously disadvantaged township areas are marked by a plethora of illegal dumping and dirty areas overall, with no consistent and regular refuse collection system.

There are many areas of concern at the NMBMM, but the two that are prevalent and a cause for concern are the bucket system and illegal dumping, both being health hazards. Coming up with policies to overcome illegal dumping strategies that are not sustainable, end up being just another way of throwing money into the problem, as the areas remain dirty long after the illegal dumping intervention strategies have been implemented. Budget allocation still remains a major challenge and this can be attributed to the fact that the communities do not really do the allocations themselves and are only given a budget that does not even identify their essential needs.

4.10 Discontent from the Uitenhage Community

The community in Uitenhage, one of the NMBMM regions, feels that it is being marginalised as part of the metropolitan municipality. The Uitenhage community would rather have their own Mayor, who will look into their needs instead of being seen as merely numbers in the metro. In an article where Kwanobuhle Residents query municipality's IDP (*The Herald*2017:4), some residents of Uitenhage voiced their discontent and demanded that they have a municipality of their own that will be closer to them and deal directly with their needs, instead of them just being secondary community members. There are other areas on the outskirts of Port Elizabeth that also fall under the NMBMM, one being Colchester. The communities here have, on numerous occasions, due to lack of service delivery, embarked on public protests, blocking the national road that is the only access into the NMBMM. These are some of the community members at the NMBMM that are not content with the budget allocations which do not meet the priority needs of their geographical areas.

These are a few areas of concern that may arise in the process of formulating a new policy. It may sound practical to come up with a PB policy in a municipality that is not a metropolitan or smaller sized municipality. PB is not, however, ruled out in larger municipalities, but it will have to have an approach that takes into consideration a broader perspective in terms of its community members. There is always an underlying impression that the IDP and budgetary process are aligned. This is followed by a belief that the IDP that speaks to the budget provisions, comprise community inputs.

4.11 Budget and IDP Alignment at the NMBMM

The Uitenhage encounter mentioned earlier merely reflects the many challenges internally in terms of implementation for improved service delivery at the NMBMM, and in fact in many municipalities at large. The legislated provision indicates that the IDP and budgeting are executions that should be undertaken with the communities. However, one cannot ignore the fact that the community participation documented and legislated, is yet to be implemented to the full extent. There have been observations and outcries that communities at different wards in Uitenhage could not figure out why the inputs made in the IDP process did not form part of the budget allocation, resulting in these allocations being rejected by the community. What becomes ironical in this

case is that in as much as the budget allocations were rejected by the community, it is unclear how this rejection will be rectified going forward, and the budget is likely to be implemented with or without community agreement. Participation then becomes void in both the IDP and the budget process, thus realising PB is remote.

Community members also complained about budget allocations that were not consistent amongst wards. It may be seen by communities as a flaw that one ward gets R45m more than the next one. Realistically no two wards have the same needs. A large budget for one ward should be linked to the IDP specifications of that ward. The community, however, need to be informed about such variances with supporting facts. A ward that receives a smaller budget in one financial year might receive more in the next financial year. Be this as it may, if a ward, particularly ward 44 in the Uitenhage area of NMBMM, has been allocated a budget that they feel is incorrect, a ward community member should be able to participate in the corrective process.

As part of PB, these community members, according to Matovu and Mumvuma (2008: 4), would have to undergo training and exposure in order for them to be well equipped and knowledgeable about the PB process. One can agree that the new leadership has seen to the needs of the previously disadvantaged communities. However, statements emanating from the leadership differences have seen community members feeling left out. In another local media article regarding plans to oust the deputy mayor Bobani (*Weekend Post* 5 August 2017: 1), the communities expressed the feeling that the leadership is only obsessed with promoting personal interests. Also, the leadership dictating to the community how the former will spend the budget merely emphasize the prevalent fact that the community still remains at the mercy of politicians and public officials.

This dictatorship was also evident in another local media article (*Weekend Post* 5 August 2017:1) where a decision was taken to divert millions of Rands of funds budgeted for poorer communities' infrastructure. This allocation was to be used to upgrade the route to be used during the Ironman world championships. This brings about a concern in terms of who is in a state of readiness for PB, as in many South African municipalities the issue is still being debated to ensure implementation. It leaves one wondering if all category municipalities can implement PB.

4.12 Dynamics of Size and Geography on PB at Various Municipal Categories

Smith (2004: 2) reflects that the metropolitan municipalities, compared to the rest of the municipalities in South Africa, are in a better position to implement PB due to the resources and auxiliary tools they have at their disposal. This may be the case if one looks at resources being the driving factor behind implementing PB. However, an argument arises that with the complexities of the metropolitan areas, due to their amalgamated nature, the cities that form the metropolitan municipalities, particularly the smaller ones, feel swallowed up by the metropolitan municipality concept. It is pertinent at this stage to mention a community indaba in Uitenhage, one of the regions in the NMBMM, wherein the Uitenhage community expressed a preference to go back to being on their own as a municipality, instead of being part of the NMBMM. The Uitenhage community feels that they only add numbers to the NMBMM.

One can then arguably reason that the best municipalities that can implement PB successfully, are the smaller ones as the communities will not feel like they are just a number, but rather feel as though they are public participants within their municipality. The emphasis on public participation being implemented but controlled comes to the fore in this argument. It is not argued that PB cannot be implemented in the metropolitan municipalities, but that it is a much broader and more challenging undertaking to implement, due the nature and size of these metropolitan municipalities. Smith's findings are therefore valid in terms of the resources available at the metropolitan municipalities to implement PB, but the size comes with adverse realities of challenges with larger communities. All the writings so far that have been explored, emphasise community participation as part of governance and legislation in a democratic government. The same provision limits this participation due to the fact that not every community member can participate in the budget process, thus PB becomes difficult to define. PB is also seen as imposing on the responsibilities of officials and politicians as per the MFMA, MSA and other legislation,

4.13 The Paradox of Public Participation and Impact on PB

The reality of a democratic era came into being in 1990, but was legislated and provided for in the Constitution in 1996. Democracy came with the concept of

government by and for the people, this being referred to as governance. People need to be acknowledged and recognised as more than merely numbers that cast votes. Tandon (2008: 1) reasons that communities want to participate in decision making. They mostly want to establish why politicians and public officials think of themselves as being above the law. Governance has, in turn, come with the provision of public participation, which should be observed in many policy making decisions.

Ideally there should be a contingency budget that would have been kept aside to teach and empower the community to be able to fully participate in such public participation undertakings. Consultants, or public sector employees, would have to empower such community members, as they would have been selected at their respective wards to be a part of these training sessions. Once the community members had been chosen and trained, they would then be able to form part of committees that aim at enhancing public participation as well as being part of decision making policies. This has not been the case, as the status quo merely provides for participation without there being any guidelines from the onset to implement this novel undertaking. The circumstances and the legislation have, instead, resulted in a disjuncture with the community, and even the officials responsible to interpret the public participation policy have been left with contradicting ideologies in terms of what defines public participation.

The tendency to parallel community consultation, particularly with regard to the budgetary process, with PB remains a big blur. The challenge emanates from the concern for community and political interference on administrative processes implemented for the budgetary process. The initial thought about the budgetary process being inclusive of the larger community, is that the inclusiveness interferes. That throws in caution and prejudice, even before participation is taken into consideration. While this measure of control and prejudice is always exerted, Smith (2004:2) reasons that PB is an attempt to enable a broader spectrum of members of society to exert influence on the public budget policy making process.

The paradox has the potential to undermine the legislation, and the legislation itself has the tendency to be applied in a manner that leaves both the community and the public official in a state of confusion. Wampler (2000: 2) agrees that in PB, social and political exclusion is challenged, as traditionally excluded stakeholders are given an opportunity to make policy decisions. In practice PB, according to Wampler (2000)

and Smith (2004), is the policy initiative that aims at curbing the blur that exists in the community participation policy, as it appears in both legislation and individual policies on public participation that are formulated by individual municipalities. PB can then be safely interpreted as a policy that enhances public participation in the overall context of partnerships between the municipality and community. Based on this, it becomes clear that there is a clear distinction between public participation and PB, although they speak to each other, as they both address the issue of community participation.

In a budget session on MSCoA (2017), the senior official that was addressing the session cited that MSCoA, another legislation from National Treasury, has been implemented to keep the municipality accountable to the ratepayers. MSCoA links projects, previously known as votes, to accounting officers, thus enhancing compliance, opening an opportunity for performance management. Implementation of MSCoA will not provide for the projects that have not previously been reflected in the IDP process. This becomes a challenge in that the old system that feeds into a new system of MSCoA compliance has major flaws. This simply means that the new MSCoA will be receiving inaccurate inputs. Proposals for rectification will be dealt with in the final chapter of this research. Considering all that has been detailed above, one can argue the readiness of NMBMM to practice PB.

4.14 The readiness for NMBMM to Implement PB

The readiness to implement PB at NNBMM becomes a concern given the existing state of affairs. NMBMM has been under a coalition leadership between the DA and the UDM. The leadership was observed to have successfully implemented a pro poor budget that best benefits previously disadvantaged community members. However, the same leadership has been observed differently in other areas of the municipality. NMBMM needs PB, as it is undergoing changes that will prevail for a very long time. Matovu and Mumvuma (2008: 9) reckon that innovation in municipal governance is tantamount to positive change. New political leadership that comes with new policy changes would be ideal for the NMBMM. However, cracks have appeared in terms of the following:

- Uitenhage being seen as merely a number and not forming part of the NMBMM;
- Officials and politicians not recognising the need for broader and wider community participation;

- Leadership coming with pro poor policies without extensive community participation;
- Lack of participatory budgeting policy;
- Implementation of MSCoA as a National Treasury policy to improve accountability;
- Resource misallocation;
- Current leadership challenges at the NMBMM.

NMBMM needs to address these challenges before it attempts to realise the PB policy. The following can be seen to aid the process:

- a) Addressing the discontent that has been voiced by the Uitenhage residents, so that they see themselves as community members of the NMBMM. The fact that the community members feel a gap and disregard means there is both a political and administrative problem that is widening the gap between them and being part of the larger municipality. They feel that their needs are overshadowed by those of the larger NMBMM. The municipality will have to either form a different forum that will best prioritise and address the community needs of the Uitenhage area of the NMBMM, and politicians and officials must embrace the existence of the Uitenhage area.
- b) Politicians and officials must educate and expose the Uitenhage community to the processes and procedures undertaken at the municipality in terms of issues of budget allocation and other politics-administration related phenomena. They need to be consistent when they give feedback to the community, not only that of Uitenhage but the communities of the NMBMM at large. The recent experience of the Deputy Mayor where a community refused to endorse the budget due to the discrepancy between the budget and their needs as per the IDP inputs, is a clear indication of lack of consistency and regard for the community.
- c) Leadership has developed a pro poor budget, which is a major change that benefits the previously disadvantaged, as well as writing off public debt that could not be recovered from such communities. The leadership has made some errors in implementing this policy, which will be unpacked in the following chapter that aims at proposals for PB at NMBMM. Leadership has also failed

to communicate how it plans to cover the shortfall that will have been caused by these write offs. However, it is presumed that the recent hike in tariffs will cover this huge gap. Kimberley and Marais (2017: 1) reason that the valuation roll at the NMBMM is too small, meaning that the increase will not compensate for the written off public debt to enhance public resources. The decision was made at internal level, and proof thereof is the public outcry as reflected by Kimberley and Marais (2017:1) in a statement by the political head at Budget and Treasury. The executive mayor has indicated that he will not be apologetic about the valuation hikes. He further cited (2017:1) that the community that voted for change has already benefited from the change. The political head concedes that they, as budget and treasury, had no choice but to increase the tariffs.

- d) In an in-depth analysis of the NMBMM, it has been observed that there is a general public participation policy, but not a specific public participation policy for the budget process. The NMBMM only makes use of the existing public policy, the MFMA and the MSA. The municipality would have to embark on in-depth research to first rectify current issues, then pave the way for a PB policy. Implementing PB at this stage will be nothing short of the officials and political structures giving the community a platform to show their discontent with the current changes, resulting impossible anarchy.
- e) MSCoA was first initiated in 2014 as a control measure and accountability tool for public resources. MSCoA, however, did not shed any light in terms of to whom, or how, the public officials would account, given the fact that democratic governance requires transparency of public spending by officials to the community. This accountability is yet to be established. Furthermore, the timing of MSCoA implementation has coincided with the new leadership and many issues that needed total attention to the MSCoA implementation have had to halt. PB would therefore not be realised at this stage if MSCoA was to be a part of the implementation of PB. The upside of MSCoA, however, is that the municipalities overall have engaged in the process of transferring funds from one project to another. This has been as a result of poor planning in terms of resource allocation. The transfer process opened doors for possible resource abuse, in that whenever a project lacked funding, funds would merely be identified from another project and transferred to the project that needed

funding. This resulted in many projects not part of the IDP, or rather ad hoc projects, being carried out anyway as long as funding could be identified as savings elsewhere.

- f) It cannot be emphasised enough that the allocation of resources is best done through interaction with the community. Any persons that have needs are the best to know how best to full fill these needs, and allocation on behalf of them can only lead to dire consequences of misallocation that cannot be sustainable. This point ties with the MSCoA point as it gradually takes away the tendency to virement funding for projects not planned.
- g) Current leadership challenges at the NMBMM make it virtually impossible to embark on any policy reforms that would encourage PB.

4.15 Leadership Challenges at the NMBMM

As has become clear throughout this study, there are many challenges currently experienced at the NMBMM. These will be further unpacked in the following sections.

4.15.1 The overall status

NMBMM has been under a coalition leadership of the DA and UDM, with the Executive Mayor being from the DA and the Deputy Executive Mayor from the UDM. This change was implemented in August 2016. The Deputy Executive Mayor was also the political head of Public Health, one of the directorates that has major cost drivers, thus a larger budget. The position of the deputy mayor has since been disbanded and the NMBMM is currently sitting with only the Executive Mayor

4.15.2 Status at the Public Health Directorate

The optimism that local governance innovation brings about positive outputs will not apply at Public Health. While the new leadership might have aimed at improving service delivery, it has resulted in an even worse situation at the Public Health directorate. Sadly, this impacts on the reputation of the Public Health directorate that has Waste Management as part of the sections, as well as their ability to deliver services. The disruptions and on-going fighting between the two political coalition heads have put the NMBMM, more so Public Health, in dire straits. The directorate

remains currently without a political head and the administrative head is being filled by an acting appointee due to the on-going disagreements in this directorate. The directorate was observed to have embarked on a number of unacceptable transactions that bear no benefit to the community it should render services to. In other words, the directorate has been accused of resource misallocation. The new leadership was to eradicate the financial misconduct brought about by the previous leadership. However, at the hands of the new leadership, the circumstances have spiralled out of control. The modus operandi in public office is based on tangible evidence in order to be able to conduct any investigation.

Dependence on tangible evidence is one of the major contributors of resource misappropriation at the Public Health directorate. As long as there cannot be any tangible evidence on a matter, the official being investigated assumes that is tantamount to being exonerated. The need for evidence has been demanded by the UDM leader (2017:1) when it was alleged that the Deputy Mayor at the NMBMM has been largely connected to various maladministration practices. The deputy mayor who was Public Health's political head, was alleged to have appointed more litter pickers than was required, resulting in wasteful expenditure. The areas where these litter pickers were supposed to clean, still remained dirty, thus they did not do their job.

As a result of the allegations against the deputy mayor, UDM leadership has, on a number of occasions, demanded evidence of such resource misappropriations by the Deputy Mayor, from the municipality. According to a media report (*The Herald* 29 August 2017:1), the evidence is yet to be uncovered, as the audit findings by an independent audit firm, Price Water Cooper are still to be finalised. They are engaged in interviews with the department staff to establish any wasteful expenditure that is directly linked to the Deputy Mayor. Implementation of MSCoA will assist in expediting such investigations, as it is suggested that any projects that are implemented will be linked to individual project managers or project custodians. This resource misappropriation could have been avoided had the community been involved in the anti-litter project. The only participation that was allowed was that of community members being hired as litter pickers. Internal processes were not adequate enough to track and manage community based projects of this nature.

This simply means that the structures and auxiliary tools put in place for proper resource monitoring and control are inadequate. As long as there can be a loophole that can be found, irregularities will occur. The MSCoA implementation will eradicate such loopholes, as each project is linked to an individual custodian, further linking to the National Treasury and the performance management of such an official. A demerit system can come as a water tight control measure that will ensure that public resources are finally protected, and that communities are getting what they need. Be this as it may, the challenges with the coalition still prevail.

4.16 The NMBMM Council Coalition Structure

According to de Kock and Capa (2017: 1), the council requires a 61 member majority in order to be able to pass any bylaws. The council voting system has been sitting at 60-60 council members, where one political member added either way can result in the ability to pass policies and the budget. One of the provisions of the MFMA is that if the budget is not passed at a specific time, the municipality may be put under administration. de Kock and Kapa (2017:4) further maintain that the African National Congress (ANC), being the opposition party, has asked for an intervention from the province, so that the municipality can be placed under administration, as a result of the policy and bylaw challenges that are left hanging in the balance as a result of lack of the voting deadlock. This can only mean that whilst the opposition parties that head the NMBMM are in conflict with one another, the needs of the community are tossed aside.

One of the major basic services that require urgent attention at the NMBMM particularly in the previously marginalised residential areas is the eradication of the bucket ablution system. Parfitt (2017: 4) reported on the delay to rid the municipal areas of the bucket system that was supposed to have been completed by December 2017. According to Parfitt (2017:4), some 12790 households are still using the bucket system for ablution facilities at the NMBMM. This is an infrastructure challenge and was one of the major beneficiaries of the pro poor budget that was passed by the Executive Mayor. The challenges, however, as a result of the political infighting are delaying the many initiatives that can improve the wellbeing of the previously marginalised communities. The affluent communities, however, might not be directly

affected by the challenges experienced currently at the NMBMM due to unstable leadership.

The developmental role of the democratic governance aims at mainly improving the lives of the previously disadvantaged. These communities' hopes are raised immediately there is new leadership. In as much as the Executive Mayor has reflected recently that the community that voted for the current leadership to be in power are already benefitting from their choices, the coalition really has been a decision that stemmed out of council interaction and not necessarily the community votes. The decision for a coalition was therefore a multi -party undertaking and was not necessarily a decision by the community of the NMBMM. Be this as it may, the community still held high hopes as a result of the new leadership.

It can be safely assumed that, because the communities have previously relied on the leadership at municipal level, the same would be expected. However, with the new leadership, they expected more end results in terms of service delivery. Conversely, the community members are often seen as indolent in terms of what their responsibilities are when it comes to community participation. Matovu and Mumvuma (2008: 12) reason that PB has a number of benefits for the community. These benefits, once the PB is to be fully realised, improve governance, give communities a fair degree of empowerment and enhance community ties, whilst democracy is on the increase.

Lack of PB leaves the municipality subjected to more corruption, thus vulnerability and more manipulation of the internal systems by structures responsible for utilising such systems for the betterment of the community. PB leaves the community with very little that they can pin down on the officials and politicians. PB also places a responsibility for the role players to realise that it is not just about politics and administration, but rather a three legged pot that incorporates communities at large. There is a concern, then, of whether lack or absence of PB has been just a mere oversight, or if its need is yet to be realised. The status quo at NMBMM may leave any investigation in a situation that might lack closure, as the circumstances now focus more on what can be found as evidence to substantiate, for example, the ousting of the deputy mayor.

The deputy mayor was ousted tentatively on August 24, three months after his political leadership ceased in May 2017. The Public Health directorate is therefore compelled to scrutinise and compile evidence, leaving the functional part of the directorate in an

awkward situation. What is best is to emulate the PB in other municipalities, but only as a possible procedure to be followed for implementation thereof. The implementation will follow the formulation of the policy first. The chief operations officer may bring major relief if there can be a deviation from the current status to creating a platform for a PB policy design.

Further research through interviews with the community as well as municipal officials, particularly engaged in coordinating community projects, was conducted. The research interviews followed the same procedure as the initial research conducted at the ward 59 community, as well as senior official at NMBMM.

4.17 Nature and analysis of Ward Based Litter Picking Project

The interview questions linked directly to one of the services rendered at the Public Health Directorate, that of litter picking. Litter picking has been a community project that commenced with the approval of the municipal manager in 2007. Initially the project was intended for the Motherwell area that comprises ward 59. The project expanded to other wards and areas like Walmer, Ibhayi, Uitenhage, Colchester, to mention some. This project has been budgeted for year after year, but the challenge has been that, the more funding allocated to containing littering in these areas, the dirtier the areas were getting. To complement this on-going litter picking project, the Waste Management section under Public Health embarked on two other projects that could have been better managed through PB. The two cost drivers are the War on Waste and Waste Diversion

4.18 The Debacle of inadequate degree of Participation in the War on Waste Project

The Waste Management section of the Public Health Directorate received funding for a War on Waste project. This project is among the issues that are causing a stir under the new leadership. War on Waste started four months shy of the end of the financial year, with a budget of R15million. The project was referred to as an Illegal Dumping Strategy. The timing of implementing the project was unrealistic for the funding to be optimally utilised by the end of the financial year. Only half of the funding could be used. The attached diagram reflects the allocation and the expenditure as at June 30

2017. The following table with detailed budget allocations for Illegal Dumping Strategy apply.

Table 2.6: Budget for Illegal Dumping Strategy

Category	Item	Item Description	Estimate	Actual	Balance	%
General Expenses	5958	Illegal Dumping Strategy	14 999 000	8 111 837	6 836 883,66	54

Category means the category wherein the funding has been allocated. There are four categories in the Operational Expenditure at NMBMM, the Employee Related costs, Repairs and Maintenance, General Expenditure and the Income Category.

Item means the sub vote where the funding is allocated. Before the implementation of MSCoA an eight-digit vote was used. These last four digits formed part of the vote number.

Item Description means the name of the project or item that is receiving the funding. It means what the budget allocation is intended for.

Estimate simply means the amount of budget allocated for the project

Actual means the amount that has been used against the budget and payments that have been finalised. Irrespective of such initiatives to manage waste, the NMBMM still remained with the challenge of maintaining the cleanliness and fully containing illegal dumping. The following diagram is an illustration of continuous illegal domestic waste dumping as well as dumping of rubble.

Figure 2.7 Illegal dumping in one of the township areas



An interview was held with an officer that was involved in the War on Waste Project and questions were asked, following the same principle of ethics, validity, no coercion, language and withholding identities. The majority of participants in the project could not be found for research purposes, as the project had a time frame and the research only took place after the project was finalised. The questions asked merely reflected on the administrative and public participation undertaking of the project. The project details in terms of its post implementation success have been put on hold, as the project is starting again in the current financial year. Effective measures can then be established before the project continues in the current financial year. The respondents, in this instance, were officials that were overseeing the project and they gave the following responses to the research questions asked. They were asked if the project was:

- Well planned and if there was adequate time to plan and reflect on the project;
- The aims and objectives of the project;
- The extent of public participation in the project;
- If any PB was carried out before implementing the project;
- What were the functions undertaken by the project and if the desired outputs were realised;

- What was done wrong on the project that can be rectified in the next phase; and
- If there were any audit systems in place to measure the post implementation phase.

4.19 Community participants' inputs regarding Illegal Dumping

The funding for the project was identified as savings from other funding sources. This is a common practice at the NMBMM, whereby excess budget is moved to other projects, indicative of lack of planning. The project aimed at keeping the NMBMM clean and tidy, further eradicating illegal dumping, as well as educating the community about illegal dumping and the importance of a clean environment. The officials embarked on door-to-door awareness in various wards and in the interviews they held with the community during this project, realised that most of the illegal dumping is due to the rubble when households are doing renovations in their houses. Councillors were also part of this undertaking. Due to time constraints, awareness could not be finalised and the process of selecting community members that were to participate in this project was not transparent enough. The resources of the project were not allocated in consultation with the community. The community merely took part in the project as litter pickers.

The project included hiring of external vehicles and purchasing of protective clothing for the participants. However, the protective clothing was only received three weeks before the project's conclusion. The participants had to take the protective clothing with them when the project was terminated, resulting in another wasteful expenditure. In a nutshell, the project was yet another initiative that was created for the community, and not with the community from the onset, and planning, and decision making was thus flawed. Most of the administration was executed by the community members.

This was a good initiative for the community to be fully conversant with the administration of the project intended for their development and awareness. However, the downside of this initiative was the fact that there would have to be a post implementation audit of the project and the participants of the project were no longer available to ensure that such audits were undertaken. The project is going to kick start again, giving the participants an opportunity to correct any challenges they may have experienced, or improve continuity that could not be maintained.

Many interventions have been sought in an attempt to manage waste at the NMBMM. Interestingly, during a visit to Buffalo City Municipality (BCM), another metropolitan municipality, the challenge of waste management was also observed. The combination of limited waste disposal sites, the lack of preparedness for the community to dispose of their rubble in the garden sites demarcated for such refuse and the tendency for the community not to take out their domestic refuse on allocated days, merely extends the challenge of waste that cannot be effectively managed. Added to this has been medical waste that is dumped in any open spaces. An attempt to install cameras in all the illegal dumping hotspots was embarked on, and the number of town rangers that oversee and fine communities that dump illegally has come as a huge relief, although a permanent solution is yet to be discovered. A second initiative that was aimed at managing waste was sought. The project aimed at implementing complementary waste management interventions at the NMBMM. The project came at a cost of R25million in just one year.

De Kock and Capa (2017: 2), observe that the company that was involved in this waste management intervention was irregularly paid more than R25million rand. Unfortunately, the project is still under investigation in terms of what exactly it was doing to intervene in waste management strategies. The budget allocation again in this instance, would not have gone to this extent had the community been involved in allocating funds for the projects they regard as part of essential services they need. The R25million could have been allocated in the PB to the areas where it was needed the most. The NMBMM is yet to be a clean environment. In order for illegal dumping to be cleared in one residential area, the department head had to intervene and the hotspot was cleaned in less than a day. The prompt response of the department head simply indicated that there are adequate internal resources to keep the environment clean thorough managing waste and illegal dumping. The challenge is with the turn - around time for such complaints to be attended to and the urgency as per the initiator of the complaint. It has become quite clear that the priorities and the manner in which they are received and attended to is more of a concern than the services being rendered.

4.20 Summary

PB is a policy that is needed to enhance community development and participation as well as transparency in terms of how the municipal budget is spent. Accountability still remains a bone of contention at the local government level and the reality that officials and politicians have an accounting role that extends beyond investors and donor funding, has to be appreciated. Accountability is now a top to bottom approach as the community has a legislative right to be involved in the allocation of public funds. The role of the community is no longer limited to casting votes once every five years. Their role extends to them being part of the decision making processes at municipal level. Research has reasoned that the municipalities that have better chances of implementing PB policy are metropolitan municipalities like the NMBMM. However, extensive research to unpack this suggestion sees a different view, particularly with the many changes that the metropolitan municipalities still need to adjust to.

The concern with PB and even community participation at large has always been determining which members of the community can be allowed to participate. It becomes virtually impossible for community members to all participate at once as this will result in anarchy. It becomes arguable then that a smaller municipality stands a better chance to implement PB successfully, more than the metropolitan municipality. The NMBMM is currently faced with a public outcry from one of the towns that form part of the metropolitan municipality, called Uitenhage. The NMBMM is also faced with evident political challenges under the coalition leadership that came into being in August 2016.

It may not be appropriate at this stage for the NMBMM to implement any new policies, unless the leadership can stabilise and consensus is reached in terms of prioritising community needs. What will win the hearts of the NMBMM community is a coalition that will deepen the need for participation in the form of the budgets being allocated by the community that benefit from such a budget. The solution then is for the NMBMM leadership to embark on research and comparative analysis of the current PB policies where applicable. The research will be in preparation of a PB policy that can later be tested for accuracy until the status quo is stable. It would, however, bring positivity to the current challenges if there is a shift in focus from the political mayhem to a purpose

that best serves the community. However, more research will have to be embarked on to realise the significance of PB.

The following chapter will look at public participation at the NMBMM and emulating key concepts that can best be applicable to PB policy design. The chapter will embark on a campaign that is owned by the NMBMM community, and together with the public officials, design and grow a PB policy that they can own.

Chapter 5: Remedies and Recommendations for the PB state of readiness at NMBMM

5.1 Introduction

This study looks at particularly applying the PB policy in the Waste Management department at the NMBMM. There are two issues to consider in implementing the policy. These are the advantages of implementing the policy for restoration of community confidence in their political leadership. The same advantage becomes a challenge when there is a lack of commitment in seeing to community needs, particularly decision making policies that will encompass the community, while the political leadership focuses mainly on the current political turmoil. This chapter will look at recommendations going forward and cite the reasons some of the aims and objectives of the study could not be realised. Finally, the study appreciates that there needs to be continued work to be executed until political stability is achieved. The respondents in the study showed no further interest in participating in the post interview phase, as they cited political instability and an urgent need to oust the political leader due to discontent and lack of service delivery. However, with the political status gradually improving, the unemployed graduates are more committed now to be a part of municipal affairs and the budget process. Their need has been fuelled by the political instability in seeing that they need to take full responsibility for their public resources. The majority of the community in NMBMM have lost confidence in the political leadership due to the fact that as political infighting gets resolved, another one arises. This gives the community the impression that their needs are no longer a priority as was the case before the coalition government came into in August 2016.

5.2 Establishing if PB can Enhance Financial Management Compliance

The overarching intention for this study was to establish if PB can enhance compliance with financial management legislation. The aim is to unpack loopholes in the current system of financial management, as well as establish how best to close the gaps in financial management legislation by promoting and implementing PB. Research, and many studies pursued, bring about a rationale that PB will enhance financial management and compliance, as well as incorporate the community into a sense of ownership of public affairs relevant to them, as well as services to be rendered for

them. Furthermore, PB can promote transparency and accountability as the shift from only accounting to the donors to that of accounting to the community is emphasised as part of governance. The challenge though, is the fact that the study was undertaken at the NMBMM that is undergoing political transformation and instability at present under new political leadership.

The question then is if NMBMM is ready for implementation of PB under its current state and changes. It is pertinent to develop a PB policy and implement it at the time when these changes and challenges occur. The circumstances might be uncertain and the political future of NMBMM is shrouded in many doubts. However, for the purpose of renewed virtue in the NMBMM, it would be appropriate for PB to be implemented to restore the trust the community might have lost in the leadership they voted for in the local government elections in August 2016. Due to the novelty of this policy at NMBMM, the municipality can only evolve the existing policy, as it has been applied at other municipalities. The implementation can also learn lessons from the PB manual by Matovu and Mumvuma (2008: 1-83). However, it has to be established if the policy can be designed and implemented during a stage of transformation, or if it must remain as a dossier until the NMBMM reaches a state of political and social stability.

5.3 Current Hindrances to PB as a Proposal or as an Implementable Policy at NMBMM

The current political state at the NMBMM brings about many challenges in terms of decision making and the majority vote. Whatever should be implemented, requiring a majority vote, tends to be postponed due to the stalemate caused by differences in the coalition leadership. In many instances decisions and policies are unable to be implemented due to the inability for a 61-59 vote to be reached. This is the first limitation currently experienced at the NMBMM. Du Plooy-Cilliers, Davis and Bezuidenhout (2014: 274) reason that a study may be researched thoroughly, but there will always be circumstances that may hinder full employment of the research findings. These circumstances are referred to as limitations.

Currently at the NMBMM there are limitations experienced due to the fact that the decisions that were made as a collective in the coalition leadership started on a good note, but could not be sustained due to many allegations of corruption regarding

misuse of public funds. Another challenge has always been the implication that getting the community to participate in the budget process is seen by public officials as interference in the administrative process of the budget cycle. It therefore becomes imperative that the public officials be sensitised to appreciate that in a democratic era, community participation is an essential activity to ensure sustainable community empowerment and promote transparency and accountability, thus good governance.

The research also has delimitations in that it has been conducted at the NMBMM, particularly at the Public Health directorate, but has had a degree of applicable examples from other directorates as well as guidelines from other sources. The research has therefore allowed for a degree of flexibility to include pertinent examples, when it was intended for a particular directorate at the NMBMM. Further detailed and practical limitations can be observed through the following findings.

5.4 Specific Limitations Currently Experienced at NMBMM

Currently the council cannot reach any quorum due to the status quo where the coalition partners cannot bring themselves to vote with the DA on any issues, particularly pertaining to financial management. There have even been talks about a bid to remove the executive mayor, who would be the key driver of the PB policy. According to Capa (2017: 1) there is a council motion to remove the executive Mayor and the speaker, meaning therefore that any consideration for a PB policy may be far-fetched currently, but can work as a revolutionary intervention for improved transparency, accountability and governance, which all have major gaps at the NMBMM in terms of correlating them with accountability to the community. This political instability is seen as part of the limitations that may hinder the design and implementation of PB policy at the NMBMM.

5.5 Limitations in Implementing PB policy at NMBMM

1. Political instability, when stability is required in order to be able to implement new policies that best benefit the community, like PB.
2. Suspension of municipal officials on full pay for periods up to two years, whilst their replacements are also on full pay. The acting allowance payments result in most of the public funding being used to pay employee related costs of municipal public officials.

3. Rerouting of public funds initially allocated for projects that benefit the community. The funding gets rerouted to other projects that do not benefit or are in contradiction of the pro poor budget.
4. The mind set of public officials that the budget process is solely an internal undertaking that need not include the community.
5. Non-compliance with the policy that oversees irregular, unauthorised and fruitless expenditure.
6. Increase in rates and inability to collect income from ratepayers.

These limitations will be briefly explained.

5.5.1 Political Instability

The NMBMM has been sparked by an alarming impasse in terms of its political leadership. The coalition that was entered into in August 2016 has become stale. Decisions that need to be implemented and policies to be passed through a majority vote remain in uncertainty. The need for the involvement of the Executive Mayor in PB becomes uncertain, as other issues come into being that are regarded as carrying more weight. The Public Health Directorate identified for the pilot study to introduce and design PB at the NMBMM, remains without an executive director and the MMC. The executive director position has been filled by an acting appointee and it would carry undue pressure to implement a new policy under temporary management. The MMC for Public Health was the Deputy Executive Mayor. If an appointment is made for the Executive Director this model can be considered. This stalemate becomes the main limitation to implementing this research, followed by the suspension of municipal officials.

5.5.2 Suspension of Municipal Officials

One other issue that limits PB is tapping into public funds to pay for officials that are suspended on full pay. Their positions are filled by officials that are also on full pay and receiving acting allowances. This means that the municipality is paying two officials for one position. This taps heavily into public funds that are intended to render

services to the community. The resources used in such cases places the NMBMM in a situation of limited resources even further, a situation that is observed even through re-channelling public funds to other ad hoc projects.

5.5.3 Re-channelling of Public Funds

The Executive Mayor launched a pro-poor budget that was intended to improve living conditions of the previously disadvantaged communities at NMBMM. Part of the funding would have been used to improve infrastructure in different wards. It is now suggested that the funding be reallocated to repair the areas that will be covered by the Ironman world championships taking place in September 2018 (2018: 1). It should be imperative that any funding for projects that are aimed for the betterment of the previously disadvantaged community, be only reallocated to projects that will yield the same effect improving wellness of these groups. The Ironman championships in 2018 are not necessarily what the community will benefit from. It is true that they are an event that will put the NMBMM in an internationally recognised status. However, the poor communities will not benefit from the sports activities. This means therefore that the funding intended for them may not be transferred, in the form of virements, to projects not beneficial to them.

It would have been more appropriate for the Executive Mayor to discuss such issues on a platform that would consider community inputs and in the PB design and process, the community would form part of such decision making. More pertinently, there should be a contingency fund in place that is allocated for any events that might be hosted by NMBMM as the case should be in other municipalities. The decision to host the Ironman has been made, but there should be special provisions whereby such decisions can be reversed, given the changes particularly in the political arena that leaves NMBMM in a vulnerable position in terms of political stability. Despite legislation, there will always be a belief that community members and ward councillors only have a limited role and anything beyond that is seen as interference.

5.5.4 The culture of Interference

There is always an underlying belief that any involvement by the community that exceeds the consultative Imbizo sessions is interference. Contrary to the developmental role of local authorities, as explained in Chapter 7 of the Constitution

(108: 1996), it becomes cogent that community participation is not necessarily welcome and is seen merely as prying into administrative processes of the municipality. Matovu and Mumvuma (2008: 58) reason that public officials must believe in community participation in order for it to work, as they feel they are adequate to carry out the process without the community participating. The appropriate role players in terms of the budget process should be the beneficiaries of this budget. The Constitution places an emphasis on developmental issues, as well as inclusion of the community. The officials need to realise that it is imperative to have the community involved in the decision making of the municipality. It should be emphasised that consultation does not entail participation entirely, but is merely a small part of participation. This means therefore that full participation, as it is legislated, still needs to be fully realised particularly in the budgetary process. If implemented, PB will unpack some of the issues that remain uncontested at the NMBMM, that of lack of transparency in finalising investigations on unauthorised, irregular and fruitless expenditure.

5.6 Unauthorised and Wasteful Expenditure Policy

The nature of administrative processes with regard to the budget process and any resource related undertaking, is that there is the advantage of knowing all the systems used to effect both expenditure and income. The ability to manipulate the systems and the tendency for certain expenditures not to follow the correct procedures, renders the procedures to be susceptible to a degree of flaws and irregularities. The system of accepting quotations to generate orders is one of the major challenges that may hinder budget control resulting in wasteful expenditure. These loopholes are currently not subjected to public scrutiny and there might be a degree of resistance to incorporate them into budgetary processes and control, which will be a necessity in a PB design and implementation. NMBMM has a policy on governing unauthorised, irregular fruitless and wasteful expenditure, citing the stages to be taken to record such irregularities.

However, these are still prevalent and subjecting them to public scrutiny through PB could prove to yield positive results. The policy (2016: 7) provides that municipal officials that are aware of or suspect any unauthorised or unlawful and irregular expenditure, should report such in writing to a senior manager. It becomes challenging

to follow this through due to the fact that there are no follow up procedures to ensure that such incidents are finalised. Basically the loophole of matters never being fully resolved and incidents going cold becomes a norm that could be eradicated with PB, depending on the degree of participation that may be allowed at the Public Health Directorate of NMBMM. The limitations do not only come from internal processes, as the one core challenge is the inability to collect revenue from the ratepayers.

5.7 Revenue Collection through Payment of Rates

NMBMM has been observed to have the highest rate tariffs in the current financial year. The municipality also wrote off a sizeable amount of arrears for rates in its attempt to build a pro-poor policy. These rates were mainly arrears from the previously disadvantaged groups. The amount written off was estimated at R500million, and there was no contingency plan in place to fill the gap caused by the write offs. The Executive Mayor then introduced a higher tariff rate increase, which is seen to be the highest ever at the NMBMM, surpassing even the Buffalo City Municipality and the City of Cape Town that have always had higher tariff rates. The challenge here is the rate of unemployment and no cogent plan going forward to curb the challenge of non-payment of rates by the community. Many households have resorted to illegal connections due to their services being cut because of non-payment. A number of households have full services but there is no billing in place, meaning that there is a gap that needs to be filled in an attempt to establish how these illegal connections are implemented.

These are the many factors that are limitations in terms of having a budget that reflects both the realistic expenditure and income values, in order for the new stakeholders of the PB to have a cogent understanding of the budgetary process. The increase of traffic fines is one method of collecting revenue from the community, thus speed cameras have been placed in many hotspots at the NMBMM. This serves a dual purpose in that it increases road safety as well as boosting the revenue income. It is imperative to state that PB does not aim to right the current traditional budgetary process and bring a panacea to the issue of limited funding in the public arena. PB is aimed at the inclusion of a broad spectrum of stakeholders, particularly community members, as is possible in order for them to realise the budgetary process and the

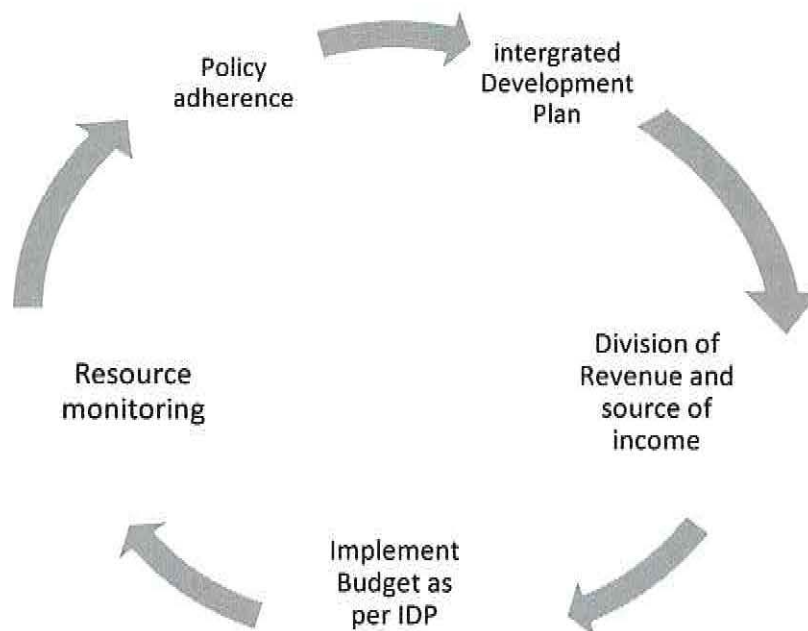
realities that go with the process with as much transparency and accountability as is possible.

Having visited all the limitations regarding implementing PB at NMBMM, it becomes imperative to incorporate the PB cycle as a proposed model at the municipality using the Matovu and Mumvuma model (2008:24) and linking it to the PPPM and PPP at NMBMM. The current budget process, referred to as the Traditional Budget process, will kick start this innovation.

5.8 The Traditional Budget Process

According to Chapter 4 of the MFMA (56: 2003), the current budget cycle at the NMBMM is as follows:

Fig 2.8 Traditional Budget Process



Integrated Development Plan (IDP): this is where the NMBMM community gets consulted for budget inputs and allocations that they regard as priorities for them. The planning phase is usually looked at based on the previous financial year's expenditure patterns and the projections as provided by the escalations from National Treasury. However, while the IDP is seen as the process where community members base their inputs, the reality is that these inputs are decided and allocated resources by the officials that are doing the administrative part of the budgetary process. PB intends to

include the community in the planning and decision making phase of the budgetary process.

Division of revenue: once the consultations have been done with the community, revenue is divided among key projects that should best benefit the community. The current budget at NMBMM has been regarded as a pro-poor budget that is in favour of previously disadvantaged groups. Based on this, the projects that should benefit these groups and receive the bigger portion of resources should be projects that are at the core of the needs of the community, like, among others, sanitation, security, waste management and human settlement.

Budget Implementation as per IDP: this stage ties in with the division of the revenue stage. If the revenue collected to increase public resources is not allocated by the community as per their essential needs, the whole process becomes flawed, as the budget ceases to be a pro poor budget and is merely an extension of the administrative part of the budget allocation process and provisions as per the National Treasury. This is the stage that gives rise to the many public protests experienced at the NMBMM.

Resource Monitoring: this is a stage that monitors how the resources allocated are being spent. This stage at the moment is implemented internally through administrative processes. Monitoring of resources is undertaken through the Service Delivery and Budget Implementation Plan (SDBIP). Each directorate has to report on projects that they have funded, as well as the progress thereof. MSCoA has mooted a system that links the resources to the project manager, who has to account for over expenditure or lack thereof in individual projects. The funding therefore will be accounted for, as the project is linked to the budget custodian's employee number, and performance management will therefore take place. It is however, unclear how this accountability can be accessible to the community, unless PB is implemented and community members are directly involved in as many stages of the budgetary process as is possible.

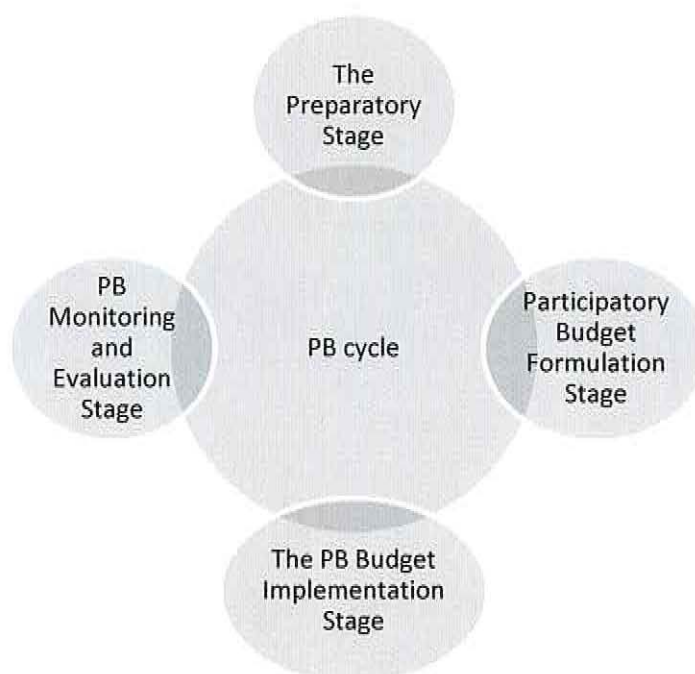
Policy Adherence: the entire undertaking of financial management and budget control has to be in adherence to and compliance with the MFMA and other supporting policies. This stage aims at correcting any misallocations, unauthorised expenditure, or fruitless and wasteful expenditure. Compliance is thus strongly emphasised at this

stage for audit purposes and ensuring that the budget has been spent as per the allocations in the IDP.

The participatory budgeting process can take the same ideal as the non-participatory or limited participation process. However, an inclusion of the community to participate can be noted in some or all of the stages of the budgetary process. For the sake of NMBMM that is currently under new leadership, and any possibility for the leadership to make an impression on the PB implementation to sustain the voters' confidence, a new system can be designed. A simplified version of the current process for PB emulated from Matovu and Mumvuma (2008: 34) is as follows.

5.9 The Participatory Budget (PB) Cycle

Figure 2.9: Participatory Budget Process



The above PB cycle is a simplistic version of the PB cycle, where the following applies:

Preparatory Stage: simply means community mobilisation. This is where organising takes place, putting together every aspect of the PB process such that the resources required are collectively arranged. All the stakeholders in the PB are included at this stage. This stage simply informs all the other stages to follow, as it should be a

reflection of the allocation of resources. Matovu and Mumvuma (2008: 33) reason that this is where the distribution of PB related information is imparted.

Formulation Stage: identifies key factors in the PB stage, like the environmental challenges and the status quo in terms of leadership and how prepared public officials and any other role players in the budgetary process are to allow the community to be a part of the process.

Implementation Stage: this stage will have looked at all the possible challenges and needs assessment in order for the PB to be implemented. This is the stage that will have envisaged any possible loopholes in the implementation of PB.

Monitoring and Evaluation: this is the stage that may have resulted because of a need for PB, as the community members have been left out in the past to ensure accountability in future. Ideally if the PB process was to be implemented with minimal participation or interference by the community members, the two stages; that is preparatory stage and monitoring and evaluation, would be the two stages where PB should have been employed and observed, to enhance compliance with the legislation and community needs. PB cannot be implemented or fully appreciated if the administrative staff and the political will is not realised. The status quo at the NMBMM leaves a big hole in terms of the readiness of the political leadership to even consider PB as a means to enhance financial transparency and compliance at this municipality.

Be this as it may, the PPPM and the PPP will be aligned to the PB model by Matovu and Mumvuma (2008) as well as the PB policy as per the additional contributions.

5.10 The Preparatory Stage and the PPPM

In the preparatory stage of the PB design, the PPPM has to implement an integrated approach that will see the public officials working together with the community to realise PB. This stage is imperative in that it determines responsibilities for individual role players, particularly taking cognisance of the novelty of community involvement in PB at the NMBMM. Smith (2004: 28) reasons that whilst budget consultations and hearings are still consistently in place, there is still a wider scope for community participation at local government. In the traditional budget process, this would be tantamount to the IDP process, where community members are consulted to give inputs regarding budget allocations.

The decision making though, still remains at the discretion of the political office bearers and public officials. However, involving the community at this stage takes a revolutionary attitude, as they seek to be involved in the process in a capacity that is more incorporating, like decision making. The community involvement has been suggested to incorporate unemployed graduates of individual wards. The study has also taken Public Health as its sample directorate to do a PB design that can be emulated by the entire NMBMM, depending on the varying functions of other directorates.

5.11 Community Participation in the PB Policy Design at Public Health

Public Health comprises of six sections, with the main sections being Waste Management and Horticulture and Cemeteries. These two sections deal directly with rendering services to the community and are thus the main cost drivers at Public Health. In following Matovu and Mumvuma's (2008:24) PB design diagram, the preparatory stage will be characterised by the Public Participation Unit embarking on field work to identify the unemployed graduates in each ward. The graduates can either be sought through door to door field work, which may be costly and time consuming. They can also be sought through radio and newspaper advertisements, or even through notices on the notice boards in public places such as libraries, clinics, shopping complex notice boards and municipal premises. Two more influential tools that can be used to reach out to the community members is making use of the community radio station, Inkqubela, as well as Bay TV.

In as much as PPP places an emphasis on communicating in a language that is predominant when it comes to PP issues, Isixhosa will not be an issue, as the identification of participants in the PB policy will be unemployed graduates that may be communicated within either English or Afrikaans. The predominance of Isixhosa then ceases to be pivotal, particularly in the PB process. The recruitment system will have to have a time frame for compliance purposes.

Once the graduates have been identified and selected, they then form part of all the meetings and processes undertaken by the PPP team to embark on the budgetary process. It is imperative that time frames are taken into consideration in executing this new budgeting process. To save time and to assist with more clarity and understanding of this stage where the community would be performing, any other

budget related activities of the previous financial year can be used as a basis and a starting point for this novel method of a budgetary process. This method will also outline any limitations pertaining to the budget process in terms of envisaged revenue and expenditure with the community representatives being involved for the first time in the budgetary process without the representation of ward councillors. Matovu and Mumvuma (2008: 33) reason that the formulation stage of PB then follows with the graduates having been identified and selected.

5.12 The PB Formulation Stage at NMBMM

The unemployed graduates who represent the community and are in consultation with such communities, have to make informed decisions on the appropriate projects that will benefit their community. An example here will be the Illegal Dumping Strategy project that is currently run by Waste Management. The unemployed graduates can decide how best to split the project and its funding for the individual wards. They can also inform if the project needs to run for the following financial year. Instead of the funding being reallocated to another project should it not be spent, there should be flexibility for the funding to be carried over to the next financial year. The carryover of funding for projects to the new financial year is currently only acceptable in the capital projects.

Waste Management has many projects under its Operational Budget that should be considered for a carryover. The reason for this innovation is that the funding that has not been used in the Operational Budget by the financial year end is then forfeited, yet the project itself still needs to continue. An example here is the same project of the Illegal Dumping Strategy that had R15million allocated in the previous financial year. Budget was only allocated four months before the financial year end, and could therefore not be fully spent. Such funding should be considered for a carryover. The following table reflects the budget estimate that was forfeited due to the fact that funds unspent in the Operational Budget do not get carried over to the next financial year, a policy that might need to be amended in future and incorporated into the PB policy.

Table 2.10: Proposal for carry- over of unused budget allocation on Operating Budget

Category	Item	Item Description	Estimate	Actual	Balance	%
General Expenses	5958	Illegal Dumping Strategy	14 999 000	8 111 837	6 836 883,66	54

Due to the fact that PB will be a new process at the NMBMM, there has to be better systems in place to ensure that the policy is being evaluated for any loopholes. Furthermore, given that this will also be a new concept for the unemployed graduates that will form part of this policy, they will not have been exposed to the internal systems at the NMBMM. This then necessitates that there be a PB committee. Matovu and Mumvuma (2008: 35) reason that PB is two-fold, it is a process handled administratively and is also an undertaking for the community by the community.

The question then arises as to who is the driver of PB. The committee then serves as the go between for community members and the municipalities. The PB committee exists to give meaning to the PB, but it remains at the sole discretion of, and is accountable to, the council. This means the less rigid the council is, although still compliant with the legislation, the more effective the community participation will be. The implementation stage then follows the formulation stage.

5.13The Implementation Stage of PB at the NMBMM

Implementation merely suggests that the allocations that were undertaken in previous stages are now converted into services. The officials perform their administrative responsibilities to generate orders for various projects after undergoing all the bid processes. The unemployed graduates will have decided which projects need to be implemented with urgency and priority. This is the stage of conversion from resources to services for the community. The unemployed graduates may not necessarily be a part of the administrative process in terms of generating orders for awarded contracts. They may, however, have been a part of the bid processes for observation and transparency. Their participation can again be observed when the projects are being implemented by being on site to ensure that work is properly done. The challenge with this part of participation is that some projects have a safety and risk factor. It then

becomes imperative to have a clause in the PB policy that clearly states the responsibility or lack thereof of the municipality in the event that an unemployed graduate gets injured on site. The concept is novel and any new factors can be included and amended as it is implemented. The monitoring and evaluation stage will then follow.

5.13.1 Monitoring and Evaluation Stage of PB at NMBMM

The policy on unlawful, irregular and wasteful expenditure at the NMBMM ties in with this stage. Basically this stage promotes transparency and public accountability that is currently lacking at the NMBMM. The policy may be in place and has provided for systems to follow to report unlawful and wasteful expenditure. However, the incidents almost always never get finalised, as they are mostly explained away through technicalities like the section 32 report or a deviation from the standard procedures. The standard procedure is that three quotations have to be acquired in order for the right service provider to be selected. The discretion to choose between the three service providers is mostly flexible and lies at the discretion of the directorate that seeks to appoint such services. In most cases the lowest quotation is considered, although this is not always the right quotation as any service provider may manipulate or lower the quotation to secure the contract or services. In many cases the officials do not seek three quotations and only get a quotation from one service provider. In such cases this is deemed to contravene the MFMA and is regarded under unauthorised, irregular or fruitless expenditure.

A second example is services rendered before an order is generated. Procedurally an order has to be generated following a quotation. However, it does happen that a service provider carries out a service in the absence of an order. These are systems that are easily manipulated and are explained away through the section 32 report.

Monitoring and evaluation can best be achieved if there is a contact person that can provide information in terms of what has been spent. The PB community member will have been involved in the stage prior to implementation of projects, where he would have been on site to ensure that the projects are running smoothly. It then becomes more realistic to link the expenditure to the projects that have been implemented. *Ad hoc* monitoring is recommended as it promotes accountability and access to information by the community member. With this kind of innovation in terms of

community participation, it becomes almost impossible for the community not be fully informed about the projects undertaken for their community. Transparency and governance is also enhanced and the community members have a heightened confidence in their political leadership as they feel that they are fully involved and included in the affairs of their community.

The culture of deciding for the community by the political leadership, as well as the mindset of the public officials, of community interference is then reduced. The accountability process becomes a reciprocal exercise as the project manager is able to contact the unemployed graduates and enquire about the projects that have been completed in their individual wards and if the work done is of a good standard. The unemployed graduates in turn are able to contact the municipality to extract expenditure reports and compare them to the projects that have been implemented. The study could have been much broader, but the researcher focused on specific parameters and methods in carrying out the research.

5.14 Delimitations of the study

The study could pursue extensive research only in so far as Public Health is concerned. However, this directorate has merely served as a yardstick to conduct the interviews for research purposes on PB policy. Public Health could not be studied in isolation when the concept of PB was being considered hence the case study encompasses NMBMM, with lessons and experiences learnt from the Public Health Directorate. The main reason and rationale for this is that the budgetary process is guided by the same policies, legislation and processes in the entire NMBMM across directorates. However, a pilot study of the Public Health directorate as a small scale implementation of the policy, once designed and accepted by the municipal council, can be emulated by the entire municipality's directorates, taking cognisance of the various functions they execute as well as the specific timeframes, and not deviating from the current legislation provisions.

An advantage for the NMBMM is that it is going through many challenges at the moment and implementing a policy that would encompass the community might be a solution to the *status quo*. It is reasoned that metropolitan municipalities stand better chances of implementing PB than other category municipalities. This is arguable in the sense in an environment that already has its community losing hope in their

political leadership, divisions have already been established. The community of ward 45 in Uitenhage can be cited as one area that feels left out in this metropolitan establishment. If ward 45 can be allowed to run their own PB that will be guided and then brought into the entire municipality, this would give them a sense of ownership of their own budget and development as is provided for in the Constitution, the Municipal Systems Act and the MFMA (56: 2003). NMBMM is an appropriately resourced municipality. The challenges that are experienced here are mainly the overall municipal or even public sector organisations' issue of limited resources

5.15 The Overarching Challenge of Limited Resources

Limited resources are a bone of contention in all municipalities. Many reasons can be mentioned as to why this is the case. The one reason cited over the years, and mostly since the onset of democratic leadership in 1994, has been that of corruption and the misappropriation of funds. More on the rise has been funds misappropriation through suspension of senior officials on full pay, whilst their positions are being filled in an acting capacity by officials in office. Madumo (2015: 153) echoes the internal administrative challenges that have impeded service delivery, thus the needs of the community, by citing that local government level has been characterised by ineffective administration with a self-serving purpose. The community have been made to think that they are part of public sector reform through transparency and accountability but actually they are merely included in a consultative manner.

Be this as it may, corruption has continued to prevail over the years, despite the limited involvement of the public. In some instances, the challenge has been in not following the right procedures in terms of supply chain management, resulting in many cases of litigation. An example here would be a company that was given an external hire contract to aid in complementing the capacity of municipal vehicles for refuse collection. The company was not selected as per the proper bid committee system and the services of the company had to be terminated even before the contract ended. The company had to seek legal representation to at least recover some of the value of the contract it was awarded and the costs of legal representation were incurred by the NMBMM. A second example is the hiring and firing of senior officials, which can be closely linked to nepotism resulting in unqualified and incompetent replacement appointees. This has resulted again in many cases of litigation, costing the municipality

millions that could have been utilised through resource allocation to best benefit the poor. The politicians and officials have fuelled the growing dissatisfaction of the communities by thinking on behalf of them regarding their needs.

5.16 Decisions on Behalf of the Community

One cannot help but refer to an article by Fourie and Reutener (2011:88-89) on the Ethekewini Municipality Kwazulu Natal, where the then municipal manager reflected that the communities do not know what they want, the politicians and officials decide on their behalf. The municipal manager cited that the public officials know what the community needs are and these needs would remain the same for decades (Fourie and Reutener, 2011: 88-89). Matovu and Mumvuma (2008:58) echo the same assumption when citing that in the case of Zimbabwe, the Urban Council's Act does not provide for community participation. The issue arises from a decision that is taken on behalf of a community member. Once service delivery fails, the community embarks on public protests that have been noted to become a regular phenomenon in the recent past during the democratic rule. Gaventa in Matovu and Mumvuma (2002: 2) does not agree with this finding and reasons that a worldwide increase of participation in local government and a continued observation thereof has been prevalent.

Public protests might have been on the increase due to the nature of protesting being part of human rights in the democratic era, whereas during the pre-democracy period, public protests were illegal. The democratic era has thus also brought the many changes, presumed to be an improvement to the many lives of the previously disadvantaged communities. However, the problems that were suppressed have come to the rise resulting in a plethora of new problems. Political representation and administrative procedures on behalf of the community might be seen as community participation. However, it is merely a suppression of the sentiments of the community. The new leadership voted into office in the 2016 local government elections has brought about changes but is on its own faced with challenges now at the NMBMM

5.17 The Ideal Period to Implement PB

Matovu and Mumvuma (2008: 32) reason that implementation of PB may not necessarily be uniform in all municipalities or even implemented at the same time. Implementation depends variably on the challenges and circumstances of a particular municipality wherein it applies. The important factor is to establish the state of readiness to implement PB, seeing it as a solution at a given time instead of it imposing more challenges, thus inconveniencing the majority of the community. NMBMM is in a critical situation to apply PB due to the current political conflict, as well as challenges left behind by the previous leadership that the current DA and UDM coalition leadership has had to inherit.

The community trust was lost during the previous political leadership, as community needs and services were crippled even further. This resulted in the ousting of the ANC leadership, as the community were hoping for good governance through improved service delivery. The ousting of the ANC leadership and the voting for new leadership by the community was to herald restored hope in seeing to community needs that had been previously neglected. The signs of political demise under ANC leadership may have been felt at the NMBMM, but the signs of strain were prevalent in other municipalities, as well as nationally.

The situation in so far as PB is concerned at NMBMM is two- fold. First the status quo at NMBMM is characterised more by negative criticism among the leadership. The coalition may simply focus on improved trust and relations with its community by shifting attention from the infighting to engaging with the community needs. The leadership in the form of the DA came with a pro-poor budget. But this seems to have been an interim strategy taken in the first 100 days of leadership until the circumstances changed from prioritising the community needs to sorting out a coalition that was collapsing. The current situation is therefore volatile and not conducive for implementing any new policy. The policy would have to have a 61-59 majority council vote in order to be implemented.

On the other hand, the policy's implementation will restore trust and invoke interest from the community to participate in the affairs of their municipality with the hope of finding a solution to the current crisis and possibly finding another coalition partner to stabilise the political situation at the NMBMM. Matovu and Mumvuma (2008:11)

reason that PB will enhance the rationale of being together for the benefit of all and an interest in public investments. However, any intervention in any unstable environment can either improve or result in further deterioration. It is therefore unclear how, or if, implementing PB at this stage is appropriate.

Despite the current political instability that is costing the community grossly, there are additional challenges such as the intention to take funds from the pro-poor budget to fund other projects, as well as an allegation that the NMBMM does not necessarily comply with legislation in terms of up scaling Small Medium Enterprises (SME)

5.18 Participatory Budgeting applied at NMBMM

PB may not be seen as signing a blank cheque that reflects each community's needs to be fulfilled. Matovu and Mumvuma (2008:24) reason that the importance of preparing a budget process is aimed at linking policy objectives to the available resources, ensuring time frames and realistic costing or division of revenue. At this stage the policy objectives are unpacked to dwell on the ward committee system that was established at NMBMM (2005: 244). This is so because this establishment was intended for community participation at representational level, where the community was represented by the elected councillors, who were merely advisors and did not necessarily have any decision making status. The various legislations have also noted the advisory status of the ward councillors, thus not really making their status to be an influential and decision making one.

Applying PB at NMBMM has to then address this purely advisory status if the intention is to use ward councillors as the metro's mouthpiece for the community. The intention of this study was to have the unemployed graduates at individual wards to be participators in the design and implementation of the PB policy. However, it needs to be realised that there might not be unemployed graduates in all wards at the NMBMM, and a contingency plan has to be implemented, either through having these graduates to represent other wards around them or ward councillors being utilised to ensure implementation and sustainability of the PB.

5.19 Proposed Process for Implementing PB Policy at NMBMM

The process can start by municipal officials and political representatives engaging in determining the roles each has to play to ensure that ward representatives are fairly absorbed. In the case of the Public Health directorate, the following stages will apply:

- *Verification of competency and qualifications of ward representatives
- *Municipal officials at Public Health and Budget and Treasury directorates to assist in training;
- * Municipal officials at Budget and Treasury to advise the ward reps on applicable legislation and how to implement such legislation (MFMA, MSCoA); and
- * The city manager's office to explain the responsibility carried by ensuring efficient and effective application of the MFMA.

5.19.1 The IDP Office on clarification of PB priorities

Because the study focused on PB at the Public Health directorate, the PB may not be implemented in isolation from the entire municipality. However, the functionality of the Public Health directorate is dissimilar to that of Infrastructure and Engineering and other directorates. NMBMM is governed by the same legislation (MFMA) in terms of its financial management. However, it was observed that each sub-directorate should implement their own individual legislation as is applicable as per its functionality. This means therefore that there is no set strategy for compliance to ensure good governance through accountability throughout the municipality.

It is also currently observed that the stereotype of the past, as observed by Barichiev, Piper and Parker (2005: 373), that local government was largely limited to white South Africa is beginning to disappear gradually. Barichiev *et al.* (2005:373) further reason that in a local government environment that seems divided as is the case at NMBMM, a uniform and effective local government system has to be developed. The final reasoning according to Barichiev *et al.* (2005: 373) is that municipalities need to develop municipal governance that enables formal representation to come with a system of participatory governance. Guidance however by the current PPP will assist in finding common ground, whereby all directorates of the NMBMM will apply PB.

Public Health will therefore serve as a pilot directorate, particularly with its current structure and challenges

NMBMM has no PB policy at present. However, it can develop a policy that ensures that the municipal council is committed to engaging its community. Designing a PB at NMBMM can be mirrored by the current PPP at the NMBMM. Often, PB seems to be more reflective of a municipal burden than a democratic undertaking. The tendency to see PB as tantamount to community interference in administrative undertakings needs to be eradicated in a manner that will be effective and rigid. It was noted in the study that community participation seems to be looked at as a discretionary undertaking, solely depending on administrative approval. The fact that it is first legislated in the Constitution, Municipal Systems Act, Municipal Structures Act and subsequently measured in the form of a policy leaves gaps in terms of the degree of its reality.

5.20 The Comparative Analysis and NMBMM

The Ethekwini municipality identified a ward representative that would form part of PB. This ward representative was referred to as a Community Based Facilitator. This ties in with the proposed design of PB at the NMBMM, whereby an individual who is an unemployed graduate gets nominated to be a part of the PB process. The focus at the Ethekwini Municipality was on the Capital Projects, where at the NMBMM the focus would also encompass the operational budget projects that tie in directly with the communities. The focus at Ethekwini, according to Smith (2004: 23), would mainly be on projects more than the outcomes, whilst the design for the NMBMM would place an emphasis on the outcomes. Weaknesses were identified at the Ethekwini Municipality, where it was observed that Community Based Facilitators brought about disputes as they argued over prioritisation of the projects. The break-even analysis here would have been for the unemployed graduates for individual wards to identify projects that are a priority in their wards, taking into consideration the budget allocations.

When the allocations are done, the unemployed graduates would give details of these projects and the process would be done on a zero based budget. The unemployed graduates would not necessarily be part of the bid process, but would ensure that the adjudication is fair and reputable service providers are awarded the tenders. A

checking system where the service providers get penalised for non-delivery, would form part of the PB implementation process. In spite of the challenges, the PB in Ethekewini proved to have had a major impact in changing the way the budgetary process was initially realised. This simply meant that if PB is through representation, as opposed to Brazil's direct PB as was cited by Matsiliza (2012: 444), it would yield positive results and enhance transparency and accountability in municipalities.

However, the emphasis is on the fact that circumstances vary in various environments and a more appropriate PB process would have to be weighed against these circumstances, and the needs of these communities against the ability for these municipalities to service these needs. For example, some municipalities have rural areas, meaning that their projects would encompass issues that would enhance the wellness of communities in these areas, like installing electricity in most remote areas and improving gravel roads that are used as main access roads to rural residential homes. The PB at Ethekewini Municipality was finally encouraged by the then Mayor (2004: 24), who reasoned that it is imperative for developmental local governance to consider listening to the voices of its community members. A more general approach to the rationale behind PB is observed. The varying factors in municipalities may hinder PB, particularly if there is no consensus in terms of embracing the policy and its implementation.

5.21 Challenges for PB at NMBMM

The previously disadvantaged communities that were at the cornerstone of the Executive Mayor's plan to improve the NMBMM, should be participants in the budgetary process through representation by individuals in their wards. This representation would involve the identification of unemployed graduates in the respective wards. The reason for considering unemployed graduates is solely that it enhances their chances to gain skills and experience in finance, community participation as well as socio-political issues affecting their community. It also means that they are quite aware of the challenges in their respective wards. The challenge, however, is that there are no guarantees that all wards at the NMBMM have unemployed graduates. There needs to be a provision in such circumstances in terms of the next best candidate to be the ward representative.

Traditionally, and particularly in the ward committee system that was implemented at the NMBMM, such representation would have been implemented through the ward councillors, who in turn had their roles limited to only advisory status. Designing the PB policy for NMBMM will replace the role of ward councillors with unemployed graduates so that there is no possible manipulation that takes place. Another challenge might be that the unemployed graduates, upon realising that their participation does not necessarily secure them jobs in the public sector, may choose to be oblivious in the middle of the process, impeding on its success. It then becomes imperative that such declarations be made when these graduates are recruited to form part of this process.

The final challenge may be empowering and exposing these graduates in the processes. The processes come with a degree of confidentiality in terms of information. The graduates might be tempted to impart the information to community members that should not be privy to the information, giving such community members privileged information, thus giving rise to new community groups that can benefit from Supply Chain Management procedures. According to Maclean (2011:1372), local government is sparked by poor financial controls, hence the need to always research and implement new control measures to complement the MFMA is of the essence. This then gives rise to an argument, according to Smith (2004:4), that community participation in general opens space for empowering local elite groups. This will be even more applicable and prevalent if the unemployed graduates realise that there might be no financial compensation for them to participate in PB, resulting in a new chapter of corruption, where these graduates might be tempted to embark on trade-offs with the elite who stand to benefit from such information as is provided by these graduates. More stringent measures would have to be applied as control measures for the graduates in executing their responsibilities.

5.22 Stringent Measures and Shortcomings for Unemployed Graduates

Unemployment is at the forefront at NMBMM among the youth. This being the case, the unemployed graduates might focus on unemployment as the key factor when they give feedback in terms of community needs. The issue of community needs may be linked to the age group of the community members. For example, a 70year old community member will be more interested in having public health facilities that are

closer and more accessible. Unemployed graduates' needs will focus mainly on employment. Immediately an unemployed graduate gets given an opportunity to perform a degree of any function, it creates an expectation for a permanent job or some degree of remuneration. Should either remuneration or a job opportunity not prevail, this will pose a challenge that may result in unethical conduct or loss of interest. Participating selected graduates must sign a confidentiality and ethical behaviour clause that clearly states their code of conduct. Any deviation from the code can result in the graduate being removed from the PB project.

There is also a second challenge whereby there are no guarantees that the graduates will show an interest in participation until the process is completed. The participants might pull out at any given time, particularly if there is no stipend or remuneration. NMBMM will then have to develop a policy that ensures continuity should these shortcomings prevail. It would be ideal and proactive for NMBMM to concurrently implement a contingency action that would continue to empower the unemployed graduates as a form of incentive for their commitment to participate in the PB.

5.23 Sustaining Commitment of Unemployed Graduates

It has been observed in the comparative study on PB that the community members have pulled out on a number of occasions. In order for NMBMM to be able to sustain the PB process and its participants, it would be best to have a medium term strategy that keeps these graduates on these projects. Added to the skills the unemployed graduates will acquire, NMBMM can implement a policy that considers and ensures that the unemployed graduates will get first preference should there be any vacancies that arise. NMBMM can absorb these unemployed graduates in entry level positions where they can work their way up as they gain more experience. A contingency fund can also be set aside to train these unemployed graduates further in order to skill them in as many fields as is possible. These graduates can, in their quest for knowledge, also learn report writing skills as they regularly interact with their community as well as the municipality.

Ferreira, Erasmus and Groenewald (2013:112) reason that a good report provides information that is easy to understand informing a particular cause of action, particularly as the link between the community needs and how they are conveyed to the municipality. Another option is to get the unemployed graduates on a stipend that

is enough for them to commute to any municipal meetings and sessions they need to attend. It can be appreciated that these unemployed graduates are in need of income and not having a strategy to keep them in the process may result in them abandoning the process should there be job offers they get, be it in other municipalities or the private sector. As long as they can be offered some incentives, it may not guarantee that they will stay longer in the implementation of the PB process, but it will give a degree of commitment and the will to stay on until the end of the process.

Matovu and Mumvuma (2008: 60) reason that the community must be eager to participate by volunteering. It is not uncommon for the community to want to volunteer when facing some discontent. This would have been the case with the Brazil case study, as was cited by Matsiliza (2012: 444) when they took the direct PB stance after a state of bankruptcy. However, this participation would not be practiced in isolation at the NMBMM without the guidance and involvement of the municipality. Visser and Erasmus (2002:72) reason that the scarcity of public resources is sufficient reason for the municipality to intervene in the affairs of its community. Comparatively speaking, the aim in the Brazil case study was to turn around their economic state of affairs that was grossly crippled. The situation is different with NMBMM, as the communities just need to have a significant role to play in PB as the means to enhance and enforce legislation that recognises PB as part of PP.

Ideally NMBMM has to inform community members that this would be the best time to take over the budgetary process in order to bring about change that would best benefit them. However, communities have only embarked on public protests due to lack of service delivery. Had there been a PB policy that was concise and lucid, the ward representatives would have mobilised the community through information sharing and they would in turn be able to exercise their legislative rights. Community participation is not a process that the community should shy away from. It is enshrined in legislative documents and policies which the municipality needs to reference, and compile a clear cut PB policy that would benefit its community members and improve accountability and transparency, also taking cognisance of the developmental responsibility of the municipality at local government level. If the lack of commitment to absorb the unemployed graduates after the PB has been finalised, reasons will almost often be about insufficient funds.

5.24 The Paradox of Insufficient Funds and Cost Cutting

There have been prevalent tendencies for the NMBMM to embark on cost cutting services. The budget to operate at Waste Management has been cut to the bone on several occasions in pursuit of savings. The costs, particularly for external vehicle hire and appointment of consultants, have been the top on the list of budget cuts. The challenge with making budget cuts is the lack of clarity in terms of where all the identified savings get utilised. There were budget cuts in November 2016 and the reasons cited were that the Executive Mayor was in a quest for his 100 days in the office. The NMBMM will always need contingency funds for outsourced services due to lack of capacity internally. Independent auditors have also been sought to come and resolve misappropriations and allegations of corruption. NMBMM has an audit section that should be looking at these cases. However, it is reasoned that the capacity is inadequate internally. The budget cuts and outsourcing of functions seems to be a paradox the NMBMM continuously embarks on. In the B&T expenditure committee meetings, the directorate is always taken to task for not spending its allocated budget. Local government is a non-profit organisation and its task is to spend on improving service delivery, not to save on public funds.

The paradox therefore of budget cuttings in an organisation that should be valued for how to spend becomes an issue that needs attention and resolution. Another issue mentioned is budget cuts for services to be rendered to previously disadvantaged communities, only for these cuts to be ploughed into projects or services to benefit affluent community members. The crux of the matter is that there cannot be pressure for budget cuts at the NMBMM. The municipality has to instead show patterns of expenditure which the officials should account for in the case of under-expenditure. These budget cuts can even be put on special projects and be saved to fund any programmes the unemployed graduates can be exposed to.

5.25 Recommendations

The challenges currently experienced politically at the NMBMM makes it not conducive for the municipality to implement PB. The reason for this is that the key elements and stages of PB need to be headed by the Executive Mayor. However, the status quo is

unstable and the protests and motions are underway to impose a vote of no confidence in the current political leadership that has also seen the ousting of the Deputy Executive Mayor in August 2017, barely a year after the coalition was formed after the 2016 local government elections. This limitation of political instability would have been ideally the same grounds for the NMBMM to design and consider implementing PB, to renew virtue and confidence in the political leadership from the community. Be this as it may the executive mayor can work hand in hand with officials regarded as champions of the PB policy design contributions and aligning them to the public policy process at the NMBMM, the new leadership can consider these pointers in applying participatory budgeting (PB).

As a gesture of support and commitment to participatory budgeting, the Executive Mayor could have considered the implementation of the first stage of PB. The challenge with the political leadership at the NMBMM is the inconsistency in implementing policies that they had initially employed and the tendency to make decisions for the community instead of being in consultation with them. NMBMM does need assistance and intervention in terms of inter-governmental relations. The intervention will not necessarily be taking over the NMBMM or put it under administration. The ideal recommendation is for all the decision makers at the NMBMM to embark on a comparative study of the municipalities that have had successful coalition leadership experiences.

Another approach would be to bring in champions of public administration from provincial and national offices to assist in managing the circumstances. The situation has quietened down currently, but this has become a norm, where if the partner accedes to the decisions made by the Executive Mayor, then business continues as usual. The disagreements will continue to be raised, but if the symptoms cannot be managed, then the consequences will forever be at the expense of the community members. The community members that were interviewed had initially opted to view the research document and sign an acknowledgement form after the study was conducted. This was the initiative they undertook as they wanted to ascertain that the study reflected their accurate responses. However, the morale to pursue this was lost as more political turmoil was observed, leaving only more than a hopeful handful prepared to carry this through.

The current launch of the Bus Rapid Transport System (BRT) that took place in November 2017 was one of the major cost drivers that might not necessarily benefit the community. There are major projects that can be implemented that best benefit the community, however launching the BRT would be ideal if it reached areas where the majority of the community members were employed. The launch was implemented on schedule, but nothing has become of it since the launch. These communities do not necessarily stand to benefit from this BRT as they have no purpose for the transport system.

Ideally having gone through all the stages of PB, it would be recommended that it be based on a zero based budget. The drivers of the PB may recommend from which stage the community members can be involved in the PB. The cases of suspension can be dealt with more urgently such that ratepayers' money is not misused to pay indefinite suspensions of personnel. The process of transferring funds is to be allowed only if they are being transferred to another project that the previously disadvantaged groups are beneficiaries to. The NMBMM has a contingency fund for any costs not envisaged and should not tap into the pro-poor budget to fund projects that do not benefit the poor.

Consideration to implement PB may bring about a positive impression of the current status, as it will go together with the implementation of MSCoA, which is also underway. However, NMBMM will have to await a stable political environment in order to fully realise PB implementation, although this does not limit the design and formulation of the policy. The two processes can go together and be reviewed after one financial year and be improved continuously over a period of three years. The loopholes in the PB policy can be identified and a review be implemented to improve on the policy. PB may not be the same in all municipalities due to the nature and the size of the various municipalities. The same applies within the NMBMM, where PB will have one policy, but its application may differ in each directorate depending on the nature of services rendered in that particular department.

The policy can therefore start in one directorate with the aid and intervention of Budget and Treasury staff. It will then be broadened to encompass other directorates having been started at the Public Health directorate. At this stage at the NMBMM, it is understood that direct participation is not ideal and the PB can only be achieved

through representation. However, the representation is taken from the ward members who can appreciate the financial management and budget process skills and can be trained to undertake this exercise of PB. The basis is to first look at the previous income and expenditure trends. Furthermore, the challenges in terms of revenue collection can be communicated and the reality of the gap that is brought by this inconsistency in collecting revenue from the ratepayers.

It is imperative that the communities, particularly the projected unemployed graduate pool, are fully aware of the shortcomings in terms of the budgetary process and the fact that these shortcomings come from both the ratepayers and the internal administrative procedures. The first stage of PB that is headed by the Executive Mayor should address these shortcomings.

5.26 Conclusion

Designing a PB policy at the NMBMM could uplift the community's belief in their leadership. This is due to the fact that the NMBMM community voted for a new leadership in the local government elections in August 2016, with the hope that the well-being, particularly of previously disadvantaged groups, would improve and be taken into consideration. Thus, with the political challenges experienced currently at the NMBMM, implementing a PB policy would renew the trust the community has lost in their leadership. The opposite consequences could prevail as well, where an attempt to implement a novel policy under the circumstances may lead into even more political turmoil. The challenges of there not being a majority vote at the council is gradually becoming a thing of the past, as a motion of no confidence in the current leadership was finalised on the 30 November 2017, and the ruling was in favour of the DA leadership. The PB can then be considered and challenges to implement it might be a thing of the past.

The PB policy does not intend to overrule the administrative and political systems in place, nor is it being seen as a financial management panacea to resolve any financial management misconduct. The policy will merely aim to complement the existing legislation and attempt to bridge any gaps currently observed. The most important rationale for implementing PB is to give the community a sense of ownership in terms of their municipal affairs and to enhance public accountability. Use of public funds requires accountability to both the funders and the recipients of the public resources.

By involving the community in more than just consultations and some or all of the budget process stages, transparency and accountability for good governance will be observed.

The study also initially, as a means for improving governance and transparency, considered a comparative approach where officials in metropolitan municipalities can go work in smaller municipalities to impart expertise. This exercise would also see an increase in interest in PB as well as develop the unemployed graduates of these smaller municipalities in their respective environments where there is no hope of any kind of development. The purpose is to expand the concept of PB as widely as possible.

The research later progressed to a proposal that unused funds in the Operating Budget be carried over to the new financial year as this has only been applicable to the Capital Budget. With the research taking shape, appreciating both the probabilities and limitations, it was noted that in order for PB to even begin to be considered, the importance of transparency has to be emphasised. Transparency goes together with accountability and it is imperative to note that accountability is no longer limited to donor funding and investments. Accountability has to involve being accountable to the community members that are recipients of the services rendered with public resources. This whole era of PB and accountability with transparency can soon be realised as the NMBMM has now a Deputy Mayor and a quorum. The vote of no confidence against the Executive Mayor, who is very instrumental in the PB policy resulting in it being finally implemented, has now been revoked and it is a matter of time before PB can be considered.

It becomes imperative then that the ward drivers of the PB; that is, the unemployed graduates, are made fully aware of their roles and responsibilities in shaping up PB as they are the ones that will decide on the budget allocations as per the individual needs of their wards. The unemployed graduates will then be protected by an internal policy that is linked to the PB policy as being the first candidates that get preference should there be vacancies advertised. They may not only apply for positions pertaining to financial management, but can apply for any other vacancies and work their way up as they will have gained vast experience at local government initiatives. PB can be designed as a policy at present at NMBMM, but implementing the policy can be done

when the political circumstances have stabilised fully, as the Executive Mayor is the core political leader that should be driving the PB.

The initial intention of the study was to interview a City Manager from another category municipality in order to establish if it is practical to have the same legislation guiding municipalities, even though they are different in sizes and location as well as the structure of their council. However, the aim of the study gave PB as its priority study. This meant that a focus on PB at the NMBMM was more central to the study, and the extent of PB and community involvement, particularly at the NMBMM, became an area of focus relevant to the study. Due to the specific nature of the study the interview was not pursued. An interview with a member of a coalition party was also premature as a result of the even changing political issues at the NMBMM. Despite the noticeable stability that is slowly gaining momentum, there are incidences of public protests that still carry on. The current protests in the previously disadvantaged area of Helenvale are indicative of the political instability. The community are protesting for lack of water for a year now. It is apparent that the communities might have even more pressing challenges than taking an interest in participatory budgeting. This reality is an affirmation of the proposal that PB must first be employed in areas where it is needed the most as not all wards at the NMBMM have the same challenges.

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