CHAPTER 3
THE HISTORY, BACKGROUND AND CAPACITY OF THE PIETERSBURG/POLOKWANE MUNICIPALITY

It should be mentioned at the outset that the main purpose of this chapter is to evaluate the capacity of the Pietersburg/Polokwane municipality to effectively deliver services to its residents. This evaluation will be preceded by a brief background and history of the municipality.

3.1 The pre - TLC dispensation

Towards the middle of 1993 (Pre-interim phase) after the date for the first democratic election at the national and provincial levels was set, forums were established for the purpose of negotiating the nature of local government structures for the country. In the Northern Province, these forums consisted of political parties and interest groups within the central region of the Province. The following political parties and interest groups participated in the forum prior to the establishment of the Pietersburg/Polokwane TLC, viz. ANC, FF, NNP, CP and SANCO. Other stakeholders such as organised business, ratepayers' associations, non-governmental organisations, etc. also participated in the process.

After the 1994 general elections, Transitional Local Councils (TLCs) were formed with the objective of performing the role of a local authority. This evolved from the pre-interim phase which started in February 1994 where there were some independent local authorities barred and divided along racial lines. For example, there was the Pietersburg Town Council which was only responsible for Pietersburg town, while Seshego township was administered by the then
Lebowa Homeland Government Department of Interior and Home Affairs. Pietersburg was effectively managed with sufficient resources being pumped into the town in the form of subsidies for its development and ensuring that quality services were accordingly provided. Grant-in-aids and transfer payments were also made available for the provision (partially) of essential services such as fire brigade and rescue services.

Residents of Pietersburg paid for the services rendered by the Town Council, while, on the other hand, there was no proper supply of services and corresponding accounting in the homeland. The homeland system of local government was rejected by the majority of people and the then mayors were labelled as “sell outs”. They did not command any respect in the townships, including Seshego Township, which was the capital of the Lebowa Homeland.

Payments for services in the township were done on an ad hoc basis and this negatively affected the sustainability of service provision. This point is specifically mentioned as it is one of the challenges of the integration faced by the post-1994 municipalities.

3.1.1 Pietersburg Town

The residents of Pietersburg were mainly whites, Indians and coloureds. The main reason that only a few blacks could afford to stay in Pietersburg at that time was that rates and taxes in Pietersburg were relatively high while in Seshego there was no payment for services. By the same token, however, the quality of services provided to ratepayers in Pietersburg was of a high standard. Furthermore, the Town Council had the capacity to manage the affairs of the town and a budgetary surplus was enjoyed because all residents paid for their
services. This capacity would necessarily be affected by the incorporation of adjacent townships and villages.

3.1.2 Seshego Township

Seshego Township was predominantly a home for blacks only, yet it benefited from the huge subsidies in the form of transfer payments to the then homeland government. Despite the fact that people in the township did not pay for services, these services were never interrupted. The system of local government was also not effective due to the fact that the mayoral system was rejected by the community because of its being perceived as an extension of the homeland system. It was a very costly exercise to maintain the Lebowa homeland system of which Seshego was capital since 1976.

3.1.3 Other areas

Except for Seshego, all the other villages within the local authority’s area of jurisdiction are rural. These villages include Perskebult, Makgofe and Bloodriver. There is no infrastructure within these villages, unemployment is rife and the few people who are permanently employed, work in Pietersburg, which is a major primary service and employment centre for the Northern Province (Interim IDP for Polokwane Municipality, Second Draft, 2001:10). This results in a huge disparity in income between urban and rural dwellers within the same municipality. The lack of sufficient income streams serve as an impediment to the overall development of these villages due to the fact that the revenue base for the municipality remains minimal. This makes it difficult to attract both foreign and domestic investment to these areas. This is further exacerbated by the fact that municipalities cannot borrow offshore to augment their revenue streams for
infrastructural investment in these areas.
3.2 Establishment of the Municipality


Prior to the establishment of the TLC, the Pietersburg town, Nirvana, Westernburg and Seshego township were separately administered. The residents of Pietersburg town, Westernburg and Nirvana paid for municipal services, while those of Seshego township did not. Seshego township fell under the Lebowa Homeland from whom it received huge subsidies for services. The residents of this township received water and electricity for free.

After the 1994 democratic elections, a consultative process unfolded to kick-start the process of doing away with the entrenched separate development policies of the past. Forums consisting of political parties, businesses, civics and any other interest groups were formed. The terms of reference of these forums also included the issue of demarcation. The outcome of this process saw Pietersburg, Westernburg (a previously coloured settlement), Nirvana (a previously Indian settlement) and Seshego (a previously black settlement) being clustered into one TLC. (See attached map - annexure A)

Like in any local authority situation, the objective of the newly formed Pietersburg/Polokwane TLC would then be to provide services to residents. The main problem arose when the residents of the black townships were expected to pay for services, as this went against the non-payment culture to which they were used.
In terms of the Local Government Transition Act, (Act No 209 of 1993), section (c)(i), the powers and duties of the local government co-ordinating committee were to ensure access by all persons residing within the areas of jurisdiction of the individual local government bodies to the following services:

"water supply, sewerage purification, electricity (if so agreed by all the individual local government bodies), refuse removal, roads and storm water drainage, health services, emergency services, financial administration, and any other services agreed upon: provided that if the individual local government bodies do not have the ability, jointly or severally, to ensure access to electricity themselves, the local government co-ordinating committee shall negotiate for such access thereto to be provided on its behalf by any other competent body: provided further that any such arrangement shall not relieve the local government co-ordinating committee of its responsibilities as contemplated in this item".

3.3 The socio-economic “given” of the municipality

The municipality has a population of 147 477 people of which about sixty percent live in Seshego and the remainder in Pietersburg, Westernburg and Nirvana (Interim IDP for Polokwane municipality, First Draft, 2001:15).

Pietersburg/Polokwane municipality has a functional area much larger than its institutional area (area of jurisdiction). There is a huge discrepancy in service provision between Seshego town and to a lesser extent Westernburg and Nirvana on the one hand, and Pietersburg town on the other. The demographic profile of Seshego township as a disadvantaged community is characterised by
high levels of unemployment, low income levels, low levels of skills and relatively poor health conditions in relation to Pietersburg town, Westernburg and Nirvana (Interim IDP for Polokwane Municipality, First Draft, 2001:10).

Very closely linked to income is unemployment. Unemployment is a central problem in the municipal area, in both rural and urban communities. Many unemployed people have been without work for long periods of time, despite a desire to work, and this suggests that the bulk of unemployment in the municipal area is involuntary unemployment caused by a decline in demand for a particular skill in a particular industry or in a particular location (Chisholm et al, 1981:127).

As far as social infrastructure and facilities are concerned, the town has three hospitals and seven clinics/health facilities. There are two fully fledged police stations, two emergency service facilities, four post offices and four libraries. Seshego has three post offices, two police stations, one library, four clinics and a hospital. All these facilities in Seshego are inadequately resourced.

The economy of the Pietersburg town has been developing over the last five years. The aim of local economic development is to actually create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents (RSA Department of Provincial and Local Government, Performance Management Techniques Report No 4, 2000:1). In the same vein, local authorities can play a central role in economic development by virtue of their powers and functions (National Business Initiative: 1998:3).

Pietersburg town’s economic investment is spread widely across commerce, agriculture and mining. It currently has in excess of 1 200 industrial undertakings and 2 200 businesses, service and professional concerns
Seshego does not have a well-defined and established business node as in the case of Pietersburg town. It also does not have a well-defined hierarchy of business centres for its neighbourhoods (Interim IDP for Polokwane Municipality, Second Draft, 2001:16).

A properly designed and well maintained electrical system ensures good quality electricity to Pietersburg. This contributes to industrial development and thus contributes to job creation in the municipality’s area of jurisdiction. On the other hand the ill-maintained Seshego electrical system inhibits the municipality’s endeavour to render high quality electricity service to the community (Interim IDP for Polokwane Municipality, Second Draft, 2001:22).

In an unnumbered document of the The Pietersburg/Polokwane municipality, it was reported that the income for the municipal council was R249m for the financial year 1997/98 (Municipal Finance Report for Pietersburg/Polokwane, 1998).

The amalgamation of the Pietersburg/Polokwane municipality with the former surrounding black towns and villages implied that the resources of this Council had to be shared among more beneficiaries. This is the challenge that the municipality faced. Transfers from national government constitute an important revenue source for municipalities throughout the world. This is also the case in Pietersburg, but this source needs to be augmented for purposes of local economic development. As the impact of economic factors upon local economies depend upon local governments (King, 1991:265), contractors and the business sector within the Pietersburg/Polokwane municipality look upon the
municipality as a major source of survival with regard to business expansion. The Pietersburg/Polokwane municipality has consequently established a register system, the objective of which is to achieve equity in the awarding of tenders and contracts, thereby creating a conducive environment for economic growth and development. However, in order for the Pietersburg/Polokwane municipality to accomplish its developmental role, it needs to maximise its income stream. Income is a vital ingredient although not the only requirement for local economic development. In line with the income stream maximisation strategy, the Pietersburg/Polokwane municipality updated its valuation roll, both in the Pietersburg town itself and in Seshego township, in order to levy property tax on all the residents within its area of jurisdiction. According to the Vice President of the International Development Research Triangle Institute in USA, property taxation is the most important source of revenue for urban councils, although it is perceived by rate payers as the most unfair of all taxes (Local Government Digest, July 1998:3).

This perception needs to be properly managed in order to encourage payment for services, thereby alleviating the financial stress at provincial and local level. The ratepayers need to be assured that their taxes will be effectively utilised and for their benefit, thereby reducing the level of resistance by residents. It is a reality that the financial problems that were experienced by the Northern Province government in 1998 also impacted negatively on municipalities which, as agents of the provinces, were expected to deliver more services with less funds. This state of affairs is applicable to the Pietersburg/Polokwane municipality as well. Since the dawn of the new dispensation, grants-in-aid in the province have not been forthcoming and this negatively impacted on the service delivery potential of the municipality.
The grants-in-aid were always used to augment the budget and have always been a major relief for municipalities in rural provinces. As remarked earlier, the Northern Province, within which the Pietersburg/Polokwane municipality is located, is one of the poorest provinces in South Africa and falls within the category of areas which have traditionally relied heavily on assistance. Up to 40 percent of its population is living below the poverty line defined (in the Special Briefing Paper Collection Report of December 1997) as R740 per month for a family of five. The most severe impoverishment is in the former homeland areas, which are characterised by high population density, an undeveloped and inadequate agricultural base and dependence upon wages from migration and employment elsewhere in South Africa. The province is among the least urbanised in South Africa (Special Briefing Paper Collection Report, No 19, December 1997:18).

The lack of urbanisation mentioned above has given rise to migration. The existence of large disparities between wages paid to urban workers and those paid to comparably skilled rural labourers has long been recognised as a crucial factor in the decision to migrate. Lack of services such as electricity and running water are some of the causes of migration. It then becomes a challenge to local authorities to provide basic services to areas where the people live in order for migration to be reduced. Furthermore, the degree of probability that a migrant will be successful in securing an urban job also accounts for the high rate of migration from the municipal area (Meier, 1976:202).

Poverty, the absence of services and lack of opportunities have fuelled migration from rural areas. Due to high poverty levels within the rural parts of the municipality, some family units are temporarily disintegrated by migration. The male absenteeism rate (the percentage of males who are absent from the area
during a particular period of time) is also high for the rural parts of the municipality. This means that the municipality should include in its budget funds for the development of women as well. Women are at a significant disadvantage in mainstream economic activities and are thus main victims of poverty. However, they perform a primary responsibility for family maintenance and welfare, despite the fact that they, in most cases, are the most downtrodden. Thus, urban and rural women should be among the primary target groups for credit, skills training and social services (World Bank Country Study, 1992:19).

On the whole, economic factors are the most important determinant of migration. The possibility of earning larger salaries in the cities is a major stimulus (although numerous non-economic stimuli also exist) to mass migration from the countryside (Todaro, 1983:196).

The above background shows that the municipality is situated in a poverty-stricken part of South Africa. Needless to say, a municipality has to be viable in order for it to be able to address the delivery of services to its people. Once again the challenge of viability (financial management capacity) of the municipality becomes of critical importance in this regard and municipalities have to report on their financial position in order for the Department of Provincial and Local Government to determine the type of assistance required. To this end, the Department of Provincial and Local Government Management has assumed responsibility for a project viability programme in which it gathers information regarding the financial position/viability of local authorities. The purpose of this exercise is to provide financial and any other types of assistance required by local authorities. To provide a reasonably accurate measure of the level of outstanding debts, these are reflected as a percentage of rates and service charges for the financial year to which they relate. Increases and decreases can
therefore be regarded as being reflected in real terms. Debts outstanding for Pietersburg/Polokwane municipality for the financial year 1997/98 amounted to R16 748 119-24 (Municipal Finance Report for Pietersburg/Polokwane, 1998).

In a local authority, debts of between 11 and 15 percent of turnover, representing six to eight weeks, is accepted as the norm (Local Government Digest, July, 1998:21).

Furthermore, a project viability mechanism which regularly monitors the financial position of local authorities at the instruction of the Minister of Provincial and Local Government, has been established and, as already mentioned, seeks to provide the much-needed technical assistance to municipalities. This is also aimed at creating a sound financial relationship between the council and its administrators. The provision of financial information such as the council’s cashflow, outstanding council debts, rates and service monies, will ensure that council decisions are taken with the full knowledge of the financial position and the implication thereof. Council cannot function properly or take a balanced decision if it is in the dark regarding its finances (Local Government Digest, November, 1997: 24).

The performance of the Pietersburg/Polokwane municipality could, for project viability purposes, be assessed in terms of the following criteria as determined by the Provincial and Local Government Department, viz:

- outstanding debts;
- ability to pay major creditors;
- cash and investments;
- credit control;
- accounts;
- regular payments;
- follow-up actions;
- ability to apply credit control procedures, operating income and financing resource; and
- balance sheet information


3.4 Evaluation of the capacity of the Pietersburg/Polokwane municipality

The ability of the Pietersburg/Polokwane municipality to effectively deliver services within its area of jurisdiction can be assessed in terms of a number of generic administrative processes (see Bain, 1987:18) often used in the discipline of Public Administration, i.e:

Policy-making;
planning capability;
organisation capabilities;
staffing (recruiting, training);
effectiveness of the control function;
the nature of co-ordination;
reporting (with a view to information flow); and
budgeting (fiscal planning, accounting and financial control).
3.4.1 Policy-making

It is important for a municipality to ensure that the policies adopted by council reflect the values of the targeted beneficiaries. The following factors influence policy-making:

- The political environment;
- The socio-economic environment;
- The financial environment;
- Public need;
- Interest groups;
- Availability of resources; and
- The physical environment.

The above factors will not be discussed in detail here, save to mention that the policy-making process within the Pietersburg/Polokwane municipality is also influenced by these factors, and that the fact that there are shortfalls, ineffective service delivery, insufficient resources, etc. point to the necessity for improving on the policy-making process. In order to enhance the ability of both officials, politicians and beneficiaries to achieve effective policy formulation, a continuous capacity-building programme must be put in place. Such a programme should be targeted at all the stakeholders within the municipal area of jurisdiction.

According to Section 195 (e) of the Constitution, “people’s needs must be responded to, and the public must be encouraged to participate in policy making”.

Policy-making should be guided by an effort to ensure the sustainability of municipal services, in terms of, *inter alia*, finances. To this end a project viability
monitoring programme has been established, not only to ensure financial viability for municipalities, but to also ensure compliance with financial regulations and policies. Project viability reports reflect the financial status of the municipality during a particular period of time and relevant proactive financial policy interventions that can then be taken as and when necessary, i.e. they will guide the development of policy regarding ways of improving municipal revenues, including tariff structuring, credit control, property taxation, rationalisation of intergovernmental grants and new revenue sources (RSA Department of Constitutional Development Annual Report, 1997:3).

The residents of the Pietersburg/Polokwane municipality have an opportunity to make their inputs, through their structures, into the policies of council. In this way the residents are granted an opportunity to influence the policies that finally get adopted by the council. For example, when major policy decisions are to be taken (like an increase in property taxes), the Pietersburg/Polokwane municipality normally circulates notices in local newspapers for residents to make their comments and suggestions on the matter.

3.4.2 Planning capability

The Pietersburg/Polokwane municipality has at the time of writing this mini-dissertation completed its Integrated Development Plan for its area of jurisdiction. The beneficiaries and other interest groups have been fully involved during the preparation of this plan. The councillors are also fully involved in the planning process. The consultant that was contracted to draft an Integrated Development Plan (IDP) for the Pietersburg/Polokwane municipality was given a clear mandate to ensure that the community makes a contribution to the IDP document. This process was effective and it allowed for greater ownership of
the process by the councillors and communities. The implementation of this plan needs to be financed and, as the level of backlogs within the municipality’s expanded area of jurisdiction far exceed available resources, it then becomes a useful tool for purposes of prioritisation.

To the extent that residents of the Pietersburg/Polokwane municipality were involved when the Integrated Development Plan was drafted, they can in this way have their needs influence council resolutions. Community involvement during the planning phase determines the sustainability of development in the municipality and it is actually a meaningful way in which real capacity among the beneficiaries can be enhanced. The augmenting of the people’s capacity is vital because people involvement is the key to success in development (Southgate D et al, 1987:65).

The beneficiaries need to be sufficiently empowered in order for them to bring about changes in municipalities. It becomes evident that the underlying ideas should be that local government is planned to become a partner of the community in achieving its development goals (FRELOGA, 1996:4).

The real measure of success or failure of capacity-building activities is in their impact on the communities and population in general, especially those with poor living and working conditions, i.e. poor and other disadvantaged groups.

All the development efforts within the municipality’s area of jurisdiction are guided by an Integrated Development Plan (IDP), which in actual fact is a requirement in terms of local government legislation. According to the Local Government Transition Act, No. 209 of 1993 (3), a metropolitan council shall, taking into account the development needs and priorities as determined by
metropolitan local council:

“(a) formulate and implement an Integrated Development Plan, incorporating metropolitan land use planning, transport planning, infrastructure planning and the promotion of integrated economic development; and

(b) co-ordinate and monitor local Integrated Development Plans (IDPs). Such a plan will also ensure that the correct land uses are adhered to.

The main purpose of a land use planning unit is to deal with land use by means of allocating uses to specific areas of land on a map and regulating how these uses will be acted on by means of documents known as ‘zoning scheme regulations’, ‘town planning regulations’ and the like. Although the description just given seems to be relatively simple, this form of planning is complex and, apart from compiling local structure plans within an overall zoning or town planning scheme, the planners have to deal with (and often participate in the formulation of) higher levels of planning, such as regional, provincial and national development plans. The applicable legislation, apart from provincial ordinances, is the Physical Planning Act 125 of 1991, the Regional Industrial Development Act 187 of 1993, and the Development Facilitation Act 67 of 1995” (Craythorne, 1997: 432).

Due to the existing planning capacity within this municipality (although consultants were also engaged), the Integrated Development Plan for the Pietersburg/Polokwane municipality is in place. According to the Chairperson of the Executive Committee of the Municipality, all the stakeholders, including the residents, were consulted during the preparation of the municipal Integrated
Development Plan. The Pietersburg/Polokwane municipality, based on the IDPs, is already prosecuting persons involved in the illegal use of land. Currently, illegal land-users tend to move to farms outside the municipality’s area of jurisdiction (thus to the area of jurisdiction of the Northern District Council) when the prosecution commences (Pieterse et al, 1997: 27-28).

Evidence also exists of income differentiation between rural and urban households within the municipal area. This clearly suggests that rural communities are fundamentally heterogeneous in nature. If overlooked, this phenomenon can undermine development initiatives in rural areas through the influence of patronage and factionalism. This suggests that there is a potential for conflict between the strategies adopted by an integrative development programme, and the heterogeneous nature of the intended beneficiaries. Political strategies are required in order to inculcate a culture of co-operation (participation) among the residents of the municipality, especially during the development planning phase which normally guides project allocation. The former type of organisation warrants serious attention in an effort to democratise the development process in rural areas (May, 1995:124).

While actual levels of distress are unknown, the former townships and informal settlements are often marked by poverty and squalor associated with overcrowding, high levels of pollution, lack of access to potable water and proper sanitation. They are often deficient in community facilities and relegated to the urban periphery, and this means high transportation and financial costs for those who can least afford it. Social disintegration and high levels of unemployment are rife in the rural parts of the municipality and can be reduced by adherence to an Integrated Development Plan (RSA Urban Development Framework, 1997:5).
It should be appreciated that certain forms of land use are beyond the control of the municipality, but pose a challenge, e.g. deforestation for purposes of firewood. The poorest rural inhabitants of the world are guided first by their need for food, not by visions of what could be hoped for in the future (Southgate et al, 1987:9).

Several initiatives have been designed to deal with the above problems. For example, the Development Facilitation Act (DFA) of 1995 administered by the Department of Land Affairs (DLA) has been designated to deal with the problem of land restitution and its potential negative effects on development. More importantly, at provincial and local levels it require local governments to adopt Land Development Objectives (LDOs) which amount to a statement of local priorities accompanied by a map that identifies government’s objectives for the land under its control. The Pietersburg/Polokwane Municipality is also prosecuting illegal land users in terms of its IDP (Pieterse, du Toit et al, 1997).

Municipalities should facilitate access to land by the dispossessed. There are people who were forcefully removed from their land in Pietersburg in 1979 and who now reside at a township 18km from Pietersburg. Some left for rural villages further away from the town. In large parts of the municipality, especially in small rural settlements, poor people need to gain back access to grazing land and small arable/garden areas in order to supplement their income and to enhance household food security. The main problem here again is that the municipality lacks funding to carry out land restitution programmes. The Department of Land Affairs also encourages local authorities to develop the conditions which will enable poor residents to access commonage, currently being used for other purposes. The Department will further provide funds to enable poor municipalities to acquire additional land for this purpose. Grant
funds are also available to municipalities that lack their own resources for Land Development Objectives (LDOs) preparation.

The supreme authority on the local scene is the municipal council in whom legislative and executive powers are constitutionally vested. In order for a local authority to ensure effective service delivery it is required to:

"(a) Conduct its affairs in an effective, economical and efficient manner with a view to optimising the use of its resources in addressing the needs of the community;
(b) conduct its financial affairs in an accountable and transparent manner;
(c) prepare a financial plan in accordance with the Integrated Development Plan in respect of all its powers, duties and objectives;
(d) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of its community, and promote social and economic development within its area of jurisdiction and support the implementation of national and provincial development programmes;
(e) manage its financial resources to meet and sustain its objectives;
(f) regularly monitor and assess its performance against its Integrated Development Plan, and
(g) annually report to and receive comments from its community regarding the objectives set in its Integrated Development Plan".

(Craythorne, 1997:342).

The integrated Development Plan referred to is defined as:
“a plan aimed at the integrated development and management of the area of jurisdiction of the municipality concerned in terms of its powers and duties and which has been compiled having regard to the general principles contained in Chapter 1 of the Development Facilitation Act, 1995 (Act No 67 of 1995), and where applicable, having regard to the subject matter and development objective contemplated in Chapter 4 of that Act.”

There is an IDP Steering Committee within the Pietersburg/Polokwane municipality and it consists of councillors and officials. The purpose of this Committee is to oversee the implementation and overall monitoring of the IDP and the planning process in general. This has been a viable mechanism through which the planning activities within the Pietersburg/Polokwane municipality are co-ordinated.

3.4.3 Organisation capabilities

It is important that the organisational structure follow functions. The council must determine all functions to be performed for the attainment of its objectives and these should influence the organisational structure and the way it relates to the provincial and central tiers of government. Accordingly, it must also determine the functional, organisational and post structure, and the duties, working hours and post requirements in the various departments, sections and branches of the council, in consultation with the trade union (Meyer, 1978:57).

A municipality must have a structure within which staff can be organized in order to render services. Such a structure must be in line with the constitutional objectives of a local authority.
According to the Chairman of the Executive Committee of the Pietersburg/Polokwane Municipality, the Municipality adheres to a pyramidal organizational structure as depicted by figure 1.

The pyramidal form of organization comprises specialisation into a smaller number of units, and can be said to ease the job of the Chief Executive Officer in respect of span of control.

![The Council

Executive Committee

Chief Executive Officer

Treasurer Town Planning Health Human Resources Electricity Protection Services Sports & Parks](image)

Figure 1: The pyramidal organisation of the Pietersburg/Polokwane Municipality

According to the Director of Management Services for the municipality for 1998, this structure functions satisfactorily.

3.4.4 Staffing (recruitment, training)

Staff is the most important resource in a local authority. The Pietersburg/Polokwane municipality pays its staff according to a grade 11 salary
structure. Recruitment of personnel into the Pietersburg/Polokwane municipality is done in an open and transparent manner. It is Council policy that all vacant positions be advertised so as to give everybody a fair chance to compete for them. The composition of the selection panel always consists of officials, councillors and union representatives. The staff within the municipality is motivated and this is evidenced by the prevailing low labour turnover rate. Affirmative action strategies coupled with back-up training programmes are in place and this to a great extent contributes to the relatively good performance of the municipality.

The municipality has also resolved to embark on a literacy training program in 1995, although the program could not be initiated due to budgetary constraints prevailing within the municipality. The Council further approved a full-scale Adult Basic Education and Training (ABET) programme in April 1997 for employees over 50 years of age as well as ABET training up to an equivalent of standard five for employees younger than 50 years of age to facilitate career development for these employees. Human resources development is high on the agenda of the Pietersburg/Polokwane municipality (Pietersburg/Polokwane TLC Resolution 4/8/1, 23 September 1997).

The training needs of each department were prioritised and integrated into the operational management process after they were verified with the departments concerned.

The Pietersburg/Polokwane municipality acknowledges that good human-resources management and career-development practices can assist in maximising the human potential within the council. In order to build further capacity in municipalities, the Transfer of Staff to Municipalities Act, No 17 of
1998 section (2)(1) provides that “Subject to the Labour Relations Act, No 66 of 1995 (Act No. 66 of 1995), an MEC may transfer such number of employees as may be necessary for the effective administration of a municipality”. However, the main purpose of this Act was to transform and finalise the transitional arrangements in local government. This relates to the new structure and form of local government in line with the new demarcation. Furthermore, when any function is transferred, whether primary or secondary, such a function should be accompanied by sufficient resources in terms of assets and staff (capacity). Although the Act provides for the transfer of staff, it does however not address the question of packages for such staff. In a way the transfer of staff to local authorities will serve to supplement the people capacity in the municipalities, especially with the advent of the new demarcation. As far as this dimension is concerned, it can be stated that performance is relatively satisfactory.

### 3.4.5 Effectiveness of the control function

The Pietersburg/Polokwane Municipality implements effective financial control systems. The Chief Executive Officer ensures the effective utilisation of municipal revenues through effective systems of internal financial control which are in place within the Pietersburg/Polokwane municipality. This is confirmed by the clean Audit Report the municipality received for the financial year ended 30 June 1999 (Auditor General Report on the Financial Statements of Pietersburg/Polokwane TLC for the year ended, 30 June 1999).

In order to ensure that the local authorities are effectively managed, the **Local Government Transition Act**, No 209 of 1993, further provides for the formation of audit committees. Audit committees are a valuable instrument of control that can be used by a municipality. The advantage as far as the composition of these
committees is concerned, is that they can be strengthened from outside the municipality. In this sense this committee will as such have access to expert capacity that can be sourced from outside the municipality.

According to the Chairperson of the Executive Committee of the Pietersburg/Polokwane municipality for 1999, their Audit Committee comprises six members, three of which are councillors. The Director of Finance is also a member of this Committee. In order for an audit committee to be effective, it should be chaired by a non-executive director, who can maintain the objectivity between the auditors and management and who will also be able to handle differences of opinion. In other words, non-executive directors are better able to provide the independent point of view so crucial to making an audit committee work. The King Report recommends that the majority of audit committee members should be non-executive. Most importantly, senior management or outside consultants could be considered for appointment as and when their potential contribution warrants (Coopers & Lybrand, 1995:7).

If an organisation is to be structured so as to be efficient and effective, then it is necessary to insert controls, because not all the members of the organisation can be expected to meet high standards voluntarily. An organisation may formulate correct plans and policies, but under-perform or mal-perform, either because of a lack of necessary controls or because the wrong controls have been introduced. Control is also strongly linked to accountability.

Control may also arise from politicians, e.g. elected representatives, political parties and members of the public may complain or comment at the political level, resulting in questions being asked about why certain actions were or were not performed in a certain way, and this, in turn, results in a review at the
political level of the performance of a local authority or a part of it, and may lead to changes being made, or, sometimes, disciplinary action being taken.

Cloete, as quoted by Craythorne. (1997:297), aptly describes control in the public sector as having but one objective:

"... to ensure that account is given in public for everything the authorities do or neglect to do, so that all the citizens can see exactly what is being done or not being done to further their individual and collective interests".

Another external form of control is the control exercised by the High Court of South Africa because of its ability in terms of Administrative Law to review the procedures of public functionaries and quasi-judicial bodies. However, returning to the question of internal organisational control, Cloete sees this as having formal and informal aspects:

- formal controls are those that require written reports, inspection, investigation, cost comparison and statistical returns; and
- informal controls relate to morale and esprit de corps, i.e. sense of duty, zeal, diligence, natural pride, self-development and professional pride of the public official.

Robbins (as quoted by Craythorne, 1997:297), is more specific and describes the control process as being made up of three distinct and separate steps:

1. Measuring actual performance;
2. Comparing that performance with a standard to determine if there is any difference; and

Good local government is accountable local government. By promoting the democratic principle of effective public accountability for the collection and expenditure of public funds, the Office of the Auditor-General is making a significant contribution to good government. Local Government is the level of government that is closest to the people and its function is to render important basic services required by the communities which it serves. From the point of view of service delivery it is arguably the most important level of government and for this reason effective control in municipalities has to be maintained.

Since local government bodies make use of public funds to provide these services, they are accountable to the public and the duty of the Auditor-General is to facilitate the effective public accountability of local government.

Elected councillors and appointed officials bear the responsibility of stewardship and accountability. Stewardship is a position of trust, and it pertains to the financing, acquisition, safeguarding, maintenance, and utilisation of the assets of local government. Accountability refers to the obligation to take on the responsibilities which have been conferred upon a functionary by the electorate.

As part of fulfilling its accountability obligations, it is a function of local government to prepare annual financial statements and submit these for auditing to the Auditor-General. Auditing, therefore, is a control which is used to ensure that the accountability obligation has been properly discharged.
The Pietersburg/Polokwane municipality received a clean report for the financial year ended 1998/99 and this has been reported to the public in compliance with the legislative requirement.

3.4.6 The nature of co-ordination

The Executive Committee of Council is responsible for the co-ordination function within the Pietersburg/Polokwane municipality. It comprises the Office of the Chief Executive Officer and five councillors.

It has to be acknowledged that councillors and officials are two sides of the same coin, i.e. there must be co-ordination between the activities of councillors and officials in pursuit of a local authority’s mission and objectives. The following code of conduct should enhance effective co-ordination and guide the ethics of the councillors in the execution of their duties, viz:

- no councillor shall absent himself from a meeting without leave of absence been granted to him or her;
- pressure on officials is prohibited;
- unauthorised use of information is prohibited;
- acceptance of gifts and favours is also prohibited; and
- interference or misuse of council property is prohibited.


It will, however, be naive to expect lack of political interventions and interferences in local authority administration although few local government professionals welcome political interest in administration and management when it affects established work plans and administrative procedures. Administrative
processes have become systematically responsible for a variety of community and political interests, even as managers resist *ad hoc* interference from elected leaders and citizens (Nalbandian, 1991:63).

Politicians and regulators need to be persuaded to act impartially as clients or shareholders rather than as controllers or inspectors. They should be taught to focus more and more consciously on the institution’s performance in addition to pursuing the political and regulatory objectives (Arturo, 1987:171).

Effective co-ordination of the activities of the officials and councillors can enable a local authority to stimulate the local economy. For this reason the Tender Committee of the Pietersburg/Polokwane Municipality comprises both officials and councillors. The Tender Committee allocates contracts in such a manner that the municipal economy can be stimulated. Politically, local government must make an effort to stimulate their local economies, but for most of them the nature of economic activity makes this task extremely difficult (King, 1991:265).

The objectives and strategies within a local authority’s area of jurisdiction should be adhered to so that co-ordinated development can be actualised.

According to Weber (as quoted by Craythorne, 1997:279), an organisation is a system of continued activity pursuing a goal of a specified kind (Craythorne, 1997:279).

The above definition implies that a local authority must be organised in such a way that it can accomplish the constitutional objectives that have already been mentioned. The structure of the organisation depends upon the type of services to be provided, and the most important factor in determining the structure is the
functions to be performed. A local organisation like a municipality will be less complex than a national institution, i.e. the nature of an organisation is based on a structure which is usually hierarchical and through which a diverse range of services is rendered. This diversity in services means that the many parts of the organisation will tend to be specialised.

The ability of local authority officials and councillors to co-ordinate their functions is vital for the success of a local authority. Many local authority staff will have to effectively adjust to the demands of operating in a changing and competitive environment. In doing so, they have to acquire and develop many new skills, as managers operating under a very new regime from that traditionally associated with local government services. The broader challenge of competition now faced will make it necessary for these skills to be understood by other managers as they face the challenge of competition. These newly required management skills and processes have not generally been part of the managers' role in the public service but have had to become so. Local authorities will have to strive towards efficiency improvement in order for them to also compete for funding in the financial markets. As more and more local government agencies and institutions find themselves operating in a competitive environment, they will have to think about their strengths and weaknesses, the opportunities and threats, which are aspects of one of the most popular and widespread business planning processes (Kerley, 1994:123).

In order to play their rightful role in alleviating poverty and addressing the inequalities created by past policies, towns (as it already happened within the Pietersburg/Polokwane municipality) must achieve a high level of integration of a wide variety of social and cultural groups, maintain efficient services and infrastructure, secure and protect democratic and accountable local institutions
of governance, and collaborate effectively with neighbouring local authorities, e.g. Northern District Council and political jurisdictions of governance in an increasingly interconnected system. This was evidenced during the local government elections which the Pietersburg/Polokwane municipality co-managed with the Northern District Council in 1995.

3.4.7 Reporting (with a view to information flow)

The Pietersburg/Polokwane municipality, in compliance with the Local Government Transition Act no. 209 of 1993, discussed its audit report for the financial year ended 1998/99 at a meeting open to the public. This presented an opportunity for the community to have full information about the performance of the local authority. Through a meeting of this nature, the Pietersburg/Polokwane municipality actually gave feedback to its clients in terms of performance during a particular year. The municipality obtained a clean report for the financial year 1998/99 (Auditor General Report on the Financial Statements of the Pietersburg/Polokwane TLC for the year ended, 30 June 1999).

Local authorities should report to their constituencies about their performance. This has to be done in a transparent manner and in the interests of the local residents. Officials in the hierarchy are accountable to the Chief Executive Officer who, in turn, is accountable to council which, in turn, is to the public. According to Section 160 (7) of the Constitution, a municipal council must conduct its business in an open manner, and may close its sittings, or those of its committees, only when it is reasonable to do so, given the nature of the business being transacted. In terms of the above quoted section of the Constitution, the public has access to the report of the operation of a municipality and for this reason every municipality has to ensure that an effective reporting mechanism is in place.
This is also reinforced by Section G of *The Local Government Transition Act* 209 of 1993 (as amended by Act 97 of 1996), in terms of which every municipality must annually report to and receive comments from its community regarding the objectives set out in its Integrated Development Plan. The Pietersburg/Polokwane Municipality Audit Reports are always discussed in an open Council meeting where the stakeholders are called to ask questions or make comments.

In terms of section 10G(2)(a) of the LGTA the Chief Executive Officer of a municipality (i.e. the town clerk or equivalent) must, subject to this Act and any regulations made in terms of the Act, cause such accounting records to be kept as are necessary to reflect the transactions and financial state of affairs of the municipality, and must also:

(a) cause to be kept in the accounting records referred to above, a revenue account (i.e. it is the CEO and not the council who opens such an account) which must be credited with all money which accrues to and is received by the municipality and be debited with all expenses of the municipality;

(b) cause all the money received by him or her on behalf of the municipality to be deposited in a banking account in the name of the municipality.

Furthermore, these accounting records must be kept at a place determined by the municipality, and shall not be removed from that place without the municipality’s consent, and the MEC must be informed of such consent (Craythorne, 1997:343).
3.4.8 Budgeting (fiscal planning, accounting and financial control)

Section 215(1) of the Constitution deals with the budgets of all the spheres of government (which includes local government) by providing that such budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and public sector (Craythorne, 1997:188).

The budget of Pietersburg/Polokwane municipality for 1998/99 financial year was discussed at a Council meeting and later workshopped with major stakeholders. The purpose of this exercise was to obtain a buy-in from the stakeholders.

The bulk of municipal revenue (over 80 percent) is derived from trading services such as electricity, water, sanitation, and refuse collection.

The revenue base of local government has been under severe pressure. It is imperative that steps are taken to consolidate and improve the mechanisms by which local government generates its own revenue. There are enormous differences between individual municipal treasuries, highlighted by the contrast between budgets of over R1 billion in the large municipalities to budgets under R100 000 in rural municipalities (Local Government Digest, November 1997:23).

As a way of augmenting its revenue, a municipality may obtain money by raising loans for capital expenditure. Any resolution to do so requires a majority of all members of the council.
The Minister of Finance may, by notice in the Gazette, determine reasonable conditions and criteria with regard to the raising of loans by municipalities. Such conditions and criteria may include the limiting or disallowance of such loans. Loans for bridging finance, which include bank overdrafts, may only be raised by a municipality during a financial year to finance current expenditure in anticipation of the receipt of revenue in that particular financial year. It may not be raised as a continuous and unlimited revolving credit (Craythorne, 1997: 362).

Many municipalities face increasing deficits in their operating budgets because of non-payment for services. As a result of the electricity cuts in the municipal area, especially in the former black townships of Seshego, payment levels increased to above 90%, despite the heterogeneity of the households (Interim IDP for Polokwane municipality, Second Draft, 2001:22). The punitive method of cutting electricity to the residents who were not paying was augmented by regular meetings which were addressed by the Chairperson of the Management Committee of the Council.

The Pietersburg/Polokwane Municipality has adopted an Indigent Policy through which people who cannot pay for their services can make arrangements with the municipality to pay in terms. Each case is, however, evaluated on merit. In terms of this policy, the objective of the indigent subsidies is to enable the Pietersburg/Polokwane municipality to subsidise households earning an income below the poverty line of R800-00 per month; the unemployed and pensioners (Pietersburg/Polokwane TLC Policy on the Indigent, 1998:2).

It should also be appreciated that the poor should be cross-subsidised by the rich for some period of time. This period should, however, be agreed upon by
the stakeholders and should be used for the phase-in process. The already mentioned 90% success rate in payment for services can to a great extent be attributed to the service cuts coupled with the Masakhane Campaign through which the councillors from Pietersburg/Polokwane municipality encouraged service consumers to pay.

Non-payment for services consumed should be avoided at all costs. The low levels of payment may further exacerbate the municipalities’ diminished creditworthiness and limited ability to levy property taxes and user fees (RSA Department of Housing. Urban Development Framework, 1997:5).

There is a proportional relationship between the level of income and the revenue generation potential of institutions in the area. Income levels within the rural part of the municipality is fairly low, with 72% of the working population earning less than R999-00 per month (Orkin, 1995:35).

This implies that it will be very difficult for people with very low income streams - and sometimes no income at all - to afford to pay for basic services, even if they wanted to. It is very important for the municipality to ensure that they provide a level of service commensurate with the income streams and accompanying income differentials. People with low incomes lack not only the ready cash for consuming major durable goods and services, but are also poorly qualified for accessing available cash from the money markets. Their low income, their negligible savings, their job insecurity, all contribute to their poor credit risks (Caplovits, 1967:14).

An alternative method of financing local government expenditures is borrowing. However, deficit financing of a current budget, which is very common for central
government, is not permitted in the case of local authorities. Conversely, borrowing for financing investment outlays is a very common practice, although its use varies considerably from country to country.

Loans are distinguished from other forms of revenue in that they require repayment. Moreover, they differ from taxes and charges in that they are not, at least initially, a direct charge upon the taxpayers and therefore they do not involve a reduction in income when the funds are required. The lenders voluntarily provide the funds, they get a reward and they bear the cost of debt-financed public expenditures through future payments. It follows that borrowing cannot be appraised by the same criteria as taxes and charges.

Borrowing has certain advantages as a method of local government finance. Local authorities usually have a limited fiscal capacity and borrowing is a method that can free investments from limits, thereby accelerating local and regional development. However, it must be pointed out that it is not certain that the additional investment will help to finance the debt. Not all capital outlays by loans promote economic growth.

There is a proportional relationship between the level of unemployment and the ability of a municipality to attract foreign investment to broaden its revenue base. Stability and a crime-free society are therefore required for a local authority to attract both domestic and foreign investments to counter the problems of unemployment and lack of income. In this regard, the Pietersburg/Polokwane municipality has established a Community Policing Unit within the traffic division in an effort to curb crime.

On the other hand, politicians need to play a very important role in so far as
instilling discipline among their constituencies is concerned. A crime-free environment is vital for economic development and service delivery. Local authorities, especially those in urban areas, have a central role to play in crime prevention. They have to engage in crime-prevention programmes in order to create a conducive environment for development in the municipal area. The exact strategies and mechanisms that local government adopts should be based on local crime-prevention priorities and strategies.

As at the provincial level, it is suggested that local government should initiate a multi-agency co-ordinating committee to establish how best to, among other things:

- set priorities for crime prevention within their area of jurisdiction;
- promote, co-ordinate and oversee departmental and agency involvement in effective crime-prevention for their localities;
- acquire the necessary skills to engage with crime prevention issues and develop the required capacity to drive crime-prevention projects;
- obtain the support of major local role players in committing themselves to crime prevention; and

3.5 Summary

In conclusion, it is evident that the Pietersburg/Polokwane municipality has the ability to perform its functions in terms of the generic administrative processes as identified in the beginning of this chapter. However, this capacity is not
sufficient, taking into consideration the municipality’s extended area of jurisdiction and in view of the level of backlogs in the villages and townships to be incorporated into the municipal area.

The main problem facing the Pietersburg/Polokwane municipality is the lack of adequate resources. This may be attributed largely to four factors. One is that, economically, many local areas (villages) do not appear capable of supporting the array of local public services. As was pointed out earlier, this is often because they are too small in terms of area and population. Second is that the local units generally have a relatively limited authority for levying taxes, partially because most of the more lucrative fields have been appropriated by the central government. Third, many local units partially utilize the taxing authority which they possess because of the difficulty of raising sufficient public support for levies. Due to the difficulty associated with the collection of taxes, local governments have, to a greater or lesser extent, been forced to rely on aid, such as equitable shares from the central government. With such aid, though, generally comes some degree of central government direction and supervision, and increased central interference means decreased local discretion.