

**IMPERATIVES OF PARTICIPATORY BUDGETING FOR ACHIEVING MUNICIPAL
BUDGETING LEGITIMACY AT METSIMAHOLO LOCAL MUNICIPALITY IN THE
FREE STATE**

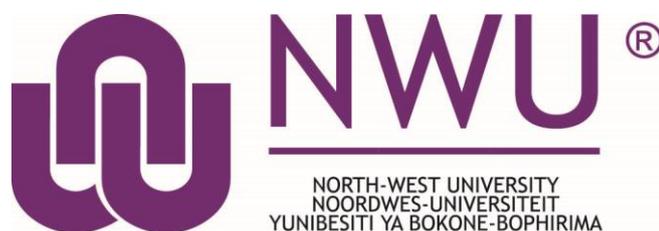
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DECLARATION

I, **SELLO ZACHARIA MATENA**, solemnly declare that this work, **IMPERATIVES OF PARTICIPATORY BUDGETING FOR ACHIEVING MUNICIPAL BUDGETING LEGITIMACY AT METSIMAHOLO LOCAL MUNICIPALITY IN THE FREE STATE**, is my own work. It has never, on any previous occasion, been presented in part or whole to any institution or board for the awarding of any degree.

I further declare that all the sources I have used or quoted have been indicated and acknowledged by means of complete references.

.....

Signature

.....

Date

DEDICATION

This mini-dissertation is dedicated to my mother, Martha Monono Mohanoe and daughter, Rachel Matena and my entire family.

ACKNOWLEDGEMENTS

My sincere thanks and gratitude go to the following people whose advice, guidance, support, and motivation have helped me to complete this study.

- The Almighty God for the strength, inspiration and who has helped and carried me through my studies, with love and grace.

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- My mentor, Dr Gino Alberts, thank you for your encouragement and never-ending support.

- To my entire family, thank you very much for your continuous support and encouragement.

- The North-West University: Vaal Triangle Campus Library staff for being so kind and for assisting me every time I needed their help.

- To the staff of Metsimaholo Local Municipality and all the residents of Sasolburg, Deneysville and Oranjeville who participated in completing the questionnaires.

ABSTRACT

The study explored issues related to the imperatives of participatory budgeting to achieve municipal budgeting legitimacy at Metsimaholo Local Municipality. The enactment of the 1996 Constitution in South Africa ushered in an environment of democracy and accountability. Public participation within the three spheres of government is a constitutional prerequisite. Public participation is crucial since the apartheid government excluded the majority, especially Blacks, from its processes and decision-making procedures. Public participation in the compilation of the municipal budget, is a good example of active participation between government and role-players such as the business sector, Non-Governmental Organisations (NGO's), including significant stake-holders. The budget is a powerful tool of accountability because the citizenry will be aware of how government spends their money. The preparation of the annual budget includes a series of steps that begin with the determination of the overall economic targets, expenditure levels, revenue projections and the financing plan by the Development Budget Coordinating Committee (DBCC). All the municipal councillors have a significant responsibility in approving the budget. Therefore, council plays a critical role to ensure that policy priorities are reflected in the budget. Councillors should focus on allocating budget inputs (resources) between competing priorities consistent with the strategic direction outlined in the Integrated Development Plan. Council must approve credible budgets, with realistic revenue and expenditure estimates.

Public participation lies at the centre of democracy and if it is implemented accordingly, it can lead to positive results of sustainable service delivery. Public funds belong to all taxpayers (collectively the entire society); decision making of how the funds should be utilised resides with the legislative body elected by the taxpayers; while the management of the public funds is executed by the government. The reason for the separation of ownership and decision- making is that direct

participation by taxpayers on every issue is practically impossible and simply too costly. Furthermore, it is to avoid opportunism in a fiduciary relation so that those who decide on how the funds should be used and those who actually utilise them are not the same persons.

The research was conducted in the Metsimaholo Local Municipality, situated in the Free State and comprises of three towns namely: Sasolburg, Deneysville and Oranjeville in its area of jurisdiction, and employs a total of approximately 800 employees of the estimated 150 000 residents. The respondents included: the Executive Mayor; Speaker and Public Participation Officers; Municipal Manager; Chief Financial Officer (CFO) and 4 members from his team; 10 randomly selected councillors from different political parties; 4 members from Audit Committee; 5 members from SAMWU and IMATU; and 85 randomly selected community members from business, teachers, domestic workers and youth. A structured questionnaire as a research instrument was utilised for this study.

The findings revealed that municipalities must include communities in drafting their integrated development plan, budget, and in the taking of service delivery and development-related decisions. The respondents revealed that the Municipality must ensure that the members of the public provide input on the contents of the budget. The results also highlighted that the municipal structure should manage its administration; budgeting and planning processes to prioritise the basic needs and promote the social and economic development of the community. Furthermore, the Municipality must immediately after the annual budget is tabled in a municipal council, make public the budget including all supporting documentation.

Recommendations were provided to assist Metsimaholo Local Municipality with issues related to the imperatives of participatory budgeting to achieve budgeting legitimacy in its municipal area.

KEYWORDS

Budget, public participation, imperative, legitimacy, Metsimaholo Local Municipality, ward committees, legislation, accountability, communities

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LIST OF ACRONYMS

ADP :	Annual Development Plans
BCM :	Buffalo City Municipality
CAGD :	Controller and Accountant General's Department
CBO :	Congressional Budget Office
CDF :	Constituencies Development Fund
CFO :	Chief Financial Officer
CIDP :	Country Integrated Development Plan
DBCC :	Development Budget Coordinating Committee
ETU :	Education and Training Unit
EU :	European Union
FAA :	Field Attorney Advice
FFC :	Fiscal and Financial Commission
GCIS :	Government Communication Information Services
IDP :	Integrated Development Plan
IMATU :	Independent Municipal & Allied Trade Union
IMF :	International Monetary Fund
LGFC :	Local Government Finance Commission
MDGs :	Millennium Development Goals
M&E :	Monitoring and Evaluation

MEC :	Member of Executive Committee
MFMA :	Municipal Finance Management Act
MIG :	Municipal Infrastructure Grant
MLM :	Metsimaholo Local Municipality
MMC :	Member of Mayoral Committee
MoFEP :	Ministry of Finance and Economic Planning
MoFPED:	Ministry of Finance, Planning and Economic Development
MPAC :	Municipal Public Accounts Committee
MTBPS :	Medium Term Budget Policy Statement
MTEC :	Medium Term Expenditure Committee
MTEF :	Medium Term Expenditure Framework
NMTEE :	National Medium Term Expenditure Estimates
NGO's :	Non-Governmental Organisations
OBI :	Open Budget Index
OECD :	Organisation for Economic Co-operation Development
PFAA :	Public Finance Accountability Act of 2004
PPPs :	Public Private Partnerships
PSBM :	Plan to Strengthen Budget Management
RCs :	Resistance Councils
SALGA :	South African Local Government Association
SAMWU :	South African Municipal Workers Union

- SAPS :** South African Police Service
- SASSA:** South African Social Security Agency
- SCOPA :** Standing Committee on Public Accounts
- SM :** Stellenbosch Municipality

CHAPTER ONE

ORIENTATION AND PROBLEM STATEMENT

1.1 INTRODUCTION

In this chapter, the orientation and background of the study was highlighted and the objectives and problem statement expounded upon. The research questions also formed part of this chapter. The research method and design to collect data was explained including aspects such as target population, data collection and data analysis methods. This chapter also highlighted concerns related to reliability, and ethical considerations. Lastly, a brief overview of the chapters was provided.

1.2 ORIENTATION AND BACKGROUND OF THE STUDY

The enactment of the 1996 Constitution in South Africa ushered in not only an environment of democracy, but also accountability. The constitutional norms are stipulated in Chapter 7 of the Enabling Act. Accountability is defined as: “the relationship based on an obligation to demonstrate and take responsibility for performance in the light of agreed expectations” (Fourie, 2012:77). Accountability and public participation are crucial aspects in municipal affairs. Section 152 of the 1996 Constitution tasks municipalities with imperatives of accountability and public participation as follows:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

Public participation as a concept is not new in Public Management and Administration. As pointed out by Ludidi (2013: 1), there is a plethora of research on public participation as a concept in the discipline. Ababio (2007: 16-29) as well as Nzimakwe and Reddy (2008: 667-679) analysed the role of ward committees as participants in local government. Kakumba and Nsingo (2008: 107-123); and Lie and

Mapuva (2008: 124-140) described the extent of public participation in rural development in Uganda and in Zimbabwe. Maphunye and Mafunisa (2008: 452-460) have also expounded upon the relationship between public participation and integrated development planning. It can be inferred from the above that there is a vacuum in research that borders on the imperative of public participation as a means to legitimise the budget in local government. The modus operandi of this study was aimed at establishing the extent to which the Metsimaholo Local Municipal communities participate in the budget preparation process as well as assess the effects of the participation.

The budget is perceived as a financial plan which outlines how a government will achieve its objectives. Furthermore, it is a document which identifies and states particular objectives with associated expenditures linked to each objective (Visser & Erasmus, 2009: 80). However, the budget is set to achieve specific objectives (Gildenhuys, 1997: 391-412), namely:

- As a planning process in which the budget represents the financial component of the strategic and operational or business plan;
- A management process in which the budget serves as a plan of action as well as using it as control over and reporting on possible expenditure;
- An instrument for promoting and ensuring financial co-ordination due to a set of measurable objectives and outputs;
- A policy formulation instrument that states the financial implications of the policy for the following year;
- An instruction document promulgated by the legislature for execution by government departments;
- A source of financial information because budget is a public document;
- A basis for accountability where the reports of the Auditor- General and the Annual Reports of Departments (in this case of municipalities) are tabled in the legislature and scrutinised by the Standing Committee on Public Accounts (SCOPA) which in the case of municipalities is the Audit Committee or the Municipal Public Accounts Committee (MPAC); and
- A means to determine the funding requirements for public expenditure.

Therefore, a budget document contains a complete list of expenditure programmes. From the municipal perspective, the budget can be considered as a type of business plan, because its purposes are similar to those of a business plan. In the context of this study, budgeting is a dependent variable on public participation. In other words, the factor which determines the form and acceptance of the Metsimaholo Local Municipality (MLM) budget depends on the way and manner in which the public has an opportunity to participate in its processes.

1.3 PROBLEM STATEMENT

The lack of public participation in the Integrated Development Planning process is a precursor to the budgeting process and impacts negatively on service delivery. The Metsimaholo Local Municipality is situated in the northernmost corner of the Free State which forms part of the Vaal Triangle. The Municipality comprises of the following settlements: Deneysville, Orangeville, Refengkgotso, Sasolburg, Vaalpark and Zamdela (Metsimaholo Local Municipality, 2012: 16). The total population in the municipal area, as reported in Census 2011, is 149109 and includes 45755 households and an average household size of 3,3. The literacy rate, which can be considered a factor in understanding and providing budget inputs is 74094 or 80,1 literate, and 18409 or 19,9 illiterate (Global Insight, 2009: 11).

In terms of section 17(2) of the Municipal Systems Act 32 of 2000, a municipality must establish and organise its administration to facilitate a culture of accountability and a system of participatory governance. Such governance system must complement the formal representative governance and supply its community with information related to municipal governance, management and development. The Metsimaholo Local Municipality prides itself because it promotes public participation in its governance activities through the establishment of functional ward committees in all 21 wards. The ward committees serve as a link between the municipality and its communities and represent the aspirations, concerns and needs of the community (Metsimaholo Local Municipality, 2011: 39).

For the financial year of 2011/12, the municipality received a qualified audit opinion (Metsimaholo Local Municipality 2011: 29) which was a significant improvement from a disclaimer. Such qualification is an indication of good financial and budgetary performance. However, in the same period, there were numerous public protests and the municipal workers went on strike at Metsimaholo Local Municipality. They raised concerns about service delivery and the lack of public participation in the Integrated Development Planning process which is a precursor to the budgeting process. Although there is a dichotomy of sound municipal financial capacity, the public outcry of the lack of transparency proves that it can be improved with public participation. This is the foundation of this study.

1.4 RESEACH QUESTIONS

The study endeavoured to respond to the following research questions:

- What is implied by the concepts budgeting and public participation?
- What budgetary procedures are followed at Metsimaholo Local Municipality?
- To what extent does the Municipality comply with legislative imperatives on public participation in the budgeting process?
- What recommendations can be offered to add value to the budgeting process in relation to public participation at Metsimaholo Local Municipality?

1.5 RESEARCH OBJECTIVES

In response to the research questions above, the objectives of the study were as follows:

- Discuss issues and complexities of “budgeting” and “public participation”.
- Analyse the legislative imperatives of public participation of how they are applied at Metsimaholo Local Municipality (MLM).
- Conduct research and determine the extent to which civil society inputs and expertise are consulted in the preparation and implementation of the budget at Metsimaholo Local Municipality.

- Provide recommendations that will add value to the sound alignment of municipal-public relations in budgeting.

1.6 CENTRAL THEORETICAL STATEMENTS

In relation to the budgeting process, service delivery and resulting public protests at Metsimaholo, the following hypotheses is identified:

Positive

- The budgeting process at Metsimaholo Local Municipality is legitimised by active participation by various structures of civil society. However, the budget implementation process is flawed due to the lack of public participation.

Negative

- The violent public and labour strikes that disrupted service provision at Metsimaholo Local Municipality in recent years (2013 – 2016) is a result of ignoring legislative imperatives of public participation in the budgeting process. The aforementioned statement is supported by Jack's article (2017: 3) in The New Age that: "Free State provincial government has dissolved Metsimaholo council for its failure to approve the municipal budget for 2017/18", led to instability and poor service delivery which resulted in strikes in the municipal area.

1.7 RESEARCH METHODOLOGY

This study adopted the quantitative research methodology. The adopted research approach included an extensive literature review and empirical survey. De Vos, Strydom, Fouche and Delport (2005:362) assert that methodological triangulation denotes the use of multiple methods to study a single topic.

1.7.1 Literature Review

Literature on public participation and budgeting can be interpreted within various contexts. The theoretical aspects of this study included book reviews, journal

articles, policies and legislation, electronic sources, IDP and municipal Annual Reports (including official reports), dissertations and theses and newspaper articles.

1.7.2 Empirical Survey

For the purpose of this study, the empirical survey was largely quantitative. Flick (2007:2) posits that qualitative research deals more with information or rather text as empirical as opposed to numbers or statistics.

The empirical research approach was conducted by means of a questionnaire. A structured questionnaire as a research instrument was utilised for this study. The questionnaires were completed by randomly selected officials and Metsimaholo Municipality residents.

A sample population of 121 was intentionally and randomly selected for the study. The survey intended to establish the reasons for a series of violent public protests in the area over the preparation or implementation of the budgetary processes. Consequently, the officials in the Finance, Integrated Development Plan and Corporate Services were targeted. The participants included:

- The Executive Mayor;
- The Speaker and Public Participation Officers;
- Municipal Manager;
- The Chief Financial Officer (CFO) and 4 members of his/her team;
- 10 randomly selected councillors of different political parties;
- 4 members of Audit Committee;
- 5 members of SAMWU and 5 members of IMATU; and
- 85 randomly selected community members from business, teachers, domestic workers and youth.

The questionnaire was divided into two sections, namely: Section A comprised of the personal and demographic profile of the respondents, while Section B comprised of the respondents response to the imperatives of participatory budgeting to achieve municipal budgeting legitimacy at Metsimaholo Local Municipality.

1.8 ETHICS

Ethics is referred to as a discipline of the passions whose primary focus is to enable individuals to live a well-rounded life guided by reason (Eze, 2006: 290). Mavuso and Balia (1999: 63) hold that ethics serves to guide the behaviour of individuals only in so far as it is necessary for the good of an institution. Ethics is a matter of responsibility management as much as it is individual property that requires certain basic moral dispositions and presupposes fundamental moral principles.

Consequent to the above moral study requirements, the following measures were considered to fulfil the ethical aspects of the study:

- Permission to conduct the study was applied for from the Municipal Manager at Metsimaholo Local Municipality.
- The respondents were guaranteed that their identities would remain anonymous and their participation voluntary.
- The participants were also informed that the purpose of the study was academic.
- A consent form from the North-West University was submitted to each respondent to agree to their participation. The Municipal Manager submitted a circular letter in which he encouraged the officials and politicians to co-operate and participate in the study.

1.9 CHAPTER OUTLINE

The chapter outline is provided below:

CHAPTER 1: Introduction- Orientation, Problem Statement, Research Method

CHAPTER 2: International Perspective on Public Participation and Budgeting Processes

CHAPTER 3: Public Participation and Budgetary Process within the South African Context

CHAPTER 4: Research Methodology

CHAPTER 5: Data Analysis and Findings

CHAPTER 6: Findings, Recommendations and Concluding Remarks

1.10 CHAPTER SUMMARY

This chapter provides an orientation and background to the study as well as discussed the problem statement. Furthermore, the primary and secondary objectives were outlined and the research methodology adopted was the study to respond to the research objectives was discussed.

The next chapter an international perspective of public participation and budgeting processes is discussed in detail.

CHAPTER TWO

INTERNATIONAL PERSPECTIVE: PUBLIC PARTICIPATION AND BUDGETING PROCESSES

2.1 INTRODUCTION

The previous chapter outlined the introduction of the study, problem statement, research methodology and the rationale for the study.

Globally, governments must ensure that public participation is utilised to democratise their institutions, and empower the electorate at grassroots level. Public participation strengthens the pillars of a government's democratic structure, that is, more accountable. The aforementioned statements are supported by Masango (2002:52) that public participation lies at the centre of democracy. Siphuma (2009:19) posits that public participation, if implemented accordingly, can lead to positive results to sustainable service delivery. This happens more specifically at grassroots level because it intensifies rather than impedes services delivery. He further asserted that government accountability can be easily measured by the extent to which it includes public participation in decision making with regard to the daily challenges.

Sorensen (1998:5) defines public financial studies as the fiscal tools of the state and how they can best be utilised to meet public policy goals and the fiscal tools such as: taxes, transfers and government procurement of goods and services recorded in the public budget. Seope (2015:12) holds that public finance is a political system by which a society decides the kind and level of resources that should be collected; public goods and services that should be provided; and ensure that the resources are utilised as intended. He further argues that the result of this decision process is the government budget. For government, the budget is the single most important policy vehicle and it embodies the fundamental values underlying the government's primary policy choices and reflects the views of the nation's social and economic objectives. The budget is also perceived as an instrument that reflects government's priorities and citizens' preferences (Rubin & Boyd, 2006: 166).

According to Allen (2009:7), one of the most fundamental principles of public finance is the separation of the ownership of decision-making on, and management of public

funds. Public funds belong to all taxpayers (collectively the entire society); the decision making on how the funds should be used resides with the legislative body elected by the taxpayers; and the management of the public funds is executed by the government. The reason for the separation of ownership and decision making is that direct decision making by taxpayers on every issue is practically impossible and too costly. The reason for the separation of decision making and management is to avoid opportunism in a fiduciary relation so that those who decide how the funds should be utilised and those who actually use them are not the same people. However, this separation of ownership from management also introduces the principal-agent relationship and all the issues related thereto. Accountability is a paramount issue in terms of protecting the principal's interest. Therefore, the legislative body in this instance is considered the guardian of the taxpayers' purse has the final decision making authority in a budget before it can be executed by the government. Furthermore, a budget approved by the legislature is legally binding (Allen, 2009: 8).

The budget is a legal contract between the government and the legislature of what the government is expected to do in the new fiscal year (Wildavsky, 1998: 417). Moreover, the budget is a powerful accountability tool for citizens so that they are aware of how the government spends the money (Rubin and Boyd, 2006: 147). Henceforth, in theory at least, the legislature constitutes the most significant element of external accountability to society in public financial management.

2.2 DEFINING THE CONCEPT BUDGET

Andersen (2009: 10) asserts that a budget is a systematic method of allocating financial, physical and human resources to achieve strategic goals. According to Allen (2009: 11), companies develop budgets to monitor progress toward their goals, help control spending, and predict cash flow and profit. The central challenge that budget developers face is mapping out the future, something that can never be done with perfect precision. The fast pace of technological change and complexities of global competition make the formulation of effective budgets both more difficult and significant. Government budgeting is the critical exercise of allocating revenue and borrowed funds to attain the economic and social goals of the country. It also entails

the management of government expenditure such that it will create the most economic impact from the production and delivery of goods and service while supporting a healthy fiscal position. Through the budget, the government can prioritise and implement its plans, programmes and policies within the constraints of its financial capability as dictated by economic conditions.

Recently, a new public sector reform trend and modern budget initiatives has swept developed countries (Chevauchez, 2007: 257). Furthermore, Allen (2009:5) holds that this new wave was initiated in New Zealand, followed by other developed countries that are primarily in the Anglo- Saxon or Northern European tradition of public management. Many of these changes have been associated with demands from citizens for greater accountability by their political leaders, and increased access to information and the budget process.

According to Westcott (2008: 172-173), in the fiscal area, new reforms have included diverse areas such as budget consolidation and restructuring, a move to multiannual fiscal and budget frameworks, regular use of performance information within the budget process, a shift from cost accounting to accrual accounting, the development of computerized systems, consolidation of revenue collection, greater use of devolved budget management. Allen (2009: 8) posits that the national plan is regarded as the preeminent policy document for planning the allocation of national resources and attracting donor financing. Ministers of Finance play a crucial role in coordinating and driving improvement in the budget process. Without their intervention and active leadership, such improvements are unlikely to take place.

According to Allen (2009:12), two powerful or influential organizations in giving advice to countries on strategies and priorities for budget reform, and providing technical assistance, is the World Bank and International Monetary Fund (IMF). The World Bank's focus is on broad public sector reform, of which budgetary institutions are part, linked to long-term developmental objectives, promoting governance and anti-corruption initiatives as well as reducing the fiduciary risk of Bank lending operations. It thus tends to view reform from an essentially microeconomic perspective. The International Monetary Fund (IMF) perceives the budget principally as a medium to promote macro-fiscal stability and sustainability by reinforcing the powers and organisational strength of the finance ministry, improving fiscal

transparency and reducing countries' exposure to fiscal risk, and broadening the tax base and improving revenue collection.

During budget preparation, trade-offs and prioritisation among programmes must be made to ensure that budget fits government policies and priorities. The budget formulation process has four major stages: Setting up the fiscal targets and the level of expenditures compatible with these targets; Formulating expenditure policies; Allocating resources in conformity with both policies and fiscal targets; and Addressing operational efficiency and performance issues.

According to Wildavsky (1998: 317), there must be a link between policy and budgeting and for perspective beyond the immediate future. In most countries government budgets are prepared on an annual cycle, and formulation must take into account events outside the annual cycle, in particular the macroeconomic realities, the expected revenues, the longer-term costs of programs and government policies. Budgetary functions relate to a range of activities through which organisations make contingencies for monetary requirements that are essential for the realisation of strategic plans and short-term objectives. However, within the public sector, budgetary activities appear to be critical solely for fund lobbying and allocation scheme, roles that often supersede other equally important budgetary functions such as organisation's control and performance evaluation (Phatshwane, 2011: 7). Budgeting for national government includes four distinct process or phases: budget preparation, budget authorisation, budget execution and accountability. These processes overlap in the implementation during the budget cycle. Budget preparation for the following year proceeds while government agencies are executing the budget for the current year and at the same time engaged in budget accountability and review of the past year's budget.

Draman (2010: 34) writes that the preparation of the annual budget includes a series of steps that begin with the determination of the overall economic targets, expenditure levels, revenue projections and financial plan by the Development Budget Coordinating Committee (DBCC). Adjustments are effected on the budget even during implementation primarily because of the enactment of new laws and adjustments in macroeconomic parameters. The budget process is derived from: the

Constitution; Financial Laws and Regulations; Budget Act; Local Government Act and Standing Orders of Parliament as well as other recognised acts and regulations such as Procurement Act, Banking Act, and Finance Act etc.

According to the Guide to Municipal Finance Management for Councillors (2006: 62), the budget is the mechanism that translates plans into actions. It ensures transparency, accountability, completeness and good governance. It is the regulatory and disciplinary framework within which the ministries must be run and execute their tasks. All councillors approve the budget, which is a significant responsibility. Therefore, council plays a critical role in ensuring policy priorities are reflected in the budget. Councillors should focus on allocating budget inputs (resources) between competing priorities consistent with the strategic direction outlined in the Integrated Development Plan. Council must approve credible budgets with realistic revenue and expenditure estimates. In meeting this objective, councillors will consider a long-term view that will make financial stability possible in their municipality. Council must budget for maintenance and replacement of operating equipment to ensure sustainable service delivery. Furthermore, council must determine the capital budget for the medium-term, and consider the projected future operational costs of these authorised capital projects.

2.3 DEFINING THE CONCEPT PUBLIC PARTICIPATION

As in the case of the concept budget, different authors define public participation differently. Theron (2005: 113) views public participation as an elusive concept which serves as an umbrella term for a new style of development planning intervention. Masango (2002: 58) supports the aforementioned definition of public participation and posits that it is unlikely a suggestion for development strategy or intervention can be made, which is not in some way “participatory”. Davids (2005:18) agrees that participation is key in South Africa. Before the democratisation process, African, Coloured and Indian communities were not included in the decision making process through statutory discriminatory mechanisms such as the Group Areas Act of 1950 and Population Registration Act of 1950.

According to Meyer and Theron in Siphuma (2009:22), the concept “public participation” can be defined as a social learning process connecting the building blocks such as participation, social learning, empowerment and sustainability of development. On the other hand, Kotze and Kellerman (1997:52) define public participation as a complex and on-going process through which people are to exercise varying degrees of influence over development activities that affects their lives. Public participation can also be defined as a process in which stakeholder and public concerns, views and values are incorporated into decision making and implementation of water resource management. It is not a single event, co-management of resource necessitates on-going commitment. Effective participation is related to: empowerment, ownership, communication and responsibility. There is a blueprint for public participation: adaptability and contextualisation of each strategy is of the essence.

Madumo (2014:132) holds that public participation in decision making is vital. It is beneficial for individual decisions and democracy in general. It uses the knowledge, skills and enthusiasm of the public to help make the decision and acknowledges that the public have significant role to play.

Based on the above mentioned definitions of public participation, it enables people to be responsible and accountable for governance and development initiatives to help strengthen democracy and sustainable development. Furthermore, it is evident that public participation cannot be separated from the actions of community groups or individuals in relation to development, and positive change of an existing, less acceptable situation. Siphuma (2009:19) asserts that if public participation is implemented correctly, it can have positive results on sustainable service delivery. These results take place more specifically at grassroots level and enhances, rather than impede service delivery. The lack of public participation results in citizens losing any sense of belonging and perceive government as an opposition as well as consider the latter insensitive and non-responsive to the aspiration of its people.

The most significant element of good governance based on the key words of this definition, is participation and accountability. Public participation is an integral part of a stepwise process aimed at broadening the support for the organisations policy and

activities, avoid conflict and generate as much as support as possible for the success of the plan over time (Cooper, 2004: 117). Public participation should be viewed as a convenient tool for public relations, image-building, or winning acceptance for a decision taken behind closed doors. Therefore, it needs to be perceived as an on-going relationship among the diverse societal partners who are concerned about common issues. The consultation process should include decision makers listening to the views of other stakeholders to improve project design prior to implementation, or make necessary changes during implementation. Nyangau (2014:2) asserts that participation in decision making is a significant approach to respond to the ambiguous and unpredictable nature of organisational environments and call for self-organising networks with many participants to manage the unknown aspects of organisational life. He further underscored the significance of participation and encourages meetings as a sense-making mechanism. According to Anheir (2009:6), public participation is the deliberate process by which interested or affected citizens, civil society organisations, and government actors are involved in policy making before political decisions are taken. Public participation acknowledges the pluralism of aims and values, and enables collaborative problem solving designed to achieve more legitimate policies. This link between deliberation and participation is related to the concept of radical democracy (Mfundisi, 2007: 32). According to The European Institute for Public Participation (2009:6), public participation is intended to complement conventional modes of policy making in which elected representatives take decisions based partially on their perception of their constituents' preferences.

It is further evident that public participation has begun to establish itself as a popular alternative to take routine decisions and resolve conflict in European public life. In most European Union (EU) member states arrangements allow the direct participation of citizens in policy making that includes concerns such as urban development, planning, environmental questions or science policy. Most are set at the local or community level. Arnstein (2003:246) defines public participation as a definite concept for citizen power, where the distribution of power is enhanced to deliberately include the underdeveloped (those who could be excluded from participating in the political and economic process) to attain their active participation in the future. Furthermore, Brynard's (1996:41) definition asserts that public participation is a process undertaken by one or more individuals who were previously

not included in the decision making process concurrently with individuals who were only advocates therein.

According to Pearce (2010: 232), there are two types of public participation, i.e. direct citizen participation and participation through association. Creighton (2005:7) views public participation as a two way communication and collaborative activity through which the people's concerns, needs, and values acknowledge and integrated into government decision making. Public participation is a process that includes co-operation between community and government and is achieved through various means and categories.

2.4 GLOBAL BUDGETARY TRENDS

Peng and Deng (2011: 80-81) posit that irrespective of the significant theoretical and legislative underpinning in the public budgeting process, the legislature did not play an active role as expected until recently. A significant reason for the relative hands-off approach by the legislature is the growth in the size of the state and of the complexity of its structures, financing mechanisms and expenditure agendas, which makes it increasingly difficult for the legislature to gather a global perspective of the government and assess individual proposals for both spending and revenue. For the last 20 to 30 years, the situation started to change. A survey by Anderson (2009:7-14) revealed that there is an increase in the number of countries which consider the role of the legislature as significant in budget processes. Consequently, special budget committees with expertise in budgets and supported by legislative staff have been established; detailed information from the government on spending proposals and implementation; and active in monitoring and auditing. Folscher and Cole (2006:95) revealed that certain countries revised their constitution to delegate additional powers to the legislature. Among the developed countries, Congress in the United States of America passed the Congressional Budget Act of 1974. The Congressional Budget Office (CBO), a non-partisan budget staff office was established to help Congress in budgetary matters. The CBO has grown into a very authoritative source of budget information, allowing the Congress to put together a budget on its own. The National Assembly initiated a wide-ranging budget reform in France. It further included a reclassification of the budget to support legislative

oversight and an expansion of powers to amend expenditure (Stapenhurst, 2004: 3). He also revealed that a trend toward legislative budget activism in developing and transition countries was clearly visible. In most Latin American countries, the government used to dominate the budget process, and legislatures served largely as “rubber stamps”. According to Santiso (2004: 27), the financial reform in many Latin American countries occurred in two rounds. In the first round, these countries undertook to improve their public finance management and financial information systems to better and change efficiency within the government. Limited attention was given to accountability in budget management beyond the executive branch. However, in the 1990s many Latin American countries introduced constitutional reforms to clarify and expand the power of the legislature with regard to the public budget (Petrei, 1998: 399). For example, in Argentina, Congress has the right to modify the total spending and debt amounts, and make decisions that include changes to the purposes for which the funds are to be utilised. If Congress increases the budget proposed by the executive branch, it must indicate the source of the finances. Recent changes in African practices related to budgets and legislatures reflect similar trends. According to Fuo (2015: 169), Legislatures have ensured that their voices are heard in their oversight roles by ensuring that they hold members of the executive publicly accountable through strengthened committees. South Africa and Uganda have passed acts on the budget to give grant legislature influence during the budget formulation and approval processes (Stapenhurst, 2004: 3).

2.5 INTERNATIONAL TENDENCIES: PUBLIC PARTICIPATION AND BUDGETING PROCESSES IN AFRICAN COUNTRIES

2.5.1 Ghana

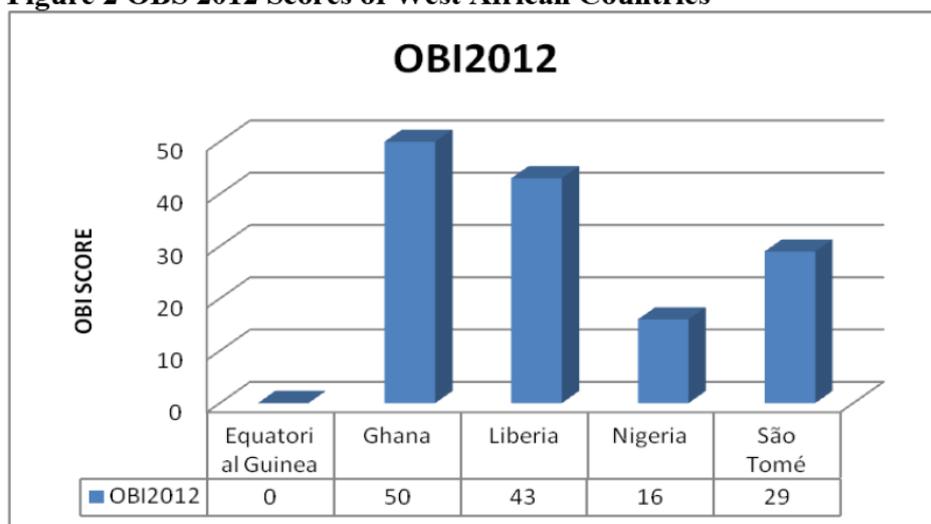
According to Draman (2010:7), the budget in Ghana derives its authority from three primary legal documents namely: the Constitution of 1992; Financial Administration Act of 2003 and Financial Administration Regulations 2004. The parliamentary Standing Orders serve as a significant guide in the budget process, especially legislative approval.

Sarr (2014:5) asserts that Ghana’s score for 2012 was 50 out of 100, which is a partially higher than the average score of 43 for the 100 countries surveyed and the highest in the West African region. Ghana’s score reveals that the government provides the public with certain information on its national budget and financial activities during the course of the budget year. He further accentuated that this is a challenge for citizens to hold the government accountable for to manage public money. Ghana’s Open Budget Index (OBI) 2012 score of 50 decreased slightly from 54 on the Open Budget Index (OBI) 2010.

Ghana’s performance in the 2012 survey declined from 54 to 50. However, the country still maintains the first spot in the West African Sub-Region. The score, 50 implies that a large quantity of budgetary process information is still being withheld from the general public. .

Figure 2.1 OBS 2012 Scores of West African Countries

Figure 2 OBS 2012 Scores of West African Countries



Author generated from country scores by the International Budget Partnership

Source: Open budget survey (2012), international budget partnership

The Ministry of Finance and Planning, Ghana (2012:6) revealed that the International Budget Partnership recommends that the country expands public engagement in budgeting after considering the Open Budget Survey indicators which revealed that it performs poorly. With the consideration of the aggregate level, and restricted to an assessment of primary expenditure, Ghana does not perform well with regard to the budget. However, the country succeeds in one key pre-requisite to achieve a

credible process. The two factors that can undermine the credibility of the budget is significant extra budgetary activities, and poor monitoring of fiscal risk, debt and contingent liabilities.

According to Ministry of Finance & Planning, Ghana (2012:7), Medium Term Expenditure Framework is a transparent planning and budget formulation process that attempts to improve the decision making process and link government policies, priorities and requirements with limited resource constraints. The issue of additional budgetary expenditure is addressed and contributes positively towards the credibility of the budget. It should be noted that the increasing levels of Public Private Partnership arrangements without complete reporting on these activities could lead to lower budget credibility. Fiscal transparency depends on whether information on the budget and its execution by the government is easily accessible by the general public or at least the relevant interest groups. Such transparency requires the Government to avail relevant information in a comprehensive, understandable and timely fashion (World Bank Group, 2016: 1-9).

The Ministry of Finance & Planning, Ghana (2012:20) revealed that the information available to the public includes the entire budget cycle i.e. budget information and planning, budget execution, and external scrutiny and audit. Public access to key fiscal information is transparent, generally comprehensive, and timely. The primary source of information is through internet³⁰, MoFEP bookstore and the Government Publishing Company Ltd. Bookstore. Relevant is also available through university libraries and printed media. Draman (2010:17) writes that the MoFEP website includes a succinct and easy to read version of the Budget Statement called: “The Citizens Guide to the Budget Statement” to enhance public engagement in the budget process. He further asserted that the significance of dissemination of fiscal information is acknowledged by both the government and public.

According to Short (2003:2), Ghana holds consultative group meeting with donors at which government discusses the budget during March-April. Budget documents are made available to the public at the time they are tabled by the Minister of Finance in the Parliament. Parliamentary sessions on budget discussions are open to the public and are broadcasted on national TV and radio. The budget is also broadly discussed in the print media. Short (2003:10) posits that in-year execution reports and audit

reports are routinely availed through the MoFEP and Auditor-General Office website and circulated to Development Partners and other stakeholders. The reports are also available in the Government Book Shop. Until March 2007, the Monthly Expenditure Returns were posted on a monthly basis on the website. Since then these have been substituted by half year fiscal summary tables.

2.5.2 Burkina Faso

In 2002 the country's Council of Ministers adopted a Plan to Strengthen Budget Management (PSBM) which was based on the financial accountability and codes in public finance. Public entities are authorised to collect revenue such as dues and sales proceeds that are not included in the government budget but most of their financial resources consist of government subsidies inscribed in the budget. The local communities play technical oversight role through the Ministry of Territorial Administration and Decentralization. Financial oversight is provided by Ministry of Finance and Budget. The legal framework for the budget process is governed by the Constitution, domestic laws and regulations as well as regional directives which is influenced by the French budget systems and laws. The principles governing the management of public funds are not always adhered to in practice that is why new legislation was formulated recently to further strengthen and ensure transparency and accountability in the budget system.

The government has a strategy which is linked to the budget and adopted a three-year rolling plan well-known as Medium Term Expenditure Framework (MTEF). MTEF is integrated with the budget cycle to address four pillars of the country's long term vision, namely, accelerated and equitable growth, better access to social services for the poor, increased employment opportunities and good governance. However, MTEF is not fully appropriated at the sectoral level because it still needs to be complemented by results-based programme budgets at the sectoral level and disbursements are closely linked to the outcome. Central government is strengthening local governments as part of an initiative to decentralise, in accordance with long term objectives.

The local communities submit their budget to the technical inter-ministerial commission provincial annually, which is co-chaired by the General Director of Local

Communities and the General Director of the Budget. The Burkina Faso government makes considerable efforts to bring the revenue and expenditure entered in the budget closer to the figures of International Monetary Fund (IMF) financial programme. The Central Financial Control Directorate limits budget commitments based on available cash while ensuring implementation of priority expenditures.

The government launched a process of budgetary decentralisation to improve basic services. Budget implementation is still largely centralised. To establish the quality of basic services, the National Institute for Statistics and Demography was requested to conduct annual surveys on deconcentrated services and users. The survey provided information on the resources received by outlying units as well as satisfaction by public service users. The Minister of Finance and Budget submits quarterly reports on budget implementation to the Council of Ministers, however, there is no regularly published information document available to the public. However, public procurement plans was adopted to promote transparency in competition. This country has a sound public finance management system. The current situation reflects major reforms which the government undertook from 2000 to 2003. Burkina Faso opted for the creation municipalities with legal status led by persons appointed by the administration.

In January 2005, the government approved a Memorandum of Understanding for joint budgetary support along with external partners to strengthen public financial management. Nearly half of all public expenditure is financed through external flows which is provided as direct budget support.

According to Matovu and Mumvuma (2008:42), the budget process is dominated by public officials and a group of specialists. Public participation is hamstrung by lack of effective access points as well as low literacy and capacity amongst most citizens to engage with the budget. The public has no access to information about the forthcoming budget till it is adopted and promulgated in the National Assembly. However, the country has strong civil society organisation that explores ways to actively engage in budget issues and improve transparency in the systems.

2.5.3 Uganda

Swilling (1997:123-125) asserts that Ugandan government structures were re-established in 1984 after the takeover of power by National Resistance Movement. The entire complex of governance regimes in Uganda is dominated by the hierarchical ensemble of Resistance Councils (RCs). World Bank (2004) reported that Uganda was the first country to qualify for debt relief and recipient of technical assistance under the Millennium Challenge Corporation's Threshold Program targeted at anti-corruption with the expectation of significant monies to follow should it meet certain pre-determined targets.

There is a legal framework for budget formulation, execution and audit which is provided by the Constitution 1995, Public Finance Accountability Act (PFAA) 2003, Budget Act 2001, Judicature Act 1996, Local Government Finance Commission Act 2003, Local Government Act 1997, Public Procurement and Disposal of Public Assets Act 2003, Access to Information Act 2005, Local Government Financial and Accounting Regulations 2007 and the National Audit Act 2008. The Standing Orders of the Ugandan Parliament (Order no.102; 108) regulates the budget approval process.

In Uganda, monitoring and evaluation (M&E) systems are established at national and local levels. M&E in central government is stronger and can legally intervene in local government. The Budget Act prescribes the required budget information, regulations and when it must be presented to Parliament. The Constitution as well as the PFAA provides the Ministry of Finance, Planning and Economic Development (MoFPED) the mandate to plan and manage public finance. The budget process is orderly and transparent, but is not geared to parliamentary approval before the start of the year in accordance with international standards. There is multi-year sectoral planning and budget system within a fiscal forecasting framework. Between Medium-term Expenditure Framework (MTEF) and budget preparation, sectoral ceilings can change. Sector working groups effectively plan only one year ahead. The process of planning and budget is relatively transparent, with public access to budget documentation using standard classifications of expenditure, annual financial statements, audit reports and information on contract awards. Local Government Finance Commission (LGFC) advises the President and Parliamentary Committees

on all revenue matters in particular Central Government grants to local governments. Local governments work on the same financial year as Central Government. For the year beginning in July, they are provided with planning figures of the previous October. Each local government then drafts its Budget Framework Paper. Allocations are revised in consultative meetings in December, May, and possibly again during the presentation of the Central Government budget mid-June. Local governments submit their monthly and quarterly reports to Account General within 15 days of the end of the period. Furthermore, they should not make any commitments until they have received the Accountant General's certificate or cash in hand (Republic of Uganda, 1995).

According to Draman (2010:27), budget conferences are held (January-February) at which community needs and priorities are raised at village and ward level planning meetings. These needs are submitted through elected councillors to the budget conference and citizens are allowed to attend this conference. The council will agree on a list of priorities and guidelines for sectoral allocation. Members of standing committee set sectoral policy guidelines and agree on costed sectoral priorities between March and April. During April and May the draft budget proposal is tabled before council. Council approves the final budget in June and copies are accessed by the public. The budget is implemented and monitored from July.

According to Matovu and Mumvuma (2008:62), the public accesses key fiscal information through government websites and national printers. The public can obtain copies of the budget and relevant related information upon request at no cost. All entities of Central Government including parastatals are audited annually using international standards of audit. The Public Accounts Committee, which is chaired by an opposition member, brings its reports up to date by compelling the Executive to account. Through the participatory process, a good working relationship has been established among politicians, officials and citizens. The local government resource base has increased as people who previously refused to pay taxes now do so. They have a better understanding of government resource utilisation.

2.5.4 Kenya

Sagala (2015:1) writes that the Kenyan Constitution of 2010 has supportive legal framework which contains provisions that stipulates consultation with citizens in planning and budgeting as well as availing information to the public. It is also committed to fundamental social and political change. The Constitution of Kenya entrenches the principles of devolution of power and public participation. Public Finance Management Act 2012 and Urban Areas and Cities Act 2011 stipulates public participation in four stages of the budget cycle, integrated development planning as well as social accountability by government.

According to a presentation by (Sagala 2015: 1-5), the public participation framework gives the county governments an opportunity to develop citizens on their operations and to discuss, provide input and influence the allocation of public resources. In January 2013, the Constituencies Development Fund (CDF) was enacted to conform to the Kenyan Constitution of 2010. Its purpose was to address poverty at grassroots level by dedicating a minimum of 2.5% of government revenue to development of projects.

Public participation is one of the core pillars of the Constitution of Kenya (2010). The Kenyan Constitution has since the 1990's a sound public engagement component. Article 10(2) of the constitution stipulates that public participation is among the national values and principles of governance. The Ministry of Devolution and Planning in Kenya includes the public at different levels in strategy implementation. The level of engagement in the strategic process includes formulation of related bills at validation stage, projects identification, budgeting and adoption, development and finalisation of strategic plan. According to Lapenu and Pierret (2005:22-30), to finalise the results of the process, public engagement should always be perceived as an integral part of the stepwise process of decision making. Kenya has benefited much from public engagement which include improved service delivery, resources channelled towards important activities, improved mutual understanding and trust in government programmes and projects, made infrastructure and services more relevant to the citizens, and provided a platform for ownership of projects thus ensuring sustainability. Savage (2004:383) writes that public participation allows governments to be better informed of different opinions and concerns and ensures

that policies, laws and development plans are responsive. It can protect public interest by reducing public conflict and safeguard future risks by bringing different stakeholders and interest groups to a consensus.

The elements of public participation as a development asset and driver in Kenya (e-Participation) comprise:

1. e- Citizen Awareness: Enlightened and empowered citizen able to engage in responsive local development (Access to information).
2. e- Capacity Building: Ongoing capacity by capturing local needs and diversity.
3. e- Participation in Planning: Planning shall influence development if be informed by County development statistical data linked to national development goals.
4. e- Participation in Resource Mobilisation: Ensure sustainability of citizen participation and harmonise devolved funds, local revenues and Public Private Partnership (PPPs).
5. e- Participation in Monitoring and Evaluation: Rights to obtain explanation of public resources and to interrogate performance and make corrective measures.
6. e- Participation in Implementation: Establish a framework to maximize ability of citizens to influence development outcomes.
7. e- Participation in Composition of Forums: Ensure integrity and capability to perform effectively. Maintain autonomy and respect separation of powers.
8. e- Participation in Reporting: Create a culture of accountability between duty bearers and citizens.

The budget cycle in Kenya has four phases: the first phase deals with the preparation or formulation of the budget; the second phase deals with the approval of the budget; the third phase deals with the execution of the budget; and lastly with the audit and evaluation of the budget. It also has calendar of events to ensure that entry is done timeously and the necessary interventions for meaningful public participation. This cycle is guided by County Integrated Development Plan (CIDP).

The Executives of the County Integrated Development Plan (CIDP) prepare the five year CIDP which provides a clear explanation of the broad development priorities

and programmes, and integrates economic, physical, social, environmental and spatial planning. The CIDP is aligned to the National Vision 2030 and Medium Term plan and also linked to the Medium Term Expenditure Framework (MTEF) budget ceilings for each sector. The CIDP is reviewed annually with Annual Development Plans (ADP) which should form the basis to prepare the Annual Budget.

The CIDP is not completed without consulting very important stakeholders. The planning unit is responsible to oversee the formulation of the CIDP in each county.

Stakeholder engagement is included throughout the four phases of budget cycle. When the budget cycle begins, National Treasury announces the budget circular and calendar. In the circular one will find the budget planning calendar, instruction for preparing budget plans, indication of available funds, overall priority directions from executive leadership, and entry points and procedure for inviting public input to the process.

Once the budget circular and calendar is issued, a technical team is formed which includes technical officials from the finance office, planning department and relevant office in charge of citizen engagement. This team coordinates consultative activities, and assigns roles and responsibilities to ensure sustainability, efficiency and effectiveness during the budgetary process. Notices are distributed to the members to attend public forums a fortnight in advance. The notices are published in English and the local language and distributed in all public places. The County may retain the forms as proof of having shared the notices widely should it be required to do so by either a court of law or a government authority. Budgeting forums are formed to enable effective public participation. Sagala (2015: 13-17) posits that public participation goes deeper than just ward level, preferably to the village administrative level to capture the voice of the people in remote areas who generally do not have access to town hall meetings.

He also posits that the final document should be disseminated publicly seven days after the approval by the County Assembly. Furthermore, the most important aspect during budget execution and monitoring is that the County Executive finance department in collaboration with the Office of Public Participation supplies detailed information on a regular basis of how the budget is being implemented. At Audit and Evaluation (Reporting Requirements) each county government is required to

produce reports submitted to various institutions and the public as outlined in the Public Finance Management Act. The institutions include the County Assembly, Controller of Budget, Commission of Revenue Allocation and the Kenya National Audit office (Sagala, 2015: 21).

2.6 CHAPTER SUMMARY

In this chapter, an overview of national and international tendencies with regard to public participation and budgetary processes was explored from a theoretical perspective. This was conducted through an extensive literature study of both local and international sources.

Public participation has an impact on budgeting process as in international and local countries. In all countries, irrespective of the differences, local, regional and/or national authorities have in recent years have experimented with public participation. Most countries embraced the need for participatory budgeting as an obligation under government policy to include the citizenry in decision making and ensure sustainability. Since the budget is a public document, the citizenry feel that they have contributed, hence the sense of owning it.

In the following chapter, the literature review was utilised to explore public participation and budgetary processes within the South African context.

CHAPTER THREE

PUBLIC PARTICIPATION AND THE BUDGETARY PROCESS: SOUTH AFRICAN CONTEXT

3.1 INTRODUCTION

The previous chapter discussed public participation and budgetary processes from an international perspective. This chapter elaborated on public participation and budgetary processes with specific reference to South African.

The Republic of South Africa has a unitary system, albeit with certain elements of federalism characterised by central concentration of authority and territorial integration (Gildenhuys, 1997: 198). The Constitution of the Republic of South Africa, 1996, provides the general framework of the financing services provided by public institutions, which in turn, are financed from the National Revenue Fund (Cloete & Thornhill, 2011:194). Section 215 of the Constitution (1996) stipulates what is required of the budgets in all spheres of government.

The Constitution (1996) established three spheres of government, which are distinctive, interdependent and interrelated and obliged to function in accordance with the constitutional principles of co-operative government. These spheres comprise of a number of different line functionaries. Municipal finances are subjected to control by national as well as the provincial spheres because of the unitary characteristics of South Africa (Thornhill & Cloete, 2014: 44).

According to Seope (2015: 31), to understand the process of budgeting, it is vital to have insight of the complementary processes of policy and planning. The primary subjects at all stages are those of the usefulness of the government sphere in endorsing reliable outcomes or events. Mfundisi (2007: 33) posits that participatory budgeting is emerging as innovative urban management practise with excellent potential to promote principles of sound urban governance. He further underscored that participatory budgeting can improve transparency on all spheres of government and stimulate citizen participation in decision making over public resources. Participatory budgeting can strengthen social networks and help to mediate between elected leaders and civil society groups. According to Mfundisi (2007:34),

participatory budgeting programmes act as citizenship schools since engagement empowers to better understand their rights and duties as citizens as well as the responsibilities of government.

3.2 NATIONAL AND PROVINCIAL BUDGETING PROCESS

3.2.1 Public expenditure

According to Pauw *et al.* (2009:69), public expenditure focuses on the execution, control, reporting, monitoring and evaluation of public resources. Public funds are communicated through a budget. The budget is linked to public policy which details the priorities of the needs of the people (Rabotapi, 2013: 21). Government budgeting is important because it can plan and manage its financial resources to support the implementation of various programmes and projects that best promote the development of the country. Budgeting includes four distinct processes or phases: budget authorisation, budget execution, accountability and reporting. While distinctly separate, these processes overlap in the implementation process during a budget year. Budget preparation for the next budget year proceeds while government agencies execute the budget for the current year and simultaneously engage in budget accountability and review of the past year's budget.

3.2.2 Processes in budgeting

The Minister of Finance announces the government's three-year Medium Term Budget Policy Statement (MTBPS) each year, about six months before the start of the following year. The MTBPS contains information on:

- The state of the economy
- The state's financial position
- Revenue performance
- Spending plans
- Adjustments estimates
- Intergovernmental fiscal developments

The MTBPS intends to enhance the budget process by releasing the policies to be provided for in the financial year; each year before the annual budget. It will form the basis on which the National Medium Term Expenditure Estimates (NMTEE) will be tabled during March every year. Generally, the NMTEE comprises performance data with expenditure allocations to show the impact of the government programmes on the lives of ordinary people and for which parliament appropriates funds.

Pauw (2009:73) posits that the Medium Term Expenditure Framework (MTEF) was introduced in 1998. It is regarded as the cornerstone of the government's budget reforms. The MTEF is informed by the Medium Term Strategic Framework and is a set cycle of three-year spending plans for national and provincial governments that is published with the main budget by the Minister of Finance as part of the budget every year. The MTEF is the outcome of the spending plans after a process of technical work, consultation and dialogue. This occurs within each national and provincial government, between the governments and the legislatures, and the government and civil society in various forums.

Pauw *et al.* (2009:74) asserts that the budget cycle has four phases:

- Preparation
- Approval
- Execution
- Control

The Budget Council and the Budget Forum meets to discuss the shares of the various spheres of government, and consider the Financial and Fiscal Commission's (FFCs) recommendations. The Budget Council also consults with role-players during August to discuss proposals from the Committee between the national and provincial MEC's (MINMECs) meetings and sectorial review teams. Public comments are invited by December on the proposals from decision-makers in the public and private sectors, as well as from the ordinary citizens and organisations of civil society.

According to the Department of National Treasury (2014:16-17), the Medium Term Expenditure Committee (MTEC) is expected to meet between June and July to establish the preliminary budget baselines for institutions and function groups.

Between July and October extensive bilateral engagement between institutions and the National Treasury will take place with the view to improve the efficiency and effectiveness of resource allocation on the institution's baselines. Engagement across institutions will take place in the context of budget groups in intergovernmental forums. The finalisation of budget allocations and preparations of the budget will take place between October and February. National Treasury will issue preliminary MTEF allocations to national and provincial institutions so that Ministers and Premiers can engage before adoption by Cabinet. After the adoption and distribution of final allocation letters, preparations to table the budget and the estimates of national expenditure will commence.

The budget allocations in South Africa are made known to the public through the Ministry of Finance. Such details are televised as well as printed throughout national and local newspapers. Certain details are recorded in the entity's annual reports which are accessible to the public. During the budgeting process, dates are scheduled to engage with the community to strengthen sound governance and accountability.

3.3 ESSENTIAL OBJECTIVES OF LOCAL GOVERNMENT

Von Stapelberg (2006: 59) asserts that the new Constitutional dispensation specifically identifies five core objectives of Local Government in general. The objectives are:

- To provide for a democratic and accountable government for local communities.
- To ensure sustainable provision of services.
- To promote social and economic development.
- To promote a safe and healthy environment.
- To encourage public involvement in the affairs of Local Government

Mlambo-Ngcuka (2006a) supports the statement by Von Stapelberg and posits that all municipalities are obligated, within their financial and administrative capacities, to achieve the abovementioned objectives.

The Constitutional provision of specific goals of Local Government is strongly linked to and founded on the traditional purpose of local authorities and its confirmation of its role and duties. The Local Government Transition Act (2000/1993), stipulates that every municipal authority should conduct its affairs in an effective, economical and efficient manner; optimise the utilisation of its resources; meet the needs of its respective community; structure and manage its administration and financial management; promote social and economic development and also support and implement national and provincial programmes. In essence the specified objectives will reaffirm the new constitutional commitment to an overall democratic state and accountable government to ensure the sustainable provision of services to the people of the country; promote economic and social upliftment and development; create a safe and healthy environment and finally, revitalise public participation and involvement. The different objectives are thus clear and there is no need for further explanation, but the systems and programmes that must be implemented to achieve these objectives, present formidable challenges to all parties involved in Local Government, be they political leaders, municipal administrators or the relevant local communities themselves (Bekink, 2006: 47).

3.4 LEGAL NATURE OF LOCAL GOVERNMENT

Von Stapelberg (2006: 57) states that the lawfulness of a municipality is best described in terms of the Municipal Systems (Act, No 32 of 2000) as:

- A municipality is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act (271 1 998).
- A municipality consist of (i) the political structures and administration of the municipality; and (ii) the local community of the municipality.

- A municipality functions in its area in accordance with the political, statutory and other relationships between its political structures, political office bearers, administration and its community.

A municipality has a separate legal personality, which excludes community liability for the actions taken by the municipality. This confirmation of the legal personality of a municipality allows it to sue or be sued by other natural or legal persons.

A clear understanding of the legal nature of local authorities is thus of great significance. It not only explains the basic composition of a municipality but also provides for significant responsibilities in terms of the political and administrative structures. Confirmation of these responsibilities is in accordance with the compliance of the constitutional foundation of a government based on the values of accountability, responsiveness and transparency (Vinassa, 2006: 16).

Mufamadi in Von Stapelberg (2006:66) holds that all municipalities have been constitutionally tasked to provide sustainable and effective services and must be considered very seriously. In order for a municipality to provide sustainable and effective services, different aspects of monitoring and control should be integrated before it succeeds in this mammoth task. Various obstacles and challenges experienced by municipalities need to be examined and appropriate and workable solutions need to be formulated and implemented to assist municipalities achieve their mandates. Factors that influence services and service delivery differ drastically from one municipal term to the next. Consequently, continuous and long term planning is imperative.

De Visser (2009: 70) holds that a municipality must ensure that its administration is structured and managed properly, including its budgeting and planning processes to meet the basic needs of the community, and promote the social and economic development of the community. He further posits that a municipality should participate in national and provincial development programmes to reach synergy in terms of service delivery, and avoid duplication in terms of rendering services to the community. It is the responsibility of the National and Provincial Governments to

monitor the municipalities' financial status. The Member of Executive Committee (MEC) for Local Government (now referred to as MEC for Cooperative Governance and Traditional Affairs) must direct a municipal council to adopt a budget, if the council fails to do so prior to the start of the financial year, which is July for municipalities. Section 25 (3) of MFMA, stipulates that the mayor must comply with Section 55 of the MFMA. Section 55 of the MFMA stipulates that if a municipality has not approved an annual budget by the first day of the budget year or if the municipality encounters a serious financial problem referred to in section 136, the mayor of the municipality-

- a) must report the matter to the MEC for local government in the province immediately ; and
- b) may recommend to the MEC an appropriate provincial intervention in terms of section 139 of the Constitution.

The Government Communications Information Service (GCIS) and the South African Local Government Association (SALGA) revealed that the spheres of government include: national, provincial, and local government (i.e. municipalities). Alberts (2011: 1) holds that as municipalities are the sphere of government which is closest to communities; it places a particular responsibility on municipalities as one of the three spheres of government to fulfil a wide range of communication functions, such as media liaison, marketing, advertising and branding, and direct, intensive and unmediated communication. Municipalities, as government, have a responsibility to make sure that it provides the public with access to information about policies, programmes, services, and initiatives. Public information must be disseminated by and be made available in municipalities at all times.

Local democracy denotes a political system in which the eligible persons within a policy constitution can participate actively, not only in determining and exercising their choice of people or groups who should govern them, but also participate in shaping the policy output of the government (Reddy in Alberts, 2011: 31). The significance of local government as the basis of all structures of governance and hence in the universal quest for a stable democratic society, cannot be over underscored. Consequently, the essence of strong local government has been

advocated throughout the democratic world in programmes which promote good governance.

The five pieces of legislation that govern local government is discussed below:

- The idea of developmental local government is promoted by the Constitution of the Republic of South Africa. Section 152(1)(e) of the Constitution clearly specifies that one of the objects of local government is to encourage the involvement of communities and community organisations in the matters of local government.
- The Municipal Structures (Act, No. 117 of 1998) entrenches community participation by stating that the executive committee must report on the involvement of communities in municipal affairs and must ensure public participation and consultation and report the effects thereof on decisions taken by council.
- The Municipal Systems (Act, No 32 of 2000), describes the lawfulness of a municipality as the political structures, the administration and the community of the municipality, thus enshrining the community as an integral part of the municipality. According to Chapter Four of The Municipal Systems Act, community participation is very key, indicating that the municipality must ensure participation in the integrated development planning (IDP) process; the evaluation of its performance through performance management; the budget process; and strategic decisions around service delivery.
- The Municipal Finance Management (Act, No.56 of 2003), requires that immediately after the annual budget is tabled in a municipal council, the accounting officer of the municipality must make public the budget and all supporting documentation, and invite the local community to submit comments on what is contained in the budget.
- The Municipal Property Rates (Act, No. 6 of 2004) has a direct impact on communities as property owners and allows for a process of community participation. According to Section 4 of the Municipal Property Rates Act (No. 6 of 2004), before the adoption of rates policy by a municipality, community participation

processes must be followed in accordance with Chapter 4 of the Municipal Systems (Act, No 32 of 2000). The aforementioned statement is supported by the Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004, which reveal the promotion of community participation in the budgetary processes and determination of rates' policies which is significant.

Von Stapelberg (2006: 65) states that finance is often regarded as the oil that keeps the engine of government running smoothly. Without financial resources there will be no effective and sustainable provision of municipal services. All municipalities should maximise their potential financial income and utilise such resources sparsely and diligently. Consequently, it is important for a municipality to budget properly.

3.5 BUDGETING PROCESS AT MUNICIPALITIES

According to the Education and Training Unit (2013), a budget is the process of creating a plan to spend your money. A budget basically provides a clear overview in financial figures, the activities planned for the forthcoming year by setting out the probable expenses of these activities, and where the money will come from to pay for the expenses.

Yusuf (2004:3) states that the financial year of South African municipalities runs from 1 July of each year to 30 June the following year. Municipalities must prepare budgets for each financial year which must be approved by council before the new financial year begins, after proper planning and consultation with ward committees and other stakeholder groups in the area. For example, the budget for the financial year beginning in July 2002 must be approved before the end of June 2002. The draft budget should be ready several months beforehand so that it can be used for consultation in March of every year.

The approval of the budget is one of the most significant tasks undertaken by councillors, after consultation with ward committees and other stakeholders. The aforementioned statement is supported by Siphuma (2009:19) who argues that globally, governments must ensure that public participation is used to democratise their institutions; they are heard; and empower the electorate at grassroots level.

Public participation strengthens the pillars of a government's democratic structures and makes them, meaningful and the structures more accountable.

Yusuf (2004:6) also points out that ward committees should examine the budget and ensure that they peruse aspects of the budget that have an impact on the life of the people in their area. The ward councillor must also ensure that its meetings are held to discuss the budget. If ones organisation is affected by the municipal budget and plans, invite a councillor to discuss the budget and plans with you. All members of the community must be invited to council meetings at which the budget is debated and voted on.

3.6 TYPES OF BUDGETS

According to the Education and Training Unit or ETU (2013), there are two types of budgets namely: operating budget and capital budget.

Capital budget deals with the allocation of money for the acquisition or maintenance of fixed assets, for example, building a new pump station for a new township. Furthermore can capital budget be viewed as putting money aside, for planned expenditure on long-term purchases and big investments such as land, buildings, motor vehicles, equipment and office furniture that will be a municipal asset for more than a year - probably for many years to ahead.

An operating budget is a combination of known expenses, expected future costs, and forecasted income over the course of a year to deliver municipal services – for example, the meter readers' wages and maintenance work to keep the water flowing. Furthermore, the municipal operating budget lists the planned operating expenditure (costs) and income, to deliver all services to the community.

3.7 DIFFERENCE BETWEEN THE OPERATING AND CAPITAL BUDGETS

Yusuf (2004: 4-5) points out that a simplified way to identify the difference between operating and capital expenditure is to think about the purchase of a car. When the car is purchased, that is capital as the expected life of the motor vehicle is much more than one year. The cost of fuel and to repair the car can only provide short-term benefit (less than a year) and therefore it is operating expenditure.

Yusuf also points out that the capital budget and operating budget cannot be prepared and discussed separately, but be prepared and discussed together. This is important because planned expenditure that is included in the municipality's capital budget will impact on the operating costs and income needed to "operate" the municipality's assets, efficiently.

This link between capital and operating budgets can be explained by using the example of the car. If one decides to purchase a car, in addition to including funds for this in one's capital budget, one is going to have to include money in the operating budget for tyres, driver's wages, petrol, service and other operating expenses.

The increase in operating expenditure must be considered when taking a decision on whether or not to buy a new car. If fuel, tyres, repairs and wages costs cannot be included in the operating budget because of insufficient funds to pay for them, then the municipality should not buy the car!

3.8 SOURCES OF MUNICIPAL INCOME OR REVENUE

According to the Education and Training Unit (2013), municipalities must ensure that there is adequate funding to deliver basic services including electricity, water, sanitation, refuse removal, municipal roads, parks and recreational facilities. Generally, municipalities are able to raise between 60 to 95 per cent of their own revenue or income (depending on the size and type of the municipality) because two-thirds of their activities are self-funded. The municipality can acquire the

remainder of the revenue from both the National and Provincial spheres of government through intergovernmental grants, borrowing and donor funding.

The Education and Training Unit (2013) also states that for a municipality to “balance the budget”, it must ensure that there are adequate funds to pay for their planned expenditure. There are various sources of income that can be used by municipalities to finance their expenditure. This section outlines the various sources of municipal income, and it examines approaches which will be best for one’s municipal needs.

- **Primary sources of capital budget financing**

External loans - External loans (from a bank or other financial institution) are viewed as a costly way of financing the capital budget, because the interest rates are very high in South Africa. It is advisable that external loans be used to procure major capital items such as roads, buildings, sewerage works and water systems.

Internal loans – Most municipalities have internal "savings funds" such as Capital Development Funds or Consolidated Loan Fund. The funds can be used to make internal loans to the municipality to procure capital items at a lower interest rate than for an external loan. The municipality will pay back the interest to its own "savings fund", which can later be used for another capital project.

Contributions from revenue - When a small capital item is bought, the total cost can be utilised to pay for the operating income in the year of purchase. This financing source is referred to as "contributions from revenue". Many municipalities use this source of financing to pay for smaller capital items, such as furniture and equipment. As no interest is payable, this source of financing is considerably cheaper than external or internal loans (Yusuf, 2004: 7).

Government grants - Municipalities are allowed to apply to national government for grants to develop infrastructure. The two primary available funds include:

* CMIP [Consolidate Municipal Infrastructure Programme] – available from the Department of Provincial and Local Government

* Water Services Projects – available from the Department of Water Affairs.

Donations and public contributions - Local and foreign donors are allowed to make a donation of a capital item or money to be used specifically for the purchase of a capital item, in a disadvantaged area. They may ask the municipality to assist to with publicity for their donation to acknowledge their sponsorship (Yusuf, 2004: 8)

Public/Private Partnerships - Municipalities should look for opportunities to enter into partnership with local business entities. Apart from helping the local economy to grow, such partnerships should also assist in the delivery of services which may lead to reduced financial expenditure for the municipality (Von Stapelberg, 2006: 76).

Capital costs can be paid for through partnerships between the private sector and the municipality. In most instances the private sector partner will have a profit motive in the services and capital being financed. Consequently, the terms and conditions must be carefully defined to protect the community's interests (Bekink, 2006: 49).

- **Primary sources of operational budget financing**

Property Rates - People and businesses who own fixed property such as land, houses, factories, and office blocks in the municipal area are charged "Property Rates" – an annual tax based on the value of each property. Rates income is used by the municipality to pay for the general services to all people, which cannot easily be charged to a specific service user as a "service charge", for example roads, pavements, parks, streetlights, storm water management, etc.

Service Charges / Tariffs - For specific services that can be charged directly to a house or factory, the principle of "user pays" should be adopted. That is, to charge a price or "tariff" for services such as water, electricity or approval of building plans;

and the exact usage of the service can be measured, to the person or business who actually utilises that service.

Fines – Another source of income for the municipality are fines such as traffic; submitting library books after the loan period; and penalties for overdue payment of services. It is also the prerogative of the municipality to motivate users of services to have a culture of obeying democratic laws, rules and deadlines.

Equitable share – This money is received annually by the municipality from national government, which comprises of revenue collected nationally. According to the 1996 Constitution, it must be divided equitably [fairly] between national, provincial and local spheres of government. The local government equitable share is meant to ensure that municipalities provide the basic services needed by the people in that area and also develop the area. The sum of money that is paid to a municipality depends largely on the number of low-income people in the area – rural municipalities are generally afforded additional funds. Most municipalities are disbursed only a small portion of their operating budget from the equitable share (ETU, 2013).

3.9 PUBLIC OR COMMUNITY PARTICIPATION IN THE BUDGET PROCESS

The participation of members of the public within the three spheres of government is a constitutional prerequisite. The participation of members of the public is of utmost significance since the apartheid government excluded many people, especially Blacks from its processes and decision making procedures. If there is no proper participation of all the role players in local communities, the new Local Government dispensation is stillborn from the outset. The more the public participates, more information on issues related to Government will be discussed (Mufamadi in Von Stapelberg, 2006: 97). It is a well-known fact that people generally support and participate in processes in which they have a direct or alternatively an indirect stake. Communities need to realise that Local Governments exist primarily to provide services and to manage and control the local area. This is beneficial to all persons who reside or work within local municipal boundaries (Cashdan in Morodi, 2011: 59).

As a counterweight, municipalities must assure and provide their services to ensure social and economic development, which in turn will uphold a better future for all residents. The significance of this objective has been granted constitutional protection (Bekink, 2006: 75).

Mogale (2006: 136) asserts that countries with rich traditions of citizen participation, such as South Africa, local governance reinforces opportunities for citizen–state interaction and, potentially, better addresses concerns close to the hearts of the local poor. Yet experiences of local governance practice in most of the developing world suggest that it has not been unproblematic.

De Visser (2009: 18) posits that in sub-Saharan Africa, its application has been limited and its record in terms of poverty reduction remains rather inconsistent. The participation of communities in municipal affairs is not only a key objective of local government but also one of the primary reasons for South Africa's choice of developmental local government. Success in this area is thus of paramount importance. He further stated that government's recognition of this significance is evidenced by an elaborate and progressive legal framework for participatory governance at municipal level.

Mogale (2006: 137) also asserted that municipalities are tasked to include communities in drafting their integrated development plan, budget, and take service delivery and development decisions. Furthermore, legislation provides for a legal framework for ward committees. These committees generally comprise ten representatives from various sectors or geographical areas in the ward. They are elected by the voters in the ward and the committee is chaired by the ward councillor. Its role is to advance community participation in municipal affairs particularly in relation to development planning. According Serema (2002: 1), the concept of a ward committee follows similar practices elsewhere, such as the village development committees in Botswana. However, an apparent contradiction exists between the progressive legal framework for community participation and persistent incidences of protest targeting councillors and municipal administrations. Although government has created adequate space, platforms and procedures for community engagement with local government, it is clear that the former still elect to take their

grievances to the streets. These protests expose not only the current shortcomings in service delivery but also the presence of untapped local energy and participation in municipal governance. Atkinson (2007: 58) suggests that the frustrations of communities are threefold. They relate to poor service delivery, unresponsive decision making and conspicuous consumption by councillors and officials.

According to the Local Governance Unit of IDASA (2010: 2-4), the legal framework that impacts on municipal governance is awash with institutions, procedures and platforms that are used to capture diverse interests and channel them into a discourse to which a municipal bureaucracy can relate. The danger that lurks in the creation and nurturing of institutionalised forms of public participation such as a ward committee is that it removes the imperative to continuously look for innovative approaches to engage communities. They further highlight that there may be good reason to revisit this approach and seek additional insight into how communities really wish to relate to municipal administrations. This observation does not detract from the potential that local government has for deepening community participation or from the noble intentions behind the current legal framework. It rather underscores the need for adequate strategies at municipal level for translating this potential and enabling framework into genuine engagement.

Alberts (2011: 27) holds that public participation, when the municipality is compiling the budget, is a good example of active participation between government and other role-players such as the business sector, Non-Governmental Organisations (NGO's), and certain significant stake-holders.

Community participation takes place through political structures and mechanisms such as izimbizo (informal gatherings with councillors where questions can be asked on any issue related to municipal matters), public meetings, consultative sessions and report back sessions with the local community. In devising such mechanisms, it is a legal requirement (Act 32 of 2000, section 17(3)) that attention be given to persons who are illiterate, disabled, women and other disadvantaged groups. It is also required that council meetings and its committees (with particular exceptions) must be open to the public. The compilation of the municipal integrated development plan must include input from the community (Act 32 of 2000, section 29).

Alberts (2011: 29) argues that it is obvious that the new approach to democratise local government goes far beyond the normal practice of only elected representatives acting on behalf of a community. Communities are no longer excluded from the governing function, do not only play a role at elections and are then side-lined. They can (in theory at least) actively participate in a variety of governmental initiatives through formal structures.

It is the responsibility of local government or municipalities to ensure the establishment of effective communication channels between themselves and the public. As the national government utilises certain channels of communication with the public, local government or municipalities could follow the same example, for their own purposes. Some local government communication channels are discussed below Alberts (2011: 29):

3.9.1 Mayoral Imbizos

According to Mfundisi (2007: 85), the Public Participation Programme can be viewed as an enhanced dialogue and communication between national government and residents at grassroots level. It is when the Mayor or Members of the Mayoral Committee meets with the local communities to communicate its programmes and progress being made. Mayoral imbizos also allows the mayor to give immediate feedback to the community who can actively participate in the discussion. This enhances participatory democracy. Communities can exercise their constitutional right to be heard and can assist the national, provincial as well as the local government in their effort to provide effective service delivery. Former President Thabo Mbeki commended the Public Participation Programme process during his State of the Nation address on 6 February 2004. Mbeki said that the Public Participation Programmes had afforded ordinary South Africans the opportunity to speak directly to the government. He said that the citizens had been using the Public Participation Programmes to speak frankly about the quality of service delivery in their areas, as well as report on the performance of their local governments. They had also not hesitated to raise sensitive questions about crime, health, perceived or actual corruption, and malpractice. Improving communication between ward committees and their local governments is one of the primary objectives of

implementing the Public Participation Programmes at the local sphere of government.

According to the Local Governance Unit of IDASA (2010:5), ward committees as local government entities can hold the Public Participation Programmes in their own geographical area. This is a sound method of communicating with ones residents who are illiterate. When one interacts through the Public Participation Programme, particular problems that require attention, delays in implementation of policy, or policy areas that need reviewing, will be highlighted. Public Participation Programmes gives political leaders the opportunity to hear what people say and feel about government; and listen to the concerns, grievances and advice of its people. It further provides clues as to what potential incidents and crises need to be prevented or planned for.

3.9.2 Government Online News Service

According to the Government Communication Information Services or GCIS (2004), Bua News as a GCIS news service has been established to ensure that community radio stations, newspapers and other media have fast and easy access to the latest national, provincial and local government news. Bua News is an online database which is updated daily, so that anyone who has access to online facilities can gain access. Municipalities can submit news stories on issues related to service delivery or the municipality to the GCIS to be published in Bua News.

Bua News can also be used by local government or municipalities to provide the media with news. If the media reports these efforts, then it will help keep the public informed. Reporting on responsible efforts will help promote a positive reputation for local government, which will in turn help protect relationships.

3.9.3 Multi-Purpose Community Centres (MPCC) or Thusong Centres and Information Centres

The Government Communication Information Services (GCIS) introduced the concept Thusong centres with the goal to provide every South African citizen easy access to information and services near their place of residence. It is a community centre dedicated to the provision of government information from national, provincial and local government (Government Communications Information Services, 2008). The community living near the Thusong centre can request assistance and information according to their specific needs. Thusong Centres serve as helping centres for communities to access government services such as SASSA, Home Affairs and SAPS.

According to Horak in Mfundisi (2007: 86), every municipality has the choice to create a Thusong centre. A local government which does so will establish a trend of a community that knows exactly where to access vital information when the need arises. These communities can be informed that they can access important information at the Thusong centre; how to prepare for, prevent, or how to react in the event of a harmful incident. The Thusong centre can be a tool to disseminate important information before, during, and after an incident. This will show responsible communication and can help prevent public scrutiny of the way in which local government has dealt with its people. This could help prevent a crisis.

However, if a municipality is not in the position to provide a dedicated Thusong centre, it should ensure that it establishes an information centre. This centre must be in the position to serve the community with requested information. It could be a venue to provide other services e.g. a library or clinic. Mfundisi (2007: 87) further asserts that the community can be informed to receive vital information from this point, when they require it. An information centre can be used as a crisis communication tool.

3.9.4 Ward Committees

Ward committees are regarded as the link between the community and the municipality with regard to issues of public participation in local government. Each

municipal district's ward must have a ward committee to act in an advisory capacity to the ward councillor responsible for the wellbeing of the particular ward. Information with regard to the wellbeing of the community of that ward will be gathered by the ward committee and be given to the ward councillor, who would in turn inform the municipality of the issues faced in the community. At the Imbizo or Public Participation Programme held in November 2005 in Mpumalanga, the former deputy president Phumzile Mlambo-Ngcuka, heard from the local governments represented that a challenge existing to help the ward committee become more effective. The issues raised by the community in Mpumalanga included a need for skill training, capacity and the allocation of resources. An example was provided that ward committees often failed to communicate effectively because they did not have resources, e.g. (telephones or transport) to converse as regularly as they needed to. A concern raised by the ward committee was the overall poor relationships that existed between their communities (Gadebe, 2005: 10). These problems had also been raised a month earlier at the Public Participation Programme held in Sedibeng District Municipality. President Mbeki, who had attended this Public Participation Programme, was told that the ward committees believed that the lack of resources and distances between residents were debilitating. An additional problem mentioned was the unavailability of ward councillors to attend meetings and therefore convey messages to their local governments. President Mbeki stated that that the ward committee is the link between the communities and their local governments but the focus should turn to implementing solutions that could lead to more effective communication amongst all parties (Seope, 2015: 6).

Local ward councillors are the politicians closest to communities. The South African government has clear policies with prescribe that local municipalities and councillors should be sensitive to community views and responsive to local problems. Partnerships should be encouraged between civil society and Local Government to address local issues. A number of laws outline participation processes that municipalities should utilise when consulting with the community (Blumenthal in Mfundisi, 2007: 89).

3.10 COMPARISON BETWEEN THE BUFFALO CITY MUNICIPALITY AND STELLENBOSCH MUNICIPALITY: COMMUNITY PARTICIPATION IN THE MUNICIPAL BUDGET PROCESS

According to local government legislation, the community has a significant role to play at the municipality, especially in the decision making processes. In particular, the Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 promote public participation in the budget process and the determination of rates policies respectively.

Although public participation has been legislated, the implementation of public participation is left largely to the discretion of individual municipalities. The way in which municipalities approach public participation differs according to the capacity and structure of the municipality. Furthermore, there are many challenges which are associated with public participation, especially when managing budgetary issues. A large proportion of the community have not had the opportunity to build financial literacy skills and understanding the budget process is complex.

3.10.1 Buffalo City Municipality

Yusuf (2004: 5) posits that Buffalo City is the largest local (Category B) municipality in the country and is situated in the Eastern Cape Province. It is characterised by the existence of a considerable number of disadvantaged communities including Mdantsane, the second largest township in South Africa. The average monthly household income is just over R2 655 and 71% of the city's population earns less than the household subsistence level of R1 500 per month.

Prior to the enactment of the MFMA in 2003, it was not mandatory to engage in in the budget process. The MFMA was implemented in a phased approach beginning in July 2004 and, therefore, affected the preparation of the budget for the 2005/06 budget cycle. However, Buffalo City Municipality (BCM) attempted to engage the public in the budget preparation process for the 2004/05 budget cycle through the Budget Road Shows and Representative Forum meetings.

In analysing the budget process in Buffalo City Municipality (BCM), it appears that the current engagement with the community takes the form of information

dissemination and consultation rather than participation. The first time the community is consulted is in the Representative Forum meeting in December to consider the strategic direction of the Municipality. This meeting identifies issues for the Integrated Development Plan (IDP). Currently, the IDP is only aligned to the capital budget and not with the operating budget. It appears that not much time is allocated for discussion of the entire budget in this meeting. The Municipality has adopted a top-down approach. The budget is compiled by officials and Councillors. The Representative Forum met again in March once the draft budget had been drawn up and the final draft was only taken to the community in April. This did not allow adequate time for genuine participation and input by the community for consideration.

It is difficult to isolate the impact of community participation because there are numerous factors which may influence resource allocation decisions. However, community participation in BCM relates to the capital budget and not the operating budget. According to an official responsible for Budgeting and Financial Statements at the Metsimaholo municipality, only R35 million of the total capital budget of R328, 8 million is non-assigned capital available for discretionary spending. This implies that the community has the ability to influence approximately 10.6% of the capital budget (2.1% of the total budget).

Yusuf (2004: 5) posits that the main impact of community participation in the BCM has been identifying needs and priorities for the IDP process which then influences spending decisions. The municipality is currently shifting resources to the poorer and more marginalised communities. However, this is a slow process and it takes time to redirect funds, especially in the short term. Public participation has also influenced municipal policies, for example, the indigent policy and the credit control and debt collection policy.

The participatory approach to budgeting is still repetitively new in all municipalities. Although a number of lessons have been learnt, the following challenges remain:

- Building of capacity;
- Development and support of Ward Committees;
- Dealing with diversity within the community;

- Starting the budget process early enough to acquire meaningful participation;
- Improving the monitoring and evaluation process; and
- Preventing people from using the Ward system for political gain.

3.10.2 Stellenbosch Municipality

Yusuf (2004: 7) states that Stellenbosch Municipality (SM) is a medium sized local municipality situated in the Western Cape Province. A large proportion of the SM population are not working with 36.8% not economically active and 10.8% unemployed. In addition more than half the population are without income and a large percentage of people earn only between R801 to R1600 per month.

The public participation process in Stellenbosch Municipality differs from Buffalo City Municipality as a result of the number of changes undergone by the municipality since its formation in 2000. The ward committees in this municipality were established at the end of 2003, because of a political change in Council due to the crossing the floor legislation which allowed councillors to change political allegiance.

The budget process started in September 2003, but the ward committees only commenced work in December of that year. This meant that certain steps in the IDP/Budget process were completed without ward committee participation. The community was, however, consulted during October 2003. Ten public meetings were held at different locations in the municipal area. Consultation with the ward committee occurred for the first time in April 2004. The ward committee members stated that consultation comprised of information dissemination rather than actual participation and acquiring input from the community. This was understandable under the circumstances, as at that stage the Ward Committees had just become operational. For the 2005/06 budget cycle the Ward Committees were expected to be consulted as early as September.

Public participation in the Stellenbosch budget process relates largely to the capital budget, however, there is a small percentage of the operating budget that is allocated to Integrated Development Plan projects which may be influenced (Yusuf, 2004: 3). Essentially 87% of the operating budget is non-discretionary spending for

items such as salaries, bulk water purchases, etc. The community does have the opportunity to influence almost 90% of the capital budget by identifying needs and priorities through the Integrated Development Plan review process. However, the level of input received from the community related more to specific service delivery issues rather than the broader impact of capital spending on the municipality.

Public participation in Stellenbosch Municipality was in its beginning stages and the communities were unclear of what the participatory approaches entail. The municipality is faced with the following challenges:

- No capacity in terms of skills and logistics;
- Diversity within the community;
- Insufficient time to make a meaningful input into the budget process;
- No transport for the public to attend meetings;
- Power dynamics within the community and between Ward Councillors and members;
- There is no communication with the farm workers;
- No strategy to keep people interested in municipal issues;
- Safety of people attending meetings which are held at night; and
- Funding for Ward Committees to operate effectively to ensure ongoing participation.

Public participation in planning and budgeting processes was relatively new in South Africa during 2001. Formalised participation began only in the latter part of 2001 in Buffalo City Municipality and in Stellenbosch Municipality. Effective participation through ward committees has been in operation since the beginning of 2004. Local government has become more developmental in nature. Due to both of these factors, it is difficult to assess the influence that community participation has on

planning, resource allocation, and taxation and tariff policies. Thus far, the participation process has made an impact on the planning process in terms of identifying needs and priorities but the impact on resource allocation and tax policies is unclear. The primary challenges that both municipalities still face, and recommendations of how to overcome them, include:

- Lack of capacity: there is still a need to build the capacity of councillors, ward committee members, and the community, particularly the municipal budget process; relationship between the capital and operating budget; how income is generated; and how to influence resource allocation decisions and taxation policies.

Training should be practical focusing on the issues identified above.

- Development of Ward Committees: certain Ward Committees are under- resourced in terms of both human and physical resources which impedes their ability to communicate issues and organise meetings within their community. It is, therefore, important to ensure that Ward Committees receive adequate support and are elected for a time period that relates to the election cycle.
- Diversity of the community: both municipalities comprise of people from very diverse backgrounds and cultures. To accommodate this diversity, it is necessary to adopt different strategies for the various groupings providing for all eventualities.
- Timing: in both municipalities the participation process for input into the 2004/2005 budget did not start early enough which made it difficult for people to formulate structured input for submission to the budget. It is important that adequate time is made available for meetings with the relevant stakeholders so that input can be made before policies and budgets are finalised.
- Communication: improvement in communication between councillors, ward committee members and the community would enhance the participation process. It is important to include the development of a communication strategy in any capacity building programme.

- Monitoring and evaluation: monitoring and evaluation systems have not been thoroughly implemented and there is a lack of information on which to base decisions that impact on communities. Both financial and non-financial (service delivery) performance information must be made available to communities well in advance so they have the necessary information to make an informed and meaningful contribution.

Based on the abovementioned discussions, it is evident that globally, governments including South Africa, increasingly understand the significance of public participation in the decision making processes, such as budgeting. They appreciate the intrinsic and instrumental value of this principle in promoting and strengthening good governance and democratic ethos. The intrinsic value of public participation lies in increasing accountability and transparency, broadening the sphere in which citizens can make or influence decisions, building civic capacity and trust between government and the public. The instrumental value lies in the strengthening of the evidence base for policy making, the reduction of the implementation costs and the tapping of greater reservoirs of experience and creativity in the design and delivery of public services.

Furthermore, according to the author of the draft version of the policy on Public Participation, Western Cape Department of the Premier (2010: 4), it is evident that the Republic of South Africa is committed to good governance and democratic principles. It understands that public participation is an essential ingredient for good governance in any democratic country. It believes that public participation is a means to improve 'democratic performance' i.e. the degree to which a government decision making process live up to democratic ethos. It understands that it cannot, on its own, find solutions to address the complex challenges facing the province. Thus, it believes that it can improve its 'policy performance' and the delivery thereon by working closely with citizens, communities, civil society organisations, interest groups, businesses and other stakeholders.

Nel in Alberts (2011: 41) supports the abovementioned statements and highlights that local government constitutes that part of the public sector that is closest to the inhabitants and is therefore, indispensable in its role to promote their general welfare through, *inter alia*, undertaking various development initiatives. Furthermore,

legislation imposes upon local authorities the obligation to promote the social and economic development of local communities and to participate in implementing national and provincial development programmes. The efficiency and effectiveness with which local government fulfils its developmental role will largely depend on the ability of local authorities to manage development projects.

3.11 ROLE OF STAKEHOLDERS IN THE BUDGETING PROCESS

- **Councillors**

According to National Treasury (2006:61), council must approve credible budgets, with realistic revenue and expenditure estimates. In accomplishing this objective, councillors will consider a longer-term view that will make financial stability possible in their municipality. Council must budget for the maintenance and replacement of operating equipment to ensure sustainable service delivery. In addition, council must determine the capital budget for the medium-term, and must consider the projected future operational costs of these authorised capital projects. Long-term borrowing must be closely examined, together with contracts exceeding three years, and proposals to participate in a municipal entity.

Furthermore, as councillors take on greater responsibility in monitoring municipal financial management under the MFMA, they will exercise greater diligence in the financial affairs of the municipality. Councillors have an increasingly disciplined role of accounting to their communities for the municipality's service delivery and financial performance.

- **Communities and other stakeholders**

The IDP is based on community needs and priorities. Communities have the chance to participate in identifying their most important needs.

The IDP process encourages all stakeholders who reside and conduct business within a municipal area to participate in the preparation and implementation of the development plan.

According to Bekink (2006), with the new system of Local Government, municipalities have been afforded a specific statutory legal nature together with

various rights and duties that must be fulfilled. Strong emphasis should also be placed on the fact that the municipalities are mere political institutions but comprise political, administrative and local community components. The same aforementioned author further points out that each component has its own rights and duties within that specific sphere of government and strong interactions and co-ordination between the various components is a sine qua non, which is a Latin phrase that translates literally into "without which not." for political stability, community participation, regular payment for services and a committed and effective local administration.

- **National and provincial sector departments**

Many government services are delivered by provincial and national government departments at local level -for example: police stations, clinics and schools. Municipalities must take into account the programmes and policies of these departments. The departments should participate in the IDP process so that they can be guided how to use their resources to address local needs.

3.12 CO-ORDINATION AND MANAGEMENT OF THE BUDGET

Moeti (2016: 4) asserts that municipalities get their revenue from three sources. First, they raise some of their own revenue by charging persons who own property such as land, houses and businesses, rates based on the value of their property. Revenue is also raised through tariffs for services such as water, electricity, refuse removal and the use of municipal facilities such as sports grounds. Furthermore, certain municipalities can generate much revenue in this way, while poorer municipalities raise virtually nothing and are almost totally dependent on funding transfers from national government, which is the third source of revenue for municipalities.

National government provides funding to municipalities in two ways. The first is through what is called an "equitable share allocation", which is a transfer from the

National Treasury. The amount of equitable share a municipality receives depends on a number of factors such as the size of its low-income population, cost of basic services and its capacity to raise its own revenue. This allocation is meant to be used for basic services and operational costs. One problem with the equitable share allocation is that it is an unconditional grant, which implies that local government can spend the money on other services than basic services, even to improve basic services. According to the Constitution of the Republic of South of 1996 (Section 152), municipalities in South Africa receive an equitable share of income raised nationally to provide basic services, namely: water, roads, refuse removal and storm water drainage. A critical step forward, in terms of developing the asset base of South Africans, is to enhance the currently limited access to the full range of municipal services, namely: water supply, sanitation, refuse removal, drainage, flood protection, local roads, public transport, street lighting and traffic management. There is a constitutional obligation by municipalities to address poverty locally, through the promotion of social and economic development and the provision of services in a sustainable manner.

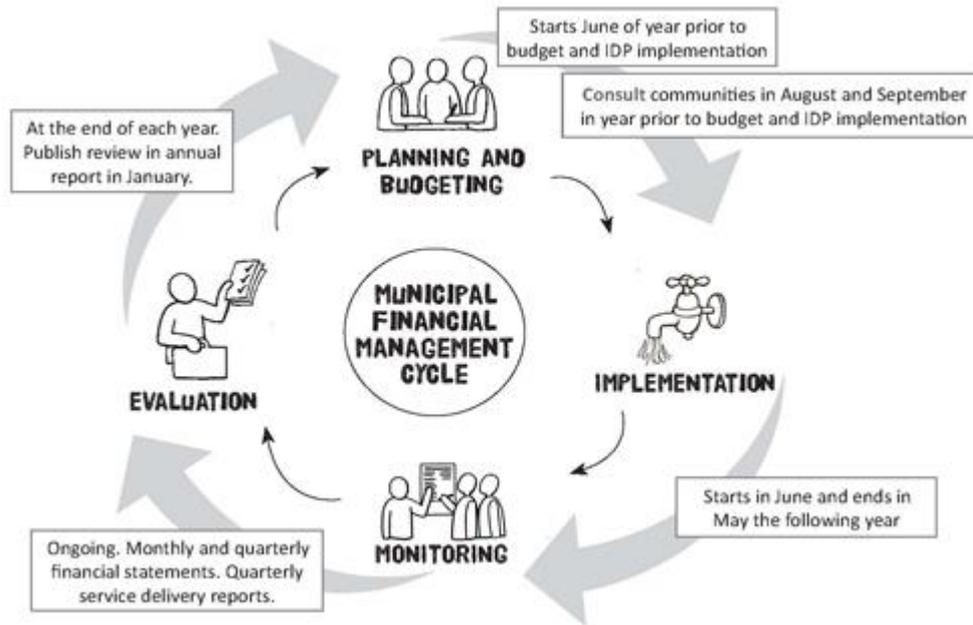
Municipalities also receive funding from national government in the form of conditional grants. The Municipal Infrastructure Grant (MIG) is the most important conditional grant from national government. MIG must be used to extend or maintain the infrastructure for the provision of basic services such as water, electricity and sanitation.

The law requires the municipality to consult the community when setting its priorities, developing its plans and allocating resources to priorities through the budget. In August and September in the year before a budget is implemented, the municipality must get input from communities on what they think of the services they are receiving and any changes in needs and expectations (Chapter 4 of the Municipal Systems (Act, No 32 of 2000)).

The municipality then amends its Integrated Development Plan and develops a draft budget. Once this has been done, the municipality must once again consult the community to ensure that needs and reasonable demands are being met (Section 21 of the MFMA; Chapter 4 of the Municipal Systems (Act, No 32 of 2000)). If these needs are not met, the IDP and budget may be revised. This should be done

between March and April before the financial year starts in June (see Figure 3.1 below).

Figure 3.1 Municipal financial management cycle



Source: www.localgovernmentaction.org/activists-guide/key_processes/municipal_budget

According to Moeti (2016: 7), it is the councillor’s responsibility to ensure that the community is consulted in drafting the budget and that your needs are considered in planning and that there are sufficient resources allocated to meeting municipal commitments. It is both your councillor and municipality’s responsibility to ensure that you know what services should be delivered and to provide evidence that resources have been allocated to do this. He also indicates that, as part of a ward committee, social movement or on your own it is your responsibility to ensure that community needs and demands are heard and that they form the basis of planning and budgeting

In order to ensure that it is delivering on the IDP and that it is spending its budget as it should, the municipality must carefully monitor its activities and spending. To do this the municipality must have systems that track the payment of salaries, the purchase of goods, and the payment of service providers and building contractors. The municipality must also physically verify that services are being delivered and

infrastructure is being developed in-line with set norms and standards. The municipality is required to develop monthly and quarterly financial statements (reports on how they spent their money) as well as quarterly service delivery reports (Section 62 and Section 71 of the MFMA).

At the end of each year, the municipality must look back over the year and assess how well it has done in terms of delivering on its promises in the IDP and if it spent its money in-line with its budget. The municipality should publish this review in an annual report in January each year.

Each municipality is also required to have an audit committee that must carry out an external and objective review of the municipality's finances. The audit committee must have the majority of its members from outside of the municipality to ensure that the committee is independent and can operate in an open and transparent fashion (Section 166 of the MFMA). It is important that you find out who is on your audit committee, how often they meet, and what their responsibilities are. If there is no audit committee, you should insist that one is formed.

3.13 PROCESS PLAN TO DRAFT THE BUDGET

Moeti (2016: 14) is of the view that a budget allows one to take control of one's spending. The budgeting process forces one to make conscious decisions about how and where one spends one's money before one spends it. A budget can also make one more aware of one's spending habits, and allows one to stop when one has reached the limit one has set. The following budget processes are discussed below:

Planning

He states that planning a budget is the first priority for the entire local municipality. Careful consideration should be given to the categories one wants to include in the budget. Spending limits should be realistic if one wants one's budget to succeed. For example, cutting the amount one spends on groceries in half is not a practical way to decrease one's spending. Instead, try to limit spending gradually. Start by setting

specific financial goals, such as getting out of debt or saving a specific amount of money, and then begin planning one's budget to reach that goal. If one examines one's previous spending patterns, one can find realistic amounts to set for one's first month's budget.

Tracking

Moeti (2016: 14) also states that tracking ones expenses enables one to monitor ones spending. Recording ones spending helps to monitor ones spending limits, and informs one when to stop spending. Tracking ones spending also reveals ones spot-spending trends. Each day one needs to record any expenditure one has incurred and subtract it from the appropriate categories. Monitoring on a regular basis is crucial or one will overspend without realising it.

Analysing

Analysing one's budget allows one to check for problem areas, and assess whether or not the budget is helping to reach the financial goals. When analysing the spending of the municipality focus should be on the areas where the municipality overspends, as well as areas where money is available. Check whether the spending matches the municipality's current priorities.

Adjusting

Once the municipality has analysed its budget it must check whether any adjustments are necessary. If the need arises, transfer money from categories with extra funds to categories where one overspent. Explore alternative ways to save money to reach the municipality's financial goals. Municipal budgets can be adjusted based on internal difficulties or challenges encountered at a specific municipality.

3.14. CHAPTER SUMMARY

In this chapter, an overview of issues of the Process of Budgeting and Public Participation at municipalities was explored from a theoretical perspective. This was conducted through a literature study of both local and international sources. Based on the reviewed literature study and the experience of the researcher (as a speaker at a municipality in the Free State), the imperatives of participatory budgeting to achieve budgeting legitimacy at a municipality was highlighted. The next chapter will discuss the research methodology adopted for this study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

In the preceding chapter, the South African perspective of issues related to public participation and budgeting processes was discussed.

This chapter focuses on the research design of the empirical study based on the imperatives of participatory budgeting to achieve municipal budgeting legitimacy at Metsimaholo Local Municipality in the Free State (where the research was conducted). The following aspects are discussed in the sections below: research design; research methodology; reliability validity of the data collection instrument; population and sample size; data analysis; pilot study; and ethical considerations.

4.2 CHOICE OF RESEARCH DESIGN

The research methodology adopted for this study was based on data required to assess the imperatives of participatory budgeting to achieve municipal budgeting legitimacy at Metsimaholo Local Municipality in the Free State province. Cooper (2011: 34) holds that research design constitutes the blueprint for the collection, measurement and analysis of data. It assists the researcher in the allocation of limited resources by posing significant choices, such as, does the blueprint include experiments, interviews, observations, analysis of records, simulation or certain combinations of these? Is the method of data collection and research situation highly structured? Is an intensive study of a small sample more effective than a less intensive study of a larger sample? Should the analysis be primarily qualitative or quantitative? This study endeavoured to respond to certain questions with the collected empirical data.

Petzer (2010: 49) defines research design as a plan according to which one acquires research participants and collect information from them. Wagner *et al.* (2012: 21), on the other hand, hold view that research design is an architectural blueprint for the construction of a building, which specifies the layout and the material required for the

project. It can be inferred that a research design is a scientific plan the researcher utilises of how he/she will conduct the empirical study.

It is evident that according to the abovementioned definitions, research design can be defined as the plan and structure of investigation so conceived to acquire responses to the research questions (De Coning, 2009: 87).

4.3 RESEARCH METHODOLOGY

Data can be collected utilising the quantitative research methodology that is, statistically or adopt the qualitative research methodology, which implies perceptions or opinions.

McGuigan and Harris (2012: 3) assert that the qualitative and quantitative research methodologies are two primary schools of research, and the advantages and disadvantages of these two methodologies is ardently debated. It is in the social sciences that the merits of the two research methodologies is debated with intense views held on both sides of the argument. However, it is generally accepted that there are certain phases of research where one is clearly more useful than the other. Consequently, few persons dismiss either completely. Kgothule (2004: 112) adds that the two primary paradigms or research methodologies that have been prominent in educational research for a number of years are quantitative and qualitative.

The two research methodologies, qualitative and quantitative, are considered equally important in their respective fields. The quantitative research methodology is more objective, numerical and statistical, whereas, the qualitative research methodology covers topics that are social in nature, and current affairs.

The quantitative research methodology was adopted for this study. The quantitative research methodology will be discussed briefly in the next section.

4.3.1 Quantitative research

According to McGuigan and Harris (2012:46), quantitative research is probably the less contentious of the two schools, because it is more closely aligned to what is viewed as the classical scientific paradigm. Quantitative research includes gathering data that is absolute, such as numerical data, so that it can be examined in an unbiased manner.

Babbie (2010: 22) states that quantitative research focuses on logic, numbers, and unchanging static data and detailed, convergent reasoning rather than divergent reasoning. Babbie also asserts that in quantitative research, one's goal is to determine the relationship between one thing (an independent variable) and another (a dependent or outcome variable) in a population. Quantitative research designs are either descriptive (subjects usually measured once) or experimental (subjects measured before and after a treatment). A descriptive study establishes only associations between variables.

It is evident from the above-mentioned definitions of quantitative research by Payne and Williams, and Babbie that quantitative research deals with numbers, statistics, and the relationships between events or numbers.

According to Babbie (2010: 23), the characteristics of quantitative research are as follows:

- Quantitative research focuses on relatively specific research questions or hypotheses;
- Questions and hypotheses remain constant throughout the investigation;
- Data collection procedures and types of measurement are constructed in advance of the study, and applied in a standardised manner;
- Data collectors are to avoid adding their impressions or interpretations;
- Measurement is focused on specific variables that are quantified through rating scales and other means;
- Analysis proceeds by obtaining the statistical breakdown of the distribution of variables; and

- The researcher utilises tools, such as questionnaires or equipment, to collect numerical data.

4.4 RESEARCH DESIGN SELECTED FOR THIS RESEARCH

The quantitative research methodology was adopted for the purpose of this study. The literature study (refer to Chapters one and two) formed the secondary research which included articles, legislation and books on inclusive education and school management. To achieve a result, structured questionnaires were utilised to collect data, which is discussed in the next section.

4.4.1 Structured questionnaire

Babbie (2007: 246) defines a structured questionnaire as a document containing questions and certain types of items designed to solicit information appropriate for analysis. Structured questionnaires are used primarily in survey research but also in experiments, field research, and other modes of observation. The questionnaire enables data collection efficiently and standardised. A structured questionnaire is simply a 'tool' to collect and record information about a particular issue of interest. It comprises primarily of a list of questions, but should also include clear instructions and space for responses or administrative details.

Structured questionnaires have certain advantages and disadvantages when compared to other evaluation tools. The key strengths and weaknesses of questionnaires is summarised below. In general, a questionnaire is an effective mechanism for the efficient collection of certain type of information. However, they are not a comprehensive means of evaluation and should be utilised to support and supplement other procedures.

Wagner *et al.* (2012: 103), hold that the structure of the questionnaire is pivotal and it should meet the following requirements: the quantitative research should be neat in appearance and have a proper introduction that clearly conveys the purpose of the survey; have statement of purpose; and a brief and clear instruction. Furthermore, the quantitative research should not be too long but provide adequate information.

4.4.1.1 Advantages of structured questionnaires

Leibrandt (2013:105-106) details the advantages of questionnaires as follows: questionnaires permit a wide range of response at a minimum expense of time and money and they must reach people who are difficult to contact. They lend themselves well to the collection of data which cannot be acquired in another way. Quantitative research is useful when it is impossible to interview individuals personally and the wider coverage obtained through questionnaires increases the validity of the results and promotes the selection of a larger and more representative sample. Due to the impersonal nature of questionnaires, they may elicit more candid and objective replies and probably more responses. Furthermore, questionnaires permit well-considered and more thoughtful responses; to enhance progress in many areas of educational research, including more information that would otherwise be lost. A well-compiled questionnaire can be assessed without much loss of time; allow for uniformity; and ensure that the responses are comparable.

When the above-mentioned advantages of questionnaires are considered, it was evident that a structured questionnaire would be a suitable method of investigation for the purpose of this study.

4.4.1.2 Disadvantages of structured questionnaires

Leibrandt (2013: 105-106) asserts that the utilisation of a structured questionnaire as a research technique has several disadvantages which cannot be ignored, such as: it may be difficult to acquire a sound response rate. Often there is limited motivation for participants to respond. Due to their apparent simplicity, questionnaires appeal to the amateur investigator and are open to abuse. Members of lower intellectual and lower educational groups are generally the ones who respond to questionnaires and, if they do, there is a strong likelihood of an element of invalidity because of their inability to interpret questions and to express themselves clearly. A respondent may have limited interest in a particular problem; therefore, may respond to the questions indiscriminately. Since questions may be misinterpreted, misinterpretation could be extremely difficult to detect. The completion of a lengthy questionnaire is generally time-consuming.

The researcher endeavoured to limit the disadvantages of questionnaires. Furthermore, the above-mentioned disadvantages do not imply that the questionnaire is an unreliable tool for data collection. Furthermore, questionnaires remain one of the most widely utilised data collection instruments in research (Mogonediswa, 2008: 60).

Salkind (2007:1388) posits that participants are willing to be honest if their anonymity is assured. The questionnaire comprised of questions (statements) based on a three-point scale with a third “Don’t Know” option. The participants had to consider the following options when responding to each statement:

- “Strongly Agree” (1);
- “Strongly Disagree” (2); and
- “Don’t Know” (3).

4.5 RELIABILITY OF THE DATA COLLECTION INSTRUMENTS

Wagner *et al.* (2012: 80) define ‘reliability’ as “the extent to which the test scores are accurate, consistent, and stable, over different forms of the same instrument or occasions of data collecting”. Struwig and Stead (2011: 130) support the aforementioned definition and posit that a test score’s validity is dependent on the score’s reliability since if the reliability is inadequate, the validity will also be poor. It is for the aforementioned reason that it is critical to determine the score’s reliability before one examines its validity. In simple terms, the reliability of a test is the extent to which subsequent administrations would provide similar results.

Babbie (2010:23) holds that a valid instrument must be reliable. However, the opposite is also valid. Think of shooting arrows at a target. Reliability is getting the arrows to land in approximately the same place each time one shoots. One can do this without hitting the bull’s-eye. Validity is getting the arrow to land in the bull’s-eye. Many arrows landing in the bull’s-eye implies one has both reliability and validity.

Cherry (2012: 1) asserts that there might be errors in a set of collected data, therefore, reliability is utilised to ensure that a precise reflection of the truth is achieved. For this research, concise and relevant questions were formulated for the questionnaire with the aim to achieve reliable data that was free from measurement errors, which leads to the population and sampling.

Reliability can depend on various factors (the observers/raters, the tools, the methods, the context, the sample) and estimated in a variety of ways, including:

- Inter-observer reliability. To what degree are measures taken by different raters/observers consistent? Consider pre-testing if different raters/observers provide consistent results on the same phenomenon.
- Test-retest reliability. Is a measure consistent from one time to another? Consider administering the same test to the same (or similar) sample on different occasions. However, be aware of the effects of the time gap.
- Parallel forms reliability. Are previous tests and tools constructed in the same way from the same content domain giving similar results? Consider splitting a large set of questions into parallel forms and measure the correlation of the results.
- Internal consistency reliability. Do different measures on a similar issue yield consistent results? Consider testing a sampling of all records for inconsistent measures.

When constructing reliable data collection instruments, ensures that questions and methodologies are clear and explicit utilisation of definitions of concepts.

4.6 VALIDITY OF DATA COLLECTION INSTRUMENTS

Struwig and Stead in Alberts (2011: 91) hold that validity is the best available approximation to the truth of a given proposition, inference of conclusion. “A

measurement method or instrument is considered valid if it measures what it intends to measure.”

Validity can be internal or external.

Internal validity is relevant in studies which endeavour to establish a causal relationship while only relevant for the specific study in question. “Can change be attributed to a program or intervention and not to other possible causes?”

External validity is related to generalising. It is the degree to which the conclusion of your study will hold for other persons in other places and at other times.

4.7 RESEARCH POPULATION AND SAMPLE

White (2003: 79) defines a population as a collection of objects, events or individuals having some characteristic that the researcher is interested in studying. The population that interests the researcher is not the same as the everyday notion of the population of people in a certain country or city. A population is the sum of all the cases that meet the study’s definition of the unit of analysis.

The selected local municipality, namely Metsimaholo Local Municipality is situated in the Free State and has three towns in its area of jurisdiction and employs approximately 800 employees and has a total of about 150 000 residents. The population of the research included all employees and residents of the selected municipality.

A sample is that part of a population which is actually observed. White (2003: 80) posits that in normal scientific practice, it is demanded that it is selected in such a way as to avoid presenting a biased view of the population.

Furthermore, can a sample be defined as a subset of the population considered for actual inclusion in the study, or it can be viewed as a subset of measurements drawn from the target population (De Vos *et al.* 2011:225). The sample of the current

research included selected officials at the selected municipality who could read and write in English. Approximately 20 and 100 residents who reside in the Metsimaholo municipal area were eligible. The respondents had to be able to read and write in English because the questionnaire was compiled only in English. Xoyane (2012: 68) holds that sampling allows for adequate scientific work because the time of scientific workers is counted. Instead of spending their time on analysing a large mass of material from one point of view, they can use that time to draw a comprehensive analysis from many points of view.

4.8 PILOT STUDY

Maja (2006: 109) asserts that a pilot study is a small scale trial before the primary research or investigation, intended to assess the adequacy of the research design and of the instruments to be used for data collection; and piloting the data-collection instruments is essential, whether interview schedules or questionnaires are utilised.

Jolley in Maja (2006: 110) cautions that a study should be 'tested' on several participants before it is conducted. They posit that, if this is not done, discrepancies in actual and expected responses might be detected only after the required data is collected. It is for this reason that the questionnaires used for the purpose of this research were piloted.

A sample of 10 members at a local church in Tumaholo, Parys (a township which is not part of the Metsimaholo municipal area, (where the research was conducted) from the target population were identified. The researcher distributed 10 questionnaires after the church service. They were asked to give their honest opinion. The questions were not explained to them and no assistance was rendered during the time they completed the questionnaires. All the participants submitted the completed questionnaires to the researcher.

Attention was paid to the critique provided by the respondents. The suggestions and critique was noted at the back of the questionnaires which enabled the researcher to design a better questionnaire. Certain questions were changed, while others were improved – some of the questions were not clear and others ambiguous. English was utilised for the piloted questionnaire.

4.9 ETHICAL CONSIDERATIONS

According to Clarke in Maja (2006: 113), as dictated by the principles of ethics, participants have the right to know what will happen in the study that is being conducted. They have the right to decline participation should they feel uncomfortable and they also have the right to anonymity.

Anderson (2006:18) asserts that those involved in research implies that the participants, governments and the public share certain common concerns. These concerns raise several general considerations which must be addressed. The specific consideration and acceptable standards for ethical research, according to Anderson and Arsenault, are as follows:

- Risks to participants are minimised by research procedures that do not unnecessarily expose them to risks;
- Risks to participants are outweighed by the anticipated benefits of the research;
- Rights and welfare of participants are adequately protected;
- Research will be periodically reviewed; and
- Informed consent has been obtained and appropriately documented.

It is crucial that confidentiality and trustworthiness be maintained. Anderson (2006: 24) states that confidentiality includes a clear understanding between the researcher and the participant of how the provided data will be utilised. Confidential information implies that the identity of the individual will remain anonymous. It also assumes that the researcher cannot identify the individuals. It is generally agreed that reports on behaviour of persons in public office performing their role can be disclosed, but their personal lives must be protected.

Above all, the researcher should have personal integrity. The reader of a research report should be able to believe that what the researcher provides actually took place. Falsifying data to make manipulates the findings to agree with the research

question is unprofessional, unethical and unforgivable. It should, therefore, be accentuated that confidentiality, trustworthiness and personal integrity prevails.

4.10. LIMITATIONS OF THE STUDY

A limitation of this study was the size and nature of the sample. The study was conducted in only one municipality, namely: Metsimaholo Local Municipality, situated in the Fezile Dabi district, of the 24 municipalities in the Free State. The limited number of participants, therefore, implies that the results of this study cannot be generalised.

4.11 CHAPTER SUMMARY

The primary focus of this chapter was on the procedures that the researcher followed to conduct this study. The quantitative research methodology, that is distribution of questionnaires, was adopted to collect data. The next chapter focuses on the responses to the questionnaires from the identified officials and the residents at the Metsimaholo Local Municipality in order to acquire a clear perception of the current participatory budgeting scenario to achieve municipal budgeting legitimacy.

CHAPTER FIVE

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

5.1 INTRODUCTION

The previous chapter discussed the research methodology and the data collection process. The aim of this chapter is to interpret the collected data through analysis. Furthermore, this study aimed to link the results to the primary purpose of the study that is, establish the imperatives of participatory budgeting to achieve municipal budgeting legitimacy at the Metsimaholo Local Municipality in the Free State.

The questionnaires were distributed to the following participants: Executive Mayor; Speaker and Public Participation Officers; Municipal Manager; Chief Financial Officer (CFO) and 4 members of his team; 10 randomly selected councillors from different political parties; 4 members from Audit Committee; 5 members from SAMWU; 5 members from IMATU; and 85 randomly selected community members from business, teachers, domestic workers and youth in Sasolburg, Deneysville and Oranjeville in the Metsimaholo Local Municipality. All the 121 questionnaires that were distributed in this study, for voluntary completion, were returned. Based on the high and satisfactory response rate, it is clear and evident that valuable deductions can be drawn from the data.

All the questions which were listed in the structured questionnaire in this study were developed from a literature study on imperatives of participatory budgeting to achieve municipal budgeting legitimacy, personal experience (the researcher is the former speaker and Member of Mayoral Committee (MMC) of Finance and Integrated Development Plan (IDP) at the Metsimaholo Local Municipality in the Free State), and opinions from experts. The questionnaire was divided into two sections. Section A comprised the respondent's personal and demographic profile, while Section B comprised the responses related to the imperatives of participatory budgeting to achieve municipal budgeting legitimacy at Metsimaholo Local Municipality.

5.2 RESPONSES: BIOGRAPHICAL INFORMATION

The respondent's biographical information relates to gender, population group, age and educational qualifications. This information enabled the researcher to determine, for instance, whether the results were in any way influenced by the respondents' biographical information. The data is presented in pie charts and rounded off to the nearest integer.

Figure 5.1 Gender

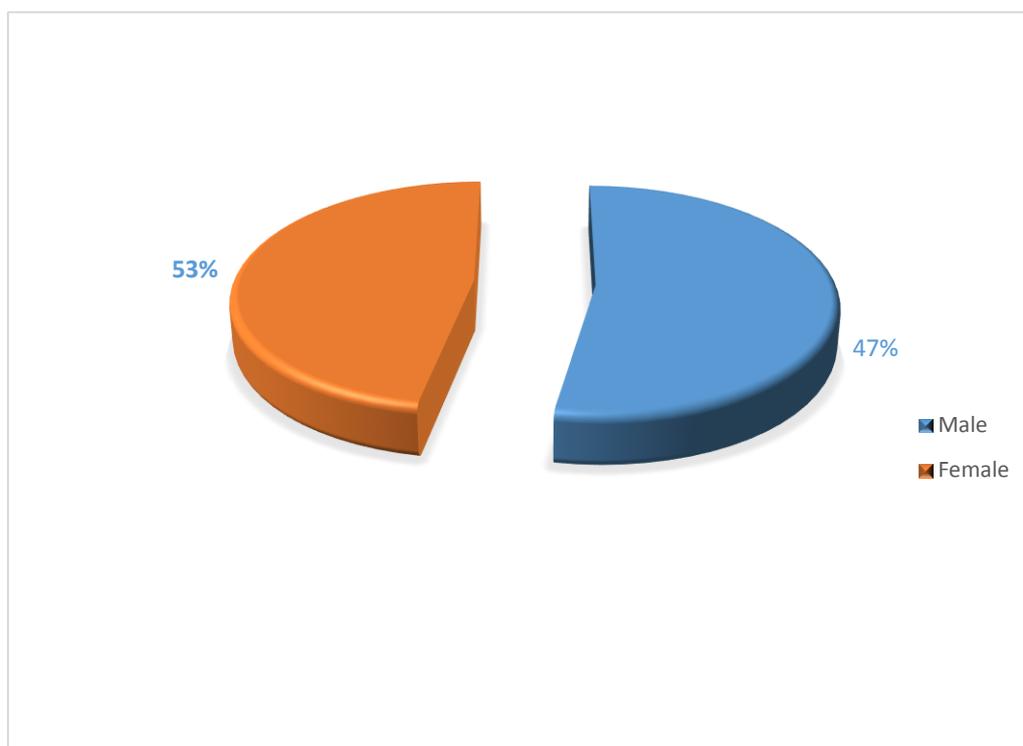


Figure 5.1 illustrates the participants' gender. The data revealed that 53% of the respondents are female and 47% male. There are more females (52%) than males (48%) in the Free State Province (Alberts, 2014: 118).

Figure 5.2 Population Group

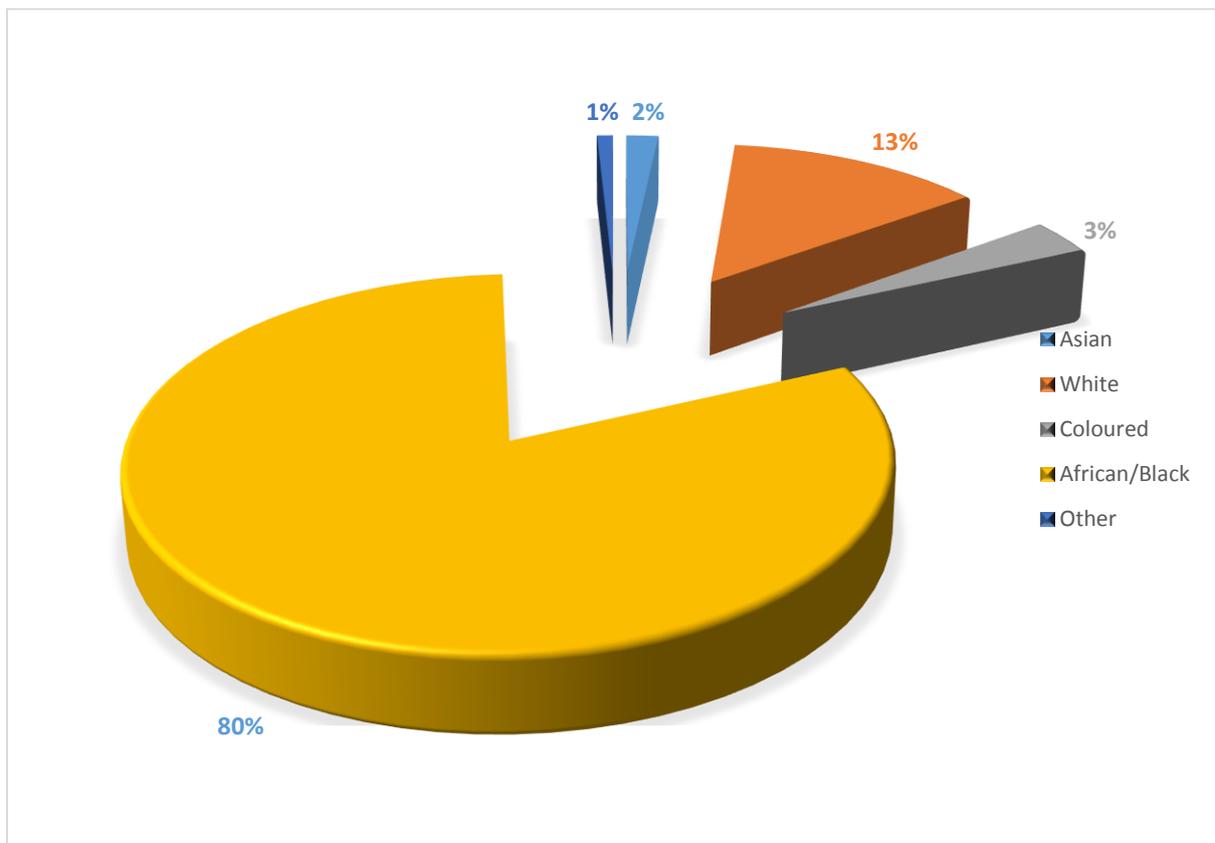
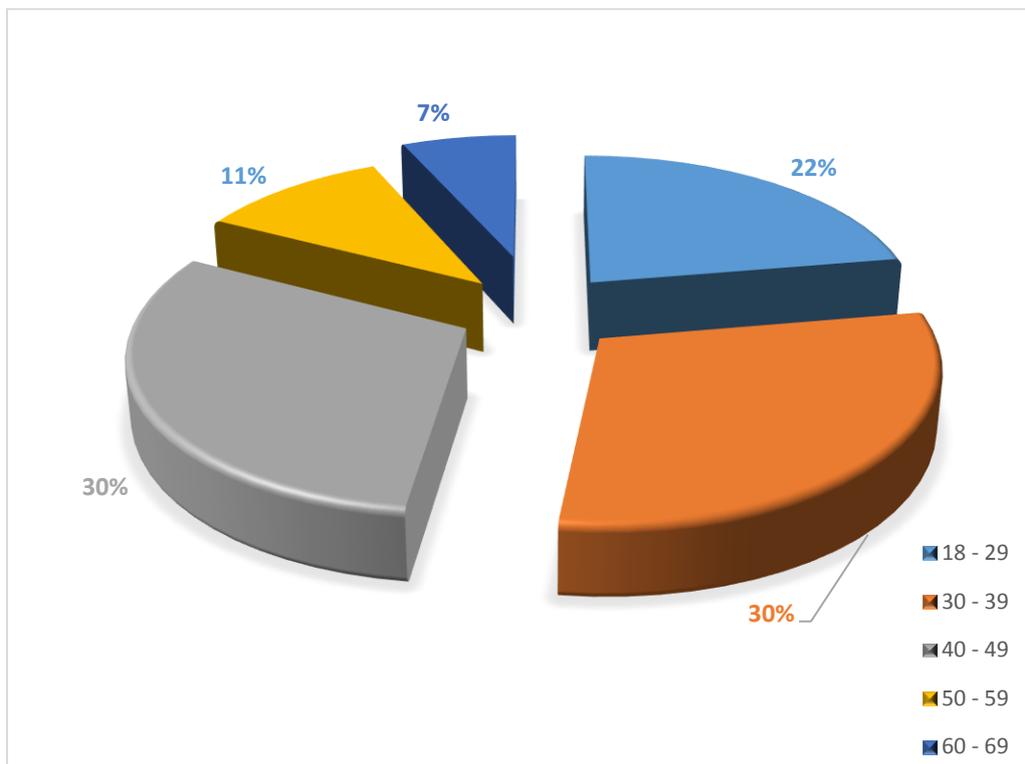


Figure 5.2 illustrates that the respondents who participated in this study comprised a mixed population group. Furthermore, 80.3% of the population group who participated in this study are African, followed by Whites (13.1%), Coloureds (3.3%), and Asian (1,6%). Based on the responses, it is evident that of all the residents in Sasolburg, Deneysville and Oranjeville, the Africans are in the majority and the Asians the minority.

Figure 5.3 Age Group



The age category of the respondents was structured into five categories. The respondents were categorised according to age as illustrated in Figure 5.3. The researcher holds that a large number of respondents in various age groups participated in this study. Furthermore, the age groups were well-represented. Figure 5.3 illustrates that the majority of respondents (30,3%) in this study are between 40-49 years of age. Persons younger than 18 years are generally not economically active, hence they were not allowed to participate in this study.

Figure 5.4 Home Language

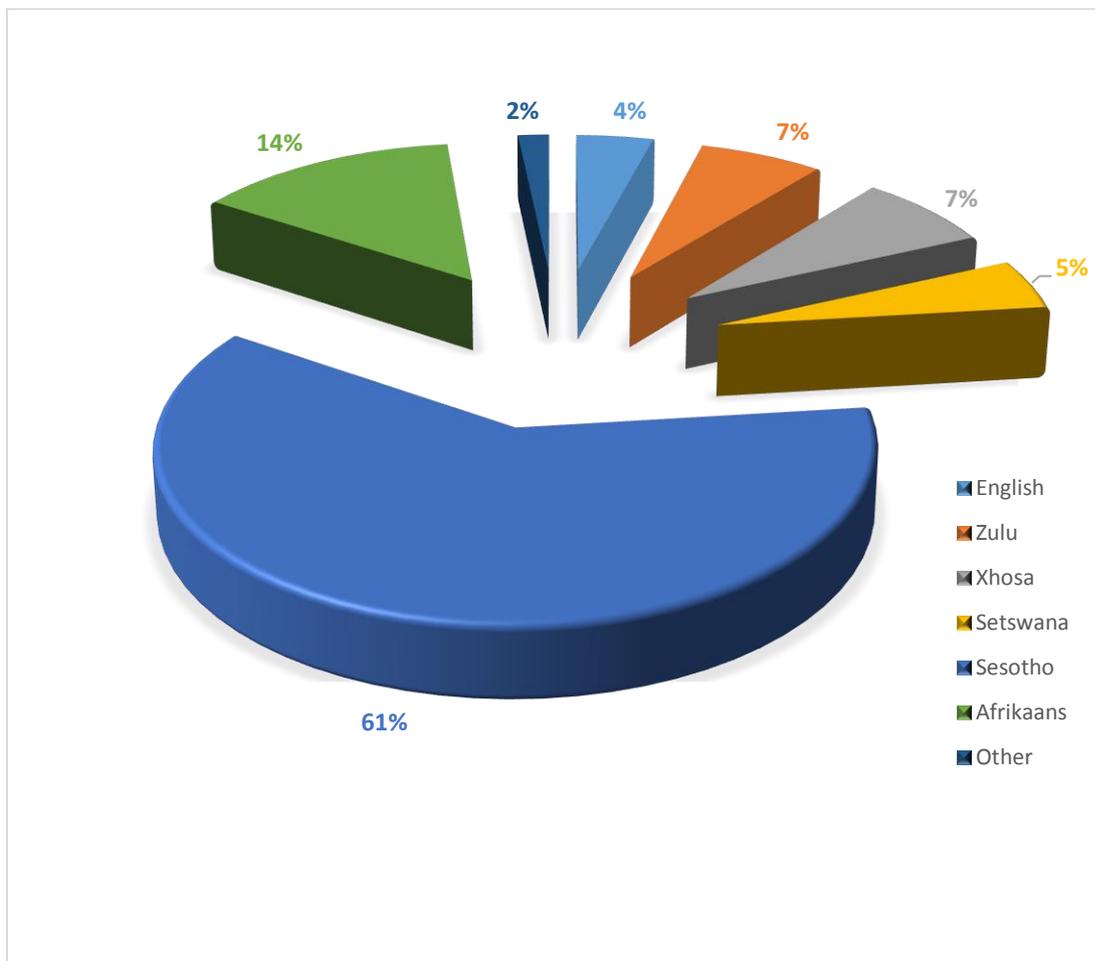


Figure 5.4 illustrates that 60.7% speak Sesotho at home, followed by Afrikaans (13.9%), Xhosa (7.4%), Zulu (6.6%), Setswana (5.0%), and 4.1% English. As a resident for longer than 30 years in the municipal area, it was noted that in most instances the first language was not the home language, compared to the residents who reside in Sasolburg whose first language can be either Zulu or Xhosa. However, their home language might be Sesotho. The majority of the residents revealed that Sesotho with more than 60% their home language as reflected in the sample.

Figure 5.5 Highest Educational Qualifications

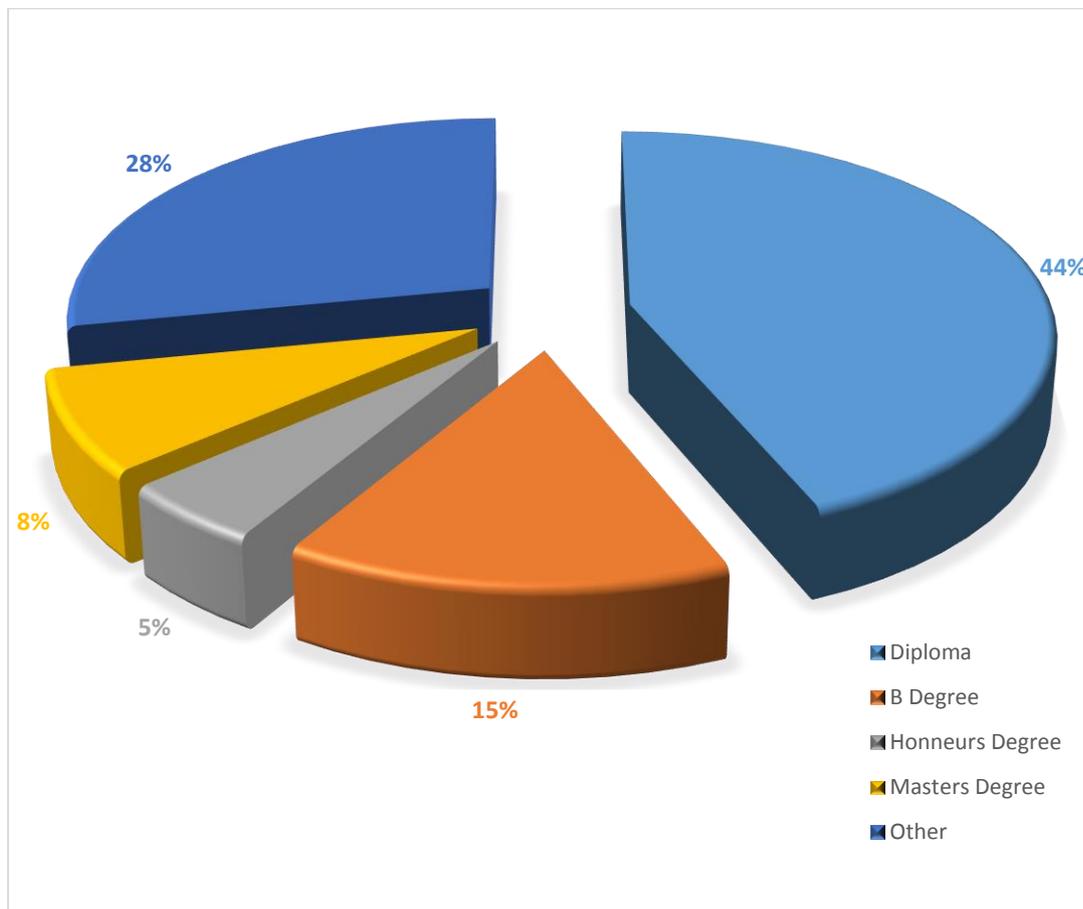


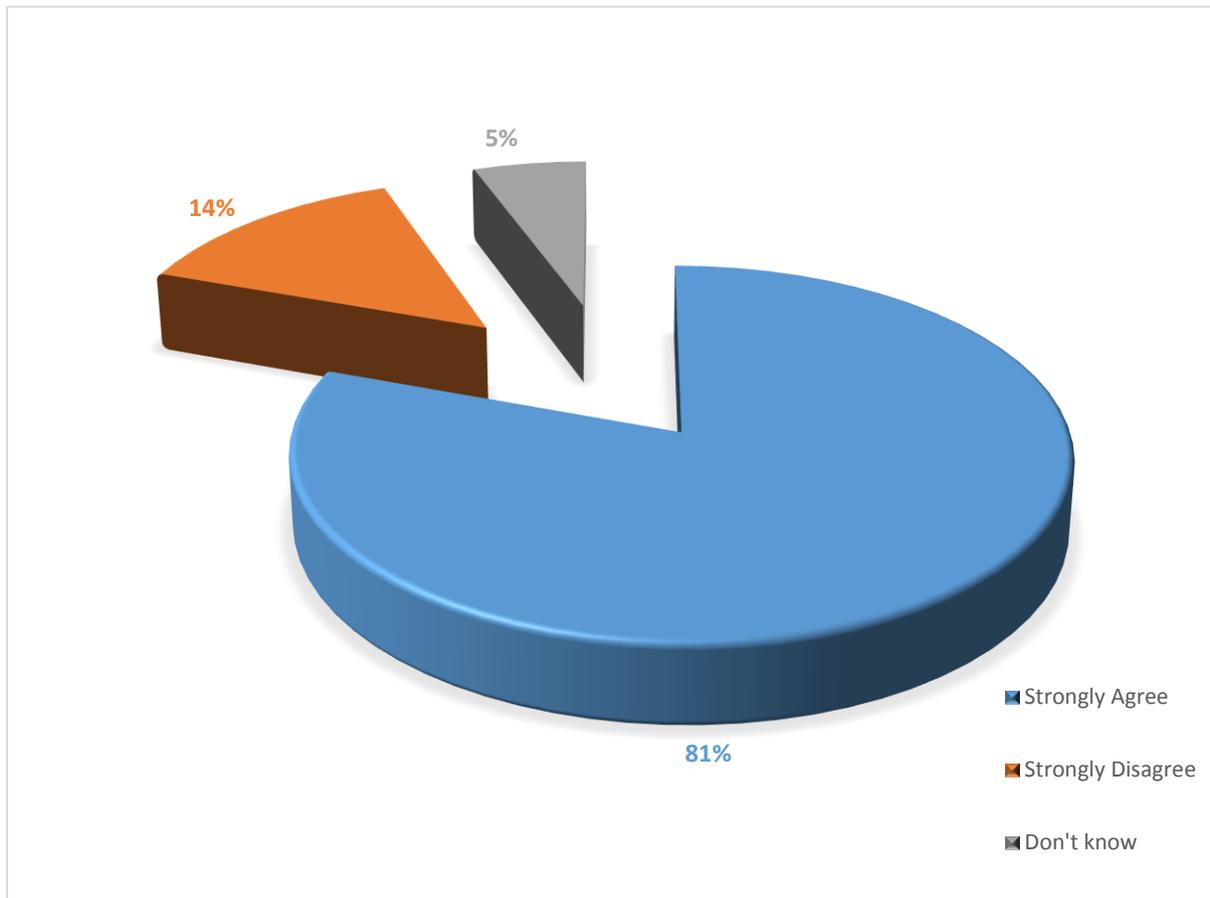
Figure 5.5 illustrates that more than half of the respondents in this study obtained a post-diploma qualification. A total of 44% of the respondents have a diploma, while 15% hold a BA Degree. Furthermore, 8% possess a Master’s Degree while 5% an Honours qualification. However, 28% of the respondents do have qualifications.

5.3 DATA ANALYSIS: PARTICIPANTS’RESPONSES RELATING TO THE IMPERATIVES OF PARTICIPATORY BUDGETING FOR ACHIEVING MUNICIPAL BUDGETING LEGITIMACY AT METSIMAHOLO LOCAL MUNICIPALITY IN THE FREE STATE PROVINCE

Pietersen and Maree in Alberts (2011: 76) posit that with the help of descriptive statistics, data has been organised and also summarised to promote an understanding of the characteristics thereof. This section focuses on the responses

acquired from the respondents for Section B. The questions Section B were grouped according to the response scale used in the questionnaire, for example: Strongly Agree, Strongly Disagree and Don't know.

Figure 5.6 - The budget reflects community needs.



In Figure 5.6, 81% of the respondents (Strongly Agree) and 14% (strongly disagree) that the Metsimaholo Local Municipality budget reflects the community needs. The aforementioned finding is supported by Rubin's (2006: 166) perception that the budget is an instrument, must reflect the government's priorities and preferences or needs of the citizens.

(Chapter 1, refer to 2.1). A total of 5% responded that they don't know.

Figure 5.7 - The municipality skills the community of their role in the budget processes.

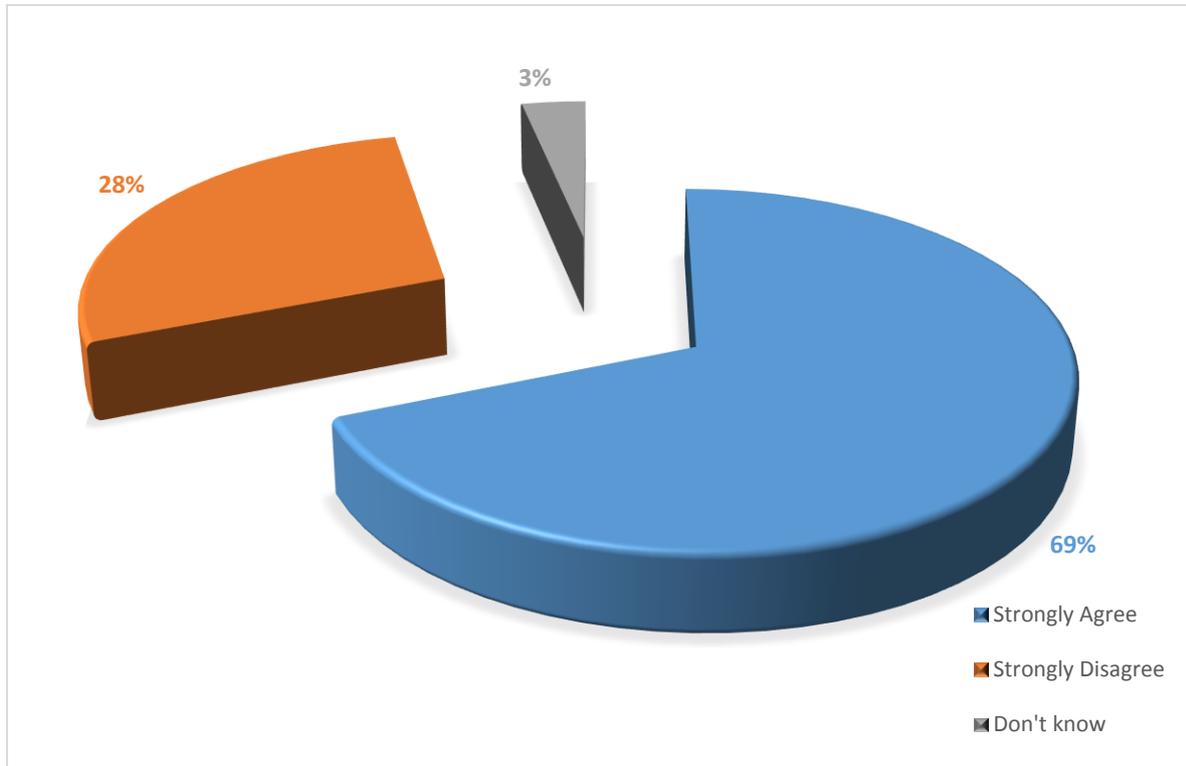
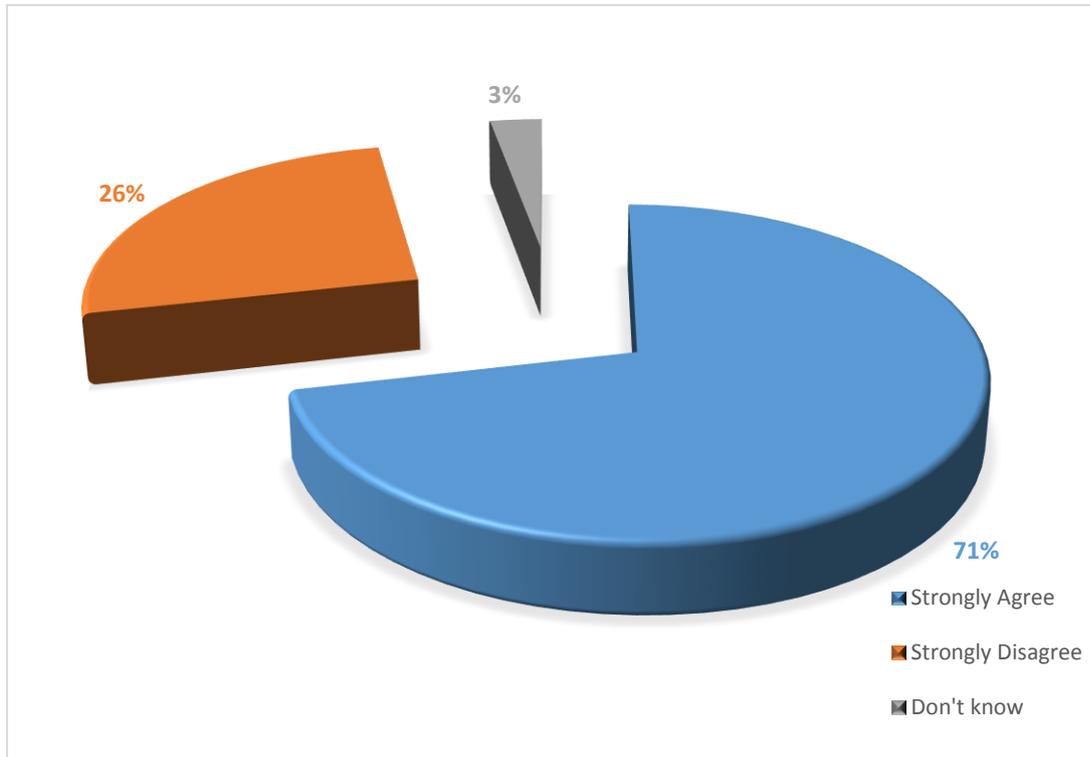


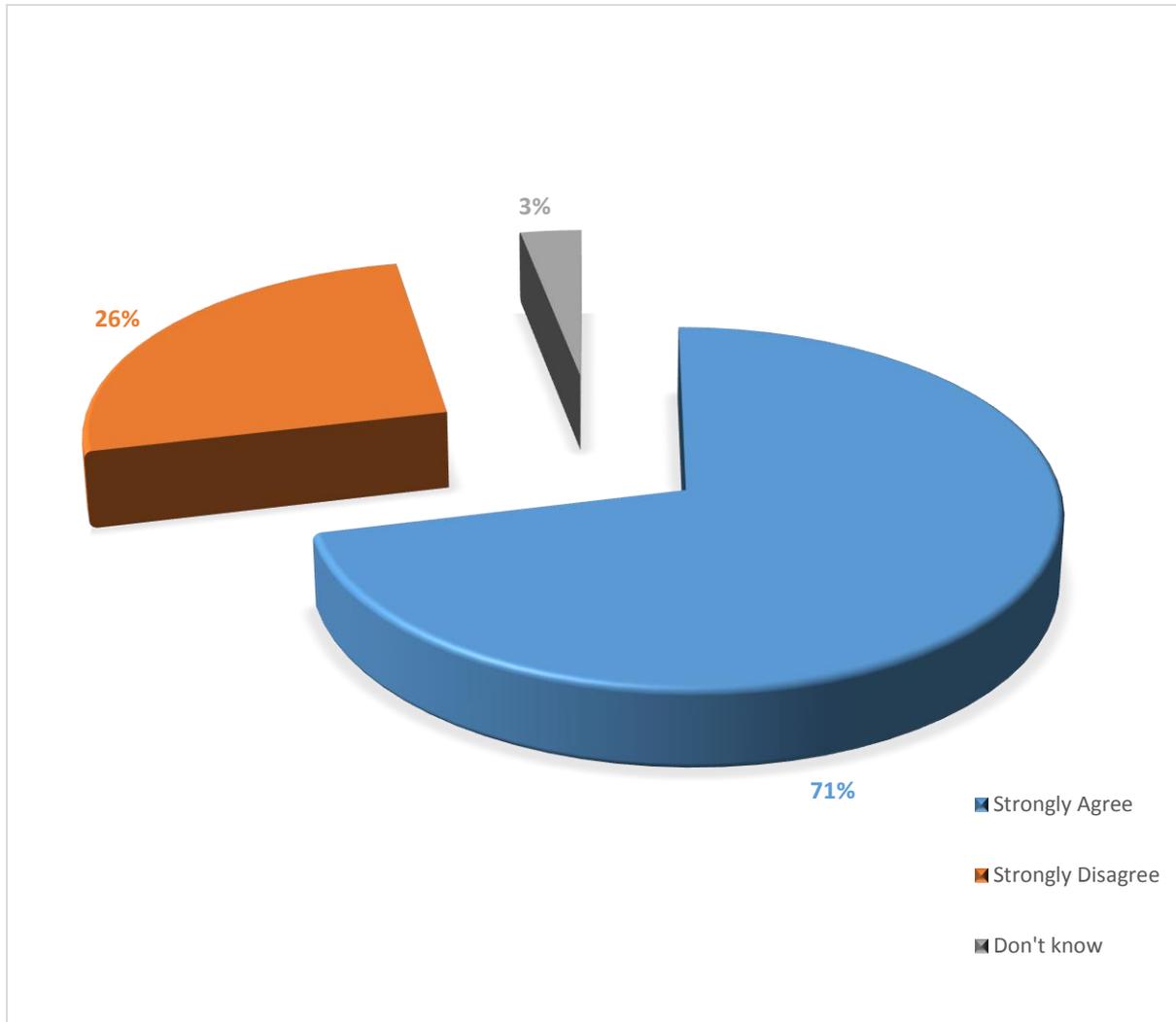
Figure 5.7 illustrates that more than 69% (Strongly Agree) while the statement and 28% of the respondents (Strongly Disagree) that the municipality skills the community of their role in the budgetary process. Based on the aforementioned statement, it is clear that Mfundisi (2007:34) was correct when he highlighted that participatory budgeting programmes act as citizenship schools because participation empowers to a clearer understanding of their rights and duties as citizens as well as the responsibilities of government.

Figure 5.8 - The municipality provides feedback on the implementation of the budget.



Statement 8 meant to determine whether the municipality provides feedback on the implementation of the budget. Figure 5.8 illustrates that 71% of the respondents (Strongly Agree) while 26% (Strongly Disagree), that the Municipality does provide feedback on the implementation of the budget. Rabotapi (2013: 21) agrees with the aforementioned statement that budgeting includes four distinct processes or phases: budget authorisation, budget execution, accountability and reporting (refer to Chapter 3, 3.2.1).

Figure 5.9 - The municipality includes the community during planning, implementation and review of the budget



According to Figure 5.9, 71% of the respondents (Strongly Agree); 26% (Strongly Disagree) and fewer than 6% (Don't Know). The remaining 3% revealed that the municipality includes the community during planning, implementation and review of the budget. It is evident that public participation during the budget processes is vital. This is also supported by Mogale (2006: 137) who asserts that municipalities are tasked to involve communities in drafting their integrated development plan, budget, and take decisions regarding service delivery and development (refer to Chapter 3, 3.9).

Figure 5.10 - The municipality provides feedback to the community on projects which were not implemented as per the budget

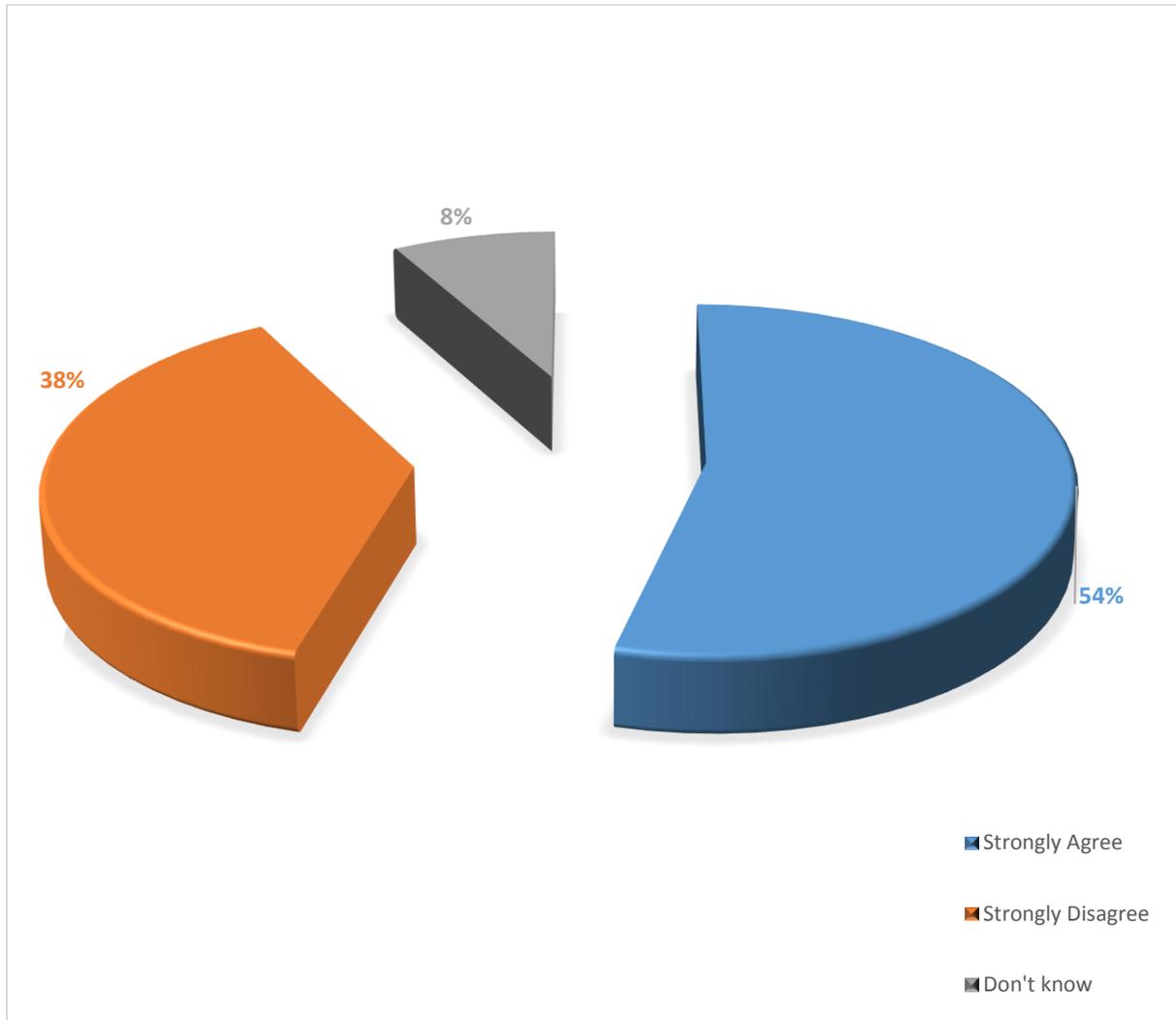
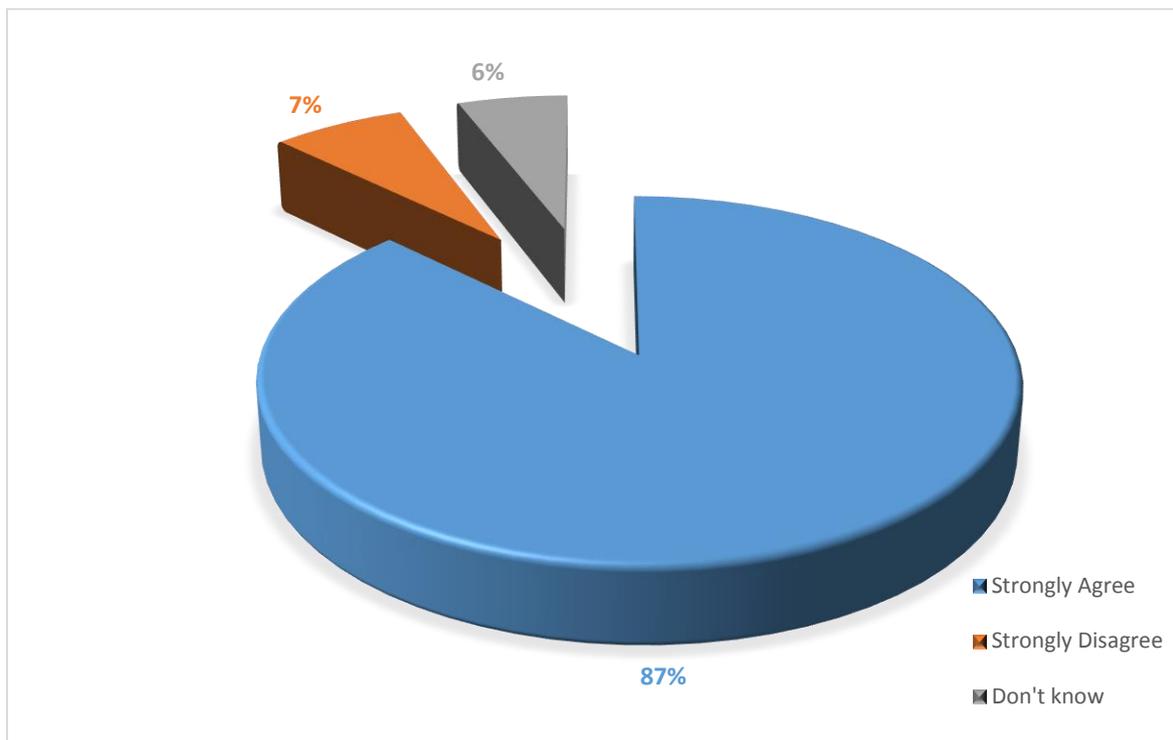


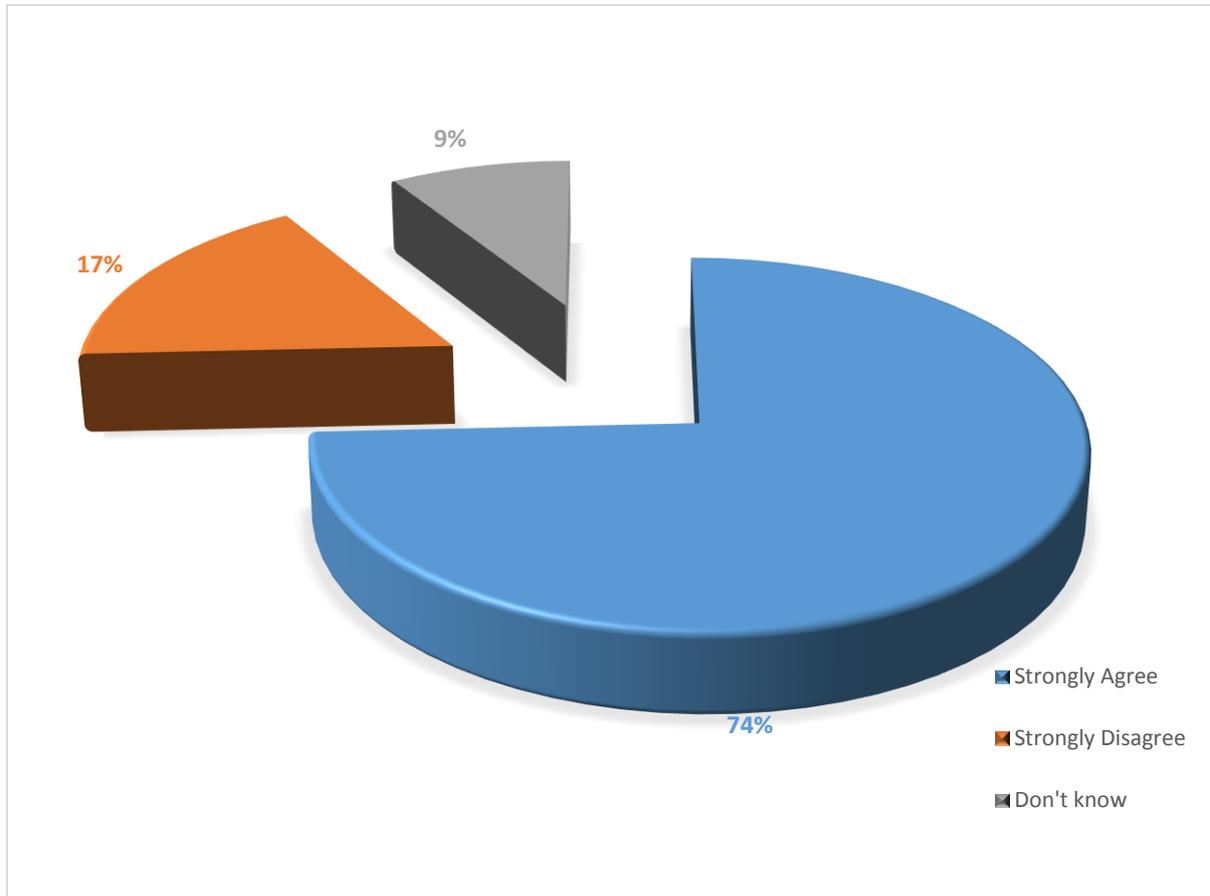
Figure 5.10 illustrates that 54% of the respondents (Strongly Agree) that the municipality provides feedback to the community on projects which were not implemented as per the budget while only 8% revealed that they Don't Know whether the municipality provides feedback. It can be deduced from the majority responses of that the municipality provides feedback on projects which were not implemented.

Figure 5.11 - Are you familiar with the budgetary process?



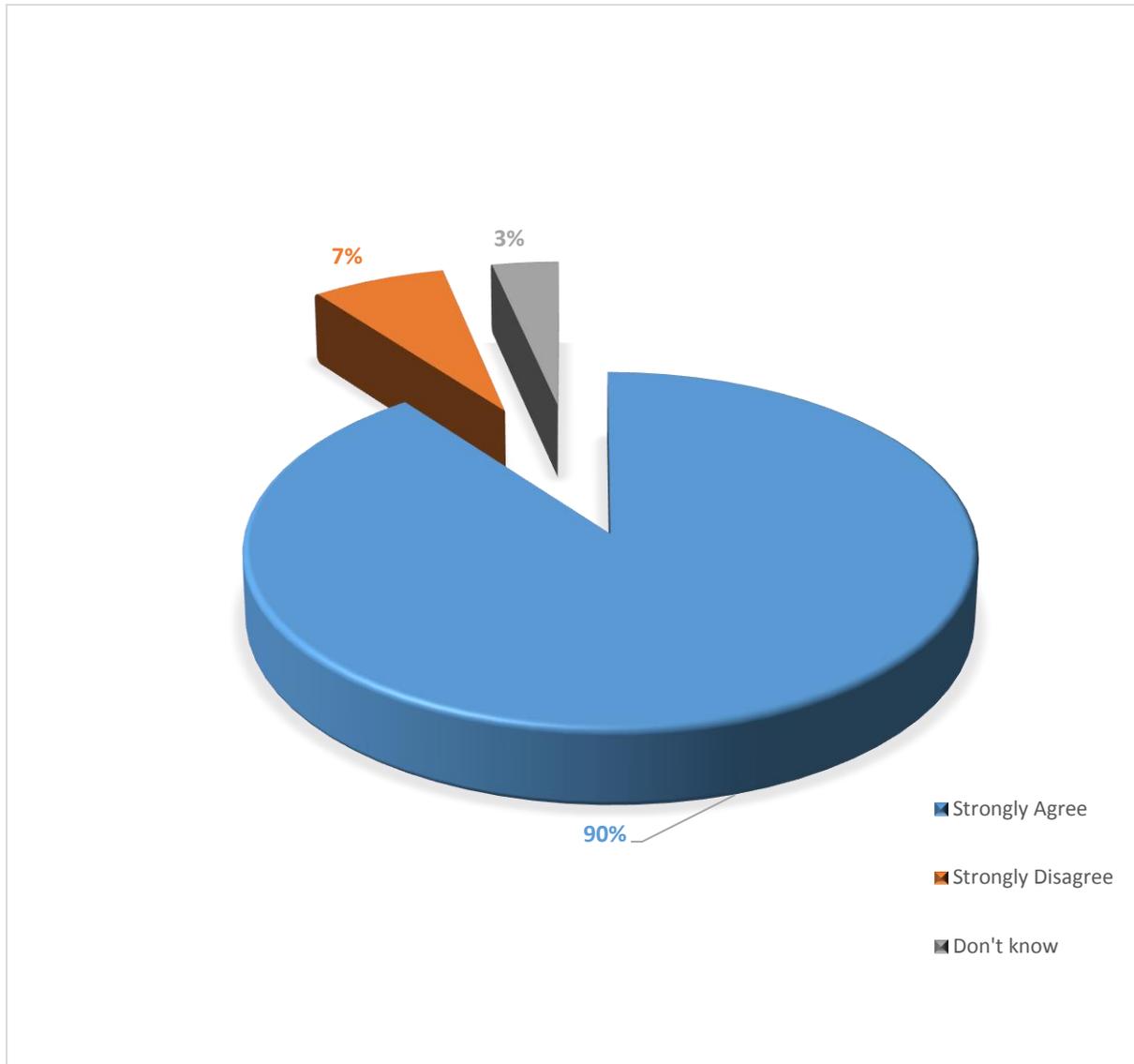
According to Figure 5.11, 87% of the respondents (Strongly Agree) with the statement while only 7% strongly disagree, that they are familiar with the budgetary process. A total of 6% revealed that they don't know. Based on the results, it can be concluded that the majority of the respondents understand the budgetary process.

Figure 5.12 - The municipal budget runs from June till July the following year over a period of twelve months



According to Figure 5.12, the municipal budget runs from June till July the following year over a period of twelve months. A total of 74% of the respondents (Strongly Agree) and 17% (Strongly Disagree) with the statement. The aforementioned statement is supported by Yusuf (2004:3), who asserts that municipalities must ensure that budgets are prepared for each financial year. Council must approve the budgets before the beginning of the new financial year, after ward committees and other stakeholder groups in the area are consulted and participated in planning of the budget (refer to Chapter 3, 3.5).

Figure 5.13 - One of a councillor's responsibilities is to approve and regularly monitor a municipality's budget.



A large majority comprising 90% of the respondents (Strongly Agree) with the statement. It is evident that the respondents (Figure 5.13) hold that councillors must be aware and familiar with their responsibilities. Only 7% of the respondents strongly disagree, while a mere 3% said that they don't know.

Figure 5.14 - Effective financial management ensures that funds are available to implement council policies.

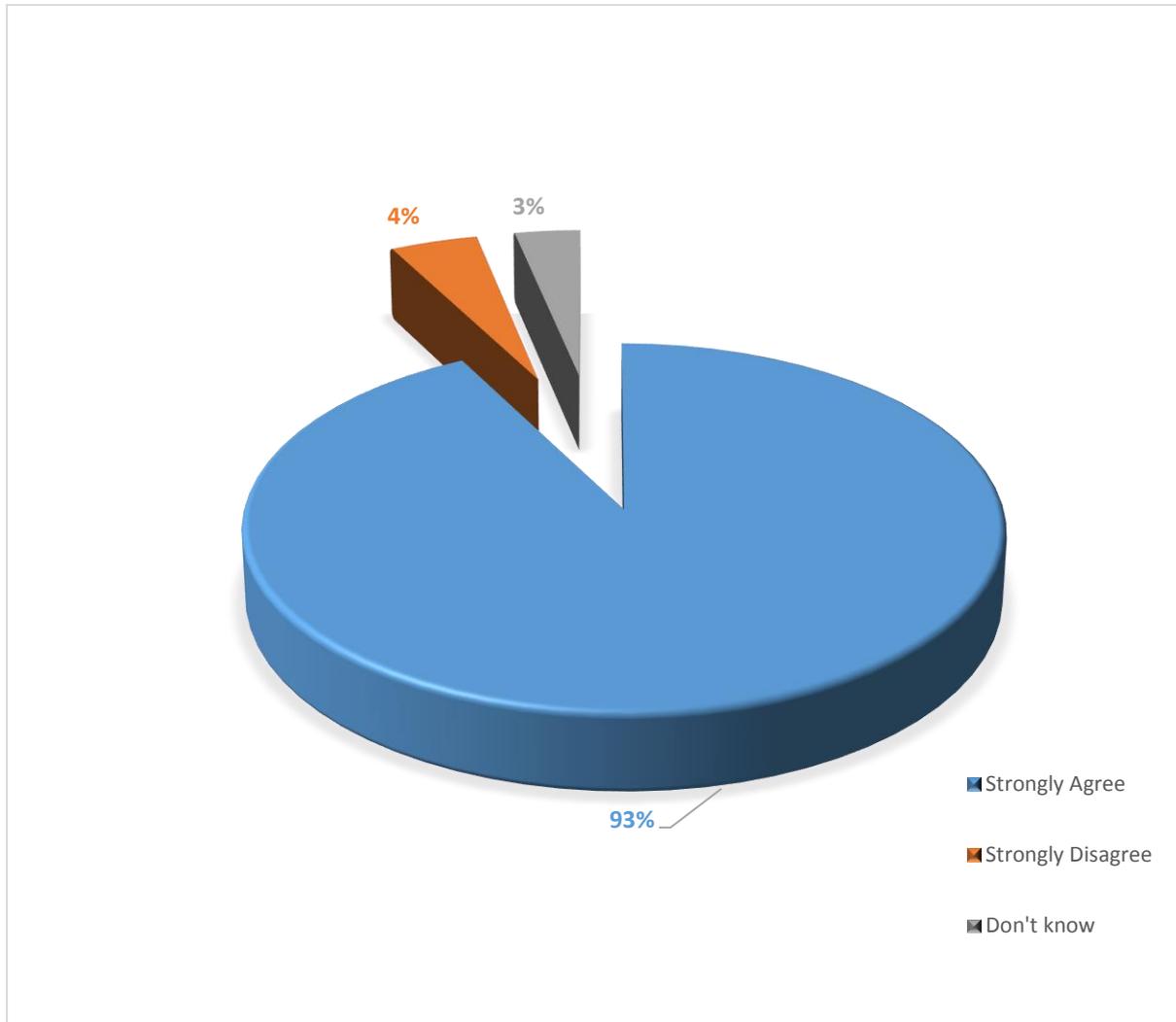


Figure 5.14 illustrates that 93% of the respondents (Strongly Agree) that effective financial management ensures that funds are available to implement policies. A mere 4%, strongly disagree with the statement.

It can be concluded that the majority of the respondents hold that when finances are managed effectively, money will be available to implement council policies although a mere 3% claimed that they don't know.

Figure 5.15 - The municipality conducts its affairs in an effective, economical and efficient manner to optimise resources utilisation; and meet the needs of the community.

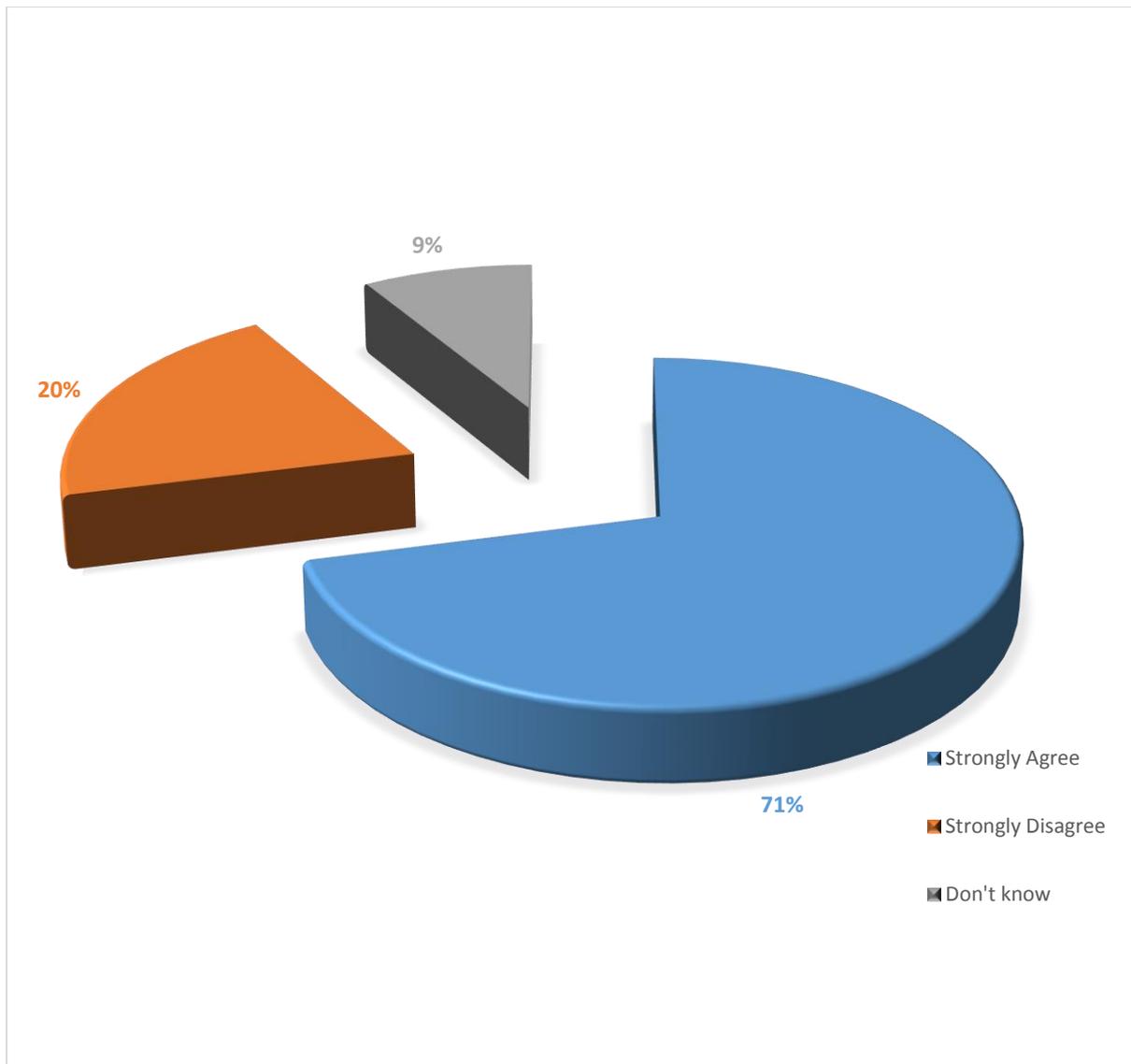


Figure 5.15 illustrates that 71% of the respondents (Strongly Agree) while 20% (Strongly Disagree) that the municipality conducts its affairs in an effective, economical and efficient manner; to optimise the utilisation of resources; and meet the needs of the community.

Based on the results it is evident that the majority of the respondents agree that the municipality conducts its affairs in an effective, economical and efficient manner; optimises the utilisation of resources and meets the needs of the community.

Figure 5.16 - The municipality structures and manages its administration and budgeting and planning processes to meet the basic needs of the community and promote the social and economic development of the community.

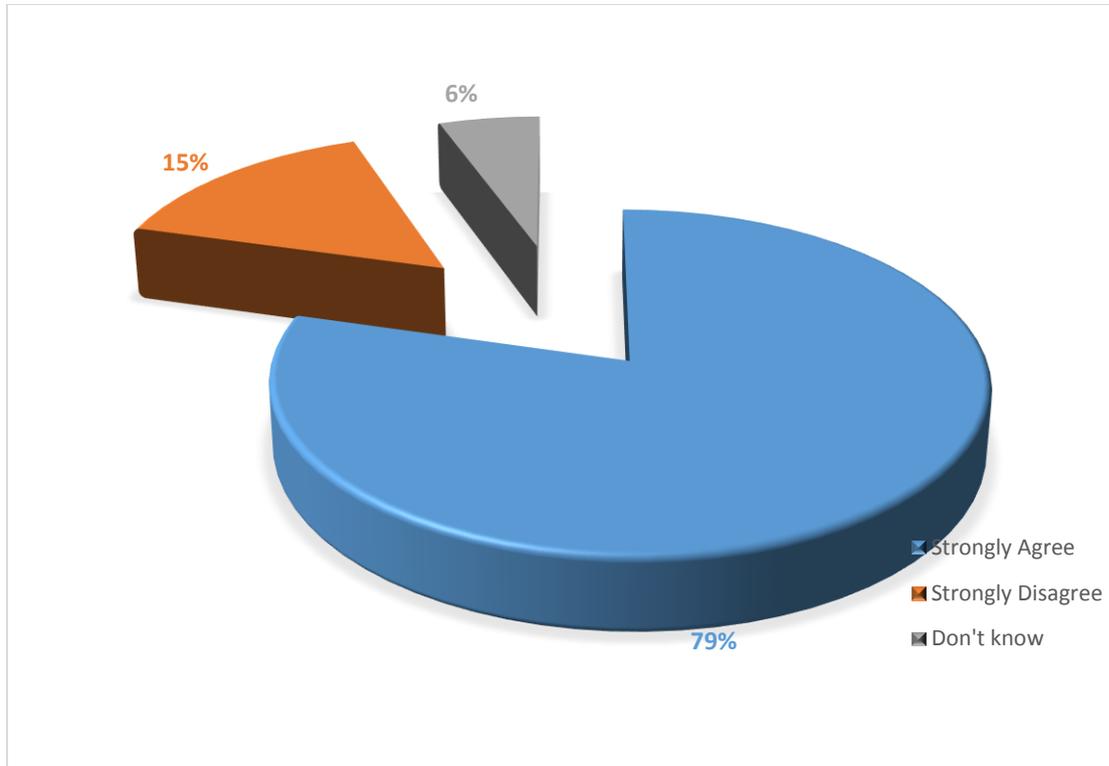
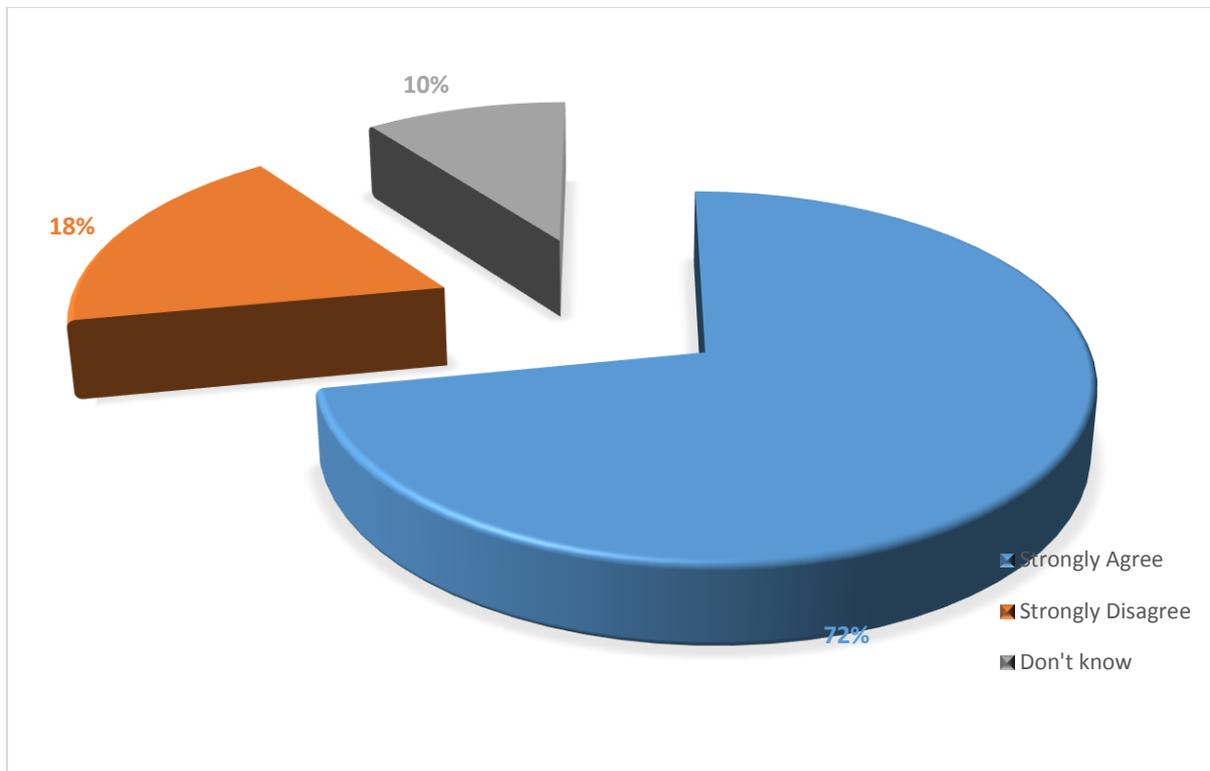


Figure 5.16 illustrates that 79% of the respondents (Strongly Agree) while 15% (Strongly Disagree). The aforementioned statement is supported by Bekink (2006) that as a counterweight, municipalities must assure and provide their services to ensure social and economic development, which in turn will provide a better future for all its residents.

Figure 5.17 - The municipality, immediately after the annual budget is tabled by the municipal council, makes public the budget and all supporting documentation.



A total of 72% of the respondents (Strongly Agree) while 18% (Strongly Disagree) that the municipality, immediately after the annual budget is tabled in a municipal council, makes public the budget and all supporting documentation.

Based on the results in Figure 5.17, it is evident that the majority of the respondents agree that the municipality, immediately after the annual budget is tabled in a municipal council, makes public the budget and all supporting documentation. This statement is also supported by Matovu and Mumvuma (2008:62) who assert that public access to key fiscal information through government websites and national printers is imperative. The public can obtain copies of the budget and related budget information upon request at no cost (refer to Chapter 2, 2.5.3).

Figure 5.18 - The municipality invites the community to submit comments on the contents of the budget.

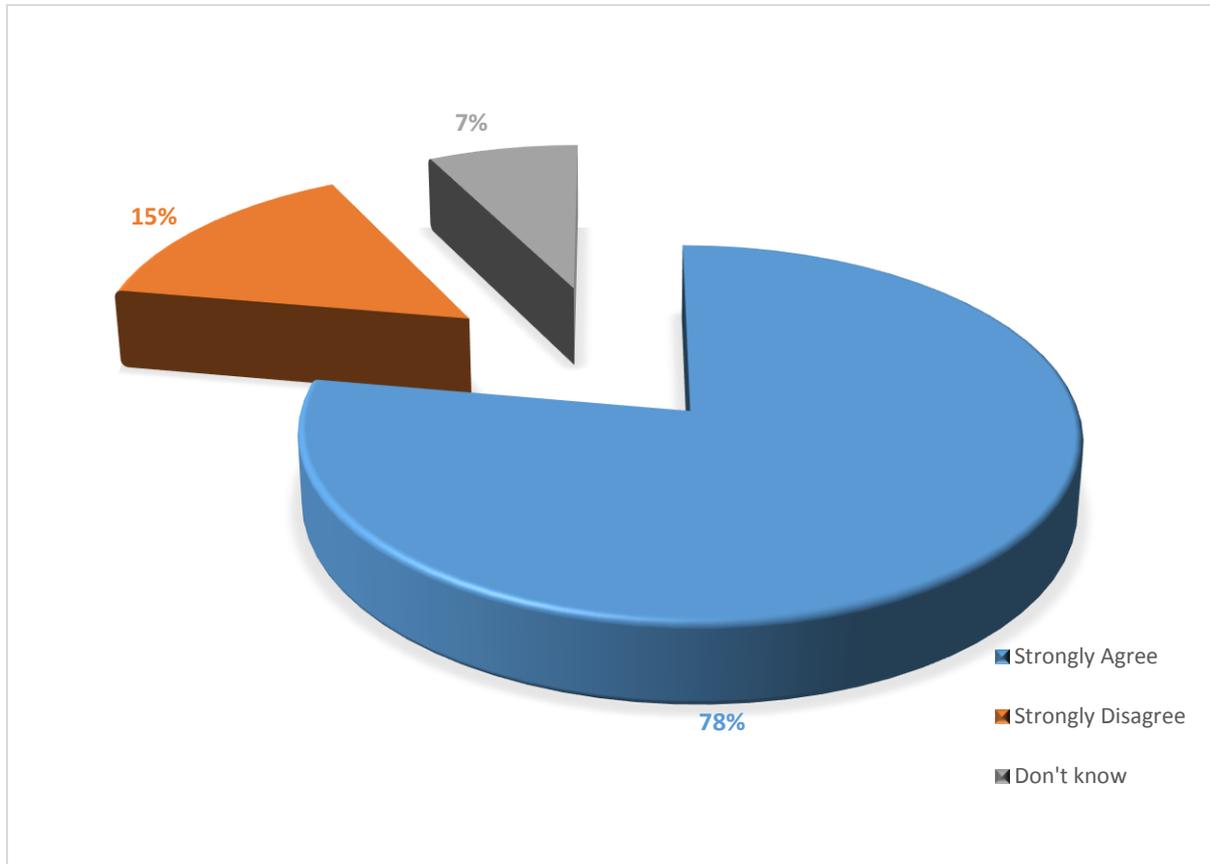


Figure 5.18 illustrates that 78% of the respondents (Strongly Agree) while 7% revealed that they don't know whether the municipality invites the community to make submissions with regard to what the budget should include. This statement is also supported by Sagala (2015: 13-17) who states that public participation is wider than at only the ward level. It should preferably extend to the village administrative level to capture the voice of people from the rural areas who generally do not have town halls to host meetings.

Figure 5.19 - Members of the community have the right to observe special council meetings at which the budget is debated and voted on

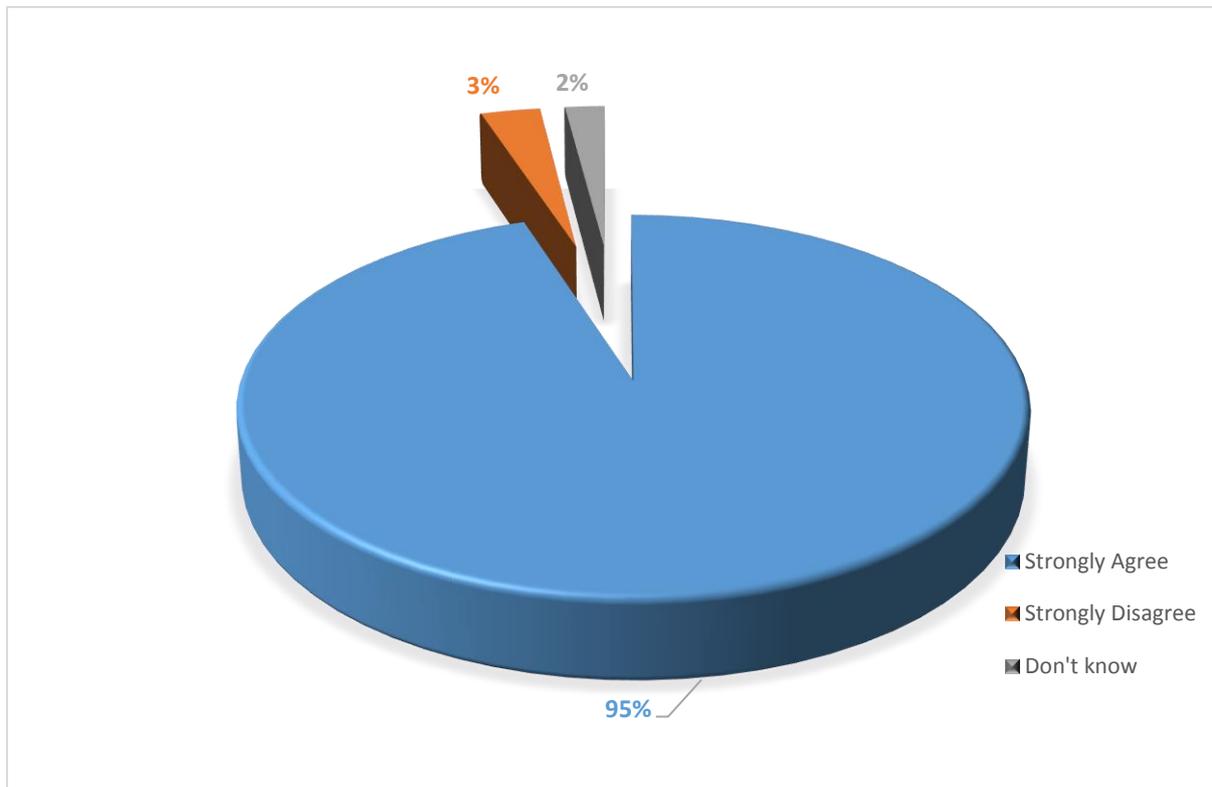


Figure 5.19 illustrates that community members are allowed to attend special council meeting at which the budget is debated and voted on. A total of 95% of the respondents (Strongly Agree) with the statement while only 3% (Strongly Disagree).

Figure 5.20 - The Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 promotes public participation in the budget process and the determination of rates policies.

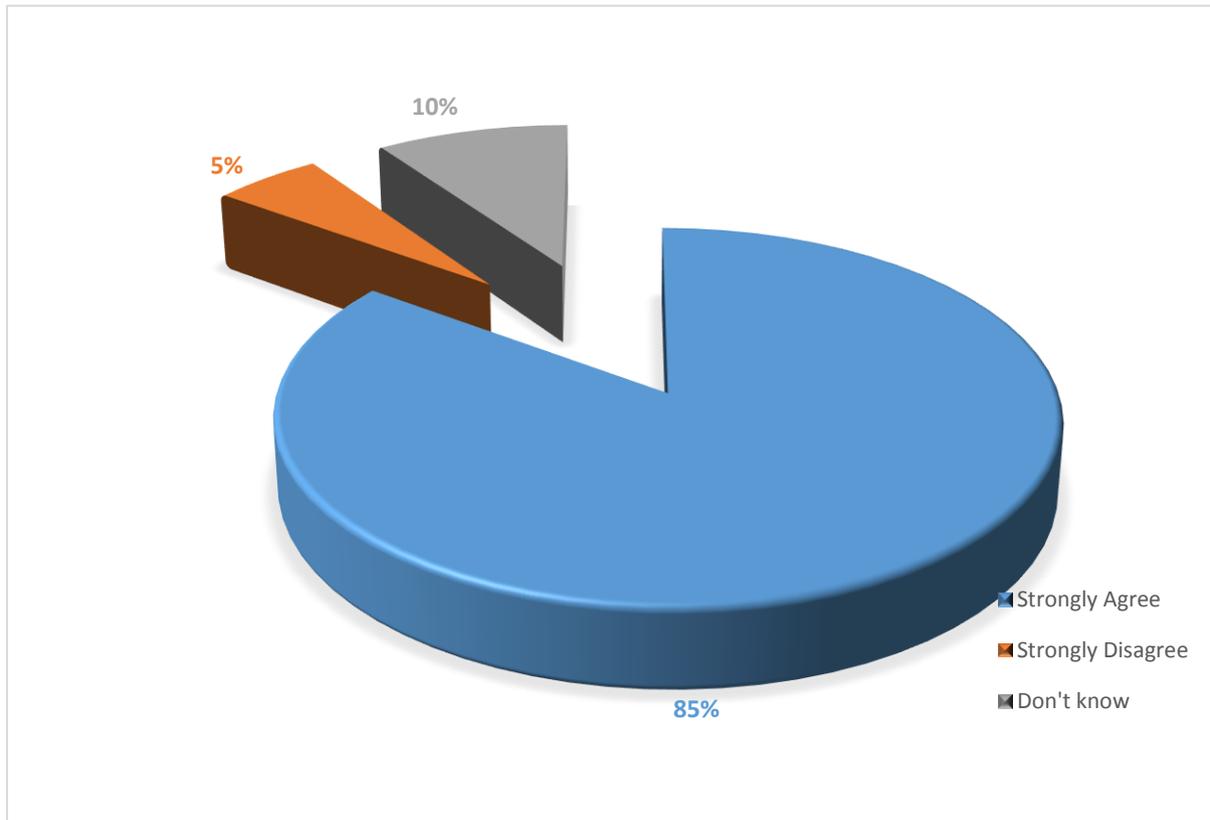


Figure 5.20 illustrates that 85% (Strongly Agree) that the Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 promotes public participation in the budget process and the determination of rates policies respectively.

Based on the results it is evident that the majority of the respondents agree with the statement.

Figure 5.21 - The municipality monitors its municipal activities and spending carefully

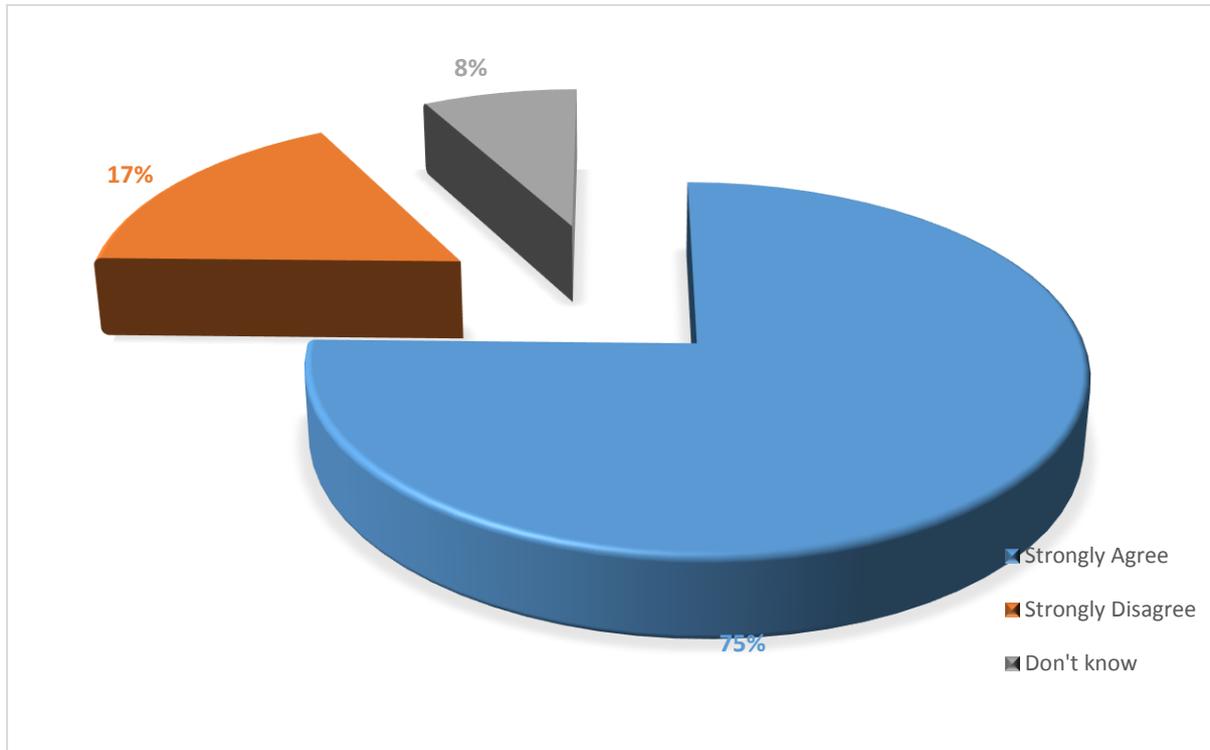


Figure 5.21 illustrates that 75% of the respondents (Strongly Agree) with the statement while 17% (Strongly Disagree).

It can be concluded is that the majority of the respondents hold that the municipality monitors its municipal activities and spending carefully, although the remaining respondents disagreed with the statement (5% Don't Know).

5.4 CHAPTER SUMMARY

This chapter analysed and interpreted the empirical findings from the structured questionnaire that was distributed to the respondents in the Metsimaholo municipal area. The chapter presented, analysed and interpreted the collected data which was illustrated using the pie chart. The findings were related to the issues of the imperatives of participatory budgeting to achieve municipal budgeting legitimacy at Metsimaholo Local Municipality. The next chapter focuses on the findings, recommendations and concluding remarks.

CHAPTER SIX

FINDINGS, RECOMMENDATIONS AND CONCLUDING REMARKS

6.1 INTRODUCTION

This chapter endeavoured establish whether the purpose of this study was achieved. The problem statement including the research questions were presented in the first chapter.

This chapter intends to establish whether the literature review including the administered questionnaires contributed towards responding to the problem on which this study is based.

This chapter discusses the following:

- An overview of the study
- Findings from the literature review
- Findings from the empirical research
- Findings in relation to the objectives of the study
- Recommendations
- Conclusion

6.2 AN OVERVIEW OF THE STUDY

This section provides a brief overview of the preceding chapters of this study. The purpose is to focus on the significant aspects of each chapter, so that the findings and the recommendations that follow are linked meaningfully.

6.2.1 Chapter One

The purpose of this chapter was to orientate the reader with:

- The problem statement. In terms of section 17(2) of the Municipal Systems Act 32 of 2000, a municipality must establish and organise its administration to facilitate a culture of accountability and a system of participatory governance. Such governance system must complement the formal representative governance and to supply its

community with information concerning municipal governance, management and development. The Metsimaholo Local Municipality prides itself that it promotes public participation in its governance activities through the establishment of functional ward committees in all 21 wards. These establishments serve as a link between the municipality and its communities, which represents the aspirations, concerns and needs of the community (Metsimaholo Local Municipality 2011:39).

For the 2011/12 financial year, the Municipality received a qualified audit opinion (Metsimaholo Local Municipality, 2011: 29) which is an improvement from a disclaimer. Such qualification reveals sound financial and budgetary performance. Yet, in the same period, there were numerous public protests and the municipal workers went on strike at Metsimaholo over service delivery and the lack of public participation in the Integrated Development Planning processes which is a precursor to the budgeting process. The dichotomy between sound financial capacity of the municipality and yet, the public outcry of neglect to be transparent by including public participation, was the foundation of this study.

The research objectives of this study are listed below:

- Discuss issues and complexities of the concepts “budgeting” and “public participation”.
- Analyse the legislative imperatives of public participation of how they are applied at Metsimaholo Local Municipality.
- Conduct research and determine the extent to which civil society inputs and expertise is consulted in the preparation and implementation of the budget at Metsimaholo Local Municipality.
- Provide recommendations that will add value to the sound alignment of municipality-public relations in budgeting.

For the purpose of this study, an empirical research design was utilised. The researcher adopted the quantitative research methodology to establish and confirm the situation at the extent to which communities participate in the compilation of the

IDP including the budget preparation process. The research included the following participants: Executive Mayor, Speaker and Public Participation Officers; Municipal Manager; Chief Financial Officer (CFO) and 4 members of his team; 10 randomly selected councillors from different political parties; 4 members from Audit Committee; 5 members from SAMWU and IMATU; and 85 randomly selected community members from business, teachers, domestic workers and youth. A sample population size comprising 121 randomly selected respondents for this study.

The questionnaires were distributed personally to the respondents. The researcher waited for the questionnaires to be completed.

6.2.2 Chapter Two

The focus of this chapter was to provide an overview of the national and international tendencies with regard to public participation and budgetary processes from a theoretical perspective. To realise the aforementioned statement, a literature study of both local and international sources were conducted.

Public participation has an impact in budgeting processes at both internationally and nationally. In all countries, irrespective of their differences, local, regional and/or national authorities have in recent years have experimented with public participation. Most countries realised and embraced the need for participatory budgeting as an obligation. Government policy stipulates participation by the inhabitants in decision making to ensure sustainability. The budget is a public document and the people need to participate and contribute towards their own circumstances.

6.2.3 Chapter Three

This chapter focused on the Process of Budgeting and Public Participation at municipalities from a theoretical perspective. In order to realise the aforementioned statement, an extensive literature study of both local and international sources was conducted. Based on the literature study and the researcher's personal experience (as a former Member of Mayoral Committee of Finance and Integrated Development Planning and also former speaker at a municipality in the Free State), the

imperatives of participatory budgeting to achieve budgeting legitimacy at Metsimaholo Local Municipality, was explored.

6.2.4 Chapter Four

Chapter four provided a detail overview of the empirical research design that was utilised to investigate the research problem. The research design and data collection instrument was discussed in detail. The adoption of the quantitative descriptive survey methodology through questionnaires including the reason for the utilisation of this approach was motivated. The intention was to establish and confirm a given situation in the Metsimaholo municipal area, which includes Sasolburg, Deneysville and Oranjeville through the responses provided by the respondents who participated in this study.

6.2.5 Chapter Five

The data gathered from the questionnaires was analysed and interpreted in this chapter. The findings revealed that the respondents in Sasolburg, Deneysville and Oranjeville stated that issues related to the imperatives of participatory budgeting are very important and critical to achieve municipal budgeting legitimacy at the Metsimaholo Municipality situated in Fezile Dabi District in the Free State.

6.3 FINDINGS FROM THE LITERATURE REVIEW

To formulate relevant questions utilised for the purpose of this study, information was obtained from extensive consultation of relevant literature review. Sources such as accredited journal articles, policies, legislation, electronic sources, Integrated Development Plan (IDP) and Municipal Annual Reports (including official reports), dissertations and theses and newspaper texts, were utilised for this study.

The budget embodies the fundamental values which underlie the government's primary policy choices and reflects its views on the nation's social and economic objectives. The budget is a legal contract between the government and the legislature of the services that should be provide in the new fiscal year.

Budgetary functions relate to a range of activities through which organisations make contingencies for monetary requirements that are essential for the realisation of strategic plans and short-term objectives. However, within the public sector, budgetary activities appear to be critical solely for lobbying funds, allocation schemes including roles that often supersede other equally significant budgetary functions such as an organisation's control and performance evaluation.

The most significant elements of good governance based on the key words in this definition, that is, participation and accountability. Public participation is an integral part of a stepwise process aimed at broadening the support for the organisations policy and activity, avoid conflict and generate as much support as possible for a successful plan with the advent of time.

One of councillor's most significant responsibilities is the approval of the budget after consultative meetings are held with ward committees and other stakeholders. Governments globally must ensure that public participation is used to democratise their institutions, and they are heard to empower the electorate at grassroots level. Public participation strengthens the pillars of a government's democratic structures including more accountable (refer to chapter 3, under 3.5). The municipalities are tasked to include communities in the drafting the integrated development plan, budget, and take decisions related to service delivery and development.

The public, business sector, Non-Governmental Organisations (NGO's), and relevant persons must participate actively during the municipality's budgetary process.

6.4 FINDINGS: EMPIRICAL REVIEW

The study revealed that 81% of the respondents (Strongly Agree), while 14% (Strongly Disagree) that the Metsimaholo Local Municipality budget reflects the community needs (refer to Figure 5.6).

A total of 71% of the respondents (Strongly Agree) and 26% (Strongly Disagree) that the municipality provides feedback on the implementation of the budget.

A total of 71% of the respondents (Strongly Agree); 26% (Strongly Disagree); fewer than 6% (Don't Know); and 3% revealed that the municipality includes the community during planning, implementation and review of the budget (Figure 5.9).

It was also revealed that 93% of the respondents (Strongly Agree) that when finances are managed effectively, funds will be available to implement council policies. The responses in (refer to Figure 5.14) also revealed that fewer than 5% and only 4% of the respondents strongly disagree with the statement.

Figure 5.15 illustrates 71% of the respondents (Strongly Agree) and 20% (Strongly Disagree) that the municipality conducts its affairs in an effective, economical and efficient manner; optimises the utilisation of resources; and meets the needs of the community.

According to Figure 5.16, 79% of the respondents (Strongly Agree) and 15% (Strongly Disagree) revealed that the municipality must ensure that its administration is structured and managed properly as well as its budgeting and planning processes, to meet the basic needs of the community, and promote the social and economic development.

A total of 72% of the respondents (Strongly Agree) and 18% (Strongly Disagree) that the municipality, immediately after the annual budget is tabled in a municipal council, makes public the budget and all supporting documentation (refer to Figure 5.17).

Figure 5.18 illustrates that 78% of the respondents (Strongly Agree) with the statement; fewer than 10% (Strongly Disagree); and 7% (Don't Know) that the municipality allows the community to comment on the contents of the budget.

6.5 FINDINGS IN RELATION TO THE OBJECTIVES OF THE STUDY

This section will discuss the findings of the study in accordance with each research objective:

- **Discuss issues and complexities of the concepts “budgeting” and “public participation”.** This objective was achieved through an extensive review of relevant literature pertinent to this study. The concepts “budget” and “public participation” were discussed (refer to 2.2 and 2.3). Furthermore, global trends with regard to budgeting were expounded upon (refer to 2.4) including with reference to African and international countries (refer to 2.5). Public participation and budgetary processes within the South African context were also discussed (refer to chapter 3)
- **Analyse the legislative imperatives of public participation and how these are applied at Metsimaholo Local Municipality.** The participant's responses to the questionnaires are considered to achieve this objective. The majority of the respondents, 81% (Strongly Agree) while 14% (Strongly Disagree), hold that the Metsimaholo Local Municipality budget reflects the community needs (refer to Figure 5.6). Furthermore, 71% (Strongly Agree); 26% (Strongly Disagree); fewer than 6% (Don't Know) and 3% of the respondents hold that the Municipality includes the community during planning, implementation and budget review (refer to Figure 5.9).

According to Figure 5.12, Statement 12, 74% of the respondents (Strongly Agree) while 17% (Strongly Disagree) that municipal budget runs from June till July the following year over a period of twelve months. Furthermore, one of a councillor's responsibilities is to approve monitor a municipality's budget that avails funds to

implement its vision. The responses revealed that the majority of the respondents, 90% (Strongly Agree) with the statement. It is evident that the respondents as reflected in Figure 5.13 hold that councillors must be aware of their responsibilities.

According to Figure 5.16, 79% of the respondents (Strongly Agree) while 15% (Strongly Disagree) that the municipality must ensure that its administration is structured and managed properly including its budgeting and planning processes; attend to the basic needs of the community; and promote the social and economic development of the community.

In Figure 5.17, 72% (Strongly Agree) and 18% (Strongly Disagree) of the respondents revealed that the municipality, immediately after the annual budget is tabled in a municipal council, makes public the budget and all supporting documentation. The respondents' opinion was sought on whether the municipality invites the community to make submissions on the contents of the budget. Figure 5.18 illustrates that 78% of the respondents (Strongly Agree), while fewer than 10% and 7% do not know that the municipality invites the community to submit comments on the contents of the budget.

Figure 5.20 reveals that 85% (Strongly Agree) of the respondents agree that the Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 promotes public participation in the budget process and determine the rates policies respectively.

• Conduct research and determine the extent to which civil society input and expertise is consulted in the preparation and implementation of the budget at Metsimaholo Local Municipality.

In Figure 5.10 illustrates: 54% of the respondents (Strongly Agree) that the municipality provides feedback to community on projects which were not implemented as per the budget, while only 8% revealed that they do not know. It can be deducted from the responses that the majority of the respondents hold that the municipality provides feedback on projects which were not implemented.

Figure 5.7 illustrates that more than 69% of the respondents strongly agree with the statement, while 28% of the respondents (Strongly Disagree) that the municipality skills the community of their role in the budget process.

A total of 71% of the respondents (Strongly Agree); 26% (Strongly Disagree); fewer than 6% (Don't Know); and 3% revealed that the municipality includes the community during planning, implementation and review of the budget (refer to Figure 5.9).

The majority of the respondents agree that the municipality, immediately after the annual budget is tabled in a municipal council, makes the budget public and all supporting documentation (refer to Figure 5.17).

Figure 5.18 illustrates that 78% of the respondents (Strongly Agree) with the statement; fewer than 10% (Strongly Disagree); and 7% (Don't Know) that the municipality invites members of the public to provide comments on the contents of the budget.

6.6 TESTING THE HYPOTHESIS

The application of participatory budgeting is imperative and critical to achieve municipal budgeting legitimacy at Metsimaholo Local Municipality. The findings from both the literature review and empirical research support the hypothesis.

6.7 RECOMMENDATIONS

In light of the findings and an attempt to assist Metsimaholo Local Municipality with issues related to the imperatives of participatory budgeting to achieve municipal budgeting legitimacy in the municipal area, the following recommendations are provided:

- The municipal budget as an instrument, must reflect the priorities of government and the preferences or needs of its citizens.
- Informs the community of their role in the budget processes.

- Include communities in drafting the integrated development plan; r budget; and participate in both service delivery and development decisions.
- Provide regular feedback to the community on progress with both implemented or to be implemented projects as per the budget.
- Ensure that it conducts its affairs in an effective, economical and efficient manner; optimise the utilisation of resources; and meets the needs of the community.
- Structure and manage its administration, budgeting and planning processes and prioritise the basic needs of the community and promote the social and economic development of the community.
- Immediately after the annual budget is tabled by the municipal council, announce the budget and avail all supporting documentation for public access.
- The municipality must ensure that the members of the public provide comments on the contents of the budget.
- Carefully monitor its municipal activities and spending.
- Councillors bear in mind their responsibilities to approve and monitor a municipality's budget that avails funds for the implementation of its vision.

The following area has been identified for future research:.

To develop a management model to assist municipalities achieve municipal budgeting legitimacy.

6.7 CONCLUSION

There is no doubt of the relevance and significance of this study based on both the findings from the empirical survey and literature review. This study confirmed Rubin's (2006: 166) hold that the budget as an instrument must reflect the priorities of government and the preferences or needs of the citizens. The study further revealed that participatory budgeting programmes act as citizenship schools as participation empowers to better understand their rights and duties as well as the responsibilities

of the government. It was also revealed that municipalities are tasked to include communities in drafting the integrated development plan, budget, and participate service delivery and development decisions.

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APPENDIX A
PERMISSION TO CONDUCT RESEARCH

APPENDIX B
RESEARCH QUESTIONNAIRE

NORTH WEST UNIVERSITY
QUESTIONNAIRE

**IMPERATIVES OF PARTICIPATORY BUDGETING FOR ACHIEVING MUNICIPAL
BUDGETING LEGITIMACY AT METSIMAHOLO LOCAL MUNICIPALITY IN THE
FREE STATE**

Please complete the questionnaire by INDICATION OF AN (X), unless stated otherwise.

SECTION A:

PERSONAL DATA

1. Gender

Male	1
Female	2

2. Population Group

Asian	1
White	2
Coloured	3
African/Black	4
Other	5

If other, please specify:

3. How old are you?

18 – 29	1
30 – 39	2
40 – 49	3
50 - 59	4
60 – 69	5

4. Which language do you speak at home?

English	1
Zulu	2
Xhosa	3
Setswana	4
Sesotho	5
Afrikaans	6
Other	7

If other, please specify.....

5. What is your highest educational qualification?

Diploma	1
B Degree	2
Honneurs Degree	3
Masters Degree	4
Other	5

SECTION B: QUESTIONS RELATED TO IMPERATIVES OF PARTICIPATORY BUDGETING FOR ACHIEVING BUDGETING LEGITIMACY

		Strongly Agree	Strongly Disagree	Don't know
6	The budget reflects the community needs.	1	2	3
7	The municipality educate the community of their role in the budget processes.	1	2	3
8	The municipality give feedback on the implementation of the budget.	1	2	3
9	The municipality have a programme that encourages public participation.	1	2	3
10	The municipality involve community during planning, implementation & review of the budget	1	2	3

		Strongly Agree	Strongly Disagree	Don't know
11	The municipality give feedback to community on projects which were not implemented as per the budget	1	2	3
12	The municipality give feedback to community on projects which were implemented as per the budget	1	2	3
13	Are you familiar with the process of the budget.	1	2	3
14	The municipal budget runs from June till July the following year over a period of twelve months	1	2	3
15	One of a councillor's responsibilities is approving and regularly monitoring a municipality's budget that provides money to implement the municipality's vision.	1	2	3
16	Effective financial management ensures that	1	2	3

		Strongly Agree	Strongly Disagree	Don't know
	there are funds available to implement council policies.			
17	The municipality conduct its affairs in an effective, economical and efficient manner; to optimise the use of resources; to meet the needs of the community;	1	2	3
18	The municipality structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community	1	2	3
19	The municipality, immediately after the annual budget is tabled in a municipal council, make public the budget and all supporting documentation.	1	2	3
20	The municipality invites the community to submit comments on what is	1	2	3

		Strongly Agree	Strongly Disagree	Don't know
	contained in the budget			
21	Members of the community have the right to observe the special council meeting at which the budget is debated and voted on.	1	2	3
22	The Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 promote public participation in the budget process and the determination of rates policies respectively.	1	2	3
23	The municipality carefully monitor its municipal activities and spending.	1	2	3

**THANK YOU VERYMUCH FOR YOUR FRIENDLY CO-OPERATION IN
COMPLETING THIS QUESTIONNAIRE!**

APPENDIX C
EDITORIAL LANGUAGE CERTIFICATE

APPENDIX D
CONCERN LETTER

APPENDIX E
TURN IT - REPORT