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**PERFORMANCE MANAGEMENT IN THE
CAPE TOWN MUNICIPALITY, 1996-2000:
TRANSFORMATION TOWARDS EFFECTIVENESS,
EFFICIENCY AND EQUITY**

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A dissertation submitted in fulfilment of the requirements
for the degree of Master of Public Administration,
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ABSTRACT:

Context and significance: The unbanning of liberation movements and subsequent non-racial elections in 1994 was followed by a complete renewal of South African governance in all three spheres: national, provincial and local. Amongst the 1996 Constitutional imperatives is a requirement for transformation to democratic equity and managerial effectiveness, expressed in legislation requiring municipal "performance management" systems which will convert community needs into effective municipal management. This is *"a rare and historic opportunity to transform local government"* according to the then Minister for Provincial Affairs and Constitutional Development; as economists agree that major metropolitan cities such as Cape Town are the *"new arenas for economic competition"*, worldwide.

The objectives of this dissertation are to analyse, interpret and critically evaluate the processes which the newly-elected Cape Town Municipality followed in conceptualising and implementing its Performance Management strategy from 1996 to 2000, within the context of national policy and international best practice; focussing particularly on the following research questions:

- (i) How clearly were the political-administrative vision and values of Cape Town formulated and developed?
- (ii) How was achievement of strategic performance objectives facilitated, through management effectiveness and efficiency?
- (iii) How effectively was a normative framework of international best practice implemented by Cape Town?
- (iv) What was the impact of political and union attitudes and actions on performance management principles and practice?
- (v) What issues of co-ordination and co-operation were evident in the process?
- (vi) What principles and processes are recommended for City municipal performance management systems, within the 1996 Constitutional mandate, relevant new legislation and the South African reality?

The methodology used is heuristic, comparative and qualitative; analysing and assessing the political/administrative processes within the Cape Town Municipality, from the 1996 interim phase metropolitan elections until June 2000, when the City's pre-Uncity budget was adopted. Several opportunities during this period were used for observation and evaluation of the conceptualisation and implementation of Cape Town's pioneering performance management processes, in terms of the White Paper on Local Government (1998) policy guidelines; and compared with a conceptual model of performance management best practice internationally.

The conclusions reached are based on extensive Council document review and qualitative interviews with politicians and management. Corroboration has been sought through international benchmarks and literature, as well as comparative projects in other Cape Metropolitan Area municipalities, which will merge into a single "Unicity" municipality in late 2000. Broadly, the conclusions drawn are that:

- the Performance Management concepts and processes used by the Cape Town Municipality were theoretically and technically sound, at organisational level; though not effectively operationalised at individual level for a number of reasons, largely based on inexperience;
- implementation was bedevilled by political and personal mistrust, inter-departmental rivalry, lack of significant consequences of performance, and other tensions of transformation felt by management and unions;
- while the Cape Town experience could assist in developing the Unicity performance management systems, and tends to validate the White Paper strategies, aspects of design and implementation will need to be simplified and "mainstreamed" into the Unicity organisation development and service delivery management strategy, for significant impact.

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I wish to thank the many people and institutions who have made it possible for this dissertation to be undertaken and completed, from 1996 to 2000. It has been a fascinating and absorbing study, with the help of a wide range of practitioners, professionals and politicians, nationally and internationally.

Developing a growing understanding of the principles and processes of effective performance management has been learned over the years from Bill Byham (Development Dimensions International), Jim and Dana Robinson (Partners in Change), Eric Johnstone and other colleagues in the Edgars Group;

Gaining a normative international perspective on best practices in public sector performance management was facilitated by the generous sharing of experiences of many officials in Brazil, Sweden, Germany, The Netherlands, UK and USA;

Observing, interacting and learning in the City of Cape Town context from 1996 to 2000 has been thanks to the openness of many executives, officials, city councillors and trade union leaders. Several of them have indicated their preference for confidentiality, which is why names are not mentioned in this dissertation. Their readiness to make time available in their busy schedules and their openness in discussing their experiences and perceptions of municipal performance management in action is greatly appreciated.

Most of all, I wish to thank my wife Judy for her support, encouragement and tireless typing in producing the final product.

Bill Sewell
Cape Town
August 2000

TABLE OF CONTENTS

	Page
ABSTRACT	ii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
ABBREVIATIONS	xiii
LIST OF DIAGRAMS	xiv
LIST OF ANNEXURES	xv
CHAPTER 1 : INTRODUCTION: CONTEXT, PURPOSE AND METHODOLOGY	
1.1 Introduction: Political-Administrative historical background of Local Governance in Greater Cape Town	1
1.2 Rapid evolution of South African Local Government systems, in the past decade	3
1.3 The need for improved managerial effectiveness and efficiency in Local Government	4
1.4 Development of the "Performance Management" approach, internationally	7
1.5 New SA Government White Paper policy and legislation: seeking to achieve effective, developmental Local Government	10
1.6 Cape Town Municipality Strategy for Transformation and Performance Improvement	11
1.7 Objectives and Methodology of this study	13
1.7.1 Objectives	13
1.7.2 Methodology	14
1.8 Summary	16
CHAPTER 2 : THE FORMATIVE PHASES OF LOCAL GOVERNMENT IN GREATER CAPE TOWN: 1840 - 1995	
2.1 Preface	18
2.2 Origins and early forms of municipal government in Cape Town	19
2.2.1 1700s: Administering basic safety and hygiene	19
2.2.2 1840: Municipal Status for Cape Town	20
2.2.3 Management issues in the late 1800's	21

	Page	
2.3	Into the Twentieth Century: industrialisation, urbanisation and segregation	22
2.4	The Apartheid Era: forced removals and separate development	23
2.5	"Healthy Power-Sharing": 1983 Constitution and Regional Services Councils	24
2.6	"Ready for democratic Local Government: Vision 2000 for Cape Town"	25
2.7	Post 1994: Transitional municipal arrangements in the Greater Cape Town Metropolitan Area	27
2.7.1	Local Government arrangements in Greater Cape Town prior to transition in 1996	27
2.7.2	Key Performance Areas: Service Delivery, Restoration, Extension and Equity	28
2.8	Summary	29
CHAPTER 3	: PERFORMANCE MANAGEMENT: DEFINITION, PROCESS AND COMPONENTS	
3.1	Preface	31
3.2	Overall goal of Performance Management	32
3.3	Performance Management philosophy	33
3.3.1	Schools of motivation theory	34
3.3.2	Organisational effectiveness	35
3.3.3	Beliefs about managing performance	37
3.3.4	"The Balanced Scorecard"	41
3.4	Performance Management as an organisational process	43
3.5	Key components for Performance Management	47
3.5.1	Corporate strategies and objectives	48
3.5.2	Performance agreements and plans	48
3.5.3	Continuous management of performance throughout the year	48
3.5.4	Formal performance reviews	48
3.5.5	Development and training	48
3.5.6	Rating	48
3.5.7	Performance-related pay	48
3.6	Critique of Performance Management concepts	49
3.6.1	Potential impact of performance management	50
3.6.2	Success criteria	50
3.6.3	Issues and problems	50
3.6.4	Implementation methodology	51
3.6.5	Performance-related rewards	52
3.7	Summary	52

	Page
CHAPTER 4 : A BEST PRACTICE MODEL FOR EFFECTIVE PERFORMANCE MANAGEMENT IN LOCAL GOVERNMENT	
4.1 Preface	54
4.2 Performance Management in Developed Countries	55
4.2.1 Sweden: Stockholm City Council and Stockholm County Council	56
4.2.2 Federal Republic of Germany	60
4.2.3 The Netherlands: City of Rotterdam	61
4.2.4 United States of America: City of New York	62
4.2.5 OECD - PUMA Performance Management Network	63
4.3 Performance Management in Developing Countries	66
4.3.1 Curitiba, Brazil	67
4.3.2 Local Government and Public Service Reform Initiative, Hungary	69
4.3.3 Africa	70
4.4 Comparative Performance Measurement programmes	71
4.4.1 Policy and Performance Review Network/Local Government Management Board, UK	74
4.4.2 International City and County Management Association, USA	75
4.4.3 Bertelsmann Foundation, Germany	
4.5 Observations by Australian and New Zealand Performance Management practitioners, visiting South Africa in 1999	77
4.6 International "Lessons learned" survey by the Cape Town Municipality	79
4.6.1 Leadership and Management	80
4.6.2 Staff Participation and Acceptance	80
4.6.3 Community Feedback	81
4.6.4 Organisational Culture	81
4.6.5 Performance-related Consequences	82
4.7 Total Quality Management: a performance management process paradigm	82
4.8 Development Dimensions International: Best Practice surveys	83
4.8.1 Purpose	84
4.8.2 Findings Overview: 1997	84
4.8.3 A View from the Top: CEO Ratings of PM Value	85
4.8.4 Effectiveness of PM systems	86
4.8.5 Findings Overview: 1999 follow-up study	86
4.9 Summary	87
CHAPTER 5 : THE NEW FRAMEWORK OF PUBLIC SERVICE PERFORMANCE MANAGEMENT POLICY AND LOCAL GOVERNMENT LEGISLATION IN SOUTH AFRICA	
5.1 Preface	89

	Page	
5.2	Local Government Transition Act, 1993	91
5.3	Constitution of the Republic of South Africa Act, 1996	93
5.4	New Public Service legislation	94
5.5	Batho Pele White Paper on transforming Public Service delivery, 1997	96
5.6	White Paper on Local Government (1998): policy and strategy	98
5.7	Local Government: Municipal Demarcation Act, 27 of 1998	99
5.8	Local Government: Municipal Structures Act, 117 of 1998	100
5.9	Local Government: Municipal Systems Bill, 2000	102
	5.9.1 Municipal Systems Bill, 2000: new principles and policy	102
	5.9.2 Municipal Systems Bill, 2000: Responses and Revisions	105
5.10	Other legislative initiatives potentially impacting on workplace performance, equity and skills development	109
	5.10.1 Labour Relations Act, 66 of 1995	109
	5.10.2 Basic Conditions of Employment Act, 75 of 1997	110
	5.10.3 Employment Equity Act, 25 of 1999	110
	5.10.4 Skills Development Act, 97 of 1998	110
5.11	Summary	111
CHAPTER 6	: CAPE TOWN MUNICIPALITY 1996 - 2000: STRATEGIC AIMS AND IMPLEMENTATION OF PERFORMANCE MANAGEMENT	
6.1	Preface	112
6.2	1996-1997: Selecting the executive management team and developing a strategic vision for performance	113
6.3	1997-1998: Defining the strategic priorities and organisational performance criteria	117
6.4	1998-1999: "Commitment to Cape Town": Integrated Development Plan, Business Plans and Capital Investment Programme gain traction as performance drivers	120
	6.4.1 The first performance management project definition workshop	121
	6.4.2 First EMT performance review	122
	6.4.3 Integrated development planning	123
	6.4.4 Four imperatives for transformation	125
	6.4.5 Launch of the PM programme	128
	6.4.6 Cracks and tension in the PM process	129
	6.4.7 Focus on "Business Plan Highlights"	131

	Page	
6.5	1999-2000: New budget benchmarks and auditing the aim of accelerated Performance Management	132
6.5.1	"Change is necessary"	133
6.5.2	"We have a vision of an efficient, effective Council that cares about service ethics and delivery"	133
6.5.3	"This budget is a budget for change"	133
6.5.4	"Our income system is moving towards equity and fairness"	134
6.5.5	"The road ahead - towards a Unicity"	134
6.5.6	Research projects for transformation of services	135
6.5.7	Problems with PM integration	137
6.5.8	Performance audit	138
6.6	Year 2000: Drive for delivery, development and Unicity election dominance	141
6.6.1	Executive Committee Concerns	141
6.6.2	African Support Forum	142
6.6.3	Productivity Survey	142
6.6.4	EMT/Exco Bosberaad: January 2000	143
6.6.5	Corporate overview of service delivery achievements	145
6.6.6	Revised Business Plan Highlights: 2000/2001	149
6.6.7	Community report back and consultation	150
6.6.8	Individual Performance Scorecards	152
6.6.9	Management Training and "Roll out"	155
6.6.10	Senior management concerns surface	157
6.6.11	Budget strategy and performance objects: 2000/2001	159
6.6.12	Opposition responses to performance claims	161
6.7	Performance Management intervention in the Mayoral Office: a case study	163
6.7.1	Background: Symptoms of poor performance in the Mayoral Office	164
6.7.2	Political dimension: questions asked in Council meeting	166
6.7.3	"Restructuring" action commences	167
6.7.4	"My shambolic staff"	168
6.7.5	Union intervention	169
6.7.6	Gathering pressures and Competent performance	170
6.8	Administrative co-operation towards Unicity Performance Management	
6.8.1	Ministerial White Paper investigation, 1998	170
6.8.2	Unicity performance management workshops, 1999	171
6.8.3	"The Skills Development Project"	174
6.8.4	Administrative co-operation and expertise	176
6.9	Political co-operation towards Unicity performance	178
6.9.1	Unicity service delivery and institutional strategy	179
6.9.2	Setting new performance standards	181
6.10	Summary	183
CHAPTER 7	: ANALYSIS: PERFORMANCE MANAGEMENT PROGRESS, PITFALLS AND POTENTIAL	
7.1	Preface: Objectives and methodology	186

	Page
7.2 Findings on research questions	188
7.2.1 How clearly were the political-administrative vision and values of the Cape Town Municipality formulated and developed?	188
7.2.2 How was the achievement of strategic performance objectives facilitated through management effectiveness and efficiency?	190
7.2.3 How effectively was a normative conceptual framework of international best practice implemented by the Cape Town Municipality?	194
7.2.4 What was the impact of political and union attitudes and actions on performance management principles and practice?	202
7.2.5 What issues of co-ordination and co-operation were evident in the PM process?	205
7.2.6 What principles and processes are recommended for Unicity municipal performance management systems, within the 1996 Constitutional mandate, relevant new legislation and the South African reality?	206
7.3 Summary	209
CHAPTER 8 : RECOMMENDATIONS FOR PERFORMANCE MANAGEMENT PROCESS AND IMPLEMENTATION IN THE MERGED "UNICITY" OF CAPE TOWN	
8.1 Preface	211
8.2 Achieve broad political consensus on Unicity vision, mission and key strategic outcomes for the IDP.	211
8.3 Focus on a limited number of priority organisational KPAs which will unify and develop management competencies and resources, to "make a visible difference" within five years.	212
8.4 Cascade a limited number of organisational KPAs from the corporate centre to strategic business units and district management structures, linking these to political committee mandates.	213
8.5 Concentrate on implementing "team" performance management for the first two years, to transform the "silo culture" and develop shared values and common purpose.	214
8.6 Develop political leadership and municipal management in the competencies needed to plan, track and review corporate, committee and team performance, positively and proactively.	215
8.7 Implement a simple performance management model which integrates KPAs with a diagnostic approach, to facilitate regular performance measurement and development, linking closely with the City's skills development and employment equity plans.	215

8.8	Ensure efficient information systems so that timeous, accurate performance management data is provided at the appropriate management levels.	Page 216
8.9	Summary	217
CHAPTER 9 : CONCLUSION		218
BIBLIOGRAPHY		220
ANNEXURES		

University of Cape Town

ABBREVIATIONS

ANC	African National Congress
BLA	Black Local Authority
BPH	Business Plan Highlight
CBD	Central Business District
CCC	Cape Town City Council (pre-1996)
CDC	Cape Divisional Council
CMA	Cape Metropolitan Area
CMC	Cape Metropolitan Council
COSATU	Congress of South African Trade Unions
CTM	Cape Town Municipality (post-1996)
DP	Democratic Party
EMT	Executive Management Team (of CTM)
EXCO	Executive Committee
GJMC	Greater Johannesburg Metropolitan Council
HRD	Human Resource Department
IDASA	Institute for a Democratic Alternative for South Africa (now Institute for Democracy in South Africa)
IDP	Integrated Development Plan
IMATU	Independent Municipal and Allied Trade Union
LGTA	Local Government Transition Act
MANCOM	Management Committee
MCF	Metropolitan Co-ordinating Forum
MEC	Member of Executive Council
MLC	Metropolitan Local Council
NNP	New National Party

NP	National Party
NQF	National Qualifications Framework
OECD	Organisation for Economic Co-operation and Development
PAWC	Provincial Administration of the Western Cape
PM	Performance Management
PRP	Performance-related pay
RDP	Reconstruction and Development Programme
RSC	Regional Services Council
SALGA	South African Local Government Association
SANCO	South African National Civics Organisation
SAPOA	South African Property Owners' Association
SETA	Sectoral Education and Training Authority
TQM	Total Quality Management
UDF	United Democratic Front
UNICITY	Unified City of Greater Cape Town
UNICOM	Unicity Commission
VOC	<i>Vereenigde Oost-Indische Compagnie</i>
WECLOGO	Western Cape Local Government Organisation
WHITE PAPER	White Paper on Local Government, 1998

LIST OF DIAGRAMS

		Page
Diagram 1	Popular expectations of government performance.	6
Diagram 2	Architecture for a Performance Management System	41
Diagram 3	Balanced Scorecard framework	42
Diagram 4	The Performance Matrix	46
Diagram 5	Hierarchy of performance needs	47
Diagram 6	The Performance Management process	49
Diagram 7	"Batho Pele": 8 steps to improved service delivery management	97
Diagram 8	HR Systems Integration Framework	137
Diagram 9	People development through competency based performance improvement	154
Diagram 10	Managing Performance Systems	157
Diagram 11	Illustrating the current and predicted gap between needs and local government services - assuming no intervention	181

LIST OF ANNEXURES:

- ANNEXURE A: Map of the Cape Metropolitan Area and Metropolitan Local Councils, 1996-2000
- ANNEXURE B: The Organisational Performance Management Cycle. (Armstrong, 1994)
- ANNEXURE C: Benchmarking Study Checklist (Watson, 1992)
- ANNEXURES D City of New York Mayor's Management Report 1999:
and E: examples of performance reports
- ANNEXURE F: Advertisement for Chief Executive of CTM: September 1996
- ANNEXURE G: Sunday Times article and public of apology by CTM Exco: September/October 1998
- ANNEXURE H: *"Commitment to Cape Town"*, September 1998
- ANNEXURE I: CTM "Strategic Performance Scorecard", with four perspectives
- ANNEXURES J Examples of CTM Business Plan Highlight objectives, 2000/2001
and K:
- ANNEXURE L: Example of an Executor Director's draft individual performance scorecard (7 pages)
- ANNEXURE M: Page from the CTM *"Performance Management Guide"*
- ANNEXURE N: Example of BAR Scale in individual performance appraisal, from Moore (1985)
- ANNEXURE O: Example of CTM Managerial Job Profile (5 pages)
- ANNEXURE P: Structural interview framework: Feb/March 1999
- ANNEXURE Q: Structural interview framework: May/June 2000
- ANNEXURE R: *"South African Excellence Framework"* for performance management: model for local government (2 pages)
- ANNEXURE S: Greater Johannesburg Metropolitan Council holistic model: *"Managing Organisational Performance"* (2 pages)

CHAPTER 1

INTRODUCTION: CONTEXT, PURPOSE AND METHODOLOGY OF THIS STUDY

1.1 INTRODUCTION: POLITICAL - ADMINISTRATIVE HISTORICAL BACKGROUND OF LOCAL GOVERNANCE IN GREATER CAPE TOWN

As one of the oldest municipalities in South Africa, Cape Town originally achieved municipal status through Ordinance 1 of 1840, having previously been governed by a "Burgher Council", appointed by the governor of the former Dutch colony at the Cape. Tracing the development of local government since the original settlement below Table Mountain, it is clear that the ostensibly non-racial franchise was largely dominated by white property owners and that subsequent legislation strengthened the effective power of the landed gentry, by introducing multiple votes for property owners - the more valuable the property, the more votes the owner could cast. (Worden *et al*, 1998, p 173).

Cape Town achieved fully-fledged municipal status through the Cape Town Municipal Amendment Act, No 1 of 1867, which made provision for the establishment of a representative town council with 18 councillors, a mayor appointed by Council, and a committee system. By 1902 there were ten municipalities in the Cape Peninsula area: Cape Town, Woodstock, Green and Sea Point, Maitland, Rondebosch, Claremont, Wynberg, Kalk Bay and Simon's Town; the Cape Divisional Council was responsible for the surrounding rural districts. Camps Bay and Milnerton, all in the hands of property developers, formed incipient municipalities.

By the end of the 19th Century residential segregation, increasingly common in other parts of South Africa, was often being advocated for Cape Town, particularly on public health grounds by the colonial and municipal medical authorities. The 20th Century in South Africa saw increasing industrialisation and urbanisation of the population, particularly in the growing conurbations of Johannesburg, Durban and

Cape Town. In 1913, Cape Town joined with most of the suburban municipalities, from Kalk Bay to Sea Point and also Maitland, to form a single municipality; only Wynberg remained separate until 1927. The main reason for this need for unification and economies of scale can be summed up in a single word: water. As far back as the 1880's, lack of water had dominated Cape Town's political life, and together with public health concerns had become a key performance area and political issue for local government. (Worden *et al*, 1998, p 222).

Although Black councillors had been elected to the Cape Town Municipal Council since Dr Abdullah Abdurahman became the representative for District Six in September 1904, patterns of residential segregation steadily developed - not only in terms of colour, but also in terms of class and language. The influx of "poor whites" added a new component to the urban working class districts of Woodstock, Salt River and Observatory and by 1945 there were four other municipalities established to the east of the city, largely Afrikaans speaking: Parow, Goodwood, Bellville and Durbanville (Bickford-Smith *et al*, 1999, p 119).

Moving closer to the timeframe of 1996 to 2000, which is the transformation period under review in this study: the results of continuing rapid urbanisation, national government policy of enforced racial group areas and separate municipalities for defined racial groups, established the pattern of 64 racially designated local authorities in the Cape Metropolitan Area, with the conversion of the former Divisional Council to a Regional Services Council (RSC) in 1986. The RSC was a body seeking to provide some economies of scale and redistribution of taxes from the white-dominated business areas to the sprawling Black and Coloured townships which largely existed to provide labour for commerce and industry in greater Cape Town.

Administratively a cumbersome, inefficient and racially inequitable framework; and politically the focus of fierce opposition by the United Democratic Front (UDF) which was launched in the Cape Town area in 1983, local governance became a key issue in the "liberation struggle" agenda, which culminated in the unbanning of the liberation movements in 1990, followed by negotiations for a non-racial, democratic new dispensation. Swilling (1989, p 31) describes this agenda and action programme in some detail, and it is important to note that many of the current

political leaders in Greater Cape Town today cut their municipal activist teeth on the UDF agenda of the 1980s.

1.2 RAPID EVOLUTION OF SOUTH AFRICAN LOCAL GOVERNMENT ADMINISTRATIVE SYSTEMS, IN THE PAST DECADE.

Transformation
1/12

Since 1990, flowing from the decisive national political events which began the rapid change from grand apartheid and local segregation towards the current democratic constitutional dispensation, South Africa has gone through a turbulent period of rapid evolution. The redemarcated local government structures are again about to undergo significant transformation, both politically and administratively, in order to meet 1996 new constitutional requirements to provide equitable service delivery in a framework of developmental local government, particularly addressing the backlogs of basic services for historically disadvantaged communities. In the White Paper on Local Government (Republic of South Africa 1998c, page v) the then Minister for Provincial Affairs and Constitutional Development describes this as

"a rare and historic opportunity to transform local government to meet the challenges of the next century".

It is within this framework of rapid municipal evolution and transformation that this study has been undertaken; seeking to monitor, analyse and interpret the moves towards managerial effectiveness and political accountability during the past decade; and focusing specifically on the effective performance of constitutional and legislative objectives of municipal government in the Cape Town Municipality, as a major component of the soon-to-be-formed single metropolitan municipal council or "Unicity", which will come into being at the end of the year 2000.

This study will highlight the Constitutional requirements of local government since 1996, the policy framework outlined in the Local Government White Paper (1998) and the intention and impact of three significant new Acts of Parliament, all of which have a bearing on the potential effectiveness, efficiency and democratic transformation of local government: the Municipal Demarcation, Municipal Structures and Municipal Systems legislation. While the last mentioned legislation specifically requires the implementation of performance management systems that will focus on agreed community needs and translate these into municipal



management programmes, the socio-geographic demarcation and political-administrative structuring of a municipality also inherently influence the performance potential of the institution, socially and economically.

1.3 THE NEED FOR IMPROVED MANAGERIAL EFFECTIVENESS AND EFFICIENCY IN LOCAL GOVERNMENT.

The Green Paper (Republic of South Africa, 1997c) and White Paper (1998) on Local Government, issued by the South African Ministry for Provincial Affairs and Constitutional Development, highlight a number of issues which underline the urgent need for improved managerial effectiveness and efficiency in local government, to achieve new Constitutional aims. The interim transition process negotiated during 1993 in the Local Government Negotiating Forum, and regulated by the Local Government Transition Act, number 209 of 1993, had as its major objective the deracialisation and democratisation of existing local government structures; the 1996, however, envisages a **complete transformation of the local government system in South Africa**. The Constitution (Republic of South African, 1996b) not only incorporates the local sphere of government as an integral component of the new democratic state; it also defines a new, expanded and developmental role for local government as a whole, and for each of the municipalities that constitute that sphere. Moreover, section 156(4) of the 1996 Constitution has a guiding provision that national and provincial governments *must* assign several specified functions (such as primary health care) to municipalities, if the municipality has the capacity to perform such functions. This is a powerful reform tool and represents the constitutional view that South Africa must devolve and decentralise as much as possible to local government (Department of Health and Social Services, PAWC 2000, p 7).

The historical legacy of racial discrimination and apartheid has left a wide range of socio-economic disparities in terms of resources, stages of development and access to basic services; exacerbated by the fact that most local government revenue in urban South Africa has been self-generated, mainly through property taxes and the delivery of services to residents and business. This particularly suited former White municipalities, which had relatively small populations to serve and relatively substantial economic resources to tax. In most Black local authorities, the opposite

was true: large numbers of residents, with limited resources and often no commercial or industrial development in such areas, in order to provide a fiscal base for municipal service delivery (Sutcliffe ed 1998, p 48).

Management competence has also been disparate, both in terms of municipal councillors and municipal managers. Education and training provision throughout South Africa had favoured the "White" population group, and many supposedly autonomous Black and Coloured local authorities were not necessarily endowed with the required levels of education and experience in their political leadership or appointed officials (Swilling *et al*/ 1989, p 63).

The White Paper(1998, p 129) also notes that the transitional "interim" system had not yet been able to do much to reverse the long standing patterns of inequity and unmet community needs. In the future, developmental local government must play a more central role in representing communities, protecting human rights and meeting basic service delivery needs. The White Paper defines *developmental local government* as having four interrelated characteristics (p 18):

- maximising social development and economic growth
- integrating and co-ordinating
- democratising development
- leading and learning.

The recent *Reality Check Survey* (MacGregor, in Indicator South Africa, 1999, pp 20-28) of three hundred households nationally was one of the most extensive and statistically valid surveys ever conducted in South Africa. Diagram 1 (from MacGregor) highlights the relatively high expectations which South Africans of all community groups have of local government to "do the right thing", compared with their expectations of national and provincial government:

HOW MUCH OF THE TIME PEOPLE EXPECT GOVERNMENT TO DO THE RIGHT THING, BY RACE				
	African	Coloured	Indian	White
<i>National government</i>				
Almost always	45%	33%	27%	38%
Much of the time	40%	35%	39%	28%
Hardly ever	11%	30%	26%	35%
Never	4%	1%	7%	6%
<i>Provincial government</i>				
Almost always	47%	36%	31%	30%
Much of the time	39%	37%	37%	34%
Hardly ever	11%	25%	23%	30%
Never	4%	-	7%	5%
<i>Local government</i>				
Almost always	49%	42%	41%	33%
Much of the time	36%	35%	32%	37%
Hardly ever	11%	22%	18%	25%
Never	4%	-	7%	5%

Diagram 1: Popular expectations of government performance.

These research results are also significant in that they reflect a level of expectation of service delivery performance in inverse proportion to the racially designated service levels of the past.

Metropolitan areas are critical to this country's economy, emphasised the former Minister for Provincial Affairs and Constitutional Development (Business Day, 30 January 1998); they contain more than a third of the country's population, generate some 80% of the gross domestic product and are "crucial instruments for (our) improved international competitiveness and the social advancement and empowerment of the previously disadvantaged majority". This echoes the executive director of the Centre for Development & Enterprise (Financial Mail, 18 October 1996) when she states that "the future of South Africa depends on our major cities becoming globally competitive ... as these cities are the new arenas for global economic competition".

In this context, effective performance of local government in South Africa's metropolitan cities, including Cape Town, takes on special significance for the country as a whole.

In this context it is important to note the White Paper intention that in the medium term, a national performance management system will be instituted to assess the overall state of local government, to monitor the effectiveness of development and delivery strategies adopted by municipalities and to ensure that scarce resources are utilised efficiently. Such a system should provide early warning where municipalities are experiencing difficulties and enable other spheres of government to provide appropriate support. It would also enable municipalities to compare their own performance with that of similar municipalities, identify successful approaches or "best practice" and learn from one another (p 32).

Critique of performance management is based largely on its method of implementation. Paine (1999, p 44), for example, cautions that the "new managerialist" approach, hailed in the 1980's as the answer to public sector service standard woes in Britain and elsewhere, has had "unintended - and perverse" results. Because resources and budgets are allocated in line with specified results, and great emphasis is placed on performance measurement, qualitative outcomes such as patient care and customer service are often overlooked, in favour of *purely numerically measured* outputs. A great deal of hindsight is on offer, Paine states, and this Cape Town study will therefore strive to include critique of such unintended outcomes in the implementation phase.

1.4 DEVELOPMENT OF THE "PERFORMANCE MANAGEMENT" APPROACH, INTERNATIONALLY.

The notion of performance management (PM) is a relatively new one in South Africa, especially in the public sector. It has developed internationally in the past 30 years from its origins in the Management by Objectives (MBO) approach, first enunciated by management writers such as Drucker (1954), Odiorne (1965) and Reddin (1970). The original work of Drucker provided the following three guidelines for implementing an MBO approach (Ivancevich and Matteson 1990, p 626):

- superiors and subordinates meet to discuss departmental or unit objectives that will contribute towards the overall goals of the organisation;
- superiors and subordinates jointly establish attainable personal objectives for the subordinates, so contributing to the organisational goals;
- superiors and subordinates meet at a predetermined later dates, to evaluate the subordinates' progress towards the agreed objectives.

Peter Drucker's management insights have been very influential in the second half of the 20th Century and they have come to seem like performance management truisms, says Flaherty (1999, p 23). Behind the current buzzword "empowerment", for example, lies what has been perhaps Drucker's most important insight in Management by Objectives: optimising the delegation of responsibility and accountability to employees. Introduced in his 1954 book *The Practice of Management*, MBO became a significant change in management processes, shifting the focus from **work effort to productive output**.

Drucker's MBO focus redefined the job of managers: instead of trying to supervise and control every move of their subordinates, they should set out objective yardsticks that will let those subordinates motivate and appraise themselves, in line with organisational objectives (Flaherty 1999, p 79).

Particularly in the private sector, where inputs and outputs can be quite readily measured in order to assess productivity improvement and performance, the MBO approach has rapidly gained ground, internationally. Several American public sector organisations followed suit and by the mid 1980's it was reported that MBO had gained popularity in many state and local governments in the USA. Moore and Staton (1983, p 145), for example, reported that 40% of the American cities in their survey were using MBO as the basis of their management systems.

In the past decade, MBO has further evolved into a more holistic, participative managerial approach, now generally known as "performance management". In the United States, for example, a significant number of city and county governance institutions, members of the International City and County Management Association (ICMA) have been co-operating in comparative performance management programmes for several years. In the United Kingdom, the British government has

set up a national body called the Audit Commission, charged with the responsibility of developing benchmark performance indicators and of training local authority politicians and officials in the art and science of developing and implementing performance management.

When the newly formed Cape Town Municipality, therefore, set out to appoint its new City Manager and Executive Management Team in 1996, the Council adopted the pioneering concept of a five year performance-based contract for each of these senior executives, so that they were selected on the basis of their assessed competence to achieve the desired objectives, and their willingness to sign a five year performance contract to deliver the broad objectives, though without any clear measures of expected results.

None of the other five CMA Metropolitan Local Councils, nor the Cape Metropolitan Council, went to that extent of commitment to performance objectives, in setting up their new administrations.

In the private sector internationally, Management By Objectives (MBO) and Performance Management have for many years become part of the main stream of modern management practice; to the extent that working sessions attended by the author at the World Human Resource Congress (Paris, May 2000) took it for granted that a culture of performance management, measurement and recognition exists in most major corporations. The private sector in South Africa has also largely embraced performance management as a way of life: a survey of 104 SA companies by Andrew Levy & Associates indicates that 74% have a pay-for-performance system in place (Business Day, 17 May 2000); with 92% of senior executives on such a system, followed by middle management with 78%. Over 48% of the businesses surveyed reported that enhanced productivity, quality and profitability were the main performance benefits of their systems. It is recognised that performance indicators are simpler to define and to track in the private sector, than in the public sector; as pointed out by Eedes in the Financial Mail Top Companies Special Survey (30 June 2000), companies have for many years measured performance on financial indicators such as Return On Gross Assets (ROGA), Return On Investment (ROI) or Earnings Per Share (EPS) across all commercial sectors. New thinking has recently introduced corporate performance measures such as

Market Value Added (MVA) and Economic Value Added (EVA) which facilitate macro comparison of commercial performance across all sectors. Within each sector, international comparison is facilitated by widely accepted ratios such as sales per square metre (retail), tons of ore mined per hour (mining) and labour productivity (manufacturing). Base lines of current company performance and benchmarks for industry-wide comparison are therefore frequently used in the private sector.

1.5 **NEW SA GOVERNMENT WHITE PAPER POLICY AND LEGISLATION: SEEKING TO ACHIEVE EFFECTIVE, DEVELOPMENTAL LOCAL GOVERNMENT.**

Chapter 7 of the new Constitution (Republic of South Africa, 1996) is very clear in setting out the democratic and developmental objectives of local government (paragraph 152) and allocates powers and functions to municipalities in paragraph 156, which ends with an omnibus clause that "a municipality has the right to exercise any powers concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions" (paragraph 156(5)).

The White Paper on Local Government (Republic of South Africa, 1998c, pp 22-30) emphasises the impact which "developmental local government" can have, on the lives of typical South African communities; outcomes such as:

- Provision of household infrastructure and services
- Creation of liveable, integrated cities, towns and rural areas
- Local economic development
- Community empowerment and redistribution.

Amongst the "tools" and "approaches" for developmental local government, the White Paper identifies **significant changes required in the way local government works, in South Africa**. Three inter-related approaches are identified, to assist municipalities to become more developmental and effective (p 26):

- integrated development planning and budgeting
- performance management
- working together with local citizens and partners.

Reference has been made above to the new legislation flowing from White Paper policy, which is to come into effect when the newly-demarcated municipal councils assume office at the end of the year 2000. Notably, within the framework of this study, the Municipal Systems Bill (Republic of South Africa, 2000a) will require all municipalities to establish a performance management system **that is in line with the objectives, indicators and targets in its integrated development plan to enable it to administer its affairs in an economical, effective, efficient and accountable manner** (Chapter 6, part 1 paragraph 35).

It is important to note that the new South African municipal legislation places equal emphasis on the two potentially divergent performance objectives of:

- democratic development and transformation; and
- efficiency and effectiveness.

While the emphasis in many developed countries observed by the author is specifically on the efficiency and effectiveness indicators, municipal "performance" in South Africa must therefore focus equally strongly on the building of democratic processes and the equitable development of infrastructure and basic service provision to all communities, to redress the fragmented development and services which are the legacy of past national policy and practice, even in the context of the relatively liberal pre-1996 City Council of Cape Town.

This dual thrust of the performance management process places a dual burden on political leadership and municipal managers in the South African context, and is an important focus of the present study.

1.6 CAPE TOWN MUNICIPALITY STRATEGY FOR TRANSFORMATION AND PERFORMANCE IMPROVEMENT.

Since the newly constituted Cape Town Municipality (CTM) and the other Metropolitan Local Councils (MLCs) in the Cape Metropolitan Area (CMA) began to get to grips with their new jurisdictions in 1996, there was a framework of agreement for co-operation in seeking to achieve economies of scale in provision of municipal services; and in the achievement of the Integrated Development Plans which each municipality has been required to formulate as a basis for its

performance management approach, in terms of the Local Government Transition Act of 1993.

For two significant reasons the scope of this study is focussed on the strategic objectives and performance management programme which the Cape Town Municipality has developed and implemented:

- the Cape Town Municipality is the largest, best resourced and in some ways the most sophisticated of the seven councils within the Cape Metropolitan Area; and can therefore be seen as playing a leading role in the evolution and implementation of a performance management approach which will influence the ultimate design and integration of the new Unicity performance management system;
- of all the MLCs, Cape Town has probably been the most ambitious in terms of investigating and striving to implement performance improvement programmes in both strategic directions, i.e. democratic transformation and managerial effectiveness and efficiency.

Flowing from a series of ANC governing party workshops in 1997, involving councillors and senior executive management, a draft Integrated Development Plan (IDP) was prepared for Cape Town; including mission and vision statements and a set of seven strategic objectives that defined the main thrust of political and administrative management resources and energies for the years ahead. This performance thrust was again defined and refined in the "Commitment to Cape Town" brochures (from 1998), highlighting Council's service delivery priorities, especially historically disadvantaged communities.

In order to lead this thrust, and to co-ordinate the transformation processes that were necessary, CTM created a new portfolio on its executive management team, to work closely with the Executive Directors (EDs) accountable for the line management developmental and service provision functions. This new portfolio, named "Organisational Development and Transformation" (OD&T) is fully involved in all executive management team discussions and decision making; and also advises the Executive Committee (Exco).

The processes of performance management, as well as those of change management and business improvement projects, are driven by the OD&T function, which reports directly to the City Manager.

While this transformation office-driven strategy and structure can give rise to role clarity problems (with line management or other support functions), it has been used by several other organisations in both the private and public sectors, with varying degrees of success. Reference will be made to this factor, in subsequent Chapters.

1.7 OBJECTIVES AND METHODOLOGY OF THIS STUDY.

1.7.1 OBJECTIVES

The objectives of this dissertation are to analyse, interpret and critically evaluate the processes which the newly-elected Cape Town Municipality followed in initiating and implementing its Performance Management strategy from 1996 to 2000, within the context of national policy and international best practice; focussing particularly on the following research questions:

- (i) How clearly were the political-administrative vision and values of Cape Town formulated and developed?
- (ii) How was achievement of strategic performance objectives facilitated, through management effectiveness and efficiency?
- (iii) How effectively was a normative framework of international best practice implemented by Cape Town?
- (iv) What was the impact of political and union attitudes and actions on performance management principles and practice?
- (v) What issues of co-ordination and co-operation were evident in the process?
- (vi) What principles and processes are recommended for City municipal performance management systems, within the 1996 Constitutional mandate, relevant new legislation and the South African reality?

1.7.2 METHODOLOGY

The research methodology used in the intensive qualitative observation and interactive modes of this study are described by Sayer (1984, p 232) as "action research": a type of research useful in "carrying out critical social science in concrete terms, attempting both to investigate and change its object". Sayer elsewhere (p 221) describes this intensive research approach as one which *"uses mainly qualitative methods such as structural and causal analysis, participant observation and/or informal and interactive interviews"*. The CTM organisation development process has been closely observed by the author since 1996, when the organisation structure, job profiles and person specifications were drawn up for the new City Manager and team of Executive Directors, in consultation with the Council's political leadership. Thereafter, strategic planning workshops were facilitated, with a view to assessing how effectively the required key performance areas and indicators were developed and appropriate information databases were set up where they did not already exist. Many primary data sources were studied: including the new SA Constitution (1996), relevant legislation, government policy documents and discussion documents, CTM Executive Committee (Exco) and Executive Management Team (EMT) agendas, minutes and reports, as part of the author's role as performance management process consultant and facilitator.

Aspects of intra-metropolitan area co-operation on key performance areas have also been monitored, particularly within the study commissioned by the Minister for Constitutional Development in 1998, where the strategic objectives of the Local Government White Paper were compared by the author with the progress being made in the Cape Metropolitan Area, with a view to recommending improvements to municipal structures and systems (Sewell, in Sutcliffe ed, 1998).

As part of these professional assignments the CTM IDP systems, public and interdepartmental communications, training strategies and performance management processes and tools have been analysed and assessed, with a view to their possible introduction by other Metropolitan Local Councils and

ultimately by the new "Unicity" administration, after the scheduled late 2000 elections.

Secondary data sources used include a wide range of international best practice literature regarding performance management in the private and public sectors, including recent research reports and seminars by reputable national and international institutions in the fields of local government, human resource management and public administration.

Sayer's caution (1984, p 186) that *observation is theory-laden, but not necessarily theory-determined*, was noted in the preparation for and implementation of this study ... not only in terms of the theories of human motivation and organisational behaviour referred to in Chapter 4, but also in terms of the assumptions of City of Cape Town Human Resource Department (HRD) and OD&T staff, which they brought to the City's performance management approach and tools. Cognisance was certainly taken of Sayer's guidance regarding *corroboration of potentially subjective information provided through interviews in an intensive study of an institution* (p 224); to **"check with others in the same institution, to corroborate information about common practices"**. In this way, Sayer recommends, we can record and reflect upon our monitorings, discuss them with others and generate new methods, goals or projects. "History not only happens to people, but is made by them, consciously or unconsciously" (p 22).

To supplement the primary and secondary data sources, therefore, over thirty-five in-depth interviews were conducted during the period 1996-2000 with a range of people directly or indirectly involved in the CTM management processes, including:

The Mayor and Executive Committee members, City Manager and Executive Directors, Human Resources Manager and staff, Project Leader: Organisation Development & Transformation and staff, trade union leaders, Department of Constitutional Development (subsequently Department of Provincial and Local Government) directors and staff, and the Chief Executive of the Local

Government Sectoral Education and Training Authority (SETA), himself a former CTM employee.

The structured interview frameworks used in early 1999 and June 2000 with Council political leaders, managers and union officials are shown as Annexures P and Q.

In response to the six research questions (above), and recommendations made at the end of this study, an analysis of the Cape Town experience is based on a conceptual model of international best practice and observation of performance management systems in the public sector, specifically within the policy objectives of the Local Government White Paper(1998) and the Municipal Systems Bill (1999, amended 2000), applied to the probable needs of the merged "Unicity" of Cape Town, from 2001.

Examples of performance management (PM) processes, administrative materials, labour relations issues and illustrations of instruments developed and used by the Cape Town Municipality are included with this study, to facilitate clarity and to stimulate further research on this issue; as other South African municipalities strive to optimise their performance management methodology within the reality of limited resources and the need for co-operative governance.

1.8 SUMMARY

As one of the oldest established municipalities in South Africa, the City of Cape Town has a long history of grappling with the issues of urban growth, socio-economic development, residential segregation and inequitable services that have typified South African conurbations in the 20th Century. As the "liberation struggle" agenda became more focussed and determined in the 1980's, local governance was increasingly in the limelight: both in terms of turbulent anti-apartheid local services campaigns under the banner of "one city, one tax base"; and also in terms of rapid evolution of the then national government policy for local governance, seeking to balance local "own affairs" segregation with regional "healthy power sharing" of resources and decision-making on community services and municipal infrastructure.

As part of the transition to democracy in South Africa since 1994, an interim phase of integration at municipal level has been followed by a government White Paper on Local Government (1998) with a completely new constitutional vision of developmental local democracy, committed to effectiveness and efficiency in reversing the legacy of inequitable services and un-met basic community needs - in metropolitan Cape Town, just as in most other South African cities and towns.

Since 1996, the author has had the opportunity of monitoring, analysing and at times facilitating the implementation of the vision and thrust of the newly elected Cape Town Municipality political leadership and senior management, in developing strategies to achieve these significant changes. An important part in the CTM thrust has been in seeking to harness the "performance management" approach, which has worked well for many private and public sector organisations, internationally ... though PM is a relatively new phenomenon in public sector management in South Africa. Using an "action research" heuristic approach, this study seeks to assess and evaluate the pioneering use of performance management technology in Cape Town within a conceptual model of effective Performance Management, towards achieving the constitutional, statutory and socio-economic imperatives of local government.

CHAPTER 2

THE FORMATIVE PHASES OF LOCAL GOVERNMENT IN GREATER CAPE TOWN : 1840 TO 1995

2.1 PREFACE

Cape Town was constituted as a municipality in 1840 by the Cape Colonial government, and has grown and developed to become a major South African city, within the traditions of the British colonial model of municipal administration, and of South African legislation and political ideology. This chapter outlines the various phases of municipal development in greater Cape Town; from colonial days, through the eras of industrialisation, racial segregation, apartheid forced removals and the creation of separate white, coloured and black local authorities.

As internal protests and international anti-apartheid pressure grew, the 1983 Constitution and 1986 Regional Services Councils sought to provide a co-operative framework for the racially-based local governments to perform their functions, in a complex web of legislative and financial arrangements.

Ultimately, after the liberation movements were unbanned in 1990 and negotiations moved ahead to dismantle apartheid at all levels, transitional arrangements were agreed nationally, forming the framework for the Cape Metropolitan Negotiating Forum (CMNF) to bring together the former adversaries in a "pre-interim" phase, before democratic metropolitan elections which brought into being the new "interim" Cape Town Municipality, in 1996.

An understanding of these formative phases assists in the assessment of the performance management dynamics in the "interim" period of this study, prior to the creation of the merged "Unicity" of Cape Town in late 2000.

2.2 ORIGINS AND EARLY FORMS OF MUNICIPAL GOVERNMENT IN CAPE TOWN

The authors of "*Cape Town: the making of a City*" (Worden *et al*, 1998) trace the sociological and public administration development of Cape Town systematically, giving a series of insights into the various phases of municipal development and political-administrative issues in the 18th and 19th Centuries, as the original revictualling station on the sea-route between Europe and the East Indies became a permanent settlement of an increasingly complex mix of residents and interest groups with widely differing lifestyles, needs and access to resources, services and political power.

These extracts from Worden *et al* (1998) illustrate various stages in Cape Town's local government progress, before the formation of the Union of South Africa in 1910:

2.2.1 1700's: "Administering basic safety and hygiene"

There could be no mistaking the fact that the Vereenigde Oost-Indische Compagnie (VOC) ruled Cape Town. As the chief settlement in the colony it was the central locus of VOC power. Although three free burghers, chosen by the governor from a list of nominations, formed a Burgher Council local authority and held advisory positions on the Council of Justice, they lacked any real power to exercise decisive policy implementation over their peers... except for monthly night watch patrol duties.

By the 1780's the Cape Town burghers were demanding greater control over their own local administration. In response, the Committee of the High Court was established in 1786 to act as a municipal commission for the town, consisting of three VOC officials and three burgher representatives on the Council of Policy. Its powers were broadened in 1793 with the appointment of two *wykmeesters* (wardmasters), for each of the 23 districts into which the town was divided. These were "respectable householders" whose function it was "to ensure that no irregularities took place" and that the streets were kept clean. Cape Town was acquiring a

local administration appropriate to its increasing size, although it was not to obtain its own municipality until 1840, under British colonial rule.

2.2.2 **1840: Municipal Status for Cape Town**

Ordinance 1 of 1840 set up a two-tier administrative system, seeking to balance executive and legislative power in the new municipality of Cape Town, capital of the British Crown Colony.

At the first tier was a board of 96 wardmasters, representing the 48 wards into which Cape Town was divided. They were elected by householders, defined as renters or proprietors of any house of a yearly value or rent of at least £10. On this basis, only 10 per cent of Cape Town's population of 22 000 qualified for the franchise. Women were specifically excluded from the definition of a householder in 1840. Only in 1867 was the system of wardmasters abolished, when the town was formally divided into districts which gave District Six its name.

At the second tier, executive power lay in the hands of a board of twelve commissioners, proprietors of landed property of over £1 000 in value. In 1842 only 326 men qualified to be elected to the executive. One feature of Cape Town municipal governance was the role of public meetings. If the two boards disagreed, a meeting of householders would be convened to decide on the points of difference. Final decisions, however, lay in the hands of the governor. These public meetings for community consultation remained a feature of local government in Cape Town until the early twentieth century.

With the enactment of the Cape Town Municipal Amendment Act, No 1 of 1867, Cape Town achieved fully-fledged municipal status. This legislation made provision for the establishment of a Town Council with 18 councillors, a mayor elected by Council, and a functional committee system (Shorten, 1963). Increased powers were gradually devolved by the Colonial government, and in 1893, further legislation created the juristic person of a Town Clerk, as a municipal manager, following British practice (Craythorne, 1982).

2.2.3 **Management issues in the late 1800's:**

In the 1880's and 1890's various alterations to the municipal franchise ensured white male British domination of local political office. Most significantly, a municipal law of 1893 introduced multiple votes for property owners - the more valuable the property, the more votes the owner could cast. The beneficiaries were the English businessmen who owned valuable commercial real estate, rather than the Dutch inner-city residents and their coloured tenants, who now found themselves linked in an uneasy alliance.

The main features of Cape Town municipal management in the 1880's were "lethargy and conflict", according to Worden *et al* (1998, p 225). Meetings were sometimes abandoned for lack of a quorum. The Cape Town press ranted ineffectually about the "grave-like torpor, a mouldering stagnation, a dream-like unsubstantiality about us, that is stamped on all our corporate life" (Cape Argus 5 May 1880: quoted in Worden *et al* 1998, p 225). Underlying the reluctance of the councillors to invest in sanitary improvements were several interrelated issues. Costly reforms would have to be paid for from the pockets of the ratepayers, hitting the property owners on the council particularly hard. Many of them were Dutch, still resident in the city. Strains of an emergent Afrikaner nationalism could be heard in their resistance to encroaching British reformers of the "Clean party".

Nostalgia has tended to "airbrush out the less palatable parts of Cape Town's past", cautions Bickford-Smith (1995); such as the very limited concern shown by the ruling class about housing, health and poverty, until the 1882 smallpox outbreak (p 102) killed about 400 people; and the increasing calls for residential and social segregation between whites and blacks by the colonial and municipal authorities (p 106).

During the 1890s negotiations followed negotiations, hitches abounded, costs expanded, but slowly, haltingly, sewerage and drainage were built. Loans for such improvements were only sanctioned after the new system of plural voting enabled the larger property owners to override the vote of the smaller men. An outbreak of typhoid in 1898, which killed the incumbent

mayor, also encouraged reform. Thus by 1899 Cape Town had many of the management amenities of a modern city, including a professional bureaucracy - with a legally competent town clerk, city engineer and medical officer of health (Bickford Smith, 1995 p 109).

In the colonial legislative process, several other local institutions were formalised. By 1903 there were ten municipalities in the Cape Peninsula: Cape Town, Woodstock, Green and Sea Point, Maitland, Rondebosch, Claremont, Wynberg, Kalk Bay and Simon's Town; the Divisional Council was responsible for the rural districts. The Table Bay Harbour Board had a separate jurisdiction. Camps Bay and Milnerton, both in the hands of property developers, formed incipient municipalities. All these bodies were fiercely proud of their independent existences, symbolised by the small, ornate town halls which sprouted in each suburb. Autonomy was hard bought, though, for the suburbs lacked the resources to service their growing populations. Constant water shortages and rising mortality rates plagued them throughout their short lives. This lack of management and resources to perform their functions effectively led to the amalgamation of most of these mini-municipalities into the single Cape Town Municipality in July 1913; except for Wynberg, which was absorbed in 1927 (Shorten, 1963).

2.3 INTO THE TWENTIETH CENTURY: INDUSTRIALISATION, URBANISATION AND SEGREGATION

By 1913 Cape Town could describe itself as a City in the fullest sense of the word. It had a well-established municipality, a substantial population and amenities that its citizens would expect to find in a colonial capital. Yet the seventeenth-century residents might still have been able to trace the outline of the little town they had known. The shoreline and the Castle at the water's edge were still recognisable, as was the physical layout of the streets. But Cape Town was to grow, develop and alter its populace and character rapidly and radically, as Bickford-Smith *et al* (1999) vividly describe, in "*Cape Town in the Twentieth Century*".

The Union of South Africa was formed in 1910, amalgamating the four former British colonies into one unitary state, constituted by the South Africa Act of 1909.

Provincial ordinances created and regulated local authorities, defining the scope of their jurisdiction. None of the Constitutions of 1909, 1961 nor 1983 made reference to the right of existence of local government, and the doctrine of *ultra vires* applied, namely that local authorities could only perform a function if it was specifically authorised by a higher tier of government (Craythorne, 1982 p 436).

The twentieth century mineral and industrial developments in South Africa saw the increasing urbanisation of the population, particularly in the growing conurbations of Johannesburg, Cape Town and Durban. In Cape Town, the small suburban municipalities referred to above were consolidated into a major municipality increasingly focused on the needs of influential white residents; particularly in the later apartheid era, when implementation of the national policy of residential segregation began to create a number of separate black local authorities and coloured management committees, ostensibly to provide for the differing socio-cultural needs of those communities.

2.4 THE APARTHEID ERA: FORCED REMOVALS AND SEPARATE DEVELOPMENT

In 1966, District Six and several other "mixed areas" in Cape Town were declared "white group areas", in terms of the Group Areas Act.

Under Group Areas legislation about 150,000 people - mostly coloureds and blacks - were forced to move from older, often unplanned residential areas to new areas on the Cape Flats. There, many found themselves in new municipal townships designed on 'scientific lines', close to industrial zones. This was no accident. In a symbiotic relationship, new industrial estates were usually placed next to black locations or new townships, and vice versa, along the main rail and road routes to the north, east and south.

In 1958 the National Party government began a systematic assault on non-racial municipal franchises in the Cape Province, finally abolishing Cape Town's in 1970. The policy was for coloureds to vote separately for their own 'management committees' - which would initially advise white municipalities - in preparation for theoretical self-government.

The Cape Provincial Ordinance No 6 of 1963 made provision for creation of separate local government structures for coloureds and Indians. At about the same time, the Slater Commission's examination of Cape Town's political and administrative arrangements resulted in the Municipality of Cape Town Ordinance, No 24 of 1965. The main features of this ordinance were to create an executive committee system; to divorce the legislative and executive functions, by removing the agenda and research initiative from councillors and vesting it in the Town Clerk/Chief Executive Officer and officials; and to entrench the policy of a narrow base of part-time councillors. This last-mentioned aspect, says Cameron (1986), one could argue was a deliberate step to ensure policies conducive to capitalist accumulation, rather than attracting working-class people to become councillors.

2.5 "HEALTHY POWER-SHARING": 1983 CONSTITUTION AND REGIONAL SERVICES COUNCILS

Cameron (1986) points out that even by typical low municipal percentage poll standards, electoral support for coloured Management Committee members in greater Cape Town was negligible. The nominally "liberal" white Cape Town councillors vowed not to recognise the legitimacy of the Management Committees under the City's jurisdiction, and the liberation movement campaigned vociferously against them. From late 1984 violent UDF-led opposition to Black Local Authorities (BLAs) saw the virtual collapse of state strategy at third tier government level.

State President PW Botha's dictum of "healthy power sharing" between race groups was entrenched in the 1983 Constitution, recognising that effective governmental performance required the notion of "general affairs" co-operation, while yet clinging to the apartheid policy of "own affairs", including local government structures. The Promotion of Local Government Affairs Act, 1983 led to the establishment of a Council for the Co-ordination of the Affairs of Local Authorities (ultimately also including BLAs); and a plethora of commissions recommended various steps to facilitate financial, developmental and joint provision of services, *yet all* remaining within the apartheid framework.

Undoubtedly the "kingpin" of the new local government legislation in this phase, says Cameron (1986) was the Regional Services Council Act (Republic of South Africa, 1985), making provision for a metropolitan co-ordinating body in accordance

with recommendations of the Browne (1981) and President's Council (1982) reports; retaining the apartheid principle of multi-ethnicity, yet recognising that financial redistribution, economies of scale and integrated service provision were essential for urban development and stability.

It is important to note, in the context of this study of effective performance management of local government functions, that the creation of RSCs was also predicated on the reduction of national subsidies of *inter alia* transport, housing and food for the poor (largely blacks and coloureds). As the then Minister of Constitutional Development (quoted in Cameron, 1986) stated:

"I hold that as philosophy, we have to reduce the conflict areas on central level and bring them down to local level."

For all these reasons, then: political antagonism, lack of administrative capacity, economic complexity and crumbling apartheid ideology - the Western Cape Regional Services Council (WCRSC) model was soon overtaken by events flowing from State President de Klerk's February 1990 admission of the non-performance of apartheid policies and structures.

2.6 "READY FOR DEMOCRATIC LOCAL GOVERNMENT: VISION 2000"

Few substantive changes were made to the Cape Town City Council (CCC) institutional arrangements from 1990 to 1995, as national-level negotiations proceeded and local forums, including the Cape Metropolitan Negotiating Forum (CMNF) were set up to redefine the strategies and structures of local governance in the Cape Metropolitan area.

Prior to the first non-racial democratic national elections in 1994, the pressure on providing equitable basic services for all urban residents through effective local government institutions increased dramatically in the early 1990s, reflected in the following excerpts from the 1993/1994 budget speech of the Chairman of the Executive Committee of the City of Cape Town: the last budget passed by a "whites only" City Council:

"Cape Town has long supported the consolidation of the fragmented local government structures in the Cape peninsula where some 69 bodies, in all,

administer local affairs; but it must be on the basis of an equitable distribution of all resources and cannot be selective or arbitrary with the major authorities carrying the burden and small dormitory municipalities continuing in 'splendid isolation'. It follows, further, that the State must share in the burden of redressing the imbalances caused by past structures and policies and not expect the backlog of essential infrastructure to be funded solely from existing local sources of revenue. New and bold measures will be necessary to address the rebuilding of collapsed structures within the poorer areas, and Cape Town is eager to participate in this challenge. The City has the expertise at official level and the political determination to contribute towards the establishment of a just and equitable society for all the residents of the region.

"If the Council is to equip itself for the challenges that lie ahead it is vital that it plans thoughtfully now. To this end the Council has recently published its strategic plan for the future entitled "*Vision 2000*" and invited comments from the public as part of the participatory planning process. The document was compiled as a result of several combined workshops attended by councillors and officials and is intended as a blueprint for the path which the City will take in the coming years. The plan envisages a transition to a system of full democracy with the right of all of Cape Town's citizens to participate in government at the local level and states clearly the goals and objectives to be achieved in pursuit of this vision". (City of Cape Town, 1993).

This Cape Town "*Vision 2000*" document was never to be implemented, however; as the then unbanned liberation movements insisted on representative national and local negotiating forums, to reconstitute local governance structures and redefine the "performance management" goals of municipalities, to meet the real needs of all communities, within the RDP framework of the ANC Alliance. IDASA helped to facilitate the local debates and informal negotiations, through a series of "City Futures Seminars" throughout 1992, which began to define the key issues around future non-racial local government strategy and structure in the Cape Peninsula.

2.7 POST 1994: TRANSITIONAL MUNICIPAL ARRANGEMENTS IN THE GREATER CAPE TOWN METROPOLITAN AREA

As the national democratic election of 1994 approached, transitional processes for the integration of local government in South Africa were also set in motion through formal national and local agreements. In the Cape Metropolitan Area (CMA) the unfolding processes of negotiated integration of municipal governance in the interim phase from 1994 is reflected in the Department of Constitutional Development's report "Further Research into Metropolitan Government Systems" (Sewell in Sutcliffe ed, 1998). Describing the CMA situation in Chapter 6 of their report, in order to evaluate performance to date in terms of the White Paper (1998) vision and strategy, Sewell (pp 48-53) highlights some of the stages and stumbling blocks of the pre-interim phase to 1996:

2.7.1 Local Government arrangements in Greater Cape Town prior to transition in 1996

Racially constituted local government structures in the CMA in the period immediately prior to the transition comprised 15 White local authorities, each with their own administrations; 5 Black local authorities with their own administrations; 26 Coloured management committee serviced by White local authorities and/or the Western Cape Regional Services Council; and ten local councils without full municipal status, generally serviced by the Regional Services Council. A number of 'non-status' areas, mostly informal settlements, also existed and were serviced in a rudimentary fashion by the province or its agents.

The City of Cape Town was by far the largest White local authority, and also played a metropolitan role in a variety of respects. It was responsible for transport planning as the core city; and provided various bulk services such as water, waste, water treatment and electricity on a broad metropolitan scale.

Black local authorities in the CMA were in a state of crisis. Most councillors had resigned and the provision of basic services and basic administration had collapsed to a large extent.

The internal municipal boundaries within the CMA became a major conflict issue in the transitional process. There were attempts to negotiate sub-structure boundaries in the Cape Metropolitan Negotiating Forum (CMNF). However, major differences of political opinion prevented any negotiated settlement at the Forum and it was accepted that consensus could only be achieved through the demarcation process. As a consequence, the CMNF agreement provided for a situation where 39 appointed councils were constituted on the existing racial boundaries, together with a complex set of arrangements for integrating these councils (once the new boundaries were proclaimed) into 6 autonomous Metropolitan Local Councils and a co-ordinating Cape Metropolitan Council (CMC) with limited powers (See CMA map: Annexure A).

The Metropolitan Labour Forum (MLF) had also attempted to negotiate a common set of conditions of service across the CMA metropolis and to achieve a situation of remuneration parity. **This negotiation is not yet complete, and common conditions of service do not yet apply.** This has had the consequence that Cape Town and other councils are administering many different sets of conditions of service; and staff mobility across the CMA has therefore not been possible, to meet emerging performance priorities.

2.7.2 Key Performance Areas: Service Delivery, Restoration, Extension and Equity

Because of the geography, demographics and history of the CMA, about 75% of the population at the time of the creation of the current administrations lived within former White local authority areas, or in areas serviced by the RSC. Virtually the entire population in these areas was provided with basic municipal services and lived in formal housing, although significant overcrowding and poverty existed in most disadvantaged areas. Only 25% of the population lived within Black Local Authority areas and informal settlements, where generally poor levels of service existed. The general level of service provision in the CMA is consequently relatively high, in comparison with that of the other metropolitan areas in South Africa. The 1995 Household Survey, for example, indicated that over 90% of the

population lived in fully serviced houses, as compared with less than 80% in greater Durban or greater Johannesburg.

There had been no comprehensive housing policy or strategy in the CMA, and the only major housing initiative in recent years has been the Integrated Serviced Land Project (ISLP), designed to improve housing conditions in the poorest areas of the CMA through the provision of serviced sites and a support system for incremental upgrade. "It is now generally accepted by all councils within the CMA that a common metropolitan housing policy and strategy is a critical requirement for effective and equitable urban management" (Sewell in Sutcliffe ed 1998, p 53).

The 1996 local government elections in the CMA were bitterly fought, and resulted in an African National Congress (ANC) victory in the Cape Town Municipality, with the National Party (NNP) gaining control of all the other MLCs and of the financial resources of the Cape Metropolitan Council. In 1999, defections from the NNP led to the ANC also gaining control of the neighbouring City of Tygerberg, which includes the sprawling, poverty-ridden South East Metropolitan township of Khayelitsha.

2.8 SUMMARY

This chapter has attempted to outline the formative years of local government, the apartheid era and post-liberation negotiations in greater Cape Town, now known as the Cape Metropolitan Area (CMA); and specifically to emphasise the fragmented planning, inequitable service delivery standards, political antagonisms and administrative dysfunctionality between the three spheres of government and amongst the politicians and officials who came together in 1996 to govern the newly constituted Cape Town Municipality, the other five Metropolitan Local Councils (MLCs) and the Cape Metropolitan Council (CMC), successor to the Western Cape Regional Services Council.

The difficult post-1996 processes of developing a new municipal strategy for integrated development planning, equitable resource management and effective performance management in this complex institutional and sociological environment

will be described and evaluated from Chapter 7 of this study, in the context of significant new local government Constitutional mandates, legislation and the steep learning curves of Cape Town's politicians and managers. Within a conceptual model derived from international performance management experience, the research questions will be analysed and recommendations formulated for an effective PM platform in the soon-to-be merged "Unicity" of Cape Town.

University of Cape Town

PERFORMANCE MANAGEMENT: DEFINITION, PROCESS AND COMPONENTS

3.1 PREFACE

"Performance management" (PM) is a process of achieving optimal results from the organisation, constituent teams and individuals by focussing, measuring and managing effort and resources within a systematic framework of planned goals, standards and competence requirements. This chapter will outline the origins and some commonly accepted definitions, processes and components of performance management, with a view to contextualising the current constitutional and legislative requirements for PM in South Africa's public service and municipal governance. The White Paper on Local Government (1998, p 31) emphasises that "Performance Management is critical to ensure that plans are being implemented, that they are having the desired development impact; and that resources are being used efficiently".

Armstrong (1994, p 23) defines PM as a method of establishing shared understanding about what *is* to be achieved, and an approach to managing and developing people in a way which increases the probability that it *will* be achieved in the short and longer terms.

The key words in Armstrong's definition, which accords with many other internationally accepted definitions, are:

- *An agreed framework of planned goals, standards and competence requirements:* the basis of performance management is an **agreement** between the manager and the individual on expectations in relation to each of these headings. Performance management is largely about managing expectations and efforts, with commensurate consequences.

- *A process*: performance management is not just a system of forms and procedures. It is about the processes which people use to achieve the day-to-day delivery of results and to manage performance improvements in themselves and in others.
- *Shared understanding*: to improve performance, individuals need to have a shared understanding about what high levels of performance and competence look like and what they are working towards.
- *An approach to managing and developing people*: performance management is focused on three "hows". First, how managers and team leaders work effectively with those around them. Second, how individuals work with their managers and with their teams; and third, how individuals can develop and improve their knowledge, skills and their levels of competence and performance.
- *Achievement*: ultimately, performance management is about the achievement of job-related results for teams and individuals so that they can make the best use of their abilities, realise their potential and maximise their value to the success of the organisation.

3.2 OVERALL GOAL OF PERFORMANCE MANAGEMENT

The overall goal of performance management is to establish an *organisational culture* in which individuals and teams take responsibility for the continuous improvement of the organisation, and of their own skills and contributions to desired results.

In their extensive research into the operation of what are often termed "performance management systems", Bevan and Thompson (1991, in Armstrong, 1994, p 24) noted the emergence of the use of PM as an *integrating process* which meshes various human resource and information management activities with the strategic objectives and plans of the organisation. They identified two broad thrusts towards PM integration:

- *Reward-driven integration*, which emphasises the role of performance reward systems in changing organisational behaviour and tends to undervalue the part

played by other human resource development activities. This, they note, appears to be the mode of integration typically being pursued in the United Kingdom and Europe.

- *Development-driven integration*, which stresses the importance of ensuring that appropriate human resource development (HRD) activities are in place to meet the long-term objectives of the organisation and, furthermore, to ensure that business plans and HRD are coordinated. Although performance rewards may operate in these organisations, they are perceived to be complementary to HRD activities, rather than dominating or driving them.

Bevan and Thompson caution (p 24) that the first, more limited reward-driven approach "may reinforce a disposition to short-termism and set back organisational effectiveness in the long term".

3.3 PERFORMANCE MANAGEMENT PHILOSOPHY

Performance management is underpinned by a philosophy which has evolved from the "management by objectives" (MBO) approach, initially conceived as a somewhat Taylorist method of managing organisations and people and of improving the performance of managers. Drucker coined the phrase in *The Practice of Management* (1954, p 11), in which he wrote:

"An effective management approach must direct the vision and efforts of all managers towards a common goal. It must ensure that the individual manager understands what results are demanded of him. It must ensure that the superior understands what to expect of each of his subordinate managers. It must motivate each manager to maximum efforts in the right direction. And while encouraging high standards of workmanship, it must make them the means to the end of business performance rather than the ends in themselves."

The more holistic, participative and developmental philosophy which has now become known as *performance management* is illustrated by extensive research conducted by the UK Institute of Personnel Management (1992, quoted by Armstrong 1994, p 28 and 38) on:

- motivation theory;
- concepts of organisational effectiveness and how performance management contributes to it;
- beliefs about how performance is best managed.

3.3.1 **Schools of Motivation Theory**

The three schools of motivation theories which have contributed most to the philosophy of performance management are those concerning *goals*, *reinforcement* and *expectancy* (Armstrong 1994, p 29):

3.3.1.1 **Goal Theory**

Goal theory was developed by Latham and Locke (1979) on the basis of their 14-year research programme into goal-setting as a motivational technique. They claimed that the level of production in the companies they studied was increased by an average of 19 per cent as a result of goal-setting processes with the following characteristics:

- the goals are specific;
- they are challenging, but reachable;
- the goals are seen as fair and reasonable;
- individuals participate fully in goal-setting;
- feedback ensures that people get a feeling of pride and satisfaction from the experience of achieving a challenging but fair goal;
- feedback is used to gain commitment to even higher goals.

3.3.1.2 **Reinforcement Theory**

Reinforcement theory suggests that successes in achieving goals and rewards act as positive incentives and reinforce the desired behaviour, which is thus likely to be repeated the next time a similar need arises. Ivancevich & Matteson (1990, pp 175-179) relate several studies of operant conditioning based on the human need for achievement and positive consequences, to illustrate reinforcement theory in the organisational context.

3.3.1.3 *Expectancy Theory*

Expectancy theory, as originally developed by Vroom (1964), states that for there to be a heightened motivation to perform, individuals have to:

- feel able to change their behaviour;
- feel confident that a change in their behaviour will produce the expected reward;
- value the expected reward sufficiently, to justify the change in behaviour and thus in performance.

Ivancevich and Matteson (1990, p 149) refer to over 50 studies which have proven the validity of the expectancy theory approach.

3.3.2 **Organisational Effectiveness**

The components of organisational effectiveness which most influence performance management are, according to Armstrong (1994, p 30):

- the need for clarity about strategy and values;
- the importance of providing channels for three-way communication;
- the benefits derived from operating as a 'learning organisation'.

3.3.2.1 *Clarifying strategy and values*

Shared values are the essence of organisational culture, emphasises Jones (1991); when positive values are clearly articulated and widely shared, the organisational culture tends to be robust, effective and lasting. Employees display the characteristics that define the mission and ethos of the organisation: for example, dedication to outstanding service, commitment to innovation, openness and trust, perseverance in the face of adversity and accountability. Jones concludes that public organisations everywhere are not renowned for possessing these qualities.

Accountability means holding individuals and organisations responsible for performance, measured as objectively as possible. "Public accountability refers to the spectrum of approaches, mechanisms and practices used by governments to ensure that their

activities and outputs meet the intended goals and standards" according to Paul (1991, p 2).

Clarity about overall corporate or business strategy and values lies at the heart of successful management. An effective performance management process can develop employees' understanding of what needs to be achieved, help them to improve organisational performance and reward them on the basis of their contribution to organisational objectives.

3.3.2.2 *Three-way communication*

Top-down integration is a process which provides for objectives to be cascaded down the organisation. Senior managers agree performance objectives with the members of their management team, which spell out the contribution the members are expected to make in enabling their division or function to meet its targets.

This cascading process continues through each level of the organisation so that the objectives agreed there are consistent with those agreed for the next higher level; and based on the same core values. This provides for a link between the objectives set for office and shop floor workers and other employees who are responsible for key organisational activities and those set at corporate level.

Clearly, the fewer levels there are, the greater the chance of achieving consistency throughout the organisation; and this, combined with speed of decision-making and response, is one of the most powerful arguments for 'flatter' organisational structures.

Performance management processes, however, should not function on a top-down basis alone. They should also enable people to contribute to the formulation of performance objectives and get closer to the core of corporate/business planning within the planning cycle. This is an upward process which provides people with the opportunity to contribute to the development, not only of

their own objectives, but also of those for their team, department, function or division, or the organisation as a whole, depending on their level. It can operate as a kind of *feedback loop* through each layer, to the top.

Performance management processes can also promote lateral integration, if it is recognized that *individual objectives cannot be defined and achieved in isolation*. They must take account of the interdependencies which operate laterally or diagonally in organisations, within and between teams and departments.

3.3.2.3 ***Developing a learning organisation***

A learning organisation has been defined by Pedlar *et al* (1989) as 'an organisation which facilitates the learning of all its members and continually transforms itself'.

Performance management is as much about developing people as rewarding them. *Each aspect of performance management is seen as a means of providing learning opportunities* starting with a performance agreement, continuing with regular reviews, and completing the cycle with a general review of performance and development needs, before starting the next cycle with a revised performance agreement (Armstrong 1994, p 32).

3.3.3 **Beliefs about Managing Performance**

Several fundamental organisational behaviour and management beliefs generally underpin the philosophy and practice of performance management, and are summarised here.

3.3.3.1 ***Systems thinking in Management theory***

Systems theory emphasises that performance management is concerned with:

- *Inputs*: the skills, knowledge and attitudes individuals bring to their jobs (their competencies).

- *Process*: how individuals behave in carrying out their work - the behavioural competencies they bring to fulfilling their accountabilities.
- *Outputs*: the measurable results achieved by individuals according to the level of performance they achieve in carrying out their tasks.
- *Outcomes*: the impact of what has been achieved by the performance of individuals on the results of their team, department, unit, function and, ultimately, the external environment. This is their *impact*, which is the ultimate measure of their effectiveness in their jobs.

Performance management emphasises the importance of longer-term *outcomes* (impact) which the individual influences, as well as more immediate *outputs*. Inputs and processes in the system are analysed to determine development and training needs and to provide the basis for performance improvement plans. Bacal (1999, p 95) points out that one must always consider the (systems) context and do a proper diagnosis of why performance problems are occurring; and again (pp 123,128) emphasises that systems factors often need to be considered, beyond the control of individuals, in diagnosing a performance gap. Similarly, Jarratt and Coates (in Risher and Fay ed, 1995, p 85) highlight the need to "understand your organisation's primary systems and their connection and interactions with other systems" in assessing and diagnosing performance issues.

Such performance analysis and development will be closely linked to specifications of behavioural requirements. These will be focused on the behavioural competencies required to achieve the "key performance areas" associated with the individual's job profile, but they may also deal with wider organisational objectives: especially those concerned with the active support of corporate values such as quality, customer service, teamwork and flexibility. Behavioural competencies as predictors of likely performance in a specific job or

organisation are widely accepted as part of a performance management technology; for instance, Armstrong (1994, p 67) and Risher and Fay (1995, p 58) describe employees' knowledge and skills (i.e. competencies) as "crucial to the organisation's ability to perform". As one progresses higher up the organisation, however, it becomes increasingly difficult to establish behavioural descriptions of (some) managerial competencies (Armstrong 1994, pp 73,74).

Ivancevich & Matteson (1990, p 25) point out that the systems approach accounts for the fact that resources have to be devoted to activities that have little to do with achieving the organisation's primary goal; and that maintaining the input-process-output flow requires that resources be allocated to activities that are only indirectly related to that strategic performance goal.

3.3.3.2 *The importance of clear and agreed performance objectives and indicators*

In discussing the value of performance objectives and indicators, Williams (1991, p 7) has written:

"The setting of objectives and measurements is the performance management activity which ensures that all employees know what results they need to achieve to maximise their contribution to the overall business plan. In essence it enables employees to know what is required of them and on what basis their performance contribution will be assessed."

Williams also emphasises (1992, p 9) that performance indicators should:

- be jointly agreed in advance between the manager and the individual as both realistic and challenging and, as such, they are 'owned';
- measure the actual level of achievement so that the basis on which performance is assessed can be clearly understood in advance;

- support the overall business strategies and values of the organisation so that the performance objectives, taken together, are mutually supportive and consistent throughout the organisation.

3.3.3.3 ***Performance management and Human Resource Development***

Performance management processes can satisfy a number of fundamental aims of Human Resource Development, namely to:

- achieve sustained high levels of performance from the organisation's human resources;
- develop people to their full capacity and competencies;
- establish an environment in which the latent potential of employees can be realised;
- reinforce or change the organisation's culture and core competencies.

3.3.3.4 ***Performance Management as an Integrating Process***

Performance management is an integrating process, concerned with the interrelated processes of work, management, development and reward. This is illustrated below by Diagram 2: *Architecture of a Performance Management System*, by Robinson and Robinson (1995, p 267).

3.3.3.5 ***Teamworking***

Performance management is sometimes treated as if it were just a matter between managers and the individuals reporting to them. But PM can also promote and enhance teamwork by requiring teams to identify interdependencies and set team objectives; and by getting their members jointly to review progress in achieving them. Teamwork can also be reinforced by setting overlapping objectives for various members of a team, so requiring co-operation for mutual success. Bacal (1999, p 165) points out the need to design and implement a performance management system that encourages and

rewards "not only ... individual successes, but also ... overall ability to contribute to the success of the team or the entire organisation".

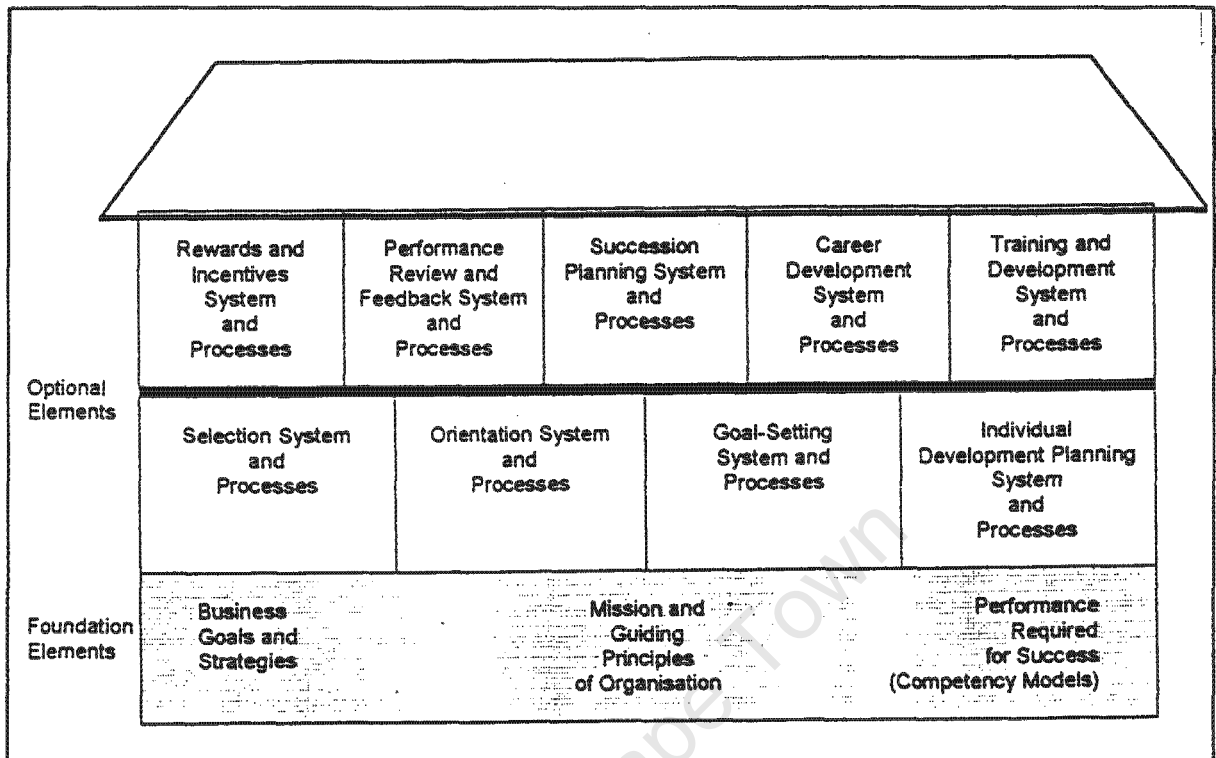


Diagram 2: Architecture for a Performance Management System

3.3.4 "The Balanced Scorecard"

The selection of which Key Performance Areas (KPAs) and Key Performance Indicators (KPIs) are to be used by the organisation is **one of the most important strategic decisions that need to be made by the organisation**. This decision, and the relative weighting of such indicators, will largely determine the short- and long-term strategic focus of the organisation, its management culture; and the performance information systems required. Bacal (1999, p 18-19) points out that an effective PM system helps organisations and managers succeeds, in defining and meeting its short- and long-term goals and objectives: amongst other steps, by focussing and co-ordinating work, identifying potential barriers to achievement; and by gathering relevant information for feedback and performance measurement. Similarly, Schneier (in Risher and Fay ed, 1995, p 239-241) emphasises the "performance imperative" of "linking business strategy, unit goals and performance management systems" as a "driver for strategy execution and culture change".

The "Balanced Scorecard" approach has been adopted by large numbers of organisations world wide, following a series of corporate PM studies published by Kaplan and Norton in the respected *Harvard Business Review*, from 1990; and their book *The Balanced Scorecard* (1996). They found that successful companies were selecting a balanced mix of strategic KPAs, organised around four distinct perspectives on performance measurement (1996, p 9):

- **Financial:** "to succeed financially, how should we appear to our shareholders?"
- **Customer:** "to achieve our vision, how should we appear to our customers?"
- **Internal business processes:** "to satisfy our shareholders and customers, what business processes must we excel at?"
- **Learning and growth:** "to achieve our vision, how will we sustain our ability to change and improve?"

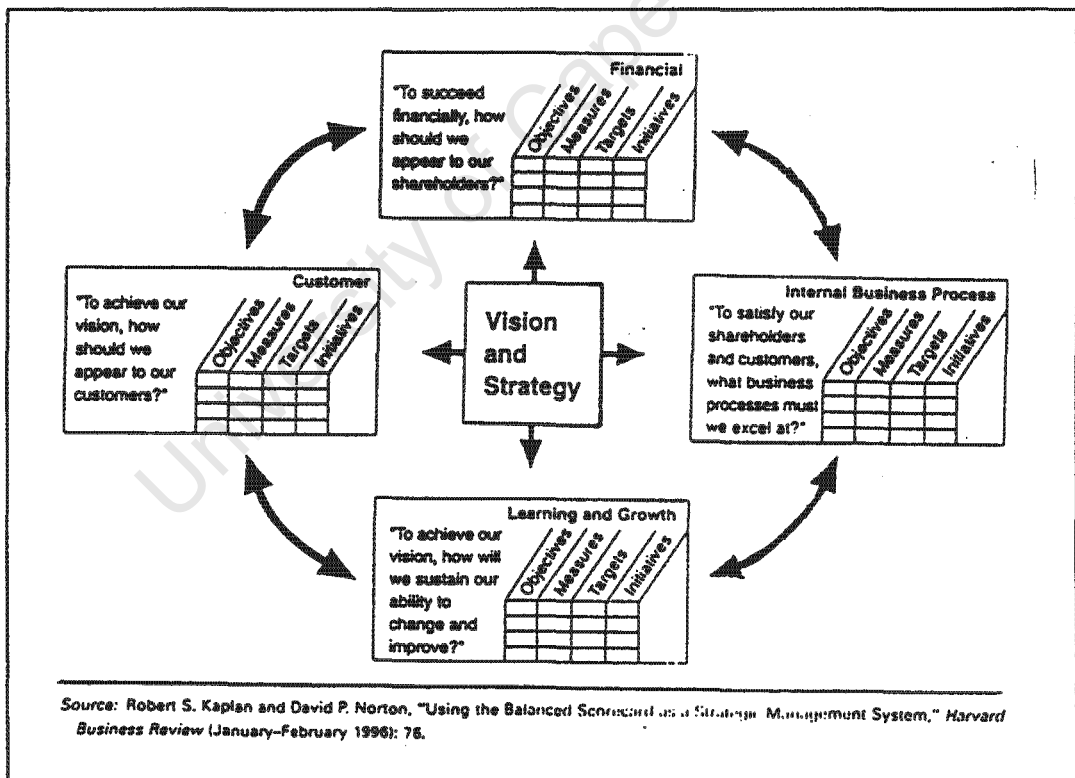


Diagram 3: Balanced Scorecard framework

A properly constructed Balanced Scorecard, say Kaplan and Norton (1996, p 17), articulates the philosophy of the business, identifies the performance drivers, and

makes it possible to link and align organisational and individual strategy and operational management of indicators, resources and rewards. Diagram 3 (above) illustrates their approach: *The Balanced Scorecard provides a framework to translate a strategy into operational terms.*

A well-constructed Balanced Scorecard, Kaplan and Norton emphasise (p 31), should also have a linked mix of outcome measures and performance drivers; as outcome measures without performance drivers do not communicate *how the outcomes are to be achieved.*

The Cape Town Municipality adopted elements of the Balanced Scorecard approach for their "Corporate Scorecard", as the organisational paradigm for effective performance. The CTM model will be described in some detail in Chapter 6, and the modified perspectives used will be evaluated in terms of their contribution to the success of organisational and individual PM approaches, as the CTM programme was rolled out, from 1998 to 2000.

3.4 PERFORMANCE MANAGEMENT AS AN ORGANISATIONAL CHANGE PROCESS

3.4.1 In the British Institute of Personnel Management research project into performance management, Bevan and Thompson (1991, in Armstrong 1994, p 39) came to the conclusion that a 'textbook' performance management approach exhibits the following features:

- the organisation has a shared vision of its objectives, or a mission statement, which it communicates to all its employees;
- the organisation sets individual or team performance management targets which are closely related to operating unit and wider organisational objectives;
- it conducts regular, formal reviews of progress towards these targets;
- it uses the review process to identify training, development and consequence outcomes;
- it evaluates the effectiveness of the whole process and its contribution to overall performance, to allow changes and improvements to be made.

It seems more realistic to regard performance management as a flexible organisational change process which involves managers and those whom they manage operating as partners, *within a framework which sets out how they can best work together*. This framework has to reduce the degree to which performance management is a top-down affair and it needs to encourage a balanced approach with the following features, as described by Wright and Bradling (1992, p 192):

- Less focus on retrospective performance assessment and more concentration on future performance planning and improvement.
- Identification and recognition of the skills and competencies associated with higher levels of performance.
- Identification and recognition of outputs which are defined in qualitative terms and not just quantitative ones.
- A freer, upwardly managed process.
- A more coaching and counselling style of appraisal with less emphasis on criticism.
- More focus on the individual's contribution to the success of the team as a whole, with some objectives defined in team terms.
- Equally concerned with improving performance as assessing it.
- No forced distribution of performance ratings (so no win-lose scenarios).
- Possibly no formal ratings given.

3.4.2 Implicit in the South African municipal transformation management process is the certainty of resistance to change; whether by "old guard" officials whose values are under siege, or by insecure staff whose enthusiasm is lukewarm. Strebel (*Harvard Business Review*, May - June 1996, pp 86-92) finds that "change management isn't working as it should", as leading practitioners of corporate re-engineering report that success rates in Fortune 1000 companies are well below 50%; some say as low as 20%. Communication breaks down, implementation plans miss their mark and results fall short, in conditions of change. The findings of the Kearney and Atticus research into success criteria cited earlier, emphasising the centrality of senior management's active leadership of sustainable transformative programmes, correlate with Strebel's findings ... and must be considered in evaluating the Cape Town performance management programme.

Strebel emphasises the value of "personal compacts" between employees and the organisation; with three major dimensions which he identifies in successful change management processes. These common dimensions, according to Strebel, are *formal*, *psychological* and *social*.

- The *formal dimension* of a personal compact captures the basic tasks and performance requirements for a job in a document such as a job profile, employment contract or performance agreement.
- The *psychological dimension* of a personal compact addresses aspects of the employment relationship that are mainly implicit: elements of mutual expectation and reciprocal commitment that arise from feelings like trust, teamwork and inter-dependence between employee and employer.
- Thirdly, employees gauge an organisation's culture through the *social dimension* of their personal compacts. They note what the organisation says about its mission and values, observe the interplay between company practices and management attitudes; and so determine whether management practises what it preaches.

3.4.3 Rummler, in Robinson and Robinson ed (1998, p 13) makes the point that building a performance management programme is a "*complex and challenging process that will take three to five years to accomplish*". He emphasises that three levels of endeavour must be aligned:

- organisational level
- process level
- job/performer level.

Each of these three levels requires that performance improvement work be completed in support of goals, design and measurement of that level, as illustrated in Diagram 4 below: *The Performance Matrix*, which clearly has implications for organisation design.

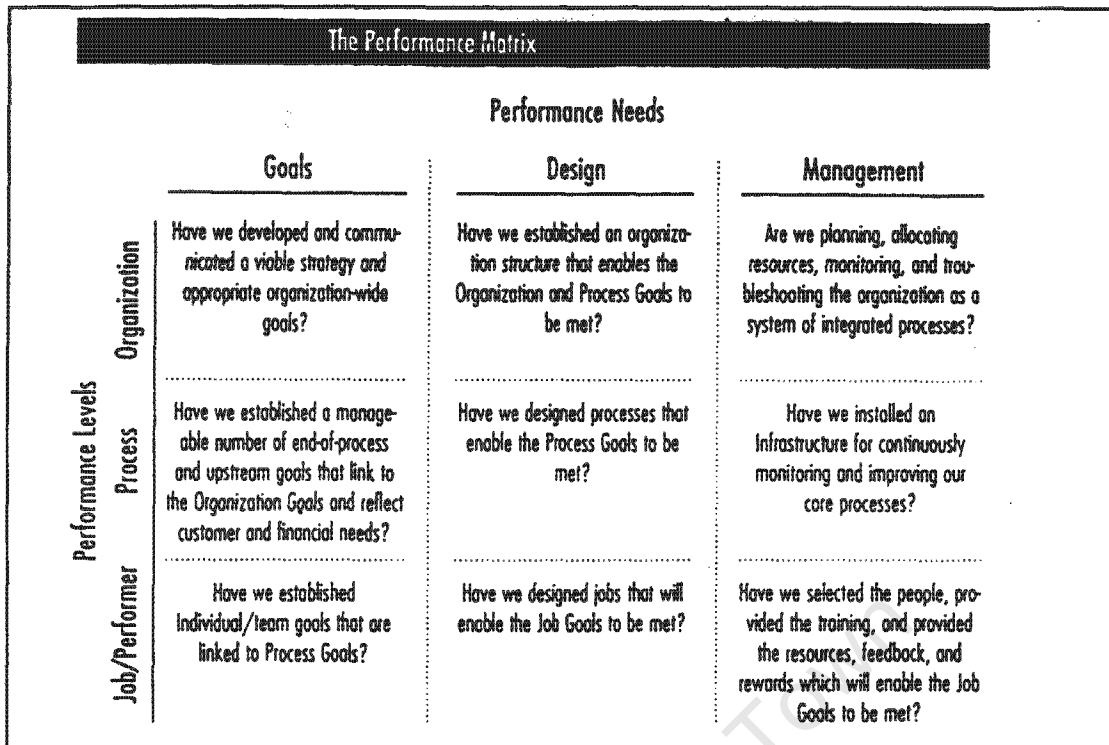


Diagram 4: The Performance Matrix

3.4.4 In the same publication (1998, p 10) Robinson and Robinson define the organisational PM process through a hierarchy of four needs:

Business needs are the goals or plans for an organisation or unit, almost always expressed in strategic or operational objectives;

- *Performance needs* are the on-the-job requirements, describing what people must do if the business plans are to be achieved. Typically, performance needs are expressed and measured in behavioural terms, clarifying *what people in a job must actually do*, to achieve desired results.
- *Learning needs* define the skills or knowledge (i.e. competencies) that people must have in order to perform successfully.
- *Work environment needs* identify the systems and processes that surround performers in their job environment; it is vital that these systems and processes encourage (and not discourage) desired performance. In essence, learning and work environment needs are *enablers of performance*, the actions required to improve actual performance are derived from these two sets of needs.

Diagram 5 below illustrates the interlocking nature of this hierarchy of needs in order to achieve optimal job performance, as Robinson and Robinson portray them (1998, p 10):

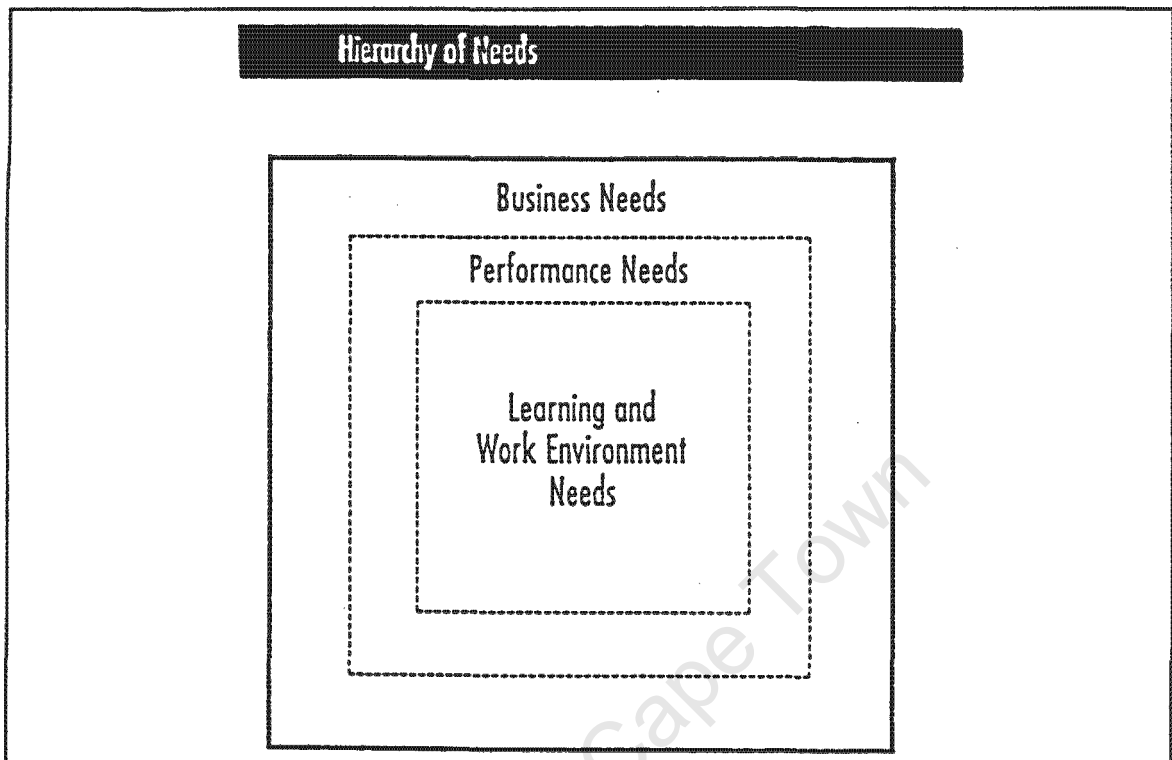


Diagram 5: *Hierarchy of performance needs*

3.5 KEY COMPONENTS FOR PERFORMANCE MANAGEMENT

Although every organisation wanting to introduce performance management should develop its own approach to suit its needs, it is useful to identify key components in the literature, with which appropriate PM processes can be developed and implemented. This will help in deciding the approach to be adopted and, (when that decision has been made), will provide guidance to managers and the individuals and teams they manage on *what performance management activities they will be expected to carry out*.

Such an analysis is illustrated below in Diagram 6 (from Armstrong, 1994, p 42). It consists of the following components, which provide the framework for a normative model against which CTM's programme can be assessed:

3.5.1 *Corporate strategies and objectives*

- Preparation of mission and value statements linked to business strategy.
- Definition of corporate and functional or departmental objectives.

3.5.2 *Performance agreements and plans*

- Agreement of accountabilities, tasks, objectives, knowledge, skill and competence requirements and performance measures (the performance agreement or contract.)
- Agreement of work plans and personal development and performance improvement action plans (these can form part of a performance agreement).

3.5.3 *Continuous management of performance throughout the year*

- Regular feedback.
- Interim progress reviews.

3.5.4 *Formal performance reviews*

- Preparation by the manager and the individual for the formal review.
- The annual performance review, which leads to a new performance agreement.

3.5.5 *Development and training*

- Formal development and training programmes prompted by the performance review.
- Informal development throughout the year will be taking place in the shape of coaching, counselling, on-the-job training and self-development activities.

3.5.6 *Rating*

- Rating or ranking performance - although usual, this is not an essential performance management activity.

3.5.7 *Performance-related pay*

- Performance-related pay (PRP) - again, this is not always essential in performance management, but because an increasing number of

organisations are introducing PRP, the link between performance (as measured by a performance management process) and reward is becoming more common. However, decisions on PRP may be made at a separate time from the performance review, so as not to prejudice the **essential developmental nature** of the performance management process.

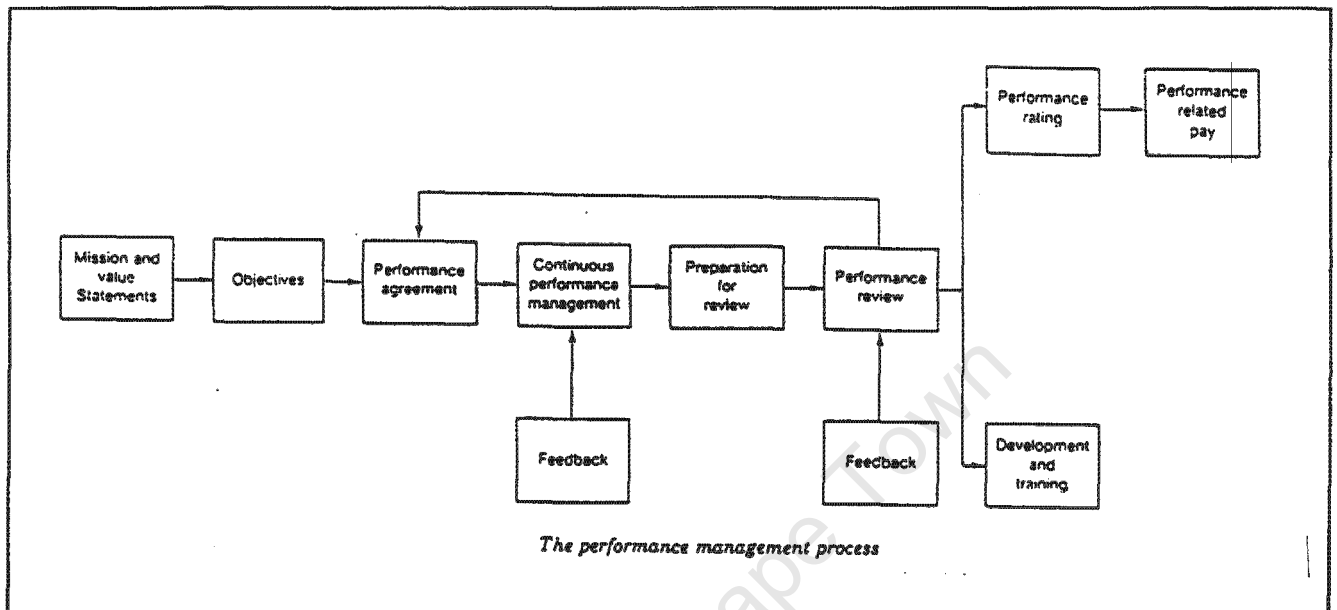


Diagram 6: The Performance Management process

The component activities in this normative model of the PM process are broadly sequential, but they can overlap and there is scope for feedback during the year and from the formal performance review which can lead to a revised or new performance agreement. Indeed, performance management as described by Armstrong (1994, p 43) can be regarded as a "continuous self-renewing cycle", as illustrated in Annexure B. The most effective PM processes have a clear link to the organisational planning cycle - a factor which has a major influence on their successful integration into the everyday processes of management. (Armstrong, 1994)

3.6 CRITIQUE OF PERFORMANCE MANAGEMENT SYSTEMS

A substantial research project, assessing the value of performance management, was conducted by the British Institute of Personnel Management (IPM) in 1992. It

came to the following broad conclusions (Armstrong 1994, p 28):

3.6.1 *Potential impact of performance management*

- Effective performance management systems can have a significant impact upon the operations and success of the organisation.
- Systems which embrace a concern for the people of the organisation and make genuine efforts to relate their goals and aspirations to achievement of organisational goals have the potential to be the most effective.

3.6.2 *Success criteria*

- The research findings advocate an integrated approach to the management of performance and highlight the importance of the link between performance management policy, other HR development policies and the business activities of the organisation.
- All performance management factors must be geared towards creating a shared vision of performance, generating commitment from employees to the concept of improving performance and creating an environment where it is 'OK to perform'.
- It is all too easy to get caught up in the processes associated with the management of performance, at the risk of sacrificing attainment of its goals.
- Performance management, as currently practised, is often underpinned by a strong individualist philosophy and when applied in flexible or matrix organisations can, if badly managed, present a dichotomy for the employee between team and individual goals.
- The research emphasises the dynamic nature of performance management and casts doubts upon the success of performance management strategies which rely on *purely mechanistic processes*, without the developmental and quality improvement processes.

3.6.3 *Issues and problems*

- There is a danger in results-orientated schemes in focussing purely on *what* is to be achieved and ignoring the *how*. Incorporating empirically developed behavioural competencies may do something to avoid this.

- The IPM research showed that there was little indication of a real sense of ownership of performance management, or depth of commitment towards it amongst many line managers.
- Performance management must clearly link to organisational objectives, but if people are to be genuinely motivated to perform better and contribute to organisational performance, at some point in the process of performance management their own needs and aspirations must be addressed. Training and development can be important motivators, in themselves.

3.6.4 *Implementation methodology*

- To generate a sense of ownership and real commitment from line managers, it is not always sufficient to involve them in the development of performance management. Ownership will not be achieved when performance management is put into action if managers have had little or no chance to determine the goals of the organisation (or even their own objectives) when objective setting is a top-down process, with no feedback loop operating.
- A performance management system which is apparently successful in one organisation will not necessarily transplant to another. Organisations need to create their own solutions by taking a contingency approach to problems through identifying prevailing issues and conditions, developing organisational approaches relevant to their context.
- Any conceptual model of performance management is (at best) only a guide to reality and should be viewed as a template, to be adapted according to the needs of a particular organisation.
- Practitioners should be aware that performance management is a long-term initiative and needs constant nurturing to succeed and sustain.
- Policies which have been thought through and developed with a wide employee involvement are likely to be more successful and more integrated into everyday working patterns. This makes the time and effort necessary to do this worthwhile in the long run.

- Performance management must be implemented strategically, linked to organisational objectives with well thought through development phases, and be must focused towards defined outputs and outcomes.
- Performance management can differentiate between groups of employees and can therefore create divisions. *The most successful approach is to ensure that integration is achieved early, rather than in the later stages of implementation.*

3.6.5 Performance-related rewards

- The IPM critique indicated that the principle of reward for performance was supported in most organisations. The reservations were about putting it into practice. It was often viewed as a good idea - especially for "other people" - but not something that, when implemented, seemed to breed either satisfaction or motivation.
- The majority of people interviewed during the research felt that the real motivators at management levels were professional and personal pride in standards achieved, or loyalty to the organisation and its aims, or peer pressure.
- Performance-related pay policies in isolation from other aspects of performance management strategy can only be of limited use.
- The research showed that it is difficult to maintain an open and objective performance management system, when pay is at stake.
- Reward systems incorporating a high degree of flexibility are commonly more successful.
- The over-selling of PRP can demotivate staff by raising expectations which may not subsequently be met (e.g. on the size of the rewards).
- There is a danger of institutionalising performance-related rewards over time, to the extent that they become perceived as a *right*, rather than something which has to be *earned*.

3.7 SUMMARY

This chapter has discussed and illustrated the origins and international acceptance in the past decade of the philosophy, principles and process components of *performance management* as an effective organisational management approach.

The considerable international literature on best practice and the critique of potential pitfalls of PM, if not effectively conceived and implemented, have been outlined as a context for developing a conceptual model and for assessing the Cape Town Municipality's pioneering programme. Given the extent and urgency of the socio-political needs for enhanced performance in municipal service delivery and infrastructure development in the historically disadvantaged areas of South Africa, and within the context and content of the 1996 Constitution and legislation, which requires municipal performance management systems to be developed and implemented (outlined in Chapter 5), Cape Town's PM approach and experience will provide a significant set of benchmarks.

First, however, it will be appropriate to review international public sector best practice in adapting and implementing performance management approaches and systems; as effective definition, measurement, motivation and reinforcement of performance may not necessarily coincide with best practice in the mainly private sector examples highlighted in this chapter. This will be done on the basis of a literature scan and the author's public sector studies and observations in developed and developing countries, over a period of five years, in order to develop a normative conceptual model. Thereafter, the Cape Town Municipality implementation programme will be analysed and evaluated, within this conceptual model and the six research questions stated in Chapter 1.

CHAPTER 4

A BEST PRACTICE MODEL FOR EFFECTIVE PERFORMANCE MANAGEMENT IN LOCAL GOVERNMENT

5.1 PREFACE

In a Consultation Paper issued in September 1998, entitled "*Public First: Improving Performance in Local Government*" (Department of Constitutional Development, 1998) Minister Valli Moosa reiterated the objective stated in the White Paper on Local Government (1998) that South African local government must "build a culture and commitment to results and value for money", by building its capacity better to meet the needs of its communities, based on *Batho Pele* ("People First") principles and performance management practices.

He stated in the Consultation Paper (p 3) that "improving performance" means delivering more value to the public from given resources by:

- delivering services to more people, or
- delivering services of better quality, or
- making the service more appropriate to public needs; or
- making the service more affordable for the public.

The Minister emphasised that many local government performance systems in other countries are succeeding in making such efficiency improvements. But this is not, as yet, the tradition throughout much of local government in South Africa, which has typically been characterised as having *an administrative rather than a performance culture*.

"There is substantial international evidence that local government is improved not just by spending more money, but by **becoming better at delivering more value from the resources that it has**" (p 9).

This Consultation Paper flows from the White Paper (1998, p 32) statement that *performance management indicators need to be carefully designed in order to accurately reflect the efficiency, quality and value for money of municipal services*, and that in the medium term a national performance management system is required to assess the overall state of local government development, delivery and resource utilisation. The municipal financial resource is specifically identified as an essential component of the developmental role of local government which needs skilled performance management, to optimise cost-benefit.

Writing in the American Management Association journal, *Management Review*, the important aspect of change dynamics in organisational culture is emphasised by D'Aquanni and Taylor (2000, p 42), namely that of maintaining open lines of communications, aligning goals and developing teamwork at management level. Otherwise "fear and anxiety in the management ranks can hamstring plans for strategic change", leading to distrust, miscommunications, political rivalries and "gamesmanship in the executive suite".

In this chapter, a range of international experience and best practice in public sector performance management structures and systems will be highlighted, based on a literature review and accessing current information from relevant internet sites, as well as the author's personal observations in developed and developing countries. Recent visits and reports by practitioners from other countries, notably Australia and New Zealand, will also be referred to, in examining the intentions of the Municipal Systems Bill (Republic of South Africa, 1999b). The findings of an extensive survey commissioned by the Cape Town Municipality of "lessons learned" from national and international public sector and parastatal service providers and of a major American consultancy will provide a "best practice" conceptual model for analysis of PM implementation within the CTM, and for constructing a recommended approach to the new "Unicity" metropolitan municipality's performance management.

4.2 PERFORMANCE MANAGEMENT IN DEVELOPED COUNTRIES

Comprehensive literature reviews and personal studies during the past five years indicate a high level of awareness and use of *performance management* and *performance measurement* technology in the public sectors of most developed

countries, often applying approaches which have been successfully used in the private sector... and sometimes in joint ventures, so that public and private sector managers are selected and trained in similar approaches. It is perhaps significant that at the 8th World Congress on Human Resource Management, held in May 2000 in Paris, performance management was not a separate topic, but was integral to several keynote workshop sessions ... while the brochure for the SA Institute of People Management annual convention in October 2000 highlights "performance management" as its special new topic for discussion.

The examples below will serve to illustrate several effective municipal PM strategies and their implementation, observed by the author:

4.2.1 Sweden: Stockholm City Council and Stockholm County Council

4.2.1.1 Swedish Performance Management and Service Delivery Policy

Sweden's social democratic policies have successfully facilitated its economic growth and centralised management of public services delivery, since the 1930's. The OECD report on public management developments in Sweden in 1998 (www.oecd.org) indicates several new policy directions relating to performance management and service delivery at national, county and municipal levels. Owing to Sweden's economic difficulties in the past decade, reforming the budget processes and linking these to performance contracts is among the most important reforms of their administrative policy. Their municipalities, which have been given greater freedom from the state in terms of finances and organisational management over the past few years, have in turn decentralised decision-making to district committees and agency boards, within the following four guidelines:

- concentration on core activities: all sectors of government are required to concentrate on their core activities and therefore consider outsourcing of non-core activities in order to promote efficiency in the state.
- quality and skills development: government's motto is that citizens are entitled to public administration with high quality

service; municipalities and agencies must improve the skills of their employees, in order to provide good service from the citizens' perspective.

- focus on performance: performance management systems should be further developed and a continuous focus on performance improvement is a guiding principle at all levels.
- effective provision of information: the public sector should serve as a model regarding the use of information technology for management and public information provision.

Since 1992, important reforms in the structure of local government have been implemented and several steps have been taken to modify the division of responsibility between central and local government. Sweden's new Local Government Act entitles all municipalities to choose their own organisational structure, but within clearly mandated service delivery responsibilities and subject to comprehensive financial regulation. As will be seen in subsequent chapters of the present study, there are some parallels between the Swedish and South African public sector reform approaches.

4.2.1.2 **Stockholm County Council** is somewhat similar to the Cape Metropolitan Council, in that it co-ordinates and delivers regional services to the greater Stockholm area in Sweden, consisting of twenty-five municipalities with almost two million inhabitants. Stockholm County Council has some fifty-seven thousand employees, of whom forty thousand are in the health and social services functions; in contrast to the far smaller role played by South African local government in delivering these services.

In 1995 the newly elected County Council decided to implement a Total Quality Management (TQM) programme, focusing on certain strategic performance objectives in order to improve cost-effectiveness, productivity and customer service levels in their social services and public transport divisions. In the 1995 annual report

by the Council's Chief Executive, she states that the activities of the County Council are being refocused in order to be "citizen and user oriented", characterised by consideration for people, efficiency and high quality of service. In order to improve the implementation of long term strategies across party political divisions, a multi-party management group of executive councillors was formed to implement and monitor the TQM programme and key performance ratios (Stockholm County Council Annual Report 1995, p 16).

Public-private enterprise joint ventures were introduced, particularly in the health care and transport functions, seeking to find a balance between the cost-efficiency that private enterprise can achieve and a high level of community service, in terms of the Social Democratic Party's policies. For each service unit, "expert advisory boards" of experienced citizens and officials set clear service standards in conjunction with local civic and community groups, and the operational functions for several of the facilities were contracted out to private companies, with specified service standards and budget allocation. Subsequent follow-ups by the author have indicated that the performance measures show a higher level of cost-effectiveness and customer satisfaction ratings in most facilities that were "corporatised"; for example in the large Karolinska Hospital, where operating costs were reduced by 20% in the subsequent two years, while satisfaction levels for staff increased by 27% and for customers by 22% (both of these ratings measured through independent opinion surveys).

The Stockholm County Council performance management system has a strong emphasis on the negotiation of objectives and regular monitoring of performance indicators, particularly in terms of:

- specific outputs, seeking greater productivity and efficiency
- management development based on the TQM principles
- "development dialogues" between managers and staff, so that people's career aspirations and training needs can be built into job rotation programmes and training workshops.

- mentoring systems, particularly for high potential "fast track" staff who are identified in the process. While 82% of the County Council's staff are female, only 6% at that stage (1996) were in the senior management group. Employment Equity was made a key strategic goal, underpinning the Council's management development programmes, in order to achieve a broadly representative management group, in the process of improving performance (author's interviews with County Councillor responsible for HR development, September 1996 and November 1999).

4.2.1.3 **The Stockholm City Council** provides municipal services to around eight hundred thousand residents in what was previously a very centralised management structure. In 1991 a de-centralisation pilot programme began in three "boroughs" or districts of about thirty thousand people, in order to improve local decision making and operational performance management. Local politicians were assigned accountability for these areas (the Swedish local government system does not use wards and is totally a party list system); and together with local civic leaders and appointed officials, these districts were allocated budgets in order to provide local services including maintenance, child care, primary schools and libraries. The aim of the experiment was to achieve a much greater level of democratic local participation in meeting community needs within available budgets (author's interview with Stockholm Exco Chairperson, September 1996). Apparently the experiment in these three districts worked well, as by early 1997 the entire Stockholm municipality was divided into twenty-four district councils, consisting of eleven Council members as well as officials and local civic leaders. Eighty per cent of the City's budget is now decentralised to the districts, and only key strategic services or major capital projects are budgeted and controlled at central Council level. The brochure "*This is how Stockholm is governed*" (1998) indicates that the City is satisfied that the district

administrations have resulted in three important performance management improvements:

- strengthened local democracy
- better service response
- increased cost-efficiency

4.2.2 **Federal Republic of Germany**

BISOWE, the Training and Research Academy of the Deutschen Beamtenbund (Federation of German Civil Servants), works closely with national, state and local government institutions in Germany and also in Eastern Europe. During a study tour in September 1996, it was indicated to the author that this academy, representing public sector trade unions, has focused largely on a major drive for cost-effectiveness in management, in the context of rising unemployment, large numbers of refugees from Eastern Europe and the need for cost-efficient social services. As in Sweden, the Total Quality Management (TQM) approach to performance management was the foundation for the union leadership and management development programmes which this union federation was driving. In 1996, BISOWE organised more than a thousand seminars throughout Germany and neighbouring countries. Besides seminars on the design, development and implementation of performance management and appraisal systems, other workshops on improved use of information technology, collective bargaining and advanced training skills were also important elements of their programme. Their national training co-ordinator indicated that many of the programmes were conducted jointly with public and private sector participation, in order to cross-fertilise experiences which would be useful in joint venture projects, which are increasingly part of the German public administration ethos (author's interview with BISOWE national training co-ordinator, September 1996).

In Bavaria, the Bayerische Verwaltungsschule (Bavarian School of Administration) has adopted the same principles in the wide range of public sector management training seminars which it conducts for the Bavarian state administration, almost always striving to achieve balanced numbers of private and public sector managers on its programmes. (Bavarian School of

Administration Handbook, 1995). According to Mohn (1993) at an annual symposium on public service management issues sponsored by the Bertelsmann Foundation in Germany,

"working according to the rules - even nonsensical ones! - is still considered to be more important than an appropriate future development of performance objectives and working modes. The executive staff and employees in the German public service can hardly be accused of any failings in this respect".

Mohn went on to say, however, that German cities are increasingly pooling their resources, in order to organise exchanges of experience and performance comparisons. The powers-that-be in political and administrative structures of the cities know full well why they are doing this, he stated. *"The tasks of today, and even more so those of tomorrow, can only be solved by introducing new objectives, new forms of organisation and new management techniques that will improve performance."* (Mohn 1993, p 17).

4.2.3 **The Netherlands: City of Rotterdam**

The Rotterdam City Council has for some years had a particular focus on performance management and management development for its two hundred most senior officials, working in close co-operation with companies based in the City, including Royal Dutch Shell and Philips, according to the author's discussions with the City's Human Resource Director (September 1996) and reflected too in their MD magazine (July 1996). Performance management had at that stage been introduced for the senior management echelon with output objectives, a performance appraisal system on a one to nine scale and quarterly progress reviews linked to self-development goals and competencies. Again, the TQM framework of management skills and values was found to be useful by the Rotterdam municipal executives.

Annually, the top two hundred senior managers are evaluated in depth by their executive directors, advised by the Human Resource Director. The primary aim of their "top two hundred" performance management programme is to ensure that the senior staff are prepared for mobility between departments, so that the City can meet its projected future needs. Amongst the top two hundred people is a significant element of "affirmative

action" development, specifically for high potential women and people from cultural minority groups, mainly from former Dutch colonies.

Besides the close co-operation between the City of Rotterdam and major private enterprises, frequent use is made of the Dutch Institute for Public Administration (ROI), a former public service academy similar to the South African Management Development Institute (SAMDI), but now operating autonomously, providing services to various spheres of government in Europe.

4.2.4 **United States of America: City of New York**

Berman (1995) indicates that 73.4% of American city managers surveyed by him were fully competent in strategies such as Management by Objectives, and 57.8% in Total Quality Management programmes, linked closely with performance management and productivity strategies. In this regard, municipal respondents agreed that their institutions do provide adequate resources for improving productivity and measuring performance. Reference will be made below to the widespread performance measurement services provided by the International City and County Management Association (ICMA), based in Washington DC.

Most impressive in terms of the comprehensive nature of its performance management monitoring and community reporting, is the **City of New York**. The 1999 New York Mayor's Management Report consists of three large volumes, including narratives of the performance objectives and achievements of each of the City's agencies city-wide; and also analysed by performance of each of the five component boroughs of the City.

Performance indicators, actual performance and fiscal year 2000 plans are detailed for a diverse range of municipal services and projects including indicators such as:

- **housing** (e.g. applications received, number of families on waiting list, public housing projects operating, occupancy rate, rent collected)
- **public libraries** (e.g. students reached, internet connections, reference and information queries handled)

- **Department of Employment** (e.g. unsubsidised employment, educational placements, percentage of positive outcomes, contracts in effect)
- **Taxi and Limousine Commission** (e.g. new licences issued, licences renewed/not renewed, driver retraining completed, driver exam failure rate).

Most City departments report measurable objectives for the year ahead, compared with the actuals achieved in the past year. Examples of bar charts, departmental targets and actual achievements are shown as Annexures D and E.

The City of New York Mayor's Management Report (1999) is a challenging model for the community communications aspect of South Africa's new Municipal Systems legislation. However, this level of performance management expertise has taken some 25 years to develop, cautions Cape Town's City Manager, who visited New York in 1999 to learn from the PM experience of this major City's senior management. We in Cape Town should, therefore, not expect to achieve similar levels of performance management competence "overnight" (author's interview with CTM City Manager, August 2000).

"*This is not Coca Cola*" was a frequently repeated comment in the CTM, emphasising the complexity of performance management in local government compared with a single product manufacturer; but the focussed approach on functional performance analysis in specific municipal departments in the New York City Mayor's Report (Annexures D and E) highlights how performance data can be built up and used over time to compare, contrast and motivate more effective, efficient and equitable service delivery, in the spirit of the White Paper expectations for South African local government.

4.2.5 **OECD - PUMA Performance Management Network**

The Paris-based Organisation for Economic Co-operation and Development (OECD) facilitates co-operation and information exchange amongst 29

countries in the developed and developing worlds; and its Public Management Service division (PUMA) has since 1990 focused on public sector reforms aimed at enhancing efficiency, effectiveness and accountability within a pluralist democracy setting.

In November 1997 the OECD - PUMA Performance Management Network meeting considered a wide range of discussion papers on the theme of "*Accountability and Public Organisations: Responsiveness to Politicians, Customers and Market Forces*". One of the discussion seminars on the topic of "*Performance Benchmarking, Evaluation and Strategic Management in the Public Sector*" included aspects relevant to the present study. The summary by the seminar chairman highlighted the following issues (www.oecd.org):

4.2.5.1 **Benchmarking and evaluation**

Two main types of performance benchmarking (i.e. process benchmarking and results benchmarking) are increasingly seen as complementary methods to be used in tandem. Results benchmarking can be used to identify discrepancies in results (e.g. one utility using double the resources of another); and process benchmarking can go on to explain *why* the discrepancies exist.

There is not a one-way link between the results of benchmarking and resource allocation decisions. As some participants noted, "don't let figures speak for themselves". For example, giving more resources to the best performing departments or organisations may widen the gap between them and poorer performing organisations *without addressing the real performance issues*. Benchmarking is a good "trigger" to start the analyses of why there are gaps and discrepancies over results, but it is less effective as a diagnostic tool for deciding how to deal with those results.

Some current benchmarking models have been criticised for being too inward looking, focusing mainly on improving organisation performance, but taking the viewpoint of the client/customer only marginally into account. To avoid such potential problems, for example, a project to benchmark local authorities in the UK used

consultations with community organisations to set the output benchmarks; and then linked these benchmarks with internal performance priorities.

4.2.5.2 Performance Contract Management

Presentations on contract management in Denmark and developing strategic performance indicators in New Zealand sparked extensive discussion on the issues behind performance contractual relationships within the public sector, particularly those between politicians and public managers.

In many countries it was said that politicians push hard to ensure that departmental managers do what they expect, making the lack of trust between political leadership and career public managers quite obvious and (due to the lack of trust) leading to more and more interventions by politicians into micro-management of the organisations.

Where such blurring of boundaries between political leadership and public managers may cause excessive complications, the management of performance contractual relationships can be enhanced by management by taking the politicians' concerns into account at an early stage (perhaps even providing some technical training if necessary) while not losing the capacity to give frank and unbiased advice. It also needs to be acknowledged that the "logic" and priorities of politicians and public managers are not always the same; and that management thus needs to make efforts to understand politicians' concerns and to address them using less bureaucratic language.

Contracts offer a way to supplement the over-formal nature of performance targets and indicators. Contracts place more emphasis on "managing relationships" than on simply collecting quantitative information about achievements. In France, there have been performance contracts between the state and government business

enterprises since the 1940s; and much of New Zealand's successes in public sector management reforms are ascribed to a performance management model based on an iterative series of priority setting negotiations starting with corporate strategic result areas which are further broken down into operational key result areas. These are used to form the basis for municipal chief executive performance contracts (i.e. accountability for results); and thus offer strategic direction for organisational activities and resource allocation.

For most countries at this seminar, performance contractualism was seen to replace the paradigm of devolution. Contracts, as the counterpoint to devolution, highlight the need for a balance between rights and duties for *both parties in the contract*. Furthermore the word "contract" implies the desire to get away from a command- and -control mode of managing in exchange for a more balanced approach based on negotiation and consultation.

4.3 PERFORMANCE MANAGEMENT IN DEVELOPING COUNTRIES

The use of performance management is not frequently reported in the literature regarding public sector institutions in developing countries. A literature review at the Nordic-Africa Institute in Uppsala, Sweden (1997) revealed little on this topic; and it would seem that governmental bodies in many developing countries are not strongly capacitated in terms of management competencies nor performance measurement systems. By the nature of things, it would seem that public institutions will continue to feature strongly in the organisational landscapes of most developing countries. It is therefore strategically important to be able to improve their performance. Some estimates of the costs of foregone social development arising from public sector management inefficiencies drive home the significance of this point. According to Jones (1991, p 72) an improvement to the operating efficiency of the public sector of 5% (without additional investment or adjusted prices) would yield:

- In **Egypt**, resources equivalent to an additional 5% of GDP, 75% of direct taxes, or three times government expenditure on education;

- In **Pakistan** resources equivalent to 1% of GDP, or half of direct taxes, or 50% of government expenditure on education;
- In the **Peoples' Republic of China** resources worth USD11 billion, or enough to increase government expenditure on culture, education, health and science by 150%.

In command economies in transition, performance problems arise largely from insufficient autonomy and authority for managers, particularly in relation to procurement, staffing, performance management and pricing of services; from the absence of clearly formulated sets of attainable and measurable objectives; and from the state's unwillingness to create executives who can protect the capital employed (Jones, 1991).

Rogerson (1993), in the SA Urban Foundation's report *on Managing Urban Growth in Developing Countries*, identifies and exemplifies "three alternative sets of proposals for managing cities in the developing world" (pp 50 - 55):

- strengthening institutional autonomy of local government, with improved management capacity (e.g. Mexico City and Calcutta);
- measures for "empowering the poor", through programmes to foster local community organisations capable of understanding local residents' needs and to help the poor to help themselves, in the face of seeming official indifference (e.g. certain Latin American programmes);
- using the efficiency of the marketplace, as an effective mechanism for allocating resources, particularly in the wake of inefficient public agencies and bureaucracies; including "privatisation" in a variety of forms of service delivery (e.g. water supply in Ivory Coast and waste disposal in urban Nigeria).

4.3.1 **Curitiba, Brazil**

In the context of effective, performance-driven local government in a developing country, one of the few impressive examples observed by the author, is in the City of Curitiba in southern Brazil. In 1993, at the time of the co-operative formulation of the Western Cape Economic Development Forum, consisting of delegates from the existing provincial and local government establishment, the liberation movements, Chamber of Commerce and major trade unions, various urban governance models were

considered as possible guidelines for the greater Cape Town area. The most appropriate model identified was that of Curitiba; a former colonial city in southern Brazil with over one million residents which appeared to have achieved much in its industrial development, provision of social services, town planning and crime prevention; despite a high incidence of homelessness and joblessness resulting from substantial migration from impoverished rural areas.

A report prepared by the author and colleagues on their fact-finding visit, entitled "Curitiba: lessons for South African Cities" (1995) highlights relevant aspects of institutional performance management, and offers several suggestions for the future governance of major South African cities which face similar challenges, including:

- **an organisational structure** which combines traditional service provision branches (e.g. public works, environmental affairs, water management) with "autonomous agencies" that are not bound by strict municipal salary policies and can therefore attract entrepreneurial managers (e.g. Curitiba's housing company, industrial development company, research and planning institute).
- the **municipal transport agency** sets the quality standards for and controls the prices of a very efficient network of bus routes, all of which are run by private enterprise, but which must adhere to the frequency and convenience indicators incorporated in their performance contracts with the Council.
- Curitiba City **officials at management level have clear, agreed objectives, which are reinforced by twice yearly performance appraisals.** Innovation and lateral thinking are encouraged by the culture of the organisation, including Mayoral Awards which are widely publicised. As a result, Curitiba not only has an extremely efficient public transport system (resulting in its regular use by 80% of residents), but also has many projects which have attracted world-wide interest: including reclamation of disused quarries as environmental and cultural centres, rebuilding of old rubbish dumps as sports fields and an industrial park which has attracted high technology manufacturers to relocate from elsewhere in South America.

The transformation of Curitiba from just another sprawling Brazilian city was started by the thrust of a former executive mayor whose town planning and organisation development initiatives have continued for the past thirty years. Curitiba's relatively effective governance and well organised social services are in stark contrast with the squalor of Sao Paulo and the crime-ridden favelhas of Rio de Janeiro (June 1994: author's discussions with officials of the Jaime Lerner Institute in Curitiba, and based on observations in Sao Paulo and Rio de Janeiro municipalities).

4.3.2 **Local Government and Public Service Reform Initiative, Hungary**

Significant performance management initiatives have been implemented in Eastern Europe, as part of the reconstruction and development of that region, emerging from decades of communist regime domination.

Local governments in Eastern Europe and the former Soviet Union face a number of difficulties: such as a lack of trust from the public, unclear duties and powers, lack of financial resources, insufficient training, decaying infrastructures and increasing demand for services. The New York-based Soros Foundation funds the Local Government and Public Service Reform Initiative (LGI), based in Budapest, which seeks to address these problems on a regional basis, supporting many national reform projects and providing technical assistance to government agencies implementing change. It brings together about 70 local governance institutions in the Eastern European region for co-operation, information exchange and programme development, all related to public sector reform and productivity improvement (July 1999 and April 2000: e-mail discussions with Dr Adrian Ionescu, Program Director of LGI).

Among the performance management projects recently introduced, the Programme Director reports that the most viable include:

4.3.2.1 **Methodology for performance evaluation of local government, by UNI-systems, Hungary:** several benchmark performance indicators for local government services have been identified for engineering, urban planning and health services in particular. Interchange of methodology, management and technical

staff training have been the main outcomes to date, resulting in several measurable short-term efficiency improvements, though Dr Ionescu cautioned that "sustainable culture change was not yet ensured".

4.3.2.2 Performance appraisal implementation in the State Chancellery of Estonia: the Estonian Department of Civil Service and Personnel, which also includes local government services, has introduced a performance appraisal system, currently at management level only. Acceptance has been satisfactory, but it is not yet possible to measure significant improvements in results.

4.3.2.3 "Closing the door on Corruption in Local Government" in Lithuania: a state-led programme to set performance standards, focussing on financial planning, controls and asset management. Training, audit systems and benchmark ratio indicators are the main thrust of this recently launched PM project.

4.3.3 Africa

While little evidence has been found of effective performance management in African local government institutions, resolutions tabled at the Africities 2000 Conference held in Namibia during May 2000 indicate a growing support for national governments to delegate more authority and performance capacity to local governments. The Executive Chairman of the Development Policy Centre in Nigeria said in his keynote speech that local democracy could succeed only if it meant something to its citizens. Delegates called for the devolution of greater political, administrative and financial powers to municipalities; and said that central governments had to grant municipalities sufficient autonomy to empower them to define their own priorities for improved infrastructure development and service provision. It was also resolved that there should be capacity building for municipal management and staff to allow them to enter into partnerships with other stakeholders. This significant conference, at which South Africa was represented by the Minister of Provincial Affairs and Local Government, also resolved that fiscal reforms should be pursued gradually, in order to create a financial base that would result in improved performance, particularly in terms of accountability and transparency (Business Day, 22 May 2000).

Writing about the key role of management development in effective institution building in the public sector of South Africa, Horwitz (1994, p 191) defines management development as a structured individual process involving the interaction of a manager, the job and the work environment to develop basic competencies. He quotes research by Human (1990) suggesting that most white South African managers place low priority on management development; as well as other similar research indicating an antipathy to the development of black colleagues; and points out that it is, therefore, important to consider the nature of the socio-cultural, governmental, market and labour relations realities within which South African institutions operate. The agenda associated with performance management, organisational development and management competencies in the Cape Town Municipality will need to be interpreted within these dynamics and the need for employment equity and effectiveness in developing performance management skills.

4.4 COMPARATIVE PERFORMANCE MEASUREMENT PROGRAMMES

In the United Kingdom and the United States of America, examples of comparative performance measurement programmes are noteworthy, in that they provide an ongoing basis for comparative and competitive studies of performance indicators and of the management approaches and competencies that underlie superior performance in similar functions. They are a valuable reference service and incentive for performance improvement programmes, nationally and internationally. Some examples are used below, to illustrate their value.

4.4.1 Policy and Performance Review Network/Local Government Management Board, UK.

The use of performance indicators is now widespread in the management of local government in Britain. Certain national indicators were made compulsory by the Local Government Act of 1992, which empowered the Audit Commission to issue a set of standard indicators. Local authorities were obliged to measure their performance against these indicators from 1993, and to publish the results in a local newspaper. National tables were

published in 1995, which collated this information, allowing comparisons to be made between local authorities in the U.K.

The new Labour Party government in the U.K. issued a set of *Twelve Principles of Best Value* in June 1997, with the emphasis on the indicators which measure quality and effectiveness, as well as economy. The intention is that well designed and managed performance indicators will play a key role in the way that the British "Best Value" programme is implemented in the coming years, so that tax payers can be informed on the organisational performance of their local authorities, and ask appropriate questions; and also so that local politicians and officials become increasingly motivated to achieve "Best Value" results.

The Local Government Management Board (LGMB) publication *Performance Indicators: a guide to good practice* (Tichelar 1997, p 4) points out that comparisons are vital, but "may be meaningless unless compared with relevant data"; it recommends the following performance comparisons can be useful:

- **comparisons over time** (e.g. complaints, consumer satisfaction)
- **efficiency targets** (e.g. cost reduction, occupancy rates, increased numbers of users)
- **internal comparison** (e.g. overheads between departments, personal cost ratios)
- **comparisons between similar institutions** (e.g. similar size local authorities or service agencies)
- **comparisons with other organisations** (e.g. private or voluntary organisations which provide a similar service)

The LGMB comparative study makes the point that performance indicators can be used to assess the direct public impact of any service; they can also be tailored to suit that service and the priorities of the local authority which provides it. Some practical examples in the LGMB report include:

4.4.1.1 **Leicester City Council** has identified four key budget indicators:

- *Cost of capital borrowing*: which compares the average interest rate on borrowings with the budget expectation
- *The Council's cash management*: which compares the return on investments with the budgeted percentage
- *Revenue debt*: which compares the percentage of Council Tax and service tariffs collected with the budgeted targets
- *Budget variance*: which compares overspend or underspend for departments with their profiled budget for each quarter of the financial year.

4.4.1.2 **Nottingham City Council** has developed indicators within the following categories and examples:

- *Cost*: staff cost per hour (building maintenance)
income achieved as a % of potential income
from "fast tracking" of benefit claims
- *Efficiency*: % of council properties re-let without void
period
- *Effectiveness*: % parks and open spaces maintained to
contract standard
% streets meeting at least a satisfactory level
of cleanliness
- *Equality*: % of playgrounds with access for children with
disabilities
- *Environment*: % of households recycling and/or composting

Views on the definition of a "good" indicator vary widely, in the LGMB report. One participating council states that indicators need to "measure the right things" and balance **quantitative measures** (e.g. number of service

applications processed) with **qualitative measures** (e.g. within a specified period without error) and **cost indicators** (e.g. cost to process a service application). The need is also highlighted for performance indicators to relate to service outputs and outcomes (e.g. actual service and core value service delivery "on the ground"), as opposed to service inputs (e.g. staff and other resources required to deliver a service).

4.4.2 **International City and County Management Association, USA**

The ICMA Center for Performance Management in Washington, DC has for several years facilitated a comparative performance measurement service to member cities and counties, mainly in North America. The information can be accessed by member institutions on the ICMA website, and is regarded as an authoritative and representative range of performance measurement indicators in relevant aspects of city and county management. Members are encouraged to make comparisons, stimulate constructive competition and find out more about what issues and management methodologies have enabled organisations to achieve improvements to productivity, efficiency, service quality and other outcomes. The ICMA website features an empirical study by Hatry *et al* (1992), who point out that "the development of a comparative measurement system is a multi-year effort". *The authors offer the following eleven recommendations for enhancing the usefulness of public performance indicator data.*

- i. Address service quality and outcomes explicitly when reviewing services and programmes
- ii. Ask programme managers to set a target for each performance indicator. Assess progress regularly against these targets
- iii. Provide performance data in a timely manner
- iv. Calculate key analyses for the data for each indicator
- v. Include indicators of both "intermediate" outputs and "end" outcomes in the performance measurement process, but clearly identify both types of indicators
- vi. Ask programme managers to provide explanatory information with each performance report

- vii. In agency training programmes, routinely provide information on performance measurement and its uses to supervisors and managers
- viii. Incorporate outcome related performance requirements into contracts, wherever feasible
- ix. Consider including service quality and outcome progress information as part of the performance appraisal process for internal employees, especially supervisors and managers
- x. Use information on service quality outcomes in formulating and justifying budgets
- xi. Avoid expectations that outcome information will automatically indicate the causes of the outcomes.

Overall, they emphasise the maxim that:

"what is measured and reported gets attention!"

They point out that misuse, counterproductive use and unintended consequences can occur if the performance indicators are not chosen and implemented with care (Hatry *et al*/1992, on ICMA website).

4.4.3 Bertelsmann Foundation, Germany

The Bertelsmann Foundation organises an annual "International Network for Better Local Government" award under the banner of "Cities of Tomorrow". Municipalities from throughout the world are encouraged to submit their entries annually, showcasing their achievements in terms of innovations and reform in municipal management.

In 1992, the Bertelsmann Foundation initiated this project, with the aim of improving the political and administrative capability of local government performance through a "sporting competition" between local governments, internationally. In their documentation of the 1996 award entries, the Foundation emphasises that its approach differs significantly from the comparative information available through the ICMA and the British Audit Commission for Local Authorities. In the case of the latter, the Local Government Act of 1992 puts British local governments under the obligation

to inform their citizens and tax payers about their performance every year. The ICMA programme, on the other hand, is a voluntary comparative performance measurement process which includes thirty-nine cities and eight counties, on an ongoing comparative study of quality and effectiveness of their various functions and services.

The Bertelsmann Foundation report (1996) makes the point that:

"In local government, as everywhere else, competition is the crucial driving force that leads to performance improvement and innovation. At the same time, however, it is also the basis for legitimacy ; a local government that provides its services under competitive conditions will not find it difficult to convince its citizens that its services are indeed value for money."

For that reason, the Bertelsmann Foundation started its large scale comparative performance measurement competition, inviting entries on any issues which would promote professional management, innovative strategies and reform in local governance.

The 1996 competition attracted over thirty entries, of which eight were ultimately short-listed for presentation at the annual symposium. These included presentations from cities all over the world, on such topics as:

- Alternative service delivery strategies (Phoenix, USA)
- Enhancing citizen and community participation (Hämeenlinna, Finland)
- From the reform of local government structures to the concept of partnership (Neuchatel, Germany)
- Competition in local government (Tilburg, Germany)

- Cultural change in local government; an international perspective (Christchurch, New Zealand)
- Strategic planning at the local level in a decentralised public sector (Farum, Denmark)

It would appear that all three of these approaches to comparative performance management and measurement have a role to play in

highlighting achievements and encouraging cross-fertilisation of innovation.

4.5 OBSERVATIONS BY AUSTRALIAN AND NEW ZEALAND PERFORMANCE MANAGEMENT PRACTITIONERS, VISITING SOUTH AFRICA IN 1999

In June 1999, three experienced Australia and New Zealand public sector professionals were invited to visit South Africa to interact with a number of individuals and organisations involved in local government, sharing their knowledge of the Australian and New Zealand experiences in performance management and measurement; as well as to comment on the draft Municipal Systems Bill (1999), in particular Chapter 6 which deals with performance management systems. Their report (Bauld *et al*, 1999) contains a practical critique of the first draft PM legislation, within the context of lessons they have learned in programmes aimed at enhancing the overall performance of municipalities in their two countries.

Their principal conclusions are as follows, within their understanding of the Municipal Systems Bill in the "difficult context of the South Africa's emerging system of local government and the major developmental challenges it faces":

- 4.5.1 The Municipal Systems Bill needs to be restructured so that the different chapters and sections relate more directly to the themes of: achieving national developmental targets; improving the political and administrative performance of individual councils (efficiency, honesty, accountability, openness etc); and creating a better overall system of local government.
- 4.5.2 The Australian and New Zealand experience, coupled with their discussions in South Africa, indicate that to achieve the broad objectives of the Municipal Systems Bill, certain steps need to be taken, including:
- better data on the operating environments of municipalities;
 - greatly improved and much more consistent financial reporting;
 - an achievable system of Integrated Development Plans linked to better performance management planning cycles and processes, budgeting and variance reporting; and
 - capacity building programmes for politicians and officials.

They make the point that simply compiling and publishing KPI lists in order to "shame" poorly performing councils into greater efficiency and effectiveness, will **not** achieve the desired results. In their opinion, efforts will be diverted into defending or "explaining away" such unflattering comparisons, rather than using comparative data productively as a basis for benchmarking and continuous improvement.

- 4.5.3 Significant constraints on the scope and implementation of a national performance management programme will be imposed by major variations in circumstances, from one municipality to another; as well as by limited capacity at all levels of government. The likely impact of these constraints in the South African context must be given very thorough consideration in order to minimise the risk of actual or perceived failure ... which would thus bring the whole performance management system into disrepute.
- 4.5.4 In its early stages, the performance management system requirements must be kept **as simple as possible**, with interim arrangements built into the legislation where appropriate for KPIs and IDPs.
- 4.5.5 In their view, **priority should be given to a small set of developmental standards or targets for incorporation into IDPs, plus a very limited number of simple management KPIs.** At the same time, larger and better resourced municipalities should be encouraged to exercise leadership and to develop more sophisticated arrangements, from which others can learn. Such municipalities should not be restricted by over emphasising national or provincial uniformity of PM systems.
- 4.5.6 The process of **formulating performance indicators should be linked to a concerted capacity building effort**, focused on introducing IDPs as well as a consistent annual corporate planning/management reporting process for individual municipalities; built around greatly improved financial management reporting, similar to the Australian and New Zealand models. Capacity building programmes should include support for benchmarking groups; promotion of best practice through seminars, websites and awards;

and specific skills training for officials and councillors. SALGA could play a leading role in delivering such programmes, they suggest.

As it happens, similar observations on "Performance monitoring in the Australian Public Service" are made by Alford and Baird (Melbourne Business School, 1996) in their working paper on an analysis of departmental performance information in the Australian Public Service.

4.6 INTERNATIONAL "LESSONS LEARNED" SURVEY BY THE CAPE TOWN MUNICIPALITY

In considering and evaluating appropriate strategies for performance management, the Organisation Development and Transformation department (OD&T) of the Cape Town Municipality commissioned a "*performance management lessons learned*" survey in May 1999, to survey performance management systems in organisations which displayed similar characteristics to those of the CTM: including demographics, organisational planning processes, capacity, culture and stage of development.

The organisations which were surveyed included:

- *in South Africa*: Greater Johannesburg Metropolitan Council, Durban Metropolitan Council, Eskom, Telkom and BP Southern Africa.
- *in Australia*: various public and private sector organisations which participated in the Australian Public Service Performance Management Task Force findings; including Australian Post, Federal Police, New South Wales Public Employment Office, IBM, Mobil Oil and the Commonwealth Bank.
- *in the United Kingdom*: Manchester City Council, Bristol City Council, Coventry City Council and the Borough of Bradford.
- *in the United States of America*: Internal Revenue Services, City of Charlotte
- *in Canada*: Department of Family Services, Manitoba.

While these organisations were at various stages of design, development and implementation of their PM programmes, the key "lessons learned" were reasonably similar and are summarised as follows:

4.6.1 Leadership and Management:

- 4.6.1.1 Performance management, both organisational and individual, should be driven by the most senior executives in the organisation and not by the HR or similar staff department. The staff department should play the very important role of facilitator and administrator and should support managers and staff when required.
- 4.6.1.2 It is important to clarify and define the organisation's direction as the system is designed to support business needs. Ensure that staff are clear on what the organisation aims to achieve, and have them involved as much as possible in determining direction.
- 4.6.1.3 The performance management strategy should ideally be implemented under a stable environment after radical changes and consolidation, otherwise it will prove very difficult to implement.
- 4.6.1.4 The best managers see the need for managing performance all year round, (not just appraising it once or twice a year), as their primary responsibility ... and they keep working at it.
- 4.6.1.5 In general, managers are responsible and accountable for reinforcing the performance of their staff. There is no point in waiting until appraisal time to deal with performance problems; it's up to the manager to do something immediately it happens.
- 4.6.1.6 Managers should be assessed on their ability to monitor and manage their staff through the PM process.

4.6.2 Staff Participation and Acceptance:

- 4.6.2.1 The approach to developing a PM system should be "soft sell", developmental and participative at management levels. Pilot programmes should be emphasised as a learning experience; and that it is "all right to make mistakes".
- 4.6.2.2 Staff should be involved in the process of developing and implementing the performance management system and should have the opportunity to "say their say". A well defined communication plan needs to be in place to ensure that the message is adopted and accepted.

- 4.6.2.3 Ensure that the PM system has some flexibility within reason; so that it is able to respond to staff and other changes and to unforeseen circumstances.
 - 4.6.2.4 Focus on outcome, results-oriented measures early on, with clearly understood standards up front to reduce subjectivity.
 - 4.6.2.5 Give the new PM system a "chance to work". By rewarding and recognising an employee, team or department's performance, the workforce should become more motivated, competitive and customer-service oriented.
 - 4.6.2.6 The PM system must be simple.
- 4.6.3 Community Feedback:**
- 4.5.3.1 Set up representative, credible community points of contact and information gathering to test responses to corporate draft budgets and priority programmes. Do not attempt to gather primary community needs data through mass consultation.
 - 4.5.3.2 Feedback on corporate performance to the community should relate to themes and issues that they will identify with; and should not be focused on the organisation's structural and functional arrangements.
- 4.6.4 Organisational Culture:**
- 4.6.4.1 The introduction of pay and incentive schemes for individual performance is dependent on the political ideology and philosophy of the organisation; it can be very complex and will be resisted if the governing party and senior management does not fully support it.
 - 4.6.4.2 Staff should not be measured on competencies only, as these should be used for developmental purposes. Staff should be measured on specific outputs and outcomes of their work activities and competencies.
 - 4.6.4.3 A culture of honesty and openness should be created and mechanisms put in place to limit dishonesty and subjectivity, in performance reporting.

4.6.4.4 When assessing the performance of an individual, one must consider it within the context of the performance of the team and the organisation as a whole.

4.6.4.5 Performance appraisals should concentrate on the importance of the discussion (not merely the rating) in reviewing the individual's performance and setting goals for the next period.

4.6.4.6 All the organisations surveyed incorporated a development planning component within their PM processes. Individual training and development plans should be negotiated at the time of the performance appraisal.

4.6.5 **Performance-related Consequences:**

4.6.5.1 Effective rewards related to a specific achievement are best when they are given promptly, come from the immediate supervisor and are valued by the recipient. Managers are responsible for determining what should be rewarded, particularly as public sector managers need to be more imaginative than their private sector counterparts in determining meaningful non-cash rewards.

4.6.5.2 Be cautious in linking pay to performance too early. Consistent standards need to be established before financial reward becomes the norm. Organise a phased approach to implementing a PM system, with pilots in selected levels and departments, to learn from experience and allow the process to "settle down" before moving on to a comprehensive programme.

4.7 **TOTAL QUALITY MANAGEMENT: A PERFORMANCE MANAGEMENT PROCESS PARADIGM**

Amongst the more successful approaches to performance management in the 1990s has been a managerial process labelled *Total Quality Management* (TQM) which Brand and Cohen (1993, p 53) describe as "a quiet revolution in American industry and increasingly in American government". As indicated earlier, the author observed the integration of TQM principles in public sector performance management systems in Sweden, Germany and the Netherlands.

According to Brand and Cohen (1993, p 53), the definition of the effective public manager changes under TQM. They describe the "old model" public manager as the bureaucrat; "one who can work around the rules and get the job done". Under the new paradigm, the effective public manager frequently asks process questions about work performance: Is this step needed? Can this step be improved? Who is the customer of this work? New processes must be tried and evaluated. "TQM empowers excellent public managers to go beyond learning to manipulate the complex processes of government; and to gauge the effect of the organisation's programmes on its real customers" (p 54).

Brand and Cohen mention that TQM was already well established in many American private sector companies and had already been proven to work in the New York City Department of Parks and Recreation, with results which "dramatically increased quality and reduced costs" (1993, p 53). They also refer to a recent meeting of the Association for Public Policy Analysis and Management, when Michael Barzalay of Harvard University noted that one of the more important features of TQM is "that it provides a new paradigm for assessing the processes of public management excellence" (1993, p 53).

Watson in his *TQM Benchmarking Workbook* (1992, pp xii and 12) emphasises the significance of benchmarking as part of the methodology for establishing acceptable performance criteria in the management process. He describes the stages of a benchmarking study in six steps which correlate with the TQM performance improvement cycle (illustrated in the diagram below) as an integral part of the organisation's core competencies and key business processes in seeking to achieve performance excellence in meeting business needs such as reliable quality, competitive cost, or short cycle time.

4.8 DEVELOPMENT DIMENSIONS INTERNATIONAL: BEST PRACTICE SURVEYS

Development Dimensions International (DDI) is a leading American performance improvement consulting group. In 1997 and again in 1999, the DDI Benchmark Group conducted extensive surveys amongst major American organisations, to establish current best practice and trends in the design and implementation of PM, as a management approach (Bernthal *et al*, 1997 and www.ddiworld.com).

4.8.1 Purpose

The objective of these studies was to investigate US **organisations'** **current performance management practices** and determine which system characteristics or qualities influenced effectiveness and predicted success. The studies, based on survey results from 88 of the DDI Benchmark organisations (in 14 different industry sectors) were designed to establish a general profile of each organisation's performance management systems as well as address four main areas:

- current best practices
- Chief Executive Officer ratings of the effectiveness of their organisation's performance management system
- overall system effectiveness
- each system's impact on business results, the organisational culture and customer satisfaction.

4.8.2 Findings Overview: 1997

4.8.2.1 A clear majority of the organisations (89%) in the 1997 sample currently used a company-wide performance management system or approach. For the average organisation this system was three to five years old and used by all people.

4.8.2.2 A large majority (78%) of the performance management systems involved a single yearly performance review of individual performance and potential. About 16% of the organisations conduct biannual reviews.

4.8.2.3 51% of organisations frequently **trained their managers** in applying performance management systems and 22% frequently trained non-managers as well.

4.8.2.4 38% of the sample organisations frequently used **behavioural competencies** in their performance management systems. They established job competencies and/or core competencies to clarify what was expected of employees and to link different HRD systems.

4.8.2.5 20% of the sample of organisations frequently included **team-based objectives** in individual performance plans. Team appraisal, in which team members or peers actually set goals and appraised one another, was less common.

4.8.2.6 Approximately 25% of the organisations in this survey frequently used **peer input, customer feedback** and **input from direct reports** (i.e. 360° performance feedback).

4.8.2.7 For **rating techniques**, most organisations relied primarily on overall ratings (a single rating that represents the overall evaluation of an Individual's performance), summary statements (an essay that summarises overall performance), and numerical ratings.

4.8.2.8 **Training for both managers and non-managers** in performance management had *doubled* in the past four years.

4.8.2.9 **Team-based objectives** had become more common.

4.8.2.10 **The most common rating tools** - overall ratings and summary statements - were used even more frequently than they were four years previously.

4.8.3 **A View from the Top: CEO Ratings of PM Value**

The majority of CEOs surveyed (63%) believed their **performance management system drives the key factors associated with business strategy**. But an even greater majority, approximately 79%, perceived that their **performance management system drives the people or the cultural strategies that maximise human assets**.

Survey results also indicated that when CEOs realise the value of performance management in driving business strategy, overall system effectiveness is significantly higher. **In general, the success of**

performance management and its effect on business and cultural strategies depends heavily on active senior-level involvement.

4.8.4 Effectiveness of PM systems

Given that system effectiveness scores ranged between 2 and 8 (on an escalating scale of 1-10), DDI researchers wanted to determine *which performance management system qualities differentiate a highly effective PM system from a less effective one.*

Although some system qualities such as employee involvement and flexibility were more prevalent, they were not necessarily the qualities most predictive of system success. **The following system qualities and practices had the strongest relationship to overall ratings of effectiveness:**

4.8.4.1 Alignment with organisational goals and systems

Aligning performance management to support organisational goals and to integrate with other systems proved to be the most critical differentiator in system effectiveness. However, it was the least common quality of the performance management systems in the sample.

4.8.4.2 Accountability and Training

The most successful performance management systems insisted on executive training in using the system, establishing clear accountability for the people using it, and focussed on managerial competencies.

4.8.5 Findings Overview: 1999 follow-up study

Findings from the DDI-sponsored 1999 American Productivity Quality Center (APQC) and Linkage, Inc study, *Performance Management: The Power Behind a High-Performance Organization* confirmed the 1997 trends, with the following main findings:

- Best practice organisations design their performance management systems to match the organisational mission, strategy and competencies.
- The performance management system has the commitment of senior management and is seen as a way to effect organisational change and improvement.
- Once the system is in place, it is never complete. Rather, the system is always being fine-tuned to meet the organisation's needs. System flexibility is key.

Successful performance management systems are integrated with other HR and Information systems.

4.9 SUMMARY

Consistent patterns of best practice in performance management in major public and private sector organisations have emerged in the above cross section of international research and experience. It is intended to use these best practice guidelines and "lessons learned" (together with the process model highlighted in Chapter 3, Diagram 6) in analysing and evaluating the design, development and implementation of the Cape Town Municipality PM approach, at organisational and individual levels.

From the international best practices and the PM process model cited, the following components are deduced for an effective and sustainable public sector performance management normative framework:

- 4.9.1 Meaningful consultation with the community stakeholders, in defining priority outcomes and in agreeing performance objectives or indicators.
- 4.9.2 Clear definition of "customer-related" outputs and outcomes, which the institution can realistically measure and achieve, within its resources.
- 4.9.3 Visible political and management commitment and pro-active leadership of the PM process.

- 4.9.4 Clear linkages between the organisational performance objectives and individual performance indicators, at the appropriate political, strategic and operational management levels.
- 4.9.5 A developmental, rather than a punitive approach.
- 4.9.6 Credible, achievable measurement criteria.
- 4.9.7 Accurate, timeous performance evaluation data and feedback.
- 4.9.8 Prompt, commensurate consequences; whether positive or negative.
- 4.9.9 Simplicity and flexibility in operation, yet with consistency in measurement standards and consequences.

These "applied best practice" criteria are proposed as particularly important in the South African local government sphere, where political and trade union co-operation and commitment to the PM process are vital, for the process to make a significant and sustained contribution to improved effectiveness, efficiency and equity. These nine normative framework components will provide the basis for assessing the Cape Town Municipality's programme and achievements, linked to the six research questions identified as the objectives for this research. Within the Chapter 7 analysis of Cape Town's performance management programme effectiveness, paragraph 7.2.3 will specifically evaluate the CTM implementation of the normative framework components.

CHAPTER 5

THE NEW FRAMEWORK OF PUBLIC SERVICE PERFORMANCE MANAGEMENT POLICY AND LOCAL GOVERNMENT LEGISLATION IN SOUTH AFRICA

5.1 PREFACE

The tumultuous years of change in local government politics and administration in South Africa in the 1980s and 1990s were the culmination of a range of constitutional and legislative adaptations and strategic shifts as the policy framework of apartheid proved administratively impractical and politically indefensible. This chapter seeks to contrast the convoluted attempts of the previous NP government, particularly in terms of the 1983 Constitution (Republic of South Africa, 1983) to balance its municipal racial segregation ideology with the growing need for financial viability and administrative effectiveness; compared with the 1996 new Constitutional principles of equality, non-racialism, development and performance effectiveness.

Financial viability was increasingly an issue for the Coloured and Black local authorities, as the Borckenhagen Commission (1971) had already rejected local authorities' claims for additional source of revenue, finding that revenue from property tax had not reached its limit. Cameron (1986) points out that by the late 1970's, caught between the elasticity of property rates as a source of revenue and the increased demand for goods and services, local authorities were once again clamouring for extra sources of revenue. As a result the Browne Commission was appointed by the government, with a mandate *inter alia* to investigate the adequacy of existing sources of local government revenue, with special emphasis on the problems of financing Coloured and Indian areas. The Browne report made the assumption that White local authorities were in a strong financial position and could subsidise the Coloured and Indian local authorities adjacent to them. There was a massive backlash from White local authorities who, through their United Municipal Executive (UME), claimed that they considered it the task of the central state (and

not white local authorities) to subsidise municipalities of other ethnic groups (Cameron, 1986).

The President's Council report, released in 1982, confirmed that the current system of local government was totally rejected by Coloureds and Indians on the grounds that it entrenched the principle of ethnic segregation. The President's Council financial proposals showed a fundamental change in thinking on local government finance. The National Party's overall strategy was beginning to shift, and local government was to be an important part of the new approach. The President's Council report pointed out that the achievement of greater parity of services would help lead to the depoliticisation of local authority functions. Flowing from government acceptance of this report, the Minister of Constitutional Development announced in 1983 that the responsibility for the policy, co-ordination and development of local government would be entrusted to a newly created Directorate within the Department of Constitutional Development. This Directorate would work in close co-operation with the Provincial Administrators and Departments of Local Government, within the new 1983 constitutional framework of local self-determination for each ethnic group over its "own affairs".

Two important points need to be noted in the evolution of metropolitan local government in the form of the Regional Services Council system, from 1985. Firstly, a metropolitan form of local government is a natural consequence of growing urban centres, where there are disparities in costs and duplication of services amongst constituent local authorities. Secondly, as Cameron (1986) points out, *international and local evidence has shown that local authorities generally don't organise effective co-operative action voluntarily*. Cameron therefore states that for a metropolitan body to work effectively, participation must be mandatory. If not, this may lead to poorer areas not even having resources for minimum standards of services. As Magnusson points out (1981):

"The political fragmentation of an urban region allows people with sufficient resources to isolate themselves in self-governing suburbs; and so to escape some of the burdens of financing the regional infrastructure, or providing space for regional amenities or working class housing. Consolidating the region under a common local government allows for more equitable land use, and fairer taxation. It also makes it possible for effective urban planning".

Within this framework of a Western Cape Regional Services Council and some 65 ethnically based local authorities in the greater Cape Town area, political rejection of NP government apartheid policies and administrative ineffectiveness in achieving the stated performance objectives of efficiency and parity of service provision became increasingly vociferous and violent (Olivier 1997, p 2); and were undoubtedly part of the pressure which led State President F W de Klerk to announce the unbanning of the liberation movements, and the beginning of negotiations for a new constitutional dispensation. While the Interim Constitution (1993) emphasised the *equality* of all citizens, the new 1996 Constitution highlights the vision of *transformative, developmental local government*.

5.2 LOCAL GOVERNMENT TRANSITION ACT, 1993

As a key component of the democratisation of South Africa, negotiations in the early 1990s therefore included a fresh start in the role and structuring of local government. These negotiations led to interim legislation and a new vision for a non-racial, developmental form of local government, able to meet the basic needs of all communities. This chapter describes the evolution of the new vision and framework of public service and local government legislation in South Africa, in fulfillment of new constitutional requirements and performance objectives.

Talks were launched in September 1992 to establish a more representative mechanism for local government; these negotiations were conducted by the South African National Civic Organisation (SANCO), members of the Council for the Co-ordination of Local Government Affairs, the MECs entrusted with the local government of the former four provinces; and the Minister of Local Government at that time. The outcome of these negotiations was the creation of the Local Government Negotiating Forum (LGNF) in March 1993, consisting of delegations of equal numbers of "non-statutory" representatives from the former liberation movements, and of "statutory" representatives from then organised local government (Olivier 1997, p 10).

The LGNF's deliberations culminated in three significant documents: the Local Government Transition Act (Republic of South Africa, 1993); Chapter 10 of the

Interim Constitution, relating to the redefined role of local government; and the Agreement on Finance, Services and Service Rendering.

At a National Summit for Local Government on 20 January 1994, the new Act and financial agreements were signed, resolving to transform local government in three phases. The "pre-interim" phase began the process of legitimising local government by unifying and deracialising local authorities, though with appointed councillors from the "statutory" and "non-statutory" groupings. The "interim" phase proceeded with the local government elections in 1995 (delayed until 1996 in the CMA), replacing the pre-interim appointed members with elected councillors (not completely non-racial, because half of the Ward Councillors came from the former White, Indian or Coloured local authority areas, and the other half from former Black local authority areas, in terms of a national "sunset clause" to achieve transitional co-operation from conservative groups). The "final" phase would be elected within a new demarcation of municipalities and wards, based on a new framework of national legislation.

The Local Government Transition Act (LGTA) is currently the determining "interim" legislation, and will only be replaced by the "final" legislation referred to above, after the fully democratic local government elections scheduled for late 2000. The LGTA did not provide a blueprint for a new local government system, but simply sketched the process for transition (White Paper, 1998, p 3).

An important innovation, relevant to the effective performance of local government management, was incorporated in the Local Government Transition Act Second Amendment Act (Republic of South Africa, 1996a). This amendment reflects the developmental responsibility of local government now entrenched in section 153 of the new Constitution of the Republic of South Africa (1996b), namely that:

"A municipality must structure and manage its administration, 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."

The LGTA Second Amendment Act therefore requires that each municipality must prepare an Integrated Development Plan (IDP) which is defined in this Act as follows:

"A plan aimed at the integrated development and management of the area of jurisdiction of the municipality concerned, in terms of its powers and duties, which has been compiled giving regard to the general principles contained in Chapter 1 of the Development Facilitation Act, 1995."

Section 10g of this Act further requires that every municipality shall:

"Prepare a financial plan in accordance with the integrated development plan in respect of all its powers, duties and objectives";

"regularly monitor and assess performance against its integrated development plan"; and

"annually report to and receive comments from its community, regarding the objectives set in this integrated development plan".

As will be seen in further legislation referred to below; and in the implementation of performance management approaches in the Cape Town Municipality, the integrated development planning process is potentially a powerful vehicle to assist local government bodies to establish their role, to build their relationships with communities and with each other, consolidate effective management arrangements; and to establish a clear focus on their developmental and performance management responsibilities, as required by the 1996 Constitution.

5.3 CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA ACT, 1996

Fundamental to the new vision of developmental, transformative local government agreed by the Constitutional Assembly are the following extracts from Chapter 7 of the new Constitution (Republic of South Africa, 1996b), concerning the objectives, powers and functions of the local government sphere in the "new South Africa"; notably, a sphere not previously defined in previous South African constitutions.

Objects of local government

152. (1) **The objects of local government are:**

- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;

- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organisations in the matters of local government

Developmental duties of municipalities

153. A municipality must:

- (a) 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**; and
- (b) participate in national and provincial **development programmes**

Internal procedures

160. (1) A Municipal Council:

- (a) makes decisions concerning the exercise of all the powers and the **performance** of all the functions of the municipality;
- (b) must elect its chairperson;
- (c) may elect an **executive committee and other committees**, subject to national legislation; and
- (d) may employ personnel that are necessary for the **effective performance** of its functions.

5.4 NEW PUBLIC SERVICE LEGISLATION

The public service in South Africa does not specifically include the municipal service administrations, as they are governed by different sections of the Constitution under different ministries. Nonetheless there is an ongoing interaction, as certain policies and principles developed for the public service inevitably have an influence on municipal service policies and legislation; and are, in fact, acknowledged in the White Paper on Local Government (1998).

Mokate (1998, p 73) points out that the concern for equality, productivity and quality improvement in various sectors of the South African economy, and in the public service in particular, is increasing. It is becoming more evident, he states,

that without improved productivity and service delivery quality, the elimination of poverty, illiteracy, inequalities and the extension of democracy to all South Africans cannot be achieved.

The White Paper on the Transformation of the Public Service (Republic of South Africa, 1997e); the White Paper on a new Employment Policy for the Public Service (1997) and the subsequent Public Service Laws Amendment Act (Republic of South Africa, 1997d) have combined to give effect to the stated vision of a transformed public service which will achieve the following policy and performance management objectives (Public Service White Paper, 1997, p 5):

- rationalisation and restructuring of the public service
- Institution building and performance management
- representativeness and affirmative action
- transforming service delivery
- democratising the state
- human resource development and training

- employment conditions and labour relations
- promotion of a service ethos.

Significantly, in the context of the present study, new Public Service Regulations were issued on 1 July 1999, including a section on **performance management and staff development**.

This document includes the statement of policy (Part VIII, p 31) that:

"Departments shall manage performance in a consultative, supportive and non-discriminatory manner, in order to enhance organisational efficiency and effectiveness, accountability for the use of resources and the achievement of results. Performance management processes shall link to broad and consistent plans for staff development and align with the department's strategic goals. The primary orientation of performance management shall be developmental, but shall allow for effective response to consistent inadequate performance and also for recognising outstanding performance. Performance management procedures should minimise the administrative burden on supervisors, while maintaining transparency and administrative justice".

The regulations also include stipulations for:

- systems for performance management and development
- performance assessment
- outcomes and communication of performance assessment results managing unsatisfactory performance
- incentives for group performance.

As will be seen below, South African local government policy and draft legislation since 1996 has in many ways followed the lead given by the Public Service Administration.

5.5 BATHO PELE WHITE PAPER ON TRANSFORMING PUBLIC SERVICE DELIVERY, 1997

A key national policy White Paper on the theme of *Batho Pele*, a seSotho phrase meaning "people first" (Republic of South Africa, 1997a) underpins the new vision of a service driven public service, and is undoubtedly influencing the thinking of politicians and professionals in the Department of Local and Provincial Government, based on the author's interactions with that department in recent years.

In fact, the White Paper on Local Government (1998, p 34) specifically refers to *Batho Pele* as a useful model for building a culture of customer service, in municipalities. *Batho Pele* incorporates an eight step service delivery and performance improvement programme, illustrated in Diagram 7 below, within the following principles:

5.5.1 Consultation

Citizens should be consulted about the level and quality of the public service they receive and, wherever possible, should be given a choice about the services that are offered.

5.5.2 Service standards

Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.

5.5.3 Access

All citizens should have equal access to the services to which they are entitled.

5.5.4 **Courtesy**

All citizens should be treated with courtesy and consideration.

5.5.5 **Information**

All citizens should be given full, accurate information about the service standards and performance.

5.5.6 **Openness and transparency**

Citizens should be told how public service departments are run, how much they cost, and who is in charge.

5.5.7 **Redress**

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.

5.5.8 **Value for money**

Within all public service providers, the following principles regarding employees will be promoted:

- develop a public service ethos among workers;
- job security and good working conditions must be promoted for all employees;
- sound health and safety practices must be implemented;
- the capacity of employees to deliver services must be built.

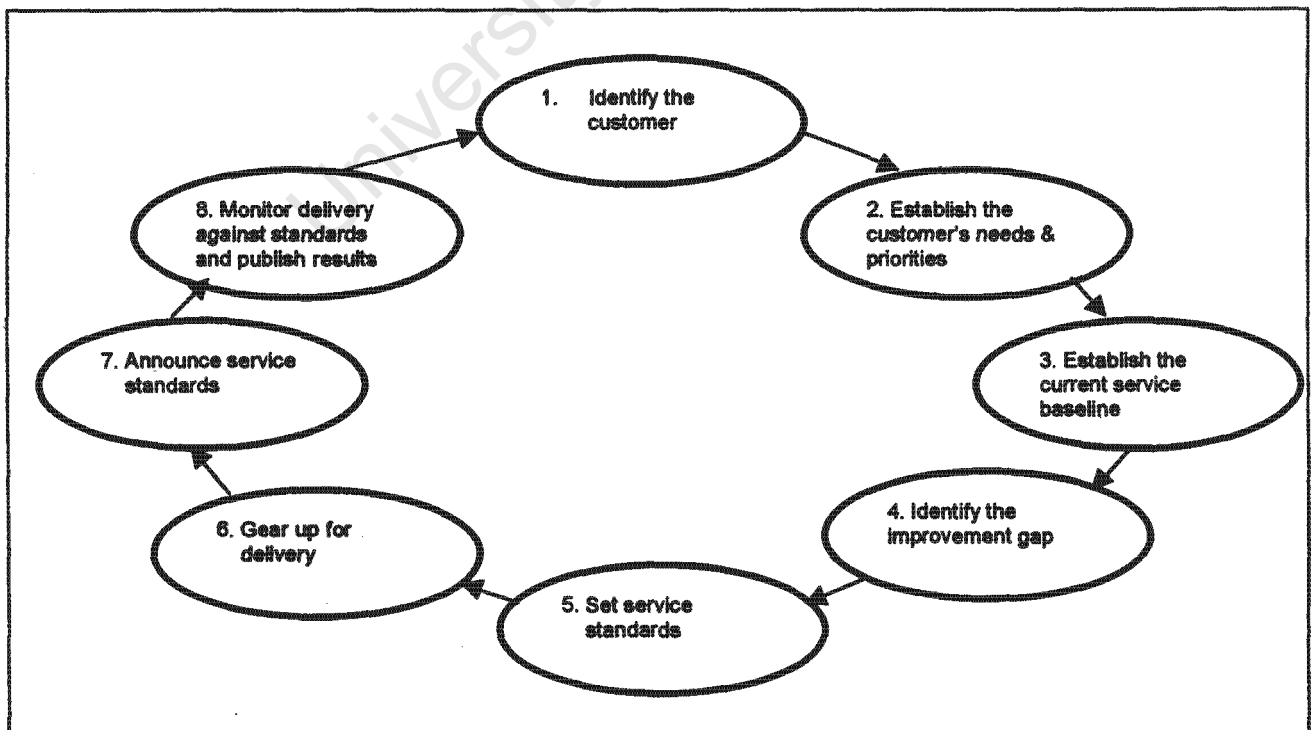


Diagram 7: "Batho Pele": 8 steps to improved service delivery management

5.6 WHITE PAPER ON LOCAL GOVERNMENT (1998) POLICY AND STRATEGY

The Green Paper (1997) and White Paper (1998) process on local government policy gave much opportunity for public participation and consultation on the formulation of new policy approaches and institutions for local government that will be, according to Minister Valli Moosa in his foreword to the White Paper: "*fully democratic, accountable, developmental, efficient and effective*".

These policy documents give a comprehensive overview of local government issues such as:

- human settlement patterns in South Africa
- framework of inter-governmental relations
- definition of developmental local government: "maximising economic growth and social development; integrating and co-ordinating; and democratising development" (White Paper 1998, pp 17-20)
- institutional systems
- municipal types
- political systems
- financing of local government
- the transformation process.

The White Paper (1998, p 58) specified government policy that metropolitan municipalities were to be Category A municipalities as defined in the 1996 Constitution (Chapter 7 Section 155(1)), consisting of one elected council with one budget and administration, possibly delimited into wards or sub-councils as appropriate. This White Paper policy was the subject of heated debate in the Cape Metropolitan Area, largely on party political lines, though also based on concerns expressed by a number of non-political stakeholders such as the Cape Chamber of Commerce and Industry, that a large metropolitan municipality might be too far removed from democratic participation and rapid response to service delivery needs, if it were not effectively organised and managed (author's personal interviews with Cape Chamber, Tygerberg Chamber and other stakeholders; in preparing the CMA component of Sutcliffe ed, 1998).

The Minister commissioned consultants to evaluate the current and future effectiveness of municipal governance in the major metropolitan areas of South

Africa, with a view to informing the legislation flowing from the White Paper. References are made to the findings and recommendations of the CMA research conducted by the author in the Cape Metropolitan Area below, contained in Sutcliffe ed (1998).

At this stage, it is pertinent to summarise briefly the intentions and implications of the new legislation flowing from the White Paper, which will influence the size, shape and potential performance effectiveness of local government in the greater Cape Town metropolitan area: The pillars of future local governance are:

- the Local Government: Municipal Demarcation Act, 27 of 1998
- the Local Government: Municipal Structures Act, 117 of 1998
- the Local Government: Municipal Systems Bill, published in August 1999 and amended in April 2000;
- the Municipal Finance Management Bill, published in July 2000.

5.7 LOCAL GOVERNMENT: MUNICIPAL DEMARCATION ACT, 27 OF 1998

The aim of this Act is to provide for a completely new demarcation of South Africa into municipal areas, not based on the historical boundaries of race or ethnicity, but on factors which will help achieve the following performance objectives:

5.7.1 Enable the municipality to fulfil its constitutional obligations including:

- the provision of democratic and accountable government for the local communities;
- the provision of services to the communities in an equitable and sustainable manner;
- the promotion of social and economic development; and
- the promotion of a safe and healthy environment

5.7.2 Enable effective local government

5.7.3 Enable integrated development

5.7.4 Have a tax base as representative as possible of users of municipal services in the municipality.

Given the serious lack of financial viability and management effectiveness in a large number of the current 843 municipalities throughout South Africa, the Demarcation

Board prepared its *Discussion Document 2: Functions and Powers for Municipalities*, and on that basis has sought significantly to reduce the number of municipalities, so that they will have access to much larger ranges of performance-related resources including financial and managerial capacity in terms of section 85(4) of the Municipal Structures Act (media statement by Demarcation Board Chairperson Sutcliffe, on Board meeting resolutions dated 21 February 2000).

In the case of the Cape Metropolitan Area, the Demarcation Board proposed a jurisdiction very similar to the area of the current Cape Metropolitan Council and its six metropolitan local councils, with a slight boundary adjustment to bring magisterial district boundaries and municipal boundaries in line. From this perspective, the defined outer boundary will have little or no effect on the possible disruption to effective service delivery performance management, which was one of the potential concerns of opposition to the single municipality policy proposal (presentation by Demarcation Board member Cameron to Rondebosch Civic Association, March 2000). Inner boundaries of wards were delimited by May 2000 and published on the Municipal Demarcation Board's website.

5.8 LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT, 117 OF 1998

The 1996 Constitution, together with the Municipal Structures Act (Republic of South Africa, 1998b) establishes three categories of municipalities, intended to enhance the functionality and consistency of municipal structures and governance throughout South Africa.

The three categories of municipalities are:

- **Category A:** the "metropolitan area" of one municipality with the sole authority to administer the total metropolitan area.
- **Category B:** the "local municipality"; which shares that authority in its area with the "district municipality" of the district in which it falls
- **Category C:** the "district municipality"; which has the authority to administer and pass bylaws in an area which includes more than one local municipality.

The White Paper (1998) and Municipal Structures Act (1998) therefore introduce the concept of a metropolitan "Unicity" or "megacity", as it was labelled by its opponents who vehemently opposed what they see as potentially a bureaucratic, monolithic municipal council and administration which will be over-centralised and removed from local participation in a large, complex metropolitan area. This debate certainly has a bearing on the performance management effectiveness of the new Cape Town Municipality, which will be monitored and evaluated in this study.

Another set of variables provided for in the Municipal Structures Act could also influence the political and administrative performance management effectiveness of the metropolitan municipality, in terms of the various "types" of political structures provided for:

- **collective executive type:** which establishes an executive committee elected by full council, to implement council policy throughout the municipal area
- **collective executive/sub-council type:** which establishes an executive committee as well as metropolitan sub-councils to govern districts within the municipal area
- **collective executive/ward type:** which establishes one executive committee and a number of ward committees with limited powers
- **collective executive/sub-council/ward type:** which establishes a combination of one executive committee, a number of metropolitan sub-councils and several ward committees
- **executive mayor type:** which provides for the election by Council of an executive mayor with significant executive powers throughout the municipal area
- **executive mayor/sub-council type:** whereby Council elects an executive mayor and also establishes metropolitan sub-councils
- **executive mayor/ward type:** whereby Council elects an executive mayor and also establishes ward committees with limited powers
- **executive mayor/ward/sub-council type:** whereby Council elects an executive mayor, establishes metropolitan sub-councils and also establishes ward committees.

All of these variables of "type" will have some potential influence on the performance management effectiveness and efficiency of the new metropolitan Cape Town City Council; while the decisions are legally in the hands of the

Provincial MEC for Local Government and Planning, he will be advised by a multi-party Unicity Commission, formed to seek consensus and co-operation in the development of structures and systems, prior to the scheduled municipal elections in late 2000.

5.9 LOCAL GOVERNMENT: MUNICIPAL SYSTEMS BILL, 2000

5.9.1 Municipal Systems Bill, 2000: new principles and policy

This Bill, originally published in August 1999 (Republic of South Africa, 1999b) and amended in April 2000 (Republic of South Africa, 2000a) seeks to give effect to the national vision of "developmental local government" as envisaged in the Local Government White Paper (1998). The introduction to the Bill emphasises several new policies, principles and systems that "are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to quality services that are affordable to all."

Importantly, the Bill extends the definition of "municipality" to include *residents and communities within the municipal area*, working in partnership with the municipal council, political and administrative structures.

The Bill establishes an enabling framework for the core processes of integrated planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government. The objective of maximising residents' knowledge of municipal plans and targets, and of giving both council and residents tools with which to evaluate and compare municipal performance is emphasised. Municipalities are obliged to put "people first" (the *Batho Pele* process) in the way in which they run their administrations, and constantly to seek the best ways of delivering services to all residents. The Bill also empowers municipalities to use a wide variety of mechanisms to restructure and deliver services. This last-mentioned component, while seeking to provide for cost-efficiency in service delivery through public/private partnerships (PPP's) or contracting services out to the private sector, is likely to cause considerable debate with trade unions, as is already occurring in metropolitan Johannesburg, with its iGoli 2002 restructuring proposals (author's interview

with Greater Johannesburg Metropolitan Council City Manager, May 2000).

Some important provisions of the Municipal Systems Bill (1999) have guided Cape Town's performance management approach; although the revised Bill (2000) and union inputs at the parliamentary hearings in May 2000 tempered the CTM approach somewhat, as will be discussed below. The original provisions included:

Performance management system

4.1 A municipal council may for the purpose of its performance management system:

- (a) set appropriate performance indicators as a yardstick for measuring performance in any of or all the areas of responsibility of the structures and functionaries identified as key role players;
- (b) set performance targets in those areas of responsibility;
- (c) measure performance in those areas of responsibility against those indicators and targets;
- (d) evaluate performance in those areas of responsibility;
- (e) take steps to improve performance; and
- (f) require regular internal reporting to the council and to specific structures and functionaries.

Core Components

43. A municipality's performance management system must oblige the municipal council to:

- (a) set, in accordance with sections 44 and 45, appropriate key performance indicators as yardsticks for measuring performance with regard to the municipality's development objectives set out in the integrated development plan;
- (b) set targets, in accordance with section 46, for the improvement of performance with regard to each of those development objectives;
- (c) monitor and measure, in accordance with section 48, performance with regard to each of those development objectives against the key performance indicators and targets set in terms of paragraphs (a) and (b);

- (d) evaluate, in accordance with section 49, performance with regard to each of those development objectives.

Key performance indicators

- 44. The following guidelines must be applied in setting key performance indicators:
 - (a) Key performance indicators must be set with regard to each of the municipality's development objectives.
 - (b) Key performance indicators must be precise, relevant and suitable for measuring performance with regard to the matter for which it is set.
 - (c) Key performance indicators must include general key performance indicators as may be prescribed for local government in terms of section 45, to the extent that these indicators are applicable to the municipality concerned.
 - (d) Key performance indicators must be reviewed annually by the municipal council.

Performance monitoring and measurement

- 48.(1) A municipal council must develop mechanisms, systems and processes for the monitoring and measurement of performance with regard to the municipality's development objectives.
- (2) Performance measurement in terms of subsection (1) must:
 - (a) reflect both quantitative and qualitative elements;
 - (b) be accurate and sufficiently extensive to enable the municipal council to perform a sound and authoritative evaluation of the factors referred to in section 49;
 - (c) form part of the internal auditing processes of the municipality; and
 - (d) be carried out at least once per year.
- (3) The results of a performance measurement in terms of subsection (1) must annually be audited by the municipality's external auditor.

Performance evaluation

49. (1) As and when the results of a performance measurement in terms of section 48 become available, a municipal council must:
- (a) assess its performance with regard to the municipality's development priorities and internal transformation needs;
 - (b) assess the progress with the implementation of the municipality's integrated development plan;
 - (c) reassess its key performance indicators and targets;
 - (d) consider the reasons for under performance if targets are not met;
 - (e) reconsider its capacity and delivery mechanisms, including the appropriateness of its service providers, to achieve its targets; and
 - (f) assess the need for a review of, or any adjustments to, the municipality's integrated development plan.
- (2) The results of a performance measurement in terms of section 48 must form the main basis for an evaluation in terms of subsection (1), but other relevant factors may also be taken into account.

Steps to improve performance

50. If a municipal council's evaluation in terms of section 49 shows that the municipality is under-performing in relation to its performance targets, the council must:
- (a) take appropriate steps to improve performance, including capacity building, management reform and use of technology;
 - (b) if necessary, consider alternative service delivery mechanisms and service providers; and
 - (c) review the municipality's Integrated Development Plan.

5.9.2 Municipal Systems Bill, 2000: Responses and Revisions

During 1999 and 2000, officials from the CTM and many other stakeholders in the effective performance of local government's constitutional functions in South Africa interacted with the drafters of the Local Government: Municipal Systems Bill, originally published in August 1999. These interactions were

augmented by comment and advice informed by international sources, including the Australian and New Zealand practitioners mentioned in Chapter 4. The Municipal Systems Bill was published in revised form on 13 April 2000 (Republic of South Africa, 2000a) and public hearings were held in Parliament on 9, 10 and 12 May 2000, in order to consolidate the views and experiences of stakeholders before final approval by both Houses of Parliament. The hearings attracted a wide range of responses from diverse organisations including civic associations, municipalities, SALGA, SANCO, Business South Africa, COSATU, NEDLAC, the Institute for Local Government of South Africa, the Development Bank of Southern Africa, the Banking Council for South Africa and the National House of Traditional Leaders. Although the City of Cape Town did not make a formal submission to influence the legislative strategy, the author and Council representatives attended the hearings to note submissions.

The main thrusts of submissions are summarised below (extracts from documents submitted to the Provincial and Local Government Portfolio and Select Committees, May 2000) in order to contextualise the Cape Town programme:

5.9.1.1 Co-operative Governance

Community Law Centre, University of Cape Town and the Development Bank of Southern Africa: both institutions emphasised the constitutional equality of the three spheres of government, the consequent need for co-ordination and integration of performance objectives and resource allocation, without making the local government sphere subordinate to the national and provincial spheres.

5.9.1.2 Role of the IDP in Performance Management

SALGA emphasised that the IDP and Performance management must be integrally linked in the legislation and that the two chapters in the Bill should form part of one chapter. Performance measurement is a gauge of the success of the IDP objectives and is critical to the effective transformation of local government as

delivery and development are central issues for the new local government system.

The Greater Durban Unicity Committee similarly emphasised the centrality of the IDP, urging that there should be greater flexibility and less prescriptiveness in the Municipal Systems legislation, in order to allow for cost effective performance management processes and to obviate PM audits which are purely mechanistic and thus create "an exercise where we all become slaves to a performance management system".

5.9.1.3 **Development of a culture of public participation**

The Western Cape Provincial Development Council was one of several organisations which requested clarity to be built into the legislation on what is intended by "governance" and "public participation", with a view to ensuring that the rights of civil society organisations and obligations of municipalities to consult with communities are entrenched in the legislation.

5.9.1.4 **Municipal Finance Management Bill**

COSATU/SAMWU and other organisations pointed out that the Municipal Systems Bill's injunction that "all municipal services must be financially sustainable" becomes problematic in the absence of draft legislation dealing with municipal financial management. As a result, the Systems Bill contains proposals and assumptions on financial issues in an environment of uncertainty regarding the resource envelope for local government. If the Municipal Finance Management Bill turns out to be restrictive in line with the current macro-economic policy, the result may be that municipalities will have to perform within a fiscal squeeze imposing significant constraints, which (in their view) will then create pressure to privatise services. The view was also expressed that publication of draft municipal financial management legislation should be expedited and considered in parallel with the Municipal

Systems Bill. The Municipal Finance Management Bill was subsequently published for comment on 28 July 2000 (Republic of South Africa, 2000b).

5.9.1.5 **Credit control and debt collection**

The Banking Council of South Africa, the Development and Public Finance Forum, the Greater Johannesburg Metropolitan Council (GJMC) and COSATU all focussed on the financial imperatives of effective and efficient local government; and therefore the importance of performance management in the areas of credit control and debt collection. The Banking Council, for instance, stated that "the sad reality ... is that an increasing number of municipalities do not keep proper records of debtors, take no appropriate active to recover debts and allow debts to accumulate over time". Both COSATU and the GJMC emphasised the need for equity and consistency of credit control and debt collection methods, so that performance management systems do not unfairly disadvantage the poor.

5.9.1.6 **Performance contracts and reporting**

While all submissions supported the need for performance contracts at organisational and senior management level, as well as regular public reporting of achievements in terms of these contracts, various concerns were noted regarding the legislative requirements. *WECLOGO* cautioned regarding the constitutional and labour relations implications of changes to established conditions of service for employees, where a new performance contract might infringe existing conditions and service benefits, such as pension rights.

While *Business South Africa* endorsed the proposed requirement for national reporting of municipal statistics annually, *SALGA* submitted that the setting and monitoring of indicators and targets should be carried out by organised local government; and not detailed in national legislation.

5.9.1.7 **Capacity building and human resource development**

COSATU suggested that the requirements for municipal IDPs should include the core component of a human resource development plan; and that the Department of Provincial and Local Government Affairs could play a pivotal role to assist struggling municipalities to implement their performance management systems. In addition, it emphasised the view that the performance management system must be commensurate with the municipality's available resources; a view which was endorsed by the *Greater Plettenberg Bay RDP Forum*: "ensuring that those officials in the municipality tasked with any aspect of development have the correct ... skills for the role".

Responses and discussion by the Portfolio and Select Committee members during parliamentary hearings indicated a high level of consensus, so that most of these proposed amendments were subsequently incorporated into the Municipal Systems Act.

5.10 **OTHER LEGISLATIVE INITIATIVES IMPACTING ON WORKPLACE PERFORMANCE, EQUITY AND SKILLS DEVELOPMENT**

At the same time as the enactment and implementation of the above-mentioned policy documents and laws to transform the public service and municipal governance, several other new pieces of legislation have set the scene for significant changes in most workplace rights, relationships, values and performance issues in South Africa; including the municipal workplace. A brief summary of certain of these laws follows, to indicate their aims, constraints and imperatives, insofar as they have a potential impact on performance management in the City of Cape Town and other municipalities.

The new suite of labour laws which must be complied with, in striving to manage sustainable performance improvement programmes, include:

5.10.1 **Labour Relations Act, 66 of 1995:**

This comprehensive law defines the required framework for collective bargaining and dispute resolution of all workplace issues; as well as the

steps required for equitable management of *inter alia* organisational restructuring and poor performance problems.

5.10.2 **Basic Conditions of Employment Act, 75 of 1997:**

This defines minimum standards of employment contractual conditions, including hours of work, shift work, and codes of good practice in the workplace. From 1 May 2000, the provisions of this Act were also applicable to the public service.

5.10.3 **Employment Equity Act, 25 of 1999:**

This significant legislation (Republic of South Africa, 1999a) seeks to ensure that private and public organisations, (including municipalities), with 50 or more staff reverse the legacy of past *apartheid* legislation and employment practices, and move towards equitable representation of "designated groups" (blacks, women and disabled people) in their workplace, at all levels. Suitably qualified or potential people from these designated groups need to be selected, trained and developed in terms of targets incorporated into annual Employment Equity Plans, subject to scrutiny by the Department of Labour.

5.10.4 **Skills Development Act, 97 of 1998:**

This law (Republic of South Africa, 1998c), together with the Skills Development Levies Act, seeks to increase corporate financial investment in staff education and training, developing the skills of the workforce; through a national system of compulsory payroll levies and grants based on accelerated skills development programmes in the organisation. 25 Sectoral Education and Training Authorities (SETAs) have been constituted, with legal powers to administer the levies and grants in their sectors of the South African economy. The SETA for the local government sector is the former Local Government Education and Training Board (LGETB), which since April 2000 has become re-constituted as the Local Government, Water and Services Sector Education and Training Authority (LGWSETA) and is now clarifying its accreditation system and training needs analysis, in conjunction with the South African Local Government Association (SALGA), the employer body (interview with Chief Executive Officer of LGWSETA, May 2000).

5.11 SUMMARY

The Cape Town Municipality performance management programme will be analysed and evaluated in terms of the criteria laid down in the 1996 Constitution, Local Government White Paper and Municipal Systems legislation; as well as in terms of the PM international best practice conceptual model, derived in Chapter 5. At various stages in the timeframe of this study, recommendations have been made by Cape Town politicians and officials to the former Department of Constitutional Development and the now Department of Provincial and Local Government at seminars, working groups and individual discussions with the Deputy Director-General responsible for this legislation. Periodic interactions also took place amongst officials from the other MLCs and the CMC, in the search for common ground in the conceptualisation and implementation of an effective performance management system, with the new Constitutional and legislative framework.

Within this evolving framework of new municipal and labour legislation in South Africa; and with a sharp focus on transformative municipal socio-economic developmental and service delivery constitutional objectives, therefore, the Cape Town Municipality's IDP strategy and performance management approach is a pioneering study, breaking new ground in the South African local government context. Chapter 7 will describe and interpret the Cape Town PM experience (within this legal, political and developmental framework), comparing a "gap analysis" between the conceptual model of the essential components of effective public sector performance management with the Cape Town programme.

CHAPTER 6

CAPE TOWN MUNICIPALITY 1996 - 2000: STRATEGIC AIMS AND IMPLEMENTATION OF PERFORMANCE MANAGEMENT

6.1 PREFACE

After the CMA local government "interim phase" elections in 1996 (delayed from 1995, because of party political wranglings over MLC demarcations) the ANC emerged as the governing party in the new Cape Town Municipality, whereas the "pre-interim" nominated Council had been dominated by the NP and DP, with an NP Mayor. Cape Town, in parallel with the other MLC's and the CMC, soon defined their strategic macro-organisation structure for democratic transformation, development and equitable service delivery; although the details of focussing departmental micro-organisational structures towards those goals took another year to be resolved and implemented, with considerable resistance to change from trade unions and some staff members.

Not only was Cape Town's political agenda different from those of the NP-controlled CMC and the other five MLC's; Cape Town Municipality was the only MLC in the CMA to appoint its *Chief Executive and all Executive Directors on performance-based contracts, with the potential of performance bonuses, rather than on traditional permanent tenure appointments with a guaranteed thirteenth cheque.* (The South Peninsula Municipality appointed its Chief Executive on a broadly worded contract, without specific performance objectives.)

Soon after the new Executive Management Team (EMT) was in place in early 1997, the governing ANC caucus developed a set of seven Strategic Objectives for the City, workshopped with the EMT. These subsequently became central to the CTM's Integrated Development Plans and "Business Plan Highlights" (BPH's) which focussed managerial attention on the key performance areas and indicators departmentally; a focus reinforced by quarterly budgetary allocations contingent on

achievement of BPH operational objectives. All 1997 managerial Job Profiles included broad generic Key Performance Areas (KPA's), which subsequently needed to be reviewed and re-focussed, in the light of changing performance priorities ... although this review was not completed.

This chapter outlines the initial components of the new CTM's organisational performance management approach; then traces and explains the subsequent revised strategies, obstacles and implementation phases of: Corporate Strategic Scorecard; Business Plan Highlights; Individual Scorecards; staff communications; management training; and the political-administrative complexities in the envisaged approach between performance improvement objectives of service delivery, resource management and democratic "value shifts".

Based on the data in this chapter, it will thereafter be possible to conduct a "gap analysis", assessing the effectiveness of the CTM approach to performance management, in terms of the normative framework summarised in Chapter 5, the progress towards Council's seven strategic objectives and the requirements of the 1996 Constitution and the 1998 White Paper, in striving to achieve the municipal objectives of enhanced effectiveness, efficiency and equity.

6.2 1996-1997: SELECTING THE EXECUTIVE MANAGEMENT TEAM AND DEVELOPING A STRATEGIC VISION FOR PERFORMANCE

When the first democratic council elections in the CMA took place in May 1996, they marked the end of racially segregated local government in Cape Town. The 1996 - 1999 Mid-Term Review of the CTM, *A City in Transition* (City Council of Cape Town, 1999b, p 3) captures something of the significance of the moment:

- "at last, after decades of apartheid segregation, the legacy of unfairness and unequal distribution of resources could be tackled by a Council in which all the residents of Cape Town were represented".

This Mid-Term Review recognises that the 1996 challenge was immense; in some areas of the City, infrastructure and basic services were non-existent. This included sanitation, water supply, electricity, street lighting and other infrastructure; as well as municipal amenities such as libraries, community halls and clinics. There was also a severe housing crisis, worsened by high levels of poverty and unemployment.

The newly constituted Executive Committee, under the leadership of the African National Congress, set about clarifying what kind of City they wanted to build. Exco worked with the existing senior management, still much the same officials who had administered the former Cape Town administration, to identify various strategic priorities which would lead their operational decisions. A community consultation process was also initiated in late 1996, called "The People's Budget" with the aim of consulting all civic, ratepayers and other community groups about performance priorities in their areas.

Given the lack of institutional political experience amongst the newly elected Exco Chairperson and members, however, it is not surprising that their grasping of the levers of power and their ability to direct existing municipal managers and administrators was not immediately apparent. The then Chairperson of Exco later confided to the author that this was a very stressful period, as the electorate clearly had high expectations of rapid change, in line with the ANC's election slogan of "a better life for all, where you live". Not only was there a lack of a clearly articulated strategic management plan, but the "old guard" officials were also under considerable pressure, because of the complex unbundling of the existing municipal structures and the reallocation of jurisdictions to the six newly defined MLC's. Careers were in jeopardy, as the CMC and each of the six MLC's advertised their senior managerial posts and the scramble for managerial opportunities began in earnest in late 1996. Cape Town defined its macro organisational design in terms of five executive directorates or "clusters": corporate finance, municipal services (including integrated service delivery of the engineering, emergency and protection services), planning and economic development (including spatial integration, economic development and the management of urbanisation issues), community development (housing, health care, safety and security and recreational facilities), and the innovative portfolio of institutional transformation (including the human resource function, information systems, organisation development and community participation programmes). These five strategic executives would be led and coordinated by a Chief Executive, defined in the national advertisements for the post as a person "*committed to cost-effectiveness, democracy, transformation and development*". (see Annexure F: national advertisement, September 1996). The Cape Town Municipality was also pioneering in its decision to appoint the new Chief Executive and its executive directors on five year performance-based contracts;

while the Institutional Transformation ED was appointed with a three year performance related contract, on the assumption that the transformation and organisation development goals would be achieved within a three year period. The selection process of Cape Town's new City Manager and the executive management team was completed early in 1997, and CTM was able to secure the services of Andrew Boraine, then the Deputy Director-General (Local Government) in the National Department of Constitutional Development and Provincial Affairs. Ironically, just over a year earlier, Boraine had addressed the 1995 annual conference of the Institute of Town Clerks (ITC) on the subject of current issues of efficient municipal management in South Africa and abroad; and had emphasised to the delegates some of the key management challenges facing local government in South Africa, specifically (Institute of Town Clerks 1995, p):

- retention of administrative skills base, in order to solve the many technical and financial problems;
- maintenance and management of the existing level of infrastructure, and extension to all areas;
- achievement of legitimacy, financial viability and acceptable service delivery to all communities;
- establishment of non-racial local authorities on the basis of one municipality, one tax base.

By June 1997 the new City Manager and EMT had completed an in-depth, high profile study tour of all communities in the City, meeting community leaders and striving to assess the priority projects which should be included in the 1997/1998 strategic plan and budget for the new Council. In his statement at the end of their "first 100 days", the City Manager said that the incredible diversity of service standards and access to amenities was striking and that the most pressing need was that of "housing, housing, housing!" (Cape Argus, 13 June 1997).

- ✕ By the middle of 1997, the contracts of the City Manager and each Executive Director had been finalised with fairly broad performance related objectives, (in line with the current broad strategy) and a commitment to annual performance review and reward , included in all Executive Director contracts; namely that they would strive to ensure that Cape Town becomes:

- a leading city of the world
- a prosperous city with a thriving economy
- an integrated city, with equal access to facilities and opportunities
- a harmonious, safe, orderly and secure city with an attractive natural and built environment
- a city in which all of its peoples are able to ensure an optimum quality of life.

The performance contracts of the other EDs were appropriately (though broadly) worded; for example, the Executive Director for Planning and Economic Development had the following strategic objectives in his contract:

- plan and ensure the implementation of the City of Cape Town's economic development strategy;
- plan and ensure the implementation of spatial integration and management of urbanisation strategies;
- plan and ensure the implementation of strategies for the integrated management of built environments;
- build and promote the effective use of coalitions for growth and development, through facilitating the establishment of community networks and public-private sector partnerships, which facilitate the achievement of the City's strategies, programmes and budgets;
- on an ongoing basis to review, monitor and appraise progress and performance in achieving the fulfillment of agreed plans and budgets, and taking appropriate corrective action;
- participate in the activities of the executive management team and such other teams as convened from time to time, to conceptualise, plan, integrate, co-ordinate, implement and monitor corporate policies and strategies.

Throughout this period, the pressure and confusion of the ongoing transfer of staff, files, equipment and premises to and from the new CTM and the other newly constituted municipalities made effective marshalling of resources to begin implementing any strategic vision or PM system a near impossibility (author's interview with CTM Exco Chairperson, July 1997).

6.3 1997-1998: DEFINING THE STRATEGIC PRIORITIES AND ORGANISATIONAL PERFORMANCE CRITERIA

The first day of July 1997 was an historic one for Cape Town, according to the Mid-Term Review (City Council of Cape Town, 1999b). That was when the interim reorganisation of the municipalities of the Cape Metropolitan Area was officially completed, and the new financial year began with the launch of the City of Cape Town as an administrative entity with a new executive team and a host of fresh challenges to meet. The First 100 days report was accepted by Council, emphasising **the need to adopt an outward, rather than inward focus**; and to build effective partnerships between politicians and the administration; as well as between the Council and key stakeholders. It also identified critical areas for strategic intervention: including housing, central business district (CBD) management, the simultaneous upgrading of disadvantaged areas while maintaining existing infrastructure; and improved accessibility of the administration to members of the community.

The governing ANC Council caucus held a two weekend strategic review and planning *bosberaad* on 7/8 and 14/15 November 1997, requiring the City Manager and each of the Executive Directors to report back on their achievements to date, as well as their recommendations for the strategies which should be adopted for the rest of the term of the Council through to the end of their term in the year 2000, coinciding with the end of the 20th Century and the creation of the CMA Unicity. In essence, these workshops focused on new performance management objectives and processes for reorganising the administration, refocusing the skills and attitudes of management on the very different objectives of the CTM, compared with the largely administrative priorities of the previous CCC regime.

The governing ANC Council caucus recognised that there were several obstacles to the achievement of their strategic objectives, including (ANC Caucus minutes, 14/15 November 1997):

- lack of clear accountability for institutional transformation (IT) by line managers
- the need for significantly improved staff and community communications
- the fact that Exco is overloaded and does not always have the time to monitor and lead the IT process

- the concern that some councillors lack the capacity and/or the political will to support and follow through on IT decisions.

Amongst the caucus decisions made, therefore, was agreement that it was essential to have a programme of IT strategic objectives and target dates (linking with the other operational cluster objectives) for regular Exco and caucus review, including:

- unified staff conditions of service and remuneration policy
- decisions on "core business" and specific service delivery agents; which may include council departments, public private partnerships, CBOs and NGOs, etc.
- new labour relations policy
- new affirmative action policy and action programmes
- staff performance management policy and programmes
- human resource development (HRD) and organisation development (OD) policies and action programmes.

It was also agreed that the institutional transformation function was so vital to Council's success in the next few years of transformation and service delivery, that a Standing Committee with appropriate delegation of powers and functions needed to be brought into being, urgently (minutes of ANC Cape Town City Council caucus workshop, 14/15 November 1997). This did not in fact happen, as Exco retained central political control of the process.

Emerging from these caucus workshops was a set of seven strategic objectives for the City of Cape Town which were publicly adopted at a Council meeting and widely published as the "Commitment to Cape Town" in 1998:

- **a framework for the integration of the City:** "a common vision for a divided city"
- **equity and redistribution:** "a commitment to fairness for all"
- **poverty and social disintegration:** "helping areas most in need"
- **housing and homelessness:** "new solutions for public housing projects"
- **economic development and job creation:** "working for growth and opportunity"
- **promoting community safety:** "teaming up to fight crime"
- **special high impact projects:** "from planning to action"

The very next weekend, 22 November 1997, an integrated development plan (IDP) stakeholder workshop was convened by the then IDP Project Manager, with the aim of involving all councillors, the Metropolitan Development Forum (MDF), all RDP forums, business and trade union organisations, ratepayer and civic associations as well as NGO coalitions in a briefing on the proposed IDP process and the CTM's plans for developing the City's new IDP and strategic objectives. The minutes of the workshop reflect some frustration by the responsible officials, as the meeting was poorly attended and in fact the ANC had scheduled a workshop on the Local Government Green Paper for its councillors on the same day.

This first attempt at community participation in developing the key objectives for the city's new IDP focused on the various components of the IDP process (Exco report on IDP Stakeholders' Workshop, November 1997).

While much the same process was in due course adopted by Council, the inputs from this first attempt at community consultation on key priorities and the draft setting of service delivery and development objectives appear to have played little part in the ultimate objectives adopted by Council (author's interview with the former IDP Project Manager, who subsequently left Council's service, February 1998).

At an Exco-EMT joint meeting on 19/20 January 1998, the "Commitment to Cape Town" was adopted as a corporate business plan, emphasising that the seven strategic priorities must be integrated into a coherent whole, and not be conceived of as distinct, unrelated strategies. Three internal management strategies were also identified for development to support the seven external priorities, namely:

- **a financial strategy:** including new budgeting processes
- **a transformation strategy:** particularly including human resource development, change management and performance management; and
- **a communications strategy:** both external and internal.

Whilst the corporate strategy would focus on the above priorities, all directorates and branches would be required to develop their own business plans to give effect to these priorities and clearly set out their work programme for the financial year

1998/1999. With the development of these seven corporate strategic priorities, the three internal management strategies and specific business plans for each directorate, the performance management approach of the new City of Cape Town was emerging, though still very much in a conceptual form and certainly not yet part of the "mainstream" operational management culture of the organisation (author's interviews with CTM City Manager, September 1998 and August 2000).

6.4 1998-1999: "COMMITMENT TO CAPE TOWN": INTEGRATED DEVELOPMENT PLAN, BUSINESS PLANS AND CAPITAL INVESTMENT PROGRAMMES GAIN TRACTION AS PERFORMANCE DRIVERS

The financial year 1998/1999 was a seminal one for the political and administrative leadership of the new City of Cape Town in terms of achievements and frustrations. In her budget speech on 27 May 1998, the Chairperson of the Executive Committee reflected on the past two years as *"a period of immense change for the Municipality ... which must rate as the biggest corporate reorganisation ever to have taken place in the history of Cape Town"* (City Council of Cape Town: Budget Speech, 1998). She highlighted the seven strategic priorities, and reminded Council of the newly adopted slogan ("The City that works for all") which captures the essence of what the new Council is striving to achieve, through its councillors and staff alike. She pointed out that the "People's Budget" of 1998/1999 aimed to facilitate the focus on those seven strategic priorities; yet had been prepared against the background of reduced subsidies from national and provincial government, while subsidies from CMC were set to remain constant in nominal terms. *Because of this, the total capital expenditure was budgeted at an overall reduction of 10.9% compared with the previous year.* She also pointed out that the personnel budget was under severe pressure, and that there were critical vacancies seriously constraining delivery in some parts of the organisation. The overall tone of this budget speech underlined the determination of the Executive Committee to put increasing emphasis on **"doing more with less"** and ensuring that the Executive Management Team and staff were vigorously committed to the achievement of these strategic priorities, despite the resource constraints.

Within this climate of intense political pressure for delivery, the first business plans and capital investment programmes were monitored in a series of quarterly

performance reviews throughout the financial year; and the pressure for performance was reflected in a report to Exco, summarising the first round of performance reviews of the City Manager and the Executive Management Team; by this time without the Executive Director for Institutional Transformation, who had accepted a more lucrative opportunity in Gauteng rather than complete her three year contract with the CTM (Exco Minutes, September 1998).

6.4.1 The first performance management project definition workshop was held at one of Council's training centres on 13 August 1998, with the aim of defining and establishing the parameters of this new project. Led by the councillor who was appointed political sponsor, and an Executive Director as the operational sponsor, the goals of the performance management project were defined as:

"to design and implement management systems and processes that enable the measurement and evaluation of performance of the whole organisation (corporate, business and individual level) to ensure alignment with the strategic priorities; and which support constantly improving productivity and service delivery." (Workshop minutes, August 1998)

The specific objectives for the performance management project were defined as follows:

- develop a common understanding of what performance management is
- define and clarify what it is that PM wants to measure and identify outputs that the organisation will value
- establish key baseline measures
- conduct an audit to assess current internal and external performance management systems; and develop initial mechanisms to ensure the current performance management systems within CTM
- develop a corporate framework to ensure consistency of vertical and horizontal integration in the implementation of performance management systems
- design and develop one or more performance management systems and related processes appropriate for the different levels (and parts) of the organisation, within the corporate framework

- implement a performance management system and processes and conduct training to enable managers to confidently implement the system in their work environment
- design a communication plan and strategy for PM
- evaluate the PM system.

(Source: CTM performance management project definition report version 6, 30 November 1998).

6.4.2 First EMT Performance Review

The fragility of the first performance review of Cape Town's new Executive Management Team, carried out by the Executive Committee (apparently not within the embryonic project definition, above), is reflected in a Sunday Times Cape Metro article (27 September 1998) headed "**City Planning boss threatens to sue Council**". The article reported that in the first performance evaluation of its kind, all four Executive Directors and the City Manager were evaluated by Exco on their personal performance and the operation of their departments. The ratings would affect the performance bonuses received by the top brass, all of whom are employed on contract, the article stated. The City Manager is said to have "exceeded expectations", receiving an 85% rating from Exco. Other Executive Directors' ratings were 85%, 65% and 70%; although the ED for Planning and Economic Development was given a rating of only 55%. In an exchange of confidential letters between him and the City Manager, which were leaked to the media, the ED stated that he had been unfairly rated and that his career could be damaged. His letter stated that it would not be wise to ask the Executive Committee to adopt recommendations which are the products of a process which he believed to be seriously flawed, and which would open Council to legal challenge. *In replying, the City Manager wrote that he believed the process was fair and the results were accurate*. The Executive Director responded to the City Manager that it would make a tremendous difference if he could be more supportive in helping to secure the required resources to put in place a first class service; he wrote that his department did not have the necessary resources and did not receive enough support in dealing with "a difficult public".

Ultimately, after taking legal advice, Exco decided to publish a public apology in the press, acknowledging that *"the process of performance evaluation was incomplete and a number of serious objections to the process were being considered. While the Executive Committee is fully committed to evaluation of the performance of staff to ensure effective service delivery, it was unanimously decided to declare this particular process null and void"*. The Executive Committee apologised to the ED concerned as well as to the City Manager and the entire EMT for the harm and embarrassment which the article caused them in their personal and professional capacities. (See Annexure F: Sunday Times Cape Metro article, 27 September and advertisement, 4 October 1998). *Clearly, this was a significant setback for City of Cape Town's embryonic performance management approach, which was at that time not yet based on a systematic planning and review of objectives, resources and management effectiveness. It seems that Exco adopted a subjective set of impressions of achievement, rather than using objective, agreed performance criteria or indicators* (interviews with several EDs, September 1999). As a result, no performance bonuses were paid to any EMT members for 1997/98.

6.4.3 **Integrated Development Planning**

The start of financial year 1998/1999 saw the commencement of the integrated development planning and management process, in Cape Town as well as in most other municipalities within the CMA. As mentioned earlier, the Local Government Transition Act of 1996 requires all municipalities to produce an integrated development plan (IDP) that:

- has an integrated approach to service delivery;
- focuses on the development of the communities it serves;
- details a plan or process showing how this will be achieved.

In addition it is essential that the IDP process be effectively managed, in order to ensure delivery on the strategic objectives. As indicated in the White Paper on Local Government (1998, p 131) **the IDP is at the centre of the concept of performance management for local government**, as it is a discipline which entails an ongoing cycle of 3-5 year strategic

planning, as well as annual business planning on an operational level, for each of the functions which local government fulfils. Within this planning cycle discipline, clear objectives are required to be set, prioritised in the climate of scarce resources, with measurable outputs (short-term results) and outcomes (longer term results in terms of *impact on community development*) with specific timeframes for the achievement of each objective.

A draft IDP document dated 18 November 1998 was accepted by the Executive Committee of the CTM, (following through on the community consultation process begun in late 1997), with the corporate vision, mission and set of core values which had been adopted. The seven strategic priorities mentioned earlier were also endorsed as the strategic objectives of Cape Town's integrated development plan, in a further public document in the "*Commitment to Cape Town*" series, published in September 1998. The front page of this document is shown as Annexure H. Each of the sixteen directorates was required for the first time to draw up operational business plans within the agreed budget; with performance-related objectives and performance indicators for each objective. **This was a significant move in the direction of creating a framework for the performance management approach within the Council's organisation, because very seldom in past years had "performance indicators" been part of the culture of any department.** In the concept document accepted by Exco, the notion of key performance indicators (KPIs) was thoroughly spelled out, with examples which might be applicable, such as:

- **objective:** to reduce maintenance expenditure on Council houses, due to vandalism
- **performance indicator:** percentage reduction in annual expenditure on vandalism-related repairs
- **baseline measure:** R2 million (1997/1998 expenditure)
- **target output:** 3% reduction in operating expenditure
- **outcome:** changes in community behaviour that have previously led to vandalism of Council houses
- **monitoring mechanism:** financial management information system.

Exco also accepted far-reaching proposals for the acceleration of transformation programmes in the various directorates and branches. Their decision was informed by observations in the IDP policy document stating that the City of Cape Town was currently not in a position to deliver on the strategic priorities. In order to do this, the organisation needed "major internal change". This transformation would be towards *a client-focused, productive and developmental organisation, ensuring equitable and effective service delivery, supporting the vision and strategic priorities; and delivering an operational budget saving* (author's interview with newly-appointed CTM Project Leader: OD&T, February 1999). The IDP/performance management "Strategic Scorecard" perspectives are shown in Annexure I.

6.4.4 Four imperatives for transformation were identified and adopted:

- 6.4.4.1 **service delivery:** a need to set minimum standards for all areas of work, cut back on discretionary services in order to fund core services; and to reallocate financial and human resources geographically and functionally as required by the business plans;
- 6.4.4.2 **organisational performance:** a recent report from the Auditor General on the Cape Town Municipality pointed to poor management of staff in many areas; in particular overtime and absenteeism. It also pointed out that Cape Town's conditions of service were out of line with national law. At the same time, there were community expectations of higher levels of customer service, e.g. quicker response times, greater transparency and access to public information, as well as better value for money.
- 6.4.4.3 **financial constraints:** Council has the responsibility to increase the scope of service delivery to disadvantaged areas, while at the same time there are significant cuts in operating subsidies from other spheres of government. This has put pressure on cashflow, reduced the financial resources available, and has squeezed operating and maintenance budgets. It is therefore essential to effect savings and at the same time to achieve greater productivity from existing resources.

6.4.4.4 **value shifts:** management and staff need to adopt new methods of interacting with one another in accordance with the following values:

- democratic practices and human rights, including non-racialism and equality
- service excellence, openness, accountability, fairness and honesty
- a commitment to partnership and co-operation at all levels; and
- a spirit of friendly efficiency, empathy and responsiveness.

Under new programme leadership, the OD&T function was revitalised, producing an ambitious set of strategic transformation objectives (CTM Transformation Objectives documents, November 1998) envisaging that by the end of 2000:

- an *equitable minimum level of service* will be provided to all residents of the Cape Town municipal area
- all *Business Plan Highlights* will have improved the way we do business in general, in order to deliver a better service to customers and residents and in particular with specific reference to: customer care, value for money and income generation (where appropriate)
- the *role and modus operandi of support services* will have been reviewed and their performance in terms of accountability, value for money and customer care will have increased
- the *organisation will be more flexible* : there will be uniform conditions of service, employee contracts and the budget system will have been modified to maximise flexibility; broadbanding and career-pathing will be in place
- an *integrated competency-based HR system* will be in place
- a *performance measurement system* will have been agreed and individual scorecards cascaded to at least Directorate level
- *organisational and individual performance based on leading indicators* will be effectively managed, down to at least Directorate level
- *Standing Committees* will have been assigned responsibility for overseeing delivery on appropriate elements of the strategic scorecard; and their performance will be regularly and effectively measured and managed by Exco

- *accurate strategic management information* will be readily available, i.e.: system, data search and data capture
- there will have been *a significant increase in the representivity of designated groups* in the first nine levels of management
- *most employees will know, understand and accept the City's vision and transformation objectives*.

The IDP policy document (18 November 1998) also recognised the need for a thorough community needs analysis; stating that Council's organisation was currently not fully informed about the needs and expectations of customers and service users in the various communities. This included a need for clarity on the differing needs of diverse communities, while striving to address their common priority needs within the context of greater demand for services from limited resources. It was therefore agreed by Exco that part of the corporate business planning process would be to survey customer and staff needs, so that appropriate actions could be prioritised; and appropriate management information systems put in place in order to monitor performance indicators, for strategic decision making and operational purposes. **Most significantly, in terms of the launching of a formal performance management programme within Cape Town Municipality, was the Exco decision to put in place a review process which would entail monitoring and evaluating corporate performance on Business Plans by means of regular performance reviews; and moving "as soon as possible" to an individual level, in order to track the performance management of individual directors and managers within the framework of their organisational Business Plans.** It was decided that each directorate in the City would be required to report their performance, with particular focus on the key performance indicators, on a bi-annual basis for 1998/1999, to the EMT as well as to the various Standing Committees (where senior officials worked with councillors in driving the strategic management process for the City). The report on the performance of the directorate would enable those at the executive management and political level to make strategic management and policy decisions, based on the management information provided from each directorate; as well as that provided corporately at EMT and Exco meetings.

This significant IDP policy report (CTM Exco minutes, 18 November 1998) concludes by restating the key policy thrust on integrated development planning (IDP) and performance management. It emphasises that IDP entails more than just a plan for service delivery and a commitment to development for the City. *"IDP is a performance management planning and monitoring process,"* the document states, *"which is flexible and dynamic in responding to the needs of the community, as well as to the needs of staff members. It is a process that gives effect to key priorities for the year ahead, yet never loses focus on the strategic priorities set over the longer term."*

6.4.5 Launch of PM Programme

The performance management programme was now ready to be launched and the tender for external consultants to facilitate the process was awarded to IBM's consulting division; which then seconded a consultant to lead the City's Institutional Transformation staff. As the former ED for Institutional Transformation had departed, a project team consisting of senior politicians and officials was set up to drive the performance management project forward. By this time, the Human Resources Department (HRD) and Organisation Development and Transformation (OD&T) department, formerly co-ordinated by the departed ED, were operating more autonomously; and strategy and personality differences began to emerge, negatively influencing coherent PM implementation.

The PM project team's comprehensive project definition report (version 6, 30 November 1998) also identified various potential risks which could delay or derail the proposed design and implementation of a performance management system, including:

- **lack of management information systems:** and thus a need for EMT to prioritise appropriate management information systems to ensure that directorates and branches can keep a finger on the pulse of their various performance indicators;
- **high expectations/fears amongst management and staff:** and thus a need to ensure effective communication, using appropriate media to clarify the purpose and implications of performance management;
- **parity at metropolitan level:** and therefore the need to engender corporate buy-in to ensure integration with similar processes at metropolitan level;

- **requirements of the Municipal Systems Bill on this performance management project:** with the consequent need to ensure that the Cape Town PM framework is based on the probable legislative requirements.

Deadline dates were agreed within the Institutional Transformation Department for each of the stated components, with a view to gaining EMT and Exco approval for the framework of a performance management programme by March 1999; thereafter proceeding with the design and development of management training programmes by July 1999 and then evaluating PM systems, processes and procedures by December 1999 (author's interview with former Institutional Transformation Department Head, November 1998).

6.4.6 **Cracks and tension in the PM process**

The envisaged design, development and implementation dates appeared reasonable on the face of the PM project plan, but proved difficult to meet for several reasons. Firstly, the recently appointed Institutional Transformation Department Head relocated to Australia towards the end of 1998; the post was again advertised and a former ANC councillor (in fact, the former "political sponsor" of the Performance Management Project) was appointed to the post. The corporate relationship with IBM consultants began to sour, apparently because of their perceived distance from the practical needs of Council in moving the project forward. At the same time, it appears in retrospect that the level of commitment and ownership required from the Executive Management Team to the implementation of an effective performance management process was not always at the top of their priority list: possibly because of the unfortunate occurrence of the disputed performance rating of the ED which was leaked to the press and ultimately resulted in considerable embarrassment for the Executive Committee and non-payment of any bonuses to EMT (September 1998). Another factor was that two of the EDs, who had previously been on the permanent staff of the former City Council, had refused to sign their performance contracts until they received a written assurance that they would not be financially disadvantaged in terms of their length of service and the benefits to which

they were therefore entitled. The dispute about the financial implication of their performance contracts was ultimately referred to senior advocates and was still unresolved in June 2000 (author's interviews with Executive Directors, June 2000). Furthermore, the concept of having a "political sponsor" at Exco level as well as a "management sponsor" at EMT level was somewhat blurred when the former political sponsor became the Department Head; and the Executive Director who was management sponsor of the Performance Management Project was exceedingly busy in striving to manage his own complex cluster of directorates, and therefore had very little time to champion the corporate PM process forward amongst his EMT colleagues. A key element of best practice, *line management accountability and ownership* of the transformation/PM process, was therefore deficient ... and its absence was increasingly evident.

Probably as a consequence of these factors, the initial PM traction gained through the Integrated Development Plan and the focus on delegating and measuring progress on business plans and capital investment programmes was slowed down, *just when acceleration was the aim*, and by April 1999, a report to the Executive Management Team on an audit of existing performance management programmes underway within the various directorates of the City painted a somewhat patchy picture (EMT minutes, 20 April 1999):

- of 63 questionnaires sent to Directors and Branch Managers, only 41 were completed and analysed; moreover there was a significant skew towards certain "clusters" of Directors who had clearly been more motivated than others to participate in providing the required information;
- of the 41 respondents, 12 indicated that their department had no performance management system nor any guidelines or incentives; and 15 stated that there was a lack of management information and appropriate technology to track and measure performance;
- only 11 respondents indicated that they would support the introduction of a formalised corporate performance monitoring system with incentives and punitive measures, linked to financial performance; and

- only 5 respondents recognised the need for establishing clearly defined performance indicators in their departments.
- 21 respondents regarded the recently introduced Business Plans with their financial and output indicators as being the appropriate way forward; and another 10 regarded their capital and/or business improvement projects as the appropriate methodology for managing and measuring improved performance.

Clearly, the low response and even lower level of support for the principles of a formalised PM system (only 11 out of 63 branches/directorates in favour) pointed to a major challenge ahead, in successfully developing and implementing a best practice PM approach for Cape Town.

6.4.7 Focus on "Business Plan Highlights"

Based on the last-mentioned majority preference, the decision was made to move ahead with the departmental Business Plans as the major vehicle for performance management; and at the same time to set up a regular monitoring and tracking system which would focus on the implementation of the business plans and the capital development projects that were most closely linked to the improved provision of facilities and services in disadvantaged areas. In discussing this decision, the City Manager emphasised to the author that there was general unanimity that this would be the most practical methodology, closely linked to the seven strategic priorities agreed a year earlier, and with a high level of credibility amongst politicians, Executive Directors and branch managers (author's interview with City Manager, June 1999).

Now came the creation of a powerful and innovative aspect of the business planning and budgeting process: the concept of identifying mission-critical Business Plan Highlights (BPH) in each of the business plans, which were politically and operationally vital and which could be motivated and resourced by a "carrot and stick method". As the 1999/2000 budgets were almost ready for approval, the idea was germinated **of reducing all budgets by 5% and thus creating a pool of funding which could be used as an extra incentive** to Directors and Branch Managers who

performed on track with their Business Plan Highlights quarterly, and would then be allocated extra funding **based on their demonstrated ability to perform**. The total value of these 17 Business Plan Highlights was less than 20% of the Council's operational budget; but this was regarded as an acceptable proportion in keeping with the Pareto or 80/20 principle, familiar to many modern managers who manage the 20% key deliverables within their business, in order to achieve the 80% most significant results.

To ensure a sharp focus and administrative resource for co-ordinating the rapidly adopted Business Plan Highlights programme, a staff member was transferred from the Organisation Development and Transformation Department to the City Manager's Office, to be accountable for developing practical BPH reporting systems and for ensuring that monthly, quarterly and six monthly reports on each of the IDP Business Plan Highlights and the capital development programmes were submitted, analysed and reviewed for EMT and Exco action. This practical IDP organisational performance management mechanism became the primary PM tool throughout 1999 and 2000; and achieved a high level of face validity amongst politicians and senior management.

6.5 1999-2000: NEW BUDGET BENCHMARKS AND THE POLITICAL VISION OF ACCELERATED PERFORMANCE MANAGEMENT

In mid-1999, the City of Cape Town Exco Chairperson's budget speech for the financial year 1999/2000 served as a set of political benchmarks for the new vision and values for performance management, that would seek to redress past inequities, re-allocate resources and refine the performance management strategies for the City of Cape Town. The Chairperson of the Executive Committee made several references to the City's vision, values and performance objectives; including the following relevant excerpts from his address (City Council of Cape Town, 1999a):

6.5.1 "Change is necessary"

- As a Council we stand at a crossroads today. We are presenting a *Budget for Change*, a financially sound Budget that supports equity, both in how we raise money and how we spend it. It is a Budget that is very different from the previous ones we have presented. For the first time, we are taking our Operating Budget - the R2,7 billion that we will spend on the day-to-day running expenses of this organisation this year - and we are using it to change the way we do business. *This means change for our staff and officials - and this may be difficult - and changes to the services we provide and how we provide them.*

6.5.2 "We have a vision of an efficient, effective Council that cares about service ethics and delivery"

- We must focus our efforts on doing what is best for our customers, rather than what is the easiest for ourselves. But, as politicians and officials, we know that there is still a long way to go before we can truly say we are making a difference in the areas that matter most.

6.5.3 "This Budget is a Budget for Change"

- Over the past months we have listened to the people we serve, the people who put us in office. We have heard your concerns and this Budget is our response. We have identified five areas that deserve maximum attention; and during this next financial year we will be shifting our resources - both in terms of people and funds - to these key Service Delivery priorities:
 - The first one is the need for *land and housing* so that everyone can have a decent home. This is the single most important challenge facing Cape Town. As a City, we have a duty to play a developmental role, and helping to house people is the right thing to do. But, more than this, by addressing the need for housing and land we will contribute towards the long-term stability and safety of the City and a better economic future for all our citizens.
 - Secondly, people want *safety and security*. They want to feel safe on the roads, when they walk the streets, catch a train or park their cars. They want to feel safe as visitors to the City and they want to

feel safe in their homes. Our children deserve to play in parks in safety and their mothers to walk freely without fear.

- Thirdly, there is a shared desire for a *clean and healthy environment* for those who live and work in Cape Town and visitors alike. Cleansing is a major concern in all areas of the City and quite rightly so.
- Fourthly, everybody wants to see the *local economy grow and develop* because this will lead to more jobs, better incomes and less unemployment, and to a greater sense of security and optimism for us all.
- And lastly, we want to see *a more united City*. Too many people feel that they are part of an embattled minority, isolated and rejected by others. People do not want to be the same, but most do want to feel part of a City that celebrates and enjoys its differences. Despite attempts by some to win support by dividing and separating people from one another, people want to feel part of a City that works for all.

6.5.4 "Our income system is moving towards equity and fairness"

- That is the way it should be, but there is also a responsibility for all residents to contribute to the building of the City. We have made considerable progress in turning around our arrears situation. But we still have a long way to go. The spirit of Masakhane needs to be deepened and strengthened, so that *everyone pays towards the services we deliver*.

6.5.5 "The Road Ahead: towards a UniCity"

- During the next year, we are scheduled to move towards the advent of a Unicity in this Metropolitan Area. If we get it right, this process will be in the best interests of everyone.

During the next round of local government restructuring, we must not repeat past mistakes. The challenge we face is not just to amalgamate administrations as happened two years ago, but to **fundamentally reorganise the way in which local government works and services are delivered. We must create a more efficient and accountable form of local government that ensures that services**

are properly provided and that our City is safe, clean, healthy and well managed. (Excerpts from Budget Speech 1999/2000, City Council of Cape Town, 1999a).

6.5.6 **Research projects for transformation of services**

By the beginning of the new financial year in July 1999, further valuable performance-related research had been commissioned and completed by the Organisation Development and Transformation Department (OD&T) as a basis for understanding community needs externally, and for defining performance indicators in several strategic areas including:

- a 100 page comprehensive and definitive report on "**Poverty Indicators and the seven strategic priorities of the City of Cape Town**" (Isandla Institute, 1999); and
- an extensive **Residents Satisfaction Study** (C. Nielsen, 1999) which highlighted opinions from leadership of most civic, ratepayer, community and business organisations throughout the City in terms of their classification of services as *essential*, *necessary* and *nice* to have; as well as their ratings of council communications, customer service standards and their willingness to pay for improved services. Such information was encapsulated into a new *Integrated Transformation Programme* report to Exco (July, 1999), with the broad goal of:
 - transforming the City of Cape Town into a client-focused, productive and developmental organisation, ensuring equitable and effective service delivery, supporting the vision and strategic priorities; while
 - delivering an operational budget saving of 5% per annum (this last aspect being part of the Business Plan Highlights motivational methodology).

Within this broad transformation goal were several specific objectives, one of which clearly relates to the Performance Management programme:

to design and implement management systems and processes that enable the measurement and evaluation of performance of the whole organisation (corporate, business and individual level) and which support constantly improving productivity and

service delivery. This objective, previously stated for the stand-alone Performance Management Project (PMP), was now included in the integrated transformation programme which the Executive Management Team and Exco adopted (Exco minutes, 20 July 1999).

Meanwhile, the CTM Human Resources Department had also begun researching and drafting a similar strategy, with their focus on the requirements of the Skills Development Act; which would require that all training and development provided by Council be aligned with the National Qualifications Framework (NQF) in the form of a skills development plan. The Human Resource Department (HRD) produced a document headed "*Business Plan Highlights - Training Strategies*" (dated 24 May 1999) which proposed that a thorough audit of available skills and training needs, leading to an employment equity plan and a skills development plan, should be conducted; and that a Competency Framework, based on "career streaming" would form the basis of the Council's skills development plan, in order to improve the effectiveness and efficiency of junior and middle management in particular, to implement the Business Plan Highlights programme. The integration of the human resources systems with the organisational needs, national objectives and requirements of various stakeholders (CTM and metropolitan politicians, management, unions and the Local Government SETA) were distilled into a framework indicating the development of competency profiles in various career streams (e.g. technical, financial, managerial, etc) and reinforced by the various HRD functions (including organisation and job design, remuneration system, recruitment and selection systems, performance management system, training and development, career counselling, etc). This HRD framework proposal, dated 10 September 1999, is shown below in Diagram 8.

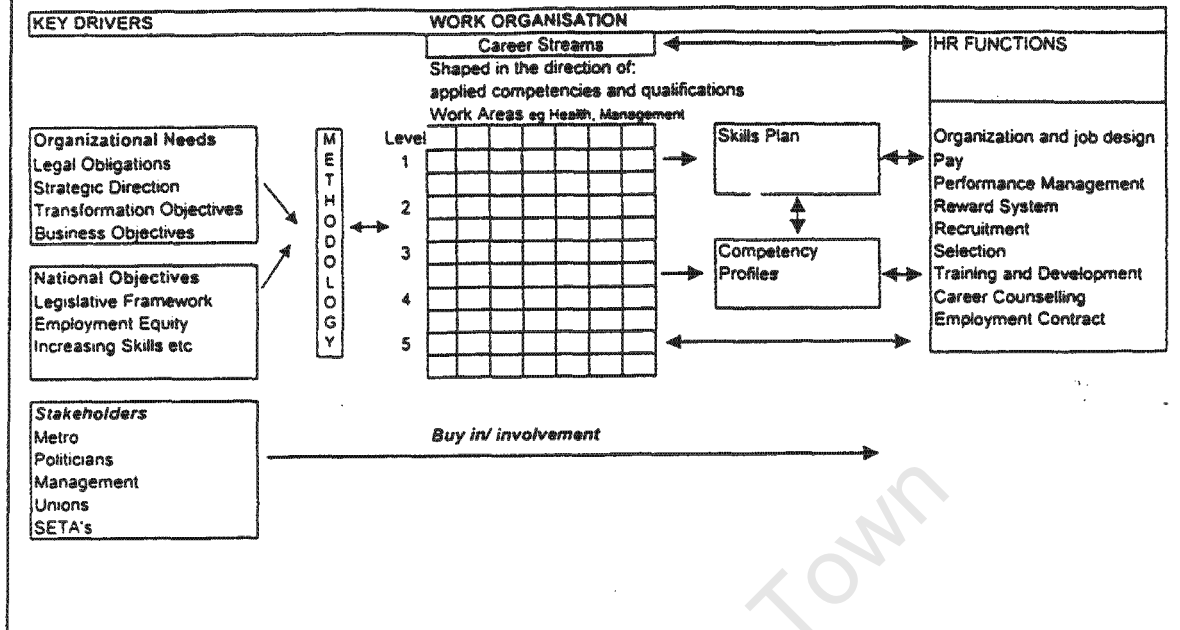


Diagram 8: HR Systems Integration Framework

This Transformation framework proposal and the HRD proposals for an integrated training strategy for the City Council, are both significant, in *that they place performance management squarely within the overall context of sound Council management policies, systems and procedures*. Interviews with officials in the HR and the OD&T Departments, however, indicate that a growing lack of cohesion and trust between these two departments militated against a co-operative implementation plan. The resources requested for strengthening the training and development capacity within the HRD were not allocated as requested within the training strategy document, and levels of trust and mutual accountability for performance management systems deteriorated (author's interviews with former IBM consultant, who had been on the PMP facilitation team through that period, August 1999; and with Executive Director, June 2000).

6.5.7 Problems with PM integration

It was agreed that a transformation workshop should be held by Exco and EMT, in order to ensure a common understanding of transformation processes and to concretise the objectives of the programme for effective implementation during the financial year 1999/2000. A two day workshop

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was held at Goudini Spa on 16 & 17 August 1999, during which all members of senior management and Exco councillors ratified the various components of transformation, including performance management; and adopted a format for a performance review at individual level, for the first time. **It was agreed that by the end of 1999 the City Manager and all Executive Directors would have had a review of their departmental performance, closely linked to the quarterly and six monthly performance reviews of their Business Plan Highlights and capital projects, in terms of the previously described processes.** The Executive Management Team also confirmed that they would be ready for *a fresh round of individual performance reviews at the end of 1999*, based on the Business Plan Highlights (BPH) performance of their directorates and branches as monitored quarterly and six monthly. New PM consultants were appointed to work closely with the OD&T specialists, in order to accelerate the implementation of training, staff communication and the development of facilitators within each cluster of directorates, assisting directors and managers in training their staff in the PM processes. (OD&T report to Exco, 17 September 1999). These individual executive performance agreements and commitments did not materialise; it was apparently assumed by politicians and OD&T staff that individual scorecards could be formulated retrospectively, for the six-monthly EMT review (interview with OD&T programme manager, July 2000).

The monthly and quarterly reports on Business Plan Highlights and capital expenditure came in regularly from most departments to the City Manager's Office, during the final six months of 1999; although there were several ongoing complaints from branch management that the required format of the monthly reports kept changing, and that they were required to send through similar (but not identical) information to the IDP/Business Plan Highlight Co-ordinator in the City Manager's Office, as well as to the corporate financial department for budgetary control purposes. It seemed difficult for one reporting format to be agreed between these two custodians of corporate performance measurement (author's interviews with three Executive Directors, December 1999).

A CTM staff communications plan had been prepared, but was not yet fully implemented. Several newsletters regarding Council's transformation programme have been distributed and workshops held as part of the change management and business improvement projects. An assessment of staff attitudes to transformation plans includes comments such as (*CTM Action Update* newsletter, 10 September 1999):

"What does Council intend to do? What is the path they have set out? The goal posts seem to change all the time".

6.5.8 Performance audit

As the six monthly review time approached, the City Manager appointed an "independent performance audit team" to verify BPH and Capital project reports due in mid January 2000, so that the Executive Management Team and the Executive Committee could be assured that valid performance measurement information was flowing through to them; and that the operational plans and projects for the year 2000 were based on accurate reports and figures. The year 2000 was of special significance to politicians and administrators alike, as the Unicity Commission would begin to integrate and direct metropolitan projects and programmes ... and the election programmes of the political parties would begin to develop a high profile, given the competition for a reduced number of councillors and the bigger locus of power in one combined metropolitan City Council of Cape Town.

The independent performance audit, however, was not at all reassuring to EMT and Exco leadership: neither in terms of the verification of figures and key performance area objectives; nor in terms of the achievement of required performance indicators for the various Business Plan Highlights and Capital programmes. The author and a senior financial official of Council constituted the independent performance audit team, with a mandate to verify the six-monthly branch performance figures and comment on the annual forecasts submitted.

The main findings of the performance audit to EMT were as follows
(EMT minutes, 21 January 2000):

- 6.5.8.1 a random sample of cashflow statements were reconciled to the Business Plan Highlights scorecards, and were found to be in order;
- 6.5.8.2 Business Plan expenditure and projected expenditure figures were "suspect", as approximately 95% of the sample of branches audited indicated that 100% of their budgets would be spent at year end, with an average of only 15% actual expenditure reflected for the six month period under review. *"It was highly unlikely, therefore, that such a large backlog would be recovered in the second six months of the financial year"*;
- 6.5.8.3 the Business Plan Highlight scorecards were not always completed in a standardised manner, and the *"expenditure reflected and projections made could therefore not be used as an effective performance measuring tool for future decision making"*;
- 6.5.8.4 similarly, *"Capital project expenditure projections could not be accurately verified"*; most project managers projected that they would complete their projects and would spend their capital budgets at 100% by June 2000, but a review of the previous year's capital results reflected that such performance projections were extremely unreliable;
- 6.5.8.5 with regard to the specific performance indicators on the various Business Plan Highlights, the form given to Department Managers and Directors did not ask for indicator information and it was therefore *"not possible to verify their achievement or otherwise"*;
- 6.5.8.6 attitudes to the Business Plan Highlights and performance management process varied considerably across the eight directorates and 23 managers sampled in the audit: commitment ranged from a high level of commitment to the process; *"business plan highlighting is a master stroke - it has broken us away from the old incremental budgeting"*; and *"it's a hell of an improvement; we are now much more focused and we ask more questions about costs and service standards"*; to angry resentment of the increased paper work, centralised controls and duplication of required information: *"we are gatvol; we spend too much time regurgitating*

similar information for different people, who will not integrate their information needs"; and "we are being paralysed by paper and process ... and it stops us from getting on with our work".

As a direct consequence of this "independent performance audit" report, the processes of monitoring, tracking and reviewing the organisational performance indicators had to be further refined and simplified, seeking to achieve the full benefits of the performance management programme; and to maintain an acceptable level of credibility, motivation and implementation by Directors and Managers. This therefore became the increasingly urgent focus of PM systems design and management training, as Exco reviewed its political strategies and EMT its management priorities for the crucial election "Year of Delivery" in 2000, at a joint Exco/EMT *bosberaad* held in late January 2000.

6.6 YEAR 2000: DRIVE FOR DELIVERY, DEVELOPMENT AND UNICITY ELECTION DOMINANCE

Before the commencement of the year 2000, the indications were clear that the final year of the century - as well as the final year of the existing Cape Town Municipality and other components of the soon to be merged Unicity - would be a turbulent one. Some of the indicators of coming pressure, posturing and political finger-pointing in late 1999/early 2000 included *inter alia* :

6.6.1 Executive Committee concerns

A strongly worded presentation by the CTM Exco Chairperson to a joint Exco and EMT meeting (9 December 1999) in which he recapitulated the strategic priorities, Business Plan Highlights and political hopes for the year 2000 as a "Year of Delivery" and voiced a number of criticisms which in his caucus' view needed to be addressed with a good deal of urgency. His input included comments *that the feedback that councillors were receiving from their communities was that they are not seeing improvements, rather things are deteriorating*. He expressed his concern at the frequency of reports from officials talking about "slippages" (i.e. not being able to complete projects on time, if at all). He emphasised that this was "unacceptable" and that time

after time Exco asked for progress reports and was told that things were on track; but *"the wool was getting pulled over councillors' eyes,"* in his opinion.

The Exco Chairman insisted on instituting a simplified, *"less forgiving"* performance management system that would highlight the shortcomings, so that *"tough action"* could be taken where there was lack of performance. With an eye on the coming election, he stated that over the next twelve months, Cape Town had to "play a leading role in setting the local government agenda in the Cape Metropolitan Area". We could only do this, he emphasised, by delivering real projects and improvements and communicating to the community what we are achieving (Exco Chairperson's speech notes for joint Exco/EMT meeting, 9 December 1999).

6.6.2 African Support Forum

The perceived slow pace of transformation was in the headlines in late November 1999, when the African Support Forum, set up in 1995 to represent the interests of Africans in local government, went public on its grievances about the lack of career progress for Black officials in the City of Cape Town (and in other CMA municipalities), taking their claims to the office of the President (Saturday Argus, November 27 1999). Their letter to the President said that the empowerment of Africans in Cape local government was a rarity amid the *"much vaunted change and transformation initiatives. Everything that is initiated, practised, nurtured or bolstered by Africans is thwarted with merciless regularity."* The Forum stated that it was questioning the loyalties of Mayor Nomaindia Mfeketo, Executive Committee Chairman Saleem Mowzer as well as City Manager Andrew Boraine, accusing them of "objectionable actions".

6.6.3 Productivity Survey

In early January 2000, the front page of the Cape Argus featured preliminary findings of a *"thorough assessment of municipal life"* in greater Cape Town's six local councils and the Cape Metropolitan Council: focussing on services, productivity, human resources, and the issues involved in amalgamating the seven councils and their 30 000 employees into an "efficient megacity". One

of the somewhat startling findings of this study indicated that some employees in greater Cape Town's municipalities work for only 8% of the day. The consultants involved in this study also pointed out how staff morale and productivity had "plummeted" during the 1996/97 local government restructuring; and stated that *"a key indirect cost during the transition in 2000 will be the reduced productivity resulting from staff uncertainty about their career futures. A 10% drop in productivity costs about R500m per year."* (Cape Argus, 12 January 2000).

6.6.4 EMT/Exco Bosberaad: January 2000

The Cape Town Municipality stage was therefore set for an eventful and results driven year, given the combination of election anxieties, Unicity amalgamation and the planned translation of organisational performance measurement into individual EMT performance evaluation, with potential consequences for career opportunities in the merged Unicity organisation.

In opening the Exco/EMT strategic workshop on Monday 31 January 2000, the Exco Chairperson picked up his theme from the 9 December review meeting, driving home his caucus' performance expectations and frustrations:

"when we assumed office and adopted the seven strategic priorities, we envisaged an initial 3 to 5 year programme, with a 15 to 20 year period in which to fully realise these priorities. Now we do not even have 12 months within which to ensure that our work makes a meaningful impact on the lives of Cape Town citizens and the development of the City" (speech notes of Chairperson of Exco, 31 January 2000).

He went on to say that there is a need to take a hard look and ask searching questions about the way we do business. *"There is no point in taking decisions if we do not implement them, monitor progress and hold people accountable, both at managerial and political levels."* In particular, he expressed concern over a number of issues which had been discussed between Exco and the EMT on several occasions; namely the issue of implementation, performance management and accountability. He also insisted that an external performance audit must be arranged, because

"every year we see slippage and the non-implementation of projects. We need to be able to ensure that when clusters and directorates say they are on track, this is really the case!"

The Exco Chairperson made a telling point in his remarks, that unlike politicians who will soon "undergo the ultimate performance audit - an election", senior management in the City Council had not yet had their performance appraised. Ironically, he did not reflect that this was the employer's responsibility in terms of the EMT contracts. He hoped that EMT would now look ahead and provide Exco with visionary strategic guidance and support; as sometimes the Exco councillors did not get this kind of leadership from EMT members and "we tend to react to issues, rather than leading the way with a proactive approach".

Behind all of the Exco Chairperson's comments, was the Unicity and the looming election. His closing words were:

"the election provides us all with an important opportunity to deepen democracy in Cape Town; and to learn more about what the communities and people of Cape Town expect from the local government sphere. Together let us walk the last mile, so that we can go to the Unicity with our heads held high, in the knowledge that we have made an important contribution to the development of Cape Town".

The inputs and outputs of this significant Exco/EMT strategic planning session were comprehensive and significant, in surfacing many of the political and administrative concerns; and in taking decisions that would sharpen the focus and pile on the pressure for enhanced performance in service delivery and visible capital development for the year 2000 (author's interview with the Exco Chairperson, February 2000).

The outcomes set for this significant workshop were as follows:

- common understanding of Unicity transition process, impact on the work of the CTM; and strategies to manage the various competing needs
- preparation of service delivery performance report for Exco (15 February) and Council (29 February 2000)

- agreement on methods for ongoing checking, monitoring and improvement of performance
- agreement on the IDP business planning and budgeting process for financial year 2000/2001.

By all accounts, this first strategic management workshop of 2000 was a purposeful, businesslike and focused interaction between the political and administrative leadership of the City (author's interview with several EDs and Exco councillors, February/March 2000).

The Executive Directors reported on the key objectives in their business plans for the year 1999/2000, supplemented by detailed information on their Business Plan Highlights, which had previously been identified as the "Key Performance Areas" for each directorate. Searching questions were sometimes asked by councillors, and the EDs' reports were assumed by the politicians to become the basis of individual performance measurement for the six months to date of the financial year; as well as for the revised BPH and Capital development project performance targets for the second half of financial year 1999/2000 (interview with Project Leader: OD&T, February 2000).

6.6.5 Corporate overview of service delivery achievements

The City Manager's corporate overview of service delivery strategies and achievements on the "corporate performance scorecard" highlighted some of the more significant achievements in the year to date, as well as areas where performance had fallen short of expectations, including *inter alia*.

6.6.5.1 Electricity Services:

- Increase in kWh per employee, from 1960 to 2364 in one year
- Increase in electricity prepaid dispensers from 205 000 to 315 832 customers
- Electrification of 691 dwellings in the KTC township

6.6.5.2 Protection Services

- Traffic Department: reduction in fatal accidents, no money lost from vandalism of parking meters, and 75% increase in traffic offence ticketing.
- Establishment of the first Municipal Court for traffic offences, in Mitchells Plain.

6.6.5.3 Community Services

The following new facilities opened in the year to date:

- 4 new libraries
- 4 sports centres
- 7 multi-purpose community halls
- 7 public bath houses and toilets
- 2 community swimming pools
- 2 community sport fields
- launch of the Cape Town Community Housing Company and handover of the first housing units

6.6.5.4 Planning and Economic Development

- One-stop shop for building plan approvals opened and operating
- Cape Town film office opened, for speedier processing of applications for filming in the city
- CBD closed circuit TV camera project: now 74 cameras in operation throughout the Central Business District, leading to a significant increase in arrests and an increase of criminals spotted on the camera system; and a large decrease in crimes reported, during the past year
- A Draft Municipal Spatial Development Plan almost ready, with four local area planning processes in operation in historically disadvantaged townships
- A wide range of planning and development projects in progress, including the Philippi Meat Market, the Cape Flats Park, the upgrading of the Sea Point Pavilion; and the preparation of tenders for the new Convention Centre (jointly initiated by the

CTM, CMC, the Provincial Government, and the Cape Chamber of Commerce and Industry).

6.6.5.5 Corporate Finance

- Proposed new property rating and valuation system launched, towards the integrated rates and tariff structures
- Strong credit control system resulted in an increase in rates payment levels to 98% of debtors
- An effectively integrated billing system, with more convenient payment for residents
- Establishment of an independent audit committee, to improve financial controls
- Proposal completed for an internal Forensic Unit (currently 55 investigations into theft, corruption and fraud by CTM employees)
- Successful high credit rating for two consecutive years by financial authorities
- Targeted efforts in realigning the operating budget, via the Business Plan Highlights and the "corporate pool" funding mechanism: confirmed as unique, practical steps towards equitable service delivery in the City.

6.6.5.6 Amongst the key issues which emerged from the workshop for improvements in the transformation and performance management thrust, were:

- **Community services:** A need for improved co-ordination, publicity and public education on the opening and maintenance of new facilities; besides the financial issues, there were several social and community involvement issues that needed to be built into IDP planning.
- **Extension of essential services in new housing areas:** the urgent need for equitable basic services in newly developed areas was emphasised by councillors, linked to the question of

how to maintain financial sustainability of such services, given the inability of many poor families to pay for their services.

- **Management of public/private partnerships:** The need was identified to continue improving the management of interrelationships between the Council and the Private Sector in partnerships, after they had been set up; learning points were gained from several of these existing partnerships including the Cape Town Community Housing Company, The "Business Against Crime" CCTV project in the city centre (a year later still not extended to other regional or suburban shopping centres); and the CBD Partnership, aimed at co-ordinating businesses and informal traders in the Cape Town CBD, in the fight against "crime & grime".
- **Customer Services and communications:** the on-going need for keeping in touch with community priorities and service level perceptions, coupled with improved public education on the role of Council in planning and developing services.

In essence, the participants in the Exco/EMT performance review workshop reported that useful progress had been made in managing the service delivery performance programme, although issues similar to those revealed by the "Independent Performance Audit" a month earlier were agreed by councillors and executive management, especially that:

- **Financial reports** were nearly two months in arrears, making it very difficult to take prompt, informed action on financial performance indicators
- **The thorough implementation of an individual performance management system** (beyond the Business Plan Highlights and corporate performance indicators) was a real need, and the move towards individual performance management should be "fast tracked".
- The City was still a "long way off" on **equitable distribution of resources and services.**

- There was an urgent need to **take the CTM performance management policies and strategies into the Unicity**, in order to strengthen that process.

(ED reports and City Manager's notes from Exco/EMT workshop, 31 January 2000.)

6.6.6 Revised Business Plan Highlights: 2000/2001

Commencing before this Strategic Management/Performance Review workshop, the OD&T Department had linked with the IDP Co-ordinator in producing a "*Business Plan Manual 2000/2001*" (City Council of Cape Town, 1999c) setting out the Business Plan strategy in the IDP framework, and training facilitators in each cluster of directorates, in order to update their comprehensive Business Plans for each directorate, so that achievement of agreed Key Performance Indicators would be accelerated in the year ahead.

This manual of procedures and proposed performance indicators and targets was thoroughly consulted over several months in late 1999 and early 2000 so that the document could be adopted at the Exco/EMT workshop and work could proceed expeditiously thereafter (interview with Programme Manager; Performance Management, January 2000).

Besides the performance indicators and targets for the year ahead, a series of deadlines for the preparation and approval of the 2000/2001 Council budget, as well as the corporate follow-up and evaluation of performance management processes was set, through to the annual review of performance management at organisational level, scheduled for September 2000.

This manual illustrates the significant progress that had been made in the CTM corporate performance management programme, particularly during the past 18 months; it included possible "*outcome indicators*" for macro measurement of City-wide equity and poverty alleviation in areas such as "Welfare and subsidies, infrastructure, space and environment, employment and community development".

The Business Plan Manual 2000/2001 incorporated the specific directorate

and *branch performance score card* plans, showing the wide disparities in progress. Several directorates had made considerable progress in defining measurable performance indicators, with a reliable information system which enabled current performance and targeted improvements to be documented. On the other hand, there were directorates with unclear performance indicators and targets, sometimes linked to an ineffective information system, which did not enable management to measure actual performance timeously or efficiently. These gaps were highlighted in the Manual. Examples from the Manual are included as Annexures J and K.

An important management issue was raised on page 23 of the Business Plan Manual 2000/2001: namely management districts for the City, which could play a significant role in the cost effective planning and co-ordination of services, coupled with improved accessibility of accountable officials by the citizens of Cape Town. The point was made *that "at present, delineation of local areas appears almost arbitrary; at best it is commonly based on loose historical administrative jurisdictions."* Proposals were made that management districts should be considered which could constitute logical areas for:

- Local area planning
- Area management (allowing the option of setting up a system of field managers, as a point of contact between the City Administration and communities)
- Service area jurisdictions (at present, there is little similarity between different jurisdiction areas such as education, health, libraries and so on)
- Information collection
- Areas of political representation such as wards.

The point was also made that the City's Health districts provide a higher order logic which could be used as a basis for other service delivery jurisdictions, wherever possible, to improve performance accountability.

Development of the Business Plan Manual 2000/2001, together with the planned process of moving towards individual performance scorecards in the subsequent months, played a significant role in the sharp organisational

focus on managing organisational performance outputs and resources in the challenging year ahead ... and was certainly in line with PM international best practice.

6.6.7 Community report back and consultation

Soon after the internal performance review process described above, followed a public participation process to inform citizens of Council's achievements to date, elicit their opinions on delivery and developments to date ... as well as on budget priorities for the year ahead, in preparation for the annual budget debate scheduled for 18 May 2000.

340 000 copies of a "special bulletin" community reportback brochure were distributed through Council offices and facilities throughout the City, available in English, Afrikaans and isiXhosa. Titled *"A Road Map to the City of Cape Town's Year of Delivery 2000"*, it reported on:

- the "journey so far" since 1996, highlighting the seven strategic priorities
- the Budget 1999/2000: "how we are spending your money" (including pie charts for the operating and capital budgets)
- July to December 1999: "what we have achieved over the last six months" (including many of the performance indicators discussed at the Exco/EMT bosberaad, above)
- customer needs survey: "you spoke, we listened" (referring to the Residents Satisfaction Survey described earlier)
- January to June 2000: "what we will do in the next six months" (committing the City to completion of various Business Plan Highlights and capital development projects)
- "what happens next: count down to a new Council for Greater Cape Town" (outlining the Unicity merger process, the final budget of the current CTM and the need to register for local government elections)
- what is an Integrated Development Plan?" (with a brief explanation of the need for a municipal spatial development framework, community involvement, transformation and diversity objectives).

The community at large, and registered civic and ratepayer organisations in

particular, were invited to participate in a series of public hearings on achievements to date and broad budget proposals for 2000/2001. These public hearings, held in Philippi, Guguletu, Athlone, Mitchells Plain and the Civic Centre were well attended - with lively debate on the presentations and draft priorities proposed by Exco Councillors and senior managers. The consensus view from directors with whom the author spoke was that this series of public hearings was a useful, practical exercise in public participation, gaining face-to-face input on performance priorities from Cape Town's diversity of communities. Including telephonic and e-mail responses to the brochure and public hearings, a total of 264 individual submissions was received, raising 400 issues; an analysis of which led to several amendments which were then considered as part of the budgetary process for 2000/2001 (City of Cape Town Bulletin Vol 22 No 4, April 2000).

6.6.8 Individual Performance Scorecards

When the CTM organisational performance scorecard system was implemented for financial year 1999/2000, the focus was totally on the achievement of Business Plan Highlights, Capital Development Projects and Business Process Improvement Projects within identified directorates and branches. The monitoring and tracking processes put in place were devised primarily for organisational performance management, within the defined Strategic Scorecard parameters; and no provision was made for individual performance accountability for directors or managers. In retrospect, this would have been an appropriate time to agree EMT individual accountabilities for KPAs in the year ahead (interview with City Manager, August 2000).

✓ At the Goudini "Transformation Workshop" in August 1999, one of the significant decisions made was that the performance management roll-out would need to include a "tool" for individual performance assessment, to come into use by the mid-year review in January 2000. Based on examples of individual performance appraisal formats used by various major South African companies, a conceptual design was adopted by the workshop, incorporating:

- **ongoing performance in the job** (based on the generic requirements of the job profile)
- **key performance areas** (i.e. specific outputs and targets agreed for the current period)
- **self development goals** ("How can you develop your skills and build your career with the Council?")

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The intention was that the individual PM process and assessment tool should be closely aligned with the corporate PM scorecard so that there would be a clear link between the organisational and individual PM processes. *It is important to note, however, that no EMT individual performance objectives or indicators were negotiated at the beginning of the financial year; the Exco and OD&T assumption being that the City Manager and Executive Directors' performance contracts and Business Plans would provide their indicators and that the Job Profiles for all other management staff would contain their up-to-date KPAs and KPIs.* This assumption ignored international best practice and led to further employer/management mistrust, when EMT performance reviews could not be objectively held, in 2000 ... and nor could performance bonuses be paid.

This overall PM concept and process agreed is best reflected in Diagram 9 below: *People Development through Competency based Performance Improvement* (adapted from Anglo American Central Training Unit document, 1999):

Content

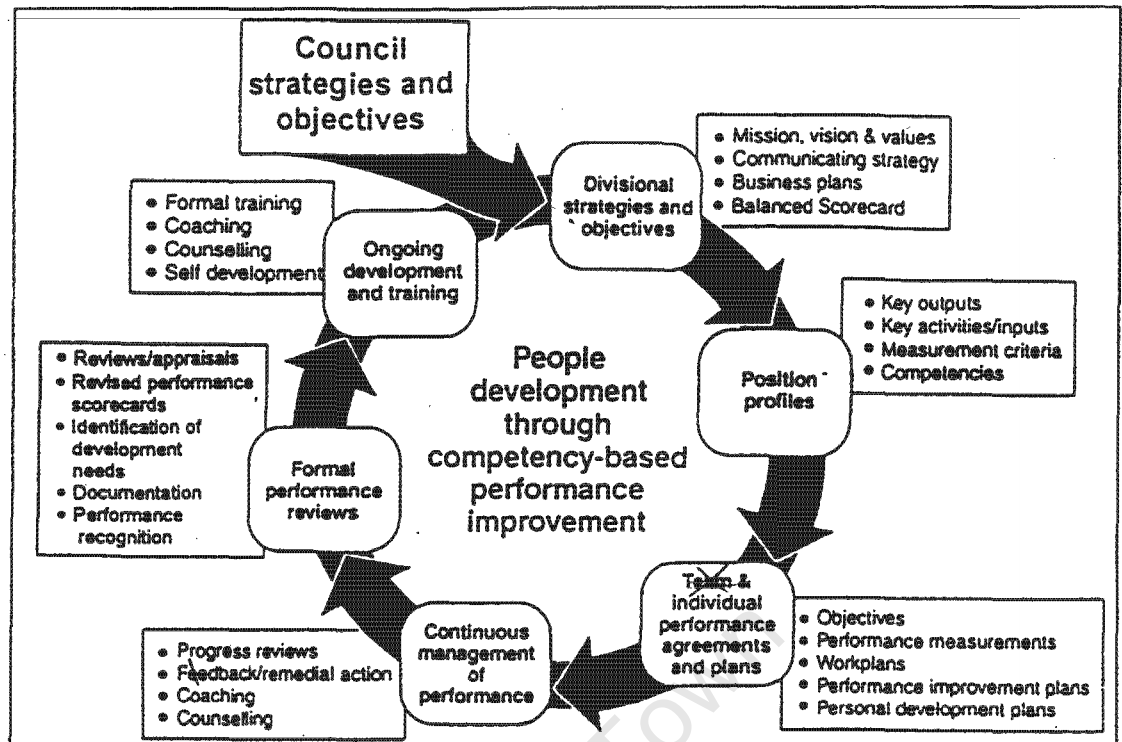


Diagram 9: People Development through Competency based Performance Improvement

As 1999 drew to a close and preparations began for mid-financial year individual performance evaluation (beginning with Exco evaluation of the EMT and cascading down through the 107 Directors and Branch Managers), several practical concerns were identified:

- that the individual scorecard review form should be very similar to the monthly and quarterly BPH report form, so that the two were seen to be closely aligned in their purpose and use;
- that the EMT performance contract headings were too broad to be meaningful for objective performance assessment (apart from the fact that two of the EDs had not yet signed their individual contracts);
- that no individual performance indicators or objectives had been agreed with any directors or managers at the commencement of the financial year, and
- that, according to the Human Resource Department, *about half of the managerial job profiles were no longer up to date in terms of valid KPAs for those positions.*

Furthermore, the possibility of developing a team-based performance management and competency development approach (originally

✓
commissioned by the OD&T Department in October 1999 as a component of the integration of CTM staff towards achievement of branch or inter-branch performance objectives) was shelved. This was apparently done because of an opinion within the Human Resource Department that team-based performance assessment and rewards would not be accepted by the unions (interview with ED, June 2000); although a later interview with union leadership dispelled this perception (see Chapter 8).

In early 2000, therefore, the OD&T consultants were requested to develop individual performance review documents for the City Manager and Executive Directors, based on the existing corporate scorecard perspectives, actual BPH and capital development projects; as well as any statutory requirements of the Chief Executive and/or senior management incorporated in national legislation (relating to financial control, health management, occupational safety etc). Various formats and approaches were formulated and debated, though it was (curiously) not considered appropriate for the consultants to consult directly with the EMT incumbents in developing their draft individual scorecards.

In the process, the previously-agreed need to align the individual scorecards with the corporate scorecard parameters became blurred; and the final draft EMT personal scorecards were developed from the various EMT progress reports tabled at the Exco performance review workshop on 31 January 2000, grouped into four perspectives for assessment of each individual's effectiveness:

- **strategic leadership** (i.e. in developing the vision and strategic direction for the City and its directorates)
- **political interface** (i.e. in guiding councillors and translating the democratic imperatives into manageable programmes and projects)
- **operational effectiveness** (i.e. in planning, organising and co-ordinating resources to achieve strategic objectives)
- **value shift** (i.e. in championing and implementing the values of customer care, equity, accountability and non-racial transformation).

An example of this proposed format for an Executive Director's personal performance scorecard appears as Annexure L.

Given the pressure of the "Year of Delivery", the lack of personal consultation with Executive Directors on their individual scorecards; and the unresolved issue of two unsigned ED performance contracts (as a result of which no performance bonuses had been paid to any of the EMT since 1996), individual performance reviews were, however, shelved ... and none had taken place, by the end of this study period, June 2000.

6.6.9 Management Training and "Roll out"

During the CTM Exco/EMT transformation workshop held at Goudini in August 1999, it was agreed that there were several interpersonal skills and attitudes in the process of implementing a performance management approach, which had not been part of the competencies of many Council managers, to date. Equally importantly, these skills would need to be learned and applied within Council's Standing Committees, where politicians and officials need to interact effectively in negotiating key performance indicators and targets; and in reviewing performance issues in a constructive and developmental manner.

Flowing from the Goudini workshop decisions to proceed with organisational performance reviews at Standing Committee, EMT and Exco levels during 1999, and to extend the PM process with individual managerial scorecards from early 2000, four sets of interpersonal skills were identified in the PM cycle of planning, tracking and feedback; and review:

- identifying performance expectations
- discussing performance expectations
- performance tracking and feedback
- conducting performance reviews.

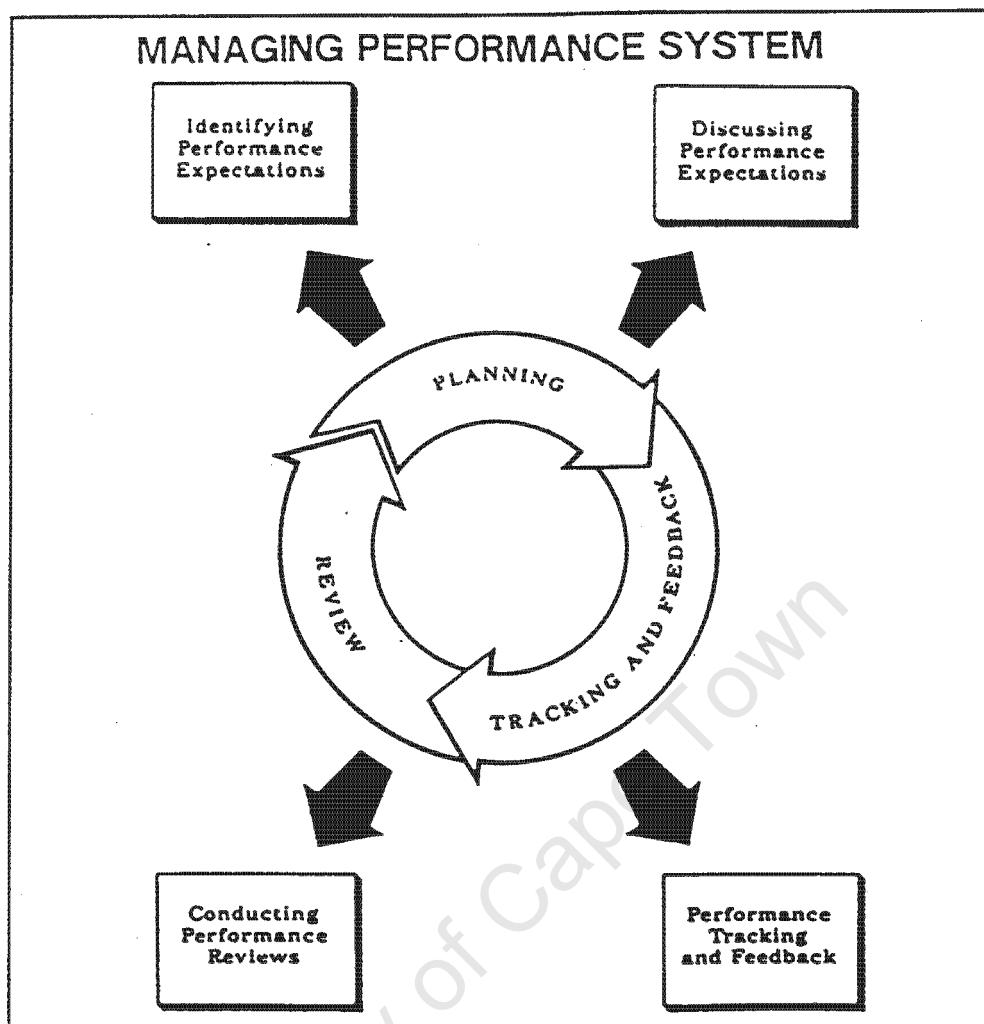


Diagram 10: Managing Performance Systems

These four interactive skills sets are illustrated in Diagram 10 above and were discussed with Executive Directors and OD&T staff in the process of compiling a *Performance Management Guide* (City Council of Cape Town, 2000b) and drafting training materials for the envisaged workshops scheduled for early in the year 2000, aimed at building the capacity of Standing Committee Councillors and the 107 EDs, Directors and Branch Managers.

6.6.10 Senior management concerns surface

In preparing the *Performance Management Guide* and training materials, consultations with the City Manager and Executive Directors revealed several concerns about the manner in which the PM programme would be

implemented, in essence *emphasising the need for a developmental rather than a punitive approach*. These ED concerns were summarised in a letter from the PM consultants to the City Manager on 25 January 2000, prior to the Exco/EMT performance review workshop at the end of that month:

6.6.10.1 fairness and realism of KPAs

that KPAs will be negotiated and not imposed; and that timelines will require "stretch", but within the realities of Council processes.

6.6.10.2 allocation of appropriate resources

that performance agreements will include appropriate resources necessary for achievement of KPAs.

6.6.10.3 KPIs and information systems

that corporate information systems will be urgently and significantly improved, where necessary to monitor indicators; and that simple, readily measurable KPIs will be used.

6.6.10.4 non-punitive approach

that the PM system must not be used as a "big stick", especially in this election year by politicians. A need for bouquets rather than brickbats; to motivate, enthuse and develop staff.

6.6.10.5 overload and complexity

that we focus on the really key strategic KPAs, link these to BPHs and capital projects; and do not unrealistically overload ourselves. Must create a positive culture of "winning".

6.6.10.6 use team KPAs and scorecards where appropriate

that there are many opportunities for improving teamwork (in Directorates and across silos) by setting team objectives and shared measures and values; especially in this initial phase, as we move into the PM process. We already have too much individualism, and team KPAs will be more constructive in some cases.

These concerns, and the best practice "lessons learned" referred to in earlier chapters, were incorporated into the *Performance Management Guide* for councillors and managers which was ultimately designed and illustrated in April 2000, several months later than originally scheduled. This guide was

based on the theme of "**Performance Management 2000**" emphasising the urgency and importance of achieving the agreed Business Plans, Capital Projects and other elements of the seven strategic priorities ... especially in this "Year of Delivery" and year of Unicity merger. The *Performance Management Guide* included a summary of:

- the benefits of performance management for Cape Town
- constitutional policy and legal requirements
- how will we implement PM 2000?
- performance planning
- performance review processes
- performance feedback and recognition
- moving ahead to the Unicity: special challenges in 2000
- examples of PM documentation and step by step training guides.

Annexure M illustrates a relevant page from the *Performance Management Guide* (City Council of Cape Town, 2000b).

Colourfully illustrated and clearly laid out, the PM 2000 guide was intended for a series of management workshops, to empower all Directors and Branch Managers to begin implementing the individual scorecard phase of Cape Town's PM programme in their directorates. Apparently because of the political pressures for delivery, coupled with the lack of previously agreed 1999/2000 personal objectives and 50% out-of-date managerial Job Profiles, the PM 2000 training programme had not begun, by June 2000 (author's interviews with EDs, June 2000).

6.6.11 Budget Strategy and Performance Objectives: 2000/2001

When the Chairperson of the CTM Executive Committee presented his 2000/2001 Budget Speech on 11 May 2000 (City Council of Cape Town, 2000a), significant emphasis was placed on Council's seven strategic objectives, performance achievements and the need to manage scarce resources efficiently and effectively, during the present Council's term of office from 1996 to 2000. Within the political context of the coming Unicity

elections, the Exco Chair and all other councillors who spoke at the special Council meeting to approve the final budget of their term of office focussed frequently on the issues of:

- clarity and relevance of performance objectives
- validity and reliability of performance measurement
- cost effectiveness of resource management
- the likelihood of greater efficiency and effectiveness within the Unicity governance.

The Exco Chairperson claimed that (Budget Speech 11 May 2000, p 15):

"Over the last four years we have substantially increased delivery, in the face of relatively low increases in rates and tariffs and with less money from other spheres of government. How have we achieved this? The answer is through good governance, sound financial management and improved productivity."

He emphasised that the CTM, unlike other councils in the Cape Metropolitan Area, had not vastly increased staff numbers and expenses. In fact, he stated that through properly managing pension arrangements and vacancies, Council had shrunk the organisation by 18% since July 1997; and *that the CTM wage bill was actually 3.7 percentage points lower than it had been three years previously*. He also stated that Exco was satisfied with steps taken to tighten credit control activities; and with payment levels for rates and electricity. In calendar year 1999, Council's rates and electricity income had averaged 98% and 97% of new billings plus interest on outstanding debt, respectively. This particular performance objective had been achieved, he said, through tighter credit granting and bad debt follow up, as well as by making it easier for people to pay, either by pre-payment systems, through debit orders or easily accessible third party payment systems in major retail chains.

Cleansing had also been a major area of concern, with significant extra resources being allocated to this function. Performance standards for mechanised street sweeping had been introduced recently, so that by August

2000 all residential streets will be swept once every 8 weeks. Business areas are already being swept every day. Council's most significant investment in financial terms had been the CCTV anti-crime surveillance project in partnership with Business Against Crime (BAC). Since putting in the cameras in the CBD, crime had dropped 11% and apprehensions had increased by 200%. In the past two years, Council had expanded its traffic service by 20%, increased revenue from fines by 230% and had seen a 20% drop in road deaths between 1997 and 1999. New approaches to management of Council parking areas have made them safer and increased revenue; and it was planned to outsource kerbside parking in the CBD to the Cape Town Partnership, in order to improve performance in this function through the public-private partnership (PPP) approach.

Looking ahead, the Exco Chair spoke of the performance challenges of the future:

"Excellent City management will be the key to South Africa's performance in the global economy... the Unicity will bring with it new and innovative ways of doing things. New work methods and effective performance management will help us do more with less; and to ensure that ratepayers' money is more effectively used. We recognise that human resources will be the key to the effective running of the new structure and the new national skills legislation will be used to create new learning opportunities for our workers. **As the elections for the Unicity Council draw closer, I have no doubt that the citizens of Cape Town will judge us on the basis of our performance over the past four years.**"

6.6.12 **Opposition responses to performance claims**

The Opposition parties, however, also focussing on performance efficiency and effectiveness measures in their speeches, took a sceptical pre-election view of the performance indicators and achievements highlighted by the governing party .

Their argument was mainly related to the non-achievement of certain previously emphasised performance objectives (specifically housing for the

poor); and the credibility of several of the performance measures quoted (amongst others, credit control and tariff payment arrears). The Democratic Party councillors were hard-hitting in their questioning and critique of Council's performance achievements; stating that in 1997, 1998 and again in 1999 they had listened to Budget Day speeches in which the ANC Alliance "promised wonderful things to the people of Cape Town". The leader of the Democratic Party opposition commenced her critique by saying that "We don't have to wait for the end of (their) term of office ... Judgement Day is here". Pointing to specific key performance areas from previous budgets and Council reviews, her comments included (Copy of Budget Debate Speech by DP Caucus Leader, 18 May 2000):

6.6.12.1 Housing: "It's our biggest failure ... we are nowhere near the targets set four years ago. The ruling party once described its five top priorities as 'housing, housing, housing, housing, housing'. We say these are just words, words, words, words, words."

6.6.12.2 Debtors' Management: "The Exco Chair's claims regarding improvements in electricity and rates income are 'hogwash' and in fact we have a steadily mounting arrears crisis. Housing rental arrears had risen from R26 million in 1997 to R43.2 million in 1999. In the same period, water arrears had risen from R52 million to R90.3 million and electricity arrears from R61.6 million to R67.5 million. It's a bleak picture, but the really disturbing aspect is that the ANC Alliance partners are fully aware of the situation but lack the political will to effectively deal with it."

6.6.12.3 Listening to the people? "With a communications budget of nearly R9million, this should be a piece of cake. Not so. Letters are not acknowledged, phones are on voicemail, questions are answered months later, if at all. The R9million is actually used to put out expensive glossy publications showing the Mayor, Exco Chair and the City Manager striding purposefully across the front page - where to, no-one knows. A well-run city doesn't have to

spend millions advertising the fact. A well-run city speaks for itself."

6.6.12.4 Performance Management Effectiveness: "The governing party's promises for improved performance management for the people of Cape Town are 'like the millennium celebrations - a lot of hype and no action'."

Clearly, performance measurement and management issues have now become a permanent part of the political-administrative agenda in the Cape Town City Council. This is evidenced by the officials who prepared the speech, the directives of the Exco Chairperson in his emphasis on strategic priorities and performance measures; as well as by the Opposition attacks on the relevance and credibility of the performance achievements claimed. Significant, too, is the lack of reference to an Integrated Development Plan (IDP) as the foundation for agreed key performance areas and indicators ... a fundamental concept required of municipalities in the Local Government: Municipal Systems Bill (1999, revised April 2000).

Also of concern to several observers of the CTM 2000/2001 Budget debate were the apparent contradictions in performance indicators regarding debtors arrears trends: whereas the Exco Chairperson stated that he was "*satisfied with the payment levels*" for rates and electricity, the opposition quoted "*increased levels of indebtedness*" in the financial report. Damage control had to be initiated by the Executive Director of Corporate Finance who explained some days later in a press article that "the percentage collection level figures are worked out by taking the increase in arrears over one calendar year as a percentage of the total billings for the year and subtracting this from 100%". He went on to say that this is a key performance indicator used by those interested in the strength of the City's finances, because it is a key indicator of cash flow (Cape Argus, 22 May 2000). The fact that he needed to point out that the complexity of the financial accounting exercise lent itself to "political point scoring" underlines the need for **mutually understood, transparent and simple key**

**performance indicators for municipal performance management
public communications.**

**6.7 PERFORMANCE MANAGEMENT INTERVENTION IN THE MAYORAL OFFICE :
A CASE STUDY**

Often linked with the transformation management programme, the CTM OD&T department facilitated several interventions in a wide range of Council branches and directorates, aimed at accelerating change management and business improvement processes. The OD&T staff includes people seconded from various functions such as information systems and HRD; and specialised external consultants were called in where appropriate. Amongst several successful interventions were: consolidation of municipal stores, enabling a reduction in average annual inventory of over R2million; and streamlining of the process required for nomination of staff to attend training programmes, reducing the administrative steps from almost 20 to fewer than 10. Another facet of "transformation" was a series of 92 change management sessions for about 800 staff at all levels, aimed at helping employees to identify and cope with change and uncertainty. There was enthusiastic participation from junior staff, but little visible support from senior management. Linkage with the organisational performance management programme and problematic branches was not evident (author's interview with external OD&T consultant, August 2000).

One of the more complex interventions (both politically and administratively) was an ostensible performance management project, triggered by dysfunctionality in the CTM Mayoral Office. This case study describes the apparent causes and attempted solutions to achieve competent performance standards in the most visible political office of the City, in early 2000.

6.7.1 Background: Symptoms of poor performance in the Mayoral Office

After the appointment of a new Office Manager and Assistant Manager; and receipt of a number of complaints regarding non replies to invitations and various protocol problems, the Mayor and City Manager requested a thorough investigation of the performance problems in the Mayoral Office. The OD&T staff member responsible for Business Improvement Processes duly investigated the issues and (in a memorandum dated 4 November

1999) recommended that substantial role clarification was required and that job profiles should be written for existing staff, as well as the creation of two new contract posts, to strengthen strategic office leadership and administration.

Soon thereafter, he conducted a performance improvement workshop with existing management and staff and produced a report identifying four options for remedial action:

Option 1: The Mayor's Office as it presently exists to be closed down on the basis of dysfunctionality and the City Manager's Office takes over responsibility for running of the Mayoral Office. The management and administrative staff are redeployed to other parts of the organisation.

Analysing the potential advantages and disadvantages, he pointed out that this would provide a "speedy resolution of the problem", but that it was unlikely that existing support staff within the City Manager's Office would be able to carry the extra load for long. Additionally, there were specific duties within the Mayoral Office which would require dedicated staff.

Option 2: On the basis of dysfunctionality and performance improvement, the Mayor's Office to be restructured. Staff are, or are not, placed in the new positions on the basis of a full assessment of their performance to date, as per the normal staff placement procedure. Those staff who cannot be so placed would go into the corporate pool for redeployment. To oversee the implementation of the above process, one would need to bring in additional managerial capacity and begin putting in proper management systems.

He saw the advantages of this option in that it would "sweep clean and therefore avoid labour wrangles", but pointed out that a possible disadvantage would be the need to determine what would happen to the staff while they were waiting to be placed.

Option 3: Disciplinary action to be taken against the relevant staff members. Where this results in redeployment or dismissal, the subsequent vacancies are advertised and filled.

While the advantage might be speedy resolution of some staff problems, the potential disadvantage was noted that the disciplinary hearing may not result in dismissal or redeployment, but a "lesser sentence". It was also regarded as likely that additional management capacity would still have to be brought in whilst the disciplinary process saw out its course.

Option 4: All staff members to be put through the poor performance procedure, with the performance period not exceeding three months. An external management team is brought in to assist in this process.

The advantage noted was that managerial capacity would immediately be enhanced; but that a considerable length of time would be required to achieve desired performance standards.

Recommendation: Weighing up these four options in terms of timing and likely outcomes, Option 2 was recommended for adoption, with "requisite disciplinary action". This recommendation was accepted by the Mayor and City Manager.

6.7.2 **Political dimension: questions asked in Council meeting**

Meanwhile the two opposition parties in Council, the New National Party (NNP) and Democratic Party (DP) had also become aware of the performance management problems in the Mayoral office and placed questions on the City Council's agenda for 7 December 1999, questioning *inter alia*.

- The key functions for each member of staff in terms of their contracts of employment and the performance management mechanisms which apply to each staff member in terms of their contract?
- The structures, systems, practices and procedures in place to ensure the smooth running of the Mayor's Office?
- How many complaints, if any, have been received since January 1999 about any aspect of the Mayor's Office activities; what has been the nature of those complaints and who has lodged the complaints?
- Have any staff members been counselled or disciplined in relation to any complaints received about the Mayor's Office since January 1999 or any other aspect of the functioning of the Mayor's Office?

- Why does the Mayor not report back on her activities for each month under the agenda item *Mayor's Monthly Report to Council*?

Various other questions were also posed by both opposition parties, reflecting concerns about control of the Mayoral budget and representation from all parties at official mayoral receptions. Clearly, the staff performance problems in the Mayoral office had the potential of becoming a political football. Answers to the questions were delayed, as records were unavailable and staff performance contracts were not in place.

6.7.3 "Restructuring" action commences

The author was appointed to consult with the OD&T department to undertake the proposed "restructuring" in order to improve the performance of the Mayoral office; the proposal (OD&T Report dated 15 December 1999) had to be piloted through an *ad hoc* body known as the Corporate Team, representing HRD and line departments to ensure that any such restructuring proposals were carefully considered. The impediments to adequate performance were identified in the proposal as:

- poor management
- lack of effective administrative systems and procedures
- poor job definition
- lack of role clarity and accountability resulting in administrative dysfunctionality, task duplication and a breakdown of discipline
- a significant level of interpersonal conflict and lack of trust amongst key staff members
- apparent deficiencies in key competencies.

The restructuring proposal was approved by the Corporate Team, together with the recommendation that an OD consultant be brought in to oversee the implementation of the restructuring process and to begin the process of putting in place the appropriate management and administrative systems required to "increase efficiency and effectiveness". It was predicted that the process would take some three months in order to draw up job profiles for existing positions and to assess existing staff against those performance standards; and thereafter to develop new systems and procedures, coupled

with job profiles for the envisaged new staff structure. For example, the current position of Mayoral Office Manager would be replaced by a Strategic Liaison Officer, required to develop and implement a strategic business plan for the Office of the Mayor. The current Assistant Manager post would be replaced by a Senior Administrative Officer, who would co-ordinate the administrative planning and control of all office staff.

Meetings were held with all staff, together with the Industrial Relations Manager, to brief them on the aims and process envisaged; and to seek their co-operation in implementing appropriate procedures for effective planning and control of the Mayoral programme and budget.

It soon became clear that the descriptions of dysfunctionality identified in the OD&T report were not an overstatement. One staff member had refused to sign her contract since commencing duties many months before, as she felt that her role was not adequately clarified in that document; racial tensions frequently surfaced; there were no systems, policies or procedures in writing; perceived pressure of work and interpersonal stresses lead to frequent absences on sick leave ... and the tensions of the investigations by OD&T had taken their toll on morale and readiness to co-operate with the Mayor, her Deputy or any other person perceived as a threat to career tenure. Within a few weeks, however, procedures were documented and job profiles were drawn up and signed, indicating acceptance of key performance areas.

6.7.4 **"My shambolic staff"**

Now, however, followed a political setback to the desired co-operation, efficiency and effectiveness. The opposition parties, still awaiting answers to their questions posed at the December Council meeting, refused to allow the routine acceptance of the performance improvement proposal at an Exco meeting, which would have been closed to the public; they insisted that the matter be debated in open Council, presumably in order to gain political mileage. The Cape Argus (28 January 2000) featured an article headed "*My shambolic staff - mayor*" with details of the report and restructuring proposal. The report said that the staff had no "properly conceptualised" jobs and that a lack of "robust management" exacerbated problems. Whatever the political consequences, the Mayoral Office staff were indignant

and increasingly anxious at the press reports of "*such administrative chaos*" (Cape Times, 31 January 2000) ... and at the rumours of senior political redeployments by the governing party to take over management of the office. Phone calls from the press and from would-be applicants to the proposed new positions further aggravated staff anxieties and lessened their willingness to co-operate.

The Mayor's Personal Secretary, with still two months of her existing contract to complete, was booked off with stress-related illness soon thereafter and did not return to her workstation. Coaching, counselling and performance assessment of other staff continued and the two new managerial positions were internally and publicly advertised. The competency assessment of the two incumbents, in terms of the competencies defined for the new positions, were undertaken by the Mayor, Deputy Mayor and City Manager; as well as by an external professional, who would also be involved in the assessment of short-listed external candidates in order to ensure consistency and objectivity in the process.

6.7.5 Union intervention

Some two months after the commencement of the "performance improvement project" of the Mayoral Office, both major trade unions began to object to the process, not only because of any threats to their members' careers, but specifically to the principle of "restructuring". In Johannesburg, much publicity had already been given to union resistance to that Metropolitan Council's macro-restructuring plans, and the possible implications of the Unicity merger in Greater Cape Town were beginning to have a ripple effect. No union consultation had taken place in the process of the OD&T department's assessment of the various options for resolving the performance problems in the Mayoral Office.

First the South African Municipal Workers' Union (SAMWU) and then the Independent Municipal and Allied Trade Union (IMATU) declared their opposition to this "restructuring" activity, saying that it would be the thin end of the wedge and that if this were allowed to occur, then there would be no reason why the Council or the Unicity Commission should not

contemplate other (much larger) "restructuring" activities which might affect many of their members' careers. Typical of these anxieties was an article that appeared in the Sunday Times Cape Metro edition on 16 April 2000 under the heading "Unicity Jobs Crunch" creating the impression that "ten thousand municipal jobs would be shed" as a result of the merger into a Unicity. This article was rebutted by the Chairperson of the Unicity Commission a week later.

In the same way, the Mayor and Deputy Mayor met with union representatives in order to convince them that there would be no job losses in this case, and that there was a real need for redefining the key performance areas; and that existing staff were free to apply, in competition with external applicants with the appropriate knowledge and skills. The union interventions did, however, slow down the assessment and selection process, heightening the uncertainty and prolonging the poor performance problems of the Mayoral Office. The political tensions and low morale also caused the newly appointed Personal Assistant to the Mayor and Deputy Mayor to resign after less than two months service.

6.7.6 Gathering pressures and Competent performance

As the selection of new staff proceeded, the importance of a Mayoral Business Plan and committed, competent staff were again highlighted in the press, when the opposition NNP and DP tabled a Council meeting motion that the Mayor's Office be "closely monitored", calling for the Mayor's diary to be submitted to the Council each month and for all expenditure to be scrutinised. The allegations included those of "party political bias, gross inefficiency and inadequate record keeping" (Cape Times, 19 April 2000).

The staff that were ultimately appointed as Strategic Liaison Officer and Mayoral Administration Officer had been thoroughly assessed by a panel including OD&T, HRD and the external consultant. Their assessed competencies included the technical proficiencies, political understanding, high energy level and commitment to results that had been defined for excellent performance in the job profiles, within an increasingly high pressure environment as the Unicity elections approached.

This brief case study illustrates the type of micro-intervention components which may need to occur more frequently, in implementing an overall PM approach in a major municipality.

6.8 ADMINISTRATIVE CO-OPERATION TOWARDS UNICITY PERFORMANCE

6.8.1 Ministerial White Paper investigation, 1998

Broad agreement on key performance areas in local government in the CMA had already been established in the pre-interim phase of negotiations in 1995, though opinions on strategies and structures to achieve optimal service delivery across the metropolis differed between political parties and MLCs. When the ministerial White Paper investigation into metropolitan governance began in April 1998, a workshop of Chief Executive Officers (CEOs) and senior management from the CMC and all six MLCs had little difficulty in agreeing on the "key points of departure" (In other words, the *key performance areas*) for considering performance strategy and organisation structure in the CMA:

- service delivery
- equity and redistribution
- integrated planning
- governance and accountability

(CEOs workshop with the author in terms of ministerial White Paper investigation, April 1998).

Interviews with senior managers from the CMC and MLCs in Greater Cape Town generally indicated recognition that cost-effective delivery in major performance areas such as health and housing could only be expedited through a *more integrated, focussed management approach*. For example, the CMC Director of Housing was adamant that:

"there is overwhelming evidence to demonstrate that the current arrangements are *completely dysfunctional and anti-developmental in respect of housing and urban development* ... unless a wholly different set of institutional, financial and administrative arrangements are urgently put into place for greater Cape Town as a whole, significant long term structural damage to the urban fabric is assured" (Discussion document

submitted for ministerial investigation into CMA governance by CMC Director of Housing, 30 April 1998).

6.8.2 Unicity Performance Management Workshops, 1999

From mid-1999, as the reality of the coming Unicity merger began to loom large and the Municipal Systems Bill became a public document, the Metropolitan Chief Executives Forum requested acceleration of initial discussions which had been held between officials from all CMA councils, arising from a Metropolitan HR strategy workshop held on 25 February 1999. What came out of this strategy workshop was **a need for development of a common performance management system** as well as common development of other HR processes. The first meeting of the PM working group was held on 11 March 1999, to start grappling with the issues around performance management and to make a policy proposal to the Metro Human Resource Directors Group and to the CEOs Forum.

Officials from the CMC and all six MLCs participated in this PM workshop and consolidated their policy proposals on 8 July 1999, with a conceptual PM model framework. Their proposals included the following "essential elements to be built into a Unicity PM system" (minutes of Metropolitan PM Workshop, 8 July 1999):

6.8.2.1 External focus on customers and communities:

The PM system needed to be in line with statutory requirements, taking into consideration the needs of civil society, engaging communities in the community outreach programmes. PM outcomes will show whether transformation is impacting on people's lives in everyday service delivery; and addressing issues such as equity and poverty alleviation.

6.8.2.2 Unicity organisational focus:

The Unicity service delivery strategy and organisational structure needs to be defined, as a basis for the development of a coherent, integrated performance management system. Clarity of core business operations is important, in order for local government to concentrate on what they are supposed to do best. The Unicity

organisation would need to look at its capacity in terms of resources such as infrastructure, financial resources, information systems and human capacity; in order to ensure that it is capable of meeting community needs to realistic standards within existing capacity.

6.8.2.3 **Individual employee focus:**

Thereafter, an individual PM system should be designed, to enable measurement of each individual's performance. It should be competency-based, developmental and empowering to individuals; and feedback should be "bottom up and well as top down" with the possibility of a 360 degree feedback system. There should be clarity and alignment between organisational and individual KPAs, behavioural competencies and personal development goals.

Similarly, consensus was sought on the issue of a common *Competency Framework Model* at a meeting in August 1999, with Human Resource practitioners from all of the various MLCs seeking consensus on an approach to developing competencies for council staff which would in due course be validated and used across the Unicity for staff selection, performance management and career development. Again, it was agreed to let CTM staff develop a pilot programme for adoption by all Councils in readiness for a Unicity administrative model. The Cape Town framework was in due course accepted by the CEOs Forum, for ultimate tabling at union negotiations as part of the common set of Human Resource policies and practices (author's interview with CTM Human Resource Manager, April 2000).

The PM co-ordination process was further consolidated on 7 December 1999 at a Metropolitan Performance Management group workshop facilitated by the author with the following objectives:

- to confirm the terms of reference and deliverables, ensuring buy-in to the conceptual framework, amongst all HRD officials
- to effectively address PM linkages to the Unicity Commission deadlines and transitional "milestones" in the year 2000; as well as SALGA and Department of Constitutional Development initiatives at national level

- to broaden the capacity of the working group and organise an implementation plan.

Potential overlaps with the separate HRD and IDP working groups were identified, so that people focussing on performance management issues could participate in more than one working group, thus minimising the risk of duplicating efforts or proceeding in different directions.

Productive work on these issues did not gain traction, however, before the Unicity Commission politicians and Chief Executives agreed the fundamental need to research and agree a Service Delivery strategy for the Unicity, after which organisational structure and governance strategies would be considered and evaluated. Only once these fundamentals were in place and interparty political consensus achieved, could facilitative and supportive processes such as performance management be designed and developed (author's interview with CEO of Cape Metropolitan Council, June 2000).

This need for strategic clarity is highlighted in the White Paper on Municipal Service Partnerships (2000, p 12, paragraph 1.3):

"If (municipal service partnership) arrangements are well structured and properly implemented, such arrangements can lead to significant improvements in the efficiency of service delivery. Greater efficiency means that significantly more services can be delivered, while still remaining within the council's overall budget limits."

6.8.3 "The Skills Development Project"

If any performance management system is to meet the best practice criteria highlighted in Chapter 4 of this study (particularly those related to people development), it needs to be linked to other organisational processes, as illustrated by Robinson and Robinson (1995, p 267) in their *Architecture of a Performance Management System*, which is depicted in Chapter 4, Diagram 3.

In the South African context, the emerging framework of new labour legislation has also been referred to earlier in this study (Chapter 5), with constraints on and linkages to the effective selection, motivation, development, retention and disciplining of people in the workplace, in order to optimise performance. One of the essential PM components identified by the metropolitan HR and PM working groups was the need for a *Skills Development Plan*, as required by the Skills Development Act, 1998, and to facilitate the objectives of the Employment Equity Act, 1999.

Again, the initiative was allocated to Cape Town Municipality staff to design, co-ordinate and publish a comprehensive guideline in February 2000: *The Skills Development Project, applying the National Qualifications Framework (NQF) to learning in the Cape Metropolitan Area* (City Council of Cape Town, 2000c). This handbook was a collaborative effort, with process validation inputs from HRD officials in the CMC and most of the MLCs; and editorial input from the CEO of the then Local Government Education and Training Board.

After a lengthy explanation of the outcomes-based education and training processes and philosophies of the Skills Development Act and NQF, reference is ultimately made (p 65) to the need for a Skills Development Plan at each workplace to:

"bring a strategic focus to learning and training, by linking the needs of the organisation to labour market opportunities" ... and "learning provision with cost-effective and quality assured considerations".

Cape Town Municipality then drafted its own *Education and Training Policy* (City Council of Cape Town, 2000d) under the same *Skills Development Project* title, emphasising in the foreword that "the first Skills Development Plan for the Unicity is to be drafted by the end of June 2000", and that this booklet would be a contribution to debate around the development of education and training policy for the Unicity.

The proposed values and principles of the draft CTM Education and Training Policy (City Council of Cape Town, 2000d, p 2) include that *inter alia* :

- "3. employees will be able to
 - improve their own competence and the quality of the work they are able to do
6. Education and training of employees ... must be in line with organisational needs
8. The development of employees is primarily the responsibility of every manager/supervisor at every level ... that is, it is one of the key performance indicators on which managers/supervisors will be assessed.."

No other reference is made to a performance management system in either *Skills Development Project* publication; and no member of the CTM performance management project staff is named as a participant; possibly another indication of the unfortunate operational gap between HRD and OD&T project staff.

6.8.4 **Administrative co-operation and expertise**

As has been described above, various workshops on the principles and processes of performance management across the CMA have been held since early 1999, although the leadership of these discussions was largely left in the hands of CTM OD&T staff. Towards the end of June 2000, however, it was decided that a Management Services official from the City of Tygerberg would co-ordinate the new Unicity PM task team, within the broad mandate of organisation transformation processes, in order to support the service delivery strategy once it has been agreed.

At a function on 29 June 2000 to launch the South African Excellence Foundation Model (which has a local government version) to politicians and officials from the CMA, it was noted that this model provides a performance management framework which incorporates the Balanced Scorecard approach (described in Chapter 3), linked to a diagnostic instrument which facilitates assessment of organisational and departmental practices which are

likely to improve performance management. An outline of the SA Excellence Foundation's local government performance model and its assessment criteria is shown in Annexure R.

With the valuable PM experience gained by some line managers and OD&T practitioners in the Cape Town Municipality; and the fresh impetus of an integrated, practical planning and diagnostic model, critical discussions and new pilot projects were begun at a workshop incorporating officials from all seven merging councils in the CMA on 25 July 2000, with the aim of developing an integrated PM approach suited to the service delivery objectives and organisational design of the Unicity, within the requirements of the Municipal Systems legislation.

Bearing in mind the considerable challenges of merger and transformation activities and the consequent fragility of staff morale, a carefully integrated incremental approach to Unicity performance management seems essential in order to achieve the required level of "goal sharing", buy-in and ownership from management and unions ... and how best to achieve such integration is a key issue. Writing in the *Management Review* (American Management Association, February 2000, p 25) Piturro highlights the comments of an international change management consultant who emphasises the *strategic need for transformation issues to be in the main stream of organisational management*, and not merely in the hands of a specialised staff department:

"The organisation itself, all departments, functions and work groups must embody change in their daily work, without the intervention of a transformation office."

Two other recent European research programmes on the success criteria for organisational change management also point to the necessity for senior line management to drive such programmes if they are to be sustainable. Consulting firm A T Kearney surveyed senior executives in 294 major European companies to rate the success of their change management programmes, which had objectives including cost-reduction, increased revenue and performance re-engineering projects. Only 20% considered

they had achieved sustainable success; 63% stated that they had made some temporary improvement, but failed to sustain it; and the remaining 17% stated that they had achieved no improvement at all. Kearney's survey concluded that *successful change management is directly related to proactive commitment by senior managers who ensured that their organisations learned from change and built it into their culture and performance assessment.*

The second survey, conducted by Atticus, a British consultancy, analysed results from 400 major organisations world wide, on a scorecard that measured *ability to achieve lasting transformation.* The Atticus results showed that, for companies in the top 5%, top managers were more than twice as likely to be actively involved in (and accountable for) change projects as they were in the bottom 10%.

(Source: The Economist , London: reprinted in Business Times, Johannesburg, 16 July 2000).

6.9 POLITICAL CO-OPERATION TOWARDS UNICITY PERFORMANCE

The CMA Unicity Commission (Unicom) was established on 17 November 1999, by means of Provincial Notice 400 of 1999, in terms of section 14(5) of the Municipal Structures Act, 1998.

The purpose of the Commission is to manage the transition to a Unicity, and more specifically to advise the Provincial Minister on any matter relating to the disestablishment of the current councils and the establishment of the Unicity. Councillors from the NNP (5), ANC (5) and DP (1) serve on the Unicom.

The Commission further has the responsibility of developing a service delivery and institutional strategy for the Unicity, and to formulate recommendations to the Unicity on matters such as integrated development planning, budgets, financial management, human resources and information technology. The Commission also needs to see to the orderly functioning of the Unicity and has the responsibility of making recommendations on matters such as rules and procedures, interim delegations, interim reporting lines and by-laws.

The Unicom, by agreement between the current Councils, has also been charged with the responsibility of representing the Councils in consultations and negotiations with employees and their trade unions in regard to employment related matters pertaining to the transition to a Unicity, and the responsibility for communication on the transition to a Unicity (Source: Chairperson's Report on the activities of the Unicity Commission for the period 25 November 1999 to 20 January 2000).

Strategic agreements reached at political level by May 2000 were that the new Unicity would be known by the "international brand" of the *City of Cape Town*, and that its Council Chamber and executive headquarters will be in the existing CTM Civic Centre (City of Cape Town Bulletin Vol 22 No 6, June 2000)

Given recurring resistance from both major unions to the *iGoli 2002* Unicity project in Johannesburg, including mass marches and 24-hour sit-ins in Johannesburg Metropolitan Council offices (Cape Times, 24 June 2000), several Unicom councillors expressed pessimism regarding Bargaining Council prospects in Cape Town, on PM and related HR policies (author's interviews with Unicom councillors, June 2000).

6.9.1 Unicity Service Delivery and Institutional Strategy

Most significantly, in terms of the scope of this study, was the drafting of a politically-agreed document entitled: *Towards a Service Delivery and Institutional Strategy for the Unicity Council* (Unicity Commission, 2000) which forms the basis for a public Discussion Document (August 2000).

Relevant extracts from this service delivery strategy follow, as an indication of the political-administrative framework within which future performance indicators and performance management systems will need to be agreed and developed, in the new merged City of Cape Town:

6.9.1.1 Urban infrastructure and services

The CMA as a whole is confronted with a number of other daunting service-related and infrastructure challenges. These include:

- The city is marked by massive spatial inefficiency and inequality and by growth patterns that reinforce inefficient urban sprawl and social division;

- The housing backlog stands at 221 200 (Note: new household formation is 26 000 per annum and about 20 000 of these are below a household income of R2 500 per month);
- The urgent need for safe, affordable and efficient public transport that can meet the needs of citizens and the economy;
- Infrastructure and services to ensure safe, healthy and crime-free quality of life, especially for low-income communities.

6.9.1.2 **Management structures and systems**

Although there have been attempts to modernise the management structures and systems of local government, the organisational structure and systems generally are outdated and basic management tools are essentially absent. Areas of concern include:

- there is a widespread perception that the level of leadership provided both politically and administratively has been inadequate for the nature of the challenges facing the city;
- there are poor linkages between strategic decisions and operational implementation;
- service delivery is characterised by limited citizen involvement and lack of needs assessments;
- performance management is almost entirely non-existent at an individual, team, service and departmental levels, with a few exceptions. Benchmarking as a tried and tested approach to performance management is virtually non-existent across CMA councils.
- the management information system is generally rudimentary and does not provide managers with the financial, human resource and other information needed to manage effectively;
- the organisation design of many services is inappropriate and some services are not delivered at the appropriate level of scale, which results in inefficiency and duplication.

6.9.1.3 Human resources

There is a recognition that the current human resource and labour relations dispensation is not conducive to effective service delivery. Problem areas that have been identified during the process include the following:

- there is concern about capacity and competency of staff at all levels to meet future needs and a recognition of the need for major capacity building;
- the job description and job grading system is rigid and inflexible. This greatly hinders the redeployment of staff in line with changing priorities and the requirements of service equity. It also limits the extent to which re-skilling and multi-skilling are possible.
- labour relations are adversarial and the current bargaining mechanisms are very inefficient.

6.9.1.4 Gap between performance requirement and capability

The internal and external reviews indicate that there is a growing gap between the service and development needs of the City and the capability of local government to address these needs as indicated in Diagram 11 below.

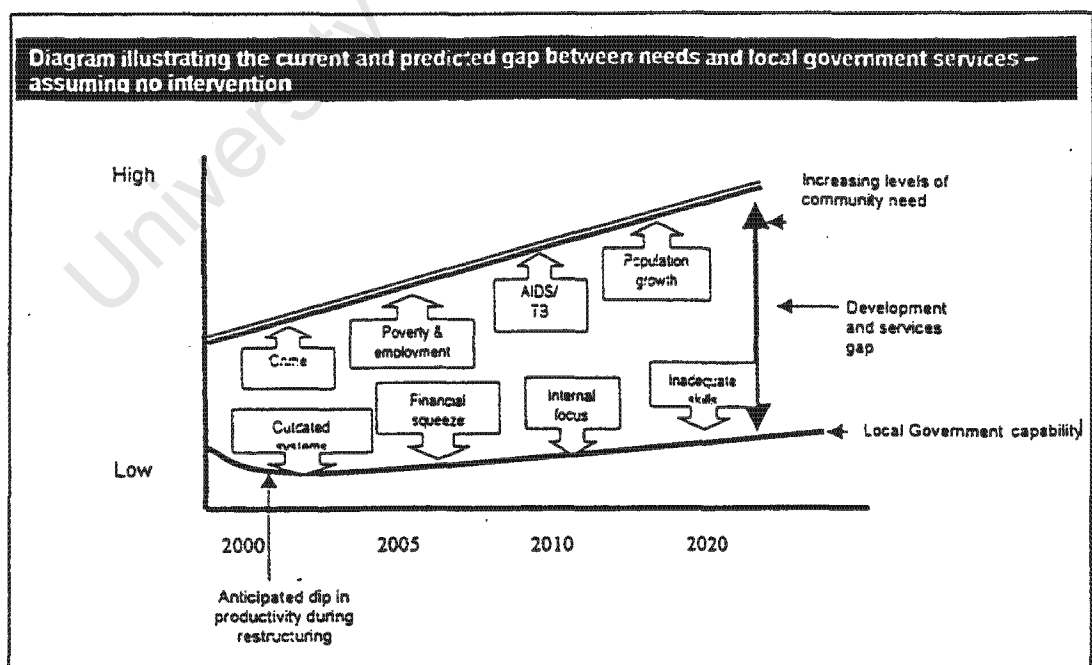


Diagram 11: Illustrating the current and predicted gap between needs and local government services - assuming no intervention

6.9.2 **Setting new performance standards**

The Unicity Service Delivery draft strategy and Discussion Document (2000, p12) indicates that in order to deliver these services and programmes on the scale required, Unicity Council services and activities will need to be organised, managed and resourced to ensure that the following three key performance requirements are achieved for each individual service and for the merged municipality as a whole:

6.9.2.1 **"Best value" delivery**

The Unicity will need to adopt a variety of measures in conjunction with a performance management system to increase the competitiveness of its services and activities in an on-going manner. These will include:

- re-engineering of work processes and encouraging innovation to improve efficiency and effectiveness;
- the elimination of unnecessary bureaucracy and red tape;
- service benchmarking;
- encouraging cross functional service working to ensure more effective services;
- exploring alternative service delivery mechanisms where in-house provision is unable on its own to provide competitive delivery.

6.9.2.2 **Development impact**

Activities and services of the Unicity should seek to maximise their development impact in line with the development strategy.

Approaches for achieving this could include:

- configuring municipal services in order to ensure that they are aligned with the objectives and principles contained in the development strategy;

- using its procurement policies and its influence as a major purchaser of goods and services to influence its suppliers and other stakeholders to align themselves with the development plan and to maximise job creation, skills development, economic empowerment of previous disadvantaged people and the development of community organisation;
- a strong emphasis on partnership working as a key means to leverage additional resources (financial, human, knowledge) for services and development from the private sector, the community sector and civil society.

6.9.2.3 Financial sustainability

The third key performance requirement is financial sustainability. Ensuring sustainability will require a range of proactive measures that substantially increase the financial strength of the Unicity Council and will permit over time a substantial increase in the resources available for development programmes.

The draft *Service delivery and institutional strategy for the Unicity Council* (Unicity Commission, 2000, p 24) concludes with a statement reinforcing the need for effective performance management systems:

" Performance management in the Unicity

The introduction of integrating performance management systems across the organisation is both a requirement of the forthcoming *Municipal Systems Act* and an essential tool for building a high performing organisation. It has emerged internationally as an important public, private and social sector tool for bridging the gap between planning and implementation. Such a system will need to link strategic objectives with operational, team and individual performance. "

6.10 SUMMARY

The Cape Town Municipality has pioneered the local government performance management approach in the Cape Metropolitan Area, and much has been learned in the process ... not only about the issues of gaining management and staff acceptance and overcoming resistance to change, but also about the need for political-administrative role clarity, simplicity of systems, fairness and relevance of performance indicators, for effective performance measurement and competency development. These issues are now firmly on the agenda of the Unicity Commission.

At organisational level, the CTM Integrated Development Plan included seven strategic priorities which have consistently provided a useful framework for political and managerial objectives and for public communications. Within this IDP framework, Business Plan Highlights and Capital Development Projects have been the focus of the organisational PM efforts, gaining wide support and commitment; despite anxiety and anger around perceptions of excessive paperwork, rigid centralised bureaucracy and interdepartmental rivalry in the monitoring and review process. The general consensus of political leaders, senior managers and union leaders is that the CTM Business Plan Highlights and associated Business Improvement Projects (though representing only a small fraction of total budgeted expenditure), have provided a very practical platform and culture change mechanism, towards a fully fledged performance-based management approach.

The same practical platform has not yet been built, however, for the cascading of organisational objectives to management teams and/or individuals; and to link with employment equity and skills development objectives. For various reasons, not the least of which is the lack of up-to-date Job Profiles, individual performance scorecards or contracts, the planned "roll-out" of PM to directors and branch managers had not yet begun; and the managerial training manuals remained, as yet, unused. Political and managerial experience in "owning", leading and co-ordinating these PM normative model components will need to be developed, for fuller effectiveness in the Unicity of Cape Town.

Cape Town's newly-selected City Manager and Executive Management Team were appointed in 1997 on fixed-term performance contracts, though two contentious contractual issues have yet to be resolved:

- the conversion of two EDs' former permanent staff status (with pension and other service benefits) to a fixed term contract status, without loss of service benefits; and
- negotiated agreement on individual performance indicators and measurement by Exco (as the employer) with the EMT, failing which none of the executives is likely to earn any bonus for their achievements during the past four years; despite this being the basis for their service contracts in 1997.

Both of these issues are common knowledge throughout the CTM management echelon and in other municipalities in the CMA; and have undoubtedly had a negative impact on the credibility of the notion of performance management, and on perceptions of the employer's fulfilment of contractual obligations.

It is now possible, based on the constitutional and legislative mandates, Council documentary data, structured interviews and personal observations used in gathering the information in this Chapter, to consider the conceptual model developed in Chapters 3 and 4, in order to analyse how effectively and efficiently the Cape Town Municipality applied this normative framework (... much of it derived from its own "international lessons learned" study) in the design and implementation of its performance management programme.

CHAPTER 7

ANALYSIS: PERFORMANCE MANAGEMENT PROGRESS, PITFALLS AND POTENTIAL

7.1 PREFACE : OBJECTIVES AND METHODOLOGY

"The City that works for all!" is the mission statement (some would call it a slogan) adopted by the newly constituted Cape Town Municipality after its strategic objectives took shape in late 1996 and early 1997. The connotation of the word **"works"** was to be one of vigour, energy and effectiveness; and the word **"all"** was intended to connote equity and redress, delivering essential services to historically disadvantaged communities through a transformed *"Peoples' Budget"*, and moving systematically towards equality of basic municipal services and facilities for all Capetonians.

The aim of this dissertation has been to describe, interpret and critically analyse the political and managerial processes which the newly constituted Cape Town Municipality followed in initiating and implementing its performance management approach from 1996 to June 2000, within the context of the political objectives of the new CTM governing party, the strategic intent of the SA Constitution (1996), the White Paper on Local Government (1998) and consequent legislation.

Any analysis of CTM's performance management policy and processes between 1996 and 2000, therefore, must be made within the context of:

- the inherited inequities of infrastructure, staff and other resources, between the various component local authorities and group areas which came together to form the new Cape Town Municipality in mid-1996
- the considerable organisational upheaval from 1996-97 as officials, premises and equipment were redeployed between the new MLC's, causing substantial "transformation fatigue" and productivity losses for many months
- steep learning curves and wide communication gaps between large numbers of newly-elected councillors with limited professional, managerial or legislative

experience; and their sometimes indifferent, occasionally politically hostile officials

- reluctance of some councillors and officials (albeit for different reasons) to commit themselves and their reputations to ambitious performance objectives with uncertain consequences or career implications, given the approaching Unicity merger
- the new Constitutional mandate for transformational local government, White Paper (1998) policies and emerging legislation impacting on municipal systems, labour relation and skills development
- international best practices and the normative conceptual model of performance management as researched by the author and by Cape Town Municipality OD&T staff themselves.

This chapter will critically analyse the CTM strategic objectives and political-administrative PM policy and processes, in order to achieve the stated objectives of this study; namely to **evaluate how effectively and efficiently the Cape Town Municipality initiated and implemented its Performance Management strategy from 1996 to 2000, within the context of national policy and the conceptual model of best practice for performance management.**

The analysis focusses particularly on the research questions defined in Chapter 1:

- (i) How clearly were the political-administrative vision and values of Cape Town formulated and developed?
- (ii) How was achievement of strategic performance objectives facilitated, through management effectiveness and efficiency?
- (iii) How effectively was a normative framework of international best practice implemented by Cape Town?
- (iv) What was the impact of political and union attitudes and actions on performance management principles and practice?
- (v) What issues of co-ordination and co-operation were evident in the process?
- (vi) What principles and processes are recommended for City municipal performance management systems, within the 1996 Constitutional mandate, relevant new legislation and the South African reality?

7.2 FINDINGS ON THE RESEARCH QUESTIONS

Clearly, it has not been possible to assess the success of the Cape Town political leadership and executive management team in *quantitative* terms; because performance management is a very new concept in the South African public sector, Municipal Systems legislation had not yet been adopted by Parliament, and no meaningful benchmarks are as yet available in South Africa for comparative, quantitative measurement of how much more effective, efficient or equitable the CTM has been in its service delivery or capital development programmes, compared with other major South African cities.

Similarly, a comparison of possible improvements in productivity or cost-efficiency between the new CTM and the former CCC cannot realistically be attempted: the municipal boundaries and resources are very different as a result of the 1996/97 restructuring of municipalities in the CMA; and very few information systems have been put in place to measure and monitor performance indicators. The *qualitative* research methodology used has facilitated the following key findings:

7.2.1 How clearly were the political-administrative vision and values of the Cape Town Municipality formulated and developed?

When the newly elected Cape Town Municipality Executive Committee and governing party caucus began to get to grips with its political mandate in June 1996, neither the Green Paper nor White Paper on future local government strategy for South Africa had been written; nor had the new South African Constitution been published. Nonetheless, the new political leadership of Cape Town had a clear vision and broad goals for transformation and development of services and infrastructure for their constituency, largely the historically disadvantaged communities which had not been the direct responsibility of the former Cape Town City Council, based on apartheid government franchise and financial resources. This legacy has been described in Chapter 2 of this study.

Once the redeployment of staff and material resources was under way, the CTM developed a performance-related organisation structure to address its

vision; attempting to cluster related service functions under the leadership of a new team of Executive Directors, including an ED for Institutional Transformation. Exco decided that the new EMT would be selected on the basis of *managerial and technical competency* as well as *commitment to transformation objectives*, and that they would be employed on *fixed-term performance-related contracts*, with an annual bonus incentive based on their achievement of agreed performance objectives, rather than the traditional guaranteed "thirteenth cheque". While the City Manager and the EDs who would head the technical and service delivery functions were to be employed on five year contracts (the anticipated term of office of the new Council), the ED for Institutional Transformation was hired on a three year contract, on the assumption that transformation objectives affecting Human Resources, Information Systems and a new set of corporate values would be achieved within that period. Several months after the new City Manager and EMT had assessed the community priorities and available resources in a very visible manner, the governing party workshopped their political vision and debated strategic priorities as the political basis for the new CTM Integrated Development Plan (IDP).

The City's seven strategic priorities were subsequently defined as the "*Commitment to Cape Town*" and were widely promoted amongst the community and CTM staff, seeking to gain popular "ownership" of the broad performance priorities:

- 1. A common vision for a divided City**
- 2. A commitment to fairness for all**
- 3. Helping areas most in need**
- 4. New solutions for the housing crisis**
- 5. Working for economic growth and opportunity**
- 6. Making our roads and community safer**
- 7. Putting priorities into action.**

From 1998 on, the Cape Town mission statement of "*The City that works for all!*" and the seven strategic priorities were regularly promoted (internally and externally), emphasising the core values of the Municipality: *to service all its diverse communities equitably and to build a shared sense of civic pride and participation (Commitment to Cape Town, September 1998, p 1: see Annexure H).*

One can conclude, therefore, that the CTM political vision, core values and strategic priorities were carefully formulated, consistently communicated to all stakeholders, and regularly reviewed with management and communities as the basis of Cape Town's public commitment to performance.

7.2.2 How was the achievement of strategic performance objectives facilitated through management effectiveness and efficiency?

Within this framework of corporate priorities, Exco political leadership and EMT senior management worked closely in striving to implement the organisational mission, vision, strategic objectives and Business Plans; and at Exco and senior management level the regular monthly and quarterly organisational progress reviews and variance reports soon became an integral part of the corporate performance management culture of the CTM ... though primarily in the 20% of the Council budget which was affected by Business Plan Highlights.

Business Plans for all directorates and branches under the leadership of Executive Directors were developed as the basis for the CTM performance management approach, later informed by the White Paper on Local Government which was published in March 1998. The premature departure of the Executive Director for Institutional Transformation, however, complicated the original planned process of *effective integrated transformation management*. The subsequent Exco decision to divide the Institutional Transformation portfolio between two separate members of the EMT (the former Director of Human Resources as Acting ED for Corporate Services, including HRD and Information Services; and, in due course, a former councillor as Project Leader: Organisation Development and Transformation) was not structurally conducive to co-operative and integrated completion of the envisaged transformation management process

towards greater effectiveness and efficiency. Mutual distrust and interdepartmental rivalry frequently bedevilled the sustained, integrated management approach originally envisaged.

The two EDs who had been on the permanent staff complement of the previous Cape Town City Council did not sign their performance contracts with the CTM (and had not done so by the end of the study period of this dissertation) because pertinent questions around the legal continuity of their service benefits were not resolved by the employer. The Acting ED for Corporate Services (which included the key Human Resource and Information functions) was not required to contract to a set of performance objectives, given the "temporary" status of his additional responsibilities. *A serious setback to developing the desired culture of performance accountability and motivation at top management level occurred in late 1998, when the premature attempt at performance evaluation of the EMT by Exco resulted in rejection of his personal assessment rating by one of the EDs and a public apology by the Executive Committee, as "the process of performance evaluation was incomplete and a number of serious objections to the process were being considered"* (Sunday Times, 27 September 1998).

The City Manager, however, had previously defended the performance ratings as "fair" and the results as "accurate", which did not enhance management's mutual trust and future commitment to the PM process ... even after this initial attempt was declared "*null and void*" by Exco. Moreover, no targeted competency development programme was initiated, to strengthen relevant performance managerial skills to an acceptable level, to lead this programme effectively.

Under new leadership, the OD&T management function was subsequently revitalised, producing an ambitious set of transformation objectives (CTM Transformation Objectives documents, November 1998) for achievement by 2000. Of the list specified in Chapter 6, none of the following has been achieved by June 2000, at the end of the Council's financial year:

- an *equitable minimum level of service* will be provided to all residents of the Cape Town municipal area (though weekly refuse removal is now a reality in all areas)

- the *organisation will be more flexible* : there will be uniform conditions of service, employee contracts and the budget system will have been modified to maximise flexibility; broadbanding and career-pathing will be in place
- an *integrated competency-based HR system* will be in place
- a *performance measurement system* will have been agreed and individual scorecards cascaded to at least Directorate level
- *organisational and individual performance based on leading indicators* will be effectively managed, down to at least Directorate level
- *Standing Committees* will have been assigned responsibility for overseeing delivery on appropriate elements of the strategic scorecard; and their performance will be regularly and effectively measured and managed by Exco
- *accurate strategic management information* will be readily available, i.e.: system, data search and data capture
- there will have been *a significant increase in the representivity of designated groups* in the first nine levels of management.

Non-achievement of so many of the agreed CTM Transformation Objectives relating to performance management (November 1998) quoted above, must raise questions around management commitment, effectiveness and accountability.

Planned progress towards individual scorecards and performance review "cascaded to *at least* Directorate level" had *not* evolved by June 2000. No attempt had been made at the beginning of financial year 1999/2000 to agree individualised accountability or to develop needed leadership competencies for the performance objectives in the various Business Plans; and subsequent OD&T draft individual performance scorecards for the City Manager and EMT members were ultimately not discussed with them, to develop their ownership and managerial capacity.

While considerable preparation for senior management training in the interpersonal competencies of performance management in their directorates and branches had been done, this too was not implemented by June 2000; ostensibly because of the priority pressures of service delivery and capital projects in the Business Plans. Moreover, the stated intention of

updating all managerial Job Profiles, *to ensure that managerial KPAs were relevant to Business Plans and Council's seven strategic priorities*, was not undertaken ... despite the Human Resource Manager's acknowledgement that over half of these Job Profiles were out of date, and that the process of negotiating updated priority outputs for each CTM manager would in itself be a *"great step forward"* towards management's performance accountability and measurement.

The independent performance audit commissioned by the City Manager in January 2000 amongst a cross-section of 23 directorates and branches indicated a high level of acceptance of the potential benefits of PM at organisational level, though with significant reservations about the perceived *autocratic management* of the process; and resultant doubts about the *perceived equity of individual performance measurement* (and career consequences) as the next step.

All respondents in the performance audit stated that their experiences in working within an organisational performance management approach (while many considered the OD&T concepts unnecessarily complex), had convinced them that PM had made the organisation more effective than before, because *inter alia* :

- "the seven strategic objectives have been our focus, and were thoroughly formulated out of our understanding of community needs"
- "as a management team, we are much more focussed than when we began; we use our time more usefully, and we are constantly thinking about the outputs we have committed to"
- "in Exco and EMT, we are constantly prodding one another to concentrate on our key performance areas, and not to get side-tracked ... it has made a big difference."

Possibly because of their inexperience in the design and implementation of performance management processes, political leadership and executive management did not build in fundamental PM processes as the restructure happened. They allowed a very complex set of organisational performance indicators, paperwork and centralised reviews to be brought into being,

which led to long EMT and Exco meetings, some of which time could have been used more productively in devolving accountability to and developing operational PM skills at Director level. Because of the time pressure, several BPH reviews moved straight from Branch Manager to EMT level, leaving some Directors out of the accountability process. These issues were also identified in the "independent performance audit" conducted in January 2000.

Based on the above data, Cape Town's management was not optimally effective nor efficient in achieving its planned strategic implementation of transformation and performance management. Indications of *why* there was under-achievement may be found in the "gap analysis" of the use of the normative conceptual framework, below.

7.2.3 How effectively was a normative conceptual framework of international best practice implemented by the Cape Town Municipality?

The Cape Town Municipality performance management programme has been based on a sound theoretical framework of organisational behaviour and human motivation, often in line with the conceptual model of best practice as described in Chapter 4.

The Cape Town PM approach was based on real political commitment to accelerate service delivery and infrastructure development in the historically disadvantaged communities within the municipal area, reflecting the mandate of the majority party in the May 1996 metropolitan elections.

The conceptual leadership and technical implementation of the CTM performance management programme was guided by a group of energetic, enthusiastic and committed internal consultants in the Organisation Development and Transformation department (OD&T); whose facilitation portfolio has included not only performance management, but also change management and business improvement processes throughout the Council's transformation agenda.

Their PM process model was based on largely their "International lessons learned" survey (City Council of Cape Town, 1999e) and was conceptually very similar to the framework of a normative PM process adopted for this study, illustrated in Diagram 7 (from Armstrong 1994, p 42). This process model was agreed at the August 1999 Transformation Workshop held at Goudini, and incorporated into the Performance management guide for Councillors and Managers (Cape Town City Council, 2000b). As noted in Chapter 4, the component activities of the PM process model are broadly sequential, though they can overlap; and there is scope for periodic feedback for continuous performance management, as well as at scheduled performance reviews, which could lead to revised or new performance agreements, or to training and development, or (coupled with a performance rating) to a performance-related reward.

The PM principles and methodology adopted by EMT and Exco after the Goudini Transformation Workshop on 16/17 August 1999 (City Council of Cape Town, 1999f) were also similar to the **normative analytical framework for effective and sustainable public sector performance management** adopted in Chapter 4 of this study, based on the author's international literature review and observations of effective public sector PM practices.

Using the components of the normative framework, it is possible to conduct a "gap analysis"; tracking how closely the Cape Town programme followed the model; and identifying where variances in principle or practice may have resulted in less than optimal achievement of the desired performance indicators or transformation objectives.

7.2.3.1 Meaningful consultation with community stakeholders, in defining priority outcomes and in agreeing performance objectives and indicators

From the outset in 1996, newly-elected councillors used information gathered during the election campaigns in their areas to define priority needs, particularly in historically disadvantaged townships. Sectoral consultation workshops held with NGOs in the health,

housing and development sectors, as well as with the Chamber of Commerce and Industry and major property owners (represented by SAPOA) gave further insights into the needs and perceptions of these stakeholders; such consultations continued periodically, throughout the Council's term.

Although senior management and some specialised staff groups were consulted in the initial macro-organisation design phase, the data suggests that municipal trade unions were seldom consulted formally for their inputs on performance priorities and indicators. This may have contributed to the subsequent reluctance of unions to identify themselves and their members with the PM process design and implementation phases - and almost certainly to their active opposition to perceived threats of "restructuring" and therefore job losses in performance improvement projects.

Ongoing annual public information campaigns, including pre-budget consultation meetings across the City were held on a large scale, as part of the "Commitment to Cape Town" component of the PM programme. Civic associations indicated that the flow of information thus generated was unprecedented and provided much meaningful feedback, for performance planning and review.

7.2.3.2 Clear definition of "customer-related" outputs and outcomes, which the institution can realistically measure and achieve, within its resources

After the first 100 days of the new Executive Management Team in 1997, their report to Council confirmed and highlighted many of the politically-defined priority outcomes of the diverse Cape Town communities, including the City Manager's statement of the top three priority outputs: "houses, houses and houses!" From 1998, the Business Plans for most directorates and branches began to define "customer-related" outputs, with cost and time budgets that set basic measurement parameters.

From 1999, the Business Plan Highlights focussed Exco and EMT energies on the corporate key performance areas, with clear output deliverables, which were reported on monthly and quarterly. The 2000/2001 Business Plan Manual (City Council of Cape Town, 1999c) for the first time defined departmental outputs and medium-term outcomes for almost every Council function: not always readily measurable at the time, but indicating the future information database necessary for measurement.

7.2.3.3 Visible political and management commitment and pro-active leadership of the PM process

Exco and EMT commitment to the PM process was evident from the conceptual origins of the PM programme in early 1997, when the new EMT was appointed on the basis of broad performance competencies and contractual criteria. At the Institutional level, the seven strategic priorities were firmly on the political-administrative agenda, very visible in the "Commitment to Cape Town" publicity (such as Annexure H).

The pro-active EMT managerial leadership lost momentum from late 1998, however, after the public retraction of ED performance reviews, which had not been undertaken, by June 2000. This lack of financial consequences of performance, and the refusal of two EDs to sign their performance contracts until the resolution of their pension and other service rights as former permanent staff members, undoubtedly diminished "ownership", motivation and commitment of senior management.

While Exco minutes reflect their consistent focus on organisational goals and KPAs, the various Standing Committees were not as pro-active or consistent in their PM leadership. Their minutes reflect infrequent review of directorate KPAs and Business Plans, with much time spent on parochial issues; probably related to the lack of

training of Committee Chairs, Councillors and middle managers on the principles and practice of PM.

7.2.3.4 Clear linkages between the organisational performance objectives and individual performance indicators, at the appropriate political, strategic and operational management level

While CTM's organisational strategic priorities and directorate Business Plan Highlights were thoroughly debated, researched and integrated into the political-administrative life of Exco, EMT and many Branch Managers, the necessary linkage with individual performance management was not achieved. As mentioned above, the ED individual scorecards were not consummated after the October 1998 objections and apology (Annexure G) and the ED performance review drafts (Annexure L) for 1999/2000 were not implemented, pending resolution of legal queries on two ED performance contracts. The agreed need to update all managerial Job Profiles in 2000, to ensure that relevant key performance areas and indicators were included, was not done (possibly as a result of the inter-departmental rivalry between OD&T and HRD); with the result that no direct linkage was established between institutional objectives and individual performance agreements, as envisaged in the conceptual process framework, Diagram 6.

7.2.3.5 A developmental, rather than a punitive, approach

The conceptual process (in Diagram 6) clearly encourages continuous performance feedback, improvement and development; and the CTM Performance Management Guide (City Council of Cape Town, 2000b) illustrates the intended competency development and reinforcement of good performance, as the guiding principle. This principle was, however, not frequently observed - and in the performance audit in January 2000, comment was frequently made by respondents in the 23 branches that "to performance manage" was typically understood to connote "taking disciplinary or punitive action" for unacceptable performance. As the Performance

Management Guide training for managers and councillors did not take place by June 2000, the culture of a punitive, rather than a developmental emphasis appears to have persisted. This could have detrimental effects in building the Unicity culture of positive performance management.

7.2.3.6 Credible achievable measurement criteria

The issue of identifying and effectively using credible performance indicators or measurement criteria for Council's strategic priority outcomes and Business Plan objectives proved to be difficult. Firstly, the strategic priorities relate largely to long term outcomes, measurable through specially commissioned surveys or national census data, which is not necessarily available by municipal areas. Secondly, the lack of previous experience in defining performance indicators and setting realistic targets for Council's wide range of services led to many hours of heated debate within directorates and at Exco/EMT workshops, regarding the relevance, validity and achievability of alternative performance criteria. These debates were probably healthy in causing senior management and politicians to think carefully about their outputs and relevant measures of acceptable service delivery and development, and eventually led to the comprehensive range of proposed measures in the Business Plan Manual 2000/2001 (City Council of Cape Town, 1999c).

A further concern that the 17 Business Plan Highlights (BPH) which (together with Capital Development Projects) have formed the main PM thrust to date, represent only 20% of total City expenditure; and have not involved all Branches. In the Health directorate, for example, the AIDS project has been the BPH, but in fact represents only 2% of the total Health budget; and Electricity, one of the largest income and expenditure budgets, was not a BPH, as it was considered to be running smoothly. Assessments of directorate effectiveness, therefore, may be skewed away from the fundamental Key Performance Areas, by the focus on BPHs.

7.2.3.7 Accurate, timeous performance evaluation data and feedback

One of the most essential components of the PM conceptual model is the existence and use of accurate, timeous evaluation data, so that recognition, reinforcement or corrective action can contribute to performance improvement. This component was not often evident in Cape Town's pioneering PM programme, although the IDP Co-ordinator and directorate administration managers developed new reporting system proposals - and certain branches began their own manual performance recording and reporting, where the Information Technology department could not assist. Probably the most serious gap was the archaic financial reporting system, which was never less than two months in arrears, thus making prompt reaction to financial performance data out of the question, at this stage.

7.2.3.8 Prompt, commensurate consequences; whether positive or negative

The lack of consequences to reinforce team or individual achievement and behaviour was recognised by most officials interviewed (May/June 2000) as a serious lack. Although the August 1999 Transformation Workshop had agreed on various awards for innovation, service excellence and "putting our values into action". these had not yet been implemented by the end of the financial year 1999/2000.

At EMT level, the Exco failure to resolve disputes regarding two EDs' performance contracts, and to implement individual ED performance agreements, meant that there were no performance bonuses paid out in terms of their contracts to the City Manager and all EDs ... a non-consequence described by them all in the final round of structured interviews (May/June 2000) as a very demotivating situation, given that they has foregone the usual guaranteed thirteenth cheque "bonus", in accepting the challenge of a fixed-period performance-related contract.

Commensurate consequences were also unintended at director and branch manager level, but the HRD failure to update managerial Job Profile KPAs made this "cascading of consequences" impractical, and the potential motivation of this process component was not fully achieved.

7.2.3.9 Simplicity and flexibility in operation, yet with consistency in measurement standards and consequences

Central to the CTM performance management programme was a series of corporately identified Business Improvement Projects, aimed at simplifying and streamlining customer service and administrative efficiency. All senior management respondents interviewed (May/June 2000) who had been involved in these projects confirmed their value, in terms of saving time, money and facilitating improved staff motivation and service levels.

Almost all these officials, however, commented on the perceived complexity of the organisational PM tracking and review processes, indicating a high level of frustration with the *"huge volume of paper produced by the planning and reporting"*, the *"chopping and changing of objectives and systems"* and the *"over-bureaucratisation"* of the organisational PM process, in the past year. Three EDs put this down to the fact that *"we are all feeling our way on this thing"*, and that *"the people in our OD&T department are bright, but mostly inexperienced, isolated from reality"*. Another senior official stated that *"we seem to spend more time filling in forms, than actually delivering"*.

These concerns expressed at senior management level sound a warning that must be taken seriously: that PM administration systems need to be simplified and processes made more "people-friendly", before negative perceptions diminish ownership and acceptance of the potential value of PM, as the process is cascaded down through the organisation.

These various "best practice" gaps probably worked together to minimise the potential motivation, energy and line management ownership that may otherwise have been developed, towards achieving the desired performance management impact, in the Cape Town programme to date. In essence, the CTM programme has operated only at the organisational *performance measurement* level, with little achievement of integrated performance management, in terms of the conceptual model..

7.2.4 What was the impact of political and union attitudes and actions on performance management principles and practice?

The governing party vision statement for transforming the efficiency and equity of the City of Cape Town's service provision, to focus on redressing the backlog of basic services and amenities, (while striving to maintain the standards of service provision in the major business districts as well as the formerly advantaged suburbs), was a challenging programme for the new Executive Management Team. They worked closely with the political leadership in promoting the mission, vision and seven strategic priorities which became the framework for the "*Commitment to Cape Town*" and for subsequent community report backs, People's Budget hearings as well as widely-distributed promotional media. Once the seven strategic priorities were in place, these became the subject of regular organisational progress reviews between Exco and the EMT, as well as for annual report back and political refocussing at the special Council Budget meetings.

It has been indicated how the seven strategic priorities and the three internal performance strategies were defined and adopted by Exco, and how the directorate Business Plans were prepared by the CTM management for adoption by political leadership. In particular, the identification of Business Plan Highlights was a joint political-administrative function which enabled the political leadership to satisfy itself that the sharpest focus of management energies was on the most important and urgent projects and services which needed to be delivered, to achieve their political vision. *Proactive political leadership from Exco, therefore, was always a positive factor in the direction*

of CTM organisational performance management ... far more than had previously been the case, according to several long-serving senior officials.

Most managers and politicians interviewed in the final assessment and reflection phase of this study, however, noted that the political-administrative interactions at Standing Committees were not similarly proactive or productive. This finding has been referred to, above. The Standing Committees were reconstituted in line with the EMT portfolios in 1998, to co-ordinate performance planning and monitoring; but it is evident that the political ownership of PM was within Exco; and the specific Business Plan Highlights were not "owned" or led through the Standing Committee politicians, as had been intended.

Particularly as the pressure for delivery became more dominant in the year 2000 (with the looming Unicity elections) the perception was expressed by several senior managers and union leaders that a "punitive approach" was more frequently observed, especially in the interactions between politicians and management. The phrase "*we must performance manage him*" was heard at various meetings, with the connotation of disciplining or taking strong corrective action against a staff member (author's interviews with CTM senior managers and union leaders, May/June 2000).

Several managers also expressed their concern at the blurring of the political-administrative roles through the appointment of an ANC politician as the Project Leader: OD&T, after the departure of the former Executive Director and her successor. Several directors and managers found this blurring to be problematic, because the person concerned was perceived to be participating actively in political caucuses, influencing the opinions of politicians about officials' competence and commitment. These concerns led to a significant level of mistrust as this issue was frequently commented on in interviews; and was also seen by some senior officials as the reason for what they perceived as the "punitive" political approach by Exco members and other councillors. It must be recognised, too, that racial and gender issues may have played a part in these perceptions, as the Project Leader: OD&T was the only black woman on the EMT.

Union support for the performance management process (as reflected in structured interviews in May/June 2000) was at best lukewarm, confined to broad support for organisational goalsetting and productivity improvement; but *firmly against translating organisational objectives into "subjective" measurable individual accountability*. Linked to this antipathy and lack of union involvement in the PM design and implementation processes, (though unions were invited to participate in various PM workshops) was the generalised uncertainty and insecurity about the nature of performance management and its implications for career scope, as quoted earlier. The proposed *Team Cape Town 2000* theme of the managerial training materials would possibly have changed many of these perceptions, and would almost certainly have elicited greater support for the process through involving and skilling the 107 directors and branch managers, so lessening their "fear of the unknown". As some of the management echelon are also leading figures in their unions, they might have lent credibility and commitment to the PM process as was advised in the "international lessons learned" survey in Chapter 5.

This was not to be, however, as the unions were not willing to discuss performance management in any detail; and individual PM systems must therefore remain an issue for the Unicity Bargaining Council. Interviews with union leadership, however, showed that their support for organisational performance management processes may be forthcoming as the Unicity service delivery strategies begin to take shape ... *provided that the perceived threats of "restructuring" and "privatisation" are not linked to performance management as a concept*. The vigorous *eGoli 2002* union resistance in the Greater Johannesburg Metropolitan Council, and the rising concerns regarding the "restructuring" of the CMA Unicity services, illustrate the depth of potential union anxiety and antipathy.

At this stage, therefore, it is evident that political leadership on Standing Committees, and union leadership overall, needed to become far more proactively involved in PM processes, to "mainstream" the potential benefits of performance management as *employer* and *employee* representatives.

7.2.5 What issues of co-ordination and co-operation were evident in the PM process?

Effective design and implementation of the CTM and metropolitan performance management processes were often bedevilled by political and personal mistrust, career rivalry and lack of positive or negative consequences of desired performance; as well as the ongoing pressures, anxieties and insecurity of transformation felt by many staff in the 1996-97 "unbundling" and redeployment phase ... and thereafter in the uncertainties of Unicity merger plans, from 1998 to 2000.

A significant level of mistrust of the motives and methods of political leadership was evident in interview comments made by some directors and managers to the author, exacerbated by the aborted Exco assessments of EMT members in late 1998, based on unclear criteria or indicators; and by the non-resolution of the dispute regarding contractual implications for the two EDs previously on the permanent staff. "Career-limiting" concerns were reflected in that Cape Town's EMT members were the only CMA executives subject to fixed term performance contracts, amongst likely contenders for Unicity top management positions; and therefore less expensive to pass over, in the selection process for Unicity senior management. Interdepartmental and inter-personal mistrust and lack of integration was frequently evident between Cape Town's HRD and OD&T staff in parallel projects and mutually disparaging comments; whereas the original strategic intention in 1996 had been that their work would be integrated under the leadership of one ED for Institutional Transformation. Comments from several senior officials regarding the "political ambitions" and "organisational inexperience" of the former councillor subsequently appointed as Project Leader: OD&T also reflected considerable mistrust in the objectivity of PM processes.

As has been observed in Chapter 6, the HRD and OD&T interpersonal and turf rivalry led to dysfunctionality and lack of effective integration between the new thrust of performance management and the existing management processes which needed to be linked in, several of which (such as competency definitions, skills development, career management, recruitment

and selection and employment equity) are located in the Human Resource function. The lack of congruence between the OD&T performance management agenda and HRD functions is a strategic dysfunctionality that will need to be integrated, in order to achieve a truly effective, sustainable and developmental performance management system in Cape Town and in the Unicity.

7.2.6 What principles and processes are recommended for Unicity municipal performance management systems, within the 1996 Constitutional mandate, relevant new legislation and the South African reality?

X The Cape Town Municipality experience in developing and implementing its organisational performance management approach validates the White Paper strategies, in that it demonstrates the value of broad community consultation and report back on organisational goals; as well as of the benefits of clear definition and regular monitoring of organisational performance in terms of measurable outputs which are based on agreed strategic priorities, leading towards improved "quality of life" outcomes, particularly for historically disadvantaged communities.

The decision to remove any reference to individual performance measurement in the Municipal Systems legislation and to leave this to Bargaining Council negotiation appears wise, in the light of the practical concerns of Cape Town management; and the opposition expressed by trade union leadership to "unilateral implementation" of a perceived subjective system which could impact on their members' conditions of service and career prospects.

The need for parallel implementation of Municipal Systems and Municipal Finance legislation, given the interdependence of the two components in achieving effective and sustainable municipal performance, is underlined by the widely conflicting political perceptions of Cape Town's financial health indicators, debated at the 2000/2001 Budget Council meeting.

The following analysis can therefore be made regarding the progress by the Cape Town Municipality in the period 1996 to 2000 towards the principles and the performance management processes required in the SA Constitution (1996), White Paper on Local Government (1998) and the Municipal Systems Bill (2000) for a well managed City:

- 7.2.6.1 The *performance management concepts, approaches and tools* used by the Cape Town Municipality were politically and theoretically appropriate at organisational level; though not effectively operationalised to achieve real management ownership or accountability.
- 7.2.6.2 The development of the *City's vision, mission and strategic priorities* as a platform for integrated development planning was done with considerable community consultation by political leadership and executive management. A high level of awareness of these strategic priorities has been achieved, certainly at senior management level and possibly amongst the majority of Council managerial staff. The Business Plan Highlights reporting system achieved broad support and co-operation amongst management (despite their concerns regarding excessive centralisation and bureaucratisation of the paper-intensive process); and has undoubtedly begun a significant culture change, in refocussing the energies and resource allocation of most CTM management on *outputs and outcomes*, rather than on mere administrative effort.
- 7.2.6.3 The *planned cascading of performance indicators* from organisational business plans to team and individual accountability for performance outputs did not happen, although the tools and training materials were ready for use. It is likely that little more will be done at individual PM level until the specifics of the process are agreed with trade unions around the Bargaining Council table. What could be done immediately, (*with high potential for improving individual management focus on priority KPAs*), is the legitimate (and essential) process of updating every managerial Job Profile,

linking with organisational key performance areas and values; so accelerating the desired culture change towards management accountability for service standards and outputs, in the spirit of *Batho Pele*.

- 7.2.6.4 Throughout the study period, CTM Exco and EMT members have initiated and participated in community and sectoral progress reviews with a range of stakeholder groups, to a much greater extent than was evident during previous CCC terms. This communication and feedback programme began with the 1997 *"People's Budget"* and has also included well-illustrated literature such as the *"Commitment to Cape Town"* series of newsletters; and participative community report-back meetings such as the public hearings organised in preparation for the 2000/2001 Budget.
- 7.2.6.5 It is difficult to assess accurately (without comprehensive staff attitude surveys) whether the CTM organisational culture has become more *performance aware* or *results-driven*, from branch manager level down. Although the BPH and Capital Projects performance tracking system has undoubtedly contributed to a higher level of staff awareness and accountability for results, this is only evident *in those branches where these PM processes were implemented*.
- 7.2.6.6 Without clear definition of relevant, measurable indicators and benchmarks to monitor performance, no municipal PM approach can achieve the desired results. A good deal of thorough research and experienced thought at organisational level went into the selection of performance indicators for the Business Plans and the BPHs, which constituted an innovative strength of the CTM approach. Although it is true that the archaic Cape Town information systems did not facilitate timeous and accurate reporting on many of these indicators (even the financial reporting system was usually two months in arrears), several senior managers instituted their own KPI information monitoring and reporting systems, such as in the

Health, Cleansing and Protection Services directorates. Availability of performance indicator information made meaningful follow-up, diagnosis and corrective action possible, thus reinforcing the developmental value of performance management in those directorates.

7.2.6.7 Of the seven municipalities in the Cape Metropolitan Area, only the Cape Town Municipality appointed its new Chief Executive Officer and entire executive management team on the basis of individual performance management contracts for a maximum of five years, with the incentive potential of performance-related bonuses. The Greater Johannesburg Metropolitan Council followed suit two years later in appointing its new City Manager; but the Cape Metropolitan Council and other local councils in the CMA continued with traditional permanent appointments for most of their executive staff, **not** linked to performance objectives. *Acceptable methods have yet to be worked out for the conversion of permanent career appointments to fixed-period performance-based contracts* (envisaged in the Municipal Systems Bill), as shown by the legal complexity of the non-resolution of two Cape Town EDs' unsigned contracts. Non-payment of ED performance bonuses, based on lack of agreed review criteria by the employer, has unfortunately become a disincentive; and may even be subject to litigation as an unfair labour practice.

7.3 SUMMARY

While the Cape Town Municipality achieved much in the study period 1996 to 2000, in its innovative programme of performance management, progress towards enhanced effectiveness, efficiency and equity was not without pitfalls and unrealised potential.

Before the White Paper on Local Government (Republic of South Africa, 1998d) and the first draft Municipal Systems legislation (Republic of South Africa, 1999b) were published, Cape Town politicians and executive management were taking steps to

develop and implement an approach to planning and managing their resources which has proved its value internationally, but is still in its infancy in most developing countries. The aim of this chapter has been to review the six research questions posed at the outset of this study, and specifically to compare the normative model of PM process and principles developed from international best practice, so that a "gap analysis" has been made in contrasting Cape Town's progress with the normative model components developed in Chapter 4.

In essence, the "gap analysis" has highlighted that Cape Town's performance management programme illustrates the validity of the White Paper strategy and Municipal Systems legislation; and underlines the challenges of designing and implementing PM in the SA municipal culture, where attitudes, information technology, recognition and reward systems need transformation.

These normative model insights can now be extrapolated into conceptual PM process recommendations for the more effective management of the merged "Unicity" of Cape Town. from early 2001.

CHAPTER 8

RECOMMENDATIONS FOR PERFORMANCE MANAGEMENT PROCESS AND IMPLEMENTATION IN THE MERGED "UNICITY" OF CAPE TOWN

8.1 PREFACE

Component 4 of the Unicity Commission draft document *Towards a service delivery and institutional strategy for the Unicity Council* (May 2000) defines the need in "setting the performance requirements" for the new metropolitan City to be organised, managed and resourced in the most cost-effective manner, by focussing on key performance requirements for the new Council as a whole, as well as for each individual service category:

- (i) **"Best value" delivery**
- (ii) **Development impact**
- (iii) **Financial sustainability.**

Bearing in mind the Cape Town Municipality learning points highlighted above; and the normative conceptual framework reflecting international best PM practice for major public organisations, the following seven recommendations are made for the process design and implementation of a Unicity performance management system which will enhance the probability of achieving the White Paper metropolitan vision, with the quality and scale of services and development programmes envisaged in the draft service delivery strategy for the new metropolitan City of Cape Town.

8.2 **Achieve broad political consensus on Unicity vision, mission and key strategic outcomes for the IDP.**

The starting point for effective performance management in a democratic local government institution must be the politically defined vision to address the development priorities of the community, encapsulated in the Integrated

Development Plan (IDP), as required by legislation. Consensus-seeking is a feature of the Unicity Commission (Unicom) approach which is facilitating the transitional process from the current two-tier metropolitan government system, to an integrated new City of Cape Town: with a common vision, mission, values and City Development Strategy.

Within the CTM, the opposition party councillors interviewed by the author stated that they had not been adequately involved in the definition of the City's seven priorities, but because they were clearly in a minority situation they chose not to oppose the broad thrust of the Cape Town Municipality's strategy.

The opposing political forces in the new Unicity Council, however, are likely to be much more finely balanced, and this may lead to instability and conflict if the strategic Key Performance Areas of the City are not agreed up front, with a City Development Strategy and macro-organisation design that enjoys the broad support of the majority of political parties. Such consensus around the City's broad mission, vision and development strategy *before* the elections in late 2000, is therefore highly desirable as a platform for more detailed operational performance indicator debates and decisions by the incoming Council. It is recognised that this first recommendation may be wishful thinking, given the volatile and vigorous nature of Cape Town party politics. Without this consensus, however, the necessary key commitments regarding effective organisational design and efficient performance management systems are unlikely to be reached with adequate political-administrative unity.

8.3 Focus on a limited number of priority organisational KPAs which will unify and develop management competencies and resources, to "make a visible difference" within five years.

While the broad goals of the City Development Strategy and ultimately the IDP will define the long-term management direction of the new City of Cape Town, the incoming Council and Executive will want to be seen to be rapidly achieving equity in delivery and infrastructure for its constituency. The previous CMA experience of unbundling and re-deploying the human and material resources in 1996/97 was a difficult enough process, which will have to be managed on a much larger scale, in

the creation of the optimal organisation design and equitable resource allocation for the Unicity. At the same time, the politicians and the community as a whole will be expecting rapid and visible delivery, given the strong promotion of the potential benefits of the new institution, by the national Ministry of Local Government and the Unicom itself. Clear performance management indicators and targets will facilitate political accountability and empower management to "make a difference".

The probability of achieving significant improvements in service delivery and infrastructure will be greatly enhanced through agreement on no more than 3 to 5 organisational KPAs, which could be, for instance:

- *Housing* (surely the largest single need of the historically disadvantaged communities in Cape Town)
- *Public Transport* (given the fragmented nature of apartheid urban planning and the urgent need to develop an affordable, integrated public transport management system in the metropolis)
- *Environmental Sustainability* (not only the "green" issues, but also basic needs for community health and recreation, as well as tourism promotion)
- *Employment Equity* (a statutory KPA which has not made significant progress as yet in the CMA municipalities)
- *Leadership and Skills Development* (possibly the most significant internal performance thrust to underpin improved service delivery and quality objectives; as well as an urgent statutory requirement).

8.4 Cascade a limited number of organisational KPAs from the corporate centre to strategic business units and district management structures, linking these to political committee mandates.

The emphasis in this recommendation is on the two inter-linked principles of *simplicity* and *political-administrative integration*, to optimise leadership and shared "ownership" of PM.

A limited number of agreed priority organisational KPAs should be "cascaded" to the City's strategic business units (SBUs) and district management structures which will

probably emerge in the organisational design of the Unicity; and in this cascading process, the political committees which democratically supervise the SBUs and districts must integrate closely with the relevant managerial staff in prioritising their KPAs and defining objective KPIs so that there is *shared ownership and commitment to the mandated priorities*. The Stockholm County and City Councils, in their Total Quality Management and decentralised service delivery programmes, reported this to be an essential step in delegating political/administrative responsibility and accountability. The CTM experience has shown that such delegations must be properly defined and regularly reviewed, to minimise friction and communication gaps between politicians and officials; particularly in the formative and transformative phases of the new Unicity institution.

8.5 Concentrate on implementing "team" performance management for the first two years, to transform the "silo culture" and develop shared values and common purpose.

It is strongly recommended that the performance management thrust for at least the first two years of Unicity governance be focussed on *team synergy and effectiveness* at each level, as the cascading of PM indicators and processes moves through the organisation structure from Executive Committee and Executive Management level to departmental and project teams. This recommendation is made in the light of:

- the need to "unfreeze" the old loyalties to the former structures and values, where the sense of local identity was sometimes so competitive that one of the municipal CEOs described it as "beggar thy neighbour" rivalry;
- the probability that a new City organisational design, based on international thinking and experience, will include new operational management models, which will need reinforcing through the Unicity performance indicators and processes;
- diversity in organisational culture, values and competencies which will come together in new departmental and district structures, where *collective common purpose* will probably achieve more sustainable results than a system which reinforces individual achievement;

- the probability that the municipal trade unions will resist early implementation of an individually-based performance measurement system (now no longer mandatory in the Municipal Systems legislation, but subject to negotiation); but that they will be supportive of organisational and team-based performance management.

8.6 Develop political leadership and municipal management in the competencies needed to plan, track and review corporate, committee and team performance, positively and proactively.

It has been shown at various stages in the CTM study that the interpersonal competencies of KPA negotiating, reviewing and taking timeous corrective action to enhance performance, are vital for motivating and sustaining the effectiveness of a developmental PM process. Performance management, in terms of the conceptual model, is not a mere mechanical exercise of analysing and documenting objectives, indicators and results. Within the engineering of the PM system, effective human interaction, motivation and skills development are the processes which lubricate the system, energise people and so achieve sustainable results. Given the human fear of the Unicity unknown, and the concerns expressed by several CTM and other senior managers regarding the perceived "punitive manner" of some political leadership, competency development programmes will be essential for senior politicians and managers alike (preferably applied in their standing committees and other working groups) jointly to negotiate KPIs and review performance. The practical training materials developed within CTM are sound, and it would probably be worth investing in video-based behaviour modelling methodology to facilitate effective standards of performance communication and interpersonal skills in all the phases of planning, monitoring, corrective action and recognition.

8.7 Implement a simple performance management model which integrates KPAs with a diagnostic approach, to facilitate regular performance measurement and development, linking closely with the City's skills development and employment equity plans.

It will be very important to gain the commitment and common understanding of the new political leadership, management and trade union leadership to a simple,

practical performance management system which is readily understood, and which will clearly link the organisational KPA objectives to the benefits of employment equity and a significant upgrade of staff skills. It is reasonable to assume that the majority of the 200 Unicity councillors and about 400 directors and managers will not have full competence in the principles, processes and accountability of a performance management approach. Only the CTM politicians and managers will have had significant practical exposure to PM processes; and few of them have worked through the full cycle of performance indicators, tracking, corrective action and positive reinforcement, as illustrated in Annexure B.

The diagnostic linkage to skills development and employment equity plans, and ongoing improvements to management competencies in such a model needs to be clearly understood, in order to achieve role clarity and effective participation in performance management by a critical mass of politicians, community leaders, management and union leadership. The SA Excellence Foundation model, for example (Annexure R), has the merits of using the Corporate Scorecard approach (which has proved its value within CTM), *together with various levels of assessment and diagnosis of performance criteria and outputs which would facilitate incremental implementation of the Unicity's performance management system within a five-year period.*

8.8 Ensure efficient information systems so that timeous, accurate performance management data is provided at the appropriate management levels.

"If you can't measure it, you can't manage it" has become a popular expression on the subject of efficient performance management systems; although writers such as Paine (1999) have rightly pointed out the danger of focussing solely on the easily measurable aspects of public sector service provision, while ignoring the qualitative criteria of service delivery which are highlighted in government's *Batho Pele* policy.

The Cape Town Municipality experience emphasises the Unicity's need for *timely and accurate performance measurement information*, which is not achievable in the current SA municipal information systems milieu. A significant window of opportunity exists in the development of the Unicity's e-government information

management infrastructure, by using modern technology to provide timely and actionable data, accelerate decision making, reduce data processing costs and facilitate improved communications between communities, political stakeholders, other governmental agencies and municipal management.

8.9 SUMMARY

The merged "Unicity" of Cape Town, amalgamating the Cape Metropolitan Council and six local councils into one major City council with over 26 000 staff and a budget of some R9 billion per annum, will be a major challenge for effective and efficient management of equitable service delivery and infrastructure development for about 3.5 million citizens.

Performance management principles and best practice will need to be systematically implemented in this merged metropolitan municipality, in order to achieve the White Paper on Local Government (1998) vision of strong developmental local government in the SA context - and to optimise the use and integration of people and all other resources, with maximum role and goal clarity.

Based on the international best practice literature review, the normative conceptual process framework developed in this study, and the progress and pitfalls highlighted in the Cape Town Municipality experience, this chapter has proposed several practical implementation steps for the first phases of the Unicity's performance management programme.

CHAPTER 9

CONCLUSION

In the closing year of the 20th Century, the Cape Metropolitan Area faces many daunting socio-economic challenges which new Unicity municipal governance will need to address, in terms of service delivery effectiveness, efficiency, equity and infrastructure development. This study has analysed the goals, achievements and shortcomings of the Cape Town Municipality's pioneering approach to local government performance management, in the South African context; using an international best practice conceptual model as a framework for the proposed Unicity PM programme.

What most clearly emerges, is that the Cape Town Municipality PM experience has shown:

- ◆ how much the success of a performance management approach depends on "getting the basics right"; including goal and role clarity, simplicity and trust;
- ◆ that it may be possible to implement performance management as the driver of transformation and change, provided that objective performance indicators are agreed early on and consistently monitored;
- ◆ how essential line management (political and professional) ownership of and commitment to the PM process is; and
- ◆ that sustained, integrated and developmental performance management requires co-ordination and competencies which are not yet typical in South African municipal management.

Cape Town Unicity politicians, municipal management and union leadership have a unique window of opportunity in the coming decade to develop a new culture of cost-effective municipal performance management, by:

- ◆ planning, organising and developing the City's limited resources for optimal developmental and service delivery impact;
- ◆ co-operatively implementing and refining many of the pioneering organisational Business Plan processes piloted by the Cape Town Municipality; and
- ◆ systematically implementing an integrated, sustained performance management programme which achieves real commitment to the Constitutional mandate and

development strategies, as part of the national drive towards accountability, value for money, equity and competence in local government.

It took New York City 25 years to overcome its former dysfunctional management practices, through an effective performance management approach. With all the international experience and best practice data now available, the united City of Cape Town could probably emulate New York's successful performance management achievements in closer to a decade, with similar competency development and political determination to succeed.

University of Cape Town

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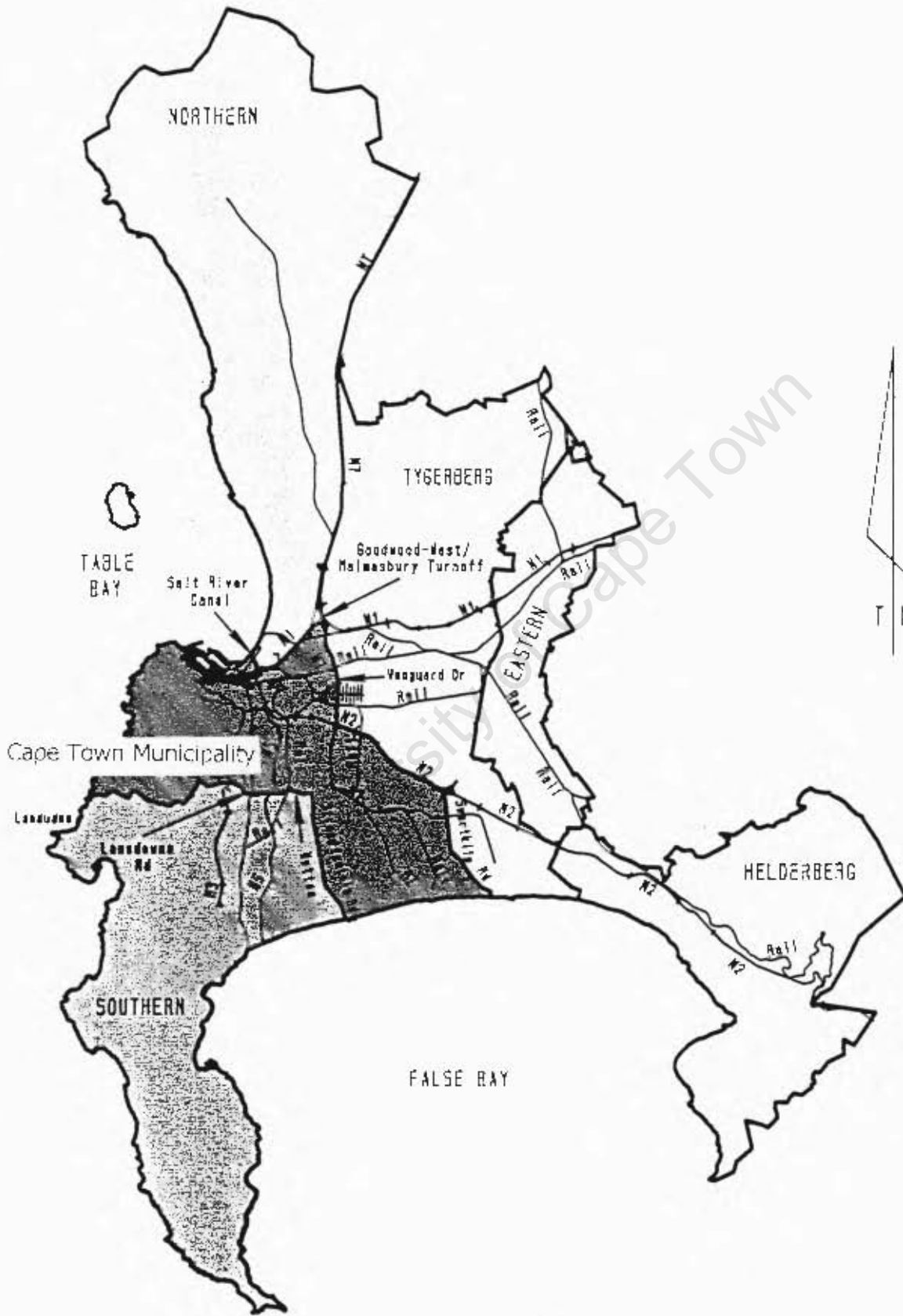
NEWSPAPERS AND PERIODICALS

- 1) Action Update (CTM)
- 2) Business Day
- 3) Business Strategy Review
- 4) Business Times
- 5) Cape Argus
- 6) Cape Metropolitan Tourism Viewpoint
- 7) Cape Times
- 8) Cape Town Bulletin (CTM)
- 9) Financial Mail
- 10) HR World (UK)
- 11) Indicator South Africa
- 12) LGETB Newsletter (Local Government Education and Training Board)
- 13) Mail & Guardian
- 14) Management Review (American Management Association)
- 15) Open Society News (Soros Foundation Network)
- 16) People Dynamics (Institute for People Management, SA)
- 17) Sunday Times (including Cape Metro)
- 18) Team Talk (CTM)
- 19) The Economist (UK)
- 20) The Transformer (CTM)
- 21) The Unicity Commission Gazette
- 22) Tony Manning's Strategy Letter (Institute of Directors)
- 23) Tyger Tribune (City of Tygerberg)

INTERNET WEBSITES

- I. www.hr2000.org 8th World Congress on Human Resource Management: Paris, 28 - 31 May 2000
- II. www.amanet.org/mworld American Management Association
- III. www.ddiworld.com Development Dimensions International
- IV. www.gasb.org Government Accounting Standards Board, Rutgers University, USA
- V. www.ipd.co.uk Institute of Personnel and Development, UK
- VI. www.icma.org/performance International City and County Management Association, Center for Performance Management, USA
- VII. www.logon.org.za Local Governance Learning Network Trust, SA
- VIII. www.npr.gov National Partnership for Re-inventing Government; previously National Performance Review, USA
- IX. www.shrmglobal.org Society for Human Resource Management, USA
- X. www.up.ac.za/academic/soba/SAAPAM/SAAPAMhome/htm South African Association for Public Administration and Management
- XI. www.mcb.co.uk/tpm Team Performance Management, UK
- XII. www.cct.org.za The City of Cape Town
- XIII. www.unicomcapetown.gov.za The Unicity Commission, Cape Town
- XIV. www.wfpma.com World Federation of Personnel Management Associations

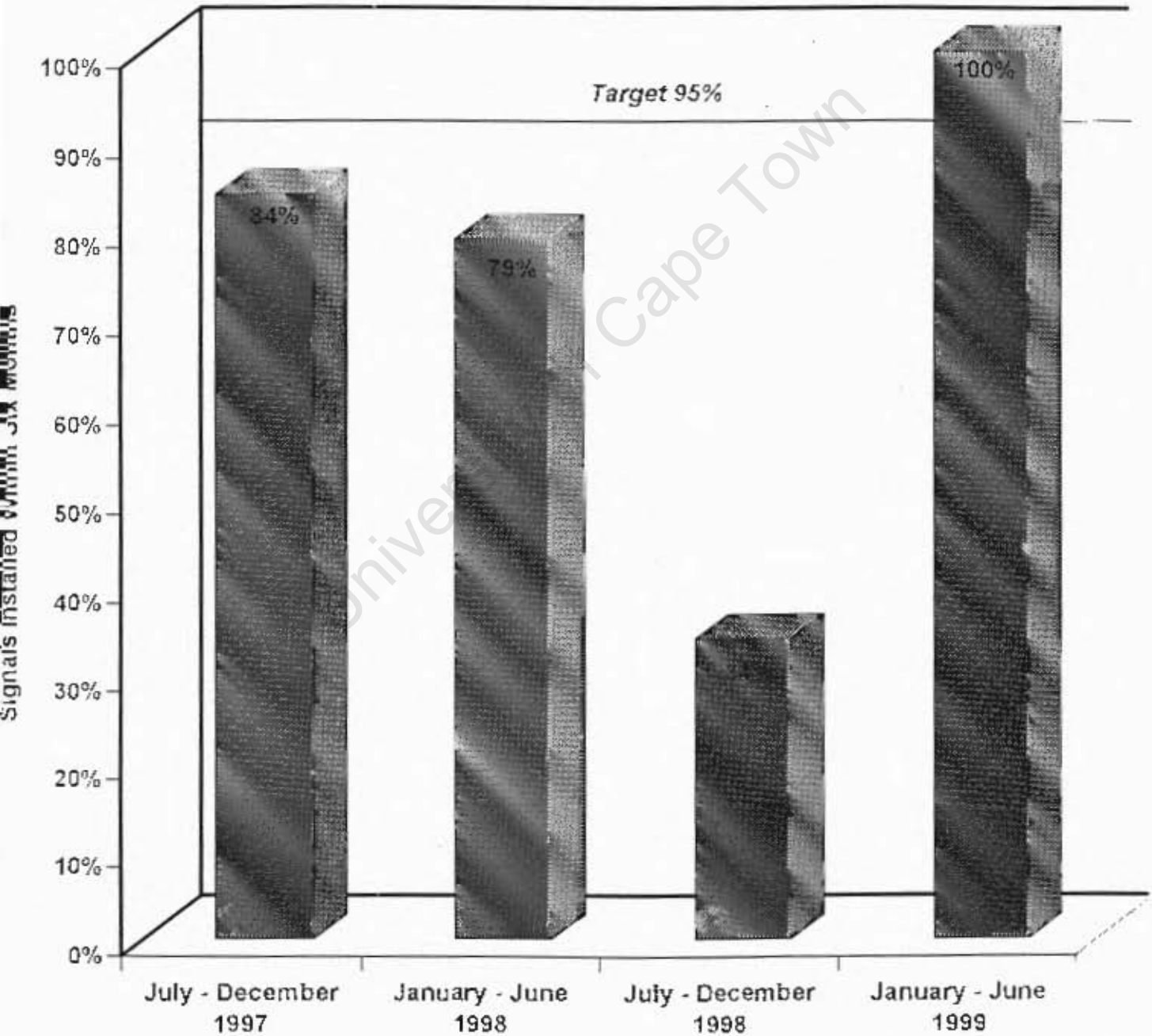
METROPOLITAN SUBSTRUCTURES

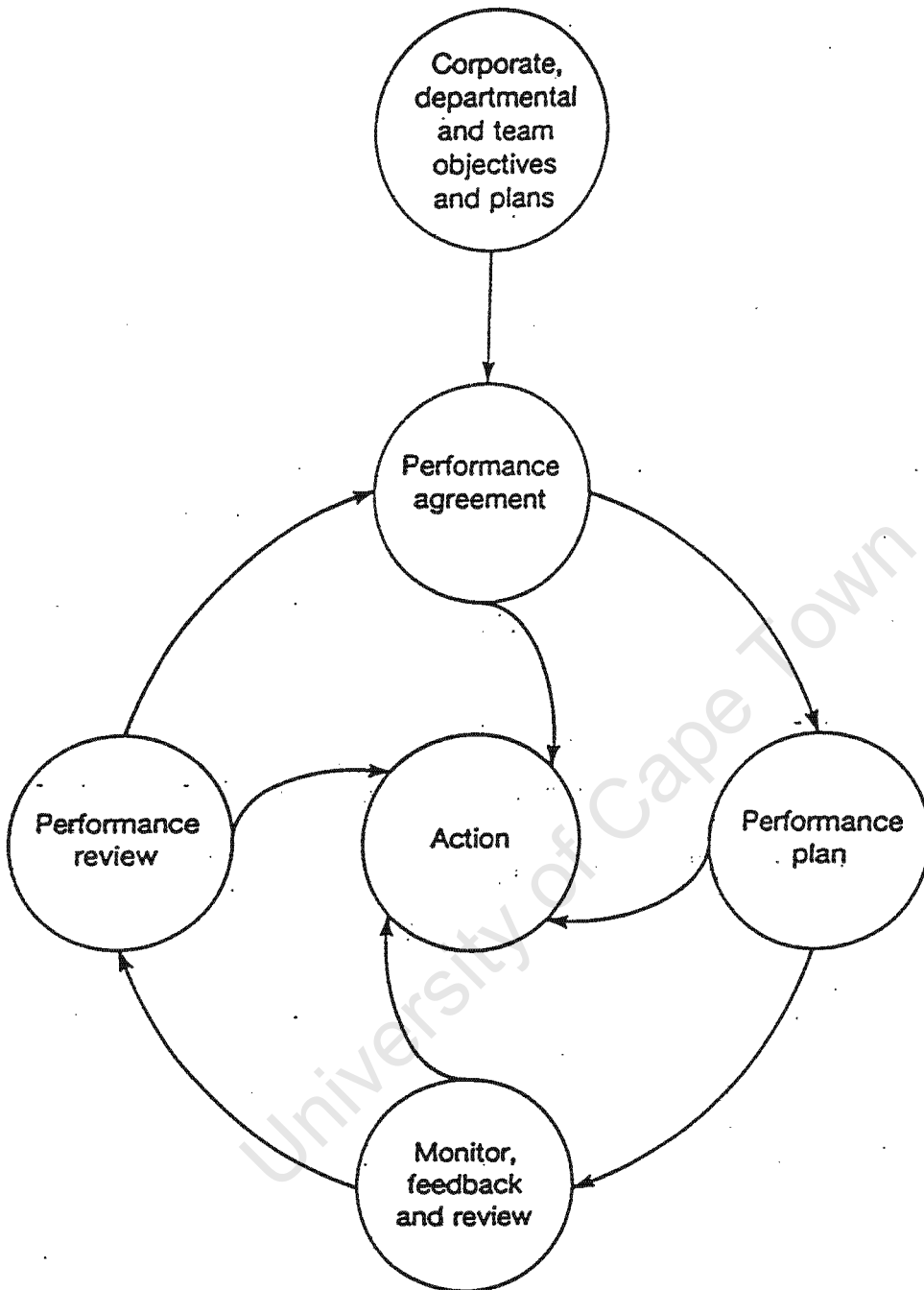


GIS SECTION
SURVEYS AND LAND
INFORMATION

Department of Transportation

Percent of Traffic Signals Installed Within Six Months of Approval Fiscal 1998-1999





The performance management cycle

Introducing Process Benchmarking

Plan	<input type="checkbox"/> What is our process? <input type="checkbox"/> How does our process work? <input type="checkbox"/> How do we measure it? <input type="checkbox"/> How well is our process performing today? <input type="checkbox"/> Who are our customers? <input type="checkbox"/> What products and services do we deliver to our customers? <input type="checkbox"/> What do our customers expect or require of our products and services? <input type="checkbox"/> What is our performance goal? <input type="checkbox"/> How did we establish that goal? <input type="checkbox"/> How does our products and service performance compare with our competitors?
Search	<input type="checkbox"/> What companies perform this process better? <input type="checkbox"/> Which company is the best at performing this process? <input type="checkbox"/> What can we learn from that company? <input type="checkbox"/> Whom should we contact to determine if they are willing to participate in our study?
Observe	<input type="checkbox"/> What is their process? <input type="checkbox"/> What is their performance goal? <input type="checkbox"/> How well does their process perform over time and at multiple locations? <input type="checkbox"/> How do they measure process performance? <input type="checkbox"/> What enables the performance of their process? <input type="checkbox"/> What factors could inhibit the adaptation of their process into our company?
Analyze	<input type="checkbox"/> What is the nature of the performance gap? <input type="checkbox"/> What is the magnitude of the performance gap? <input type="checkbox"/> What characteristics distinguish their process as superior? <input type="checkbox"/> What activities within our process are candidates for change?
Adapt	<input type="checkbox"/> How does the knowledge of their process enable us to improve our process? <input type="checkbox"/> Should we redefine our performance measure or reset our performance goal based upon this benchmark? <input type="checkbox"/> What activities within their process would need to be modified to adapt it into our business environment?
Improve	<input type="checkbox"/> What have we learned during this benchmarking study that will allow us to improve upon the "superior" process? <input type="checkbox"/> How can we implement these changes into our process?

Figure 8. Benchmarking Study Checklist

DEPARTMENT OF BUILDINGS

- In Fiscal 1999 the Department received a grant from the Mayor's Office of Operations Technology Fund to purchase handheld computers for elevator inspectors. As a result, DOB expects to increase productivity by reducing the amount of time inspectors spend in the office doing paperwork. Since data may now be entered instantly into the agency's Buildings Information System from the field, the handheld computers will allow the Department to reassign clerical staff to more critical needs.

BUDGET HIGHLIGHTS

- During Fiscal 1999 the Department's expenditures were \$39.9 million, compared with its plan of \$40.8 million; headcount was 673, compared with the plan of 707. The Department's Fiscal 1998 expenditures were \$34.9 million and headcount was 665.
- The Fiscal 2000 Adopted Budget includes planned expenditures of \$40.6 million and planned headcount of 715.

FIVE-YEAR TRENDS IN AGENCY OBJECTIVES

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
Plan Examinations - Average Days to First Examination	13.6	12.3	6.8	8.2	8.2
Plan Examinations - Express Service Average Days to First Examination - Builders' Pavement Plans	NI	NI	6.8	5.9	8.0
Plan Examinations - Express Service Average Days to First Examination - Sewer, Drainage, and Septic Work	NI	NI	1.2	1.2	0.6
Professional Certifications Audited -Plumbing	10.5%	19.6%	24.0%	25.0%	21.8%
Professional Certifications Audited -Elevators	9.8%	22.8%	7.4%	21.9%	30.5%
Professional Certifications Audited -Boilers	4.4%	3.1%	3.0%	4.8%	14.4%

CHIEF EXECUTIVE



COMMITTED TO COST-EFFECTIVENESS, DEMOCRACY, TRANSFORMATION AND DEVELOPMENT.

Local government in South Africa is moving rapidly towards a challenging new role and the City of Cape Town is at the forefront of developments.

As its Chief Executive, you will provide innovative transformational leadership to ensure that this large, multidisciplinary operation focuses on meeting the enormous development challenges faced by a city in transition.

Consequently you will need:

- an appropriate tertiary level qualification
- outstanding skills in the areas of leadership, vision, strategic planning, influence and communication, including fluency in at least two of the City's languages and a willingness to develop competence in the third
- proven facilitating and co-ordinating abilities
- a commitment to the upliftment of all living in this City and sensitivity to its cultural diversity
- a participative management style
- strong goal orientation and strength of character.

This senior appointment carries a commensurate remuneration package.

For further information on all aspects in strict confidence, please telephone one of the professional consultants retained to assist us with this vital appointment: Professor Ampie Muller (021) 683-4718 or Mr Bill Sewell (021) 21-1150.

To apply, please mail your CV and covering letter to the Chairperson, Executive Committee, PO Box 298, Cape Town 8000 by 1 November 1996.

CITY OF CAPE TOWN

THE CITY PROMOTES AND APPLIES THE
PRINCIPLES OF AFFIRMATIVE ACTION.

City planning boss threatens to sue council

TOM HOOD

DAVID Daniels, the man in charge of town planning in Cape Town, has threatened legal action against the council after he came bottom of the class in a performance review.

In an exchange of confidential letters between Daniels and the city manager, Andrew Boraine, the planning boss said he had been unfairly rated and his career could be damaged.

In the first evaluation of its kind, all four executive directors and the city manager were evaluated on personal performance and the operation of their departments. The ratings will affect the performance bonuses received by the top brass, all of whom are employed on contract.

Daniels, who refused to comment, was given a rating of 55 percent. The other executives got between 70 and 85 percent, according to a report to the city's executive committee.

Boraine, said to have "exceeded expectations", received an 85 percent rating, as did Mike Marsden, municipal services. Ahmed Vawda, community development, was rated at 75 percent and Philip van Ryneveld, corporate finance, at 70 percent.

In a letter, Daniels complained that he was judged wrongly and asked for an urgent review.

"I respectfully submit that it would not be wise to ask the executive committee to adopt recommendations which are the products of a process which I believe to be seriously flawed and which will open council to legal challenge."

Refusing a review, Boraine wrote back: "I am sorry that you saw fit to raise the issue, however obliquely, of a 'legal challenge ... I believe this to be an unwarranted threat and contrary to the spirit in which we have worked together for the past 18 months."

Boraine, who declined to comment to the press, wrote that he believed the process was fair and the results accurate.

Daniels wrote that his planning department had been decimated and suffered from a severe shortage of qualified and experienced staff. But whenever he raised the problems of staff constraints, he was told he was being "defensive".

He believed he and his staff had done exceptionally well considering the difficult circumstances.

Daniels wrote to Boraine: "It would make a tremendous difference if you could be more supportive in helping to secure the resources to put in place a first-class service ... the staff have the ability, we just need the tools." He wrote his department did not receive enough support when dealing "with a difficult public".



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

APOLOGY

Apology to
Mr David Daniels,
Executive Director: Planning and
Economic Development,
and members of the
Executive Management Team,
City of Cape Town

The Sunday Times Metro, 27 September, carried an article under the heading "City Planning boss threatens to sue Council".

This article was based on a confidential internal process between employer and employee and it is most unfortunate that the Sunday Times chose to publish the article despite requests from Council not to do so.

The process of performance evaluation was incomplete and a number of serious objections to the process were being considered. While the Executive Committee is fully committed to evaluation of the performance of staff to ensure effective service delivery, it was unanimously decided to declare this particular process null and void.

The Executive Committee wishes to apologise to Mr Daniels in particular and to the City Manager and Executive Management Team in general for the harm and embarrassment which the article caused them in their personal and professional capacity. The Executive Committee expresses its confidence in the Executive Management Team and in Mr Daniels in particular, and will continue to support them and all their staff in attaining their stated objective of delivering an excellent service to the public.

Commitment to Cape Town

ISSUED BY THE CITY OF CAPE TOWN

SEPTEMBER 1998

Seven strategies to transform our City



THE CITY OF CAPE TOWN HAS SET ITSELF SEVEN STRATEGIC PRIORITIES FOR THE 1998/99 FINANCIAL YEAR TO ENSURE A REAL, VISIBLE IMPROVEMENT IN THE DELIVERY OF SERVICES AND FACILITIES TO RESIDENTS

WITH a capital and operating budget of R3.2 billion and thousands of employees, the City of Cape Town can play a leading role in setting Cape Town on the path to a better future. But the partnership that keeps the City going – the council, the administration and staff, and the residents and taxpayers – faces major challenges.

Not the least of these challenges is a tight financial climate. Unlike many other municipalities, the City is in sound financial shape and enjoys a very favourable credit rating. But when 1998/99 budget was presented to Council by Ms Nomaliso Mfekato, then Chairperson of the Executive Committee (Exco), she warned that, in real terms, the City has less to spend this year and that every cent counts.

The resources available to us from national and provincial government are being cut back, which depends on us re-inventing. This is understandable given the extent of the need in other regions. But this means that we are experiencing financial constraints that the old City of Cape Town simply did not have to deal with," she told the councillors.

Another factor is the lack of a formal link for the sharing of revenues within the restructured Cape metropolitan areas.

However, tight finances are no excuse for not making a material difference in the lives of people and communities. The City has inherited many problems and some very disadvantaged areas but, in the new democratic system based on equity and fairness, this situation cannot be allowed to continue.

In terms of the White Paper on Local Government, the City is also charged with playing a major developmental role.

To meet these challenges, the City has come up with seven strategic priorities designed to make the most of every rand and to meet the needs of residents in the most effective way. These include:

- Integrating a City divided by apartheid
- Achieving equity in service delivery and redistributing resources to the most disadvantaged areas
- Targeting zones of poverty in a holistic manner



City Manager Andrew Boraine with newly elected Mayor of Cape Town, Nomaliso Mfekato, and Chairperson of the Executive Committee, Saleem Mowzer. See page 2

- Tackling the low-income housing crisis
- Supporting economic development and job creation, and
- Promoting community safety

To ensure that these commitments are translated into real, visible improvements, a number of special projects that help fulfil one or more of the priorities have been chosen for a fast-track process.

"The time for words is over. Now we need action," says City Manager Andrew Boraine. "We have taken a hard look at ourselves, and what our priorities should be. There are financial constraints but we simply have to be more focused and more effective. We have to do more with less, offer value for money and make a difference, otherwise we will be failing the people of Cape Town."

But residents have to play their part too. A democratic local government system that treats everyone fairly brings responsibilities as well as rights. No matter how difficult one's personal circumstances are, it is up to all to contribute to keeping the City running. This means paying rates, electricity, water and service charges and making responsibility for our littering and damaging Council property.

"The City of Cape Town belongs to all who live in it," says Boraine. "One of our most important missions is to build a sense of civic pride and involvement."

"If the City is to deliver better services it needs to change. Together with a financial strategy that enables the City to deliver more for less, goes a strategy for institutional transformation."

"We need to change our organisation and change what staff do in the organisation," explains Mfekato. "We cannot pursue these strategic priorities by employing more resources. The existing staff and financial resources will have to be used to do different things and in different ways."

Communication is also a priority. "We do not communicate well enough, either with our employees or the public. If we are to make the changes required we will need to take people along with us. This means consulting and informing people."

Given this new strategic emphasis and inter-disciplinary approach to delivery, an exciting year lies ahead for the City, its employees and the residents of Cape Town.

The City has also made a commitment to regularly reporting back to the residents on the progress that it is making towards achieving the targets it has set for the 1998/99 financial year.

For more information about the strategic priorities, see pages 2 to 8

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Strategic Priorities

1 A common vision for a divided City

2 A commitment to fairness for all

3 Helping areas most in need

4 New solutions for the housing crisis

5 Working for growth and opportunity

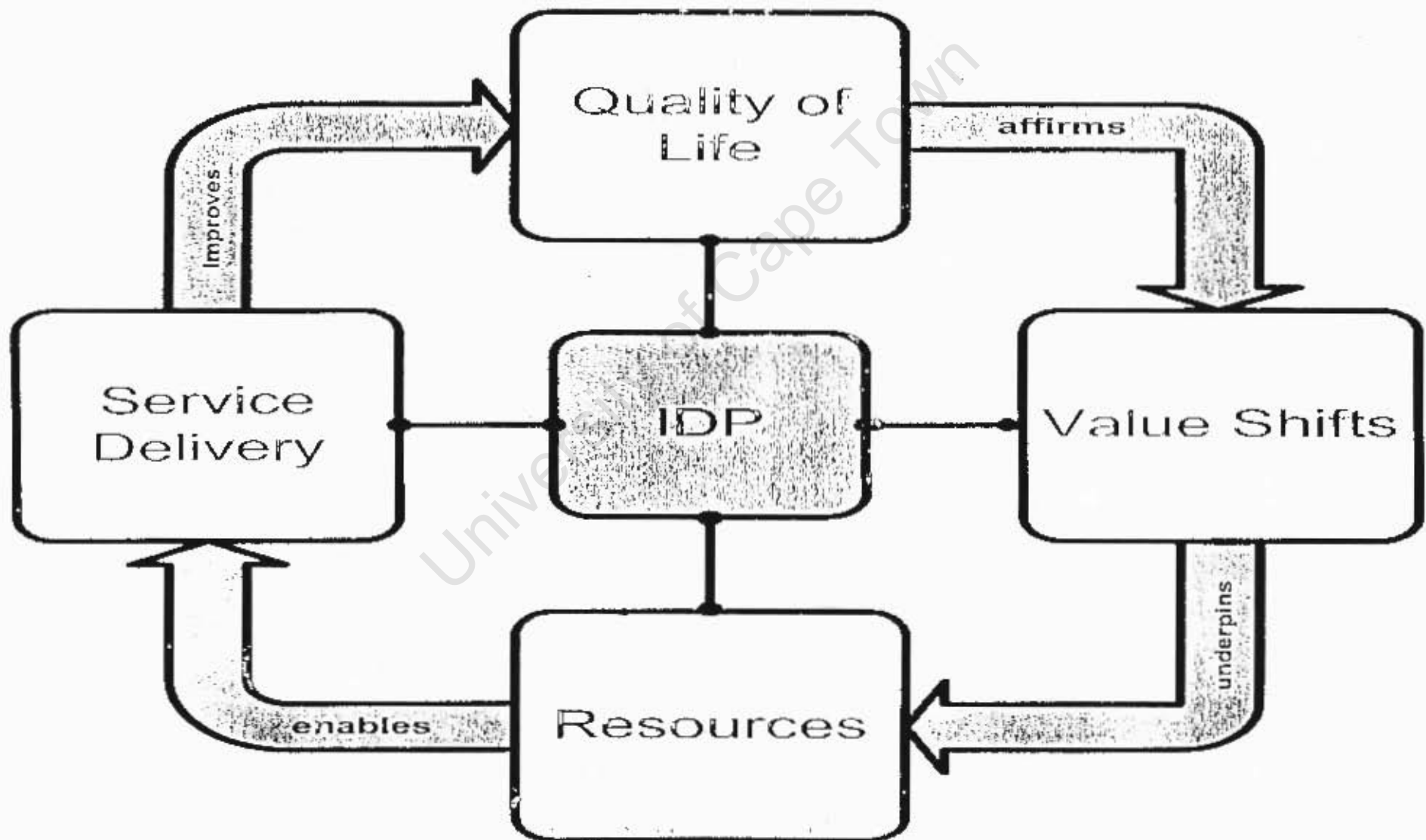
6 Making our roads and community safer

7 Putting priorities into action



Cape Town - the City that works for all!

The Strategic Scorecard



Traffic

Objective	Indicator	Current Performance	Baseline	Target	Frequency	Accountable Official	Accountable Committee
TRAFFIC SERVICE							
1. To reduce the number of accidents & road deaths in the Cape Town Municipality	<ul style="list-style-type: none"> * Number of fatalities * Number of accidents 	<ul style="list-style-type: none"> 17 p.m 2 527 p.m 	<ul style="list-style-type: none"> 23 p.m 2 446 p.m 	<ul style="list-style-type: none"> 5% reduction by June 2000 - 16 p.m - 2 237 p.m 	Monthly	M Marsden M Sangster Mr Merrington	Municipal Services
2. To improve the levels of compliance with respect to informal trading regulations	* Number of illegal traders in the CBD	30	57 illegal traders	10% reduction by June 2000	Monthly	M Marsden M Sangster Mr Merrington	Municipal Services
3. To improve the levels of compliance with respect to taxi regulations	* Number of taxi accidents	283 p.m	315 p.m	10% reduction by June 2000	Monthly	M Marsden M Sangster Mr Merrington	Municipal Services
4. To effectively enforce all traffic regulations including by-laws	* Number of fines issued	29 800 p.m	33 620 p.m	35 000 p.m	Monthly	M Marsden M Sangster Mr Merrington	Municipal Services
5. To ensure that cases are paid in the shortest possible time	* % of cases paid within 6 months	55%	51%	60% by June 2000	Monthly	M Marsden M Sangster Mr Merrington	Municipal Services

Income & Billing

Objective	Indicator	Current Performance	Baseline	Target	Frequency	Accountable Official	Accountable Committee
1. To reduce arrears	Collection rate	Rates 92% Electricity 92% Water 88% Housing Letting 42% Housing Home Ownership 30%	91% 90% 83% 62% 63%	92% (95%) 92% (95%) 86% (95%) 70% (95%) 70% (95%)	Monthly	P van Rynfeld DA Harris	Finance
2. Increase Income	Rand value of increase in income, % increase in income	3rd party payment commission R21 000. Interim rates valuations Nil Rental Nil	Nil Nil Nil	R125 000 (R500 000) R1 000 000 (R4 000 000) R100 000 (R400 000)	Monthly Monthly Monthly	P van Rynfeld DA Harris E Weichardt M Odendaal	Finance Planning & Economic Development Planning & Economic Development
3. Timorous & accurate billing of all accounts	% of all accounts sent out by month end. Number of complaints received for estimated water accounts	100% of accounts sent out on schedule 94% of water meters read	100% of accounts sent out on schedule 90% of water meters read	100% of accounts sent out on schedule 94% of water meters read (96%)	Monthly Monthly	P van Rynfeld DA Harris R M'bwana	Finance Municipal Services

NB figures in brackets represent target for the year

CITY OF CAPE TOWN

Name:

Cluster/Dept: Executive Director: Municipal Services

PART A: PERFORMANCE SCORECARD REVIEW

July 1999 - January 2000

Management Perspective	Key Performance Areas and Objectives	Key Performance Indicators	Current Performance	Performance Targets	Time Frame	Weighting	Rating (1-3)
1. Strategic Leadership	<p>A) INTEGRATING AND DEVELOPING THE CITY</p> <ul style="list-style-type: none"> Contribute effectively to developing and implementing the IDP policy and strategy Develop an equitable, integrated and sustainable Municipal Services framework that reflects the vision, mission and strategic objectives of the CCT <p>D) SERVICE DELIVERY Lead and co-ordinate Municipal Services cluster Business Plans and Capital Projects to achieve defined objectives, specifically:</p> <p>Safety and Security Ensure development and implementation of a safety and security strategy in support of SAPS</p> <ul style="list-style-type: none"> Strengthen traffic department human resources and technology Implement CCTV camera project in CBD and other business areas Implement municipal court to speed up prosecution rate 	<p>IDP adopted by Council and understood and implemented by FMT</p> <p>Significant enhancements to Quality of Life and Service Delivery perspectives of the City, especially in historically disadvantaged areas.</p> <p>Strategy adopted by Council and implemented by EMT</p> <p>Increased prosecution of offenders Increased revenue</p> <p>More rapid response rate and lower incidence of crime</p> <p>Accelerated prosecution rates</p>					

	<p>Cleansing Facilitate cost-effective and equitable implementation of a range of strategic cleansing projects</p> <ul style="list-style-type: none"> Automated street sweeping Enforcement of stringent anti dumping by-laws Equitable domestic rubbish removal Expand Masicoce Community Partnership project 	<p>Cleaner streets in existing and newly serviced areas</p> <p>Reduced incidence of dumping and increased revenue</p> <p>Every formal household has a 240 L bin and is cleaned at least weekly</p> <p>25000 houses benefit from this project</p>				
	<p>C) ORGANISATIONAL TRANSFORMATION Develop and implement an effective cluster strategy for institutional transformation in the Cluster and across the organisation, in line with the Principles of the Constitution and other statutory requirements</p>	<p>Improved Cluster performance and reduced costs/increased savings through:</p> <ul style="list-style-type: none"> Business Improvement Processes PM system AA policies and strategies adopted by Council and implemented in Cluster AA targets are met Level of complaints about unfair discrimination in Cluster 				
<p>2. Political Interface</p>	<p>Contribute effectively to developing and implementing policy and strategy for engaging with Councillors individually and in Committees to facilitate the translation of the Council's political vision into action</p> <p>a) Partnership and Support Ensure that Councillors have the necessary technical information and capacity to carry out their Constitutional mandate.</p> <ul style="list-style-type: none"> Relevant and accessible information Mutual trust and respect Mutual understanding of roles and responsibilities 	<p>Strategy adopted by Council and implemented by the Executive Director; Municipal Services' Office</p> <p>Efficiency and effectiveness of all councillors on MSC, in particular.</p> <p>Enhanced political/administrative relationship/partnership</p> <p>Minimal role conflict and transgressions of statutory code of conduct</p>				

	<p>h) Communication</p> <ul style="list-style-type: none"> • Open and transparent communication • Respecting power relations • Responding appropriately to mutual needs • Effective conflict management 	<p>Enhanced relationship building</p> <p>Mutual trust</p> <p>High level of synergy</p> <p>Speedy resolution of conflict</p>					
3. Operational/ Administrative Effectiveness	<p>Effectively manage the resources of the Municipal Services cluster and directorates, in order to achieve the strategic objectives of the Council, specifically</p> <p>a) Stakeholders/Clients Know and understand the needs of the City's Municipal Services clients</p> <p>Develop effective social partnerships with all stakeholders</p>	<p>Image and goodwill of the Municipal Services cluster as measured by internal and external opinion surveys</p>					
	<p>b) Services Ensure effective planning, co-ordination and monitoring of BPs and Capital Projects at EMT level and in the Municipal Services cluster, specifically</p> <ul style="list-style-type: none"> • Electricity • Protection Services • Roads and Stormwater • Water and Waste • Development Support • Logistics 	<p>Effective Planning and Control systems for strategic short, medium and long term projects are in place and on track as indicated in timely and accurate variance analysis reports, with acceptable slippage.</p> <p>Acceptable level of service complaints from stakeholders</p>					
	<p>c) Infrastructure and Facilities Develop and implement efficient and effective infrastructure and facilities that are able to meet the operational requirements of the City</p> <p>Effectively co-ordinate the Municipal Services infrastructural needs of the City to achieve service standards and ensure that adequate and timely maintenance, restoration and extension activities are undertaken</p>	<p>Reduced time and costs in internal and external delivery processes</p> <p>Better utilisation of technology</p> <p>Increased productivity</p> <p>Better team work and co-operation in asset management</p>					

	<p>d) Finances</p> <ul style="list-style-type: none"> Ensure that EMT and cluster staff are aware of costs and wastage without compromising the need to invest in essential services Ensure the implementation of an effective and efficient financial planning and control system which serves the needs of the City's IDP and PM system <p>Always work within budget so that the CCT is recognised for its financial efficiency</p>	<p>Increased equity and accountability in spending</p> <p>Cluster management have a heightened awareness of wastage and spend more time on improving their culture of efficiency</p> <p>Accurate and timeous financial management reporting at all levels of management in the cluster and to EMT.</p> <p>High credit rating for the City</p>					
	<p>e) Human Resources</p> <ul style="list-style-type: none"> Value and build on the knowledge, skills, motivation and positive attitudes of Municipal Services directors and managers Value and build on a diverse Municipal Services staff profile and develop an organisational culture that reflects and values diversity Implement a practical PM system, relevant to the needs of the Municipal Services cluster and of EMT. 	<p>A competent, committed and motivated Municipal Services staff</p> <p>EE targets of Municipal Services cluster achieved</p> <p>Improved team work competencies, a felt appreciation of difference and an organisational culture where all staff are able to utilise their knowledge and skills optimally and without bias.</p> <p>All Municipal Services management understand, accept and willingly implement the approved PM system</p>					
	<p>f) Information</p> <ul style="list-style-type: none"> Ensure the development and implementation of efficient management information systems at EMT level and in the Municipal Services cluster, to enable the measurement of KPIs 	<p>EMT and Municipal Services management are supplied timeously and accurately with relevant KPI information</p>					

	<ul style="list-style-type: none"> Ensure the implementation of a cluster organisational culture and work practices that value the gathering and sharing of information across "silos". Implementation of effective communication strategies to keep all EMT and Municipal Services management aware of what is happening in the CGT and with the Unity Programme 	<p>A more open and transparent culture which facilitates information sharing across all directorates and clusters</p> <p>Communication practices which satisfy the needs of EMT and Municipal Services management.</p>					
	<p><i>g) Time</i></p> <ul style="list-style-type: none"> Develop a culture that manages time effectively at EMT level and in the Municipal Services cluster. 	<p>Improved meeting of deadlines and targets</p> <p>Effective prioritisation</p> <p>Faster and better decision making</p> <p>More focussed planning and implementation of projects</p>					
4. Value Shift	<p>Value Shift Adopt and champion the core values of the Council through EMT and the Municipal Services cluster, specifically</p> <ul style="list-style-type: none"> Value for Money Services Customer Care Equity and Fairness Accountability & Trust 	<p>Improved service delivery among EMT and Municipal Services managers, by their:</p> <ul style="list-style-type: none"> providing the best possible services economically and efficiently, through careful planning and effective use of limited resources meeting the basic needs of all communities through consultation, courtesy, prompt action and flexible responsiveness ensuring fair treatment for all regardless of colour, gender or class - with special attention to corrective action, to redress substandard service organising, completing and reporting on our work in ways that involve our stakeholders promptly and ethically, so that we are seen by stakeholders as openly providing accessible, reliable and relevant information 					

	<ul style="list-style-type: none"> • Mutual Respect 	<ul style="list-style-type: none"> • showing mutual respect for each other's rights, duties and customs; in ways that recognise diversity, build democracy and develop co-operation 				
--	--	--	--	--	--	--

RISKS and DEPENDENCIES

What Key obstacles and/or dependencies helped or hindered you in achieving your objectives? How well did you manage these issues?

.....

.....

.....

University of Cape Town

PART B: SELF DEVELOPMENT GOALS

ENABLERS to help you improve your performance

Look at each KPA you rated as Level 1 (1 is low and 3 is high) and list them below.

Then consider what action plans you need to make to gain more knowledge, skills or experience in the identified areas.

By when do you think you will be ready to be reviewed again on these?

Low rated KPA's	Goals for improvement and/or development	Action Plan What must be done by you or your manager?	What help or resources will you need?	By when?	Performance indicator: How will you know your goals have been met?

ADDITIONAL COMMENTS ON THIS PERFORMANCE REVIEW:

Executive Director's comments	City Manager's comments	Committee Chairperson's comments
Signed: Date:	Signed: Date:	Signed: Date:

Please return this completed form to (name/dept): by date:

THE BENEFITS OF PERFORMANCE MANAGEMENT FOR CAPE TOWN

The performance approach adopted by the City of Cape Town will achieve the following benefits:

FOR EMPLOYEES:

GOAL SETTING

Setting goals in a participative, open process with clear communication to all stakeholders. This enables self-measurement and prompt corrective action and encourages accountability and teamwork.

CLARITY OF ROLE

Regular reviews, formal and informal, of performance, leading to an annual performance review.

ACCOUNTABILITY

A shift towards greater accountability by line managers in managing staff performance to achieve Council objectives

FEEDBACK AND RECOGNITION

A review system draws feedback and recognition from many stakeholders for fairness and consistency.

SYNERGY

A way of improving the relationship between 'effectiveness' and 'transformation'

FOR THE ORGANISATION:

A VISION AND A PLAN

A vision and values shared by all our staff and a clear, well-co-ordinate plan to achieve prioritised results.

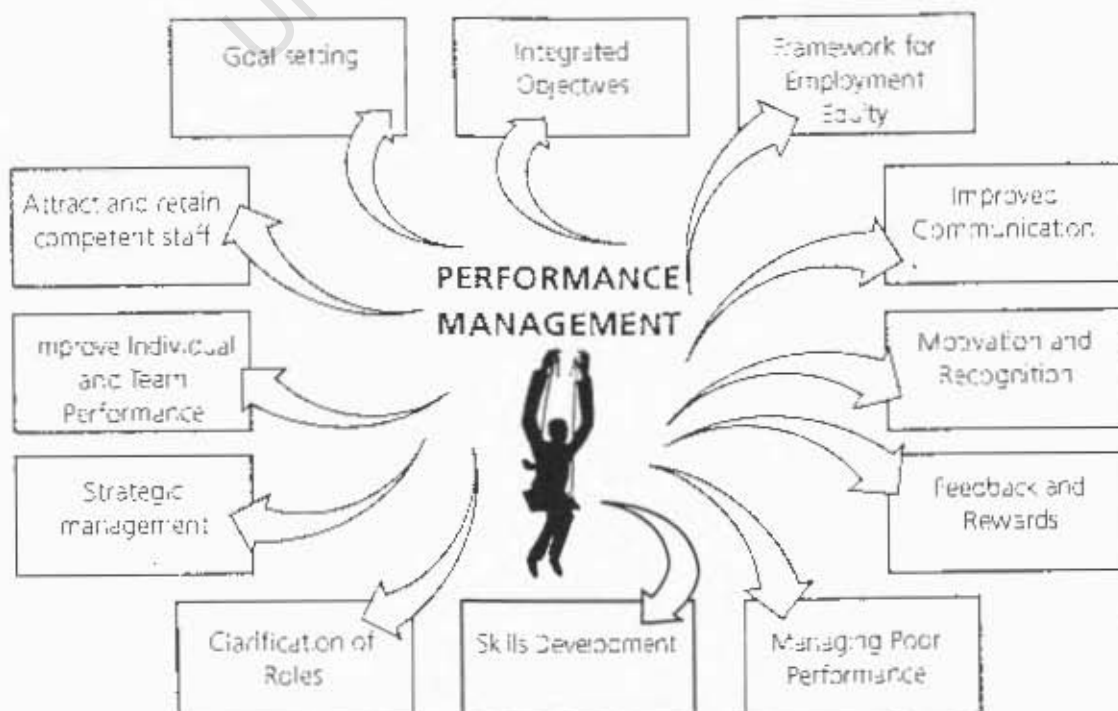
ACCOUNTABILITY AND COMMITMENT

A clearly defined accountability with people having a mutual commitment to get results and have the skills and resources to do so

COMMUNICATION

Open, honest and timely communications up, down and across our organisation.

THE BENEFITS OF AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM



Performance Appraisal

Job Knowledge		Judgment		Oral and Written Communication		Attitude		Quantity of Work		Quality of Work		Overall Evaluation	
[1]	Seldom gets in his knowledge of essentials of job	[1]	Decisions often wrong or ineffective	[1]	Unable to express ideas clearly. Often misunderstands	[1]	Uncooperative, respects suggestions, no enthusiastic	[1]	Falls below minimum requirements	[1]	Poor quality, many errors or rejects	[1]	Poor
[2]	Satisfactory knowledge of routine aspects of job	[2]	Judgment often sound but makes some errors	[2]	Expresses ideas satisfactorily on routine topics	[2]	Open, cooperative, often accepts suggestions	[2]	Usually meets minimum requirements	[2]	Quality usually satisfactory	[2]	Fair
[3]	Adequately informed on most phases of job	[3]	Good decisions sound, logical	[3]	Generally expresses thoughts adequately	[3]	Satisfactorily cooperates well, helpful to others	[3]	Satisfactory quantity	[3]	Satisfactory quality	[3]	Satisfactory
[4]	Good knowledge of all phases of job	[4]	Sound, logical makes sound decisions, even on complex issues	[4]	Consistently expresses thoughts clearly	[4]	Keenly cooperates, excellent in cooperation, we comes new ideas, very helpful and enthusiastic	[4]	Usually well exceeds minimum	[4]	Quality exceeds normal standards	[4]	Good
[5]	Excellent understanding of his job. Extremely well informed.	[5]	Consistently makes sound decisions, even on complex issues	[5]	Outstanding in written and oral expression	[5]	Excellent in cooperation, we comes new ideas, very helpful and enthusiastic	[5]	Consistently produces superior quantity	[5]	Consistent, high-quality work	[5]	Excellent

A Conventional Rating Scale Form That Uses Five Distinct Steps for Each Factor Being Rated

Source: Dale S. Beach, *Personnel*, 4th ed. (New York: Macmillan, 1940), p. 297. Reprinted with permission.

POSITION DETAILS		
TITLE: Director, Roads and Stormwater		
CLUSTER: Municipal Services		
Name of incumbent	Signature: Incumbent's Manager	Signature: Cluster Head
Date:	Date:	Date:
MAIN FOCUS OF THIS POSITION <i>(Description of the essence of the position in 1 sentence)</i>		
Executive management of the Roads and Stormwater function with particular responsibility to ensure appropriate extension, upgrading, restoration and maintenance of the road and stormwater infrastructure with the aim of achieving acceptable and equitable levels of service throughout the municipality and contributing thereby to the achievement of Council's strategic objectives.		

ESSENTIAL TECHNICAL PROFICIENCY AND COMPETENCIES

TECHNICAL PROFICIENCY:

High level knowledge or skills in:

- Tertiary qualification in Engineering and registration as a Professional Engineer
- In depth knowledge of road and stormwater design, construction and maintenance
- Proven experience in leading and managing a complex operation in a large public organisation with particular emphasis on financial, staff and technical management
- In depth understanding of environmental management and procedures such as Integrated Environmental Management and Environmental Impact Assessment
- In depth understanding of the institutional and government spheres related in particular to infrastructural funding and project approval process and relevant legislation pertinent to this function.
- Excellent communication skills and the ability and understanding to deal with a large number of interested and affected parties including community organisations, developers, unions, standing committees, councillors and the media
- Ability to think and contribute strategically in a dynamic situation

COMPETENCIES:

High level competence in:

1 Entrepreneurial Innovation

The ability and motivation to "champion" new ideas, service and production processes, within the area of responsibility

2 Building Business Partnerships

The ability to work effectively (and helping others work effectively) with internal and external partners to accomplish organisational goals and to identify and resolve problems

3 Interpersonal Understanding

The ability to understand and value the inputs of diverse others (in and outside the organisation) Understanding of attitudes, interests, needs and perspectives of others, knowing what motivates

them

4. Staff Development

The ability to share information, participatively solicit co-workers/subordinates/peers' ideas, and foster employee development. Identify training and development needs. Delegate meaningful responsibility, set performance standards, provide coaching feedback, reward performance improvement and build capacity to create and achieve a desired future state

5. Team Facilitation

The ability to get diverse groups of people to work effectively together to achieve a common goal, provide goal and role clarity and resolve conflicts

6. Achievement Orientation

The ability to commit significant resources and/or time (in the face of uncertainty) to improve all-round performance, try something new, reach a challenging goal (e.g. starts a new service, takes on a "turnaround" operation) whilst also taking action to minimise risks and cost

7. Analytical and Conceptual Thinking

The ability to relate and compare data from different sources, identify issues, secure relevant information and identify relationships to understand a situation and effectively create new models or policies to address problem areas or effect change

8. Tenacity and Resilience

The ability to stay with a position or plan of action until the desired objective is achieved or is no longer reasonably attainable whilst handling disappointment and maintaining effectiveness.

9. Flexibility

The ability and willingness to change managerial and procedural structures and processes when required

10. Negotiation

The ability to achieve organizational objectives and become a powerful and influential force during business interactions to gain all parties support and acceptance.

11. Championing Continuous Improvement

The ability to continuously seek (and encourage others to seek) opportunities for different and innovative approaches to address problems; facilitating the use and knowledge or help from outside the workplace to identify problems and advocating the need for self and or others to seek better ways to address work process issues.

KEY PERFORMANCE AREAS

The incumbent required to:

Effectively and efficiently manage the sections assigned to this Division, currently:

- Roads
- Traffic Engineering
- Asset Management
- Stormwater Management

The effective and efficient management includes:

- implementing and promoting corporate policies, practices and procedures
- establishing, implementing, monitoring and reviewing policies, practices and work procedures and methods within the Division
- developing and implementing
 - performance standards and assessment procedures for individuals and units within the Division
 - a development programme for staff in the division
 - an asset management programme
 - programmes to eliminate the waste of resources
 - financial control systems

Components within the Roads and Stormwater Function

The incumbent is required to effectively and efficiently manage the Roads and Stormwater function of the municipality comprising the following components:

- An extensive and sophisticated urban road network including associated design, maintenance and construction activities including a dispersed district system and a pre-mix plant
- An extensive array of structures including bridges, retaining walls, culverts and overhead direction signs
- A traffic engineering component
- A complex urban stormwater system comprising a number of catchments and associated hydrological design and stormwater management activities
- A sophisticated computerised asset maintenance system

Initial priority

Lead the formation of the Road and Stormwater function and create a new organisation from staff, assets and liabilities that would be allocated to this function.

Key activities would be organisational design, definition of key performance areas, appointment of staff, communication with staff and the maintenance of existing service delivery.

Strategic Development and integration

- Participate and contribute to the development of the Municipal Services Cluster's strategic and business plans
- Ensure an integrated and sustainable approach to service delivery and infrastructure provision in line with Council's strategic objectives and priorities
- Lead and develop the formulation of the Roads and Stormwater function's strategic business plan to ensure an integrated and sustainable approach by the function and its components as described above in the provision of road and stormwater services.

- Ensure that the strategic and business plans for the Roads and Stormwater function are integrated with the Municipal Services cluster's strategic and business plans which in turn will be integrated with Council's strategic objectives and priorities

Direction of Function

- Direct the formulation of strategies, policies, procedures, programmes, capital and operational budgets, and projects by the function and the components of the function aimed at achieving the critical outputs of the function's strategic business plan.
- Ensure that the process of formulation of strategies, policies, procedures, programmes, capital and operational budgets and projects by the function is integrated with those of other organisations, clusters and functions external and internal to the municipality.
- Ensure that the process of formulation of strategies, policies, procedures, programmes, capital and operational budgets and projects has the support and promotes the empowerment of communities and is environmentally sensitive where ever practicable.

Management

- Assume at the request of the City Manager or Executive Director, all the duties of the Executive Director Municipal Services, in his or her absence.
- Direct the preparation and implementation of the work programmes of each section of the function to ensure that the managers of these sections achieve their key results.
- Direct the development, implementation and operation of programmes and systems aimed at staff development and the effective and efficient utilisation of resources within the function.
- Ensure that the adopted strategies, policies, procedures, programmes, capital and operational budgets, and projects by the function is adhered to and implemented in negotiations and the operational management of the municipality and cluster.
- Ensure that the adopted strategies, policies, procedures, programmes, capital and operational budgets, and projects by the function is subject to review, monitoring and appraisal for effectiveness and efficiency against the strategic and business plans of the function and cluster.

Participation, Negotiation and Capacity Building

- Ensure that approval of the adopted strategies, policies, procedures, programmes, capital and operational budgets, and projects by the function is obtained from all affected and interested parties internal and external to the municipality.
- Represent the function, cluster and municipality or participate in high level negotiations aimed at achieving critical outputs of the strategic and business plan of the cluster and municipality.
- Network with relevant organisations and individuals internal and external to the municipality on issues related to the work of the Municipal Services Cluster.
- Ensure that each section and activity within the function is output focused on its customer and develops systems and procedures that are user friendly and understood by most of its target market.

Performance assessment

- Devise in consultation with Executive Director Municipal Services, key performance and

productivity indicators for the sections assigned to this division.
Conduct regular performance and productivity appraisals.

ADDITIONAL COMMENTS (Any noteworthy contextualising remarks)

University of Cape Town

Confidential

(Feb/March 1999)

YOUR UNDERSTANDING AND OPINIONS ABOUT "PERFORMANCE MANAGEMENT"

As the Cape Town City Council is planning to implement a "performance management" (PM) programme, based on the City's 7 strategic priorities, your opinions and recommendations will help plan and guide the process. This is a confidential opinion survey, and your identity will not be revealed.

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1. Are you a councillor manager union leader?
 2. What is your previous experience of "performance management"?
 3. What do you mean by "performance management"?
 4. Please give an example of any current PM activities in Council, that you are aware of. What benefits, if any, have been achieved?
 5. What problems have occurred with PM? How have they been dealt with? Are they now resolved?
 6. How do you measure successful work, in your department? (Please give examples.)
 7. What sort of formal PM objectives and reviews will work best, in Council?
 8. What sort of PM rewards and recognition system will work best, in Council?
 9. What sorts of PM planning will be needed, for
 - Managers?
 - Staff?
 - Union officials?
 10. Do you have any other comments about how performance management should be introduced, in Council?

WE APPRECIATE YOUR IDEAS & OPINIONS: THANK YOU!

Confidential		
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PERFORMANCE MANAGEMENT IN LOCAL GOVERNMENT

(May/June 2000)

Thank you for your help in completing this M Pub Admin research project, based on the Local Government White Paper and the Municipal Systems Bill. Hopefully, the results will be helpful in using the PM approach constructively in our country.

1. In principle, how do you feel about the use of "Performance Management" in local government?

2. Looking back since 1996, how useful has PM been to the City of Cape Town, in improving the cost-benefit of service delivery and development projects, to Capetonians?

3. What impact (if any) has PM had on:
 - 3.1 Staff?

 - 3.2 Management?

 - 3.3 The community at large?

 - 3.4 Disadvantaged communities, in particular?

4. Your frank comments, please, on how PM has been implemented:
 - 4.1 At organisational level (IDP, Corporate Scorecard, Business Plan Highlights)?

 - 4.2 At individual level (Personal Objectives, Scorecards, development, recognition etc)?

5. In retrospect, how could PM have been more effectively or efficiently conceived and/or implemented?

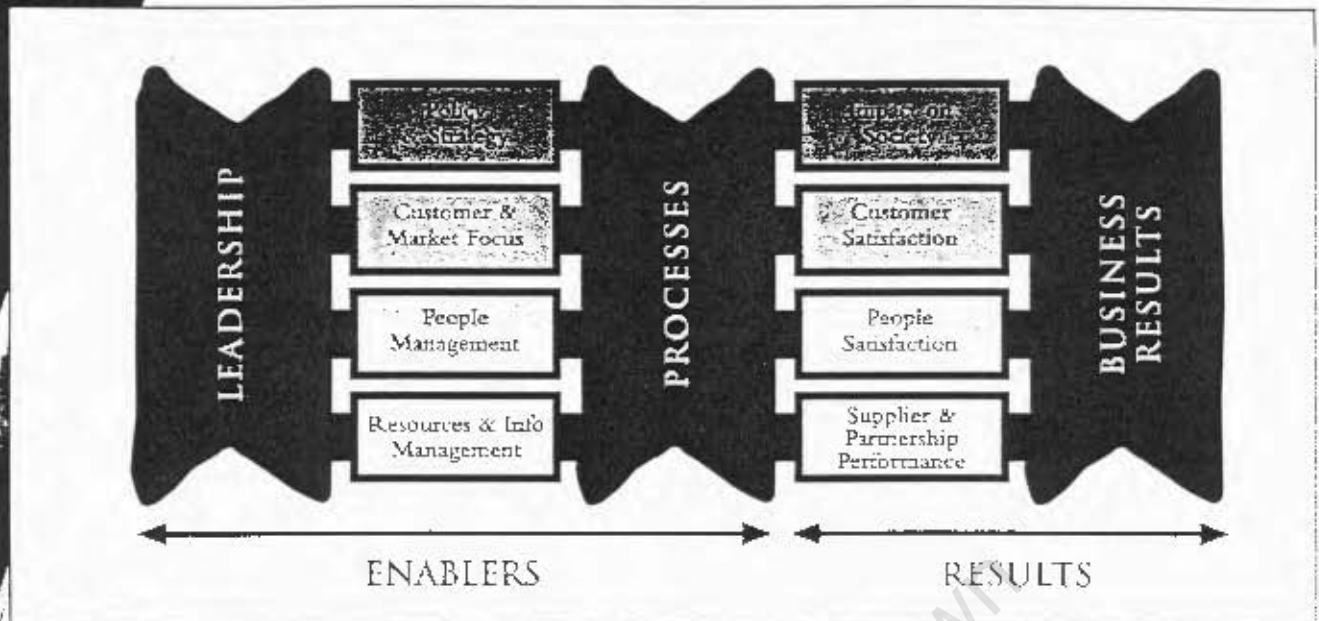
6. Today: is Cape Town any better managed that the CMC or other MLCs? Has the PM approach played a role?

7. Tomorrow: looking ahead to the Unicity, how should PM be introduced and implemented, for best impact?

8. Any other views, concerns or experiences regarding PM?

THANK YOU AGAIN FOR YOUR HELP

THE SOUTH AFRICAN EXCELLENCE MODEL



THE CRITERIA

1. LEADERSHIP

How the behaviour and actions of the executive team and all other leaders inspire, support and promote a culture of Performance Excellence.

2. POLICY & STRATEGY

How the organisation formulates, reviews and turns policy and strategy into plans and actions.

3. CUSTOMER & MARKET FOCUS

How the organisation determines customer and market requirements and expectations, enhances relationships with customers, and determines their satisfaction.

4. PEOPLE MANAGEMENT

How the organisation releases the full potential of its people to create a high performance organisation.

5. RESOURCES & INFORMATION MANAGEMENT

How the organisation manages and uses resources and information effectively and efficiently.

6. PROCESSES

How the organisation identifies, manages, reviews and improves its processes.

7. IMPACT ON SOCIETY

What the organisation is **achieving** in satisfying the needs and expectations of the local, national and international community at large.

8. CUSTOMER SATISFACTION

What the organisation is **achieving** in relation to the satisfaction of its external customers.

9. PEOPLE SATISFACTION

What the organisation is **achieving** in relation to the satisfaction of its own people.

10. SUPPLIER & PARTNERSHIP PERFORMANCE

What the organisation is **achieving** in relation to the management of supplier and partnering processes.

11. BUSINESS RESULTS

What the organisation is **achieving** in relation to its planned business objectives and in satisfying the needs and expectations of everyone with a financial interest or other stake in the organisation.

2.4 MOTIVATION

2.4.1 Framework for excellence in Local Government

In order to undertake Self Assessment, an underlying framework is necessary. The only model for Local Government is the South African Excellence Foundations (SAEF) model for Local Government. Although each organisation is unique, this model provides a generic framework of criteria that can be applied widely to any organisation or part thereof. The SAEF model is based on the following premise:

- Community and Customer Satisfaction, People (employee) Satisfaction, Social Responsibility and Supplier and Partnership Performance.

are achieved through

- Leadership

Driving

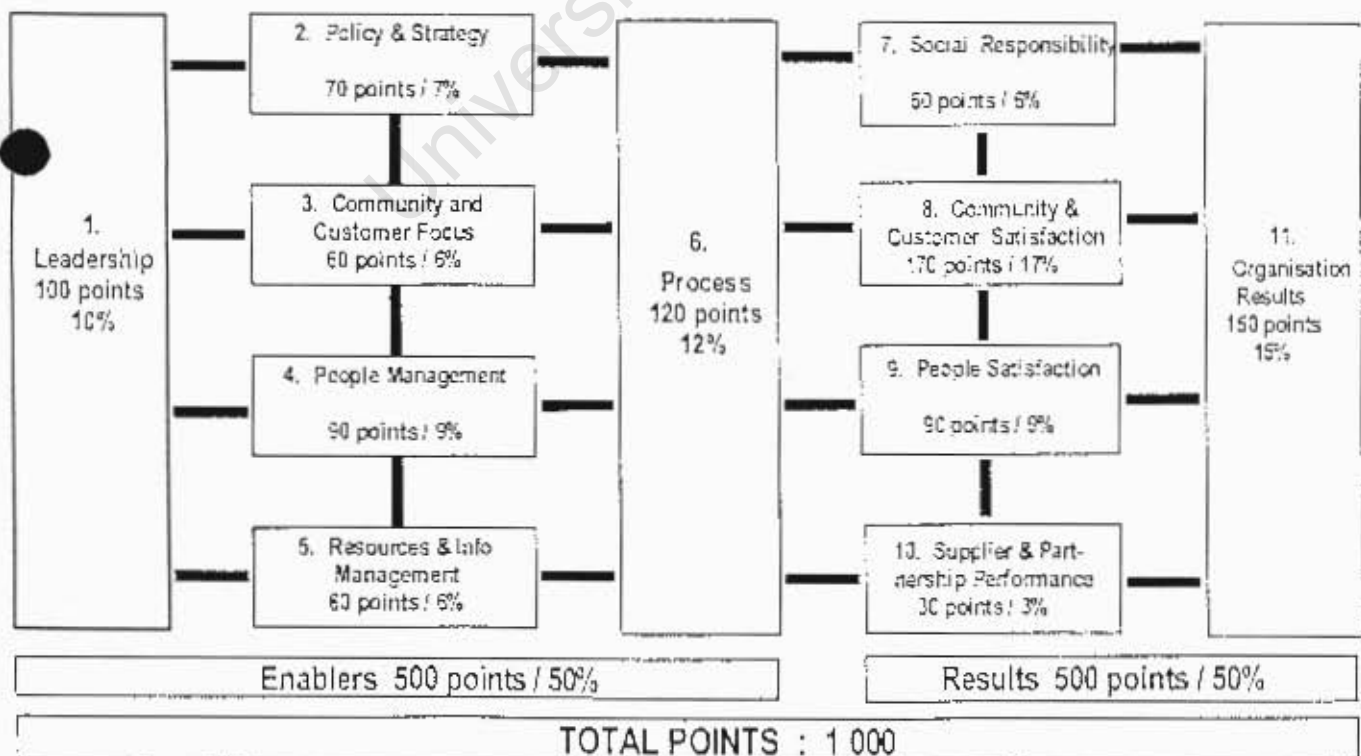
- Policy and Strategy, Community and Customer focus, People Management, Resources and Information and Process

Leading ultimately to excellence in

- Organisation Results

Expressed graphically the premise and the Model for Local Governments looks like this:

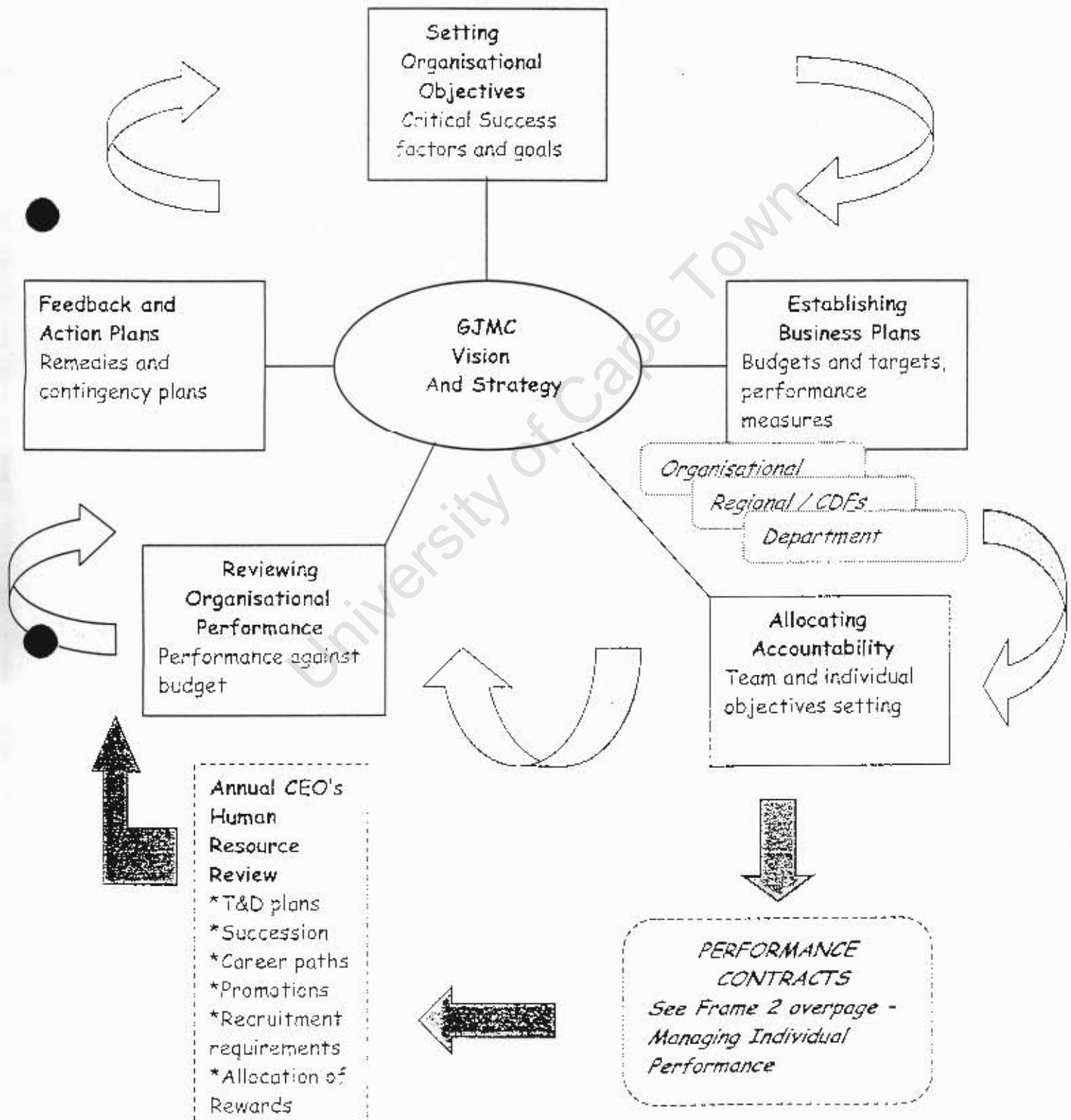
SAEF's Model for Excellence in Local Government



SCOPE OF THE GJMC PERFORMANCE MANAGEMENT POLICY

FRAME 1

MANAGING ORGANISATIONAL PERFORMANCE



FRAME 2

MANAGING INDIVIDUAL PERFORMANCE

