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Research Study into the lessons learnt from, and the impact of, linking contracts of municipal managers to a municipal electoral term

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1 Introduction

This research had been commissioned by the Department of Cooperative Governance to better understand the implementation and consequences of applying fixed term contracts for municipal managers, linked to the electoral cycle. The study intended to further explore, where warranted, alternatives and improvements and make recommendations in this regard.

1.1 Purpose of Report

This Assessment Report is intended to fulfil the following objectives:

- Provide an overall analysis of the data collected and case study research conducted at the case study municipalities
- Identify the lessons learnt and reflect on an assessment of the impact of the provisions of the MSA linking fixed term contracts of municipal managers to the electoral term
- Make recommendations for addressing the key findings from the case studies

1.2 Scope of the research

Given time, cost and resource considerations, the scope of the research was agreed to include:

- a desktop study and literature review,
- interviews with key stakeholders in local government,
- engagement with 26 municipalities across 5 provinces.

The municipal sample was finalised in consultation with DCOG prior to developing the tools for the research and initiating the literature review.

The methodology entailed a triangulation of data collection techniques as both qualitative and quantitative data would be obtained and used to cross-validate findings emanating from the research.

1.3 Limitations of the Study

The appointment of municipal managers has been highlighted as a critical issue facing local government based on the problems associated with the practice of cadre deployment and the expressed need for professionalisation of local government managers.

Given the importance of this study and its policy implications, it is worth highlighting the limitations of this study.

The study was conducted over a twelve-week time frame, which spanned over the December/January holiday period. The key focus for the project was visiting a selected sample of municipalities. One month was allocated to set up and conduct the case study visits. A day was set aside for the visit to each municipality.

A sample of 26 municipalities was agreed upon, that would be distributed over 5 provinces. The provincial distribution of the sample was constrained by resources

available. While this sample is adequate in drawing trends, it is likely not to present results indicative of all provinces.

Given the nature of the study, willingness to participate on the part of municipalities varied from eagerness to contribute, to cautious and sometimes malicious compliance, to non-responsiveness.

In consultation with DCOG, the team opted to visit as many municipalities as possible and interview those interviewees who were available. The team visited 80% of the identified municipalities.

2 Background to the Study

2.1 Rationale for the study

Well-performing municipal managers are fundamental to the success of the delivery of municipal services, since they are the heads of the administration and accounting officers, as prescribed in Section 57 of the Municipal Systems Act.

Municipal managers must be appointed in terms of a written employment contract for a fixed term of employment, not exceeding five years, or 12 months after the election of the next council of municipality. The Act mandates that the contract is subject to an annual performance agreement.

Municipalities are facing a high turnover rate of municipal managers and it is believed that this is due to the short-term nature of the employment contracts and the inconsistency applied in evaluating the performance agreements. The exodus of highly skilled municipal managers and the inability to retain and recruit municipal managers is weakening the local government system.

The Department therefore wished to better understand to what extent the linking of contracts of municipal managers to the five-year municipal electoral term influences turnover, institutional stability, governance and performance in municipalities.

2.2 Research questions

Based on the rationale for the study, the following series of questions guided the research:

1. What was the rationale for changing the permanent employment status of Municipal Managers to fixed-term contract workers linked to the local government election cycle?
2. What was the local government context at the time of the introduction of contractual regime and how has it since changed?
3. What are the emerging trends in the continuity/turnover of Municipal Managers? What are the contributing factors?
4. What has been the experience of local government leadership in linking the broader elements (IDP, PMS, performance agreements, reviews, etc) of the fixed-term contract of Municipal Managers with the electoral cycle of local government? (experience in implementation)

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5. What are the effects of linking the fixed-term contracts of Municipal Managers to the local government electoral cycle on institutional stability (inclusive of staff turnover, institutional knowledge/memory and leadership) of municipalities?
6. What are the effects of linking the fixed-term contracts of Municipal Managers to the local government electoral cycle on municipal performance?
7. How does the linking of fixed-term contracts of Municipal Managers to the local government electoral cycle influence the political-administrative interface of municipalities?
8. How might changes to the contractual arrangements for Municipal Managers improve the functioning of municipalities?

2.2.1 Research Methodology

Questions one and two and eight were mainly dealt with through for key informant interviews.

Questions three to eight formed part of the focus of the engagements with the interviewees at municipal level. These questions are also the focus of this report as set out in the sections below.

Methodology

The project methodology consisted of the following phases:

Phase One: Inception Phase and Review of existing literature and data

PDG conducted a review of relevant literature sources that assisted in understanding the context and provided insight into MM positions in South Africa.

PDG also conducted a review of international experience of public service models to reflect on the lessons learnt and the pro's and con's of models, which promote longer term civil service positions (for example the British model) compared to short-term civil service models (for example the USA model in which the top tier of the administration tends to change with a change in political leadership).

Phase Two

Development of Assessment Framework

The above research and analysis was then used as the basis to developing a set of research questions to be used to guide the assessment. The Research Questions, Assessment Framework and tools were approved by the DCOG team prior to these being used by researchers

It is anticipated that the DCOG will make available any relevant data and documentation which could be useful for the review.

Interviews with key stakeholders

Interviews were conducted with the following individuals to better understand the historical context and rationale for introducing the municipal manager contract cycle.

1. Pascal Moloi
2. Chippy Olver
3. Mike Sutcliffe
4. Andrew Boraine

Visits to select sample of municipalities

Following discussion with the DCOG team the following 26 municipalities were identified as the sample which would be visited for the purposes of this study.

<i>Province</i>	<i>Municipality</i>	<i>Category</i>	<i>Successful engagement?</i>
Gauteng	1. City of Johannesburg Metropolitan Municipality	A	Yes
Gauteng	2. City of Tshwane Metropolitan Municipality	A	No
Gauteng	3. Sedibeng District Municipality	C1	Yes
Gauteng	4. Midvaal Local Municipality	B2	Yes
Gauteng	5. Lesedi Local Municipality	B3	Yes
Gauteng	6. Mogale City Local Municipality	B2	No
North West	7. Mafikeng	B1	Yes
North West	8. Madibeng	B1	Yes
North West	9. Moretele	B4	Yes
North West	10. Bojanala District	C1	Yes
Free State	11. Pumelela	B3	Yes
Free State	12. Mafube Local Municipality	B3	Yes
Free State	13. Nala Local Municipality	B3	No
Free State	14. Kopanong Local Municipality	B3	No
Western Cape	15. City of Cape Town Metropolitan Municipality	A	Yes

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Western Cape	16. Drakenstein Local Municipality	B1	Yes
Western Cape	17. Stellenbosch Local Municipality	B1	Yes
Western Cape	18. Overstrand Local Municipality	B2	Yes
Western Cape	19. Swartland Local Municipality	B3	Yes
Western Cape	20. Overberg District Municipality	C1	Yes
Western Cape	21. Swellendam	B3	No
KZN	22. Ilembe DM	C2	Yes
KZN	23. Umdoni	B2	Yes
KZN	24. EThekweni	A	Yes
KZN	25. Mandeni	B4	Yes
KZN	26. Ingwe	B4	Yes

The visits to the municipalities would entail interviews with the following key individuals:

<i>Key informant</i>	<i>Objectives of interview</i>
<i>Current Municipal Manager</i>	To gain the perspective from management on the impact of the 5-year term linked to electoral cycles on their careers
<i>Current Mayor</i>	To gain the political perspective on the impact of the 5-year term linked to electoral cycles on their careers
<i>Current Speaker</i>	To gain the political perspective on the impact of the 5-year term linked to electoral cycles on their careers
<i>Person responsible for Deployment in the leading political party of the municipality</i>	To understand how and why deployments are made and what factors are considered
<i>Former Municipal Manager(s)</i>	To understand the impact of the 5-year term linked to electoral cycles on their careers and the stability of the municipal institution, where this has affected them.
<i>Corporate Services Managers</i>	It may useful to engage with Corporate Services to collect factual, human resource data on municipal managers over the last 10-15 years to develop an understanding of the context and trends over time in terms of turnover

<i>Performance Management officials</i>	This engagement will be useful to collect data on performance management, which will assist in understanding how the performance of municipal managers has managed, how regularly reviews take place, how problems are dealt with and how remuneration systems have been implemented.
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Given the sensitivities of the issues at hand, interviewees were assured that their inputs would be confidential. Hence the Assessment Report is written in generic rather than specific terms.

It was envisaged that these engagements would yield insight into both lessons learnt and experiences, as well as relevant data that will assist in shaping an analysis of key issues in each municipality. The intention was to conduct one-day visits with face-to-face interviews in each municipality. In reality it was difficult to access all of the key informants on the same day given their busy schedules.

Of the sampled 26 municipalities, only 21 municipalities (80.8%) availed their Municipal Manager for the purpose of this research. Within those municipalities, response rates amongst Mayors/Executive Mayors were even lower with only 14 (53.8%) completing questionnaires, and only 18 Corporate Service representatives (69.2%) submitting the questionnaires, not all of which were complete. Nevertheless, the available primary data has been used for this study.

Following the collation of data, descriptive data analysis was undertaken and is presented mostly in the form of frequency distributions. In some instances, data was analysed as a proportion of total respondents for a given question. While the sample is not representative enough to make an inductive generalisation, it is useful for the purpose of this research to present the proportion of the whole. In such instances the number included in the sample analysed (N), is clearly acknowledged in the figure or title, giving a clear indication of the varying sample sizes of the graphs. Where data could be meaningfully disaggregated per municipality or period cohort, this has been done.

Qualitative data gathered was discussed in a team workshop involving all researchers who participated in the interview process. Researched discussed data gathered in each municipality as well as trends emerging across the municipalities where they conducted interviews. From this discussion initial finding were drawn. Following this all qualitative data from the interviews was gathered and synthesized with the emerging trends contributing to the findings in this report.

In addition to primary data collection, existing information from the Municipal Capacity Assessment of 2011 is used to provide some comprehensive historical data for all municipalities. Where this data is used, it is clearly acknowledged as such and findings are informed by the final Municipal Capacity Assessment Report.

Draft Assessment Report

Following on the visits to the municipalities, the Assessment Report would be drafted. The aim of this report would be to analyse the data collected and case study research conducted, identify the lessons learnt and an assessment of the impact of the provisions of the MSA linking fixed term contracts of municipal managers to the

electoral term. The report would then make recommendations for addressing the key findings from the case studies and presentations of options from consideration by DCOG going forward.

3 International Experience and Literature

This section of the report reflects on international experience with regard to appointing Chief Executives at local government level as well as the factors that impact on the political-administrative interface. The section has been informed by desktop research of key literature available on public management practises.

Experience in Appointing Chief Executives

The appointment of Chief Executives at local government level internationally varies broadly but there are several common themes. In major metropolitan cities including London and New York, the responsibilities of administering the City fall to the directly elected Mayor who will often appoint a deputy mayor to run the city's administration. There is no separation between the bureaucratic head of the administration and the political head of the administration. This is a strong version of the Mayor-Council system.

Outside of London in the UK the nature of the appointment of Town Clerks or Municipal CEOs is largely up to the discretion of the council. The council may choose to employ someone on a fixed term contract, but may also prefer to appointment someone on a permanent contract. The appointee is however subject to minimum 13 week probationary period (Avon Local Councils Association: pp 21).

The Australian system varies from state to state. Fixed term contracts are common but not universal. In some states such as Tasmania there is a limit to the length of the term (5 years in Tasmania's case) but for the most part the terms of appointment and the terms of performance appraisal are left up to the local council to decide (Martin and Aulich, 2012: 16).

In New Zealand, Chief Executives are appointed by the council for no more than 5 years, and the Chief Executive must enter into a performance agreement with the council. Not less than 6 months before the contract expires the council must review the chief executive's performance and with consideration for the future objectives of the council decide whether or not to renew the contract (Government of New Zealand, Local Government Act 84 Of 2002).

The Canadian system allow for councils to determine the terms of employment of chief executives known as the chief administrative officer. These are generally fixed term contracts, but the period of the contract is determined by the council at its discretion (Government of Nova Scotia, Municipal Government Act 18 of 1998).

Political Administrative Interface.

The academic debate about the nature of the political-administrative relationship is largely viewed from the perspective of the civil servant. However some conclusion about the political perspective can be drawn. Svava (2006a), synthesizing the existing literature argues that the ideal administrator and politician should be mutually respectful of each other's roles. Politicians should respect the competence and contribution of administrators, while administrator should respect democracy and be

responsive to policy guidance from politicians within the rule of law. Politicians should seek the contribution of administrators to policy development and respect their experience.

Peters and Pierre (2004) argue that if politicians wish to politicize an area of administration they may be better off pursuing a strategy to win over current administrators than simply replacing them with ones who are politically loyal to them. This is for two reasons:

1. it is common for a politically appointed official to begin to become loyal to the administration rather than the political executive over time and
2. it avoids the perception of unfairness when politically loyal people are appointed into administrations.

They also note that working relationships between politicians and administrators improve over time so it may be jumping the gun to replace administrators with the politically loyal too soon, and that these relationships between political executives and administrators also tend to be better when the politician has had a long period of incumbency (stability in the office) rather than when new political executives arrive.

However, Cameron (2010) argues that in the South African case, at local government level, politicization has taken the form of party patronage and nepotism. This has been supported by the research by Steytler, De Visser and May (2009: 32-39) on the quality of local democracies which found that it was common for the ANC to use its deployment policies to benefit members of the party by preferencing them over more qualified candidates and in some cases to build party loyalty. They also noted instances where regional and provincial party officials were instructing municipal officials on what appointments they should make to benefit the party or its members.

Nature of Executive a significant factor in the relationship between politicians and managers

Svara (2006b) has found that the nature of the executive may be a significant factor in the relationship between the local government executive and managers. Managers at local government level consider their reputation highly and consider it enhanced if they are appointed by the council, but feel obviously politicized if appointed exclusively by the mayor. He also notes the international tendency of local councilors becoming increasingly involved in short term issues, instead of oversight and policy formulation.

South Africa seems to be following this trend according to the Quality of local democracy report (2009) commissioned by Salga, which describes the challenges that municipal administrations face with underskilled politicians in local councils. The report indicated that the most significant problem was found to be the lack of skills and engagement of local councillors in the oversight role that they are legislated to perform over the administration.

This has several possible effects:

- it resulted in a lack of accountability, particularly budgetary accountability. Councilors feel disempowered to exercise oversight because they cannot read or interpret budgets. In these cases financial irregularities were more common, whilst municipalities with highly skilled councilors receive better audits.
- In poor municipalities, being a councilor was a desirable career pursuit for the unskilled and unemployed, crowding out skilled councilors and exacerbating the

problem. Officials are seen to have and use a knowledge advantage, administration becomes dominant and there is no accountability.

- Councillors, tended to ignore good advice from Municipal Managers and officials, resulting in officials refusing to agree to their spending requests and creating tension between the councillors and managers.
- Under skilled councils often appoint under skilled mayors, increasing the burden on Municipal Manager particularly in respect of financial controls.
- Under skilled councils and mayors are less capable of performing performance management functions, setting inappropriate targets that MMs are unable to meet and need to explain despite not being responsible for the failures. This affect there bonuses and their likelihood of being retained (De Visser, Steytler and May, 2009: 18-35).

Role of Chief Executive determined by the type of Executive System in use by the City

Surveys of top city administrators in the United States and from 13 other countries in Europe, shows that top administrator are generally active in a number of traditionally political activities such as developing visions for cities, seeking external resources and canvassing public opinion, giving these the same emphasis and importance as traditional administrative functions. The emphasis, these surveys find, varies with the type of executive the city uses.

- Where the mayor is strong such as in France, Italy, Spain and Portugal, the CEOs tend to give greater attention to the administrative functions than the political, limiting themselves to policy and technical advice.
- Where the system is quasi-parliamentary committee leader such as in Denmark, Great Britain and Sweden, administrators give technical, policy and political advice to elected officials and are less involved in traditional administration.
- Where the arrangement is council-manager as seen in the US, Ireland Australian and others, there is strong emphasis on the advice given to elected officials but this is mostly technical and contributes to policy innovation but is rarely political.

Role of CEOs in local government

Mayors are the most influential people in running cities, but CEOs are the second most influential generally, often being more influential than majorities on councils.

In direct council manager cities the top administrator has more influence than the council, particularly around budgetary issues and when they are involved in policy innovation. Where mayors are highly influential CEOs also tend to have higher influence, at the community level although they have institutionally less influence. It is not a zero-sum struggle for influence. Of the 4000 CEOs surveyed,

- 56% are highly interdependent, with complementarity and overlapping models dominating.

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- 30% are dependent and have inferior relative influence.
- In 10% of cases the CEOs are political, in 20% are professional. 13% are independent.

The form of government is the most significant factor in these traits:

- In strong mayor cities half are interdependent and half are dependent.
- In council-manager cities, interdependence is the most common type with many independents.

Appointment of the Manager is also important, if appointed the Mayor has been appointed by the Council they are more likely to instil professional values than if appointed by the Mayor alone, in which respect is likely to be more political.

New Public Management Approach

By the 1980's and early 1990's scholarly thinking in public administration had moved beyond traditional approaches to public administration. The New Public Management (NPM) approach represented the dominant force in public administration thinking at the time. The principles of NPM were guided by increased financial efficiency and result based management, necessitated smaller public sector budgets as a result of the economic challenges of the late 1970s.

The seven basic principles of NPM are as follows:

1. Hands-on professional management of public organization.
2. Explicit standards and measures of performance.
3. Greater emphasis on output controls.
4. Shift to disaggregation of units of the public sector
5. Shift to greater competition in the public sector.
6. Stress on private sector styles of management practice.
7. Stress on greater discipline and economy in public sector resource use (Kalimullah, Alam and Nour, 2012)

In South Africa's transition from apartheid, NPM and development management approaches were turned to as alternatives to traditional public administration and as means to help transform the public sector. Thinkers from both old regime institutions (that had a track record of influencing National Party Policy and administration) and from liberation movements preferred new management approaches to the old style administration. Old regime institutions saw poorly functioning institutions in black areas as drivers of political instability and thought that aligning public servants interests to performance of the organisation could improve this, while liberation movements saw old style bureaucracy as an instrument of colonial oppression, and saw an adapted version of NPM as the best alternative, despite its neo-liberal underpinnings (Chipkin et al, 2012).

NPM for the South African case was a way of meeting the developmental objectives set by government. There was also clear move to incorporate significant features of new public management into the public service, these included the use of incentives and

sanctions to improve performance, a reduction of procedural rules to allow managers more discretion, use of public private partnerships, "rightsizing" the public sector to reduce the wage bill and the use of contracts to delineate lines of responsibility and accountability (Pieterse, 2002:7-9).

The influence of new public management clearly runs through the emergent post-apartheid public service policy documents. The 1995 White Paper on the Transformation of the Public Service includes in its vision for a new public service that it is:

- goal and performance orientated, efficient, and cost effective;
- integrated, coordinated and decentralised;
- open to popular participation, transparent, honest and accountable.

The emphasis on cost effectiveness, performance orientation, efficiency, decentralisation and accountability demonstrates the influence of NPM thinking on shaping the nature of the public service in South Africa.

While NPM principles argue that the policy-making role of managers should be expanded and broadened, the South African experience has been one of a reluctance on the part of political executives to allow managers to manage in broad and dynamic way envisioned by NPM. This is due to fear on the part of politicians of managers encroaching on their policy-making territory. Politicians would prefer that managers are simply good leaders, without the full scope of freedoms of management (Cameron, 2010: 689-694).

The experience of the contract system and performance management in senior management in South Africa, according to Cameron (2010: 689-694), has seen instances of high staff turnover and politicisation of contract staff. This is particularly the case when contracts are short term. The involvement of politicians in performance assessments has also increased turnover and politicisation of management, with management seeking to please politicians.

4 Understanding the Background to the Current System

This section of the report reflects on the background to the current system of MM contracting in South Africa.

It is largely derived from a desktop review of high level policy documents such as the White Paper on Local Government and literature on 'new public management' thinking. It has also been complimented by telephonic interviews with key stakeholders.

The key research question considered in this section is what was the local government context at the time of, and rationale for, the introduction of contractual regime?

4.1 What was the Local Government Context at the time of the introduction of the contractual regime for MM?

In considering the local government context it is important to reflect on the background and evolution of local government in its current form.

4.1.1 Local Government Pre Democracy

Prior to the advent of democracy in South Africa, municipalities were administratively run by Town Clerks. These Town Clerks were permanent employees of the municipalities.

While the legislation regulating town clerks differed from province to province the role of town clerks was reasonably standard:

- To carry out the resolutions of council;
- Coordinate communication between the council and the council's departments;
- General supervision of the council's departments and control of the administration.

For black local authorities the town clerk was responsible for the execution of the authority's resolutions, its administration and was the accounting officer (Craythorne, 1993: 308-309).

The expectation of a Town Clerk was that he would remain politically objective. His political role would be to manage the competing interests of councillors and to give objective advice to councillors. Craythorne (1993: 314) however notes that towards the end of the apartheid era a period of "bitter" politicisation occurred owing to the creeping centralization of government at the time.

Ahead of the apartheid transition and post-apartheid local government reforms, government passed the Profession of Town Clerks Act 75 of 1988. Under this Act Town Clerks were the Chief Executive, Administrative and Accounting Officers of the local authority employing them.

The Act also required that all Town Clerks and prospective Town Clerks were registered as members of the Town Clerk's Council. The move was ostensibly one to professionalise the position of town clerk but it was also viewed as a strategy ahead of the democratic transition to protect existing town clerks from anticipated political changes. The Profession of Town Clerks Act was repealed in 1996.

4.1.2 Local Government Transition

Part of South Africa's democratic transition involved a process of transforming South Africa's local government. This culminated in the Local Government Transition Act 208 of 1993. The Act outlined a staggered approach to change, negotiated through local forums across the country. The Act outlined three phases of transition:

1. the pre-interim phase between the promulgation of the act and the first democratic local government elections in 1995;

2. the interim phase between 1995 and proclamation of negotiated local government legislation in 2000 and
3. the promulgation of new negotiated local government legislation, ultimately the Municipal Structures Act and the Municipal Systems Act which took full effect in 2000.

With the 1995/1996 elections the interim phase of local government began, overseen by the transitional local councils elected in these elections. It was the responsibility of the town clerk to ensure that the local council implemented the provisions of the Transition Act, with the power to report councillors who were not fulfilling their responsibilities to the council. Many local councils during this time experienced uncertainty around the future, with different stakeholder anticipating different outcomes of the local government legislative process. Political tensions were also high with forced power sharing in some councils, councillors with different and often conflicting histories.

Wooldridge (2008) notes that in this period it was common for administrators to become associated with a particular political camp, due to their histories of employment in local government. This was often the case whether or not they had a genuine political affiliation whether or not they wanted to be associated with that particular party.

4.1.3 Recognition of Local Government as an Independent Sphere of Government in the Constitution

Following on this Transition Phase, came the ratification of the Constitution (Act 108 of 1996) which established local government as an independent sphere of government and set out its objects and function.

The Constitution lays the foundation for and guides the regulation of municipal administration by extending municipal autonomy to the internal affairs of the municipality and also providing for a set of values and principles that guide municipal administrations (Steytler and De Visser, 2007: 8-5).

The Constitution provided that a municipality may employ the personnel it needs for the effective performance of its functions, and it can make bylaws to govern its internal arrangements, but stipulates in s195 that a high standard of professional ethics must be maintained and that employment practices must be based on ability, objectivity and fairness (Steytler and De Visser, 2007: 8-6). The constitution leaves much of the right to structure internal functioning of municipalities up to the municipal councils as a means to ensure efficient municipal administration. But power exercised by functionaries of a municipality must be exercised on the basis of an enabling law (Steytler and De Visser, 2007: 8-5).

Municipality's autonomy over personnel affairs sets it apart from provincial government in that both national and provincial government are part of the public service, they are regulated by the Public Service Act and therefore function and are structured in terms of that Act.

4.1.4 The White Paper on Local Government, 1998

The White Paper on Local Government (1998) set out a vision for a development local government. It set out the characteristics of development local government,

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developmental outcomes for local governments and suggested the following tools to assist local government to achieve these outcomes:

- The Integrated Development Plan;
- Performance Management;
- Working together with local citizens and partners

In order to build on existing capacity in local government, the White Paper established the idea of performance based contract for senior managers in local government. The White Paper sought to establish a culture of and commitment to results and value for money that is service oriented. It envisioned that the performance contracting would result in improved accountability and create a focus on outputs. Appointments would remain professional, but would be contracted and renewed on the basis of performance assessment.

The White Paper did not explicitly say the contracts of MMs should be linked to electoral cycles, but emphasized the importance of working together towards a developmental vision, a politically driven goal. It was believed that this approach would improve efficiency and morale.

The Municipal Systems Act gives further effect to:

- the constitutional framework for municipal administration by containing additional principles and values for municipal administration, regulating the system of delegation, providing for the appointment and responsibilities of MMs and providing for the roles and responsibilities of political officer bearers and political structures;
- the concept of contracting by providing for MMs to be appointed on contracts.

The details of the provisions of the Municipal Systems Act are elaborated on in section five below.

4.2 Current Policy Context

4.2.1 LGTAS

The 2009 Local Government Turnaround Strategy identified governance as a key problem area, highlighting elements such as political leadership, institutional organisation, administration, capacity and skills, oversight and regulation and monitoring and reporting as challenges within this area. In order to address this problem area it sought to build a clean, effective, efficient, responsive and accountable local government with improved performance and professionalism.

One of the interventions identified by the LGTAS to build such a local government was to build stable councils with visionary and accountable leadership as well as build a professional administration that supports the political vision contained in the electoral mandate. In addition, it also identified the need to have adequate skills retention and recruitment policies in place to ensure that the right person is in the right job (2009: 25-29).

The LGTAS envisaged that political parties will promote institutional integrity by not allowing political management to create inappropriate pressure on councils and

administration and ensuring that deployees are well trained and have capacity and integrity (2009: 25-29).

4.2.2 National Development Plan, Vision 2030

The National Development notes that making the public service and local government careers of choice is key to building a capable states, with junior levels of administration focussed on building skills while the at senior level recruitment should be focussed on experience and expertise. It envisions a formal graduate recruitment scheme for the public service, a career path for local government, making adequate experience a prerequisite for senior posts, a long term approach to training and management and an improved system for skills development (NPC, 2011: 407-443).

The NDP also calls for the stabilisation of the political-administrative interface, that serves government but is sufficiently autonomous that it is insulated from political patronage. This will be particularly important for local government. In this regard it envisions an administrative head for the public service to ensure effective overall management of the public service and to manage career progression for heads of departments. It also envisions increasing the role of the Public service commission in the appointment of senior management to increase the transparency in the process (NPC, 2011: 407-443).

It also envisions particular support to strengthen local government, through an enabling framework that will allow the active support and oversight of national and provincial government (NPC, 2011: 407-443).

4.2.3 Outcome Nine

With respect to the administration of local government Outcome 9 aims to see strengthened administrative and financial capabilities of municipalities.

To improve administrative and human resource practices in local government, the Outcome 9 delivery agreement outlines two key actions:

- Ensure that the critical posts of Municipal Manager, Town planner, Chief Financial Officer and Engineer/technical services, HR and Communications Manager are audited and filled;
- Ensure that the performance contract of the municipal manager is concise and crisp and relevant to his / her portfolio (Presidency,2010: 63).

4.2.4 Draft Concept Paper on Professionalisation

The call for professionalization of local government in South Africa emerged out of the National Capacity Building Framework for Local Government in support of the 5 year local government strategic agenda (2008-2011) as well as the 2009 Local Government Turnaround Strategy which listed as one of its key objectives the need to improve performance and professionalism in municipalities.

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Professionalization loosely defined is the process by which a particular occupation transforms itself into a fully-fledged profession, exhibiting characteristics like competence, work practices, ethos, behaviour and attitudes typically displayed by members of such a profession. In the public service though, professionalization has some unique challenges: most professions are isolated from the public eye, not so the bureaucracy, which is often at the centre of politics.

The Department of Cooperative Governance commissioned the School of Governance at the University of the Western Cape to prepare a concept paper for a professionalization of local government. The Draft Concept Paper: Toward the Development of a National Professionalisation Framework for Local Government identified 4 type of professionalization that are relevant for local government in South Africa:

- Technical professionalism; applies to local government personnel who perform high level line functions, for example in engineering, finance and planning
- Managerial professionalism; knowledge, skill, maturity, ethos, commitment, leadership.
- Administrative support professionalism; high performing administrative support, with the appropriate knowledge, skills, ethos, commitment and ability to help drive and lighten the tasks of management across the municipality
- Public service professionalism: Being professional in one's work, in terms of meeting high and expected standards of performance and behaviour,

The thinking is that removing the contract basis for appointing managers will contribute to a drive to increase levels of professionalism, improve stability in local government, which is shown to improve local government performance and also in the international literature to improve the relationship at the political administrative as over time managers and local politician, mayors and councillors learn to trust each other.

Professionalisation in Local Government: Senior Managers

The South African experience of trying to professionalise senior management has focussed on ensuring competence, experience, performance and qualifications as described in the Municipal Performance regulations of 2006. However the emphasis of professionalism should be on professional ethics, values and ethos, which is what the term has traditionally described. According to the Draft Concept Paper, this has not been adequately addressed in South Africa's attempts to build a professional local government.

According to the state of local government report (CoGTA, 2009: 30), the attempts to build professional ethics, value and ethos in local government through the Systems Act code of conduct and the Batho Pele service delivery principles have been largely disregarded in significant numbers of municipalities. The Draft Concept Paper argues that HR policies and practices conducive to ethical behaviour need to be introduced at local government level, along with adequate training, if professionalisation is going to be achieved (2012:15).

The draft concept paper proposes that a framework for professionalization across local government should be based on among other things:

- A clear understanding of professionalism and professionalization.
- A comprehensive scope, targeted appropriately for officials at different levels and in different sectors.
- The current legislation and regulations and local government capacity building initiatives.
- Feasibility of implementation.

For an underlying definition of professionalization the following definition was proposed (with stakeholder involvement):

"Professionalism can be described as conditions that meet the expertise and behavioural requirements of any job or group of jobs based on agreed principles, norms and standards that are established by an authority in the field." (2012: 57)

The envisioned framework would apply to all local government, not simply senior management. The paper argues that for effective professionalization you need to professionalise at all levels, and move beyond the current focus on professionalization at senior management level, as this will not improve professional behaviour and performance at all levels. However different levels and sector means that a differentiated approach to professionalization is necessary.

The paper argues for the incorporation of professional bodies into a professionalization framework, with the incorporation of existing professional bodies, where these already exist (as is the case in technical areas), into the strategy. Professional bodies, it argues, have a particular role to play in training and development of professionals (2012: 55-59).

Key elements in the framework must be:

- The development of a competence framework for all major occupational categories

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- The development of a framework for the successful promotion of ethical standard building a collective public service spirit amongst all local government officials.
- Norms and standards for all occupational disciplines
- Alignment with other HR policies and strategies with regard to career prospects, remuneration, performance manage and personal development.
- Development of an effective consultation and communication strategy for universal buy-in.
- Clear assignment of roles across the spheres of government to play a part in the development and implementation of the framework
- Development of strategies to improves to improve support across the spheres of government to support the professionalization process.
- The provision of adequate resource to successfully roll out the framework
- An effective system for monitoring and evaluation (2012: 58-59).

However the paper warns that it will be a major challenge for a professionalization framework to incorporate of all the various elements of professionalization with the appropriate competence and behavioural requirements for specific levels and occupations into a single framework. There will also need to appropriate prioritisation of the phasing in of the initiatives in a framework.

Professionalisation: Politicians

The draft concept paper also identifies politicians as a potential barrier to professionalization, it argue that the linking of contracts for senior managers to the electoral cycle compromises the professional independence of the senior management, and creates instability in the municipality when there are wholesale change in a council (2012:37).

The paper, while seeking to guarantee the right of anyone to hold political office, argues that professionalization of local councillors is important. Measures need to be taken to ensure that they adhere to codes of conduct and maintain good ethical standards, as well providing learning opportunities and opportunities for the professional development of councillors (2012: 57).

The paper also argue that there need to be a clearer understanding of the roles of local councillors, to avoid the practice of local councillors acting as senior managers, which still persists in some cases. Additionally, it says government should consider banning all employees of local government from holding political office (as it has done for senior management) to avoid the practice of politically senior people, employed as junior staff and managers, managing senior staff. To help prevent this, it argues, government should also consider employing municipal managers on full time contracts, so that they are not beholden to the political power of their junior managers (2012: 65).

5 The current system of MM contracting

The roles and responsibilities and basis for contracting Municipal Manager (MMs) and Managers reporting to Municipal Managers (section 56s) is set out in Part Two of Chapter Seven of the Municipal Systems Act as read with the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

5.1 Municipal Manager

A Municipal Manager is an employee of a municipality but is unique from other employees in that s/he plays an integral role in the functioning of the municipality. Steytler and De Visser (2007: 8-20) in describing the pivotal role of the MM in the functioning of the municipality refer to the Constitutional Court judgement in the case of *Western Cape v Minister of Provincial Affairs and Constitutional Development Executive Council of KZN v President of the Republic of South Africa* in which the court termed the MM as a key structure of a municipality and not merely a personnel appointment as contemplated in s160(1)(d) of the Constitution.

Section 55 of the Systems Act provides that as the head of administration the MM is, subject to the policy directions of the municipal council, responsible and accountable for-

- a) the formation and development of an economical, effective, efficient and accountable administration
 - (i) equipped to carry out the task of implementing the municipality's integrated development plan in accordance with Chapter 5;
 - (ii) operating in accordance with the municipality's performance management system in accordance with Chapter 6; and
 - (iii) responsive to the needs of the local community to participate in the affairs of the municipality;
- b) the management of the municipality's administration in accordance with this Act and other legislation applicable to the municipality;
- c) the implementation of the municipality's integrated development plan, and the monitoring of progress with implementation of the plan;
- d) the management of the provision of services to the local community in a sustainable and equitable manner;
- e) the appointment of staff other than those referred to in section 56 (a), subject to the Employment Equity Act, 1998 (Act 55 of 1998);
- f) the management, effective utilisation and training of staff;
- g) the maintenance of discipline of staff;
- h) the promotion of sound labour relations and compliance by the municipality with applicable labour legislation;
- i) advising the political structures and political office bearers of the municipality;

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- j) managing communications between the municipality's administration and its political structures and political office bearers;
- k) carrying out the decisions of the political structures and political office bearers of the municipality;
- l) the administration and implementation of the municipality's by-laws and other legislation;
- m) the exercise of any powers and the performance of any duties delegated by the municipal council, or sub-delegated by other delegating authorities of the municipality, to the municipal manager in terms of section 59;
- n) facilitating participation by the local community in the affairs of the municipality;
- o) developing and maintaining a system whereby community satisfaction with municipal services is assessed;
- p) the implementation of national and provincial legislation applicable to the municipality; and
- q) the performance of any other function that may be assigned by the municipal council.

As the head of the administration of the municipality, the MM is the interface between the municipal council and the administration of the municipality. As set out above, the MM has the responsibility of managing the communicating between the administration and the political structures and political office bearers at the municipality. In addition, the MM is also tasked with advising the political office bearers and structures and ensuring that the decisions taken by the political structures are executed by administration.

Section 119 of the Systems Act emphatically states that a Councillor who attempts to influence the MM not to enforce an obligation in terms of the Systems Act or any other applicable legislation or any by-law or a decision of the council of the municipality, is guilty of an offence and on conviction liable to a fine or to imprisonment for a period not exceeding two years. Furthermore, a MM who accedes to such an attempt is guilty of an offence and on conviction liable to a fine or to imprisonment for a period not exceeding two years.

5.1.1 Appointment of Municipal Managers

This section of the report describes the current system and requirements for the appointment of MMs.

In terms of the provisions of the Systems Act, the Municipal Manager is appointed by the Mayor as the representative of Council. The Systems Act speaks of three crucial documents that will spell out the council's expectations of a municipal manager, these are:

1. The performance management contract; in terms of s57(1) as read with the Regulations provides that the MM and the Mayor must conclude a performance contract and review these annually;
2. The employment contract; in terms of s57(3) as read with the Regulations on MM – the employment contract should contain details of the duties of the MM

3. The roles and responsibilities of the MM; in terms of s53 of the Systems Act council must define the roles and area of responsibilities of the MM

Given the role of the Municipal Manager as the head of the municipal administration and the accounting officer of the municipality, the appointment of a municipal manager was expressly provided for in section 82 of the Municipal Structures Act. The Systems Amendment Act has however repealed this provision and provided for this in the Systems Act so as to provide a single point of reference on all matters relating to staff appointments. Hence the Systems Act defines a MM as a person appointed in terms of section 54A of the Systems Act, prior to the amendment a MM was defined as a person appointed in terms of s82 of the Structures Act.

Appointment of MMs

The Systems Amendment Act, 2011 inserted section 54A which provides for the appointment of municipal managers and acting municipal managers.

MM must have skills, expertise and competence

A key requirement that has been introduced is that a person appointed as a municipal manager must at least have the skills, expertise and competence as prescribed. The Act provides that a decision to appoint a person as MM and any contract concluded between the MM and the council is null and void if the person appointed does not have the prescribed competence or qualifications¹. The Act goes on to provide that the municipality should re-advertise the post of the MM if there is no suitable candidate who complies with the prescribed requirements².

Roles and Responsibilities of MM must be in writing

Section 53 of the Municipal Systems Act requires that the roles and responsibilities of political office bearers and political structures and the municipal manager must be precisely defined in writing in separate terms of reference. These terms of reference must be given effect to in all the written instruments of the municipality.

The Act³ provides further that when defining the respective roles of each political structure, political office bearer and of the MM, the municipality must determine:

- i. the relationship among those political structures and political office bearers and the MM, and the manner in which they must interact;
- ii. appropriate lines of accountability and reporting for those political office bearers, political structures and the MM,
- iii. mechanisms, processes and procedures for minimising cross-referrals and unnecessary overlapping of responsibilities between those political structures and political office bearer and the MM
- iv. mechanisms, processes and procedures for resolving disputes between those political structures and political office bearers and the MM; and
- v. mechanisms, processes and procedures for interaction between

¹ Section 54A(3) of the Municipal Systems Act

² Section 54A(5) of the Municipal Systems Act

³ Section 53(5) of the Municipal Systems Act

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- a. those political structures and political office bearers and the MM and other staff members of the municipality; and
- b. councillors and the MM and other staff members of the municipality.

Responsibilities of MM as Head of Municipal Administration

Section 55 of the Municipal Systems Act then elaborates on the responsibilities of the municipal manager as the head of the administration and the accounting officer. As an employee of the municipality, the municipal manager is employed on the basis of an employment contract. Section 57 of the Municipal Systems Act provides for employment contracts for municipal managers and managers accountable to municipal managers. This section of the Municipal Systems Act is the focus of the discussions below.

MM must be appointed on basis of employment contract

Section 57 expressly provides that a municipal manager must be appointed on the basis of a written employment contract with the municipality. The contract must be concluded within 60 days after a person has been appointed failing which the appointment lapses.

The employment contract must comply with the provisions of section 57 of the Systems Act and must be subject to a separate performance agreement concluded annually. The contract is also subject to the MFMA as well as any other legislation imposing obligations of the MM⁴

The employment contract is entered into between the Mayor and the municipal manager. This contract must include details of the municipal manager's duties, remuneration, benefits and other terms and conditions of employment as agreed to between the parties, subject to consistency with the Municipal Systems Act, any regulations prescribed that are applicable to municipal managers and any applicable labour legislation. In addition, any regulations that relate to the duties, remuneration, benefits and other terms and conditions of employment of municipal managers must be regarded as forming part of the employment contract

MM to be appointed on fixed term contract

Section 57(6) expressly provides that the employment contract for municipal managers must be for a fixed term of employment up to a **maximum of five years**, not exceeding a period ending one year after the election of the next council of the municipality. In terms of this, the maximum period of the contract is five years, inclusive of the year after the election of the next council. It has been suggested that the legislature intended that an outgoing MM would stay a year post an election period to ensure a hand over to the incoming Mayor.

This provision has however been changed in previous iterations of the Act.

In the original(2000) version of the Act, s57(6) provided that the employment contract for a municipal manager must be for a **fixed term of employment not exceeding a period ending two years after the election of the next council of the municipality**. This effectively meant that the maximum period for a MMs contract at

⁴ Regulation 4 of the Municipal Performance Regulations for Managers, 2006

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the time was seven years, i.e. five years of the electoral term plus two years after the election of the next council.

This provision was subsequently amended by the Local Government Laws Amendment Act 19 of 2006 which provided that Municipal Managers' contracts are limited to five years and stipulating that they may not run for more than a year past an election.

The reason for the reduction from two years to one year after the election of the next council is not clear. However, it seems likely that this is a result of national government's drives for a Single Public Service, which initially emerged in 2003, became a national strategy in 2006 and a led to the National Public Management Administration Bill in 2008 and stipulated that all institutional heads in government across spheres (municipal managers in local government) should be appointed on five year contracts and stipulated that in the case of municipalities these contracts should not extend beyond a period of six months after an election (the initial version of the Local Government Laws Amendment bill also indicated that the contracts should not run for more than six months beyond an election.

Cancellation of Contract

The employment contract must include a provision for the cancellation of the contract in the event of non-compliance with the contract or where applicable the performance agreement. The contract must also allow for termination for unacceptable performance in terms of the Local Government Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers. The contract should also stipulate the terms of renewal of the employment contract, but only by agreement between the parties.

Lastly, the contract should reflect the values and principles referred to in section 50 of the Systems Act which are the basic values and principles governing local public administration as well as the Code of Conduct set out in Schedule 2 of the Systems Act and the management standard and practises contained in section 51 of the Systems Act.

Performance Agreement

The performance agreement is entered into between the Mayor as the representative of the Municipality and the municipal manager and must include the performance objectives and targets which the municipal manager is expected to meet, the time frames within which these should be met as well as the consequences for substandard performance. Any regulations that relate to standard and procedures for evaluating performance of municipal managers must be regarded as forming part of the performance agreement.

Payment of Performance Bonus to MM

In terms of Section 57 (4B) bonuses may be paid to municipal managers and managers accountable to the municipal manager at the end of the financial year after a performance evaluation which receives the approval of council. The performance objects which determine the bonuses and are set out in the performance contract must be practical, measurable and based on performance indicators set out in the IDP.

The Municipal Performance Regulations add that the performance bonus must be affordable, the annual report for the relevant financial year must have been adopted by the council, the evaluation must be done within the regulation and that the bonus

is for outstanding performance. Regulation 32 outlines the nature of the bonus; if performance is between 130 and 149% a bonus of 5-9% may be awarded, for performance in excess of 150% a bonus of up to 14% may be awarded.

If performance is unacceptable in terms of the outlined performance measurement guidelines in the regulations, the employee must be offered remedial assistance and support. If after receiving assistance, performance continues to be unacceptable the council may consider terminating the contract.

Termination of Employment

The 2006 Performance Management Regulations for Managers provides⁵ that the MMs employment contract will terminate in the following instances:

- i. automatically on the expiry of the term referred to in the employment contract, subject to any extension or renewal
- ii. at the employee (MMs) initiative, if MM gives the municipality (employer) two months' notice of termination in writing;
- iii. at the employer's initiative if the employer terminates the employees appointment for reasons related to misconduct, incapacity, unacceptable performance for the operational requirements of the municipality or for any other reason recognised by law as sufficient, on one calendar months' notice of termination in writing.

Limitation of Political Rights of MMs

The 2011 Amendment to the Systems Act introduced the provision limiting the political rights of both MMs and s56 Managers⁶. In terms of this provision, MMs and s56 managers may not hold political office in a political party, whether in a permanent, temporary or acting capacity. The Act does however provide that this provision does not apply to a person appointed as MM of a s56 manager prior to this provision coming into effect.

5.2 Appointment of Managers Accountable to Municipal Manager

Section 56 of the Systems Act provides for the appointment of managers directly accountable to the MM (s56 managers). The appointment of s56 managers is the responsibility of the municipal council in consultation with the MM.

Like with MMs, the person appointed must have the requisite skill and expertise, the post should be re-advertised if no such candidate is found. Like with the MM, the s56 enter into a written contract of employment as well as a separate performance contract to be reviewed annually.

However, unlike the MMs contract, the employment contract of a s56 manager is that of a permanent employee and not a fixed term employee. Prior to the 2011 Amendment to the Systems Act, s57(7) gave the municipality the option to extend the

⁵ Regulation 17 of the Municipal Performance Regulations for Managers, 2006

⁶ Section 56A of the Municipal Systems Act

contracting nature of MMs contract to s56 managers as well. This provision has been however deleted in the 2011 Amendment to the Systems Act.

The 2011 Amendment Act does however contain a transition provision which provides that the Act does not affect the employment contract of a MM or a manager directly accountable to the municipal manager entered into before this Act took effect, and such contract continues until it lapses or is terminated.

Legal opinion obtained by CoGTA, has advised that the net effect of the deletion s57(7) is indicative of the legislature's intent that managers accountable to municipal managers are to be employed on a permanent basis and not on a five year fixed term contract basis. It is only MMs whose term of employment is prescribed in legislation to be a fixed term of employment up to a maximum of five years, not exceeding a period ending one year after the election of the next council of the municipality. The State Law Advisors in their December 2011 legal opinion to the Department state their view that it was the intention of the legislature to differentiate between the employment contracts of municipal managers and those managers directly accountable to municipal managers.

In May 2012, SALGA issued Circular 14/2012, in which it advises that it is left to the discretion of the municipality as to whether they appoint s56 managers permanently on a fixed term contract, and that a fixed term contract can be for any period which the municipality decides is appropriate, although the municipality can resolve to extend section 57(6) to senior managers, and employ them on the same terms as MMs. This circular has created some uncertainty at municipal level. S56 managers who were appointed on contract are meant to conclude the term of their contract and will then need to apply for their position if it is still available. It is hoped that the forthcoming Regulations by DCOG will provide certainty on this matter.

5.3 Support mechanisms

A significant challenge for local government in the appointment of managers is that, while the Municipal Systems Act stipulating that manager must be employed on a contract basis came into effect in 2000, the regulation governing the contracts for Municipal Managers and Managers accountable to the municipal manager were only provided in 2006. The result is that many of the contracts signed before 2006, while legally binding support unsustainable remuneration packages (Wooldridge, 2008: pp273).

Additionally there have been amendments to the Municipal Systems Act subsequent to the 2006 Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, however there has been no update to the regulations. This has left the Regulations in conflict with the legislation with regards to the nature of contracts and created confusion for municipalities, with some following the legislation and others the regulations.

6 Implementation of the current system

This section of the report describes the extent to which the current contractual regime of MMs, inclusive of recruitment, employment contracting, performance agreements

and performance management, is being implemented appropriately and highlights problems with implementation.

The key research question that informs this section is:

What has been the experience of local government leadership in linking the broader elements (IDP, PMS, performance agreements, reviews, etc) of the fixed-term contract of Municipal Managers with the electoral cycle of local government?

The section is largely drawn from the insights gained through sampling of municipalities and information obtained from other local government research, , such as the Municipal Demarcation Board's Municipal Capacity Assessment for the financial year 2010/2011 and the Public Service Commission's Assessment of Recruitment Practices in respect of Section 57 Managers and Municipal Managers ("the PSC Report").

6.1 Recruitment

In some instances, municipalities have attempted to depoliticise the recruitment and selection process for MMs. However, despite a meritocratic orientation and open recruitment process, research confirmed that this in itself is not a sufficient condition to eliminate mistrust between the MM and the Mayor as these are largely attributed to personality differences.

The 2011 PSC Report assessed the extent to which current policy is being applied with respect to the recruitment of senior management in local government.

It found that only 18% the sample of municipalities have developed and implemented Human Resource Plans. There had, however been 89% adoption of Employment Equity plans, but these had produced limited results in terms of employing women and people with disabilities. 96% of municipalities had implemented recruitment and selection policies, however further analysis showed that the content of these varied widely in terms of levels of comprehensiveness. Turnaround times for filling post were seemingly good, with most municipalities filling posts within a period that was reasonably close to 3 months. However in 30% of municipalities vacancy rates for senior positions were above 25% (PSC, 2011: 11-19).

Qualitative data obtained from the sampled municipalities provides more nuance, with some interviewees noting that the reality is that the head-hunting for the position of MM takes place prior to the advert for the position being advertised. According to these respondents, the incoming Mayor knows whom she/he would like to have as MM prior to appointment. From a compliance perspective, the municipality will follow the recruitment process and conduct interviews, however this is just a formality as the candidate has been identified beforehand. It is therefore interesting to note that in more than one instance, Mayors who had selected MMs of their choice, were looking for ways to "get rid" of them. When considering that the PSC report found that the use of headhunting was common amongst municipalities with as many as 20 out of 27 municipalities using headhunting to identify candidates for positions, the implication is that Mayoral preference for a given candidate does not necessarily translate to an effective relationship between the two.

Highest level of qualification achieved

An analysis of Municipal Managers’ educational certifications from the 2011 Municipal Capacity Assessment illustrates the highest level of qualification achieved by Municipal Managers. This provides a clear indication of the professionalization of the post in terms of educational qualifications as of 2011. This information is disaggregated by municipal category and province below.

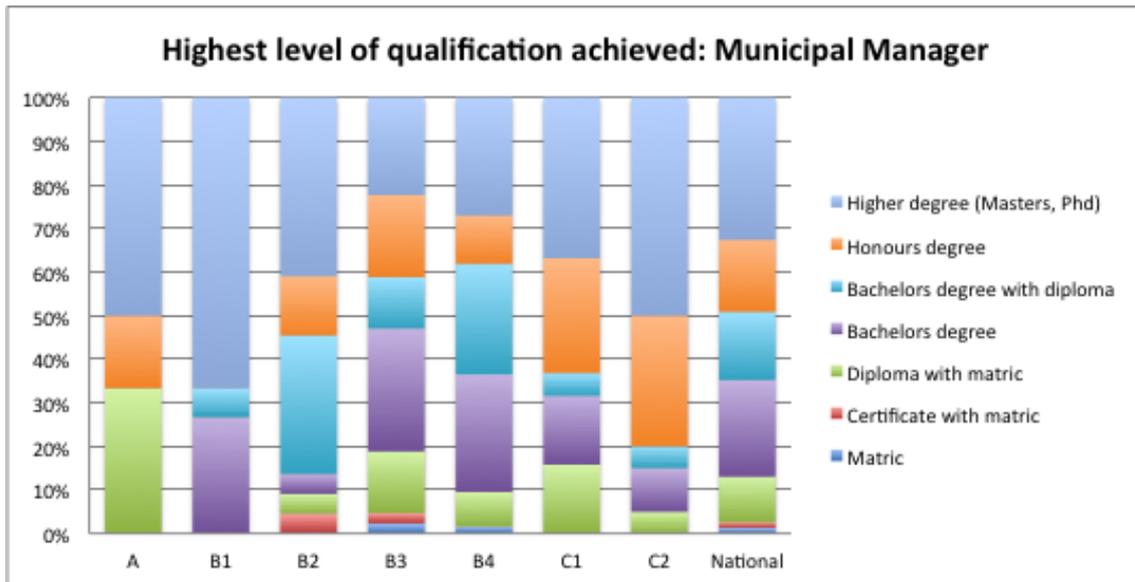


Figure 1: Highest level of qualification achieved by Municipal Managers, by municipal category⁷

Across the municipal categories, the proportion of Municipal Managers with a higher degree (Masters or PhD) is greatest in type A, B1, and C2 municipalities. When one considers the next highest educational certification, C2 municipalities appear to be educationally well-endowed with approximately 80% possessing an Honours degree or above.

⁷ Municipal Demarcation Board, 2012. Municipal Capacity Assessment 2011 – National Trends in Municipal Capacity: Final National Report on Trends in Municipal Capacity for the 2010/11 Municipal Financial Year

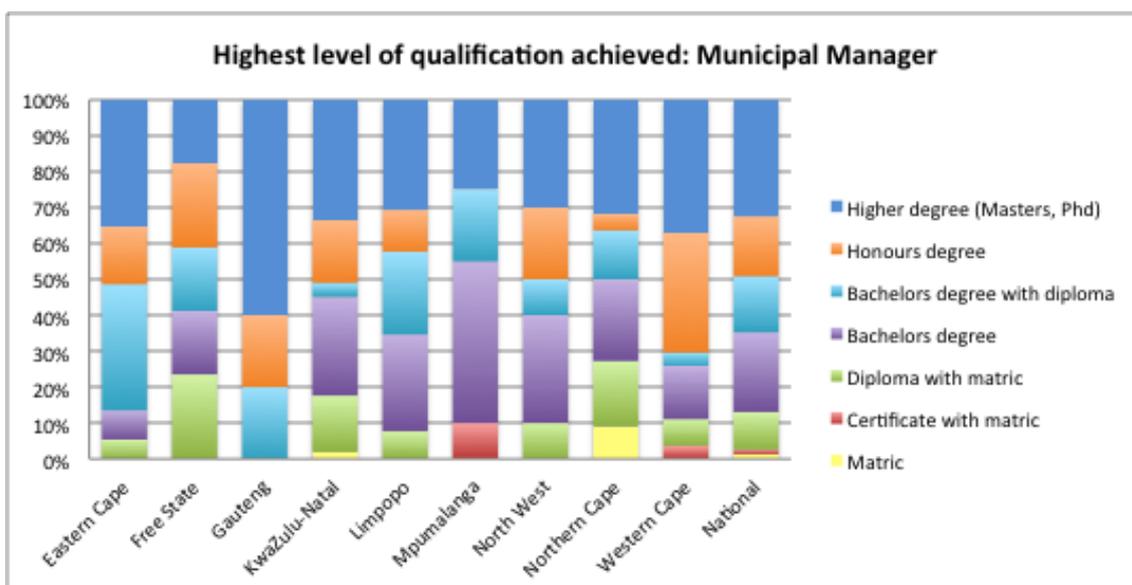


Figure 2: Highest level of qualification achieved by Municipal Managers, by province⁸

Across all nine provinces, Municipal Managers in Gauteng and the Western Cape have the highest overall levels of education, with 60% of Gauteng Municipal Managers possessing a Higher degree, compared to about 32% in the Western Cape. However, when considering those with an Honours degree or above, 80% of Gauteng’s Municipal Managers are of this level compared to 70% of the Western Cape’s. Mpumalanga is the least endowed in terms of educational qualifications, with 75% possessing a Bachelors degree with diploma or less. Municipal Managers in the Free State and the Northern Cape also have fewer postgraduate qualifications as a proportion.

Number of years of relevant experience

In addition to qualifications, the years of relevant working experience is another indicator of the competency of Municipal Managers to perform their functions and a critical factor considered during the recruitment of Municipal Managers. The following data from the Municipal Capacity Assessment 2011 shows the average number of years of relevant work experience for Municipal Managers per municipal category.

⁸ Municipal Demarcation Board, 2012. Municipal Capacity Assessment 2011 – National Trends in Municipal Capacity: Final National Report on Trends in Municipal Capacity for the 2010/11 Municipal Financial Year



Figure 3: Years of relevant experience, Municipal Managers, by municipal category⁹

With respect to relevant work experience, this was highest on average in C2 municipalities, which interestingly was also one of the best endowed in terms of skills sets. However, whereas metros were also well endowed in terms of skills sets, City Managers tended to have fewer years relevant experience. One possible explanation for this is the complexity of metropolitan municipalities and the demands of innovation and dynamism that could possibly have led to the appointment of untraditional candidates for these posts, some from outside of the public sector.

When the average number of years of relevant work experience is disaggregated per province, the national average for relevant work experience was 10.58 years in 2011. Across provinces, Municipal Managers in the Western Cape and KZN tended to have the highest number of years of work experience, averaging 14.62 years and 11.96 years respectively, followed closely by Mpumalanga and the Eastern Cape. See the figure below.

⁹ Municipal Demarcation Board, 2012. Municipal Capacity Assessment 2011 – National Trends in Municipal Capacity: Final National Report on Trends in Municipal Capacity for the 2010/11 Municipal Financial Year

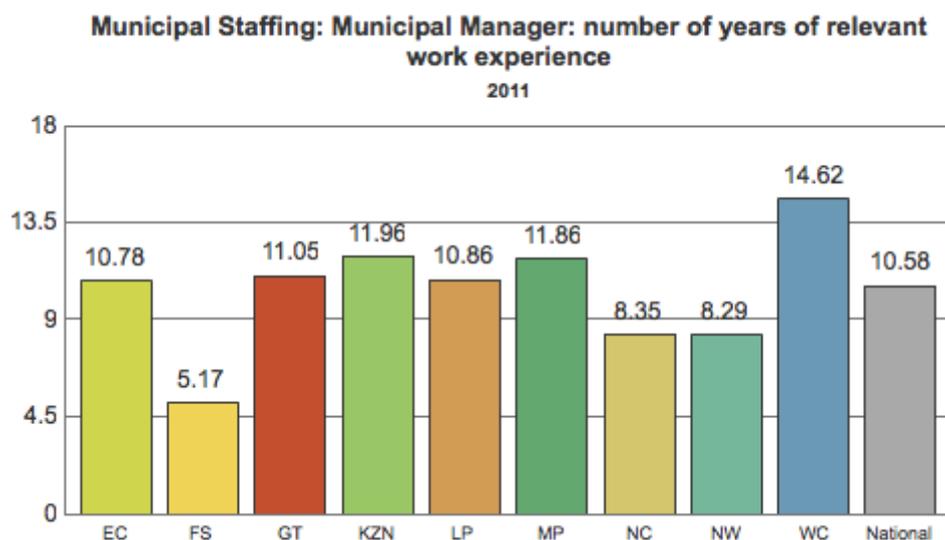


Figure 4: Years of relevant experience, Municipal Managers, by province¹⁰

6.2 Employment Contracts

All of the MMs interviewed had employment contracts in place and indicated that these contracts complied with the necessary legal prescripts.

6.2.1 Duration/Timing of MMs appointment/length of contract

The Municipal Systems Act provides that the employment contract for an MM must be for a fixed term of employment up to a maximum of five years, not exceeding a period ending one year after the election of the next council of the municipality.

Put simply, the provision means that the contract cannot be longer than five years and that an MM will end his/her employment a year after the election of the next council so as to ensure administrative transition between political terms of office. The assumption is that the current MM would not leave immediately when a new Mayor is elected but that the MM would assist in the orientation of the new Mayor into the organisation prior to a new MM being appointed. However, in practice the actual duration of MM employment has varied considerably across municipalities and contexts.

Duration

Based on interviews with Municipal Managers, there are mixed views around the duration of the MM's contract. Many felt that the five year term was too short and suggested that MMs term should be longer, possibly between seven to eight years. One Municipal Manager explained that typically, the first year is focussed on orientation, the second year is when the MM starts to focus on performance, it improves in the third year, but by year four, the MM tends to start looking for another

¹⁰ Municipal Demarcation Board, 2012. Municipal Capacity Assessment 2011 – National Trends in Municipal Capacity: Final National Report on Trends in Municipal Capacity for the 2010/11 Municipal Financial Year

job and mentally prepares to leave the municipality., This is said to contribute to instability.

6.2.2 Renewal

The Municipal Systems Act provides that the MM's contract of employment must stipulate the terms of the renewal of the employment contract, but only by agreement between the parties.

Experiential data obtained from the qualitative interviews shows that there tends to be considerable variance in terms of MMs employment contracts. Reportedly, many contracts do not provide for terms of renewal as the political leadership feel that the possible re-appointment of a MM is the prerogative of incoming leadership. However, there are also instances in which the MM's contract expressly provides for the terms of renewal, specifying that if the MM meets an agreed upon performance criteria, the MM's contract will be renewed, subject to final approval by council.

It is interesting to note that in municipalities perceived to be more stable, MMs' contracts were said to run the full term and were subsequently renewed. In these municipalities, the political leadership was described as stable and mature in terms of their leadership style. However, following renewals of a second term, some MMs were also reportedly deployed to other positions. A contributing factor to stability, according to these interviewees, is clarity of contracting arrangements and mutual awareness of the roles as well as boundaries between administrative and political issues.

Overlap period

Amongst Municipal Managers interviewed, there was a strong sense that the MM contract needed to overlap an electoral term so as to allow for a handover and enable the incoming Mayor to get a briefing from the MM as to the state of the municipal administration. It was considered destabilising to the municipality when both the MM and Mayor changed at the same time.

Political Affiliation

Of the 21 MMs sampled for the purpose of this assessment, the vast majority of them (81%) were appointed following the 2011 local government elections. The following figure gives a clear indication of how many of those MMs have transitioned from one political term of office to the next in their respective municipalities, with only 4 Municipal Managers (19%) indicating that they were appointed during the previous electoral term.

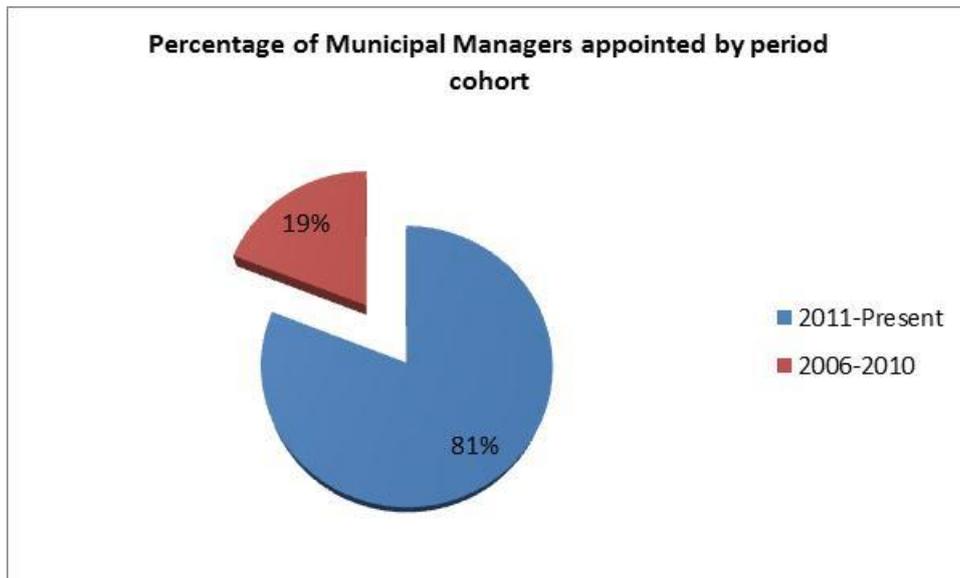


Figure 5: Percentage of Municipal Managers appointed by period cohort

Amongst the 21 MMs that were interviewed as part of this project, 11 of those MMs (52%) indicated no affiliation to any political party, whereas 10 (48%) indicated they are members of political parties. The figure below shows the proportion.

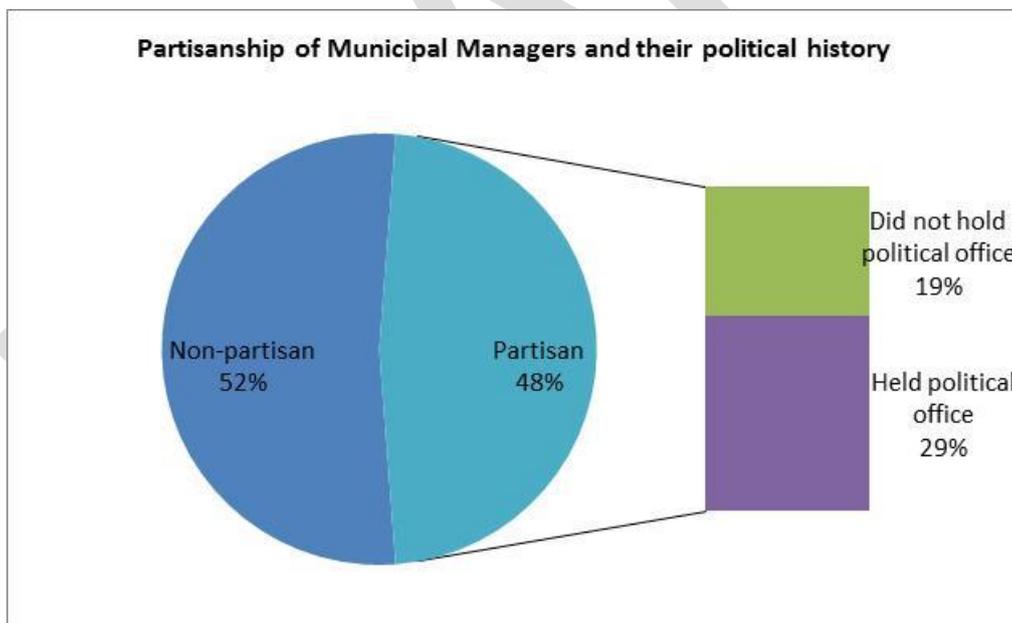


Figure 6: Partisanship of Municipal Managers and their political history

Within this subset of 10 Municipal Managers with partisan affiliation, 6 (29% of the total) have held political office previously, whereas 4 (19% of the total) have not. Interestingly, there was one incident amongst the non-partisan Municipal Managers where an individual had held political office in the past, but was no longer a member of a political party.

The implications of these findings are that there is clearly a significant partisanship affiliation amongst MMs, with more than a quarter of the total having held political office historically. Fortunately, there are not any reported instances where a current Municipal Manager also holds political office, as this is now illegal in terms of the Amendment to the Municipal Systems Act, with the exception of those instances where an MM held political office prior to the latest amendment.

6.3 Performance Agreements

The performance agreement is entered into between the Mayor as the representative of the Municipality and the MM. Performance agreements must include the performance objectives, identify indicators and targets which the MM is expected to meet, the time frames within which these should be met as well as the consequences for substandard performance.

In the sampled municipalities, 18 (85.7%) of the 21 MMs interviewed indicated they have signed performance agreements. However, the period at which the performance agreement was signed varied considerably, and this was attributed largely to administrative challenges rather than deliberate attempts to avoid compliance with the legal requirements.

6.4 Performance Management

The Municipal Systems Act provides that municipalities are required to have performance management systems in place to manage the performance of their employees.

The sampled municipalities have shown that by and large most municipalities claimed to meet the legal requirements for performance management systems, but the forms of implementation and their efficacy varied considerably.

Across the sampled municipalities, varying concerns and scepticism with the current performance managements were expressed by interviewees. Experiences were recounted whereby MMs were said to have received performance bonuses despite the credibility of the targets and reported performance called into question. The ability of MMs and Sect. 56 Managers to influence the formulation and targeting of the indicators was highlighted as a particular area of concern in this regard.

Another sentiment shared by som interviewees was that the receipt of a performance bonus could be misinterpreted as a sufficient condition to renew a contract, when in fact it was not. However, the extent to which bonuses were considered a meritocratic reward for true performance varied considerably across municipalities. This was reportedly one justification for the removal of performance bonuses for MMs in the Western Cape.

Bonus Payments

In terms of Section 57 (4B) of the Municipal Systems Act bonuses may be paid to MMs and managers accountable to the MM at the end of the financial year after a performance evaluation which receives the approval of council. The Municipal Performance Regulations add that the performance bonus must be affordable, the

annual report for the relevant financial year must have been adopted by the council, the evaluation must be done within the regulation for verified performance..

Within the sampled municipalities, it is of note that in the Western Cape and in other DA municipalities, the administrations and politicians felt very strongly that the payment of performance bonuses could contaminate and undermine the PMS system. As a result, all of the Western Cape municipalities had opted to remove the performance bonus incentive and instead incorporate those funds into the contracted amount, contingent on annually assessed performance, but without a bonus incentive.

A strong case was made that the incentive of bonuses in relation to annual performance metrics, when implemented in contexts with varying degrees of institutional maturity and skills on the part of both of administrators and politicians, was subject to gaming and manipulation on the part of administrators, notably because of their own role in shaping and setting the indicators and targets. Thus, one clear finding emanating from the Western Cape is that the incentive of performance bonuses has the potential to subvert the collective interests of the municipality and its citizens to the individual interests of administrators that prioritise setting achievable targets over more comprehensive, but challenging, delivery of services.

6.5 Overall conclusion

Generally, the implementation of the contractual regime was reported without serious problems, with most sampled municipalities following the legislative prescripts and reporting no major issues stemming from the contractual arrangements. There have clearly been varied experiences in terms of recruitment and appointment of MMs, with considerable variety in terms of years of experience, educational qualifications, and political affiliation of MMs between municipality types and provinces. From the primary data collected we can conclude that political affiliation is clearly an influencing factor in the appointment of MMs and that in a third of the total municipalities sampled for this research, MMs had a history of holding political office.

The broader elements of the performance management system were reportedly integrated with the contractual regime for the most part. However, the manifestations of this integration have taken different forms across those sampled municipalities. Experiences ranged from municipalities that recounted poor implementation, low credibility of performance information and the expectation bonuses devoid of their incentive purpose, to those other cases of reportedly robust performance management systems with credible targets and reporting. However, it is notable that these cases were not necessarily as a result of performance incentives, but were reported to do more with the nature of the political-administrative interface.

7 Implications of the current system

This section of the report surfaces the consequences, in particular unintended, of what the existing system does. Like the previous section it has been informed by the case study analysis and has been further enriched by data analysis from questionnaires as well as additional data from other projects conducted by PDG.

7.1 Municipal Manager Turnover Trends

The following graphs are presented by way of background to understand the average length of service by MMs.

Number of years in current position

An analysis of the average length of service by Municipal Managers in their post as of 2011 is provided below.



Figure 7: Years in current position, Municipal Managers, by municipal category

In general, Municipal Managers have been in their posts for less than four years and in the case of Metropolitan municipalities and B1 municipalities, less than three years. The national average is 3.34 years. This is a relatively short amount of time, but when one considers the link to the electoral cycle, four years would be the expected average if all Municipal Managers were appointed within one calendar year of the election of a new Council in March of 2006.



Figure 8: Years in current position, Municipal Managers, by province

When the same information is disaggregated by province, it becomes clear that specific provinces appear to have much higher levels of turnover within posts. For instance, Northwest Province is particularly weak, with Municipal Managers only having 1.46 years of on-the-job experience in their current posts, followed closely behind by Gauteng and the Free State, both averaging fewer than 2 years (half of the period since the previous election). Meanwhile, the Eastern Cape and KwaZulu-Natal both possessed more than 4 years of experience, followed closely behind by the Western Cape. These three provinces are what one would have expected if all of the Municipal Managers had been appointed immediately following the previous electoral cycle.

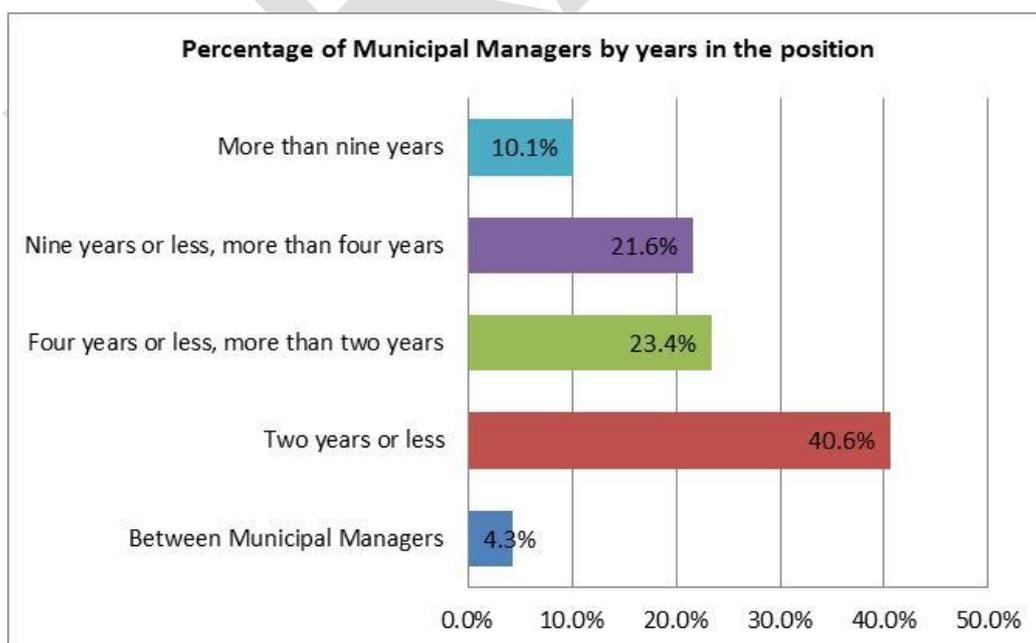


Figure 9: Percentage of Municipal Managers by years in the position (2011)

When this information is cut another way, it reveals a more nuanced picture of Municipal Managers' years in their current posts. For instance, despite a national average of 3.34 years, we can see that this total is heavily skewed in terms of distribution. Nearly half (44.9%) of municipalities had Municipal Managers with two years of experience or less, whereas only approximately one fifth (21.6%) had Municipal Managers that had been appointed since the previous electoral cycle in 2001. In addition, there were the outliers, 10.1% of the municipalities that were appointed more than 9 years before June 2011, effectively before the full implementation of the current contractual regime following a year after the first democratic local government elections.

7.1.1 Insights gained from case studies

The case study research has shown that the fixed term contractual appointment of MMs was not the contributing factor to MM turnover, in the main the reasons why MMs chose to leave prior to the expiration of their term or did not have their contracts renewed were largely due to political differences with the political leadership and relationship challenges between the MM and the Mayor.

Municipal Manager Turnovers

Using the primary data furnished by Corporate Services Departments across the sampled municipalities, the following figure presents the number of former Municipal Managers (Municipal Managers no longer in the employ of the municipality in principal administrative capacity) since 2006 across responding municipalities.

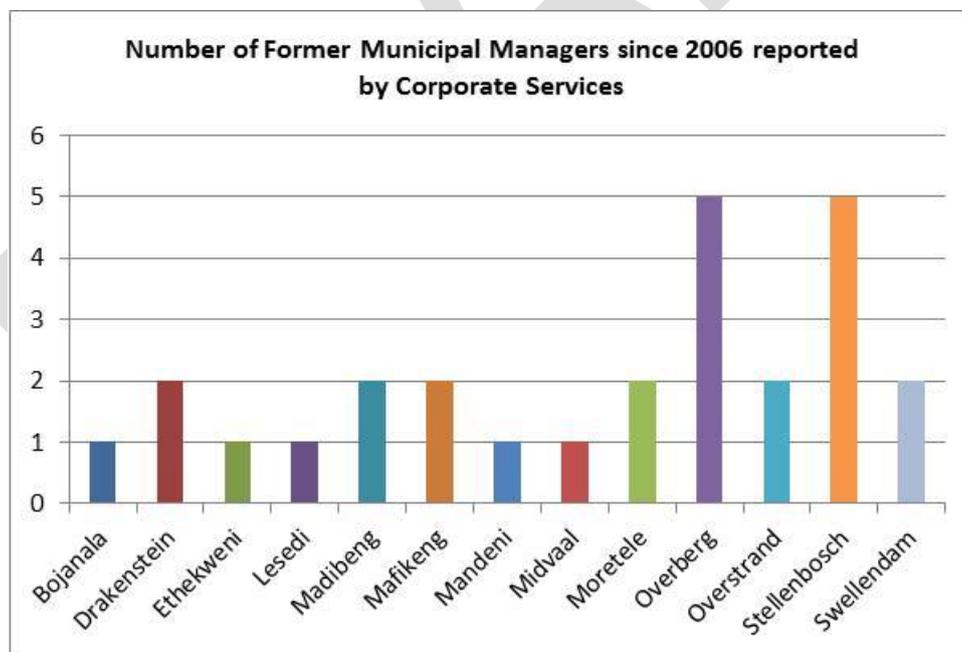


Figure 10: Number of Former Municipal Managers since 2006 reported by Corporate Services

Whereas one would expect any municipality that has appointed a Municipal Manager since the 2011 local government elections to have one Former Municipal Manager, the graph above shows that some municipalities have had serious turnover (inclusive of Acting Municipal Managers) since 2006. In particular, municipalities such as Overberg

and Stellenbosch stand out, both with 5 reported Former Municipal Managers since 2006 according to their Corporate Services Departments. This kind of turnover has a serious effect on institutional stability and overall municipal functioning, with qualitative data from Overberg being particularly concerning in this regard.

Another means of considering the turnover of Municipal Managers, particularly with regards to the implications for the relationship between the Municipal Manager and his/her political principal, is to understand how many Municipal Managers the political principal has worked with since election. Furthermore, considering the various timeframes for which some politicians were elected to be Executive Mayor/Mayor, it is interesting to note the differences or similarities presented below.

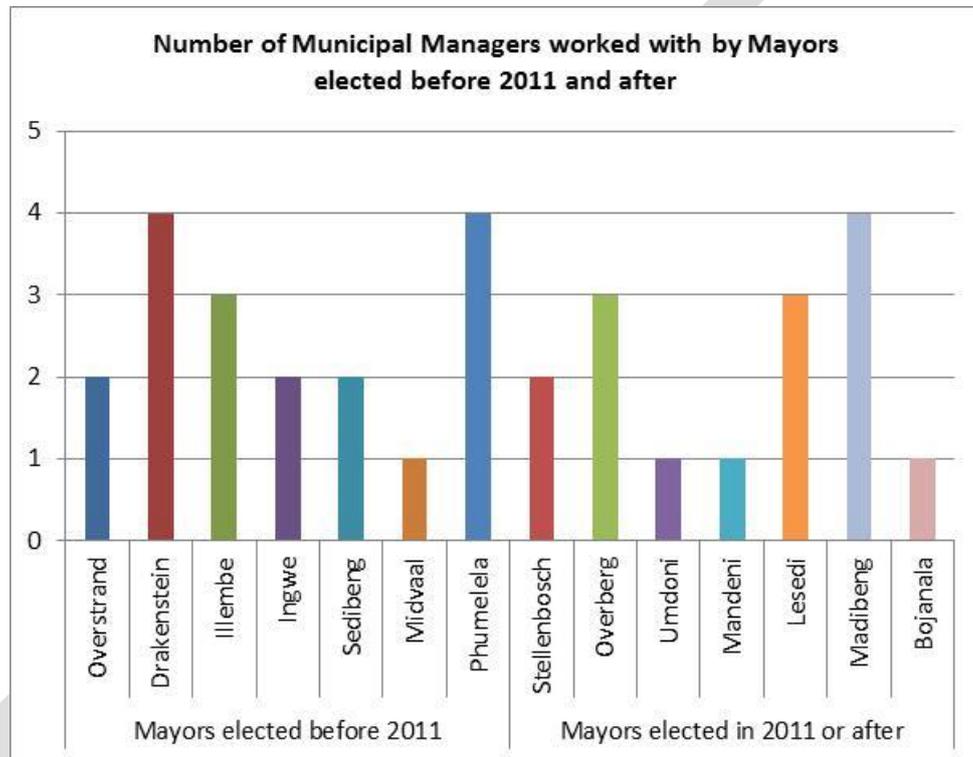


Figure 11: Number of Municipal Managers worked with by Executive Mayors/Mayors elected before 2011 and after

From the above, it is clear that Executive Mayors/Mayors reported high turnovers of Municipal Managers regardless of how long they have been in their posts. Although one would expect those Mayors elected before 2011 to have higher numbers of Municipal Managers that they've worked with, it is worrying that there is actually not much difference overall. The average for those Executive Mayors/Mayors elected in 2011 or after is nearly the same as those Mayors that have been in the position longer, despite many municipalities having considerably less time to change, they've still been through the same number of Municipal Managers, such as the case of Madibeng. This does not bode well for any correlation between an increase in time and an improvement in the relationship between the political and administrative principals, based on the municipalities sampled for this research.

Research study into MM contract term

For some Mayors, it was important to have MM who had strong political fit but for others its more important to have a good administrator who understands and can implement the vision, irrespective of political affiliation. Values fit more than political fit appears to be an emerging consideration for MMs, they would stay in municipalities that promote professionalism but would resign if there was corruption etc. In the more stable municipalities, the MMs had been there for long periods of time and had built up teams that support them. The risk is that if these MMs were to leave it would threaten the stability of these management team.

The reasons why MMs continued to stay on at municipalities was largely due to the stability of the administration, political stability, values fit with the organisation as well as the fact that the MM in these contexts had built up a team of managers who were able to execute the administrative mandates and ensure the continued stability in the municipality.

Political stability appeared to be the main factor contributing to low MM turnover. Municipalities which enjoy political stability tend to be characterised by a more settled and mature political and administrative leadership.

In summary, most interviewees did not find the fixed term contracting of MMs to be an obstacle. The majority of MMs interviewed described themselves as high performers who were accustomed to working on contract and were focussed on achieving the challenge and then moving on to their next challenge. They accepted the risks and benefits of working on contract and were not concerned about security of employment.

There were a few MMs who expressed concern around the short term contractual nature of their appointments, security of tenure, the possibility of re-employment as well as the impact that contractual employment had on their personal lives.

Amongst Municipal Managers the issue of job security has crucial implications for any potential changes to the contractual regime of Municipal Managers. Thus, based on their current experience, Municipal Managers were asked to give a confidence rating on matters of job security and future work prospects. The following figure presents the confidence levels of Municipal Managers regarding these issues.

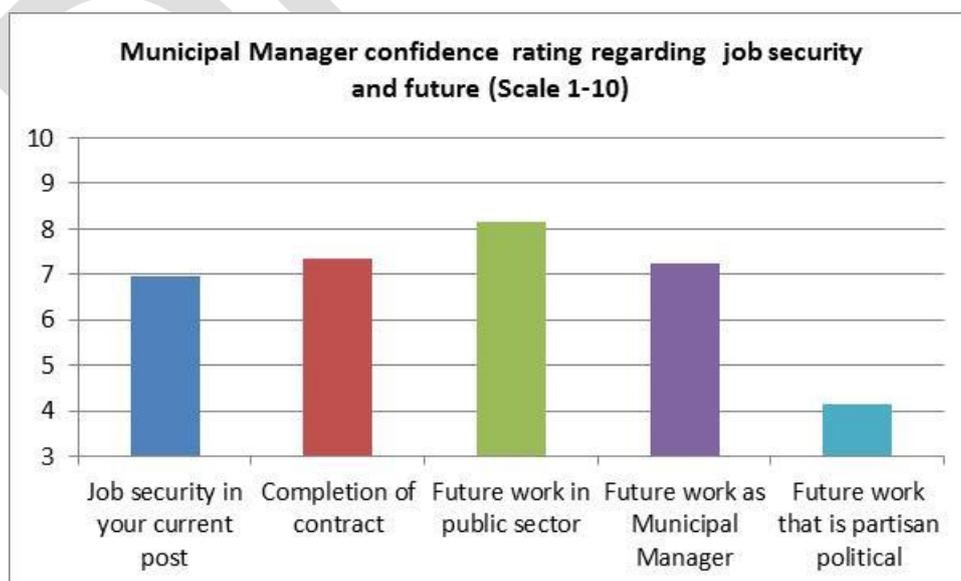


Figure 12: Municipal Manager confidence rating of job security and future work prospects on a scale of 1-10

Research study into MM contract term

The figure above shows that the Municipal Managers sampled were on an average confidence level 6.9 out of 10 in terms of their job security in their current post. This confidence level was marginally better when considering whether they expected to complete their current contract, where this issued received a rating of 7.3.

The issue Municipal Managers feel most confident about is that they will pursue future work in the public sector, whereby a confidence rating of 8.1 was averaged. Future work as a Municipal Manager had a confidence rating similar to that of completion of contract. However, the confidence rating that was overall the lowest rating received by all Municipal Managers was that of "Future work that is partisan political." This is indicative of the Municipal Manager's post being less confidently perceived as a springboard into future political work by the respondents and is in line with the intentions of the recent amendments to the Municipal Systems Act. Such a lower confidence rating may be interpreted as boding well for the professionalization of local government.

Both MMs and Mayors alike agreed that being a MM was a very stressful position, with a lot of responsibility and accountability and "culpability" as some joked with consideration to the fact that MMs could be imprisoned in terms of the MFMA should they fail to execute their responsibilities. It was common cause that the MMs position was not a "position for life". MMs also reflected that municipalities went through cycles or phases and in each of these phases needed different types/kinds of MMs who would be able to support the political leadership at the time.

MMs cited their reasons for staying on in their position being a strong relationship of respect and mutual understanding with the political leadership, a strong values fit with the Mayor, a sense of making a difference/impacting on the way in which people lived. Both MMs and Mayors agreed that their ability to work together with a clear understanding of roles and responsibilities was critical.

MM appointment on the basis of competence rather than political loyalty also appears to be a contribution to low MM turnover, although in contexts where there is political instability, high turnover remains a problem, regardless of MM experience or qualification.

MMs reasons for not wanting to continue in their positions as MMs were largely based on poor relationship with the Mayor, lack of fit with the Mayor, poor political-administrative interface. The case studies showed that high turnover had less to do with the contractual arrangements and performance provisions, more to do with a breakdown in the relationship between MM's and their political principals. A loss of trust and loyalty as well as political changes/ instability at the political-administrative interface has contributed to the turn-over of MMs.

Political volatility, and floor-crossing in particular played a significant role in institutional destabilisation. In addition, political changes/divisions that took place within the leading political party also contributed to reasons why MMs who were politically deployed opted to leave.

The following graph presents a frequency distribution of the reasons for ending employment for the 28 Former Municipal Managers submitted by the 18 responding Corporate Services Departments.

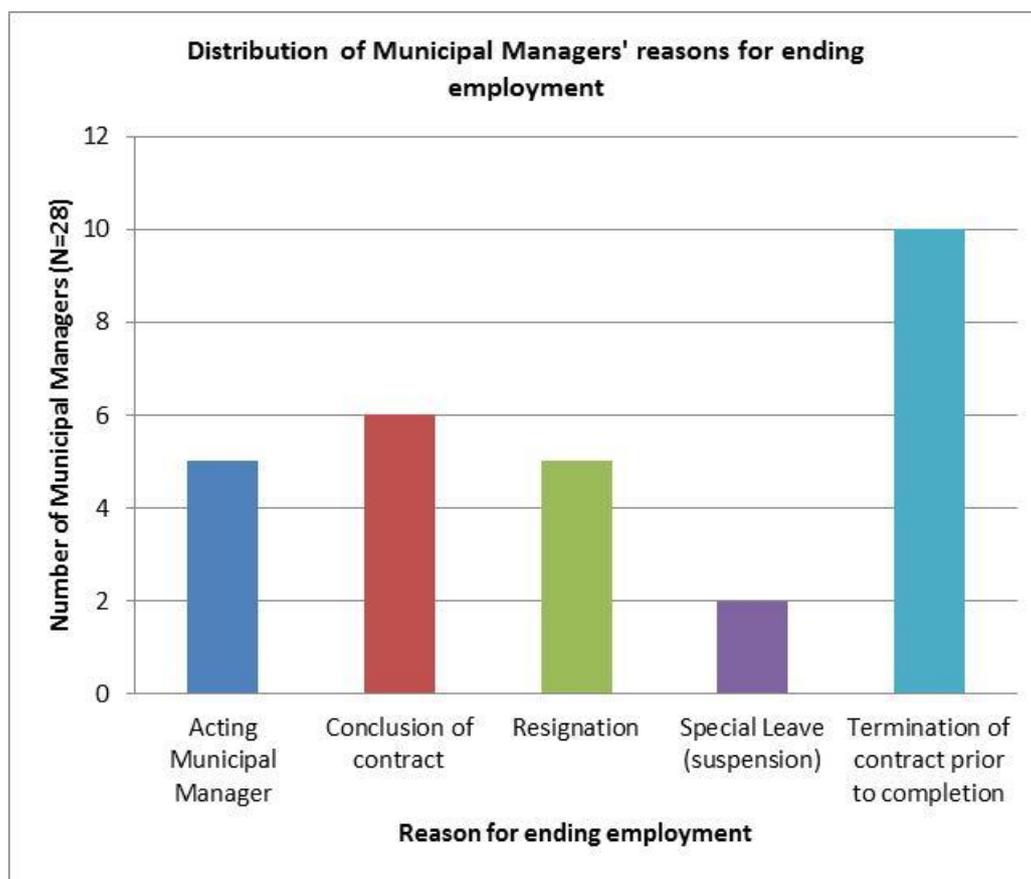


Figure 13: Frequency distribution of Municipal Managers' reasons for ending employment

The most frequently cited reason for the ending of employment amongst the Former Municipal Managers was the "Termination of contract prior to completion." When compared with those Municipal Managers who resigned (some reportedly due to threats of termination of their contracts), this doubles that number amongst the respondents. When considering the number of Municipal Managers that actually served out their contract in entirety, less than a quarter of all Municipal Managers included in this study had done so. The implication is that for the municipalities sampled, a Municipal Manager is far more likely to resign, be dismissed or get suspended prior to completion of his contract, than to serve out the entire length of the time.

At the heart of this matter is the nature of the relationship between the Municipal Manager and his/her political principal. It was interesting to note that political differences remain a concern despite the provision in s56A of the Systems Act that a MM may not hold political office in a political party, whether in a permanent, acting or temporary capacity, this provision did not however apply to those MM who were already appointed as MMs when this provision was introduced in the Systems Amendment Act in 2011.

Many MMs in some of the stable/high performing municipalities, found that the five year term worked well for them. The sense was that the job of a MM was an extremely stressful and high performance job with a great level of risk. Whilst the job came with

a higher salary it was certainly “not a job for life”. The position of a MM was a very stressful position, a job that demanded “20 hour days” with little rest, it was however not the sort of job that a person would want to do for very long period of time as one tended to get extremely exhausted from the pressure. Hence one of the reasons for turnover would also be the fatigue from the pressure of the position of a MM.

7.2 Institutional Stability

This section looks at the effects of linking the fixed-term contracts of Municipal Managers to the local government electoral cycle on institutional stability of municipalities. This is inclusive of staff turnover, institutional knowledge and memory and leadership.

It has largely been found that the electoral cycle on its own seemed to have limited effect, if any, on institutional stability. Where municipalities have or are experiencing institutional instability, this is more related to political instability and not related to the linking of fixed term contracts of municipal managers to the local government electoral cycle.

There is an acknowledgement that the fixed-term contract can be limiting in terms of what can be achieved during the period. Some of the municipal managers interviewed point out that the first 3 years is spent on planning and by the time implementation has to happen, the contract is almost ending. This has in some instances led to poor planning and setting of lower targets for quicker achievement before the next election. The implication here is that many municipalities, especially outside of the metros do not get to bed down long-term planning. The vision is short and so are the strategies to realise this vision. There are however municipalities that have developed 20-30 year plans with 5-year targets for their municipalities. These are usually the cities while smaller municipalities are on a direct 5-year planning mode with little or no planning for continuity. These municipalities find themselves starting over at the beginning of each electoral term if political leadership changes.

There is also the notion that with a fixed-term contract the incumbent starts looking at other employment possibilities before the contract comes to an end to ensure that they have a job to go to after completing their contract. It was found that municipal managers did complete their contract. Some interviewees have stated that the position is understood to be a 5-year term and therefore understood as such when planning one’s career. One MM said the he treats his employment in project management terms, like a project it ends after 5 years. Even when the relationship with the Mayor may not be good, it seems MMs will complete their term of contract when allowed to because they understand the short-term nature of their employment.

There are some municipal managers that expressed insecurity of tenure in their jobs as there isn’t always an indication if the contract will be renewed. This is the case mostly where there is no certainty if the political leadership will be returned to power. Municipal managers in such situations are therefore often looking for other opportunities to go to after their fixed-term contract. When asked if they would stay if their contracts were renewed, municipal managers in politically unstable municipalities said they wouldn’t renew their contracts with the municipalities.

Change of political leadership almost always leads to change of MM

There are cases where a municipality has changed hands between political factions of the same political party and this invariably results in a change of a municipal manager. These municipalities are characterised by mistrust within the senior leadership of the institution and thus causing instability. One such municipality had 11 changes in the municipal manager over the last two electoral terms and the Mayor has his line of reporting of officials he trusts. In turn, this instability leads to inability to attract good staff leading to poor organisational performance in municipalities suffering from political instability. In one municipality, the MM feels that he has built a team and worries that if he left the team would collapse, with many senior managers leaving

Lack of continuity among political leadership in one municipality has meant that key decisions are sometimes delayed, resulting in disruptions in terms of administrative performance and service delivery. This problem is exacerbated by the fact that many Councillors are new and lack experience and political maturity.

In another municipality where factional regional politics are playing out in the municipality tensions were so high in the lead up to the ruling party's electoral conference that the Municipal Manager could not ask managers to account when didn't report for duty. The functioning of the municipality came to a standstill until after the conference.

Political interference leads to instability

With political instability there is a greater chance of political interference in the administration of the municipality and therefore a blurring of the roles and responsibilities, especially where delegations have not been signed off. For instance, there is one municipality where Council appoints the managers reporting to the Municipal Manager and this has been used to frustrate the latter. Managers reporting to the Municipal Manager are seen as being politically deployed and there is no sense of team and this adds to instability in the organisation.

Political parties, although they should have no direct influence on administration use council to pressure MM into making decisions and appointments in their favour. The SALGA Quality of Local Government report, 2009, suggests that politicization at local government level take the form of patronage and nepotism as opposed to partisanship or policy commitment seen at higher level and in other countries. Municipal managers feel pressure into acquiescing to these requests for fear of being disciplined or not having their contracts renewed. Some have state that if they do not meet these request that are seen as not being in the right faction. Parties therefore need to support professionalization of politician and administrators and avoid using political office as a means to benefit members of the party.

Changes in management disrupts planning and implementation

The high turnover in senior management, especially the municipal manager has had a negative impact on planning and implementation. Poor planning does invariably lead to poor implementation and this also leads to poor performance by the municipality. Due to instability some municipal managers do not complete the contract which gets suspended. During this time, the municipality can only appoint a municipal manager in an acting capacity. While legislation is clear that an official in an acting capacity can exercise the authority that has been delegated to the position, incumbents in acting

positions fear reprisals that may come with taking a decision that does not sit well with the political leadership, even if it is a correct one.

Political stability does lead to organisational stability

Conversely, where there is organisational stability, this has been linked to greater stability in the political leadership in the institutions and perhaps the region. Political stability has ensured longer-term planning in these municipalities resulting in stable policies, systems and procedures. This in turn results in low levels of turnover at senior management level and therefore continuity and higher levels of institutional memory. What has also added to the stability in some of these municipalities is the fact that managers below the municipal manager are employed on a permanent basis.

Conclusion

From the interviews conducted for the study, it is clear that political instability is the single most important factor in ensuring institutional stability. While the fixed-term contract has its limitations in terms of what a municipality can achieve, there are ways around ensuring continuity. Long-term planning in a politically stable municipality does overcome the linking of the municipal manager's fixed term contract to the municipal electoral term. When this is in place and is honoured, a change in political leadership does not necessarily mean that the institution has to be rendered dysfunctional.

It has been found that where there is political stability, institutional memory also prevails thus contributing to the well-functioning of the municipality. Where there is instability in the senior leadership, there tends to be high staff turnover in management and poor institutional memory. The linking of the MM's contract to the electoral term alone does not lead to instability in the institution if the political leadership is stable. The turnover in the level of management below the MM also tends to be lower in stable municipalities.

7.3 Performance trends

This sub-section focuses on what effect does linking the fixed-term contracts of Municipal Managers to the local government electoral cycle have on municipal performance. The sub-section above focused on the effect on institutional stability. It must be noted that institutional stability provides a conducive environment within which performance management can be implemented. Stability and performance also therefore inextricably related as one cannot have an unstable municipality that is performing at high levels or individuals performing highly in a municipality beset with high levels of turnover, political factionalism and poor levels of institutional memory.

In one municipality an interviewee noted that the high turnover of senior management as a result of political interference resulted in poor performance as projects did not get completed and therefore wasteful expenditure.

A strong performance management culture ensures performance

Municipalities are required by law to have a performance management system and municipal managers enter into performance contracts as part of their employment. They in turn enter into performance contracts with managers reporting to them. It has been found that in more stable municipalities there is track record of good performance both in terms of organisational performance and implementing a performance management system. In such municipalities it can be noted that because

a fixed-term contract necessitates a performance agreement with the municipal manager, there is an impact on the performance of the municipality. However, fact that a performance agreement has been signed is of no consequence if the culture of monitoring and managing performance is weak. One municipality has entered into a performance agreement with its senior management but doesn't have a mechanism to measure performance. The Performance Management Official interviewed stated that the municipality does not have a way of verifying if achievements have been met. Interestingly this is one of the municipalities with high levels of institutional instability.

It must be noted though that the linking of the contract to the municipal electoral term does offer municipalities and opportunity to opt not to renew a contract with the municipal manager. Some interviewees have also disagreed with this saying that a municipality cannot afford to wait 5 years before terminating a contract on the basis of poor performance. A municipality with a strong culture of performance management should be able to terminate a contract where there is poor performance at any point. This invalidates the point that linking the contract to the electoral terms enhances or undermines performance in the municipality. It seems that it is the lack of will or capacity to manage the performance of municipal managers that benefits from linking the fixed-term contract to the electoral term.

One former municipal manager found resonance with this point saying that his contract was not ended on the basis poor performance. He insists that there was no issue with his performance but there was a shift in the political stakes and this led to his contract not getting renewed. There was likely to be a new mayor and the one he served with was therefore not likely to return in this job. If performance was the sole determiner of continuity in the contract with the municipal manager, then the link to the electoral term should be of little consequence. However, there is a sense that in municipalities with weak performance management culture, politics are the determiner of whether a municipal manager continues or goes at the end of the contract term. One interviewee said that this is a situation where the emphasis is on contract rather than performance management.

Institutional stability enables performance management

It has been mentioned earlier that stable municipalities have established systems and procedures. There are municipalities with a strong performance management culture and this has a positive bearing on the performance of the organisation. Therefore linking the fixed term contract to the municipal electoral term has not directly impacted on the performance of the municipality. A couple of municipalities that have won performance awards both have a strong culture of performance management and it seems this is not dependent on the contract of the municipal manager being linked to the municipal electoral term but more on the strong practice of performance management.

It is also important to note that municipalities with higher levels of stability tend to have a strong culture of performance management. While this pertains, it is important to note that performance should not be a requirement of senior management only. There is a change of inconsistent performance is a performance system is only applied to the senior management and not the levels below. In one municipality the MM highlighted the fact that a major source of instability in his municipality is that while he is required to deliver the on the IDP he is not allowed to appoint managers reporting to

him. Council does this and these managers are not subjected to the same performance standards.

Municipalities that are presenting a strong performance history tend to have long rather than short-term plans. These municipalities also happen to have strong performance management systems and a culture to manage performance.

A system is only as good as the data that is used

A good practice that has emerged has been some municipalities opting for a performance contract with no financial incentives. This, they believe, results in a more realistic setting of targets and ultimately to better performance. This practice also assists in cases where performance management has resulted in perverse incentives wherein officials set lower targets so as to qualify for higher bonuses. In 2010/11 financial year one of these municipalities decided to implement a performance management system for councillors, resulting in improved performance in terms of political governance.

Another municipality delayed the signing of performance contracts because the Mayor was not satisfied that the indicators and targets were in line with the vision of the municipality. He also cites an example where the system indicated that performance bonuses were due even though the organisation hadn't performed well.

In another municipality the Municipal Manager feels that the fixed-term contracts incorporate too many national indicators and as a result, too much time is spent measuring performance against these national indicators, while not enough time is left to focus on the real performance issues, related to project level performance. It is further understood that these national indicators have had the effect of diluting the performance management effort in the municipality. This municipality effectively runs a parallel reporting system where the MM reports to the Mayor against a list of key projects. This means that an inordinate amount of time is spent on performance management at the expense of service delivery efforts.

Lack of performance management encourages cronyism

It is important to note that municipalities that had weak performance management systems were also the ones that presented some level of instability. In these municipalities the officials interviewed felt that municipal managers were expected to "toe the line" of politicians.

One interviewee described the situation in his municipality as follows "*the Municipal Manager ends up being submissive to the leadership and not the mandate of the municipality... he submits to the whims and wants of the politicians*".

Conclusion

Where performance is monitored and evaluated against a strong performance management system the result is good organisational performance. In two of the municipalities municipal performance has been particularly high – with both municipalities consistently winning or scoring well in benchmarked competitions. In these cases, linking the fixed-term contracts to the electoral cycle do not appear to have had any effect on municipal performance.

The relationship between municipal performance and the political term of office is therefore somewhat weak and indirect. The major force behind poor performance appears to be mainly political instability, which more often than not is a result of

factional politics within the ruling party. Under this environment poor administration and possibly corruption is likely to thrive, and in the process undermine service delivery. The probable link to between the political term and the contract is that it performance may be attributed in environments with a strong culture of performance management. It can also encourage the setting of low targets where there are financial incentives coupled with a weak practice of performance management. There is no guarantee that a fixed-term contract will enhance performance but a culture of performance management will and this thrives in stable municipalities.

7.4 Political administrative interface

This section looks at how the linking of fixed-term contracts of Municipal Managers to the local government electoral cycle influence the political-administrative interface in municipalities. Political administrative interface refers to the manner in which the executive and senior management relate. This relationship should contribute to the functionality of the municipality and therefore its stability. Therefore municipalities that have healthy political administrative relations tend to be stable institutions as senior management and political leadership are able to coordinate their activities in carrying out the mandate of the municipality. These municipalities report regular meetings between the municipal managers and the senior executive leadership.

The following figure presents the average rating of importance on a scale of 1-10, as perceived by Executive Mayors/Mayors and Municipal Managers, for issues that define the political administrative interface. Overall, there was not much variance between the two perceptions. However, the subtle differences presented below do provide some basis for beginning to recognise the nuances between the two groups in terms of how they approach these issues.

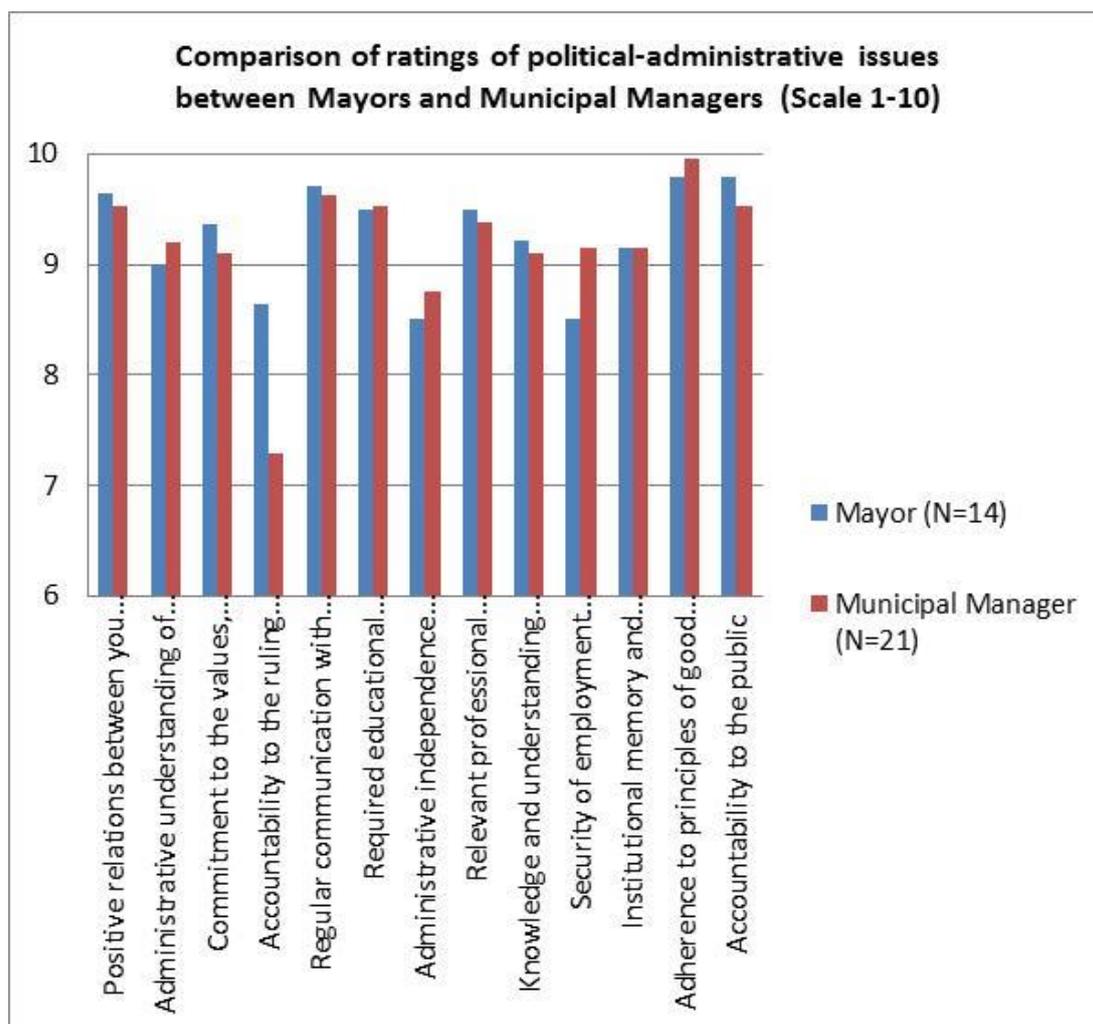


Figure 14: Comparison of ratings of the importance of political-administrative issues between Executive Mayors/Mayors and Municipal Managers on a scale of 1-10

From the figure above it is clear that the issue that rates the lowest overall for Municipal Managers, but where there is the biggest discrepancy with Executive Mayors/Mayors, is the issue of "Accountability to the ruling political party." These received an overall average rating of importance of about 7.3 for Municipal Managers, whereas it scored 8.6 for Executive Mayors/Mayors. Clearly, political principals place more importance on Municipal Managers accounting to the ruling political party than do Municipal Managers themselves. These differing expectations could contribute to some of the friction noted in the political-administrative interfaces of these municipalities in the semi-structured interviews.

Whereas most of the other issues rate rather closely to a 9 or above, the issue that stands out as the highest rated overall, and closely rated by Executive Mayor/Mayor and Municipal Manager alike is "Adherence to principles of good governance." This scored a 9.8 for Executive Mayors/Mayors, and 9.9 for Municipal Managers. Noting the shared emphasis on the principles of good governance, framing issues of municipal instability and fraught political-administrative relationships in terms of its implications for governance may prove helpful means of resolving conflict in the future.

The link is weak in stable municipalities

It has been found that in the more stable municipalities the linking of the contracts to the municipal terms has not had an influence on the political-administrative interface. This is probably the case that the importance of a contract is to regulate a relationship that is breaking down rather than when all is well. It is therefore in the less stable municipalities that a link between the contract and the electoral term is important as it offers an opportunity to exit when all is not well. The fixed term is seen by some politicians as a mechanism to get rid of municipal managers they do not get along with. Reasons for getting along are not always linked to performance but are more political.

It is also believed that the link between the contract and the electoral term also allows the mayor the opportunity to choose the municipal manager that s/he can work well with. However, there are instances where the mayor has appointed a municipal manager of choice but later the political-administrative interface becomes tense. It has been found that in these cases it more the capacity of the politicians to choose a suitable candidate.

Clear roles and responsibilities help regulate the political-administrative interface

As seen in the section above, ill-defined roles and responsibilities between councillors and the municipal manager can lead to a fractious working relationship between the two parties. It has been found that where the roles and responsibilities are not well-understood, it is quite easy that this relationship can sour as actions by the executive leadership could easily be construed as political interference. The line between interference and intervention becomes blurred in municipalities that have not approved delegations to the municipal manager. In one municipality the political-administrative interface has been characterised by problems which have resulted in a significant breakdown between the mayor and the municipal manager. This has led to the premature termination of contracts of two municipal managers. One province has supported municipalities by hosting a workshop on roles and responsibilities at swearing in ceremonies. Some municipalities also have functional structures which govern the interface between the political leadership and administration.

Conclusion

Trust, mutual respect and a clear understanding of the differing roles and boundaries of the municipal manager and his/her political principals seemed to be clearly necessary for a constructive and functional political-administrative interface.

Where politicians are weak, they can make poor appointments and the relationship deteriorates. Improving the political-administrative interface means building political leadership and supporting them through the difficult job they have.

8 Conclusion

Given the insights gained in this study it is important to reflect on and summarise what the study has found.

8.1 Alternatives

In considering how might changes to the contractual arrangements for Municipal Managers improve the functioning of municipalities, this section provides insight into the views expressed by the role players who were interviewed in the respective case study municipalities.

Instead, it appears that the focus should be on finding ways to mitigate the most adverse effects.

8.2 Summary of what study found

8.2.1 Need for Professionalism

Both MMs and Politicians interviewed advocated the need for greater professionalism at local government level. Many interviewees felt that part of the problem with MM employment was that Mayors, as politicians, were tasked with the responsibility of managing/management but did not necessarily have the skills/ability to do so, there was a need for greater professionalism/management capability at executive leadership level as well.

The research has found that the fixed term contractual nature of MMs employment or its link to the municipal electoral term is not in itself, a problem. The overall perception of officials within municipalities is that there is no inherent problem with the use of the Fixed Term Contract arrangement for Municipal Managers. However, the challenges leading to and resulting in institutional instability are more aligned to the length of the contract; the overlap between political and administrative changes; factional and immature political leadership; and, the absence of effective performance management systems. Thus, the challenges encountered in local government would not necessarily disappear with the change in the contractual arrangements.

Interviewees cautioned against trying to solve political problems using the law, i.e. the 5 year contractual term of office for MM was fine, the problem was that there was not sufficient political maturity to enable the envisaged system to work effectively.

Suggestions were made around how the existing system can be improved. Some of the suggestions that were made in the interviews are captured below.

Apply and implement a good performance management system

While most Mayors and Municipal Managers were relatively comfortable with the current contractual arrangements, the predominant feeling was that irrespective of the term of the appointment, a key success factor is a good performance management system that is properly applied and implemented. Part of this is ensuring that instances of poor performance should be managed as and when they arise.

Do away with performance bonuses

Almost all the case study municipalities in the Western Cape and some in Gauteng felt that performance bonuses for Municipal Managers tend to have negative consequences. It was felt that the presence of financial incentives tends to distort the setting of performance targets, creates perverse incentives and ultimately undermines performance. Experience has shown that the link between performance incentives and targets for performance contracts perverts the planning, monitoring and reporting system of the municipality. In addition, the involvement of politicians in the performance assessment process has created the perception that the bonus can be used as a tool for political manipulation.

Increase the length of the contract

Quite a few responses received from municipalities suggested that the length of the Municipal Manager's contract should be increased to between 7-10 years.

Increasing the length of the contract would enable Municipal Managers to have more time to plan with a longer term view that is more outcome-oriented. However, some interviewees felt that keeping the same Municipal Manager beyond 10 years is not feasible.

In a few instances Municipal Managers felt the position is a high performance job that requires the high stakes of the 5 year contract. Some interviewees felt that stability was possible with the 5 year contract if there is political maturity in Council, where politicians clearly understand their role and refrain from interfering beyond their mandate in the administration.

Timing of the termination of contracts

In a few municipalities it was put forward that the termination or concluding of the Municipal Manager contracts should take place about 6 months into the new electoral term. In other words, the term of the existing Municipal Manager should only conclude 6 months into the term of the new Council. During this time the new Municipal Manager should be appointed and there should be some overlap between the start date of the new Municipal Manager and the concluding of the current Municipal Manager. This purpose of this is to reduce the instability in the organisation as the new Council and Municipal Manager settle in and are inducted into the municipality. It would also create a platform for a proper handover where institutional knowledge and information is transferred.

Formal handover process

In some instances there was a call for the handover process to be structured and stipulated in the contracts of Municipal Managers to ensure that a proper, meaningful handover takes place. It was further suggested that it may be useful to institutionalise or formalise a handover process to ensure that incoming Municipal Managers and Mayors are properly briefed.

Understand how to apply the legislative framework for the appointment of Municipal Managers

From the case studies, there is evidence that indicates that municipalities need to become more aware of how to use the parameters and framework set by the legislation in order to make the appointment of Municipal Managers work better. For instance, the Systems Act provides that the respective parties can agree in contract the

terms for renewal. If this were to be done, it would remove a great deal of uncertainty around job security. In one Gauteng municipality, the agreement has been to exclude the payment of bonus in the contract and instead provision has been made for the possibility of the renewal of the Municipal Manager's contract.

8.2.2 Scepticism about permanent appointments

Politicians, in particular, expressed their scepticism about permanent appointments. While there was a view that having the same Municipal Manager for ten years was sound practise that would allow for better stability, going beyond this was unfavourable. The feeling was that after 10 years it would be important for a new Municipal Manager to be appointed to bring in someone with new insights and energy. Political executives expressed their concern about the potential stagnation that could result from having the same person as the Chief Executive Officer (CEO) of the organisation. They also felt that the position of a Municipal Manager is stressful and is "not something that can be done forever."

In addition to the above, mention was made by the political executive that there is greater comfort in having a Municipal Manager that they have selected, can trust and who is loyal.

8.2.3 Consider a differentiated approach

The view from some of the smaller municipalities was that continuity of the MM was an important factor as the MMs institutional knowledge, leadership style and management of the s56 team were important factors in the stability of the municipality. It was interesting to note that this sentiment was not expressed by the larger municipalities who saw wisdom in the five year contracting period.

It could be argued that the size of the municipality may be factor to consider when looking at whether MMs should be appointed on contract or on a permanents basis.

In the main the fixed term contractual nature of MM appointments seems to have worked well. There have been mixed views however on the length/duration of MM contracts with some suggesting that it should possibly be seven to ten years to enable MMs to make more of an impact

8.2.4 Municipalities will go through different phases in their development or evolution

The reality is also that the need of the municipality may change over time, for instance, there may be a scenario where a municipality has come out of state of collapse and would want to appoint a MM who could turn the institution around. After that someone who can be stable and manage what has been turnaround. Can the system be made flexible enough to allow political principle to appoint or do we need fixed stability.

8.2.5 Fixed term appointment a challenge across the public sector

It is a trend in the public service for senior employees/heads of departments/DGs to be appointed on fixed term contracts linked to the political term of office.

The research has shown that there is not an inherent problem 5 year contract, the emerging trend however is that at Local Government level, at least, there isn't the political maturity to manage a fixed term contract process.

In relation to the public service, the National Development Plan has suggested the need for an external body that could assist in the recruitment and selection of national DGs. There is an emerging argument that this concept can be extended to the appointment of MMs. This is not necessarily taking the appointment of MMs out of the hands of the Mayor, but is intended to bring national oversight, facilitation and support, where needed.

8.3 Problem Statement

Based on the findings of the research and the conclusions as set out above, the following is set out as the problem statement regarding the turnover of MM:

8.3.1 The fixed-term contract nature of MM appointments is not problematic in itself

There is merit in the approach adopted in the local government transition to embrace the idea of professional managers, rather than career administrators, appointed in high performance positions and carrying a fair degree of performance risk. There is also merit in these appointments being linked to the electoral cycle to ensure that political principals do not inherit unworkable working relationships. Professional trust and fit are still valued in the relationship between the Executive Mayor and Municipal Manager, as a key partnership in a municipality. Trust and fit, when professional, are understood very differently to partisan, factional or personal loyalty.

8.3.2 Political Environment, Culture and Leadership has proven a key causal factor to instability

The instability and performance related problems affecting local government have been clearly attributed to the dominant political environment and culture and weak political leadership, which often cuts across different political parties and provinces.

The political environment is characterised by ongoing instability that is interparty in nature in some regions of the country and intra-party in other regions of the country. The calibre, capacity and leadership maturity of politicians is found wanting, in this and a range of similar studies.

8.3.3 Fixed-term contractual arrangement is open to abuse and misapplication in this context

While the problem does not inherently lie with the fixed-term contract for MMs, this system is highly vulnerable to abuse and poor application.

This political environment with a poorly understood and maintained political-administrative interface, has manifested in poor appointment processes and weak management of the political administrative interface, where partisan, factional or personal loyalty and patronage is often valued highly.

8.3.4 Municipalities have had divergent experience in this regard

It must be qualified that many municipalities have had different experiences with regard to use of the municipal manager contracting mechanism, based on a number of factors. Large stable municipalities, and some metros in particular, have argued for fixed term contracts for MMs as these are argued to be high performance positions, with commensurate pay, where some risk must be carried by the employee.

Alternatively smaller stable municipalities have argued for longer institutional memory and a commitment to the geographic space to be important factors supporting permanent or long-term appointments for municipal managers.

Similarly, in municipalities that demonstrated political stability and mature leadership, the 5 year contracting mechanism was argued to not be destabilising, and MM contracts have been renewed for subsequent terms.

Some form of municipal differentiation is warranted in the compulsory application of contracting mechanisms for MMs.

8.3.5 Regulatory systems are weak

National systems for the regulation of municipal performance are weak. There is no consistent and predictable system for the monitoring municipal performance and where necessary, intervening.

Local Government Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006) have been argued to be highly flawed. Some of the requirements are irrational and the regulations clearly perversely incentivise gaming and manipulation of performance targets and reports.

Key processes, such as the appointment process of municipal managers are insufficiently regulated.

There is no national system of consistent and impartial oversight of appointments and ongoing employment of municipal managers.

8.3.6 Support systems are also weak, inconsistent and partial

Executive Mayors have a key role on behalf of municipal councils, to recruit, contract, oversee, manage, and in applicable cases, remedy the performance of the municipal manager. In many cases Mayors do not have the skills and experience to do this. It is complicated to derive support for these processes from the organisation managed by a municipal manager. Often they are not in a position to access adequate support to play these roles.

At times this support is provided by MECs, provincial and national departments. However this support has not always been impartial and professional.

9 Recommendations & Implementation Plan

9.1 Create a Local Government Commission

It is recommended that a Local Government Commission (LGC) be established, whose role will be to provide independent oversight over the recruitment, contracting, performance management and termination processes for all municipal managers. This oversight institution has a broader role to play over S56 appointments and broader personnel practices in local government, in much the same way that could be played by a strengthened Public Service Commission.

In addition to oversight, it could also play a role in supporting Mayors in recruiting, contracting, overseeing, managing and remedying performance of municipal managers, where necessary in grievance, disciplinary and termination processes. It would have a

concurrent mandate to also protect municipal managers from unfair employment practices, disciplinary and termination processes.

The LGC should comprise non-partisan commissioners serving a five-year term, appointed by and accountable to parliament.

It should be an explicit directive of the LGC to, in the absence of performance problems, encourage continuity and retention of institutional memory in municipalities.

An alternative scenario to the LGC could be to expand the role of a strengthened Public Service Commission, should there be realisation of a single public service.

9.2 Leadership Development

There is a need for ongoing leadership development of politicians in municipalities. This leadership development needs to be facilitated by the state and municipalities themselves. However primary responsibility should lie on the political parties themselves to both develop their councillors and prospective councillors, as well as to attract and select the best community leaders and public representatives.

Minimum competencies for councillors serving in senior positions requires exploration.

9.3 Create a Statutory Council for Municipal Managers

It is recommended that career self-regulation be supported. There is currently no statutory body that looks after the profession of municipal managers. In keeping with greater professionalisation a statutory body representing municipal managers could be tasked with looking after the interests of the profession by setting minimum competencies for the profession, a code of conduct and the enforcement of adherence to these. This body would also look after the ongoing development of the profession through supporting the development of new managers and exercising an ongoing advocacy role on behalf of the profession.

9.4 Adopt a differentiated approach

It is recommended that the legal and regulatory requirements affecting municipal manager contracting be applied on a differentiated basis. However the differentiated basis here should not be size of municipality or its context (urban or rural, wealthy or poor), but a set of indicators that define minimum requirements for stability, good governance and essential performance.

It is envisaged that a small set of no more than 10 indicators are adopted that objectively convey the track record of the municipality in governing itself. Examples could include the audit opinion over the last three years, payments levels, capital expenditure and drinking water quality.

Through this system a municipality can be categorised into three categories:

- Level 1: High performing, independent municipalities
- Level 2: Municipalities that are stable, but in transition
- Level 3: Municipalities currently at risk

A fourth category can be considered to be municipalities currently under a Section 139 intervention.

Municipalities can graduate from one level to another when they sufficiently meet the criteria.

While a general oversight role can be played by the LGC with regard to all municipalities, its support and potentially intervention role will depend on which category a municipality is in. It is also expected that legislative and regulatory requirements can be applied differentially.

9.5 Remove the universal requirement of fixed term period

It is recommended that the universal requirement for a fixed term contract should be considered for repeal. This can however thereafter be differentially applied:

9.5.1 Level 1

Level 1 Municipalities: High performing, independent municipalities can be provided a dispensation where they choose an appropriate length of contract. If the period is longer than five years they would need to obtain a council decision of more than a simple majority e.g. 75%, to engage in such as contract, as this would be binding to any future leadership of the municipality. They should also be required to motivate their case to the LGC, particularly where a permanent position is pursued.

Guideline pay scales will need to be developed by the LGC that indicate MM pay variances by size and economy of the municipality, but also factor in security of employment, where short contract employment is remunerated at a premium.

9.5.2 Level 2

Level 2 municipalities should be provided with close oversight in the MM appointment and contracting process, with a view to providing greater autonomy once they have graduated to level 1 municipalities. Here the LGC will provide regular oversight and review. A 5 year contract is appropriate under the oversight of the LGC to ensure that it is appropriately utilised and furthers stability and growth in institutional memory. There should be a bias towards extending the 5 year contract even before it comes to an end, unless there is a clear case justifiably made to the LGC otherwise.

9.5.3 Level 3

Level 3 municipalities will effectively be under the care of the LGC, where the Commission will facilitate the recruitment, contracting, performance management and if necessary exit processes together with the political principal. In this scenario MM employment contracts should not exceed 5 years and could even be shorter than 5 years until sufficient turnaround is achieved to graduate to Level 2.

9.6 Improve Systems:

The following system improvements are recommended.

9.6.1 Conduct an overall policy review on municipal performance management

DCOG should commission a policy review on municipal performance management, both organisational and employee. This should be done with the intention of simplifying and strengthening the practice of performance management in municipalities.

Performance remuneration should be considered to be repealed for now.

9.6.2 Produce new regulations on appointment and performance management of senior managers

There has been a call for clear regulations to govern the appointment process of Municipal Managers. These should be developed.

Local Government Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006) should be immediately reviewed. In principle, performance bonuses for Municipal Managers and S56 managers should be withdrawn until there is sufficient maturity with implementation of organisational performance management systems.

The regulations should also consider introducing requirements for a handover period for municipal managers, as well as a probationary period after employment.

10 Implementation Plan

The Implementation Plan will be developed following consultation with the DCOG project team on the options and recommendations as outlined above.

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