

UNIVERSITY OF KWAZULU-NATAL

**MUNICIPAL DISTRESS: TOWARDS A MUNICIPAL INFRASTRUCTURE AND
FINANCE MODEL: A CASE STUDY OF UMGUNGUNDLOVU DISTRICT
MUNICIPALITY**

by

**Nkululeko Terrence Hlongwane
212561718**

**A thesis submitted in fulfilment of the requirements for the degree of
Doctor of Business Administration**

**Graduate School of Business and Leadership
College of Law and Management Studies**

Supervisor: Dr T I Nzimakwe

October 2015



College of Law and Management Studies
Supervisors Permission to Submit a Thesis for Examination

Name: Hlongwane NT	No: 212561718	
Title: Municipal Distress: Towards a Municipal Infrastructure and Finance Model: A Case Study of uMgungundlovu District Municipality		
Qualification: DBA	School: GSB&L	
	Yes	No
To the best of my knowledge, the thesis/dissertation is primarily the student's own work and the student has acknowledged all reference sources	Yes	
The English language is of a suitable standard for examination without going for professional editing.	Yes	
Turnitin Report	6%	
Comment if % is over 10%:		
I agree to the submission of this thesis/dissertation for examination	Yes	
Supervisors Name: Dr TI Nzimakwe		
Supervisors Signature:		
Date:		
Co- Supervisors Name:		
Co- Supervisors Signature:		
Date:		

DECLARATION

I, **Nkululeko Terrence Hlongwane**, declare that:

- i. The research reported in this dissertation, except where otherwise indicated, is my own original research.
- ii. This dissertation has not been submitted for any degree or examination at any other university.
- iii. This dissertation does not contain any other person's data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
- iv. This dissertation does not contain any other person's writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
 - a) their words have been re-written but the general information attributed to them has been referenced;
 - b) where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- v. This dissertation does not contain text, graphics or tables copied and pasted from the Internet, unless specifically acknowledged, and the source being detailed in the dissertation and in the biography section.

Signature:

Date

ACKNOWLEDGEMENTS

I am most grateful to God, the almighty, from whom all knowledge and wisdom flow. I give Him all the Glory, Honour and Praise for his love that never ceases and for seeing me through this study.

I wish to express my sincere appreciation and gratitude to the following individuals, who through their support and blessing have made this study possible:

- Special appreciation to my parents, for always supporting and accepting my choices without judgement. To the rest of my family, I am forever grateful for your love and words of encouragement, motivation and inspiration which gave me the strength to keep me focus on achieving this goal.
- My supervisor Dr T.I Nzimakwe (UKZN) for support, knowledge and guidance which aided me tremendously throughout the study.
- The Municipal Manager of the uMgungundlovu District Municipality (uMDM), Mr TLS Khuzwayo for granting permission to use uMDM as a case study in this research, I'm honoured.
- Mr Deepak Singh of the Durban University of Technology (DUT), the statistician, for the statistical analysis.
- Respondents from uMgungundlovu District Municipality (uMDM) and its communities who are customers of the service provided by uMDM, who openly and willingly participated. Without their support, none of this would have been possible.
- My wife Sindisiwe and my children, Solwazi and Luthando Hlongwane have been the source of my strength and motivation.

Dedicated to my dearly beloved; late sister Ms Nonhlanhla Hlongwane, for believing in my abilities. You may be gone but you will always be a life time my heart.

ABSTRACT

The Constitution (Section 152, 1996) defines local government as a sphere of government responsible for the provision of sustainable municipal services to communities. Sibanda (2012) states that “poor and lack of municipal service delivery is widely receiving considerable media attention.” Monitoring customer-focused service delivery could therefore be a critically important means to affect value service delivery in local government.” The purpose of this study was to evaluate service delivery at uMgungundlovu District Municipality (uMDM), the root causes of municipal distress and propose an infrastructure and finance model for service delivery. The study will also critique the Local Government Turnaround Strategy (LGTS), MSA and the Municipal Financial Management Act (MFMA) on service delivery mechanisms.

Local government in South Africa has been undergoing an unceasing bout of service delivery protests. Protests are a public manifestation of conflict and therefore this study uses the term conflict and protest interchangeably. Local Government is a key part of the reconstruction and development effort in our country. The aims of democratizing society and growing the economy inclusively can only be realised through a responsive, accountable, effective and efficient local government system as part of a developmental state.

The establishment of a South African Developmental State is grounded in the vision of the State and Society working together at all levels to advance social justice, economic growth and development through an integrated development plan to advance service delivery. The complex process of service delivery is seen to be of national importance and requires immediate developmental solution through innovative service delivery models. It is also equally important to establish the reason behind lack of, or poor, service delivery, resulting into community service delivery protest. The uMgungundlovu District Municipality is serving as a mechanism mandated to ensure sustainable municipal service delivery and it is chosen as a case study for this research. Lack of access to most basic facets of infrastructure and economic development flagship projects are apparent in most municipalities in South Africa.

The study revealed that national government grants are not sufficient in addressing service delivery backlogs. Timely delivery of municipal infrastructure is constrained by limited

municipal resources therefore municipalities must form Municipal Service Partnerships (MSP) with the private sector. The study underlined the need for a holistic approach to development planning through a service delivery model, a well-structured planning and implementation strategy municipalities in fulfilling their mandate. The study makes recommendations that municipal services must be sustainable and municipal business models are at the core of sustainable service delivery. The study recognises the need for further research to expand the existing body of knowledge on how legislation impacts on service delivery.

TABLE OF CONTENT

	PAGE NO.
Supervisor permission to submit for examination	2
Declaration	3
Acknowledgements	4
Abstract	5
Table of contents	7
List of figures	17
List of tables	18
Acronym and abbreviations	21

CHAPTER 1: INTRODUCTION

1.1 Introduction	24
1.2 Problem Statement	25
1.2.1 Sub research questions	26
1.3 Objectives of the Research	26
1.3.1 To critique element that are contributing to municipal distress	26
1.3.2 To critique the Municipal Systems Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanisms	26
1.3.3 To propose an infrastructure and finance model for municipal service delivery	26
1.3.4 To evaluate the Local Government Turnaround Strategy (LGTS)	26
1.4 Demographics and geographical area	26
1.4.1 Geographical area	26
1.4.2 Gender	27
1.4.3 Population	28
1.5 Study limitations	28
1.6 Research design	28
1.6.1 The type of study	28
1.6.2 Target population	29
1.6.3 Sampling size and method	29
1.6.4 Research Instrument	29
1.6.5 Validity and reliability	31

1.6.6	Data collection	31
1.6.7	Statistics	33
1.6.8	Ethical Considerations	33
1.7	Significance of the study	34
1.8	Overview of chapters	36

CHAPTER 2: EMPIRICAL ANALYSIS AND THEORETICAL FRAMEWORK

2.1 Introduction	38
2.2 Empirical analysis	38
2.2.1 Socio-economic profile	38
2.2.2 Culture	40
2.2.3 Inequalities, poverty and job creation	42
2.2.4 Political factors	49
2.2.5 Constituting policy elements	58
2.2.6 Main policy actors	86
2.3 Theoretical framework	92
2.3.1 Governance and democracy	92
2.3.2 Public participation and community protests	96
2.3.3 Intergovernmental coordination	104
2.3.4 Municipal strategy development: An integrated approach	109
2.3.5 Governance	120
2.3.6 Responsive government	123
2.3.7 Accountable government	126
2.3.8 Good governance	127

CHAPTER 3: REVIEW OF LITERATURE

3.1 Introduction	129
3.1.1 Elementary issues	130
3.1.2 The term ‘Delivery’ and ‘Clientelism’	131
3.2 The Municipal Systems Act (Act No. 32 of 2000) and the Municipal Financial Management Act (Act No. 56 of 2003): Municipal Service	134
3.2.1 Municipal service	135
3.2.2 Provision of municipal service	135
3.2.3 Legislative process and criteria for MSA mechanism assessment	137
3.2.4 Service delivery mechanism	138
3.3 Issues of service delivery: Elements contributing to municipal distress	158
3.3.1 Scarce skills	160
3.3.2 Municipal financial management	161
3.3.3 Community participation	165
3.3.4 Dichotomy between political and administrative leadership and the separation of powers	166
3.3.5 Functional overreach and complex rural development programmes	169
3.3.6 Municipal capacity	170
3.4 The local government turn-around strategy	172
3.5 Lack of service delivery, resulting to service delivery protests	181

CHAPTER 4: SERVICE DELIVERY AND INFRASTRUCTURE FUNDING MODEL

4.1 Introduction	186
4.2 Compelling forces	187
4.1.1 Service quality demand	187
4.1.2 Creation of a public service	188
4.1.3 Efficiency and savings	188
4.2 Proposed municipal service delivery model	189
4.2.1 Environmental analysis: Internal and external	192
4.2.2 Level 1: Establishing municipal mission, vision and strategic direction	193
4.2.3 Level 2: Stakeholder engagement and community participation process	194
4.2.4 Level 3: Alignment of the IDP with the municipal budget and performance plans	196
4.2.5 Level 4: Service delivery mechanism: An assessment of optimal service delivery options	197
4.2.6 Level 5: FINANCE MODEL: An assessment of prime municipal service funding options	199
4.2.7 Level 6: Monitoring, evaluation and reporting	208
4.3 Conclusion	209

CHAPTER 5: RESEARCH METHODOLOGY AND DESIGN

5.1 Introduction	210
5.2 Quantitative research	210
5.3 Data collection strategy	211
5.4 Research methodology design	212
5.4.1 Quantitative research design	212
5.4.2 Measuring instrument	212
5.4.3 Data analysis	213
5.5 Research methodology framework	214
5.5.1 Planning of the survey	214
5.5.2 Community/municipal customer survey	215
5.5.3 Municipal employee survey	216
5.5.4 Secondary data	216
5.5.5 Field observations	217
5.5.6 Reporting	217
5.5.7 Ethical consideration	217
5.5.8 Limitations	218
5.5.9 Reliability and validity	219
5.5.10 Statistical analysis	222
5.6 Conclusion	223

CHAPTER 6: DATA ANALYSIS

6.1 Introduction	224
6.2 Type of scale used for the study	224
6.2.1 Community/customer survey data collection instrument	224
6.2.2 Municipal employees survey data collection instrument	226
6.3 Statement of findings, data interpretation and discussion:	
Municipal officials	230
6.3.1 Research instrument	230
6.3.2 Biographic data	234
6.3.3 Section analysis	237
6.3.4 Hypothesis testing	243
6.4 Statement of findings, data interpretation and discussion:	
Service delivery	255
6.4.1 Research instrument	255
6.4.2 Reliability statistic	257
6.4.3 Factor analysis	257
6.4.4 Rotated component matrix	258
6.4.5 Biographical data	260
6.4.6 Section analysis	262
6.4.7 Hypothesis testing	269
6.4.8 Correlation	271
6.5 Statement of findings, data interpretation and discussion:	
Service delivery protests	271
6.5.1 Research instrument	271
6.5.2 Reliability statistics	272
6.5.3 Factor analysis	273
6.5.4 Rotated component matrix	274
6.5.5 Biographical data	275
6.5.6 Section analysis	277
6.5.7 Hypothesis testing	285
6.5.8 Correlation	286
6.6 Conclusion	287

CHAPTER 7: EVALUATION OF UMGUNGUNDLOVU DISTRICT MUNICIPALITY AS A CASE STUDY

7.1 Introduction	288
7.2 Geographical area and demographics	288
7.2.1 Demographics	289
7.3 Financials	290
7.4 Service delivery	293
7.4.1 Introduction	293
7.4.2 PESTL analysis: External municipal environmental factors	294
7.4.3 The uMgungundlovu District Municipality service delivery model	300
7.5 Conclusion	316

CHAPTER 8: FINDINGS AND DISCUSSION

8.1 Introduction	317
8.2 Research hypothesis	317
8.3 Study objectives	317
8.3.1 Objective 1: To critique element that are contributing to municipal distress	317
8.3.2 Objective 2: To critique the Municipal System Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanism	318
8.3.3 Objective 3: To propose an infrastructure and finance model for municipal service delivery	319
8.3.4 Objective 4: To evaluate the Local Government Turnaround Strategy (LGTS)	321
8.4 Review of literature	322
8.5 Questionnaire	323
8.6 Limitations	323
8.7 Conclusion	323

CHAPTER 9: CONCLUSION AND RECOMMENDATION

9.1 Introduction	325
9.2 Conclusion	325
9.3 Recommendation	326
9.3.1 Objective 1: To critique element that are contributing to municipal distress	326
9.3.2 Objective 2: To critique the Municipal System Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanism	327
9.3.3 Objective 3: To propose an infrastructure and finance model for municipal service delivery	328
9.3.4 Objective 4: To evaluate the Local Government Turnaround Strategy (LGTS)	328
10. LIST OF SOURCES	328

ATTACHMENT

A: Turnitin Results

ANNEXURES

A: Letters Consent

B: Ethical Clearance

C: Research Questionnaire

APPENDIXES

STATISTIC DATA

A: Municipal Officials

B: Service Delivery Protests

C: Service Delivery

LIST OF FIGURES

		PAGE NO.
Figure 1.1	The uMDM area of jurisdiction in the province of KZN	27
Figure 2.1	Pie chart of the provincial spread of community protests	98
Figure 2.2	IDP institutional arrangement and information flow	101
Figure 2.3	Conventional methods to municipal integrated strategic planning	111
Figure 2.4	Organisational set up for the strategy expansion	114
Figure 3.1	GVA vs. own revenue per municipal category (2008/09)	131
Figure 3.2	Section 78 Process	137
Figure 4.1	Proposed municipal service delivery model	197
	Traditional municipal infrastructure financial model	202
Figure 4.2	Proposed infrastructure finance model	203
Figure 4.3	Linkages in the budget schedules	206
Figure 6.1	Gender distribution: Municipal Officials Questionnaire	234
Figure 6.2	Level of respondents: Municipal Officials Questionnaire	235
Figure 6.3	Period of service: Municipal Officials Questionnaire	236
Figure 6.4	Biographical data: Service delivery	260
Figure 6.5	Biographical data: Service delivery Protests	275
Figure 7.1	Distress and dysfunctional state of uMDM	302
Figure 7.2	Municipal Council IDP Oversight Process	307

LIST OF TABLES

PAGE NO.

Table 1.1	Gender demographics at uMDM	27
Table 1.2	Population demographics at uMDM	28
Table 1.3	Proposed respondent and sample size	30
Table 1.4	Strategic issues	32
Table 2.1	EPWP national targets	48
Table 2.2	Service levels	59
Table 2.3	Authority – Provider Function	60
Table 2.4	Contract risks	66
Table 2.5	MTEF allocations for MWIG	77
Table 2.6	MWIG initial provincial budget allocations	78
Table 2.7	Typical credit rating schedule	85
Table 2.8	Method of participation	99
Table 2.9	Source of local government funding	107
Table 2.10	Strategic issues relevant for municipalities	110
Table 2.11	Type of situation analysis	114
Table 2.12	PESTL analysis	115
Table 2.13	Spheres of influence	115
Table 2.14	Questionnaire on municipal policy and strategy	116
Table 2.15	Employment targets (M&E)	118
Table 2.16	Municipal quarter performance report	119
Table 3.1	COGTA intervention framework	177
Table 4.1	Integration benefits	188
Table 4.2	Internal environment forces components	193
Table 4.3	Performance monitoring reports	208
Table 5.1 (a-b)	Sample frame of municipal community/customers	216
Table 5.2 (a-b)	Sample frame of municipal officials	216
Table 6.1	Cronbach’s alpha score: Municipal Officials Questionnaire	231
Table 6.2	Kaiser-Meyer-Olkin Measure and Bartlett’s Test	232
Table 6.3	Rotated Component Matrix: Municipal Officials Questionnaire	232
Table 6.4 (B2-B4)	Component Matrix: Municipal Officials Questionnaire	233

Table 6.5	Gender composition of respondents by level	235
Table 6.6	Mean and standard deviation	236
Table 6.7	Cross tabulation with the level of respondents with period of service: Municipal Officials Questionnaire	237
Table 6.8 (B1-B4)	Sectional analysis	243
Table 6.9	Chi-square test: Hypothesis testing	245
Table 6.10	Frequencies: Gender cross tabulation	245
Table 6.11	Frequencies: Level of management cross tabulation	246
Table 6.12	Frequencies: Period of service cross tabulation	246
Table 6.13	Frequencies: Gender cross tabulation	247
Table 6.14 (a-b)	Frequencies: Level of management cross tabulation	248
Table 6.15	Frequencies: Gender cross tabulation	248
Table 6.16	Frequencies: Level of management cross tabulation	249
Table 6.17	Frequencies: Period of service cross tabulation	249
Table 6.18	Frequencies: Gender cross tabulation	250
Table 6.19	Frequencies: Level of management cross tabulation	250
Table 6.20	Frequencies: Period of service cross tabulation	250
Table 6.21	Frequencies: Gender cross tabulation	251
Table 6.22	Frequencies: Period of service cross tabulation	251
Table 6.23	Frequencies: Level of management cross tabulation	252
Table 6.24	Frequencies: Gender cross tabulation	252
Table 6.25	Frequencies: Level of management cross tabulation	253
Table 6.26	Frequencies: Period of service cross tabulation	253
Table 6.27 (a-b)	Frequencies: Level of management cross tabulation	254
Table 6.28	Frequencies: Period of service cross tabulation	254
Table 6.29 (a-b)	Frequencies: Level of management cross tabulation	255
Table 6.30	Research instrument: Service delivery	256
Table 6.31	Cronbach's alpha score: Service delivery	257
Table 6.32	Factor analysis: Service delivery	258
Table 6.33 (B1-B4)	Rotated component matrix: Service delivery	259
Table 6.34	Spread of ages (in years) of the respondents	261
Table 6.35	Gender distribution by age	261
Table 6.36	Frequencies by local municipalities of uMDM	262
Table 6.37 (B1-B3)	Section analysis: Level of service	269

Table 6.38	Chi-square test: Hypothesis testing	270
Table 6.39	Research instrument: Service delivery protests	272
Table 6.40	Cronbach's alpha score: Service delivery protests	273
Table 6.41	Factor analysis: Service delivery protests	273
Table 6.42 (B1-B5)	Rotated component matrix: Service delivery protests	275
Table 6.43	Frequencies by local municipalities of uMDM	276
Table 6.44	Spread of ages (in years) of the respondents	276
Table 6.45 (B1-B6)	Section analysis: Service delivery protests	284
Table 6.46	Chi-square test: Hypothesis testing	286
Table 6.47	Correlation	287
Table 7.1	Provision of sanitation facilities	298
Table 7.2	Employment status	298
Table 7.3	Education levels	298
Table 7.4	KZN 2014 poverty and unemployment reduction target	299
Table 7.5	IDP Process Management Plan (2008/09)	311
Table 8.1	Root causes of municipal distress	321

ACRONYM AND ABBREVIATIONS

AG	Auditor-General
ANC	African National Congress
ASgiSA	Accelerated and Shared growth initiative for South Africa
BOOT	Build Own Operate Transfer
CIDB	Construction Industrial Development Board
COGTA	Corporative Governance and Traditional Affairs
CoJ	City of Johannesburg
CWP	Community Work Programme
DA	Democratic Alliance
DBSA	Development Services Bank of South Africa
DFA	Development Facilitation Act
DoRa	Division of Revenue Act
DPLG	Department of Local Government
DTI	Department of Trade and Industry
DWA	Department of Water
EPWP	Expended Public Works Programme
EXCO	Municipal Executive Committee
FCC	Fiscal and Financial Commission
FTEs	Full Time Equivalentents
GDP	Gross domestic Products
GEAR	Growth, Employment and Redistribution Strategy
GHS	General Household Survey
GVA	Gross Value Added
IDP	Integrated Development Plan
IGR	Intergovernmental Relations Act
IIWSP	Interim/Intermediate Water Supply Programme
IMF	International Monetary Fund
IT	Information Technology
JSE	Johannesburg Stock Exchange
KPA	Key Performance Areas
KPI	Key Performance Indicators
KZN	KwaZulu-Natal

LED	Local Economic Development
LGTA	Department of Local Government and Traditional Affairs
LGTAS	Local Government Turnaround Strategy
LMs	Local Municipalities
M&E	Monitoring and Evaluation
MEC	Member of the Executive Council
MEC	Member of the Provincial Parliament Executive Committee
MFMA	Municipal Finance Management Act (Act No 56 of 2003)
MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support
MLL	Minimum Living Level
MM	Municipal Manager
MOU	Memorandum of Understanding
MSA	Municipal Systems Act (Act No. 32 of 2000)
MSPs	Municipal Service Partnerships
MWIG	Municipal Water Infrastructure Grant
NCOP	National Council of Provinces
NEC	National Executive Council
NGO	Non-Government Organisation
NPO	Non-Profit Organisation
NT	National Treasury
O&M	Operation and Maintenance
PESTL	Political, Economic, Social, Technology and Legal
PMS	Performance Management System
PMU	Project Management Unit
PPPs	Public Private Partnerships
PSPPD	Programme to Support Pro Poor Policy Development
RBIG	Regional Bulk Infrastructure Grant
RDF	Rural Development Framework
RDP	Reconstruction and Development Programme
ROA	Return on Assets
SAMWU	South African Municipal Workers Union
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

SESP	Second Economy Strategy Project
SLA	Service Level Agreement
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SWOT	Strength, Weakness, Opportunities and Threats
TIPS	Trade and Industrial Policy Strategies
TLC	Transitional Local Council
UMDM	uMgungundlovu District Municipality
WC	Ward Committee
WOs	Work opportunities
WRC	Water Research Commission
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSP	Water Services Provider

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Matebesi (2007) defines municipal distress as “municipality’s faltering ability to deliver services, to manage their institutions and to engage in empowering public engagement with communities.”

There is a need to modernise and transform local government to ensure that municipalities become more responsive to community needs. The guiding principles for transformation are contained in the White Paper on the Transformation of the Public Service (1995) and the Batho Pele White Paper (1997), informed by the Municipal Systems Act (MSA): Act 32 of 2000. Chapter 6 of the Act states that municipalities must develop a performance management system (PMS) to promote a culture of performance management amongst the political structures, political office bearers, councillors and municipal administration.

The State of Local Government Report (2009) points out to service delivery backlog, lack of community participation, poor financial management and lacking municipal capacity due to scarce skills. The report further state that 64 of South Africa’s 283 municipalities are in financial ‘distress’, accompanied by an escalating loss of confidence in governance. The Auditor-General (AG) report for 2009/10 financial year points out that a number of municipalities are receiving far more ‘disclaimed’ opinions, the worst category of an audit report.

The oft-mooted issue of a lack of skills has become a handy excuse for municipalities not to perform their duties. This study evaluates service delivery at uMgungundlovu District Municipality (uMDM), the root causes of municipal distress and propose an infrastructure and finance model for service delivery. The study will also critique the Local Government Turnaround Strategy (LGTAS), MSA and the Municipal Financial Management Act (MFMA) on service delivery mechanisms.

1.2 PROBLEM STATEMENT

The State of Local Government in South Africa Report (2009) admits that the national government might have created expectations that local government cannot fulfil, or placed a burden on municipalities that perhaps only the strongest amongst them can carry. Participatory government has lost its meaning and content and in its place has risen communities who feel alienated and disconnected from decision-making processes and disempowered in influencing the affairs of the municipalities (De Visser, 2007).

Local government is the sphere of government closest to the people who want less politics and more efficiency and accountability. The discussion documents on the state of local government in South Africa indicate that the level of trust in local government has declined sharply since 2004. The Municipal Systems Act (MSA) is an outstanding piece of legislation, but policies and laws on community participation seems not to be working well and there are indications of this, service delivery protests is one example. Deepening people-centred government is required in order to arrive at the goal of ‘an ideal municipality’.

Statistics South Africa (2010) released its General Household Survey (GHS) which indicated that dissatisfaction with service delivery has increased and a number of municipalities are in financial distress. A more co-operative form of government is needed which will improve co-ordination and co-operation between the three tiers of government. An integrated service delivery model is therefore necessary; as a strategy that is based on the municipality strengths and that recognizes the need to promote the goals of sustainable development and to redress poor service delivery.

Steps need to be taken to do things differently in local government. It can be argued that it appears there is a distinctive relationship between municipal infrastructure, finance model and service delivery. The question therefore is poor service delivery as a direct result of lack of an integrated infrastructure and finance model? The research question can therefore be formulated as follows: To what effect does the adoption an integrated infrastructure and finance model has on municipal service delivery? The problem statement can therefore be explained by the following hypothesis: H₁: An

integrated infrastructure and finance model has a significant effect on municipal service delivery.

1.2.1 Sub research questions

Creswell's (2009) states that “the research question evidently point to what the study will explore or attempt to prove.” The following are sub research questions:

1.2.1.1 What are the elements that contribute to municipal distress and how deep-rooted is the state of distress in municipalities?

1.2.1.2 To what effect does the adoption an integrated infrastructure and finance model has on municipal service delivery mechanism?

1.2.1.3 Is poor service delivery as a direct result of lack of an integrated infrastructure and finance model?

1.2.1.4 Are the policies and laws in the Municipal Systems Act (MSA) working well or a direct result of service delivery protests?

1.3 OBJECTIVES OF THE RESEARCH

The main aim of the study is to evaluate service delivery and the root causes of distress with a purpose of proposing an infrastructure and finance model to improve and reform municipal service. The following study objectives are proposed:

1.3.1 To critique element that are contributing to municipal distress.

1.3.2 To critique the Municipal Systems Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanisms.

1.3.3 To propose an infrastructure and finance model for municipal service delivery.

1.3.4 To evaluate the Local Government Turnaround Strategy (LGTAS).

1.4 DEMOGRAPHICS AND GEOGRAPHICAL AREA

1.4.1 Geographical area

The uMgungundlovu District Municipality (uMDM) is a local government district municipality in KwaZulu-Natal (KZN) province situated in Pietermaritzburg will be approached to participate in a structured interview to gather data.

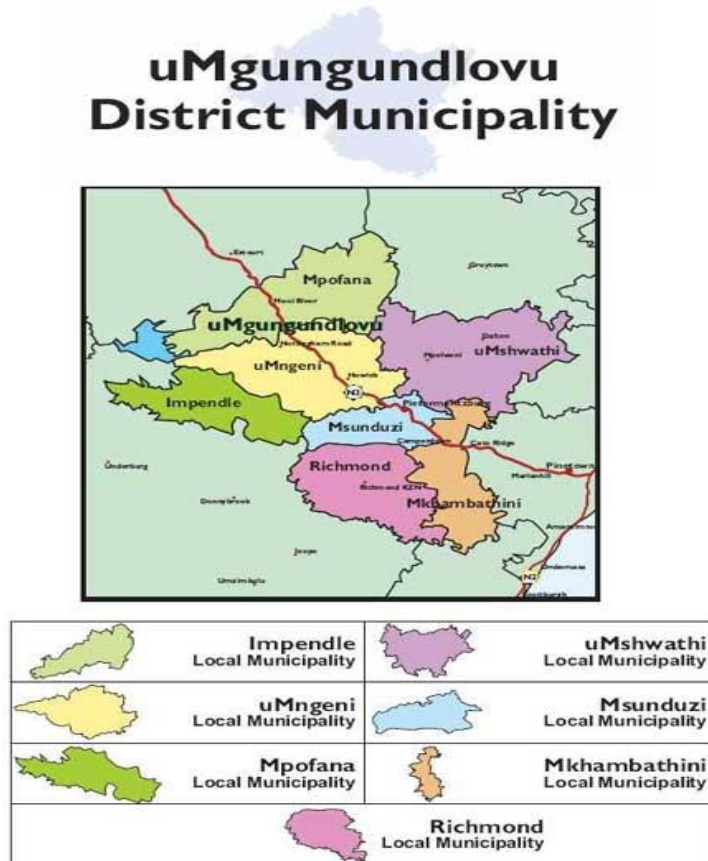


Figure 1.1: uMgungundlovu District Municipality area of jurisdiction in the province of KwaZulu-Natal.

(Sourced: Municipal Demarcation Board, 2004)

1.4.2 Gender

A total of 927,834 people in the uMDM speak IsiZulu and the majority is females at 52.75% (Census, 2011).

Gender	Population	%
Female	531,843	52.26

Male	485,920	47.74
------	---------	-------

Table 1.1: Gender demographics at uMgungundlovu District Municipality
(Source: Statistics South Africa: Census, 2011)

1.4.3 Population

According to Census (2011), the uMDM has a total population of 1,017 763 and 272,666 households. The uMDM has a total area of 9,513 km².

Local municipality	Population	%
Msunduzi	618,536	60.77
uMshwathi	106,374	10.45
uMngeni	92,710	9.11
Richmond	65,793	6.46
Mkhambathini	63,142	6.22
Mpofana	38,103	3.74
Impendle	33,105	3.25

Table 1.2: Population demographics at uMgungundlovu District Municipality
(Source: Statistics South Africa: Census, 2011)

1.5 STUDY LIMITATIONS

This study is limited to uMDM. In social sciences research it is not always easy to receive co-operation from the participants. The researcher however does not foresee threats to internal validity with respect to the location, loss of subjects, extraneous events or maturation because of the duration of the study. The results on this study may not be entirely generalized to other municipalities/areas which face different constraints and challenges. The study will not explore municipal officials individual performance measurement and management style.

1.6 RESEARCH DESIGN

1.6.1 The type of study

A quantitative research design will be adopted in this study. A case study research will be used to explore causation in order to find underlying principles. According to Babbie (2006) in the social science research, a case study (or case report) is a descriptive, exploratory or explanatory analysis of a person, group or event. Since this study follows a quantitative research tradition, a correlational design will be used to analyse data.

1.6.2 Target population

The target population is the population to which the researcher would ideally like to generalise his or her results (Welman, 2006:126). The targeted population are the municipal officials and the communities being served by uMDM. The population is chosen “selectively” based on the researcher’s prior experience and knowledge of local government at municipal level.

1.6.3 Sampling size and method

Ngcobo (2006: 38) define sampling is the “process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible to generalize such properties or characteristics to the population elements.” He further explains that the theory behind sampling is selecting a sample that is as close as possible to being representative of the population, and any observation that can make regarding that sample should be true for the population (Ngcobo, 2006:40).

In this study, cluster stratified sampling is to be used. According to Babbie (2006), stratified sampling is the most commonly-used probability method because it reduces sampling error. Table 1.1 below is the sample to be used in this study, local communities (60) that are served by uMDM in respective Local Municipalities (LMs) and municipal officials (30) of uMDM.

1.6.4 Research Instrument

The measuring instrument to be used in this study is a structured research questionnaire. The instrument is chosen for its ease of administration. The instrument will consist of a 3-point Likert type format. It will contain respondents' particulars in respect of age, gender, level (hierarchy) within the municipality and for the community the name of the local municipality that they reside within.

Respondents' and Sample Size		
Biographical variable	Number	Percentage (%)
Local Municipalities: Communities		
uMngeni	10	16.6
uMshwathi	10	16.6
Impendle	10	16.6
Mpofana	10	16.6
Richmond	10	16.6
Mkhambathini	10	16.6
Sub Total	60	99.6
uMDM: Municipal Officials		
Top Management	5	16.6
Middle Management/Specialist	5	16.6
Supervisory staff / Team leaders	5	16.6
Officers (general staff)	15	50
Sub Total	30	99.8
Total	90	100

Table 1.3: Proposed respondent and sample size

The questionnaire will contain not limited to; municipal performance, service delivery and infrastructure funding strategy, culture of performance excellence and municipality responsiveness to community needs. The questionnaire will also explore, not limited to; community perceived level of service quality, affordability and the pace of service delivery.

The statistical analysis will be used in the questionnaire, will also be used to test the instrument validity to ensure the measuring reliability of the instrument (Van Heerden and Roodt, 2007). The response scale is a three point strength scale. The rating of '0' signifies a no account by the respondent whereas a '3' signifies greater preference by the respondent.

1.6.5 Validity and reliability

According to Welman (2005), reliability is the consistency of measurement or the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. According to Crewell (2003), reliability is the repeatability of measurement. A measure is considered reliable if a person's score on the same test given twice is similar. There are two ways that reliability is estimated and they are the test/retest and the internal consistency. To ensure reliability, the test-retest approach method is suggested for this study.

According to Robson (2002), validity is the strength of our conclusions, inferences or propositions, it is the best available approximation to the truth or falsity of a given inference, proposition or conclusion. There are four types of validity commonly examined in social research that is conclusion validity, internal and external validity and construct validity. To ensure validity, conclusion validity method is suggested for this study. Conclusion validity will allow the researcher to make the correct decision regarding the truth or approximate truth of the alternative hypothesis.

1.6.6 Data collection

According to Miller (1991), data collection process is necessary as it ensures that data gathered is both defined and accurate and that subsequent decisions based on arguments embodied in the findings are valid. Strategic issues inform the rest of the planning; especially in attaching weights in individual employee and subsequently organisational perform. Consent will be requested from the communities/municipal employees before questionnaires can be administered. Municipal customers will be approached at municipal Customer Care Centres. The below table is an example of

some of the strategic issues to be used in this study: Table below is an example of strategic issues to be used in this study.

KEY PERFORMANCE AREAS	STRATEGIC ISSUES
1. Service delivery and infrastructure development	Access to sustainable water and sanitation service
	Affordability and quality of service
	Monitoring and evaluation
	Infrastructure funding strategy (MFMA and MSA)
	Service delivery mechanism/option
	Pace of service delivery and standard of service
2. Local Economic Development (LED)	Local economic strategies (grounded in economics)
	Job creation
	Poverty alleviation
	LED integration with the Expanded Public Works Programme (EPWP)
	Expanding procurement to impact on LED
	Public Private Partnerships (PPPs)
3. Institutional development and transformation	Local business support and development
	Batho Pele Principles
	Culture: Performance and development planning
	Policies and strategy development
	Development of turn-around plans
4. Good governance and public participation	Municipal employees development
	Integrated Development Planning (IDP)
	Policy development
	Public participation
	Internal audit
5. Financial management	Responsiveness, flexibility, integrity and accountability
	Budgeting and reporting
	Revenue enhancement
	Expenditure control

Table 1.4: Strategic issues
(Source: www.umd.gov.za/IDP)

The survey method in a form of questionnaires will be used in this study to gather primary data from municipal strategic issues and their performance areas. The researcher will use the following approach in the collection of data:

- a) A three (3) Likert Scale questionnaire will be used. The anonymity of respondents will be upheld in order to protect the validity of responses. A questionnaire will be issued with a covering letter of consent from the municipality. The researcher will avail himself to provide further clarification in the questionnaire.
- b) One-on-one interviews will be conducted with municipal employees, requiring greater clarity on issues and matters raised by the survey. Municipal employees will be approached by the researcher at their offices, consent was granted by the Municipal Manager (MM) of uMDM. Observation will also be inscribed during the data collection process. Literature, municipal legislation and frameworks; and reviews will be included for analysis of data.

1.5.7 Statistics

The SPSS statistical computer programme will be used to capture, organise and analyse the collected data. The *t*-test statistical method will also be used in group statistic and the independent test will be used to analyse relationships in the questionnaire. The Chi-square statistical test will also be used to determine statistical significant difference in the proportion of respondents to the extent to which they perceive the speed of service delivery in their respective areas.

1.5.8 Ethical Considerations

Research ethics ensures that the end results of the research are credible, valid and without any bias or subjectivity. Bryman and Bell (2007, 27) states that “discussions about the ethics of business and management research bring us into a realm in which the role of values in the research process becomes a topic of concern.” Ethical issues revolve around concerns in terms of how respondents are treated when conducting a research and activities to which a researcher should or shouldn’t engage in.

It is quite important for the researcher to keep these questions in mind when conducting a research to ensure that the study cannot be challenged on ethical grounds and the reliability and credibility of results. Underpinning the consideration for ethical behaviour is ‘the avoidance of harm to human subjects’ (Berg, 2006, 71). The researcher declares that no harm will be brought upon the respondents in this research. In order to achieve a high level of confidentiality, the researcher will ensure that there will be no mention of names, nor of who said what during research interviews; rather pseudonyms will be used (e.g. interviewee No. 1). The respondents will be interviewed at their own free will, without being forced to do so.

Berg (2006) stresses the point of ensuring that respondents are voluntarily involved and informed of all potential risk. In order to ensure that this concern is addressed, the researcher will conduct this research with the interviewees at their own free will with no form of duress. Babbie and Mouton (2006) believes that there are three major ethical issues for consideration when undertaking research, namely:

- a) How the information will be collected?
- b) How the information will be processed?
- c) How the findings will be used?

In keeping with:-

- | | |
|----------------------|--|
| Consideration | A: The information will be collected through interviews, documented and analysed. |
| Consideration | B: Information will be processed and treated with high confidentiality. |
| Consideration | C: The findings to be used to conclude the research and the development of recommendations. |

The researcher declares that the highest ethical standard will be upheld when conducting the research; no information will be gathered from the participants by means of threat. The respondents are to be informed in advanced about the research study to be conducted and reasons for the study.

1.7 SIGNIFICANCE OF THE STUDY

The study is important since municipalities are at the centre of service delivery. No subject has been more discussed in local government circles than the issue of service delivery. Service delivery in South Africa has been characterised by mass protests and demonstrations. Protests are costly and difficult responses of communities resorting to protests have become a characteristic feature of ordinary people's response when municipal governments fail to take action regarding their challenges.

In order to achieve the vision of a 'responsive, accountable, effective and efficient local government system', seven outputs have been identified by Andersen (2002: 14). Each is summarised as follows:

- Output 1: To device a differentiated approaches to municipality finance and planning.
- Output 2: Improved access to basic services.
- Output 3: Job creation through Community Work Programme (CPW).
- Output 4: Movement towards reassuring of the human settlement outcomes.
- Output 5: Re-defining Ward Committee (WC) model, ensuring extended democracy.
- Output 6: Improved municipal administrative and financial capacity.
- Output 7: Streamline activities through a single window of management.

Memela (2008) also suggest a differentiated methodology on issues of service delivery that will be rigorous and community driven, he further proposes that municipalities must be placed into groupings that better reflects their varied background and capacities.

Memela (2008) states that "responding to local community concern is one of municipal core responsibilities and one of its main functions in terms of the South African constitution." According to Atkinson (2007), Africans in South Africa have suffered due to unjust apartheid laws; the apartheid laws favoured the white minority to African majority and as a result South Africa has in history been considered the most unequal

societies in the world. Although South Africa achieved a sustained economic growth from 1994, poverty and service delivery has been disappointing. According to Atkinson (2007: 58), mass protests and violent demonstrations are as a result of culmination of numerous frustrations often building up over a long period of time.

According to De Visser (2010), ineffective running of various municipalities has been attributed to a blend of factors, from the inappropriate political and administrative interface to fragile institutional arrangements and poor supervision and accountability mechanisms. The lack of compliance with the MFMA is a constant test for many municipalities. De Visser (2010) stresses the need of critical focusing on refining the financial and administrative competencies of municipalities.

Botes (2007) urges that the task of tackling diverse challenges facing local government are cross cutting , therefore the study will further explore the importance of ensuring a better coordination by national, provincial and municipalities in government programmes and the review of policies and legislation. He further argues that the idea of a single window of coordination is one form intended to bring together key departments to facilitate cross departmental cooperative partnerships for decisively and positively municipal performance. Coordination should offer an added focused oversight and a support role to municipalities and a better knowledge of the municipal environment.

1.8 OVERVIEW OF CHAPTERS

The following chapters are proposed for the study:

Chapter 2: covers the theoretical framework and empirical analysis underpinning the study.

Chapter 3: provides literature review on the MSA and the MFMA on municipal service delivery mechanisms, critique elements that are contributing to municipal distress and evaluate the LGTAS.

Chapter 4: presents and proposed an infrastructure and finance model for service delivery to improve and modernize municipal service delivery.

Chapter 5: describes the methodology which was adopted for this study.

Chapter 6: presents an analysis on the statistic results.

Chapter 7: an evaluation of uMgungundlovu District Municipality as a case study

Chapter 8: presents findings and discussion.

Chapter 9: conclusion and recommendations

CHAPTER 2

EMPRICAL ANALYSIS AND THEORETICAL FRAMEWORK

2.1 INTRODUCTION

Alchian (2005) states that “municipalities are still facing developmental challenges and lack the required capacity to translate resources into instruments within which to confront problems of underdevelopment.” In post-apartheid South Africa, access to effective public services is a legitimate right of all residents and is no longer seen as an advantage enjoyed by only a privileged few, particularly those who were previously disadvantaged.

According to Alchian (2005), the legitimate right to public service put emphasis on ‘Batho Pele’ as the bases for local government transformation and the experience and perceptions that people have on service delivery in their day-to-day lives is an indicator in assessing the transformation of local government. The implication therefore is for local government to transform words into deeds, and thus to prioritize and satisfy the needs of the communities they service.

Bratton (2006) states that “basic municipal service delivery is imperative in South Africa, despite its complexities, prevailing legislation regarding service delivery must be seen to assist municipalities to make informed and considered decisions and the legislation ultimately serve and protect the people who benefit from the delivery of municipal services.” An empirical analysis and theoretical framework underpinning this study are presented in this chapter.

2.2 EMPIRICAL ANALYSIS

2.2.1 Socio-economic profile

Socioeconomics is an area that governs the understandings and the activities of individuals that shape them as economically active. The socio-economic issues are the problems that socioeconomics tackles and the factors that have negative influence on

the individuals' economic activity. Issues include lack of education, cultural and religious discrimination, overpopulation, unemployment and corruption

South Africa has come a long way in both economic and political terms since 1994, which marked the advent of political democracy in the country. According to the Johannesburg Stock Exchange (JSE) (2009) report on socio-economic overview of South Africa prior to 1990, South Africa was a pariah in international economic circles, owing to its political and socioeconomic system of racial segregation, coined “apartheid”.

The report further states that South Africa is the most developed country on the African continent and accounts for about 0.7% of global GDP, which sees it ranked 24th largest economy in the world. South Africa is classified as a middle income emerging market country whose economy is well diversified and can therefore, in some respects, compare favorably to more advanced economies. The bulk of economic activity is generated by the tertiary sector, which accounts for 67.5% of the country's GDP. The secondary sector accounts for 23.8% and the primary sector for a less significant 8.6%, the bulk of which comprises mining activities.

Local government is facing significant social challenges: namely, addressing poverty, income inequality, food insecurity, and unemployment. Municipalities have a constitutional mandate to undertake a developmental approach in implementing policies and programmes. The Local Government White Paper and the Municipal Structures and Systems Act states that “municipalities are to exercise powers and functions to maximize the impact of social development, meeting needs of poor and ensuring growth of local economy.” Municipalities are further expected to establish an environment (directly or indirectly) that will create jobs and alleviate poverty in a sustainable manner. COGTA (2009) states that “the average poverty level of a classification 1 local municipality is approximately 75%; it is marginally lower than the median at 76%. Both results are approximately 20% greater than the national average (54.6%) and median (57%) for poverty levels.”

The report further states that poor district municipalities' contributions to the national Gross Value Added (GVA) indicates weak local economies, high unemployment rates

(pointing to high poverty levels and grant dependency) and demonstrate socio economic vulnerability of a region. Four districts in the Eastern Cape, seven in KwaZulu-Natal, and two in Limpopo have the highest levels of socio economic vulnerability (COGTA, 2009, 25).

A large number of district municipalities in the Free State and Limpopo, three in the Eastern Cape, one in KwaZulu-Natal and one in Mpumalanga have a medium to high institutional vulnerability. At the same time they are all authorized to deliver the water and sanitation functions. This places greater stress on these district municipalities, exacerbated by high service delivery backlog figures (e.g. Free State: 31.5% sanitation backlog; Limpopo: 47.6% sanitation backlog) (COGTA, 2009: 26).

2.2.2 Culture

Municipalities should build their local economies through culture. They must begin to respond to new economic and demographic realities. This can be done through attracting jobs in a new knowledge-based economy, building municipalities that are liveable and environmentally sustainable. Municipalities must move progressively towards the social and economic upliftment of local communities by ensuring universal access to essential services that are affordable to all.

As indicated, discussion documents on service delivery suggest that the level of trust in local government has declined sharply since 2004. Participatory government has lost its meaning and content and in its place has risen communities who feel alienated and disconnected from decision-making processes and disempowered in influencing the affairs of the municipality.

A significant turning point for local government is the violent outbreaks of mass service delivery protests in different parts of the country. Protests set in motion a dynamic force that has made good governance seem more critical than ever. Municipal councillors as well as officials have to realize that they also have to deal with critical matters of community participation in development and planning. The expected culture in local governance is finding ways to involve citizens in planning and development.

Leighninger (2009) argues that the state of local politics in South Africa suggests that democracy and governance style is beginning to change significantly. There is a shift in government attitude towards a more developmentally flexible, democratically-facilitative and responsive governance strategy that emphasises poverty eradication, deepening social justice while at the same time fostering balanced economic growth. Morgan (2002), Leighninger (2009) agrees by stating that “the shift has resulted in an increased involvement of citizens in government affairs and produced new public actors and problem solvers.”

However Sebugwawo (2011) disagree and claims that democratic governance has failed to keep pace with the changing social and economic realities of the modern society. The traditional, official formats for public participation in government have proven completely inadequate for dealing with development challenges, as an example many of the laws passed decades ago to encourage citizen participation have instead hindered it by advocating for unworkable processes and meeting formats.

Sebugwawo (2011) further states that “most South Africans have become accustomed to a system where democratic representation overwhelmingly remains through political parties and political institutions. Many people seem to perceive those institutions and their politicians with growing scepticism and mistrust.” In Afesis-corplan’s (2011) analysis of local participatory democracy, some of the challenges that were identified were worsening problems of corruption in local government and high levels of political interference in the management of municipalities

According to Afesis-corplan’s (2011), new approaches to governance are premised on the belief that increased government community interaction at the local level will lead to a better style of governing as well as improved service delivery. In what appears to be part of the new approach to governance; policies now require local government to establish a culture of promoting and involving citizens and community organisations in the affairs of government, as an example, Section 152(1) (e) of the constitution obliges municipalities to encourage the involvement of communities and community organisations in local government.

Policy provisions including the White Paper on Local Government (1998), the Municipal Structures Act (1998), the Municipal Systems Act (2000) and the Municipal Finance Management Act (2003) in particular, their requirement signifies a shift from government to governance (John, 1997:3). Sebugwawo (2011) states that “there is an appreciation of the growing role that civil society organisations can play in limiting the power of the state in relation to the lives of the citizens, and mediating between individuals and the government. In doing so, civil society organisations support democratising trends and protect advances already made towards democracy.”

When there is greater openness and communities are enjoined, genuinely, in decision-making processes, they tend to be more understanding and less susceptible to political manipulation regarding unfounded claims of maladministration. In essence, they internalize a more realistic attitude and could become very useful allies in development rather than perpetually disgruntled consumers of services.

2.2.3 Inequalities, poverty and job creation

The first democratic government inherited a nation which was characterized by high levels of poverty reflected in its racial and regional dimensions. Co-existing with these high levels of poverty are extreme levels of inequality of income and wealth. South Africa has long been at the top of the inequality league (Pillay, 2001: 18). The African National Congress (1994: 5) stated that “no political democracy can survive and flourish if the majority of people remain in poverty, without land, without their basic needs being met and without tangible prospects for a better life. Attacking poverty and deprivation will, therefore, be the first priority of the democratic government.”

2.2.3.1 Inequalities

Many of the inequalities created and maintained by apartheid regime still remain in South Africa. Given all the gains that have been made, South Africa still remains one of the highest in the world in terms of income inequality (World Bank Report, 2006). Inequality is also demonstrated through lack of access to natural resources, two-tiered educational system, dual health system and other socio-economic dimensions.

The Gini coefficient (also known as the Gini index or Gini ratio) is a measure of statistical dispersion intended to represent the income distribution of a nation's residents. The Gini coefficient measures the inequality among values of a frequency distribution (for example levels of income). A Gini coefficient of zero expresses perfect equality, where all values are the same (for example, where everyone has the same income). A Gini coefficient of one (or 100%) expresses maximal inequality among values (for example where only one person has all the income). The Gini coefficient measures the distribution of the national income.

In a perfectly equal society 10% of the population will receive 10% of the income and 20% of the population will receive 20% of income, for such a society the Gini coefficient will be zero. If, say, 10% of society receives 30% of the income, or 20% receives 50% of the income, the distribution is more unequal and the Gini coefficient higher. At 1, being the highest possible score, 1% of the population would receive 100% of the income. According to Landman (2003) the Gini score for South Africa is about 0.6, one of the most unequal income distributions in the world.

2.2.3.2 Poverty

Since the dawn of the new democratic dispensation, South African government has developed policies focused on poverty alleviation and improving economic growth. According to DBSA (2005) report an estimated plus twenty two million people in South Africa still live in poverty. Poverty and inequality in South Africa have racial, gender, spatial and age dimensions. The concentration of poverty lies predominantly with African, women, rural areas and black youth.

Landman (2003) states that “measuring poverty is not a straight forward matter as it depends on a critical assumption on the level of income that constitutes the poverty line”. He argues that the \$1.00 a day level is not necessarily an accurate indicator. He further states that in South Africa, the \$1.00 a day argument would mean that at R 8.00 to \$1.00 the poverty level in South Africa would be $R\ 8.00 \times 30\ \text{days} = R\ 240.00$ per month. At R 7.00 to \$1.00 it would come to R210.00 a month. The stronger the rand, the lower the level of poverty, is hardly possible.

In South Africa, the Minimum Living Level (MLL) applies as the cut-off point, below it are people living in poverty. The Bureau of Marketing Research (2003) determines that R 1,871.00 is the cut-off point for a household of 5 people for urban people; this indicates that the MLL in rural areas therefore must be lower. Adjusted to rand value for 2000, that would imply an income of R 1,489.00 per month per household of 5 people. Using the MLL as a benchmark, according to van der Berg and Louw (2003) research, 46% of South Africans in 2000 were living in poverty.

Landman (2003) states that “a society with a low level of poverty may still be a society with a high level of inequality, a fairly equal society may still have a high level of poverty and many developing countries would have a lower Gini coefficient than South Africa, thus a lower level of inequality, but poverty is much worse.” His statement is supported by the numbers of people migrating to South Africa from neighboring countries, legally or illegally. Landman (2003) states that further states that “a society in an economic take-off will, whilst in the transition from poor to affluence, will experience rising inequality. Whilst progress is being made with poverty reduction, inequality may be worsening. Poverty and inequality will respond differently to growth, high growth will certainly help to roll back from poverty but it might exacerbate inequalities.”

Half of South Africans are surviving on just under R 500.00 a month; living below the poverty line which is an improvement from 1993 (Stats SA, 2012). Key challenges in fighting inequalities and poverty, in order to achieve the objectives set out in the Constitution are set out in the National Planning Commission’s Diagnostic Overview report (2011). The National Planning Commission’s Diagnostic Overview report (2011) found that employment and education are the most pressing challenges facing the South Africa, above dominant historical disadvantages. The quality of education remains stubbornly poor notwithstanding significant improvement to access to education.

Historically mining and agriculture are the pillars of the South African economy. Nattrass and Seekings (2000) states that “the driving force for development in South Africa and all other Third World countries is the need for a monopoly capital system to fight the declining rate of profit in the centre of capitalism (Europe and North

America) by seeking profitable investments in the periphery of capitalism (Third world countries, including South Africa)". Naidoo (n.d.) stated that "globalization has had an impact on poverty and inequality levels in South Africa. While it has increased the market size and allowed certain countries to 'export their way out of poverty', it has also significantly contributed to an increase in inequality. This has been as a result of expansion of low-skilled workers entering the labour market and partly because wages had dropped in these sectors. At the same time, salaries of higher skilled workers went up as a result of the global skills shortage and also because capital was mobile."

A research by WEFA Southern Africa (2006) on income distribution found that the gap between the richer and poor continues to grow with the decline of poverty levels and the increase in inequalities, the rich continues to grow richer, while the poor become poorer. The WEFA Southern Africa (2006) research further showed a rise of 35.8% from 30% in 1991 of Africans' share of national income. Natrass and Seekings (2000) states that "poverty and inequalities in South Africa is rooted in the labour market, part in low wages and in part in very high rates of unemployment and while inequality is largely determined by the gap between white and black incomes, it is now mainly driven by (a) inequality within the distribution of wages, and (b) by the fact that at least 25% of households have no wage income at all."

A key feature emerging from the Programme to Support Pro-poor Policy Development (PSPPD) research is that South Africa has progressed in reducing poverty since 1994, with real earnings at the lower end income groups increasing. Despite the widening gap between the rich and the poor, social grants like the child support grant have undeniably had a significant impact on the lower and middle income groups.

2.2.3.3 Unemployment

Leibbrandt M. (n.d.) states that "the knowledge economy model, which believes that improving educational standards and increasing knowledge can be leveraged to generate income and wealth, can also only work if the labour markets function and the economy creates jobs."

Unemployment is a global issue; it is so serious that it topples governments when citizens feel their leaders have failed to meet the challenge. According to Deloitte (n.d.), official statistics put unemployment at 40 - 50% including people who have given up looking for work even and people who would work if given the opportunity. While the scale of the problem is massive and the consequences of failure are unthinkable, creating sustainable employment is achievable and other countries have developed solutions that can be applied very effectively in this country.

President Jacob Zuma in his State of the Nation Address (2011) announced that local and provincial government departments must align development programmes with job creation imperative and year 2011 was declared a year of job creation through meaningful economic transformation and inclusive growth. The former Minister of Finance, Pravin Gordhan in 2011 announced details of several initiatives and proposals to boost job creation in South Africa, including a jobs fund, increasing funding for small businesses, spending on skills, rural development and industrial support.

The Expanded Public Works Programme (EPWP) is a government programme that focuses on the creation of work opportunities through infrastructure delivery. The programme provides dedicated resources to provincial and local governments for infrastructure development through labour intensive methods of construction. The EPWP supports the development of permanent capacity for the maintenance of infrastructure on a sustainable basis, the provision of community services in health, welfare and other areas and investments in early childhood development programmes. Municipalities have, to date not taken significant advantage of the EPWP.

The Honorable Deputy Minister for Public Works, Ms Hendrietta Bogopane-Zulu states that “the EPWP is aligned with the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) that seeks to halve poverty and unemployment by 2014. In terms of this programme, government is committed to increasing public sector capital budgets at a rate of 10% to 15% per annum, and to raising Gross Domestic Fixed Investment from 15% to 25% of the Gross Domestic Product (GDP) over the next five years.”

The bulk of municipal activities are in the infrastructure sector, often aligned with the Municipal Infrastructure Grant (MIG) projects. In 2008/09, a total of 1,866 infrastructure projects were reported to be linked to the programme, out of a total of 2,266 municipal infrastructure projects in that year. Municipalities, particularly in the Eastern Cape and KwaZulu-Natal Province, were the main implementers of the EPWP. The infrastructure sector of the EPWP created a cumulative total of over 1 million Work Opportunities (WOs) between 2004/05 and 2008/09, surpassing a target of 750 000 over a period of 5 years.

The CWP is a government programme aimed at tackling poverty and unemployment by providing a minimum level of regular WO, with an expected number of days of work per month. The Community Works Programme (CWP) is part of EPWP. The CWP was initiated through the Second Economy Strategy Project (SESP), an initiative of the Presidency located in Trade and Industrial Policy Strategies (TIPS), a policy research non-governmental organization (NGO). In 2007, a pilot programme to test the approach was implemented under the auspices of a partnership between the Presidency and the Department for Social Development, which established a steering committee and provided oversight.

SECTORS	WO and FTEs	FINANCIAL YEARS					TOTALS
		2014/15	2015/16	2016/17	2017/18	2018/19	
Infrastructure	WO	168 512	192 574	197 901	204 917	211 282	975 184
	FTE	54 950	62 796	64 533	66 821	68 896	317 995
Environmental	WO	32 648	32 842	32 705	32 937	32 853	163 985
	FTE	12 775	13 137	13 509	13 891	14 284	67 596
Social	WO	153 765	154 757	152 263	153 398	153 644	767 827
	FTE	95 028	95 756	94 072	94 764	95 062	474 682
Total	WO	354 924	380 172	382 869	391 252	397 778	1 906 996
	FTE	162 753	171 689	172 114	175 476	178 242	860 273

Table 2.1: EPWP National Targets
(Source: EPWP Phase 3 Presentation)

According to Public Works (2014), a Full Time Equivalent (FTE) employment refers to one person-year of employment. One person year is equivalent to 230 person days of work; the 230 days are effective days of work after subtracting provision for non-productive days in a year (e.g. leave, holidays). Work Opportunities (WO) refers to paid work created for an individual on an EPWP project for any period of time, within the employment conditions of the Code of Good Practice for Expanded Public Works Programme (Public Works, 2014: 9).

Botes (2007) states that “the purpose of the CWP is to supplement people’s existing livelihood strategies by offering a basic level of income security through work. It is an ongoing programme that does not replace government’s existing social grants programme but complements them.” The national government CWP employment target is 237,000 people by 2013/14.

2.2.4 Political factors

2.2.4.1 Legislation and regulation

Chapter 7 of the Constitution, the White Paper on Local Government and the legislative framework for Local Government collectively provides municipalities with a structure to manage their administration. It also outlines the political decision making system and defines principles for the structuring of their administration. Policies and legislative requirements on local governance are primarily contained in the Constitution are as follows:

- Local Government White Paper
- Local Government Municipal Demarcation Act
- Local Government Municipal Structures Act
- Local Government Municipal Systems Act
- Disaster Management Act
- Local Government Municipal Finance Management Act
- Local Government Municipal Property Rates Act

Intergovernmental financial transfers are published in the Division of Revenue Act (DoRA) yearly. The MSA prescribes the legislative composition of local government and Section 51 of the MSA states that “a municipality must, within its administrative and financial capacity, establish and organise its administration.” However effective operation at municipal level begins with its political direction which centres on the efficiency and capacity of the municipal Executive Committee (EXCO). According to Botes (2007) common causes for distress in municipal Councils relates to legislation and its regulations.

Munnik (2011) states that “the democratisation of the local government in the White Paper on Local Government (1998) is now fraught with community frustration, over poor institutionalisation of systems, poor service delivery and poor political governance.” Section 154 (1) of the Constitution; by legislation demands national and provincial governments to strengthen capacity and provide support to municipalities in managing their financial activities and perform their functions. Rakabe (n.a) in agreement states that “provincial supervision, monitoring and support of local government is a Constitutional obligation in terms of section 154 (1) and Section 155 (6) and (7) of the Constitution. The provincial sphere can intervene in a municipality within its jurisdiction in terms of Section 139 of the Constitution. To give effect to these obligations, the department for local government (COGTA) was established with the specific mandate to oversee and support municipalities.”

Goetz and Gaventa (2001) contends by stating that “support mechanisms are not well institutionalised, there is increasing performance challenges built up within the local sphere due to the absence of post-intervention measurements of improvement, and weak application of intergovernmental checks and balances. Legislation impacts on local government decision-making and the types of decisions that an authority, as distinguished from a provider, is obliged to make.”

2.2.4.1.1 The Constitution (Act 108 of 1996)

There are three primary spheres of government, namely local, provincial and national. The Constitution outlines the functional areas of each sphere. The Act outlines powers and functions of local government. Local government must ensure that communities have access to sustainable services. National and provincial government are obliged to support local government and regulate its performance.

2.2.4.1.2 Demarcation Act (Act 27 of 1998)

This Act was the first step in transforming local government. It created the framework for the re-demarcation of municipal boundaries by the Demarcation Board. It reduced the number of municipalities from 843 to 284, including:

- Six metropolitan municipalities
- 231 local municipalities

2.2.4.1.3 Municipal Structures Act (Act 117 of 1998)

The Municipal Structures Act establishes municipalities and creates their internal structures. The Act deals with the division of powers and functions between district and local municipalities. The Act allocates a broad range of powers and functions to district municipalities. These functions include water, sanitation, municipal health and electricity services. While the Act allocates these four functions to district municipalities, it also makes provision for the Minister of Provincial and Local Government to authorise a local municipality to exercise these powers and functions in its area of jurisdiction instead of the district municipality.

2.2.4.1.4 Municipal Systems Act (Act 32 of 2000)

The MSA focuses on municipalities' internal systems and administration. The Act provides basic elements of public accountability, the constitutional requirement for public involvement, policies and decision-making structures. It focuses on a 'developmental local government'. It also distinguishes the responsibility of a service authority versus a service provider; it sets out the roles of officials and councillors and provides for a range of requirements, including Integrated Development Plans (IDPs), performance management and tariff setting.

The MSA, together with the Municipal Finance Management Act (MFMA), are the primary legislation that regulates municipal service delivery. The Act provides a comprehensive range of service delivery mechanisms through which municipalities may provide municipal services. It explains the process to be applied and the criteria to be considered in reviewing and selecting municipal service delivery mechanisms.

The amended Municipal Systems Act was a government attempt of dealing with problems that beset municipal governance and administration by turning local

government into a responsive, accountable, efficient and effective government sphere for a better life for all. De Visser (2010) states that “the Municipal Systems Act, to some extent it seek to legislate away problems that arise not from government per se but within the political culture that has infiltrated some parties. It is an administrative legal solution to a social / political problem.” The Act takes a bold approach to the following issues:

1. Persons with prescribed qualifications, competency and expertise as prescribed by the Minister responsible for local government, may be appointed to the position of a Municipal Manager.
2. Political office bearers may not be appointed to municipal administrative positions. The provision however does not apply to persons already appointed before the Act was promulgated.
3. Acting appointments must not be longer than 3 months, the municipality may request the MEC for Local Government to second a suitable person if it is unable to fill the post with a suitable candidate.
4. Senior manager’s performance agreements (appointments) must be concluded and signed within sixty days of acceptance, or else the appointment lapses.
5. Dismissed municipal officials for misconduct may only be employed in any municipality after a period determined by the Minister responsible for local government.
6. South African Local Government Association (SALGA) may only begin negotiations on municipal wages after consulting the Minister responsible for local government.
7. Council may not vote in favour of or approve any resolution which is in conflict with local government legislation.

2.2.4.1.5 Municipal Financial Management Act (Act 56 of 2003)

The MFMA regulates the financial affairs of municipalities and municipal entities. It establishes treasury norms and standards for budgets, reporting and financial controls. The Act applies to all municipalities, all municipal entities and national and provisional organs of state that have financial dealings with municipalities. The Act aims to ensure transparency, accountability, and appropriate lines of responsibility. It focuses on appropriate management of revenues, expenditure, assets and liabilities and the management of financial dealings.

The Act regulates certain aspects of municipal service delivery mechanisms and the process of implementing such mechanisms, including the establishment of municipal entities, public-private partnerships, supply chain management and municipal budgets. This Act also obligates municipalities to practice supply chain management. This is a holistic approach to procuring goods and services used by local government

2.2.4.1.6 Sector legislation

Sector legislation regulates the provision of specific municipal services. Any municipality that provides municipal services needs to comply with it. Sector legislation usually prescribes norms and standards in respect of a specific municipal service and in some instances regulates institutional arrangements.

2.2.4.1.7 Water Services Act

It regulates matters that must be disclosed when a municipality intends entering into a service delivery agreement as well as what must be addressed in such an agreement. The Electricity Act (as amended) requires that a provider must apply for a licence before providing electricity services. It acknowledges that there is still uncertainty regarding the electricity distribution industry restructuring process and that there are several draft Acts in this regard influencing restructuring options.

2.2.4.2 Developmental policies

After the demise of apartheid and transition to democracy, a new constitution was promulgated to provide for a common South African citizenship, with all citizens having equal access to the rights, privileges and benefit. The South African government placed the need to address poverty and inequality firmly at the centre of its development strategy agenda is reflected in the following policy developmental documents and strategies that have been developed.

2.2.4.2.1 Reconstruction and Development Programme (RDP: 1994 - 1996)

Roux and Nyamukachi. (2005) states that “the RDP is government development strategy in which the African National Congress (ANC) sought to mobilize South Africans and the country’s resources towards ultimate eradication of apartheid and the building of a democratic, non-racial and non-sexist society. The RDP pursued the attainment of socio-economic growth and basic needs delivery, while addressing the legacy of injustice.” The ANC (1994) states that “the RDP placed emphasis on ‘people-centred development’ through integrated and sustainable development that is democratic and participatory.” The RDP proposed several dimensions that should be addressed In order to achieve socio-economic transformation in South African. The RDP also set out a number of dimensions that should be addressed with socio-economic commitments and targets for delivery (e.g. creation of 2.5 million jobs over a ten-year period, building of one million houses by the year 2000, and the connection to the national electricity grid of 2.5 million homes by 2000)

According to Chikulo (2003) the RDP was seen as the foundation of government strategy and policy development, a measure against which the success at which government development policy could be assessed. As a development policy document, the RDP had a number of shortcomings. First, it was regarded more like a ‘wish list’ than a strategy document focusing on opportunities and constraints. Second, it made no attempt to set priorities or to assign responsibility for the implementation of each programme component. Lastly, it lacked mechanisms for inter-departmental coordination.

2.2.4.2.2 Growth Employment and Redistribution (GEAR) Strategy (1996)

The GEAR is government commitment in accelerating aspects of existing development policies, though with a very significant compromise to the neo-liberal policy. Consequently, some of the policies initiated in the RDP were afterward incorporated in the GEAR which then replaced RDP in 1996. The goals of the GEAR package of policies are as follows:

1. To create jobs for work seekers in a competitive and fast-growing economy.
2. In favour of the poor, sanction the reallocation of income and opportunities.
3. To create a healthy society with access to health care and education services.
4. To create a secure and productive societal environment.

According to Chikulo (2003) the GEAR package of policies were designed to achieve high rates of economic growth, to expand the private sector, to improve output and employment, achieve fiscal reform and encourage trade and investment. The GEAR is founded on the assumption that the expansion of the private sector would have a substantial impact on the economy, whilst the role of the state would largely be a facilitative one.

2.2.4.2.3 The White Paper (1995)

The White Paper (1995) on the RDP identified five goals that needed to be addressed in order to achieve socio-economic transformation in South African. The fundamental goals of RDP were as follows:

1. To eliminate poverty by creating a strong, dynamic and balanced economy.
2. Capacity and human resource development for all South Africans
3. Prevention of racial and gender discrimination in the work place.
4. Development a balanced and prosperous economy.
5. Democratisation of government.

Chikulo (2003) states that “the White Paper is the first detailed policy statement to explore how local government can meet its constitutional obligation to be developmental by defining developmental local government as local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”

The White Paper maintains that the central contribution of local government to social and economic development is the provision of basic household infrastructure services like water, sanitation, electricity, roads and storm water drains. The starting point must be to prioritize the delivery of at least a basic level of services to those who currently have little or no access to them.

The White Paper further recommends that municipalities must find innovative ways to deliver and accelerate the provision of municipal services. Municipalities need to seek an appropriate mix of service delivery options. According to Chikulo (2003), choices about delivery options should be guided by clear criteria such as coverage, cost, quality and the socioeconomic objectives of the municipality.

The White Paper promotes the IDPs as a key tool to improve delivery. The IDP is meant to provide a holistic and participatory approach for short-term and long-term local government planning. The White Paper also suggests that key performance indicators should be developed to measure the performance of the municipality against human development indices and value-for-money in service provision.

2.2.4.2.4 The Rural Development Framework (RDF: 1996)

The RDF addresses issues on the involvement of rural communities in decision making on issues affecting their lives. The RDF’s vision for rural development has two key elements: 1) a focus on governance and the provision of infrastructure and services; and 2) a focus on an enabling framework for rural livelihoods to expand, mainly by restoring economic rights to marginalised areas.

The government in 1997 issued the "Thriving Rural Areas: Rural Development Framework" in an effort to re-emphasise its commitment to poverty alleviation and rural development, an attempt to provide a national rural development strategy. Chikulo (2003) claims that the RDF's failed to develop a comprehensive integrated rural development programme with a set of specific delivery targets, which therefore meant that the realisation of a rural development strategy was left to the GEAR strategy.

2.2.4.2.5 Local Government Elections Manifesto (ANC, 2000)

This document states that "the public sector remains the preferred provider of core municipal services." It goes on to say in the same context that "public, private or community partners may be introduced to assist in supplying and extending municipal services. Local governments shall develop the capacity to oversee private sector providers to achieve this end."

2.2.4.2.6 Municipal Service Partnership Policy

The MSP policy aims to provide a clear framework within which to leverage and marshal the resources of public institutions through Community Based Organizations (CBOs), Non-Governmental Organizations (NGOs) and the private sector towards meeting the country's overall development objectives. The MSP Policy has been derived from the principles of Batho Pele Principles (People First). It actively promotes an ethos of participation by consumers and other stakeholders through the process of determining and implementing service delivery options.

The MSP policy also endorses universal access to basic services, progressive improvement in service standards, openness and transparency in the processes used for selecting service providers and that services should be affordable and delivered efficiently. Lastly, the MSP Policy supports and encourages better information flows, value for money, avenues for citizens' redress and, importantly, courtesy in service delivery.

2.2.5 Constituting policy elements

2.2.5.1 Municipal service

The MSA defines a municipal service as one that a municipality, in terms of its powers and functions, provides or may provide to or for the benefit of the local community, irrespective of whether the municipality provides the service itself or engages an external mechanism or whether fees, charges or tariffs are levied in respect of the service or not.

The administrative activity undertaken by a municipality in support of a specific municipal service is typically also undertaken in support of other municipal services and in support of municipal activities having no relationship to service provision. Memela (2009) contends that the distinction between what is a municipal service and what is a support service is not always clear. He further states that municipalities must consider this aspect carefully during their process planning phase, with reference to the specific details of the project. The South African Constitution states that municipalities have the responsibility to make sure that all citizens are provided with services to satisfy their basic needs in an affordable manner. There are a large number of services that they provide, the most important of which are:

- Water and electricity services
- Collection and disposal of sewage
- Removal of refuse
- Health services
- Roads and stormwater
- Street lighting

Gaster and Squires (2003) states that “the above services have a direct and immediate effect on the quality of the lives of the people in that community; as an example, if the water that is provided is of poor quality or refuse is not collected regularly, it will contribute to the creation of unhealthy and unsafe living environments. Poor services will make it difficult to attract business or industries to an area which will result to limit job losses.”

The State of Local Government Report (2009) states that “many municipalities are unable to deliver services to residents and according to Ensor (2005), failure by municipalities to deliver services can be as a result of lack of finance or capacity or both. He further suggests that municipalities must adopt a mechanism or a model to ensure delivery of services to the people. According to Mwebe (2004) it is important to consider the level of service at which a municipal service will be provided. The selection of an optimal service level is influenced by community needs and affordability. He further suggests that municipalities must consider long-term viability of providing a service when making decisions about the level of services.

Roux and Nyamukachi (2005) states that “if a municipality provides a service at a higher level the costs to provide the service increases and so does the price that the municipality will have to charge its customers. Since municipalities rely heavily on income received from users, if the costs are too high and people are unable to pay, the municipality will lose money and as will not be able to continue to provide the service.” The lists of different service levels are listed below:

Service Type	Level 1 (Basic)	Level 2 (Intermediary)	Level 3 (Complete)
Sanitation	VIP Latrine	Septic tanks	Water borne
Water	Shared standpipes	Yard tap connection	House connection
Access roads	Gravel road	Gravel upgrade to blacktop standard	Tarred road, kerbs and lined drains
Solid Waste	Communal (Residents)	Communal (Contractors)	Kerbside
Electricity	> 5 to 8 Amps	> 20 Amps	> 60 Amps
Storm water	Unlined drain channel	Lined drain channel	Piped drain system

Table 2.2: Service Levels
(Source: www.kzncogta.gov.za)

The endowment of a policy on free basic municipal services was government strategy to alleviate poverty. At the inauguration of a Mayor of Tshwane in 2001, the former President Thabo Mbeki stated that "the provision of free basic amounts of electricity and water to our people will alleviate the plight of the poorest among us while plans

for the stimulation of the local economy should lead to the creation of new jobs and the reduction of poverty."

Local government is obliged to ensure service delivery. It need not actually provide the service itself but can appoint a service provider to do certain things. An interpretation of relevant legislation draws a clear distinction between the powers, obligations and functions that a municipality must perform, that is not assign, delegate or contract to another institution and those that a municipality may have another organisation perform on its behalf, Table 2.1 below indicates the distinction.

Authority function which cannot be delegated or contracted out	Provider function which can be undertaken internally or by an external mechanism
Governance/supervision	Provision/implementation
<ul style="list-style-type: none"> • Ensuring access • Planning • Policy and legislation • Tariffs • Monitoring • Accountability 	<ul style="list-style-type: none"> • Management • Operations and maintenance • Service provision • Compliance • Business planning • Providing information

Table 2.3: Authority – Provider Function

(Source: www.treasury.gov.za)

2.2.5.2 Municipal service options

De Visser (2010) states that “Section 76 of the MSA provides that a municipality may provide a municipal service in its area or a part of its area through an internal or external mechanism.”

2.2.5.2.1 Internal delivery mechanisms:

According to Roux and Nyamukachi. (2005) an internal mechanism may be a department or other administrative unit within its administration or any business unit devised by the municipality, provided it operates within the municipality’s administration and under the control of the Council in accordance with operational and performance criteria determined by the council. The following are examples of internal mechanism.

- Department unit

A department unit service delivery mechanism is presently commonly used by municipalities. Municipalities have departments with units responsible for technically delivering of municipal service provision while other departments take charge of other municipal aspects such as admin, finance, legal and social services.

- Business unit

Roux and Nyamukachi (2005) states that “a business unit is similar to a department unit, with full responsibility of all aspects of a municipal service, including technical, admin, financial, legal and social services and it is often referred to as ring-fencing, which implies that once its budget is approved by Council, its income and expenditure is ring-fenced (kept separate) and surpluses remain with the unit for the benefit of that service. The unit makes decisions for and performs all aspects of the service. The MSA requires a business unit to operate within a municipality’s administration and under the control of the council in accordance with operational and performance criteria determined by the council.”

2.2.5.2.2 External delivery mechanisms

DPLG (2007) define an external mechanism as “a municipal entity with which the municipality has concluded a service delivery agreement, organ of state entity with which the municipality has concluded a service delivery agreement or a community-based organisation or other nongovernmental organisation competent to enter into such a service delivery agreement.”

- A municipal entity

Three types of municipal entities are defined by the MSA: 1) private company 2) service utility and 3) multi-jurisdictional service utility. The MFMA sets

out a procedure for municipalities that wants to establish or participate in a municipal entity (DPLG, 2007). The following are types of municipal entities:

- 1) As referred to in the Companies Act, 1973, a private company is made up of one or more municipalities, or one or more municipalities hold an interest. A private company is restricted on performing any activity which falls outside of municipal functions and powers.
- 2) A service utility is created by a municipal by-law and established by a municipality. A service utility has a separate legal jurisdiction and can be sued in its own name under the regulation of the municipality that established it. It is a statutory body, same as water boards or Eskom.

Case Study: City of Johannesburg

(Source: www.joburg.org.za)

The City of Johannesburg (CoJ) created a municipal entity called Johannesburg Water to provide water services. The CoJ wanted to put a management contract in place to provide support to the municipal entity. The criteria set by the CoJ for qualification to submit a bid for the management contract was such that only international companies or South African companies in a consortium with international companies could submit bids. The criteria related, among others, to international experience and a predetermined minimum annual turnover in rands.

- 3) Roux and Nyamukachi (2005) states that “a multi-jurisdictional service utility is established by written agreement between two or more municipalities to perform their powers or functions within their municipal areas. It must restrict its activities to the purpose for which it was established and has no competence to act outside of its powers and functions in terms of the agreement by which it was established.”

Roux and Nyamukachi (2005) suggest that “if a municipality decides to explore the possibility of providing the service through an external mechanism in the form

of municipal entity it must first get Council approval. In terms of section 84 of the MFMA it must determine precisely the service that the entity would perform on behalf of the municipality. It must further assess the impact of shifting that service to the entity on the municipality's staff, assets and liabilities.”

Municipalities can come into a municipal service agreement, providing a service to each other. A local municipality can provide support to the district municipality (water services provider and authority) by undertaking support functions (not operational functions) such as billing, IT support and office space, a service level agreement would therefore be required and it does not need to comply with the MSA competitive bidding requirements. Section 80 of the MSA requires a municipality to enter into a service delivery agreement if it decides to provide a municipal service through another organ of state (national or provincial), it need not comply with the MSA competitive bidding requirements.

Before entering into a service delivery agreement with a municipality, organs of state are required by the Public Finance Management Act (Act 1 of 1999) (PFMA) to inform National Treasury and get authorisation from the Minister of Water Affairs in the case of a water infrastructure project. Risk transfer between the parties needs careful consideration.

- A community-based organisation (CBO)

A municipality must comply with the provisions of Chapter 11 of the MFMA and Section 80 of the MSA if it decides to enter into a service delivery agreement with a CBO. It must however not comply with the MSA competitive bidding requirements. According to Buccus (2007), a CBO is established in terms of Act No. 71 of 1997 of Non-Profit Organizations as a not-for-profit organisation.

The CBOs are mandated by their communities to provide specific municipal services. The MSA require CBOs to be competent to enter into a service agreement. Buccus (2007) suggests that “CBOs must at least have a written

constitution giving them independent legal status and mandating them to enter into service delivery agreements.”

- A non-governmental organisation (NGO)

Buccus (2007) defines a NGO as “a not-for-profit organisation that focuses on supporting communities and/or municipalities to provide effective municipal services.” The MSA requires the NGO to be competent to enter into service delivery agreements; it must have a constitution with an independent legal status to mandate it to enter into service agreements.

- Other institutions

According to National Treasury (2007), private sector institutions can bring flexibility to the approach of service provision. Normally private sector institutions are able to achieve higher efficiencies and can generally access operating and investment capital. The municipality is required to comply with Chapter 11 of the MFMA and Section 80 of the MSA in terms of competitive bidding requirements.

2.2.5.3 Municipal service agreements

It is important to note that each and every agreement is different due to prevailing circumstances and needs specific to each municipality or part of the municipality. Roux and Nyamukachi. (2005) states that “the MSA defines a service delivery agreement as an agreement between a municipality and an institution or person in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality. Section 80 (2) of the MSA provides that before a municipality enters into a service delivery agreement with an external service provider, it must establish a programme for community consultation and information dissemination regarding the appointment of the external service provider and the contents of the service delivery agreement.”

Buccus (2007) suggests that “the content of a service delivery agreement should be communicated to local communities through media. Section 81 of the MSA provides that if a municipal service is provided through a service delivery agreement, the municipality is still responsible for ensuring that the service is provided to the local community in terms of the provisions of the Act.”

A municipality is obliged to ensure continuity of the service if the service provider is placed under judicial management, becomes insolvent, is liquidated or is for any reason unable to continue performing its functions in terms of the service delivery agreement and where applicable, take over the municipal service, including all assets, when the service delivery agreement expires or is terminated (National Treasury, 2007: 34). The municipal Council has the right to set, review or adjust the tariffs within its tariff policy. The service delivery agreement may provide for the adjustment of tariffs by the service provider within the limits set by the municipal council.

The MSA states that a service delivery agreement may be amended by agreement between the parties, except where it has been concluded following a competitive bidding process, in which case an amendment can only be made after the local community has been given reasonable notice of the intention to amend the agreement and the reasons for the proposed amendment; and sufficient opportunity to make representations to the municipality. No Councillor or staff member of a municipality may share in any profits or improperly receive any benefits from a service provider providing a municipal service in terms of a service delivery agreement.

If an agreement will impose a financial obligation on a municipality beyond three years, it must comply with the provisions of Section 33 of the MFMA. Section 33 further requires that the municipality must have prior to the meeting of the council at which the contract is to be approved project financial obligations in terms of the proposed contract for each financial year covered by the contract.

2.2.5.4 Municipal service contracts

The success of every municipal service contract depends on the municipality's ability and capacity to monitor and regulate the performance of its service provider effectively, in accordance with the provisions of its service delivery agreement. Agreements require monitoring to confirm that the appointed service provider conforms to all requirements. A municipality must identify an official responsible to undertake this task on its behalf.

Municipal service contracts involve risks and some of the risks can be reduced through careful drafting of contractual provisions, while others should be shifted as far as possible to the party best able to handle the risks. The following list contains a short description of risks relating to municipal services to be considered in service agreement. The appropriate allocation and mitigation of risks is critical to the success of the agreement. The risks listed below are not exhaustive, but highlight key risks.

Risk Type	Description
Availability risk	This is the risk that a service provider will render services that are less than those required by the agreement.
Design and development risk	This is the risk that the design specifications or the actual design of infrastructure may be inappropriate.
Completion risk	This is the risk that the project will not be completed within the specified time and cost specifications.
Non-performance risk	This is the risk that one of the parties to an agreement will be unable or unwilling to meet its contractual obligations.
Revenue	The risk that those provided with a service (e.g. customers) will not pay for it or that inappropriate tariffs are set. The key revenue risk is that the municipality will not have sufficient revenue to pay for services provided.
Insurance risk	This is the risk that losses and damages that may occur are not insured adequately or at all.
Political risk	This risk includes expropriation, nationalisation, war, currency availability and inconvertibility and changes in government policy. It also includes the risk of ministerial limitations on tariff increases that may result in payment obligations to the service provider not being met.

Table 2.4: Contract Risks

(Source: www.treasury.gov.za)

2.2.5.5 Marketization and privatization of a municipal service

Bach (2000: 10) states that “privatization is a term that has been associated with the transfer from the public to the private sector of assets in terms of ownership, management and finance or control. In its narrowest sense it has been used to describe the sale of public assets to the private sector, but it has also been associated with a reduced regulatory role for government linked to policies of liberalization and deregulation. Privatization is increasingly defined broadly to include all efforts to encourage private sector participation in the delivery of public services.”

Marketization refers to policies and practices that present municipal services as an economic good or commodities, not as entitlements. Marketization does not exclude life-line projects (water supply). What it means is that any amount of water used over this minimum ‘life-line’ is charged at a cost (Ntlabati, 2007: 3). In South Africa marketization is accepted as a service delivery strategy and according to Ntlabati (2007) its constitutionality remains questionable.

Bach (2000) states that “privatization does not necessarily lead to all ownership and control of the service being transferred to the private sector and in these cases the term marketization is often used interchangeably with privatization.” The World Bank and the International Monetary Fund (MF) invented privatization as a key economic development tool. Mwebe (2004: 1) states that “privatization has been incorporated in various multilateral trade agreements that promise improved efficiency in the delivery of and, ultimately, enhanced access to basic services. South Africa has for over twenty years been privatizing its state enterprises across all sectors of the economy.”

Terreblanche (2002) states that “the pressure to privatize mounted towards the end of the apartheid regime as the World Bank and IMF intensified their negotiations with the South African government.” According to Ntlabati (2007), the government embraced privatization believing it would lead to aforementioned benefits and improved service delivery seeing the need for improve infrastructure, access to water, sanitation, housing and roads. There was a campaign against the privatization of essential municipal services by the South African Municipal Workers Union (SAMWU). SAMWU requested the development of an alternative solution in order to

retain jobs of municipal workers. However government disregarded SAMWU requests and protests that followed and supported privatization of municipal services.

Mwebe (2004, 4) states that “municipalities began to privatize public water utilities by entering into service and management ‘partnerships’ with multinational water corporations.” He further claims that in South Africa there have been some benefits from privatization, however privatization had a negative impact on service delivery in general and socio-economic rights. Government adopted an ‘economic development model’ which states that “the main task of local government is to promote economic growth via partnerships with the private sector and other alliances”. The private sector takes over the role of government in the provision of basic services leaving government without immediate control or to exercise control.

Ntlabati (2007) states that “while several people are increasingly losing their jobs due to privatization, they still cannot afford to pay increased costs of services.” Mwebe (2004) agrees by stating that “it has been the case with water privatization in South Africa where the ‘full cost recovery model’ - *recovering of total costs (direct and indirect) of a project, including the relevant proportion of all overhead costs* and the introduction of ‘pre-paid meters’ have led to disconnections of water to those who are unable to pay, thus reducing access.”

South Africa is a developing country in a process of overcoming income inequalities and with a massive number of people living below the poverty line; people are still dependent on government grants and municipal free basic services (water and electricity). Chikulo (2003) points out that “the Constitution places a duty to all three spheres to act in partnership with each another in order to realize the rights to access to clean water. While the national government has an obligation to establish a national framework to ensure the realization of this right, local government must play the critical role of ensuring the delivery of services to all.” The Bill of Rights in the Constitution provides that “everyone has the right of access to sufficient water.” Section 27(2) of the Constitution provides that “the government must take ‘reasonable’ legislative and other measures, within its available resources to achieve the ‘progressive’ realization of each of these rights.”

The Constitutional Court case of the Government vs. Grootboom 151, the concepts ‘reasonableness’ and ‘progressive’ realization were broadly construed. The court ruled that it cannot dictate on policies to be adopted by government but it will assess if government is complying with its constitutional mandate by developing sets of ‘reasonableness’ tests. Mwebe (2004) suggests that “the principles set by court in this matter are a replica of those in the covenant concerning ‘progressive realization’.”

Mwebe (2004) further states that “it was disappointing that the court rejected an argument that the socio-economic rights clauses in the constitution imposed a minimum core duty on government to provide a basic level of services to the poor.” He concludes by stating that “this would make it easier for poor people to prove that these rights had been violated.” The MSA defends the marginalized by regulating provision of basic services such as the cost of water. It sets out to ensure that poor households have access to basic services.

The Human Rights Act, in the Constitution states that “privatization is concerned with the process of privatization (consultation and service standards) and the implementation of service delivery agreements and their outcomes (service delivery discriminatory and adequacy, accessibility and affordability of services).” The advocacy organization for Food and Water in Europe argues by stating that “entrusting water utility operation to private enterprises is an inadequate method of realizing the human right to water, privatisation undermines the human right to water and that high water prices brought on by privatized service deprive consumers of their right to water, often with disastrous health and social consequences”. According to Gaster and Squires (2003), Public Private Partnerships (PPPs) will improve municipal capacity to deliver and to stimulate a fair and reasonable lower cost water service while upholding the basic consumer rights.

Mwebe (2004: 15) states that privatization of public enterprises has implications for the delivery and enjoyment of socio-economic rights and services. He contends by suggesting that there is a variety of ways in which privatization can undermine the enjoyment of socio-economic rights, it can result in a two-tiered service supply focused on the healthy and wealthy on one hand and an under financed public sector focusing on the poor and sick on the other. Mwebe (2004) concludes by stating that

government is not relieved of its human rights responsibilities by privatizing the provision of basic services, it has a key regulatory and monitoring role and a clear constitutional duty to realize socio-economic rights.

2.2.5.6 Public sector involvement

According to the Constitution, the executive and legislative authority of a municipality is vested in its municipal Council. The Constitution gives municipalities the obligation to ensure that municipal services are delivered in a sustainable way. Despite the significant contribution made by Government in the public infrastructure programmes spending, the demand for basic services continues to far outpace available government finances (Gaster and Squires, 2003).

The MSA allows for partnerships between municipalities and the public sector. The private sector and community and non-governmental organisations (CBOs and NGOs) are a key option that municipalities must consider in their efforts to rectify infrastructure deficits and disparities. The delivery of municipal services through Municipal Services Partnerships (MSPs) requires a clear and stable policy environment for the municipalities. The government embarked on a consultation and research process, which culminated in the Policy Framework for Municipal Service Partnerships.

The White Paper on Local Government recommends that municipalities look for innovative ways of providing and accelerating the delivery of municipal services. The MSPs Policy aims to provide a clear framework within which to leverage and marshal the resources of public institutions, CBOs, NGOs, and the private sector towards meeting the country's overall development objectives. The MSPs Policy has been derived from the principles of Batho Pele (people first). It actively promotes through the integrated development planning process an ethos of participation by consumers and other stakeholders throughout the process of determining and implementing service delivery options.

Section 78 of the Municipal Systems Act (MSA) as amended allows the municipality to decide which would be the most viable option to provide the service. This is an

exercise which considers a wide-range of relevant considerations which are costs and benefits (including impacts on the environment and human health well-being and safety), capacity in terms of skills and other resources, administration, job creation and employment patterns and the views of organised labour and the local community. Section 78 also requires that impact on job creation, development and employment be assessed.

Standard forms of MSPs arrangements are service contracts, management contracts, leases, so-called 'BOOT' and concessions. The trend from service contracts to concessions is increasing allocation of operational and capital responsibility to the service provider. The form of arrangement must suit the capacity of the municipality and in many cases a management agreement will be most proper. The following are types of MSPs:

- **Service Contract:** A service management fee is charged to a municipality for the management of a municipal service. Normally a one to three years contract. Example: Municipal building maintenance or billing services. The service provider takes no collection risk.
- **Management Contract:** An overall municipal service management contract without financing the operation and maintenance or the service investment costs. Typically a three to five years contract. Example: Municipal residential building rentals. Risk for collection of rent from residents is borne by the municipality.
- **Lease:** An overall municipal asset management contract with the responsibility of operation and maintenance of the municipal assets. The service provider is liable for collecting charges and assumes risks associated with collection. The municipality is paid rental for facilities by the service provider. The service provider is not responsible for the replacement of the leased assets. Typically an eight to fifteen years contract. Examples municipal market.

- **Build Own Operate and Transfer (BOOT):** The service provider undertakes to build, own, operate and maintain a municipal facility. The municipality will own the facility at the end of the contract. The service provider may or may not undertake the responsibility for any replacement or improvement to the facility. The municipality becomes responsible for tariff collection.

- **Concession:** The service provider undertakes to completely manage the municipal facility including operation and maintenance and to financial support the municipal service facility or system. The service provider collects and retains all service charges and pays the municipality a concession. The service provider assumes the collection risk. The municipality remains the owner of the facility. The ownership of the facility constructed under the concessionaire is transferred to the municipality at the end of the concession period.

- **Licensing:** Gaster and Squires (2003) states that “the licensing of companies to provide municipal services is a mechanism not treated in the legislative framework. It arises in cases where a municipality does not provide the service per se but is required to ‘regulate’ it as part of its constitutional responsibilities. It occurs in areas where there is a high level of private sector penetration into an area.”

The MSPs arrangements are one tool that can lead to significant improvements in the efficiency of service delivery. According to Gaster and Squires (2003), greater efficiency means that significantly more services can be delivered while still remaining within the Council’s overall budget limits. An enabling environment is needed in order to realise the potential benefits of MSPs. Municipal Councils should be able to structure cost-effective service delivery arrangements that address the needs of their communities.

Policy issues: There remains some residual uncertainty within the community regarding the necessity or desirability of providing public services through partnership arrangements. Government is commitment in making the use of MSP arrangements a viable option for municipalities and its strategy for implementing the policy.

Municipalities must put in place clear mechanisms to ensure that the poor are not compromised and a basic level of service is provided. A basic level of service is the minimum level of service necessary to ensure an acceptable and reasonable quality of life, which takes into account public health and environmental considerations. No person should fall below this minimum level of service.

Legislative framework: The previous legal and regulatory environment relating to MSP activities was unclear in several respects. This created risks for municipalities and service providers alike. Such risks increase the projected cost of MSP arrangements, thereby reducing the present viability of potentially useful MSP projects. Furthermore the previous legislation made it difficult for other participants, especially the consumers, to be active participants in service delivery.

2.2.5.7 Infrastructure finance

DPLG (2007: 8) defines a municipal infrastructure as “the capital works required to provide municipal services. It includes all the activities necessary to ensure that the works are delivered effectively, such as feasibility studies, project planning and capacity building to establish sound operational arrangements for the works.” There are three primary sources of local government funding:

- Inter-governmental transfer (equitable share from the national revenue fund and grant funding).
- Own revenue (tariffs, user charges, conditional grants, and taxes, rates).
- Borrowing (loans).

There are three types of conditional grants available from various national governments for municipalities.

1. The Municipal Infrastructure Grant (MIG), which comes from COGTA.
2. Municipal Water and Regional Bulk Infrastructure Grants (MWIG and RBIG), which comes from the Department of Water Affairs (DWA).

2.2.5.7.1 Municipal Infrastructure Grant (MIG)

The MIG is an infrastructure development grant from national government to municipalities, to finance infrastructure capital costs at a basic level of service. The MIG aims are:

- Poverty eradication
- Local economic development
- Job creation (EPWP)
- Municipal support
- Amalgamate funding

The MIG is a conditional grant with certain conditions that municipalities must comply with when they use MIG funding, the following are MIG conditions:

1. Division of Revenue Act

- Prioritizing infrastructure development in line with MIG sector policies.
- A three year capital and operational budget plan.
- Performance reporting.
- Labour-intensive construction methods (EPWP).

2. Cross cutting conditions

- Funding of approved budget projects, in the Integrated Development Plan IDP.
- Funding of infrastructure (type) and the levels of service.
- Achieving service delivery targets.
- Maximizing local economic spin-offs and job creation through infrastructure delivery.
- MIG projects registration and reporting.

3. Sector conditions, Department of Water Affairs (DWA) conditions

- Funding to be only used for basic water and sanitation infrastructure (District Municipalities).
- Funding to be used for projects in the Water Services Development Plan (WSDP) part of the IDP.
- Funded projects must be based on a proper feasibility study (viable, feasible, acceptable and sustainable).
- To ensure sustainable operation and maintenance of infrastructure.
- Funded projects must comply with SFWS policies; and Water Services Act (Act 108 of 1997) and National Water Act (Act 36 of 1998) legal requirements.

The conditions are to ensure that the funds are only for the capital costs of providing basic services to poor households, to ensure that the projects are planned and implemented in ways that achieve efficiency, equity, sustainability and to maximize developmental outcomes and economic benefits. Municipalities are not required to make an application for the funds. The funds are determined by a formula, and are paid into the bank account of the municipality according to a MIG schedule agreed to with the municipality. The amount each municipality will receive from MIG is published in the DoRA. However, the municipality must have complied with the conditions of MIG.

2.2.5.7.2 Regional Bulk Infrastructure Grants (RBIG)

Regional Bulk Infrastructure is defined as the infrastructure required to connect the water resources, on a macro (serving extensive areas across multi-municipal boundaries) or sub regional scale (serving numerous communities over a large area normally within a specific district or local municipal area), with internal bulk and reticulation systems (DPLG, 2007).

There is a need for a special fund for water services regional bulk infrastructure; regional bulk infrastructure projects require large sums of money. Municipalities are experiencing high capital cost and financing challenges. The municipal annual MIG allocations are insufficient to fund the implementation of the regional bulk infrastructure needs resulting to municipalities shelving the development of regional bulk infrastructure projects. Regional bulk infrastructure projects require more comprehensive planning (technical and financial) requiring special financing needs to be obtained, requiring guarantees and cost recovery mechanisms (e.g. DBSA) that exceed the resources at local level.

Many of the regional bulk infrastructure projects have not been commissioned due to these factors, putting severe pressure on sustainability service delivery. The RBIG is made available by national government to address water bulk infrastructure backlog. Funding is strictly for 'regional' infrastructure only and not for secondary bulk.

Secondary bulk infrastructure is defined as the infrastructure within a specific municipal area or scheme connecting the water resource or regional bulk system with reticulation networks or an infrastructure required to connect waste water from internal reticulation systems to appropriate treatment plants with associated discharge to the relevant water systems (DPLG, 2007).

Regional bulk water services infrastructure plays a key role in bringing bulk and sustainable water to municipalities in South Africa. Due to the size and extent of such infrastructure it plays a vital role in achieving integrated socio-economic development. Bulk infrastructure can be differentiated into the following:

1. **New Infrastructure development:** New planned development where there is no existing water scheme (e.g. Spring Groove Dam, Vaal Dam)
2. **Extensions to existing infrastructure:** An extension of an existing water schemes to meet demand or to supply new development.

3. **The refurbishment of existing infrastructure:** Funding for refurbishment of existing infrastructure
4. **Renewal of aging infrastructure:** Funding for replacement of aging infrastructure that has reached the end of its functional life.

The type of funding is dictated by the unique nature and purpose of water services infrastructure and the main drivers are the social and economic components. Each of these has unique financing options (e.g. grants for social services versus loans and capital contributions for economic service components). Nel (2000) states that “key factors influencing the funding options are the socio-economic profile of the consumers, the social objectives of Government as well as the financial status of the relevant municipalities.”

2.2.5.7.3 Municipal Water Infrastructure Grants (MWIG)

In terms of schedule 4B of the Constitution, water reticulation is the function of local government. Section 154 stipulates that national and provincial governments have a responsibility to help build the capacity of municipalities to perform their functions. High levels of poverty mean that funds from national revenues are needed to fund the delivery of services to poor households through a mixture of equitable share and conditional grant funds. The MWIG was introduced in 2013/14 as a way of accelerating the delivery of water infrastructure to households that do not have access to clean water. Given the scale of backlogs revealed by the 2011 Census, R 4.3 billion was proposed in the 2013 MTEF as follows:

2013/14	2014/15	2015/16
R 603 m	R 1, 059 billion	R 2, 672 billion

Table 2.5: MTEF allocations for MWIG

(Source: National Treasury: Municipal Transfers for Water Services, April 2013)

Rakabe (n.a) states that “the MWIG framework requires water service authorities to ensure on-going effective and efficient operations and maintenance of the

projects once completed. Sustainability should be addressed within the municipal IDP, WSDP and the business plan for each project.” The following table shows the MWIG initial budget allocations to municipalities per province.

Province (Municipalities)	2013/14 (R,000)	2014/15 (R,000)	2015/16 (R,000)	Total	% of total
Eastern Cape	86,778,023	251,686,320	469,843,320	808,307,663	18.7%
Free State	20,795,000	54,410,000	84,680,000	159,885,000	3.7%
KwaZulu-Natal	267,467,778	320,644,444	985,923,333	1,574,035,556	36.3%
Limpopo	93,473,000	227,850,000	519,964,000	841,287,000	19.4%
Mpumalanga	89,468,000	144,151,000	526,731,000	760,350,000	17.5%
Northern Cape	16,371,000	29,170,000	22,713,000	68,254,000	1.6%
North West	28,617,000	31,067,000	62,082,000	121,766,000	2.8%
National Total	602,969,801	1,058,978,764	2,671,936,653	4,333,885,219	100.0%

Table 2.6: MWIG initial provincial budget allocations

(Source: DWA Presentation (2013))

The DWA had initiated the Interim/Intermediate Water Supply Programme (IIWSP) in 2012 before the MWIG came into effect, responding to the predicament of rural communities without access to potable water. The IIWSP was aimed at addressing water infrastructure backlogs at district municipality level. Rakabe (n.d) states that “the IIWSP was envisioned by DWA as a ‘Grant – in Kind’, where the DWA together with Water Services Providers (WSP) play a more direct role in assisting WSA in overcoming their challenges.”

He further states that “the goal of IIWSP was to ensure that all communities living in settlements greater than 50 households receive a minimum interim water supply before 30 June 2015 either through a permanent water supply scheme or an interim or intermediate water supply intervention and the creation of jobs for the unskilled rural people through the EPWP strategy and the development of water supply schemes that makes use of the most optimal existing and localized water resources that can be developed and commissioned within a period of twelve months in order to provide a minimum interim water supply.”

Based on a holistic need assessment, the DWA requested IIWSP funding from National Treasury and an amount of 4.3 billion was approved for the 2013 MTEF and was named the Municipal Water Infrastructure Grant (MWIG).

2.2.5.7.4 Municipal own revenue

Section 75a of the Municipal Systems Act (MSA) allows municipalities to levy and recover fees, charges or tariffs in respect of municipal service delivery functions and to recover collection charges and interest on outstanding amounts. Section 216 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual Division of Revenue Act (DoRA) to assist them in exercising their powers and performing their functions. These allocations are announced annually in the national budget. Transfers to municipalities from national government are supplemented with transfers from provincial government.

The two sides of the budget (revenue and expenditure) play an equally important role in the country's economy and social well-being. Municipalities rely on two main sources of revenue in order to their constitutionally mandated expenditure responsibilities, that is own revenue and intergovernmental fiscal transfers. Own revenue instruments include property rates, user charges for municipal services rendered and other local taxes. Terreblanche (2002) states that due to economic inequalities across the country, certain municipalities have less own revenue resources and are dependent on intergovernmental transfers in bridging inequalities to ensure that they fulfill their service delivery mandate.

Municipal contributions to total operating revenues have shown evidence of slower growth. The contribution of key municipal revenue drivers to total operating revenue are service charges and property rates and have both declined significantly over the review period (Rakabe, n.a). The decline can be explained by non-payment or consumer debt of property rates, charges for services provided by municipalities (e.g. water, sanitation, electricity and refuse removal) and various other financial obligations to municipalities (including, as an example, traffic fines and rental housing payments).

There are households that are unable to pay for basic services due to unemployment and poverty, this grouping is referred to as indigent (DPLG, 2005). Indigents are exempt from having to pay for basic services below a certain threshold. The roll-out of free basic services within municipalities is funded through the equitable share allocation and municipal own revenue. Related to the issue of indigents is the need to ensure access and affordability of basic services (water, electricity, sanitation, refuse removal). Improvements in billing and collection have the potential to bring about immediate enhancements to the revenue bases of municipalities, recent reports indicating public discontent with the poor billing practices.

According to Rakabe (n.d) funding the capital budget presents a challenge as several municipalities grumble of insufficient funds to undertake capital investment projects. Municipalities are expected to allocate a portion of their internally generated 'own revenue' towards their capital budget funding mix. This can only be achieved if surpluses are generated on their operating statement of financial performance, as an example, if a municipality want to construct a road from its 'own revenue', traditionally road infrastructure is financed from property rates revenue. Where the municipality's operating statement of financial performance does not generate a surplus the consequence is that there will be no 'own funding' to finance the road infrastructure. However, if the municipality has cash backed reserves from previous financial years, that is, if surpluses were generated on the operating statement of financial performance during previous years, there may be 'own funding' available (MFMA, 2012: 5).

2.2.5.7.5 Borrowing

Municipalities in South Africa have constitutional responsibility for ensuring the delivery and management of local services which are key for both economic growth and social equity, including bulk and reticulated electrical power, water and sanitation, roads and waste removal. Significant investment in the infrastructure necessary for the delivery of these services is required.

According to Khumalo (2013), municipalities can borrow funds to finance an infrastructure project and borrowing will affect a municipality's balance sheet and might limit its ability to undertake other projects requiring the borrowing of funds. Service providers are willing to invest, but only if they are quite certain about getting their money repaid through contractual certainty about revenue to be generated. They will consider factors such as the duration of the project contract and what the potential return on investment will be.

Khumalo (2013) states that “debt or equity funds financing may include locally registered unit trusts or foreign debt or equity funds and most funds have an investment mandate or a strategy that allows them to invest in certain industries (such as infrastructure), geographical locations (such as South Africa) or to promote certain social issues (such as black economic empowerment).” The primary interest of such funds is earning dividends. Banks can be involved as short to long-term lenders.

Financing through end users can be achieved where customers pay for services to be rendered in advance or where they commit to the purchasing of a minimum amount of services over a specific period. Within the provisions of Section 46 of the MFMA, municipalities may incur debt for the following reasons:

- Capital expenditure with costs (e.g. municipal assets)
- Re-financing existing loans.

The Municipal Manager must, within 21 days before the Council meeting at which liability is approved:

- Make the particulars set out in the proposed debt public, including the amount, purpose and information regarding security to be provided.
- Submit to Council a copy of the information statement together with repayment information, projected debts repayment schedule and the estimated total cost over the repayment period.

- Request written comments or representations from the public, National Treasury and relevant provincial departments to Council regarding the proposed debt.

According to the Municipal Infrastructure Investment Framework (1997), financial markets are considered important for municipalities for the following reason.

- 1) **Capital access:** Infrastructure requires large capital investment on a constant basis. Rakabe (n.a) states that “given the extensive needs of ordinary South Africans, financing an investment on a ‘pay-as-you-go’ or ‘taxation-in-advance’ basis is usually neither possible nor efficient particularly where the need for capital greatly exceeds what is available on a grant basis from the national government finance, access to capital markets can provide municipalities with the capital resources necessary to finance infrastructure investments efficiently.”
- 2) **Inter-temporal equity:** The benefit of a municipal infrastructure investment often lasts for longer period of time, for future generations of consumers. It is reasonable that the beneficiaries of such investment bear some of the costs. Capital markets allows for financing investment over time.
- 3) **Efficiency:** Because capital markets allocate capital resources on a commercial basis, capital is allocated efficiently and Rakabe (n.a) states that “the opportunity cost of capital provides an incentives to ensure efficient standards of delivery and discourage ‘overbuilding’ and wasteful investment.”
- 4) **Accountability:** Rakabe (n.a) states that “markets tend to punish poor financial and management performance through pricing (pushing up interest rates or making capital increasingly scarce.), this may promote accountability and financial discipline at local level. It may also provide other stakeholders (national government, provinces and funders) with a

convenient means to assess the relative performance of municipal governments.”

- 5) **Short-term matching of revenues and expenditures:** In the short term; in a financial year, municipal outflows and returns are rarely absolutely consistent in time. Rakabe (n.a) states that “short-term borrowing allows municipalities to deal with this lack of synchronicity.”

Realizing benefits hinges on the method and the conditions at which access happens and according to Treasury (2000: 8), two options are available in this case: access to capital markets over ‘on-lending’ from National Treasury (NT) or markets directly. Roux and Nyamukachi (2005) states that “the DBSA is progressively active in the municipal market and it’s already represents one ‘indirect’ access mechanism.”

Boex (2001) states that “the interface between the mechanism and the private market in respect of municipal debt is an important issue under scrutiny by government.” There are three reasons why government wants to enable direct access to the capital markets by municipalities (Treasury, 2000).

- 1) **Limitation of implicit or contingent liabilities:** National government must be protected from ultimately inheriting the debts of local government. Boex (2001) states that “when local government borrows through national government the debts easily become implicit or contingent liabilities of national government, policies and legislation must ensure that national government is not perceived as banker of last resort.” Municipalities must develop their revenue management systems and creditworthiness as it is unlikely that national government support will compensate for mismanagement of municipal funds.
- 2) **Systemic discipline:** Wasteful decision-making need to be replaced with productive use of funds and stringent financial management systems. Hollands (2006) states that “international experience suggests that indirect borrowing route can result in situations where credit allocation decisions

become increasingly less commercial in character. Under these conditions; capital does not necessarily flow to the most productive uses but to those players which are politically the most perceptive, in other words the efficiency and accountability outcomes mentioned above become diluted.”

- 3) **Expanding investment resources:** Rakabe (n.a) states that “local government borrowing via national government can result in the ‘squeezing out’ of private capital from the municipal sector, thereby narrowing the aggregate resource available for investment and moreover national control of borrowing can also create incentives for local governments to elude these restrictions through innovative off-budget schemes.” Centralized borrowing allows national government to control the local government liabilities, but at the same time may lessen the overall financial resource base for investment of a viable projects.

Hollands (2006) point out that “a well-run municipality with a reasonable tax base may take out loans to finance some of its infrastructure requirements.” Poorly structured loan can easily cripple the municipality with charges it cannot afford. The demand for infrastructure is generally urgent, and borrowing allows rapid municipal infrastructure delivery. Municipalities incur debt borrowing for infrastructure development since backlogs far exceed their ability to finance from surpluses or budget. Boex (2001) states that “long-term loan allows the benefits of the infrastructure to be gained before its costs have been fully paid.”

Municipalities that regularly pay up their debts build a good credit record, attract general investment within the municipal area and build investor and businesses confidence from operating in a well-managed municipality. Gildenhuis (1997) states that “lenders tend to reduce future borrowing costs and increase access to future loans, which can be invaluable if there is ever a definite and urgent need for an infrastructure loan and all other options are closed and by contrast, a municipality without a credit history is an unknown entity to lenders and will tend to find it both harder and more expensive to raise infrastructure finance.”

Borrowing costs can be very substantial, and a capital project financed over a long period at the interest rates generally applicable can ultimately involve interest costs of as much as three quarters of the original project capital cost. Municipalities should do their homework carefully before borrowing as costs can be very great (Gildenhuis, 1997). Interest charges can be three quarters of the original project capital investment for a project that is financed over a longer period of time.

Boex (2001) suggests that municipalities should make provision in their budget for interests and redemption payments and municipality who cannot budget for interest payments must not borrow and he conclude by stating that “it for this reason borrowing is restricted to municipalities which can achieve sufficient cash operating surplus each year to sustain the annual cost of servicing the debt.” Boex (2001) points out that not all municipalities are creditworthy. There is a scale used by financiers that indicate credit rating by symbols of borrowers. The below table is of credit rating symbols.

Credit rating symbol	Description
A	High credit quality: The risk factors are negligible
B	Adequate: There is considerable inconsistency in risk over time.
C	Score below confidence: Risk can be substantial
D	Defaulter: Likely to be placed under an order of the court.

Table 2.7: Typical credit rating schedule

Municipalities need to improve their creditworthiness in order to reduce cost of borrowing and the first step is to increase revenue and reduce spending. Rakabe (n.a) states that “the fundamental pre-requisite for creditworthiness is that operational income should consistently exceed operational expenditure, this surplus is what will be used to make the payments on any new loan and government grants are included in operational income, provided they are reliable and predictable.” Municipalities that are facing service delivery challenges must consider the following issues:

- What are service delivery long term requirement?

- What is the budget required to implement required projects to meet that demand?
- What level of capacity is required to deliver services?
- Is funding is available to implement projects (government grants, own revenue, loans)?
- Will the municipality be able to afford to use debt to finance its infrastructure?
- Can the municipality afford to delay service delivery?

In the case where a municipality chooses a loan to fund its infrastructure, it must issue and prepare a formal Request for Proposals, a short document setting out the funding required and requesting loan proposals. According to Boex (2001), experience has shown that commercial banks and other financial institutions seldom make offers which are exactly in line with the original request and instead offer different variables in terms of interest rates, fee structures and additional services. He further suggests that the good practice to follow is to only take the base cases into account when adjudicating. Variations are then negotiated only with the preferred and successful bidder.

2.2.6 Main policy actors

Party political factionalism and polarization of interests in the municipal political/administrative interface over the last few years and the subsequent creation of new political alliances and elites, have indeed contributed to the progressive deterioration of municipal functionality (State of Local Government Report, 2009: 10)

2.2.6.1 Assumptions

Legislative frameworks assign policy-making to politicians while the administration section of local government is tasked with implementation. There is, however, an explicit expectation that politicians would not manipulate the administrative offices in government. In practice, however, the line between policy and administration is not that clear. Policy and administration are intimately bound together and cannot be neatly or easily separated. A policy must be sensibly administered and implemented.

The way that a policy is administered may subtly change the original intention of the policy. There is no clear distinction between policy making and implementation, because the two are very closely woven together. It is critical to separate the roles of policy makers and administrators in order to draw a line between the policy making functions of the politicians and the administrative functions of officials and decide when it is necessary to take on each other's role.

Most administrators in local government are politicians or are politically active in one way or another. So the notion of political patronage and partisanship of municipal administrators in policy making is inevitable. At the Polokwane Elective Conference, the ANC resolved that there shall be only one centre of power in the ANC, ironically in June 2009 after the elections; Luthuli House summoned a Minister to account for speaking to the media without consultation with the Presidency. Ministers are appointed and accountable to the President of the Republic. The assumption is that the Minister was acting within the Parliamentary systems. Luthuli House's is therefore seen as a misguided interference.

Political interference in administration clearly undermines legislation, policies and procedures put in place to govern local government; it intimidates the very people who are supposed to handle administration in local municipalities, who are tasked with ensuring effective and efficient implementation of the IDP. One is bound to ask the question if the municipal legislative framework is setting municipalities up for failure, looking at how local government in general has performed over the past years. The greatest number of municipalities are struggling to fulfil their constitutional mandate in terms of Section 152 and Section 4 (1) of local government MSA.

Further, the assumption is that the White Paper on local government would have recognised that South Africa is a less developed country. The country is lacking skills of high quality technocrats, yet needlessly the MSA and MFMA insist that municipalities must integrate and coordinate national programmes from provincial government with limited resources and skills required to perform these duties.

According to Bond (2002) municipalities are supposed to boost economic development, job creation, grow Small Medium and Micro Enterprises (SMMEs),

develop an IDP, draw up Water Services Development Plans (WSDPs), compile asset registers and produce Service Delivery and Budget Implementation Plans (SDIBPs). It is suggestive of various functions (legislative and the constitution) for which widespread reporting responsibilities have been imposed on municipal officials with limited technical and financial capability. Government assumes that this entire daunting task would be achieved by municipalities that are facing skills shortage.

According to Munnik (2011) many municipalities continue to sink deeper into financial and administrative mayhem with no indication of radical rescue plan on the horizon. The assumption is that fundamental challenges of service delivery within municipalities lie in the bad crafting of the legislation that is governing local government. The late Minister of local government, Mr Sicelo Shiceka insisted on the urgent need to streamline laws relating to local government with the objective of creating an enabling environment for an accelerated delivery of services to citizens in the country (State of Local Government report, 2009).

2.2.6.2 Policy position

The State of Local Government Report (2009) states that “the Constitution, the White Paper on Local Government and the legislative framework for local government provide municipalities with a structure to manage their administration, and outlines political decision making systems and defines principles for structuring administrations.”

The IDP, Budget and performance planning and management processes should to be flawlessly integrated. The IDP fulfills the planning stage of performance management. Performance management in turn, fulfills the implementation management, monitoring and evaluation of the IDP. The performance of a municipality is integrally linked to that of employees. If employees do not perform the municipality will not achieve its intended objectives. The following Key Performance Areas (KPA) must be aligned to the five national key performance areas as pronounced in the COGTA five (5) year strategy.

- Financial viability

- Infrastructure development and service delivery
- Corporate governance
- Institutional transformation
- Local economic development

Performance indicators must be aligned to seven (7) National KPI's, determined and monitored by COGTA. The 7 National KPI's are the following:

- Access to basic services
- Access to free basic services
- Level of capital spending
- Number of local jobs created
- Progress on employment equity at senior management level
- Level of municipal expenditure on the workplace skills plan
- Financial viability with respect to: debt coverage, outstanding debtors in relation to revenue and cost coverage.

Key Performance Areas (KPA) strategic goals and objectives must be adopted:

1. Strategic Goal 1: To provide infrastructure and basic services to the community.

Objective: To provide quality, sustainable municipal infrastructure and social services, consistently maintaining and improving the needs of the communities.

2. Strategic Goal 2: To promote sound environmental management

Objective: Attend to the land demand for socio economic development. The protection, conservation and enhancement of the biophysical and socio-economic resources.

3. Strategic Goal 3: To provide sound governance for local communities

Objective: To broaden local democracy. Functional IDP and ward committee system.

4. Strategic Goal 4: To ensure sound governance practices within the municipality

Objective: To create an enabling environment for active public participation and an administrative culture characterized by accountability transparency and efficiency.

5. Strategic Goal 5: To ensure financial viability and management

Objective: To achieve an Unqualified Audit Report. To build the financial sustainability of the municipality.

6. Strategic Goal 5: To promote institutional development and transformation

Objective: Institutional arrangement that matches up with IDP deliverables and responds to Batho Pele principles. To provide professional, efficient, people centered human resources and administrative services.

According to the State of Local Government Report (2009), municipalities must be organized in a manner that would enable them to:

- Be responsive to community needs.
- Enable a culture of public service and accountability.
- Be developmental as required by section 153 of the Constitution and performance driven as set out in section 152 of the Constitution.
- Align its roles and responsibilities with the priorities and objectives of the IDP.
- Facilitate co-operation between the municipal political structure, administration and local communities.
- Hold its management accountable for the municipal performance in delivering services.

Through the above Constitutional prescripts, effectiveness of municipal performance can be assessed. The ideal functional municipality can therefore be measured against the above indicators.

2.2.6.2.1 Performance planning

Performance planning provides a structured approach to the attainment of the desired level of performance for both individuals and teams. The MFMA of 2003 Section 53 (c) iii require municipalities to compile and submit SDBIPs (an essentially management and implementation tools of the IDP) to the Executive Council and the Mayor within 28 days after the adoption of the budget by the municipal Council. The SDBIPs are directly has its origin from the IDP and Budget. The SDBIPs form the base for individual performance management.

The SDBIPs defines the development of Section 57 employees (municipal manager and executive managers) performance contracts. The signed performance contracts are translated into individual performance plans for all municipal employees. In accordance with the MFMA Circular No. 13 of 2005, SDBIPs must include the following:

- Projection of revenue by source
- Projection of revenue and expenditure by vote
- Service delivery targets and performance indicators for each quarter

2.2.6.2.2 Performance monitoring, measuring and reviewing

Performance monitoring is a continuous process that runs parallel to the implementation of the IDP. It entails collection, storage, verification and analysis of performance data in order to compare current performance with previous financial years and baseline indicators. Evidence of performance needs to be presented through a portfolio of evidence to substantiate achievement of performance standards.

Performance measurement must be conducted at two levels, organizational and individual level. At an organizational level it must be formally effected on a monthly and quarterly basis, whereas at an individual level must be performed quarterly. Performance review must thereafter be completed as a process where the

organization, after measuring its own performance, assesses whether it is giving effect to the IDP.

2.2.6.2.3 Performance reporting

Section 52 of the MFMA requires the Executive Council and the Mayor to submit a report on the implementation of the budget and the financial state of affairs of the municipality to Council within 30 days after the end of each quarter. All quarterly performance reports must be submitted to the IDP/PMS Manager seven days after the end of each quarter.

This will enable the IDP/PMS Manager to compile a consolidated report on time to meet the requirements of the MFMA. The quarterly performance report is further be consolidated into an annual performance report to be considered by Council within 9 months after the end of the financial year in order to meet the requirements of Section 121 of the MFMA.

2.3 THEORITICAL FRAMEWORK

2.3.1 Governance and democracy

Governance is ‘good’ when it allocates and manages resources to respond to collective problems, in other words, when government efficiently provides public goods of necessary quality to its citizens. The policies that supply public goods are guided by principles such as human rights, democratization and democracy, transparency, participation and decentralized power sharing, sound public administration, accountability, rule of law, effectiveness, equity, and strategic vision. The Human Development Report (2002) states that “good governance as a democratic exigency, in order to rid societies of corruption and give people the rights, the means and the ability to participate in the decisions that affect them and to hold to governments accountable.”

A number of municipalities are forced into distress mode by functional overreach and complex rural development programmes, worsened by lack of leadership and support

from other spheres of government and stakeholders (COGTA, 2009, 20). The Department of Water Affairs (DWA) Local Government Turnaround Strategy (LGTAS) report (2009) found genuine lack of participatory process due to political unrest and undue interference in the municipal administration.

In support of the LGTAS report, Ensor (2005) states that “there is evidence of failure by municipalities in providing democratic and accountable government. This failure is evidently by the community protests and intense alienation towards local government being expressed by such communities.” According to COGTA (2009) report, internal factors affecting municipal performance relate to:

- Political leadership
- Robust organizational capacity
- Good governance
- Practical plans and budgets

COGTA (2009) report further identified incompetence’s and ineffective municipal administration:

- Inappropriate political interference
- Poor political and administrative oversight
- Inability to respond to complexity of service delivery demands
- Huge variables in spatial location, skills and socio-economic

The State of Local Government Report (2009) states that “effective functioning of a municipality begins with its political leadership.” According to State of Local Government Report (2009), national government over-reaching expectations on local government have contributed to local government failures and municipal distress points to:

1. Tensions between the political and administrative interface
2. Poor ability to deal with the demands of local government
3. Insufficient separation of powers between political parties and municipal Councils

4. Lack of clear separation between the legislative and executive
5. Inadequate accountability measures and support systems and resources for local democracy
6. Poor compliance with the legislative and regulatory frameworks for municipalities

Presently municipal service delivery could be attributed to features of irregular and unstable governance. The COGTA (2009) report points to irregular appointments, weak institutional management and poor skills development plans. Afesis-corporation (2011) report states that “municipalities in rural areas experience the added challenge of access to skills and little understanding of their spatial and economic realities. These municipalities commonly lack the financial and capacity to deliver on their constitutional mandate and on community expectations.”

Advancing sustainable development requires democracy. Through democracy people are permitted to demand better policies, protests, seek justice and hold government to account. Good governance entails transparency, accountability, participation and responsiveness to the needs of the poor, marginalized and underrepresented groups. Botes et.al (1997) states that “good governance is essential to achieve development while true participatory democracy ensures that development is equitable and sustainable.”

Munnik (2011) claims that the first problem in local government relates to governance by stating that “problems are created when politicians interfere in municipal administration, resulting in inappropriate promises to communities, inappropriate planning processes, appointments of unskilled people and making the rural municipal workplace unattractive to municipal professionals.” The role of municipal political representatives is to provide political oversight and set development priorities, while municipal officials are responsible for strategic direction of the municipality and implement developmental programmes.

The detrimental influence and undue political interference by municipal political office barriers in municipal governance is a fundamental concern. Interference impacts in all aspects of municipal governance, ranging from efficiency of decision-

making to corrupting the systems of governance which are supposed to be based on participatory and representative governance (Afesis-corplan, 2011). A developmental government needs to ensure access to basic services to all citizens, particularly the poor. The Bill of Rights states that government must make certain that services are increasingly received by all citizens.

Post-apartheid government inherited a form of governance that was oppressive and unjust to effective service delivery and instantaneously embarked on a reform process aimed at achieving greater efficiency by reviewing its service delivery programmes and strategies to ensure that they were responsive to community needs. The White Paper on Transforming Public Service (1997) point out that in a democratic society public services are not a privilege, but a legitimate expectation and the Bill of Rights states that “citizens have a right to take action against the government if they believe their constitutional rights have been infringed upon.” Communities have taken municipalities to courts of law in the past for service delivery failures.

Ensor (2005) states that “the pandemonium that has been created by underperforming municipalities has left the country under a haze of service delivery protests; both the poor and wealthy people.” Protests are pointing to a lack of service delivery and some of the service delivery concerns are as a result of lack of public confidence in governance. Goldstein (2008: 01) argues that government’s service delivery is a response to moral obligation and is attached to the economic growth and the alleviation of poverty. To complement Goldstein argument, Shah (2005: 40) emphasizes that as much as the government services affect the economic growth and poverty they also affect social and political status of citizens.

According to Skenjana (n.d.), when Dr Manona of the Nelson Mandela Metropolitan University presented the state of local government ahead of the 2011 elections; he identified four pillars for good governance, namely: openness, accountability, participation and predictability. His point of departure is a discussion on encounters that impact on services delivery and participation in governance, which are:

- Inefficiency of government programmes, lack of municipal strategic direction and the link in the relationship between the IDP, PMS and the Budget.

- Public participation is not implemented for attaining good governance but for compliance. Ward committees and communities are unable to make meaningful inputs in governance because they are not empowered to take part in municipal matters
- Equity is one of the principles of Batho Pele, municipalities must mainstream equity into all their activities taking into consideration gender and special needs of its community.

The State of Local Government Report (2009) on governance points to challenges of municipality not being capable of delivering in terms of Section 53 of the Constitution, which states that:

“A municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community, and participate in national and provincial development programmes.”

The State of Local Government Report (2009: 7) states that “if a municipality can achieve the above objectives consistently, within its financial and administrative capacity, it could be described as a functional, well-performing municipality.”

2.3.2 Public participation and community protests

Cornwell (1987: 88) describes community participation as a formally structured instrument which is used either to bring about or to accelerate the process of change. Similarly Coetzee (2002: 260) defines participation as a process which requires the voluntary and democratic involvement in contributing to the development effort and decision making in respect of setting goals, forming policies and planning and implementing social and economic development programmes.

Critics have argued that in South Africa, more or less people have lost confidence in the public participation process, the perception is that their participation is merely

used as a rubber stamp to help municipalities to comply with the participation procedures as required by legislation. Goetz (2001: 31) states that “consultation is a good barometer for public opinion on an extensive choice of service-related issues; from the quality of service delivery to current prospective policies and as such, it can provide both a source of information on public perception and a way to assess the acceptability of planned interventions in policy practice by affected user communities. Hemson et al. (2007:10) describes three levels of participation in local government. The first relates to formal electoral participation in the form of voting at national and municipal elections, which achieves the highest levels of participation. The second type of participation is through invited spaces that is Izimbizo, ward committees and IDP forums. The third type of participation is of a more informal type characterized by marches, memoranda and the setting up of alternative community structures. Any of these models for participation offer an opportunity to citizen to exercise their rights by being part of the processes of governance (Cornwall, 2002: 23).

According to the Good Government Learning Network (GGLN) (2011), municipalities are not doing enough to be a link between government and citizens. Municipalities are intended to be at the interface between government and citizens. However current institutional mechanisms to promote inclusivity are frequently weak and often inadvertently undermine democratic participation rather than promote it. The GGLN (2011) report further suggests that public participation has become bureaucratic, led on terms set by the government.

Ensor (2005) states that “the reason why people resort to violent service delivery protest, is due to the fact that they see this as the only way, to express their dissatisfaction with the municipality’s failure to deal with their problems.” There have been many violent protests in the country due to unhappiness over service delivery, with many people dying in the process. Ensor (2005) further claims that local government is not serious about responding to service delivery challenges and therefore creating a non-responsive local government system.

In support of Ensor (2005) argument, Atkinson (2007) states that “despite the outbreak of service delivery protests, participation process remains poorly governed in the absence of appropriate structures and it compels one to quickly suggest that

municipalities have learnt nothing and have forgotten everything.” The provincial spread of community protests is illustrated in the pie chart below, suggesting the mounting loss of confidence in governance.

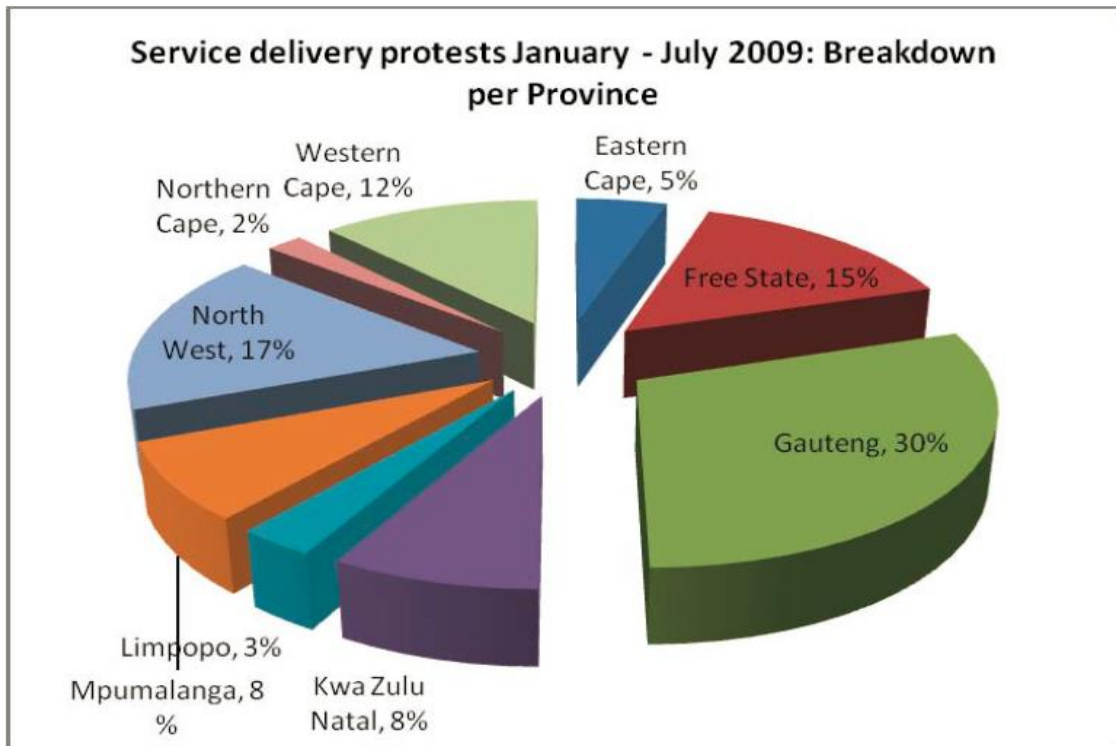


Figure: 2.1 Pie chart on provincial spread of community protests
(Source: State of Local Government Report, 2009: 11)

Atkinson (2007) suggests that people resort to protests as the only way of responding municipality’s failure to deal with service delivery issues, people want to be heard and to be taken seriously. Local government has the role of building local democracy and strategies to constantly engage with communities. In order to address political factionalism and the seclusion of people from decision-making, there is a need to strengthen people-centered governance.

Chapter 4 of the MSA defines community participation. Community participation must include the following:

- How the municipality will notify the community of the public participation process, receive public comments and report back to the community.
- Engagement of community organisations.

- Communicating with communities on their home languages.

IDP phases	Methods for participation
Analysis	Community meetings organised by ward councillor. Stakeholder meetings. Surveys and opinion polls (community views on particular issue)
Strategies	IDP Representative Forum. Public debates on what can work best in solving a problem. Meetings with affected communities and stakeholders.
Projects	Representation of stakeholders on project sub committees.
Integration	IDP Representative Forum.
Approval	Public discussion and consultation with communities and stakeholders.
Monitoring and implementation	IDP Representative Forum.

Table 2.8 Method of participation

(Source: Principle of IDP and assessment of process 2001/2002, Government Print)

The Social Attitude Survey (2003) undertaken by the Human Sciences Research Council (HSRC) showed that 42.5% of South Africans trust local government systems and IDASA (2009: 5) concludes by stating that “while the new systems of local government have been established with genuine intentions to positively affect democracy and to bring about social and economic delivery to the people, the system has not live up to expectations. The general feeling in the hotspots is that political leadership lack responsiveness to issues raised by communities, incompetent, prone to corruption and with high degree of disregard for the communities.”

Roux (2005) suggest that government should listen to people and increase participation on matters of service delivery, lack of public participation has resulted in the integrated developments planning not adequately reflective of community needs. Some form of community involvement in development planning is necessary in making decision on issues that affect people’s lives.

Atkinson (2007: 105) states that “protesters are adamant that for as long as government officials continue to assume that mandate at the polls gives them a mandate to act in a unilateral and top-down manner these protests will continue.

Municipalities were envisioned as sites where commitment to participatory governance would achieve meaning and content but instead communities feel alienated and disconnected from decision making processes and feel disempowered in influencing the affairs of the municipality.”

The Auditor-General (2004) report suggests that a number of municipalities are in financial distress and cannot perform their functions and therefore the financial sustainability of impoverished municipalities needs some consideration. The State of Local Government in South Africa Report (2009) admitted that government may have created expectations that municipalities cannot fulfill, or placed a burden on municipalities that perhaps only the strongest amongst them can carry. This is the reality for local and district municipalities which largely depend on municipal grants and equitable share.

Municipalities with weak revenue cannot survive on the Municipal Infrastructure Grant (MIG) allocation and government equitable to universal deliver services, eradicate service delivery backlogs and translate their IDPs to workable socioeconomic programmes. Roux (2005) states that “the distribution of the equitable share always favored metropolitan over other municipalities and national government has failed to devised a sustainable strategy for supporting municipalities that are inherently different and confronting unique problems that are linked to their location in a distorted spatial economy.”

Public participation is the key in the IDP and budget process. The IDP is a municipal service delivery strategic document; the document needs to be brief and user-friendly to encourage public participation. The diagram below shows information flow between stakeholders.

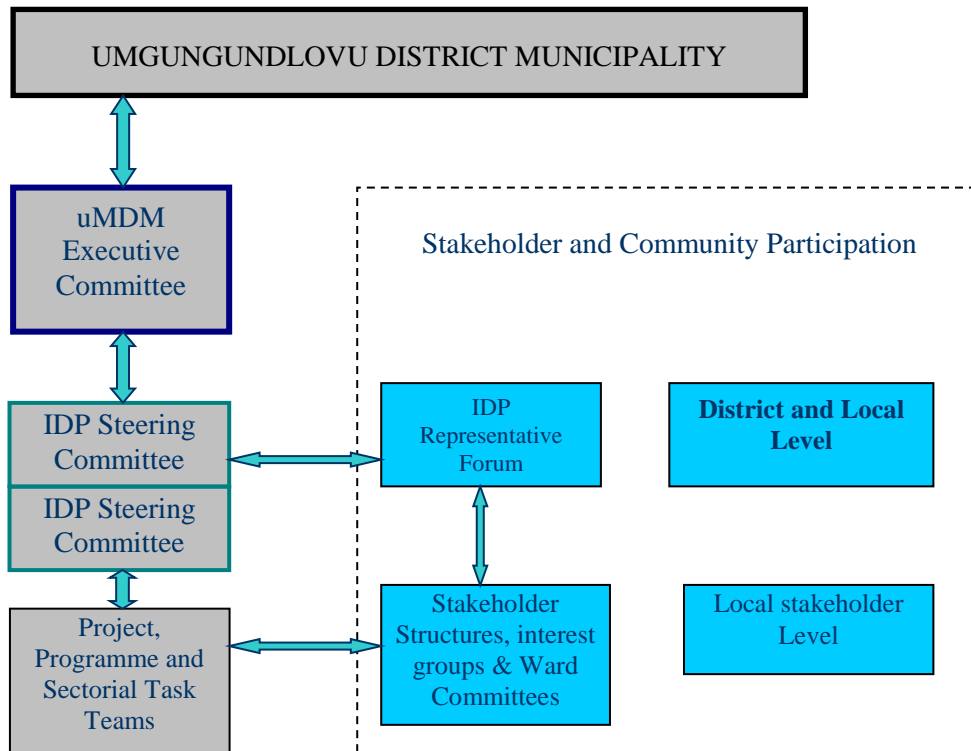


Figure 2.2 IDP Institutional Arrangement and Information Flow

(Source: IDP Review in terms of Chapter 5 of the Municipal Systems Act, 2000)

Heller (2001: 147) is critical of the ‘technocratic creep’ in the community participation process by stating that “development planning processes in the post-apartheid South Africa have served largely as instruments for exerting bureaucratic and political control and as a vehicle for marketization rather than an institution spaces for democratic mobilization.” Friedman (2001) denounces post-apartheid planning and the participation processes within development planning by stating that “it is favored because it is amenable to frictionless administration than the robust and messy world of real public mobilization and that the key to effective local government is not a better technique and control but rather a revived respect for democratic politics.”

Pieterse (2002: 7) is more sympathetic to the development planning process and warned of the threats of a technocratic path to development and further states that “planning systems can be easily ‘emptied’ of transformative political content.” Hlongwane (2012) asks the question if critiques by Heller and Friedman are an unreasonable and unnecessary conceptual assault on a genuine attempt by government

to better the lives of poor communities. Responding to criticism on the deficiencies in participatory processes, COGTA (2006) stated that “the participation process has been ‘uneven’ and that the key objective is to deepen and strengthen institutionalized participation and to move beyond institutionalized participation.”

There are many and complex reasons for the systems of participation not to work well in local government and one of the reasons got to do with its implementation in terms of inadequate policies and legislation. According to Hlongwane (2012) the lack of internalization of community participation policies and legislation by Councillors and administrators is the reason community participation is not working. Hlongwane (2012) claims that municipalities do not fully appreciate the value of community participation and some Councillors and administrators are wary of, or even fear, community participation with the general feeling is that it’s too much of a hassle and holds up speedy and efficient service delivery.

Hlongwane (2012) further claims that the approach used by municipality to community participation is to inform communities of proposed development and seek approval, there is a need of fostering a culture of participatory governance. Communities need to be involved in decisions setting out their development priorities. Municipalities must establish a well-represented IDP Representative Forums that will include traditional leaders and the private sector.

According to COGTA (2007) there is a logical tension between communities’ immediate needs and the municipality’s strategic considerations in the IDP planning process, different competing needs that need to be implemented with limited municipal resources. The COGTA (2007) review states that “communities often prioritise immediate needs and don’t understand the significance of undistinguishable service delivery needs such as bulk infrastructure and every so often Councillors, instead of seeing the IDP as primarily a municipal wide strategic plan, tend to push for their own projects rather than supporting the developed long term strategy with sustainable outcomes.”

While community participation in the IDP process has not been adequate in some municipalities; COGTA (2007) indicates that better resourced municipalities have

made strides in community involvement in the IDP process with high levels of participation. Ward committees are another strategic structure in community participation. Hlongwane (2012) states that “ward committees don’t seem to recognize the importance of seeking mandates from and reporting back to their ward communities and that not enough is done to mobilize the ward communities to become active in municipal matters and issues of service delivery. Through effective community participation, community protests can be narrowed down to perceptible service delivery issues.”

Protests are also about other issues other than municipal service delivery, such as the failure municipalities to listen to communities and other issues such as housing, jobs, health, crime and education which are provincial and national government role. Munnik (2011) states that “protests are a legitimate part of a democracy and can serve to enhance service quality but acts of violence aren’t, and violence needs to be better understood in order to effectively respond to it.” Protests are an indication of failures of community participation processes and structures.

Municipalities must begin to respond positively to issues of service delivery and begin to listen more to communities by responding to letters, petitions and other forms of representations made to them. Many protests break out after communities became frustrated with the municipalities failures to even acknowledge their representations. It is by protesting that communities feel they finally get some attention, even if it’s not adequate.

Municipalities have to understand that if their aim is to basically get communities to endorse decisions already taken, community participation will not work. It must be directed at ensuring communities have an effective say on decisions affecting them and the space to play a role in implementing them, even if the Council is ultimately responsible for governing the municipality. Morgan (2002) states that “community participation must serve to strengthen and empower communities.” For community participation to work, communities have to see the value of participating through at least some of their reasonable demands being met over time.

Case Study: Mazibuko and others vs. City of Johannesburg

(Source: www.polity.org.za/article/mazibuko-v-city-of-johannesburg-2009-10-08)

Courts have undoubtedly ruled on the legality of municipal decisions, whether there was sufficient consultation with communities or not. The case of the City of Johannesburg installing pre-paid water meters, the court ruled that the ward committees were properly engaged and other forms of community interaction had taken place on the meters and so the decision met the requirements of the law on community participation.

Municipalities should avoid a bureaucratic and technocratic ‘one-size-fits-all’ approach and be sensitive and flexible in their engagement with communities, using a variety of different processes and structures with different communities and even within the same community. There are lessons from Porto Allegro in Brazil, Kerala in India and elsewhere that might be of value. Drawing on the experience and expertise of effective NGOs and relevant experts in our own country might also be useful.

In order to facilitate and coordinate community participation, there should be a Public Participation Unit in the Speaker’s Office of each municipality. Ward committees are the most central structures of community participation and have the most potential and it is through ward committees that municipalities can be best held into account and begin to act on the needs and interests of those who voted them.

2.3.3 Intergovernmental coordination

Sokupa (2009) defines inter-governmental relations in South African context as the interaction of the different spheres of government. Recent protests in local municipalities around the country have given rise to questions about the role of local government in service delivery and in providing a decent standard of living for citizens. However local government has only certain powers and functions and some of the complaints about service delivery should also be taken to other spheres of government such as the provincial and national governments who also play a role in service delivery.

Critics claim that South Africa's governance system has failed to take cognisance of the unique challenges facing the municipal entities operating under vastly different conditions. Metropolitan areas, small towns and rural areas have different capacities due to disparities in their financial situation. Differences in financial sustainability imply that metropolitan Councils for example should have more autonomy to manage their affairs. Rural municipalities may require both provincial and national intervention in terms of financial support and forging co-operative relations will better coordination between the three spheres of government.

The framework for inter-governmental relations (Intergovernmental Relations Framework, Act No.13 of 2005) has its origins from the Constitution that set out the value of co-operative governance and its application between national, provincial and local government (GTZ, 2006). The framework states that "all three spheres of government, namely national, provincial and local, as well as the private sector and communities, have a role to play in service delivery." Ensor (2005) states that "municipalities are the first door that disgruntled communities knock on and in most cases the co-ordination of service delivery amongst all three spheres of government, are often blamed for lack of service delivery. People want service delivery and do not care which sphere of government delivers what service."

According to Sokupa (2009) there are two (2) ultimate consequences for poor Intergovernmental Relations (IGR): 1) the voice of people is ignored in local developments 2) hampered service delivery contributes to frustrations in the disadvantaged and vulnerable groups. The IGR Framework Act Inaugural Report (2005/06 - 2006/07) states that "the effectiveness of the IGR system is measured by the extent to which it adds value in effective service delivery and good governance across all three spheres of government." The White Paper (1998) mandates all government spheres to abide by the principles of co-operative government and the Municipal Systems Act (2000) promotes IGR by mandating municipalities to structure their operational and join forces with local communities. Chapter 4 and Section (5) of the IGR Framework Act directs municipalities to allow local communities to participate in municipal decision-making processes.

To achieve basic rights that underpin the notion of service delivery as provided in the Constitution depends on a working relationship between the inter-dependent three spheres of government. The White Paper on Local Government (1998: 50 – 51) suggests the following strategic aims of intergovernmental relations:

- The promotion and facilitation of co-operative decision-making.
- The co-ordination and the alignment of priorities, budgets and policies of inter-related functions.
- To make certain the smooth flow on information between government and communities.
- The prevention and resolve to conflicts and disputes.

Government promulgated the Municipal Systems Act (MSA) to regulate local government. Section 24(1) of the Act states that municipal planning must be aligned with, and complement the development plans and strategies of other state organs to give effect to the principles of co-operative government. This Act introduced the Integrated Development Planning (IDP) for local municipalities to improve the levels of co-operative governance at local level as well as Ward Committees to create a link between local government and communities.

2.3.3.1 Intergovernmental financial relations

Sokupa (2009) states that “intergovernmental transfers and tax policies plays a crucial role in the management and co-ordination of governmental relation.” National government collects, controls and distributes the majority of tax revenue, therefore holding power over the beneficiaries of public funds. Intergovernmental Fiscal Relations Act (1997) sets out the process for the division of nationally raised revenues between the three spheres of government. It establishes the Budget Forum, in which local government issues are discussed as part of the national budget process. It also requires that a Division of Revenue Bill is tabled annually, setting out (among other things) the amounts to be transferred to each municipality.

The Act aims to secure transparency, accountability and sound financial management in government and public institutions. Given the high levels of poverty and

unemployment in the country, most municipalities are under-spending their infrastructure grants allocations. All unspent funds are taken back by national Treasury and the lack of capacity has been sighted as one of the reason for the lack of spending. An integral part of the intergovernmental system is the responsibility that Section 154 of the Constitution places on national and provincial government to support and strengthen the capacity of municipalities to manage their own affairs. There are various national and provincial support initiatives, some of which are described in Chapter 5 Financial Management and the MFMA implementation.

The constitutional assignment of powers and functions to local government has a direct bearing on the local government fiscal framework. Ideally, the local government fiscal framework should provide municipalities with access to revenue sources that are commensurate with the services they are responsible for providing. The table below is an example of source of local government funding from national and provincial government:

Source of local government Funding	Constitutional provisions	Governing legislation
Local government equitable share of nationally collected revenues	Section 214 and 227	Intergovernmental Fiscal Relations Act The Annual Division of Revenue Act
Conditional grants from national government	Section 214(c), 226(3) and 227(1)(c)	Intergovernmental Fiscal Relations Act The Annual Division of Revenue Act The Annual National Appropriation Act
Conditional grants from provincial government	Section 226	The Annual Division of Revenue Act The Annual Appropriation Act of the relevant province

Table 2.9: Sources of local government funding
(Source: National Treasury)

Chapter 13 of the Constitution sets out that municipalities are eligible to an equitable share of national revenue and other conditional grants from national or provincial

government. Municipalities are required raise their own revenues from service charges, property rates in order to be sustainable. Sokupa (2009) state that “the Constitution expects municipalities to show financial effort by raising revenue that is equal to their financial capability.”

Municipalities can use financial markets to finance their infrastructure requirements. Municipal borrowing capacity from financial markets is a function of sound financial management and own revenue management. The Development Bank of Southern Africa (DBSA) progressively plays a developmental role of lending funds to municipalities for infrastructure development.

2.3.3.2 The Intergovernmental Relations Framework

The Intergovernmental Relations Framework (IGRF) Act 13 of 2005 is set to tackle the co-ordination challenges. The Act provides a framework for a series of structures designed to promote intergovernmental cooperation and settle intergovernmental disputes with a President’s Co-ordinating Council and various Premiers’ Coordinating Councils as the oversight structures, this requires enhanced communication between the three spheres of government. The Act provides for technical assistance from the Minister or local government Member of the Executive Council (MEC) to the intergovernmental committees. In terms of the Constitution, the bulk of government functions are a responsibility of municipalities but provincial and national spheres of government are unnecessarily drawn in due to the nature of the transfer mechanism, much hinges on the principle that the local government is better suited than the provincial or the national spheres to carry out certain roles.

2.3.3.3 Intergovernmental agencies

South Africa has a diverse range of agencies in place to strengthen the arms of government in service delivery. These include statutory bodies such as Financial and Fiscal Commission (FFC), Auditor-General, State Tender Board, Public Protector, President’s Co-ordinating Council, Interdepartmental forums, Intergovernmental forums, South African Local Government Association (SALGA), National Council of

Provinces (NCOP), Ministerial forums (MINMECS) and agencies that contributes to better service delivery.

The main role of SALGA is to effectively represent local government in the legislative processes of all spheres of government and other intergovernmental forums. The SALGA therefore need to show leadership by resolving service delivery issues. Different levels of government need to take joint responsibility and act together in responding to the crises of poor service delivery.

2.3.4 Municipal strategy development: An integrated approach

The introduction of the new Constitution and legislation with policies and frameworks has seen municipalities becoming developmental by adopting a business-orientated approach in their approach and activities. Chikulo (2003) states that “the adoption of a more business-orientated approach is not aimed at running a municipality like a profit-bound company, but rather to ensure that scarce resources are allocated and spent effectively.”

Municipalities are required to assume a leading role in addressing poverty, inherited inequities, promoting local economic and social development on top of ensuring access to at least a basic level of service. Munslow and Fitzgerald (1997) suggest that “service delivery should not merely be aimed at present demands, but municipalities are also required to make informed projections about and anticipate future demands in order to ensure effective, efficient and sustained service delivery over the short, medium and long term.” Below is an example of municipal strategic questions:

Strategic context	Indicators	Strategic questions
Municipal resources are tight	A municipality does not have the means of generating enough revenue to deliver services	How can the municipality generate more income? How can a municipality make revenue collection more effective? How can a municipality deliver more with less? Where can a municipality curb wasteful expenditure? How can a municipality

		cooperate and share services in order to become more efficient?
--	--	---

Table 2.10: Strategic issue relevant for municipalities

(Source: www.vng-international.nl/)

Kaul (1998) states “that effective delivery of a good strategy might be a deciding factor between a municipalities’ (continued) prosperity and eventual decline and that a strategy is often an essential for the funding of municipal projects. Municipal plans and strategies tend to have too broad and unspecific goals and that they tend to focus on ‘what’ the municipality wishes to achieve, but at the same time provide little detail on ‘how’ to achieve what is required.”

The words ‘strategy’ and ‘plan’ are to some degree have a similar meaning, a technique for achieving an end. There is also a difference in the two words ‘strategy’ and ‘plan’, according to Kaul (1998) a strategy, is a design, layout or an idea to accomplish a particular goal. A strategy is flexible and adaptive to change. A strategy needs to be reviewed periodically. Kaul (1998) states that “a plan is a pattern, programme, an arrangement for a definite purpose.” A plan does not allow for deviation. Plan A cannot be altered and tried again if it doesn’t work, option is Plan B; that is completely different to Plan A.

2.3.4.1 Strategy planning

Luvuno (2002) states that “integrated development planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period and that the Integrated Development Plan (IDP) is a product of the IDP process.” The IDP is a municipal strategic document that informs planning processes and budget. The IDP allows the municipality to identify its key development priorities, align municipal resources with the development priorities and development strategies in line with the municipal vision, mission and values

Integrated planning is seeking the optimal solutions to realize long-term sustainable development; it requires the involvement of the whole municipality and its citizens.

The IDP is an overarching strategy that opens up opportunities for creating synergies and innovation through cross-sectorial cooperation. Through the IDP, the less served can be identified and the municipal resources can therefore simply be allocated to the most impoverished communities. Implementation of the IDP is done through the community participation process. Investors are willing to invest in a municipality with clear development plans.

Figure 2.3 below is a conventional approach to a municipal integrated planning strategy. Munslow and Fitzgerald (1997) states that “a municipal strategy is likely to remain a collection of wishes that might not be supported by the broader public and have little positive impact on the development of the municipality and if an integrated approach is followed systematically, there is a good chance that the strategy will deliver positive outcomes that are supported by all stakeholders.”

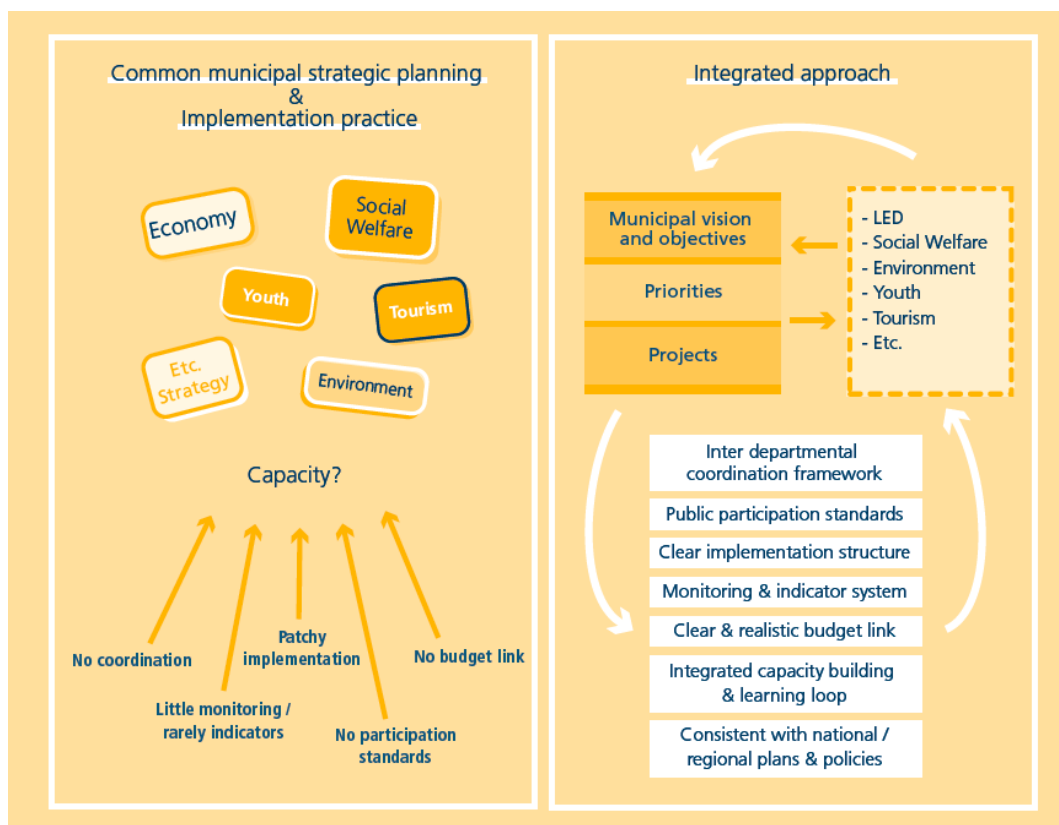


Figure 2.3 Conventional method to municipal integrated strategic planning
(Source: Municipal Development Strategy Process: VNG International)

2.3.4.2 Partnering (approach)

‘Better partnership means better development’

The basic premise behind a partnership based municipal strategy process is that traditional top-down decision making and delivery mechanisms without the involvement of relevant stakeholders are inadequate in the face of the complex challenges faced by local governments.

Stakeholder participation is a widely recognised key ingredient for a successful local development. A stakeholder can be defined as a person, group, organisation, or system, who has the capacity to influence, and whose interests may be positively or negatively affected by the decisions taken, action or inaction, performance or completion of any project as part of the preparation and delivery of the strategy. The notion of partnership is an out of the box thinking, it must be taken beyond mere public participation, and the following is suggested:

Thinking past politics	Municipal strategic planning is at the heart of municipal resource allocation, therefore it is also a political process. The process should broker political support and buy in to the strategy of the governing parties.
Thinking inter-departmental and inter-sectoral coordination	Promoting cross-departmental cooperation need to be encouraged as part of the strategy process.
Thinking cross-cutting issues	Cross-cutting issues are issues that touch on general principles such as democracy and human rights, good governance, children’s rights and the rights of indigenous people, gender equality, a sustainable environment and HIV/AIDS. They should be considered at every stage of the strategy process.
Thinking Public Private Partnership, non-governmental and citizen cooperation	The local government needs to seek good collaboration with the business sector and non-governmental organizations in order to be able to provide suitable services.
Thinking inter-municipal	A single municipality might not make a viable

cooperation (shared services)	economic area. Sharing resources allow better service provision by enhancing municipal efficiency and to address capacity constraints within municipalities
Thinking vertical coordination	The mandates and governmental responsibilities between the national, provincial and local level are quite clear but sometimes less so. The municipality which learns to cooperate well with the national ministerial levels is likely to attract more resources

2.3.4.3 Strategy preparation

Preparing a strategy is a team effort, the better the team works together, the more effective the strategy is likely to be. Munslow and Fitzgerald (1997) suggest the following two (2) steps as main actors in the strategy preparation.

- Step 1: Ensuring political buy-in and commitment

The successful implementation of a municipal strategy requires municipal resources and commitment from the political leadership to the process. Political commitment and leadership is essential for successful strategic planning. Ideally, all political fractions should support the elaboration of the strategy in the first place. Further, the more consensus of all parties and stakeholders can be found, the more successful the strategy is likely to be.

- Step 2: Engaging in public participation

Public participation allows the communities to have an opportunity to make inputs on development decision that affect them. A partnership between the private sector, the community and municipal administration has proven to be an effective strategic approach. Munslow and Fitzgerald (1997) state that “the partnership must be maintained after the completion of the municipal development strategy and during the implementation of the strategy; the partnership will function as a monitoring committee.” The below diagram is an illustration of an organizational set up for the strategy expansion.

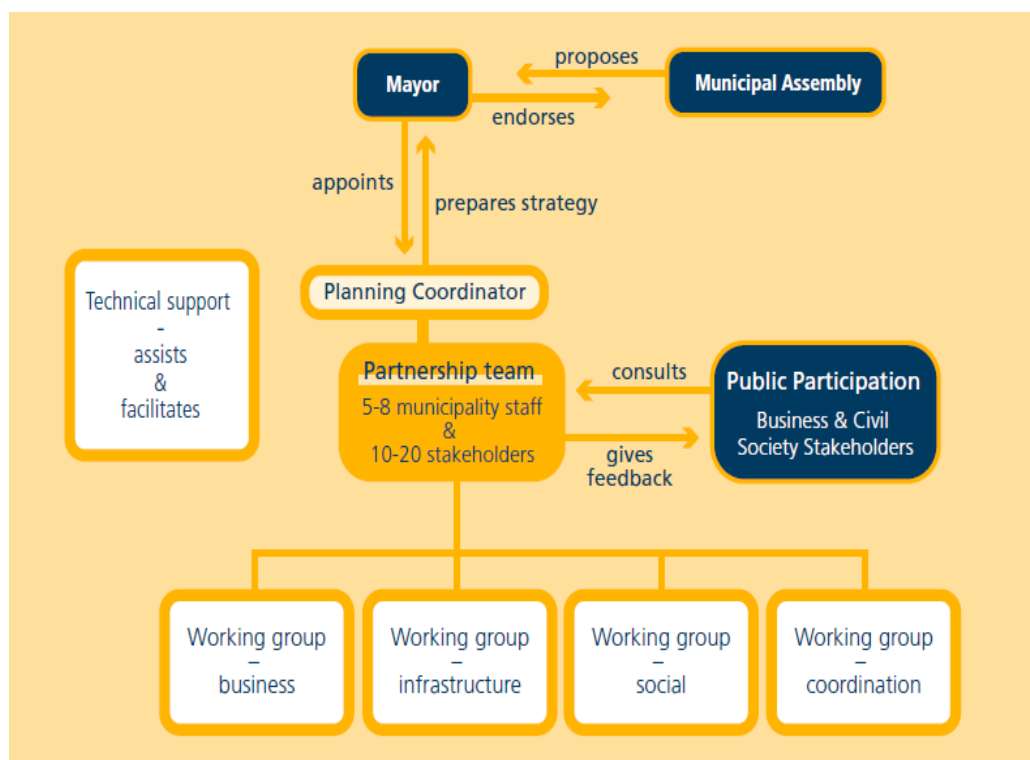


Figure 2.4: Organisational set up for the strategy expansion
 (Source: Municipal Development Strategy Process: VNG International)

2.3.4.4 Strategy formulation

The first step to municipal strategy formulation is a situation analysis. There are four types of analysis that form the basis for developing the strategy, outlined in the table below:

Type of Analysis	Purpose
PESTL	External environment assessment (political, economic, social technological and legal factors).
Socio-economic	Socio-economic analyses of the municipality
Municipal capacity and resource assessment	Assess the capacity of the municipality to efficiently plan and implement development plans
SWOT Analysis	An analysis of strength and weaknesses, opportunities and threats of the municipality. The SWOT analysis informs the vision and objectives of the strategy

Table 2.11: Types of situation analysis

The future of a municipality is determined by trends and outside forces. The PESTL analysis is used to assess the political, economic, socio-cultural, technological and legal environment beyond the municipality’s control. Table 2.12 is an example of a PESTL analysis:

Political	Economic	Socio-cultural	Technological	Legal
Reform processes (policies and the constitution)	Global financial crisis	Urbanization trends	Technology efficiency	Environmental standards

Table 2.12: PESTL analysis

Munslow and Fitzgerald (1997) state that “the development strategy sets out objectives and priorities within the mandate and resource base of a municipality and municipalities must make a list of all relevant national policies and strategies that affect them and state how they affect them and how they suppose react to the policies and strategies.” For example: Financial decentralisation allows the municipality to collect taxes and the municipality may not be prepared for this policy. According to Gates (1999), a development strategy must be in line with other municipal development plans (e.g. local spatial development plan) and any other existing municipal strategies. Gates (1999) states that “the strategy process has to recognise that factors that have an influence on development are within the municipality’s control, others are not.”

Direct control	What can the municipality do?	Example: Promoting transparency, accountability, stakeholder involvement and community participation at municipal level.
Indirect control	What can the municipality do to influence others?	Example: Lobby National Treasury for more financial decentralization.
External Realities	Difficult to influence?	Example: Political instability

Table 2.13: Spheres of influence

Luvuno (2002) states that “the socio-economic profile of a municipality is important in the formulation of a strategy, quantified it lends itself to quantification of the current situation/position of the municipal area (e.g. infrastructure, natural resource,

municipal capacity to provide quality services, and to effectively deliver the strategy (including budgetary resources and budget management).” Municipal capacity assessment is important in the formulation of a development strategy to effectively deliver on the strategy. Tools are available to measure the municipality’s capacity. One of the assessment tools is questionnaire with a point scoring. Table 2.14 below is an example of a questionnaire relating municipal policy and strategy.

Questions	Scale			
	0	1	2	3
How policy and strategy are developed, communicated and implemented.	No Progress	Some Progress	Good Progress	Fully Achieved
Does my municipality develop policy and strategy based upon the following:				
Legislative requirements?				
Performance indicators?				
Customer and stakeholder requirements?				
Does my municipality communicate policy and strategy to all its employees?				
How policy and strategy are regularly reviewed, updated and improved				
Does my municipality review performance requirements and key performance measures?				
Does my municipality track performance				
Total number score	0			

Table 2.14: Questionnaire on municipal policy and strategy

The SWOT analysis is the basis for the development of the long-term strategy. Gates (1999) states that “SWOT analysis is the most commonly used methodology to paint a picture of where the municipality is now and where it wants to head to and may end up.” He further indicates that SWOT analysis lists the strengths which can be built on, the weaknesses which need to be taken into account and, where possible, overcome; the opportunities, which can be acted on; and the threats that need to be minimised.

A municipality’s situation analysis is never entirely rational. Many different interests are at stake. People have different views, hopes, fears, and biases, however the more stakeholders and interest groups agree to the broad messages of the analysis, the stronger a basis you have for formulating the strategy. According to Andersen and

Lawrie (2002), developing objectives and priorities is a crucial step in the elaboration of the development strategy. Priorities have to evolve logically from the vision and the long-term strategic objectives.

Prioritisation has to take into account the scope of support and limited resources. It is appropriate to strike a balance between priorities aiming at developing economic infrastructure (e.g. road and water infrastructure) and those developing human resources/capacity building. In order to be able to measure the success and the impact of priorities, they need to be quantified. This will include defining appropriate and quantified targets, and whenever possible, a baseline. Indicators should be: Specific, Measurable, Achievable, Realistic and Time-bound (SMART).

For each priority of intervention and for the whole strategy, a detailed multi-year budget needs to be prepared. The indicative financial plan must be in line with the financial perspectives, i.e. the distribution of the amounts over the years covered by the strategy (e.g. in % terms). The financial plan will clearly indicate the expected financial contribution from funders as well as from other national and local financial sources (infrastructure grants). The financial plan has to be effectively linked to the municipal budgeting process.

In order to ensure that the strategy is implemented, roles and responsibilities need to be clearly defined. Once all the elements of the strategy are in place, they need to be brought together into a coherent draft document. The draft strategy document should again be the subject to public consultation. Once it is agreed with all stakeholders, the Mayor must present the strategy to the municipal Council for official endorsement. Once the strategy is endorsed, it should be published and distributed widely.

2.3.4.5 Strategy implementation

According to Munslow and Fitzgerald (1997), a strategy is better implemented through a project. Gates (1999) states that “once the key municipal priorities have been defined, the strategy will generate project ideas to achieve the defined priorities.” Therefore, projects should logically flow from respective priorities.

Projects must be integrated logically into the strategy and the framework of priorities.

All projects must meet the following criteria:

- 1) Municipal strategic priorities and achievement of developmental objectives.
- 2) Must be feasible, can be organized in a reasonable timeframe.
- 3) The project must be acceptable (community approved).
- 4) Must realistic/doable in terms of funding.

The demand for strategic projects is likely to exceed the available municipal financial resources, therefore it is important to prioritise projects. Projects must go to tender once funding has been secured and on implementation, there should be regular monitoring and evaluation of project deliverables.

Examples of strategic projects are project aimed at 1) infrastructure development, 2) local economic development, 3) poverty eradication and 4) employment creation. The EPWP is one example of a strategic programme meant to draw a significant number of unemployed people into useful work by re-orientating government infrastructure funds so that projects are delivered labour intensively to create temporary work opportunities. National Department of Public Works has set employment targets per municipality and targets need to be monitored. The following table can be used to track and monitor targets.

Project Name: ePhatheni Bulk Water Supply (Phase 1)					
Indicators		Jan 2015	Feb 2015	Mar 2015	Apr 2015
No. of Work Opportunities Created	Achievement	20	30	30	45
	Target	25	30	35	40
	Baseline plan	15	20	25	30

Table 2.15: Employment Targets (M&E)

The project progress/performance need to be reported quarterly to Council in terms targets achieved. The below table is an example of a municipal Quarter Performance Report.

PROJECT PHASES FOR PROJECTS

- | | |
|-------------------------------|--------------------------------------|
| 1. Feasibility study | 6. Tender stage |
| 2. Business plan | 7. Contract award |
| 3. Project registration (MIG) | 8. Construction stage |
| 4. Preliminary design | 9. Completion/commissioning |
| 5. Detailed design | 10. Handed over and close out report |

Planned Performance Targets									Actual Performance Against Targets						Past and Future Targets	
Division / Programme	IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Demand	Baseline	Backlog	Annual Target	Performance against Annual Target	Portfolio of Evidence	Budget excluding staff exp.	Expenditure excluding staff exp.	Reason for variance (Blockages)	Planned improvement + intervention (Corrective measures)	2012 / 2013 Targets	2014 / 2015 Targets
Water Supply	Tech 1	Access to basic levels of service (water)	Mpofana: Muden Water Scheme	Project phase completed	9	7	10	1 to 9	8	Completion certificate	R 1,000,000.00	R 1,257,517,77	Additional Funding required to complete the project	Target achieved	3	3
	Tech 2		Mpofana: Ephefeni Water Scheme	Project phase completed	9	7	10	1 to 9	8	Completion Certificate	R 800,000.00	R 800,000.00	No variance	Target achieved	0	0
	Tech 3		uMshwathi: Lindokuhle & Mpolweni Water Scheme	Project phase completed	9	7	10	1 to 2	8	Feasibility Study Report	R 471,127.00	Nil	Delay in the demographic survey	Project is back on track	2	8

Table 2.16: Municipal Quarter Performance Report
(Source: uMDM Municipal Quarter Performance Report)

Andersen and Lawrie (2002) states that “projects/programmes with strategic objectives, which are related to enhancing the quality of life and creating employment opportunities are likely to remain quite stable, but the means of achieving them might change in the future and

changes are most likely going to occur in the SWOT environment. For example, a financial or political crisis creates new threats that the municipality need to react to, new law on decentralisation creating an opportunity and, or the strategy does not seem to work.”

2.3.5 Governance

In the private sector, good corporate governance emphasizes transparency, accountability, and efficiency and profit maximization. The World Bank (WB) and International Monetary Fund (IMF) usage of governance discourse is closely related to the concept of good corporate governance. A true manifestation of good governance is the delivery of basic human rights including the right to health, adequate housing, sufficient food, quality education, social justice and personal security.

The Millennium Development Report (n.d.) reiterates the view that better governance means greater participation coupled with accountability. The creation of an environment conducive to development and the elimination of poverty is dependent on good governance. Corporate governance finds value in the public sector because it holds the potential to enhance and maintain confidence in public institutions. By implication, public relations and good impressions may feature more prominently in the corporate governance approach than frank and honest communication (Holland, 2003). The Organization for Economic Cooperation and Development (OECD) sets out eight (8) major characteristics of good governance (GGL, 2008: 12).

2.3.5.1 Participation

A key cornerstone of good governance is participation by both men and women. Participation is either direct or through legitimate intermediate institutions or representatives. Representative democracy does not necessarily mean that the concerns of the most vulnerable in society are taken into consideration in decision-making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

2.3.5.2 Transparency

Openness this must be done in keeping with rules and regulations when decisions are taken and enforced. Transparency also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in accessible forms and media.

2.3.5.3 Effectiveness

Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

2.3.5.4 Responsiveness

Good governance has a need of institutions and processes that serve everyone within a practical timeframe.

2.3.5.5 Accountability

Government institutions must be accountable to society with transparency and the rule of law.

2.3.5.6 Consensus oriented

There are many actors and as many viewpoints in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

2.3.5.7 Equity and inclusivity

A society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires that all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well-being.

2.3.5.8 Rule of law

Hollands (2003) states that “good governance requires fair legal frameworks that are enforced impartially; it also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.” The opportunities that exist for public participation, transparency, accountability are a measure of quality of democracy in local government (GGLN, 2008: 13). According to Section 152 of the Constitution, local government mandate is:

- To promote a democratic and accountable local governance.
- To provide sustainable municipal service.
- To promote social and economic growth.
- To provide a healthy and safe environment.
- To promote community participation in the matters of local government.

People resort to protest demonstration as the only way to express their frustration with service delivery failures. Kimemia (2011: 29) states that “municipalities are not doing enough to be a link between government and citizens.” The White Paper on Local Government suggests that local government has a central role of building local democracy and that municipalities should develop strategies of community participation. Participation is mandatory for the following reason:

- To ensure democratic accountability
- To contribute to policy processes
- To ensure value for money and affordable services

However it should be noted that while the causes for protests differ from one province to the other and from one municipality to the other, in all instances people want to be heard and to be taken seriously. The protesters are aware that they are citizens with rights and that they should be treated accordingly. Powell (2009) contends that government's faith in local government as the sphere that is closest to people and the delivery arm of the state is not shared by citizens. Local government is the least trusted of all public institutions in the country and that has been the case since the first democratic elections in 2000.

2.3.6 Responsive government

Responsiveness means that municipalities seek to be sensitive to and serve the needs of all stakeholders within a reasonable timeframe. After the 2009 elections, people become conscious that the service delivery was not happening fast enough and suspicious of the government commitment for a better life for all (Kimemia, 2011: 3). Before people resort to protest actions, they normally would have tried and negotiated routes including civic engagement through the invited spaces such as the ward committee forums, IDP forums and budget processes.

In certain cases municipal officials unwisely, resort to the Marie Antoinette's type of arrogance that only fuels citizens' anger. The resultant frustrations are degenerated into acts of violence than the government will come promising immediate remedy to the appalling conditions. Troublingly, protesting groups are making an observation that government appears to react when violence is applied which than seems the greater the intensity of violent protest, the greater the chance government paying attention.

Municipalities could benefit from the strengthening of the separation of powers between the executive (administration) and municipal political head so that Councils can hold mayoral committees to account. Instead of waiting for the tensions to degenerate into runaway violence and destruction of property, the responsible thing for government to do is to be responsive to people's grievances, respectfully and without undue delays. Evidence seems to suggest that when there is greater openness and people involvement in decision-making processes, there tend to be an

understanding and less vulnerability to political manipulation on unfounded claims of maladministration. Communities tend to internalize a more realistic attitude and become useful allies in development rather than perpetually disgruntled consumers of services.

According to Masiwa (2008), municipalities have not paid particular attention to the way information is disseminated across the social spectrum, yet the ability of citizens to request and receive information on the workings of their government is one of the hallmarks of an open society. He further states that lack of proper communication and information can block delivery and administrative egoism can be an impediment to delivery. According to a paper presented by Sithole (2007) on the IDP, an attitude of self-importance by officials could be inherent in the South African local government sphere. Such attitudes choke the ability of residents to take an active role in the way they are governed at local level. The bureaucratic nature of the way municipalities function and implementation plans impact negatively on the responsiveness of municipalities.

The SALGA National Conference Declaration (2004) held in Cape Town resolved that municipalities must put measures to address service backlogs and issues of capacity in order to achieve the Presidential development goals. According to Masiwa (2008), while the right legislation on municipal developmental agenda is in place, reality seems to suggest that municipal systems are not functioning as stated in the legislation. Mathoho (2013) claims that “there is a perception that the reactive conduct of local government is exacerbated by the performance of leadership who bypass legislation, policies and procedures meant to bring good governance in municipalities and that communities still find themselves ignored by local government yet national government release funds to local governments in terms of the IDP which reflect the communities developmental ‘wish list’ of municipal services and infrastructure projects.”

SALGA has suggested the development and implementation of a chain of ‘hands-on’ intervention approach, aimed at municipalities to improve their understanding on the legislation. SALGA further suggested the development of a set of principles aimed at

guiding the municipal development agenda as stated in the legislation. The principles should relate to regulations and legislation.

The late former President of South African, Dr Nelson Mandela stated that “by our own pronouncements and actions, we could relate to these citizens as passive recipients of government delivery, as if government were a force on high. Worse still, we could turn some constituents into passive critics, their own rationality drowned in the chorus of regret that the past has passed. On both counts, this would be a recipe for sure failure”. Masiwa (2008: 2) states that “global experience shows that governments tend to be most responsive where non-governmental groups are most active. Civil society needs to continue to maintain an undying march for pro-poor policies and a partnership with municipalities in making the freedom charter a reality.”

According to Mathoho (2013: 1), citizens want to see a proactive government and in order for government to be progressive and productive, there is a need for legislation reforms. Improving service delivery is one of the transformation priorities and an ultimate goal of the public service transformation programme (White Paper on Transforming Public Service Delivery, 1997). Municipalities are still failing to spend or are under spending their allocation from national government for infrastructure development. Mr Paul Mashatile, the ANC NEC member said “in a country with such massive developmental backlogs, under spending must be declared a crime against the poor” (Mail and Guardian online: 25 June 2011). Even though there are legislated mechanisms for public participation through ‘invited spaces’, such as Ward Committees (WC), petitions office, IDP forums and municipal Izimbizo but public participation seems to be another area where municipalities are still struggling to grapple with. Communities from around the country are now resorting to their own mechanisms of participation through service delivery protests to get government’s attention. According to the White Paper on Transforming Local government (1998), a developmental local government must assume partnerships with communities to find sustainable solution to meet community development.

Since the inception of new local government structure, there are many challenges facing local government. Mathoho (2013) states that “with all legislation and policies

in place many municipalities fail to be proactive, and they claim to sit and wait until the national or provincial governments come in to intervene to situations.” Communities get tired of a reactive local government and seek government’s attention through violent service delivery protests (Mathoho, 2013: 5).

2.3.7 Accountable government

A culture of patronage and nepotism is so widespread in many municipalities that the formal municipal accountability system is ineffective and inaccessible to many citizens (State of Local Government Report, 2009: 11). Democracy goes beyond representative democracy to include the existence and general well-being of democratic systems, procedures, practices and democratic culture at municipal level (GGLN, 2008). According to Munnik (2011), accountability implies that municipalities are accountable to those who will be affected by their plans, decisions or actions. COGTA has described local government as being in ‘distress’. Its analysis of the underlying causes of this situation include a plethora of interrelated factors such as poor financial management, lack of control measures, susceptibility to political interference, lack of political leadership, insufficient municipal capacity and poor human resource management.

Atkinson (2007) states that “at the heart of community disgruntlement on issues of service delivery is the belief that politicians cannot be trusted because come election time, they make all sorts of promises to voters but once in office they forget their so-called voters.” He argues that people are generally unhappy with the manner in which municipalities are run. His point of departure are the contributing factors to the situation which are the misuse of public funds, lack of capacity within municipalities and general lack of accountability in the municipality. He suggests that the solution to the prevalent challenges is for voters to mobilise themselves and form structures that will hold local government officials accountable.

According to the Community Law Centre (2008), the mechanisms through which locally elected representatives can be accountable to the public include elections, public meetings and formal grievance procedures. It is submitted that the electoral system for local government itself may not in all respects establish direct

accountability links (Community Law Centre, 2008: 6). The constituency element in the electoral system, namely that of ward representation, appears not to have generated a strong enough direct link between communities and ward Councillors. It is suggested that the failure to maximize on this institution of accountability has its roots in the quest of political parties to manage the fielding of candidates (Community Law Centre, 2008: 2).

Municipal accountability is further supported by the Municipal Systems Act and, more specifically, the Code of Conduct for councilors which encourage Councillors to report back at least quarterly to their voters on the performance of the municipality. The audit committee is another important committee that establishes the financial accountability of the municipal executive to the municipal council. The Committee serves as an institution that provides the council with the necessary information to make the executive accountable with regard to matters of financial management.

The annual report serves as instrument to promote the accountability of the municipal executive to the municipal Council. This is evident from the fact that the process doesn't end with the Mayor presenting the report to the Council to approve or reject, it is rather followed by the Full Council by issuing an oversight report. The administrative accountability (officials) to the municipal political heads include the service delivery and budget implementation plan (SDBIP), budget statement and mid-year budget, performance assessment report and performance agreement for Section 57 managers.

2.3.8 Good governance

According to Afesis-corporplan (2011), the true measure of good governance is its ability to deliver development based on realizing people's human rights. It entails transparency, accountability, participation, and responsiveness to the needs of the poor, marginalized and underrepresented groups. In a true democracy, people can demand better policies, express grievances, hold leaders to account and seek justice from abuse. It can be said that there is a failure to provide democratic and accountable government in instances where it was found that there was a lack of a genuine

participatory process, due to political instability, corruption and undue interference in the administration.

Service failures by municipalities may be attributed to elements of uneven and unstable governance, there evidence of a high incidence of irregular or inappropriate appointments, coupled with low capacities, poor skills development programmes and weak institutional management. Municipalities in remote areas experience the added challenge of access to skills and little understanding of their spatial and economic realities. They generally lack the financial and human resources to deliver on their constitutional and legal mandate and on citizen expectations (State of Local Government in South Africa Report, 2009: 33).

CHAPTER 3

REVIEW OF LITERATURE

3.1 INTRODUCTION

One of the legacies of apartheid is the enormous infrastructure backlog that it created for the vast majority of South Africans. Under investment in municipal infrastructure in black areas under apartheid deprived millions of people of access to basic services including roads, water, refuse collection and sanitation (Joseph, 2002: 5). Delivery of services remains the big challenge and according to Joseph (2002: 5), municipalities are faced with serious challenges in implementing service delivery options that will enhance existing structures in the sphere of local government. The need to strategically assess and plan the most appropriate forms of service delivery is of utmost importance.

According to Munnik (2011), the rising need for basic services and the slow growth of municipal revenues to pay for those services contributes to high budget shortfalls or financial stress, which in turn threatens the attainment of developmental goals. When expenditure increases are not matched by corresponding increases in revenue, municipalities are compelled to make hard choices between mobilising additional resources, pursuing budget consolidation or improving the financial performance, all of which are associated with substantial economic costs.

Rakabe (n.a) states that “inadequate revenue to deal with growing developmental demands in municipalities is a major contributor to poor service delivery by municipalities.” It emerged during a Parliamentary debate in the National Assembly, on the state of municipal governance report that municipalities are faced with growing population against shrinking revenues. Given that most local municipalities’ have a weak economic base and high levels of poverty, municipalities are faced with challenges of addressing backlogs in basic infrastructure provision and subsidizing basic service delivery.

Government transfers alone cannot address all the service delivery pressures that municipalities face. Transfers are intended to supplement the municipalities’ own

revenues, with a particular focus on facilitating the provision of services to poor households and addressing rural infrastructure backlogs. It is therefore important that municipalities show financial effort in raising their own revenues according to their financial capacity. This chapter will critique municipal service delivery mechanisms and elements that are contributing to municipal distress and evaluate the Local Government Turnaround Strategy.

3.1.1 Elementary issues

According to Rakabe (n.a), there is a very high level of grant dependence among municipalities which reflects the unequal distribution of development across the country and relatively limited financial capacity. There is high dependence on municipal grant at local government level and according to Hollands (2003) it remains a cause for concern, known that grants are an ‘easy money’ that effectively decreases motivation for municipalities to collect own revenues. This undermines the accountability and responsiveness of municipalities to their own communities and given the extent of investment needs in these areas also reduces the ability of the municipality to address these needs.

According to Rakabe (n.d.), most municipalities in South Africa face a challenge of raising their own revenue. Although the majority of the households are indigent, there are those households and local businesses that can pay for services. Due to poor revenue collection systems, municipalities do not properly levy property rates and services and therefore the financial health of municipal is compromised, as a result a break is created in the revenue service link between the municipality and its customers who will still demand a better quality of service as ratepayers (Roux and Nyamukachi, 2005).

Figure 3.1 below is a comparison of municipal group own revenues to Gross Value Added (GVA), which is a proxy measure of municipal financial effort. Gildenhuys (1997) states that “Gross Value Added (GVA) is a measure in economics of the value of goods and services produced in an area, industry or sector of an economy.” The GVA is as a measurement to Gross Domestic Product (GDP). Figure 3.1 suggest that

58.6% of GVA is generated by Metropolitan municipalities by collecting 64.4% of municipal own revenues.

Figure 3.1 below shows that local, district and metro municipalities’ share of own revenues are almost equal to their share of GVA, yet 5.6% of the GVA is generated by local rural municipalities with 1.9% as a share of own revenue. National Treasury () draws a conclusion by stating that “local rural municipalities are collecting less revenue than this proxy measure of their financial capacity suggests they should be, and are consequently overly dependent on government transfers and grants.

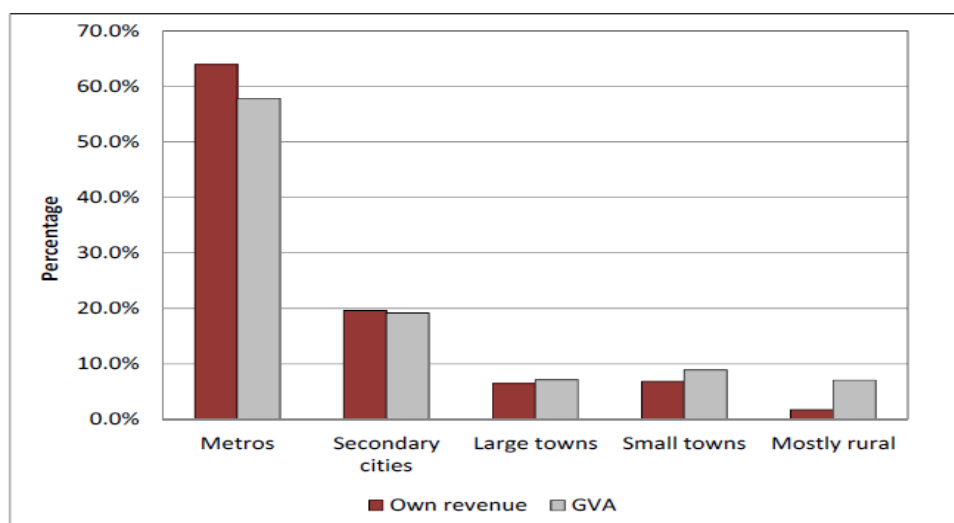


Figure 3.1 GVA vs. own revenue per municipal category (2008/09)

(Source: National Treasury local government database)

3.1.2 The term ‘Delivery’ and ‘Clientelism’

The legislation on local government emphasizes that municipalities have a pivotal role of democratizing society and fulfilling a developmental role within the new dispensation. This implies that municipalities must have policies and institutional frameworks that support and sustain the development of local people (Atkinson, 2007: 25).

According to Memela (2008), local government is developing and implementing a turn-around plan for its ailing municipalities, some of which have seen dissatisfied residents taking to the streets to voice their frustration with service delivery. Memela

(2008) states that “in order to create a responsive, efficient, effective and accountable local government in the country. It has to be suggested that the term ‘*delivery*’ and the systemic implications thereof have not been adequately explored.”

3.1.2.1 The term ‘Delivery’

Service delivery is the responsibility of municipalities at local level. Since the restructuring of local government in 1999 resulting in the huge reduction in the number of municipalities and the passing of a battery of legislation, local government has since then been officially referred to as developmental. In practice, this means greater focus on service delivery: bulk water and reticulation, electricity, sanitation, municipal roads and refuse removal. These services are administered locally and funded primarily by national government grants (Kimemia, 2011: 5).

According to conventional wisdom, the stability of South Africa’s relatively new democracy hinges on successful delivery of services. Service protests are often viewed as evidence that delivery has failed and, consequently, that the government’s delivery approach needs to be overhauled (Kimemia, 2011: 2). But it is becoming increasingly apparent that this is a very limited view to take. What seems more likely is that service delivery protests have become a South African institution therefore the term ‘*clientelism*’ and its systemic implications need to be adequately explored.

3.1.2.2 The term ‘Clientelism’

According to Kimemia (2011), service delivery protests are usually not driven by people who have the greatest need for it and it is often where conditions are improving where protestors can be found attempting to jump the queue by marching, waving banners, burning tyres and throwing stones. In defence, protests are a way in which delivery demands can be brought to the attention of those who control the purse strings. Nor is it ineffective, from the perspective of the protestors, for it often produces the goods, but it often has troubling implications.

The term that best describes the current system is ‘clientelist’ and service delivery in South Africa mostly happens through clientelist relationships. De Visser (2010) states

that clientelism was once understood to be a system in which patrons or local ‘big men’ appropriated public goods for their local constituencies in return for political support. This original definition revolved around the relationships between large-scale landowners and peasants in Latin America (Mogale, 2004: 12). Over the past 30 years, the definition of clientelism has been extended to cover situations where the landowner is effectively replaced by a political party.

According to Mogale (2004) the ruling party in developing countries usually become the patron while the people that voted for it become its clients. This is indeed the way the government of the day tends to operate at a local level. But is that not how politics always works? Do individuals not, in all systems, vote for political parties that ensure a constant flow of public goods, financed by the taxpayer, to loyal constituents?

According to Kimemia (2011) what distinguishes clientelism is its ad-hoc nature and relative disempowerment of voters. Clientelism may seem viable; some public goods get delivered but it is, in fact, harshly dysfunctional. Kimemia (2011) further states that the need to maintain the system is subordinated to short-term delivery, its output is implicitly biased only by voting for the patron party can individuals receive access to service delivery.

De Visser (2010) suggests that “municipal service delivery and community protests are elements of the same system in clientelism, protest is seen as the best means to access public goods and in areas where delivery is seen to be occurring, for those who have been marginalised it serves as an incentive to stand up.” What is an alternative to clientelism? Legal, rational and programmatic delivery systems are most prominent alternative. In such a system, the delivery of public goods is planned, trade-offs are taken into account, maintenance is factored in and the ever pressing demands of the poor are managed through a representative, democratic and transparent political system.

3.2 THE MUNICIPAL SYSTEMS ACT (Act No. 32 of 2000) AND THE MUNICIPAL FINANCIAL MANAGEMENT ACT (Act No. 56 of 2003): MUNICIPAL SERVICE

Section 78 of the MSA suggests principles, mechanisms and processes necessary to move municipalities progressively towards the economic and social upliftment of local communities, and to ensure access to affordable municipal services. Section 78 defines the legal mandate of municipalities to deliver services to local communities within the municipal area and to work in partnership with municipal political leadership and administrative structures.” The MSA provide for the following:

- The way municipal powers and functions are exercised.
- Implementation of community participation
- Municipal debt control and revenue

The MSA ensures that municipalities have tariffs and credit control policies in place that take into account community needs through a service provision framework (e.g. service delivery agreements). The MSA establishes the following:

- A support framework for monitoring and evaluation, standard setting to enable local government to progressively evolve into an efficient sphere of government for the social upliftment and economic development of communities.
- An enabling environment for a developmental local government through integrated development planning, performance management and resource enlistment.

The implementation of the outcome of Section 78 processes must comply with prevailing legislation impacting municipal decision-making processes, such as the Municipal Finance Management Act (MFMA) (National Business Initiative, 2006: 2).

3.2.1 Municipal service

The obligation to comply with Section 78 applies only to municipal services. The MSA defines a municipal service as one that a municipality, in terms of its powers and functions, provides or may provide to or for the benefit of the local community, irrespective of whether the municipality provides the service internal (itself) or engages an external mechanism or whether fees, charges or tariffs are levied in respect of the service, or not.

As stated, the provision of municipal services to the historically disadvantaged communities is a high priority in the government's Reconstruction and Development Programme (RDP) introduced in 1994. Presently government has increased access to basic services through substantial increases in the social sector budget within the context of a tight financial policy. But according to Roux (2005) the failure by some municipalities to deliver services has led to violent protest in the past years. The extent of public anger is not surprising given the state of service delivery in municipalities general around the country.

3.2.2 Provision of municipal services

There are many techniques and forms on how municipal service can be reached by citizens. Flow of money (grants, subsidies) might come from the financing organization (national government budget, provincial grants, international donors and private investors) or from the municipal own finance (taxes and charges). There are four main actors of municipal service delivery:

- 1) Service provider (municipality)
- 2) Funding source or financing organization
- 3) Producer of the service (internal or external mechanism)
- 4) Consumer (community)

The municipality as a service provider has the constitutional or political mandate to deliver at least the basic level of service. It doesn't mean that the municipality will provide finance for the service. Finance can be in a form of an infrastructure grant

from national or provincial government (e.g. MIG, MWIG, RBIG and EPWP Incentive). The municipality might only manage the service and creates the required regulatory environment (e.g. defining standards and procedures).

A municipality usually provides a service in-house (within a municipality) using municipal own resources and revenue, but most recently private and non-profit organizations are now involved in providing municipal service. Institutional forms and contractual arrangements (external mechanism) in the delivery of municipal services are as follows:

- Contracting a municipal service (e.g. collection of solid waste by a private entity)
- Build, own, operate and transfer (BOOT) systems (e.g. building than operate a water supply scheme, owned by a municipality)
- Concession (e.g. transferring rights to provide a service within the municipal jurisdiction for an agreed period)
- Not for profit organizations (NPOs) (e.g. involving NPOs in municipal service delivery)
- Voucher (e.g. food stamps, food for waste and any other indirect forms of subsidies)

Joseph (2002) states that “municipalities should be guided by accessibility of services, affordability of services, quality of products and services, accountability for services, integrated development and services, sustainability of services, value-for-money and promoting democracy when choosing the delivery options.” The White Paper on Transforming Public Service Delivery - Batho Pele White Paper (1997) indicates that public services are not a privilege in a civilized and democratic society but they are a legitimate expectation. Gaster (1995: 1) has a supporting argument by stating that “quality in public services is also recognized as the right of all citizens.”

3.2.3 Legislative process and criteria for MSA mechanism assessment

Section 77 of the MSA prescribes conditions to which a municipality must evaluate and decide on an appropriate service delivery mechanism to provide a municipal service, whether:

- An internal mechanism is when a service is provided by the municipality.
- An external mechanism is when an external entity is appointed by the municipality to provide a service, example: other municipalities, government sphere, community based organization (CBO), non-governmental organization (NGO) or a private sector party.

Section 78 sets out the (figure 3.2 below) process and criteria to be considered by municipalities in reviewing municipal service delivery mechanisms.

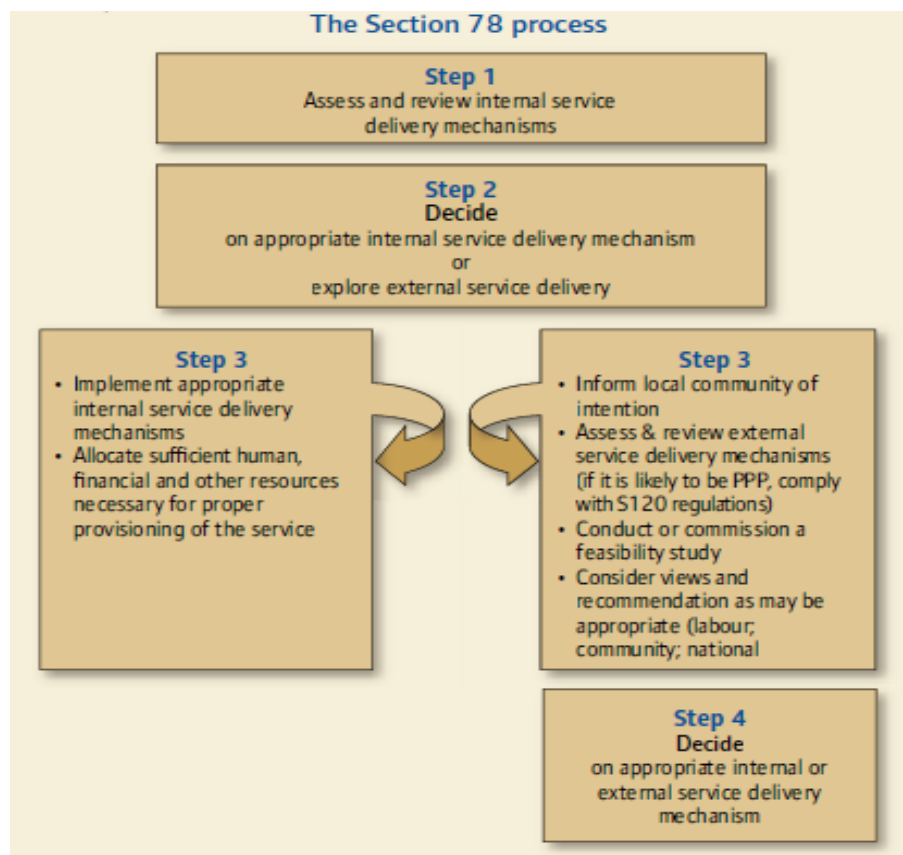


Figure 3.2 Section 78 process

(Source: www.nbi.org.za)

Reference is also made to the process and criteria required in terms of Section 84 of the MFMA that are relevant when considering whether to establish a municipal entity.

The MSA provides no guidance in respect of the extent or the scope of service requirement assessments. It falls within in the discretion of the municipality undertaking the assessments. A municipality must take well-informed decisions and be able to justify these transparently. The decision must also be lawful (National Business Initiative, 2006: 12).

3.2.4 Service delivery mechanism

Section 76 of the MSA provides that a municipality may provide a municipal service in its area or a part of its area through an internal or external mechanism. Service delivery options range from basic reorganization to outright privatization and according to Luvuno (2002), a one size does not fit all. Gildenhuys (1997) states that “the most important factor pushing new forms of service delivery is financial stress on public budgets, municipalities are cutting on expenditures.” The decrease in municipal revenues resulted to insufficient sources for financing the traditionally accepted level of municipal services. The transfer of public ownership to private entities is aimed to correct government failures and to reduce government spending.

3.2.4.1 Internal service delivery mechanisms

Internal delivery mechanism is presently used by municipalities to provide municipal services. Most municipalities have departments that are responsible for the provision of water, sanitation, electricity and other services, as an example: the water section in the municipality provides water services to municipal customers (end users). It is responsible for the day to day operation and maintenance of water purification plants and reticulation systems. The Treasury department of a municipality is responsible for credit control and debt collection, that is billing and collections. When a customer fails to pay for water services provided, the legal department of the municipality will be responsible for taking legal action for the recovery of arrears from the customer (National Business Initiative, 2006: 13).

The municipal department or special set up units (e.g. Project Management Unit – PMU, Water Services Authority - WSA) take responsibility for the technical aspects of delivering a municipal service and its operation and maintenance. Other departments act as support services, taking responsibility for the other aspects of the services such as procurement, financial management, legal and social services. The following are some of the challenges in the implementation of the internal delivery mechanisms resulting to lack of service delivery.

Consideration 1: Local government faces significant municipal infrastructure backlog coupled with a lack of capacity and skills to deliver services.

Consideration 2: Municipalities lack funding (budget) to meet infrastructure backlog and basic level of service.

3.2.4.2 External service delivery mechanisms

Local government has a duty to respect, protect, promote and fulfill the rights set out in the Bill of Rights. A municipality must constantly be mindful of its duties with regard to socioeconomic rights when performing its functions and exercising its powers (Johnson, 2006: 8). This obligation is predominantly prevalent when a municipality is delivering an essential service such as water and sanitation.

This is because certain basic or essential services are by their very nature necessary pre-requisites for the enjoyment of a host of other rights. For example, if a person is denied access to adequate water, their enjoyment of most other human rights becomes almost irrelevant. The MSA recognizes the following external service delivery mechanisms:

3.2.4.2.1 Municipal entity

The real form of ‘municipal entity’ has undergone a significant revision from that initially envisaged by the MSA. What makes an entity a ‘municipal’ entity in terms of the MSA is the extent to which the municipality could exercise control over that entity. In terms of Chapter 8 of the MSA, a municipal entity is not restricted to

performing only a municipal service function. A municipal entity is entitled to perform any function or power that a municipality is legally competent to perform.

There are three types of municipal entities described in the MSA. The MFMA sets out the procedure to be followed if a municipality wants to establish or participate in a municipal entity. The MSA ensures that the municipality retains accountability for service provision and the success of the municipal entity despite the fact that the municipality has outsourced the function. The MSA recognizes the following kinds of municipal entities:

- A private company, in terms of the Companies Act of 1973, in which one or more municipalities have acquired or hold an interest.
- A municipal established service utility.
- A multi-jurisdictional service utility established by two or more municipalities.

Roux and Nyamukachi (2005) states the “the municipality is explicitly obliged to ensure that the municipal entity is managed responsibly and transparently, and meets its statutory, contractual and other obligations.” Section 84 of the MFMA defines precisely the service that the entity would perform on behalf of the municipality and assesses the impact of shifting that service to the entity on the municipality’s staff, assets and liabilities (National Business Initiative, 2006: 15).

Roux and Nyamukachi (2005) states the “a variety of provisions obligate municipalities to ensure that performance objectives and indicators are both established and met, that effective monitoring takes place, that effective and fair procedures are put in place for the appointment and removal of directors and that measures are in place to ensure effective governance of the municipal entity generally.” The MFMA contains provisions regulating the conduct of municipal entities.

The City of Johannesburg (CoJ) formed a utility that would provide water and sanitation services to its residents, called the Johannesburg Water. The utility is owned and controlled by CoJ and therefore it is a municipal entity. The CoJ

entered into a management agreement with Johannesburg Water Management, in terms of which Johannesburg Water Management would provide a water and sanitation service to the CoJ.

Consideration 1: The fact that the municipality has ultimate control over the municipal entity, it means the entity falls somewhere between an internal service mechanism (municipal department or business unit) and an external sector entity such as a water board (Umgeni Water). Johnson (2006: 94) states that “since the municipality ‘owns’ the entity, it is unlikely to watch from the sidelines as the entity encounters financial or operational difficulties. Therefore this makes the risk profile of these entities somewhat different to a private sector entity.”

Consideration 2: Johnson (2006) further argue that “because the municipal entity is so closely and inextricably linked to the municipality, it would not be inappropriate, for example, for the entity to be involved in and give input into, the municipality’s policies, by-laws, budgets and future service strategies.”

3.2.4.2.2 Another municipality

Two municipalities can enter into a service delivery agreement whereby the one provides a municipal service to the other. Adjacent municipalities could combine to use their resources and available expertise on a more efficient basis, thus benefiting from their combined abilities to provide the service and the synergy effect of developing a critical mass. Additional capacity or existing capacity in a municipality could benefit another.

In terms of Section 80 of the MSA, if a municipality decides to provide a municipal service through a service delivery agreement with another municipality, it does not need to comply with the competitive bidding requirements of the MSA. Where a municipality (a local municipality where the district municipality is both the water services authority (WSA) and the water services provider (WSP)) can

provide support to the WSP by undertaking support functions (not operational functions), it will require a service level agreement and not a service delivery agreement and need not follow a Section 78 process prior to conclusion (National Business Initiative, 2006: 15).

Most municipalities in South Africa are entering into Memorandum of Understanding (MoU) or Memorandum of Agreement (MoA), co-funding a project (district and local municipality) and into Service Level Agreement (SLA) where they provide a service in a cross board project. However these cannot not be construed as service contracts, they are municipal service partnerships. The reality is that most municipalities are in a crippling state, they need to develop change strategies that could enable them to transform into high performance organizations.

Considerations:

- Each and every municipality in South Africa is trying to survive on its own and deliver to its mandate.
- Most municipalities are failing to manage their finances effectively, economically and efficiently in order to meet their developmental objective; therefore they cannot manage another municipality's financial affairs.
- Lack of/or shortage of skills in municipalities hinders capacity to deliver. Johnson (2006) states that “the genesis of South Africa's skills shortage is intricately linked to our history as an apartheid state and the legacy this presented in the labour market.”

3.2.4.2.3 Non-Governmental Organization (NGO) and Community Based Organization (CBO)

The NGO and CBO are not-for-profit organizations. The MSA states that a CBOs and NGOs must be legally competent to enter into service delivery agreements. This implies that a CBOs and NGOs must at least have a written constitution giving them independent legal status and mandating them to enter into service delivery agreements (National Business Initiative, 2006: 16).

The Alfred Nzo District Municipality has entered into service contracts with CBOs in respect of water services provision in its rural areas. As a rule, a CBO is established for each village served by a stand-alone scheme or for a group of villages served by a more regional scheme.

Consideration 1: Usually CBO and NGO contracts are focus on community development (infrastructure) and local economic growth; Johnson (2006: 88) states that “this could result in a municipality contracting with a less skilled external entity. If this is so, then one would expect a contract to, *inter alia*, ensure comprehensive support and monitoring on the part of the municipality, with the municipality retaining perhaps far more risk than it would in other service delivery agreements.”

Consideration 2: Some CBOs and NGOs are said to have requested upfront capital in order to execute their contract, this put the municipality into further risk should the CBO or NGO fail to meet service standards requiring rework on a product or service.

3.2.4.2.4 An organ of State (National and provincial government departments)

The Constitution defines an organ of State as any department of State or administration in the national, provincial or local sphere of government, or any other functionary or institution exercising a public power or performing a public function in terms of any legislation (but does not include a court or judicial officer).

In terms of Section 80 of the MSA, if a municipality decides to provide a municipal service through a service delivery agreement with a national or provincial organ of state, it does not need to comply with the competitive bidding requirements of the MSA, but service delivery agreements (e.g. SLA's) must be entered into.

Organs of state are subject to the Public Finance Management Act (Act 1 of 1999) and must inform National Treasury in writing, and are required to obtain approval from the Minister of Water Affairs before entering into a service delivery agreement with a municipality in the case of water provision.

Consideration 1: An organ of state function and objective are not completely the same as that of a municipality, therefore the contract should be ultimately to benefit the public in some way.

Consideration 2: As the municipality does not own or exercise any control over the public entity, issues such as reporting and monitoring, continuity of service and continued accountability on the part of the municipality need to be thought through.

Consideration 3: The organ of state is not profit driven, means the contract would not have to put mechanisms in place to prevent profit motives prejudicing other objectives of the contract, such life-line tariffs.

3.2.4.2.5 Private sector (Service contracts)

If privatization method is preferred; a municipality is legislatively bound to follow a very tight and complex process. Johnson (2006) states that “if a possibility of using an external provider exists, a second enquiry must be carried out; focusing on which external provider would be most suitable, taking into account the views of the local community, possible service providers and labour issues.” He further states that “after the second enquiry, the municipality must choose between an external and internal provider. If the decision is in favor of an external provider, a competitive bidding process must be followed. This will be followed by the conclusion of a service delivery agreement.”

There are two types of privatization models, the French and the British model. The British model involves the complete sale of assets to a private company. The French model follows different forms of private sector participation.

Corporatization is another type of privatization. Johnson (2006) states that “institutional reform incorporates a number of principles that are inherent in privatization such as performance-based management and full-cost recovery.” A municipality is required to comply with MSA competitive bidding requirements if it decides to provide a municipal service through a private sector service delivery agreement and by implication also with the provisions of Chapter 11 of the MFMA (National Business Initiative, 2006: 17). Government owned corporatized entities operate on a commercial basis as a private company.

Private sector institutions can bring flexibility to the approach of service provision and according to Johnson (2006: 12) the private sector can enhance the enjoyment of economic, social and cultural rights. Private sector institutions are profit driven and therefore are able to achieve higher efficiencies and can generally access operating and investment capital. The municipality is obliged to ensure effective regulation and monitoring of the service contract and to ensure uninterrupted service provision if the municipal service is privatized. Johnson (2006) states that “the content of the service agreements must therefore reflect the municipality’s’ continuous responsibility for the proper delivery of the service.”

Consideration 1: A contract must leave no uncertainty concerning the parties’ respective roles in terms of reporting and monitoring provisions.

Consideration 2: There must be clear roles and definition of parties’ in terms of ‘authority’ and ‘provider’.

Consideration 3: Allocating risk is uppermost important especial in an expensive contract that carries more risk that the municipality will want to transfer. Peteri (2007) states that “there are various risk arrangements in a contract can be shared between the municipality and the service provider.”

Consideration 4: The municipality must be in a position in terms of capacity to take over the service provision at the end of the contract period.

Consideration 5: Outsourcing must not result to denial of human rights, restrictions to access of basic services, tougher credit control methods and tariff hikes.

A real risk to privatization is the insolvency of the service provider and therefore the risk of municipal service interruption. This is especially so as the legislation governing incorporated companies tends to favor the liquidation of, rather than the reorganization of, insolvent companies. The White Paper (1998) therefore recommends that a service contract must explicitly provide for this scenario and put in place procedures to safeguard service delivery.

Section 80 (2) of the MSA provides that before a municipality enters into a service delivery agreement with an external service provider, it must establish a programme for community consultation and information dissemination regarding the appointment of the external service provider and the contents of the service delivery agreement. The contents of the service delivery agreement must be communicated to the local community through the media.

The municipality must control the setting and adjustment of tariffs by the municipal service provider within a tariff policy determined by the municipal Council. The service delivery agreement may provide for the adjustment of tariffs by the service provider within the limits set by the municipal Council. However the municipality must exercise its service authority so as to ensure uninterrupted delivery of the service in the best interest of the local community.

If an agreement imposes a financial obligation on a municipality beyond three years, it must comply with the provisions of Section 33 of the MFMA which requires that the municipality must have 1) made public the draft contract and information statement summarizing the municipality's obligations, 2) solicited the views and recommendations of the National Treasury, provincial Treasury and COGTA if the agreement involves service delivery prior to approval of the Contract by municipal Council.

3.2.4.2.6 Public Private Partnerships (PPPs)

Mwebe (2004) states that “there is an increased realization by the South African government for the need to structure sound deals with the private sector to improve public service delivery.” This statement is supported by the Minister of Finance, Pravin Gordhan in his 2012 budget speech by stating that “the state must complement its budgetary capacity with the wealth of innovative and special skills that are available in the private sector.” According to Kaiser Associates (2005) there are three (3) types of PPPs, and they are described as follows:

Service contracts: An agreement concluded between government or an agency and a third party, for the ongoing management and the improvement of activities.

Full privatization: Complete sale of municipal asset to a private sector, and does not offer any recourse after that sale in terms of quality of service, price and asset management measures.

Full private financing and operations:

It’s a contract where government looks at areas it has not developed yet, but which may be part of a national objective, strategy or an enabler in economic development (non-core activities) where it takes the decision to invite a private sector consortium to bid, fully fund and manage a project.

Legislation and regulations central to PPP’s differ at a national, provincial and municipal level (Mitchell, 2007: 12).

MSA: Municipalities must comply with the MSA regulation when reviewing and deciding on the appropriate service delivery mechanism. Mitchell (2007) states that “the MSA outline the process and criteria for deciding on the service delivery mechanism e.g. the cost-benefit

analysis, full assessment of the private partner and establishes a clear guideline on community involvement.”

MFMA: The MFMA focuses on issues of affordability, risk transfer and value for money in the PPP. In terms of the Act, the MFMA is responsible for securing sound and sustainable management of financial affairs of municipalities by forming norms and standards.

Dewulf, Mahalingam and Joote (2012) research paper found that the reasoning behind the use of PPPs in certain municipalities was to buffer government funds with private sector finance, in order to deliver municipal services. According to Mwebe (2004), the private sector brings innovation and efficiencies in municipal services provision. The success of a PPP differs with countries, the United Kingdom and British Columbia (Canada) saw an exponential growth of the PPP after it was launch. In Netherlands the growth was incremental, in Victoria (Australia), Gujarat (India) and in Indian provinces (Karnataka) it had linear patterns. In Austria the PPP development didn't exceeded the pilot stage.

The MFMA does not define the term PPP and Johnson (2006: 6) with some uncertainty in defining PPP, states that “it does *not* commonly mean the creation of a ‘partnership’ in the legal sense, i.e. subject to a formal partnership agreement with all the legal consequences that flow from such an arrangement.” He further states that “given the historical opposition by the major union movements in South Africa to any form of ‘privatization’ one could interpret the use of the word ‘partnership’ when referring to the involvement of the private sector in municipal service delivery as an attempt to exclude this form of arrangement from ‘privatization’ generally.

If this is correct, then this approach necessarily presumes that ‘privatization’ is restricted to incidences of wholesale transfer of a service and assets to the private sector.” Johnson (2006) states that “the MFMA prohibits complete transfer of a municipal service and its assets to a private partner.”

South African law defines the PPP as a contract between government and private sector where the private sector performs a municipal function and/or uses a state

property in terms of output specifications. Substantial project risks (financial, technical and operational) are transferred to the private party and the private party benefits through: unitary payments from government budget and/or user fees.

The MFMA provides conditions and process if a municipality needs to enter into a PPP. Section 120 (4) of the MFMA call for a feasibility study on matters such as preferred strategic approach and operational benefits, value for money, affordability, transfer of appropriate risk and the impact on current and future budgets and revenue flows.

Once the feasibility study has been completed, Johnson (2006) states that “the municipality must submit a report to Council for ‘decision in principle’ on whether to continue with a PPP.” Public participation process follows; comments from the public. The legislation requires assessment of views only, not negotiation. The MSA allows municipalities to enter into PPP agreements only if they can demonstrate that the PPP:

- 1) Provide value for money.
- 2) Is affordable.
- 3) Transfer all risks to the private party.

According to Mwebe (2004), the PPPs display the following characteristics:

- Involves a private sector in a conventionally public sector capital project.
- Focus on service delivery and investment.
- All project risks are transferred to the private sector.

The term ‘public private partnership’, is therefore used in this study to mean a service contract between a municipality and the private sector in terms of which a private sector company:

- Does a municipal function on behalf of a municipality.
- Assumes all project risks (financial, technical and operational).

Organized labour (Unions) should be notified of the process and its views sought regarding the needs and challenges of service delivery, as well as on how restructuring can be improved. Section 78 of the MSA requires a municipality to demonstrate that any views received have been assessed.

The former PPP unit Head of Project Finance Desk at National Treasury, Mr Sikhumbuzo Gqoli stated that “a reliable stress test of PPPs is seamless risk transfer.” He supports his statement by stating that “when outsourcing, governments typically buy specific services but retain the risk.” He concludes by stating that “when participating in a PPP, governments generally buy complete services, which enables the project in question to go forward with the government holding minimal risk and left primarily to perform a regulatory function.” An appropriate risk transfer and a cost benefit analysis occur when determining the PPP’s affordability.

The Development Bank of Southern Africa (DBSA) funds and advises on municipal infrastructure development and socioeconomic. The DBSA has funded projects to a total of R 35.8 billion from 2008 to 2014. The DBSA has had R 4.5 billion impact on the nation’s GDP in the 2010/2011 financial year (2010/2011) annual report. Notable projects include a PPP public hospital in the Basotho capital of Maseru, the first of its kind in landlocked Lesotho. Dewulf, Mahalingam and Joote (2012) research suggests the following as barriers for sustainable PPP and its policies include the following:

- Uncertainty and ambiguity regarding PPP policies
- An absence in the flow of PPP projects
- A sudden regime shift and lack of political stability
- An absence of mechanisms that support PPP implementation

They conclude by stating that a survey on the development of PPPs in the various countries shows that cultural, political and economic circumstances may negatively or positively affect the development of the PPP and suggest a holistic and innovative approach in aligning structures with specific situation of each country.

The most common PPP model applied in South Africa is the Build, Operate, Own, and Transfer (BOOT) model. According to Ngcuka (2010), the service provider undertakes to build, own, operate and transfer the municipal service or asset at the end of the contract in the BOOT agreement. A municipality pays the service provider a fee (which may include performance incentives) for the services provided, leaving responsibility for tariff collection with the Council or a service provider collects tariffs while operating the infrastructure for set period of time until it has recovered all capital costs and interest thereafter handover facility to the municipality

SPAID (2007) are critic of the PPP and states that “despite many areas of agreement between the private sector, implementing agencies, and agencies responsible for PPP policy, significant areas of disagreement remains.” Their research indicates the following as views and areas of disagreement by the private sector:

- 1) The private sector believes that too few PPPs are happening in South Africa, and that where PPPs are happening, they are happening too slowly and in sectors which have only limited developmental impact for the country.
- 2) The private sector feels the policy framework for PPPs emphasizes regulation of PPPs when what South Africa needs is promotion of PPPs, facilitation of PPPs, and capacity building for implementing agencies.
- 3) The private sector feels that the public sector wants to transfer too much risk to the private sector, and that there is evidence of waning private sector interest in PPPs.

The following are the views of the public sector on the PPP (SPAID, 2007):

- 1) The public sector feels that the private sector’s motive is to maximize profit, meaning poor service, high prices, or both.

- 2) The public sector feel that PPP require time and expertise that they do not have internally and that this is acceptable because PPPs are extremely complex transactions which require great care to prepare.
- 3) The private sector has much to offer in terms of financial resources, people skills and experience as an investment in public infrastructure and services.

SPAID (2007) research findings suggest that there is lack of leadership in PPP at the highest levels of government. High level policy directive need not mean uncontrolled enthusiasm for PPP, but should at least provide a clearer and predictable committed on when and why to do PPP. SPAID (2007: 8) further found that there is doubt or mistrust in the involvement of the private sector in infrastructure and service delivery generally and it is by and large stronger in municipalities than at provincial and national level. SPAID (2007) states that “labour unions are particular strongly opposed to PPPs and have made PPPs nearly impossible in many municipalities.”

Traditional public procurement of infrastructure services is at most the default choice for government. According to the MFMA, municipalities must first decide if they want to consider a PPP for a given project and then prove that a PPP would provide more of value than traditional procurement. Below is the relevant wording in Treasury Regulation 16 (SPAID, 2007: 5).

16.3 Treasury approval

16.3.1 The accounting officer or accounting authority may not proceed with a PPP without the prior written approval of –

- (a) the National Treasury; or
- (b) the relevant provincial treasury, if it is a provincial institution and the National Treasury has, in terms of section 10(1)(b) of the Act, delegated the appropriate powers to the provincial treasury.

16.3.2 The relevant treasury may grant such approval only if it is satisfied that the proposed PPP will –

- (a) provide value for money;
- (b) be affordable for the institution; and
- (c) transfer appropriate technical, operational and financial risk to the private party.

(Source: National Treasury: Public Finance Management Act (1999))

A research by Mitchell (2007: 23) shows that there are benefits of using the PPP's:

- Cheaper in the long run because expertise tends to lie with private partner
- Delivery of service is more efficient because the private sector partner brings in more skills and resources
- The private sector partner is responsible for maintenance and any investment by the private sector partner remains the property of the public sector partner
- Management of costs of delivery is easier as it is tied specifically to the PPP and is not integrated into whole local government finance.
- Lead to job creation and skills transfer and development

There are a few disadvantages, which unless managed effectively, will lead to the undermining of the PPP model (Mitchell, 2007: 23).

- Requires extra careful management on part of partners
- Vulnerable to political pressure, but requiring political support
- Can be subject to unwieldy legislation
- Require fully capacitated private and public partners

In South Africa PPPs, Black Economic Empowerment (BEE) has attained between 30% and 45% of the private sector shareholding including sub-contracting in deals has left a comparable percentage to black enterprises. Small and medium businesses are benefiting while black management control is being sought and extended in all the projects (Kaiser Association, 2005: 28).

Kaiser Association (2005: 4) in their research used four international countries as benchmarks for their study on KwaZulu-Natal PPP; the countries were United Kingdom, Canada, Australia and India. Their research findings indicate the following:

United Kingdom: Pioneer in the area of PPP being the first to actively encourage private participation in public projects through the structured Private Finance Initiative (PFI), focus on services and value for money. The first wave of PPP projects was from the national government, which were roads, bridges and prisons and later started to be offered as PPP projects on municipal service projects, that are schools, hospitals, libraries and fire departments.

Canada: Canada is becoming an important market for PPP and is adopting PPP as a strategy to improve service delivery with limited resources. The PPP projects are predominantly infrastructure projects, which are bridges, roads, school buildings and office buildings. Projects face barriers due to strong public sector employee unions.

Canada has a good proven record in PPPs. Successful and high profile PPP projects include the Air Canada privatisation, NAV Canada commercialisation, the Confederation Bridge construction, and Ontario's 407 ETR toll highway and emergency services mobile communications system.

Airports across Canada including Canada's two largest Toronto and Vancouver as well as Hamilton and Monkton have been established as independent operating agencies outside Canadian National Government. At municipal level, the Town of Goderich is leading in initiating PPPs for water and wastewater treatment facilities, water distribution system and sewage collection system.

Australia: In Australia the selection of PPP projects is based on attributes of the project e.g. value for money, profitability and priority. There is great awareness in the use of PPP approach from several government departments, including defence, immigration, municipality and transport. The government released its private financing policy in October 2001.

India: In India PPP's are primarily done through private investment in infrastructure with the public contribution being a concession or provision of land and government services at subsidised rates. Kaiser Association (2005: 8) states that "the increase demand for infrastructure services points to the need for augmenting capacity and improving efficiency in all areas." A high level task team has been established by the government of India to attract private investment to projects of national and regional importance.

According to Kaiser Association (2005), the government of India recognises that there are significant shortcomings in the availability of critical infrastructure in the country at national, provincial and local level that is hindering rapid economic development and therefore published guidelines on PPPs in infrastructure. The Indian government also acknowledges that the development of infrastructure requires very large investments that may not be possible out of the budgetary resources of government of India alone.

The Indian government is therefore committed to promoting PPPs in infrastructure development and recognises that infrastructure projects have a long gestation period and may not all be fully financially viable on their own. On the other hand, financial viability can often be ensured through a mechanism that provides government support to reduce project costs.

Kaiser Association (2005: 10) concludes by indicating that none of the above countries have consciously focused on sectors for PPP. Only in the UK they have specified a focus on healthcare and local government services. However, the trend has been to focus on sectors that are priority sectors for that country/region e.g. infrastructure. Infrastructure, especially roads and transportation, have typically tended to form a major part of PPP projects because they may be self-financing through user fees. The PPPs services appear to be dominant in countries like UK and Canada where the PPP processes are well developed (Kaiser Association, 2005: 10).

PPP policies are flexible with respect to formats that can be used. Nowhere are there any limitations to the formats used. The UK, by emphasizing flexibility of formats, has been able to open up new areas to PPP. India, with a lack of formal PPP policy, has the highest degree of flexibility and this has been able to secure a large number of projects.

According to Kaiser Association (2005: 27), South African PPP projects accounts for R 8.5 billion as of 2004 and most of the PPP projects are occurring at a provincial and local level. A notable national government projects is Inkosi Albert Luthuli Hospital in KwaZulu-Natal and at local level is water and sanitation provision projects in local municipalities' i.e. Stanger, Umtata, Richards Bay and Lowveld District Municipality are employing private sector operators.

Lombaard (2012) suggest that “economic growth, job creation and poverty alleviation are such immense challenges that the government cannot meet alone. Although the government has implemented a range of infrastructure delivery

programmes that have contributed significantly to increased access to services, a large backlog remains. Addressing backlogs in essential public services and simultaneously maintaining financial prudence require the country's budgetary resources to work harder. PPP can be leveraged as an important mechanism for a solution.”

3.2.4.2.7 Public *buy-in*

An analysis of policies and legislation reveals a strong emphasis on the importance of public participation and transparency. Although policies and legislation do not spell out the risks if public participation and transparency are not built into the process, the obvious consequence is both a threat to the country's democratic principles and to the success of the outsourcing project. At worst, public unhappiness with outsourcing could lead to service boycotts, damage to infrastructure and thus prejudice to service delivery itself. The MSA and MFMA ensures that the public is closely involved in the process of determining service delivery mechanisms by informing the public of the intention of considering external service providers, by setting up proper mechanisms for public participation and by inviting their comment at various stages.

Depending on the nature of the contract and the mechanism chosen, the public should be invited to make representations or comment on at least three separate occasions before an outsourcing contract is finalized. Likewise, the public must be kept closely involved in the procurement and selection process. Both the MSA and MFMA contain provisions that ensure the service delivery contract is available to the public. Public participation does not end with the signing of the service delivery contract. The national policy correctly notes that if a later amendment to a contract has the effect of materially altering the contract then the whole purpose of competition is negated. The legislation recognizes this principle and ensures that the municipality is obliged to conduct a public participation process if a material amendment to a service delivery contract is contemplated.

3.3 ISSUES OF SERVICE DELIVERY: ELEMENTS CONTRIBUTING TO MUNICIPAL DISTRESS

The State of Local Government in South Africa Report (2009) found that there is a low level of confidence in local government and that practices don't match policy intents. The report established that first problem in local government relates to governance. The report identified that problems are created when politicians interfere in municipal administration, resulting in inappropriate promises to communities, inappropriate planning processes, appointments of unskilled people, and making the rural municipal workplace unattractive to municipal professionals.

The role of elected representatives is to provide overall direction and set priorities, while officials are responsible for implementing priorities and programmes. Corruption is a further major problem as it undermines service delivery. COGTA (2009) puts it bluntly:

“Assessments revealed that party factionalism and polarization of interests over the last few years, and the subsequent creation of new political alliances and elites, have indeed contributed to the progressive deterioration of municipal functionality. Evidence has been collected to dramatically illustrate how the political / administrative interface has resulted in factionalism on a scale that, in some areas, is akin to a battle over access to state resources rather than any ideological or policy differences. The lack of values, principles or ethics in these cases indicates that there are officials and public representatives for whom public service is not a concern, but accruing wealth at the expense of poor communities is their priority (COGTA, 2009: 10).”

A report by COGTA (2009: 68) indicates that municipal dysfunctionality is as results scarce skills, inappropriate appointments and vacant posts. The report suggests that municipal dysfunctionality leads to low productivity, poor motivation and poor supervision. Notable key challenges are lack of political leadership, political interference and patronage. Functional overreach and complexity are forcing many municipalities into distress mode, exacerbated by the poor leadership and support from the other spheres and from stakeholders (COGTA, 2009: 33). Public

participation was another area of focus in terms of governance, and the report stated that:

“In respect to community engagement with public representatives, in instances where it was found that there was a lack of genuine participatory process, due to political instability, corruption and undue interference in the administration, then it can be said that there is a failure to provide democratic and accountable government. This failure is growing as evidence by the community protests and intense alienation towards local government being expressed by such communities.”

“Service failures by municipalities may be attributed to elements of uneven and unstable governance.

There is evidence of a high incidence of irregular or inappropriate appointments, coupled with low capacities, poor skills development programmes and weak institutional management. Those municipalities in remote areas experience the added challenge of access to skills and little understanding of their spatial and economic realities. They generally lack the financial and human resources to deliver on their constitutional and legal mandate and on citizen expectations (COGTA, 2009: 33).”

The COGTA (2009) report acknowledges the reasons for municipalities to complain about insufficient funds to eradicate infrastructure backlogs on water, sanitation and general municipal services. However, a separate assessment has evidence of under spending, a degree of wastage, inappropriate usage of funds and poor oversight (COGTA, 2009: 40). Service delivery constraints sighted in the COGTA report includes deviation of conditional grants for salaries, capital monies used for operational costs, lack of monitoring of infrastructure projects during construction phase, lack of planning to meet infrastructure and service backlogs.

According to Kimemia (2006) one of the sticky governance issues that originated out of the State of the Cities Report (2006) was the assignment of functions between the national, provincial and local spheres of government. The bone of contention is that the assignment of functions is premised on an erroneous notion that big cities, small towns and even rural areas can perform similar functions, their differences notwithstanding.

3.3.1 Scarce skills

The genesis of South Africa's skills policy regime is intricately linked to our history as an apartheid state, the legacy this presented in the labour market, and the efforts post 1994 to ameliorate the iniquities of "*Bantu*" education. The State of Local Government Report (2009) in its assessments points out that effective professional administration in municipalities is challenged by the difficulty of attracting qualified and experienced technical and management professionals. It goes further to state that "the seriousness of skills scarcity is deepened by the decline of municipal professional associations and poor linkages between local government and the tertiary education sector, as a result of severe shortage of municipal professionals.

The report shows that Limpopo is one of the provinces with poor and under-resourced municipalities. According to Deloitte (2012), it is estimated that one-third of municipalities in Limpopo have no civil engineers to manage and maintain infrastructure, directly impacting on service delivery. This situation has huge impact on service delivery as there may be no experienced senior managers in key posts for planning and infrastructure, and financial management may be weak or exposed to undue influence. According to the State of Local Government Report (2009) the incidence of key Section 57 vacancies is also particularly noticeable in the Northern Cape which has the highest of all of the vacancy rates. Gauteng is the only province that has all municipal CFO posts filled. It is evident in this situation that the intent of the policy and legislation to guide organizational performance is often not matched by practice.

According to Local Government Sector Education and Training Authority (LGSETA) Report (2007), 31% of municipal managers have qualifications other than those related to finance, legal, public administration, planning and development and 28% of CFOs do not hold finance related qualifications. Equally, 35% of technical managers are without engineering qualifications. This state of affairs could clearly impact negatively on the performance of municipalities as senior managers are expected to provide expert views and advise to the political structures such as the municipal Full Council. The SALGA (2007) report identified important issues with regard to councilor's capacity, that there lack decision-making in Council meetings. In some

cases the roles of Councillors are not clearly defined and 60% of Councillors lack basic education.

The State of Local Government Report (2009) also indicate that there has been almost no expert independent evaluation of municipal performance that enables accurate benchmarking and assessment of which municipalities are succeeding and which are failing. Weak support and oversight, and the lack of differentiated assignment of responsibilities point to the failure to provide an enabling framework to build the institutional strength and functionality of municipalities.

3.3.2 Municipal financial management

Literature on municipal finance pinpoints to different aspects of financial distress. Various authors view the crisis as an imbalance between revenue capacity and expenditure needs. According to Rossi et al (2012) the following scenarios should be considered as signals of financial distress:

- 1) Current expenditures exceeding current revenues by a significant amount.
- 2) Continuous deficit spending by small amounts.
- 3) Current liabilities exceeding current assets on the financial statements.

According to Deloitte (2012), the state of South African municipal finances can reasonably be described as being chaotic to a point where they have a negative impact on business planning and operations and frustrating for the consumer, judging by the recent but ebbing wave of service delivery protests. Deloitte (2012) points to a National Treasury report that revealed that municipalities are in financial distress and that 66 of 278 municipalities were identified as being in financial distress as of June 2011.

National Treasury (2012) report found a range of negative indicators of distress, ranging from negative cash balance overspending of operating budgets to under spending of capital budgets as well as the high number of both creditors and debtors. Many municipalities rely too heavily on grants and lack the economic base or resources for financial viability, while a focus on quick-fix solutions and minimum

compliance levels have dissuaded many from developing long-term, sustainable plans for change (Deloitte, 2012).

Case Study: Fetakgomo Local Municipality

(Source: Fetakgomo Local Municipality Revenue Enhancement Strategy)

The Fetakgomo Local Municipality developed a framework document called the Revenue Enhancement Strategy to deal with its deep seated financial challenges that undermine service delivery to the Fetakgomo community. The strategic document called the municipality was developed as a response to risks identified in the risk assessment conducted in 2008/9 financial year. The risk assessment found that low revenue base in the municipality is a high risk threatening the survival of the municipality.

The risk assessment further found that the municipality relies almost entirely on grants (94.9%) and own revenue at 1.83%. The municipality has a huge infrastructure backlog which demands more capital investment. The municipality will need to develop a recovery plan with revenue enhancement strategy to deal with its debt to formulate a strategy on how it will deal with its infrastructure backlog. A public-private partnership is therefore suggested to allow private sector finance in a form of a partnership in providing municipal services until the municipality is out of financial distress.

Municipalities are not allowed to close their financial year with an overdraft or a short-term borrowing in terms of Section 45 of the MFMA and Hollands (2006) states that “the fact that certain municipalities are unable to end their financial year with positive cash positions is a strong indicator that municipalities are in financial distress and the growing levels of debt have been a constant factor in previous Auditor-General (AG) reports.” These factors are an indicative of irregularity or weaknesses in the financial management system of the municipality. The AG financial statement report (2006) indicates that of 50 out of 284 South African municipalities collectively accumulated more than R 19 billion of unpaid debt.

Municipal common excuse for poor debt collection is the increasing burden of indigent consumers and Free Basic Services policies make mounting municipal debt inevitable and in response, IDASA (2010) states that “in order to qualify such argument municipalities should first demonstrate that financial transfers from national government in particular the equitable share grant has been effectively deployed to support the operating costs of providing basic services to the poor. There can only be a convincing argument once this is demonstrated for mounting debt as a result of inequitable and inadequate financial transfers to the local level.”

The AG (2006) report regarded the R 12 billion or about 70% of monies owed by provincial departments on municipal services as irrecoverable bad debt and according to Hollands (2006), the AG’s statement indicates that municipal debt is being legalised i.e. municipalities are planning financially for non-recovery of debt. Critics argue that South African Local Government Association (SALGA) as the structured form of local government has an obligation to stimulate good governance and sound financial management amongst municipalities. They further claim that SALGA seems to be happy to following the example set its member municipalities by also relying on government grants and donations.

IDASA (2010) states that “even though there is evidence of poor services and proof of unspent budgets, municipalities react to protests by providing temporary services to the protesting communities or by firing a Mayor or Municipal Manager, while unspent budgets is taken back to the Treasury at the end of each financial year.” Hilary Joffe of the Business Day, making reference stated that “if municipalities were companies, bankers should be going out of their way to avoid lending money to municipalities but banks are queuing up to lend to the larger municipalities, advancing long-term unsecured loans at rates which, in the jargon, with margins squeezed right down.”

Joffe suggest that the seeming reason may be the financial sector charter, which requires the banks to commit R 25 billion to transformational infrastructure. More importantly the concern that good business sense may be lacking in these investments could be misplaced. As Joffe notes, 284 municipalities that account for millions of transactions daily are an attractive market for banking services and soft loans may be

the foot in the municipal door to access that market. Joffe's most convincing rationale is that municipalities are never liquidated; they are always bailed out by the national government. Thus what may seem like a dodgy investment is in fact quite secure.

Experience has shown that the key to improving own revenues is to re-establish the link between user charges for services and the value of the service delivered. In many rural municipalities access to services is restricted by lack of funding, which is compounded by the municipality insisting on providing free basic services to all customers. According to research released by the Water Research Commission (WRC), almost 40% (36.8%) of the total municipal water supplied in South Africa is lost before it reaches municipal customers, from industry to households, according to research released by the Water Research Commission (WRC).

This suggest that government loses an estimated R 7 billion every year from water losses, an estimated 1,580 million cubic meters of water is lost each year in a 'water-scarce' country. The report by WRC indicate that South Africa has a R 2 billion a year water infrastructure backlog, half the world's average annual rainfall. Nearly 95% of its available fresh water, 'non-revenue water' losses accounts for 25.4% and is considered to be losses through physical leakage.

3.3.3 Community participation

Luvuno (2002) claims most municipalities do not fully appreciate the value of community participation and that some Councillors and administrators are wary of it, or even fear, community participation. Not enough has been done to foster a culture of community engagement among councillors and especially administrators, as is required by the law. So, many municipalities meet the policy and legislative requirements for community participation in a nominal, compliance-driven, ritualistic manner.

COGTA (2011) study report on community participation suggests that municipalities approach to community participation is too bureaucratic, formalistic and rigid and sometimes aimed at co-optation. Documents and presentations on community

participation are cluttered with technical jargon and not user-friendly, easy to engage with or stimulating. They are not always translated into indigenous languages either. Municipalities often tend to approach communities and organizations as a way of informing them of proposals and seeking their endorsement for them, this does not constitute effective participation which has to be directed at ensuring that communities have a significant say in setting out their needs and priorities and in making decisions affecting their lives, as well as playing an important role in implementing decisions.

According to Morgan (2002), the level and nature of community participation in a municipality often reflects the general state of the municipality. It is not easy to understand why community participation is not working in a municipality without linking it to other aspects of a municipality's responsibilities. Morgan (2002) states that "improvements in other areas can contribute to better community participation and improvements in participation can contribute to the better functioning of the municipality as a whole." Community involvement is crucial to effective IDP and budgets process and according to Munnik (2011) it is not taking place to the extent it should. An IDP document deals with strategic and technical issues of the municipality and according to Luvuno (2002) in order to encourage participation, the IDP document has to be brief, user-friendly and accessible.

Municipalities are required by the MSA to establish an IDP Representative Forum that will be representative of stakeholders from business, labour, community, traditional leaders and other organizations. Morgan (2002) claims that municipalities do not ensure effective participation of the private sector and queries the legitimate representative of stakeholders in the IDP whether they do report-back to their communities.

Munnik (2011) states that "there is an understandable tension between the communities' immediate needs and the municipality's strategic considerations of a five-year plan that has to take into account various competing needs." A review by COGTA (2007) suggests that communities will prioritise visible delivery needs and do not understand the importance of invisible service delivery needs, such as bulk infrastructure, the pressure is on quick wins rather than developing a long term

strategy with sustainable outcomes. Even though community participation in the IDP process has not been adequate, the bigger and better-resourced municipalities have made significant improvements. Participation is about quality of representation and not just about numbers and without effective participation, the IDP will not work properly.

Munnik (2011) claims that communities are often not aware of their legitimate rights of participating in spaces open to them and municipalities do not always inform communities properly. Munnik (2011) concludes by stating that “it is necessary for community organizations to improve their understanding of the local government system and how to engage with municipalities. Community protests are important and must be heeded but must be narrowed down to service delivery issues.” Citizens protest because of service delivery concerns; the reasons for protests are many, varied and complex.

According to Ensor (2005) protests are structured, systemic, political, economic, governance, psychological, emotional, and other dimensions. Part of the context of the protests is the in-migration from the rural areas and beyond the country into the cities and larger towns, and the consequences of the global economic and financial crisis, with the loss of over a million jobs and the increases in the cost of living.”

3.3.4 Dichotomy between political and administrative leadership and separation of powers

Policy making is assigned to politician according to the local government legislative frameworks while municipal administrators are responsible with the implementation of policies. Policies and administration are closely tie together and cannot be simply separated. Ngamlana (n.d.) states that “there is an explicit expectation that politicians would not manipulate the administrative office.” It is important to define and separate roles between policy makers and administrators by drawing a line between policy-making functions of the politicians and the administrative functions of officials.

A research by Afesis-corplan (2011) on the implementation of the performance management system at Buffalo City Municipality found that dichotomy between politicians and municipal administrators resulted in a culture of fear, findings showing

a negatively impacted on the implementation municipal policies and strategies. Dichotomy between politicians and municipal administrators has resulted in the non-implementation of Council resolutions and the lack of a service delivery strategy (Surty, 2010: 49).

According to Surty (2010), local government is plagued with the misfortune of being void of a distinct dividing line between the political and administrative elements in a municipality. She further state that this is typically manifested in one of the two scenarios which relate directly to the overlapping roles of the municipal manager and executive mayor:

- A competent municipal manager is unable to carry out his or her functions effectively due to the constant interference by the executive mayor, who is often instructed by external political structures. By law the municipal manager is the accounting officer in the municipality and he or she is expected to be in control as the individual who is ultimately responsible and accountable for municipal affairs.
- A municipal manager holds a senior position in a political party, either locally or regionally. In the situation where the municipal manager is also a politician, this then can result in the administrator unduly interfering in the politics of the Council.

In both of the above scenarios, there exists an encroachment of functions where the system of accountability can fail. Roux (2005) states that “problems are created when politicians interfere in municipal administration, resulting in inappropriate promises to communities, inappropriate planning processes, appointments of unskilled people and making the rural municipal workplace unattractive to municipal professionals.”

Roux (2005) claims that “most administrators in local government are politicians or are politically active in one way or another. So the notion of political patronage and partisanship of municipal administrators in policy making is inevitable.” The ANC Polokwane Elective Conference resolved to have one centre of power and ironically after the elections in June 2009, a Minister was summoned at Luthuli House to

explain why he spoke to the media without consulting with the office of the President. Ministers are accountable to the President and the public, Luthuli House's interference was ill-advised (Ngamlana, n.d.).

Ngamlana (n.d.) claims that the Democratic Alliance (DA) employed controversial policy in order to sack senior officials of the previous ANC administration by introducing an interim policy for positions of senior managers by stating that positions should be filled by people who are 'politically suitable and acceptable' to the DA when it came to power in Cape Town. Ngamlana (n.d.) concludes by stating that "political interference in administration clearly undermines legislation, policies and procedures put in place to govern local government; it intimidates the very people who are supposed to handle administration within local municipalities, who are tasked with ensuring effective and efficient implementation of the IDP."

Section 53 of the MSA states that a municipality must define a specific role and area of responsibility for each political structure and political office bearer of the municipality and according to Section 1 of the Municipal Systems Act, political office bearers are the municipal Mayor, Executive Mayor, Deputy Mayor and the Speaker. The roles and responsibilities are defined in precise terms by way of separate terms of reference for each structure, office bearer and the municipal manager

The consistency at which municipal managers find themselves suspended by municipal Council is one of the urgent matters that need to be addressed in respect to the separation of powers in municipalities, it is so apparent that Section 53 of the MSA anticipated conflicts and tensions between political and therefore the terms of reference for office-bearers are intended to avoid conflicts and to provide conflict resolution if conflicts do arise.

When the AG, presented the audited municipal results of 2006/2007 financial year, he stated that good governance is the key to proper functioning of municipalities, and pointed out that "If municipalities don't have political stability, then they won't get proper financial accountability and it will have an impact on their financial position."

The separation of powers between governance and administration has formed an abundant ground for the politicization of administration. Clear guideline on the delegation of powers must be reviewed to address gaps to ensure that governance and its associated powers are articulated. According to Mwita (2002) it is difficult to design effective performance management systems in the absence of a tight delegation framework. The issues raised and the recent spate of protests signals systemic and structural challenges.

3.3.5 Functional overreach and complex rural development programmes

Memela et al (2009) states that “rural municipalities’ are experiencing an added challenge of scarce skills and lack of understanding of their spatial and economic development.” Fragile and more susceptible municipalities face multifaceted rural development programmes while more stable municipalities are dealing with an increased urban growth. Functional overreach and complexity are compelling municipalities into distress mode, worsened by poor leadership and support from other government spheres and stakeholders. Municipalities are expected not only to manage and provide services, but to be developmental and people-centered government.

Koma (2010: 114) point out that service delivery backlogs do not take into account population growth, new housing development and limited available resources facing numerous municipalities. The enormity of service delivery challenges saddling municipalities remains daunting. Further, the performance of municipalities should be located within the context of the unique challenges faced by weaker and more vulnerable municipalities characterized by complex rural development challenges, including massive infrastructure backlogs that the require extraordinary measures to address funding and delivery capacity requirements.

Memela et al (2009) states that municipalities often have to control over significant resources, the first being the social wage in the form of basic services which improve people’s quality of life, such as water, electricity and housing. The second is the redistribution of resources through land reform, or changing opportunity systems (rural development), through infrastructure (e.g. roads to job opportunities or

markets), grants (social grants) and in its role as a developmental local government, it co-ordinates and redistributes resources; an example, the IDP process where these are coordinated. According to the Local Government White Paper (1998), the developmental role of local government requires municipalities to be committed in working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.

3.3.6 Municipal capacity

Capacity refers to the availability of and access to concrete or tangible resources (human, financial, material or technological) and having the knowledge to implement policies and the delivery of public services. Capacity also refers to the intangible resources such as commitment to, and leadership for, the implementation of policies and delivery of public services (Koma, 2010: 15). According to the National Capacity Building Framework (NCBF) for local government, capacity is regarded as the potential for something to happen. A three-pronged definition of capacity is briefly provided in the framework touching on individual, institutional and environmental capacity factors.

- 1) **Individual capacity** is the potential and competency, or lack thereof, found within a person, normally reflected through his or her specific technical and generic skills, knowledge, attitudes and behavior accumulated through forms of education, training, experience, networks and values.
- 2) **Institutional capacity** is the potential and competency, or lack thereof, found within organizations. It includes human resources, strategic leadership, organizational purpose, institutional memory, internal confidence, partnerships, intergovernmental relations and functions, infrastructure and financial capability.
- 3) **Environmental capacity** is the potential and competency, or lack thereof, found outside of municipalities' formal structures. These include socio-economic composition (e.g. tax base) and demographic composition, the

political, legislative and social capital within communities and the natural and mineral resources available

Koma (2010: 116) states that certain municipalities do not have adequate financial management capacity, meaning budget, accounting, credit control and financial reporting systems are weak and therefore municipalities cannot account and provide evidence of revenue they received. The State of Local Government Report (2009) provides a fascinating evaluation of varying capacities in municipalities and concludes that certain municipal administrations are reasonably stable and well-resourced while others are facing enormous infrastructure backlogs.

According to the Financial and Fiscal Commission (FFC) (2012), “human capital forms the backbone of the public sector and, ultimately, the delivery of services. Despite numerous attempts to attract and retain skills in the public sector, municipalities continue to be hindered by the quality and quantity of public officials available to deliver basic services effectively and ensure the smooth operation of municipal administration.” Local government funding for capacity-building initiatives continues unabated, interventions such as Siyenza Manje and the Municipal Infrastructure Support Agency (MISA) were established to drive capacity for improved delivery of municipal infrastructure.

A research by the FFC (2012: 2) found that capacity constraints are often used to cover the real causes of municipal non-performance. Municipal performance is uneven not only because of capacity constraints, but also as a result of tensions in intergovernmental roles and responsibilities, the political-administrative interface, high vacancy rates and instabilities in administrative leadership, skills deficits, poor organizational design, inappropriate staffing, low staff morale and poor accountability for performance. Vacancies are not being filled, impacting on service delivery.

The billing system has been a major problem in one of the biggest Metros in the country, the City of Johannesburg (CoJ), According to Mathoho (n.d.) a number of municipalities in the country have been previously been put under provincial administration in terms of Section 139 of the constitution. Many of these cases were found to have been the result of failures by the municipalities to be more proactive.

IDASA (2010) states that building capacities of municipal officials is essential in order for municipalities to optimally achieve their obligations envisaged in the Constitution and in other national policies. Capacity building is one of the most essential tools available to local government in bridging the gaps in what is expected of municipal officials and what they can deliver. According to IDASA (2010) skills development is critical for the overall transformation of local government as it lays basis for a more people-oriented local government system.

3.4 THE LOCAL GOVERNMENT TURN AROUND STRATEGY

There have been a number of interventions in responding to challenges faced by local government.” These included the five-year programme on Integrated Local Government Support, Siyenza Manje a Development Bank of South Africa (DBSA) project to provide capacity to struggling municipalities, and other interventions. The Local Government Indaba (2009) endorsed the need for a clear, simple and direct strategy. The South African State of local government report (2009) is a country wide assessment of local government; it led to the national Local Government Turnaround Strategy (LGTAS) which was then turned into Municipal Turnaround Strategies (MTAS) for each municipality to be implemented as part of the municipal IDP.

The aims of democratizing society and growing economy inclusively can only be realized through a responsive, accountable, effective and efficient local government system. COGTA (2009) states that “nine years into the new local government system there were worrying trends and signs that were undermining the progress and successes achieved thus far in local government, the country could be faced with a greater developmental risk if local government fails.”

The LGTAS document relates mainly to forces that are undermining local government including municipalities with evidence of performance failures, or difficult social and economic circumstances to manage their affairs with an aim to restore the confidence of communities and points to the need for a number of adjustments and reforms in the leadership, policy, regulatory and oversight environments of municipalities. Deloitte (2012) claims there have been inadequate

progress with the implementation of the LGTAS because of lacking organizational transformation, skills and capacity within municipalities.

Deloitte (2012) states that “municipalities cannot diagnose and cure themselves by reflecting on their performance and developing tailor-made turnaround strategies as is required by LGTAS.” According to Munnik (2011: 100), the LGTAS classify municipalities into four (4) classes in order to prepare them for a differentiated approach to management and governance of municipalities. The classifications, as suggestive of municipalities’ vulnerability are as follows:

- Class 1: Very high vulnerability (Local Municipalities: 57) (District Municipalities: 12)
- Class 2: High vulnerability (Local Municipalities: 58) (District Municipalities: 11)
- Class 3: Medium vulnerability (Local Municipalities: 58) (District Municipalities: 13)
- Class 4: Low vulnerability (Metro’s: 6, Local Municipalities: 58) (District Municipalities: 12)

National Treasury indexes provide an indication of financial and management capacity in the different classes of municipalities. The majority of municipalities in classification 1 are rural municipalities, while classification two (2) is farming areas in small towns. The classification is based on functionality, socio-economic profile, backlog status and the capacity of the municipality to manage its finances (Munnik, 2011: 100).

There is varied difference on how municipalities effectively fulfil their planning mandate. A study by the National Planning Commission (n.d.) showed lack of planning, resources and coordination between government spheres as an obstacle in the implementation of the IDP and LED strategies and therefore it remains uncertain whether the present functions and powers of local government are adequate to realize developmental goals as set out in the Constitution and in the White Paper (1998).

The Metros are better positioned than district and local municipalities due to their ability to attract and retain staff with appropriate management and strategic skills. There is a need to relook carefully at achieving a better fit between the capacity and responsibilities of local government. According to COGTA (2010) some of the root causes and challenges in municipalities identified in the LGTAS include:

- Flaws in the local government service delivery model
- Policy and legislative overreach factors
- Political dynamics
- Lack of evaluation and monitoring systems
- Capacity and skills shortage
- Lack of intergovernmental relations and oversight
- Grant dependency

The above issues have been discussed in this study. The LGTAS set standards to create a healthy local government environment that support vulnerable municipalities and reduce the growing social distance between government and communities (COGTA, 2010). The following are immediate implementation priorities of the LGTAS:

- To address financial and administrative challenges in municipalities.
- Promulgate a code of good practice to stop indiscriminate employment and dismissals in municipalities.
- Implementation of a transparent municipal supply chain management system.
- To ensure that national and provincial government programmes are reflected in municipal IDPs.
- To overcome the ‘one size fits all’ approach.

Part of COGTA Vision 2014 was to halve the unemployment and poverty rate through the use of labour-intensive construction methods (EPWP) in the provision of municipal infrastructure. COGTA (2010: 8) states that “municipalities have to both broaden participation in the local economy and create work opportunities for the poor.” Lewis (2001) argues by stating that “there persists a strong tension between demands for impartiality and the need for practicality. Policy aims remain unmet,

there are still no jobs and improvements in social service delivery have failed to satisfy the pressing employment creation requirement.”

On the issue of reducing infrastructure backlogs and delivering services, the LGTAS is considerate of issues relating to capacity and the ability of municipalities to deliver infrastructure, particularly in rural areas and further acknowledges the variety of challenges and that certain challenges are political, requiring greater intervention beyond the municipality capacity. The LGTAS findings pointed to the following core areas of concern in municipalities:

- 1) **Financial Management:** Municipal budget and income management, e.g. from water, rates and electricity charges. **Finding:** The financial systems and management of many municipalities is very poor, they are in financial distress.
- 2) **Service Delivery:** Delivery of basic services in municipal areas such as water, sanitation, refuse removal, electricity and roads. **Finding:** Many municipalities are unable to deliver basic services resulting to service delivery protests.
- 3) **Spatial conditions:** Geographic considerations, such as apartheid spatial patterns and types of economies in the area, such as mining or agriculture. **Finding:** The legacy of apartheid spatial development patterns and inequity continues.
- 4) **Governance:** Elements such as political leadership, institutional organization, administration, capacity and skills, oversight and regulation, and monitoring and reporting. **Finding:** There are serious leadership and governance challenges in municipalities, including weak responsiveness and responsibility to communities. There are inadequate skills and capacity to ensure professional administration and positive relations between labour, management and councils.

In response, the LGTAS identified five (5) strategic objectives that will guide the LGTAS interventions and support framework:

- Ensuring that municipalities meet the basic service needs of communities
- Building clean, effective, efficient, responsive and accountable Local Government
- Improving performance and professionalism in municipalities
- Improving national and provincial policy oversight
- Support strengthening partnerships between Local Government, communities and civil society

In order to achieve the above strategic objectives, COGTA (2010) recommends the mobilization government structures and citizens in order to address forces that are undermining local government systems. The following are planned key interventions:

- National Government, including its state enterprises, will organize itself better in relation to local government
- Provinces will improve their support and oversight of local government
- Municipalities will reflect on their own performance and identify their own tailor-made turnaround strategies
- All three spheres of government will improve Inter-Governmental Relations (IGR) in practice.
- Political parties will promote and enhance the institutional integrity of municipalities.
- A good citizenship campaign will be designed and launched, at the core of which is Ubuntu.

COGTA (2010) report suggests a differentiated approach in managing the support system provided by the LGTAS. The following critical actions are proposed:

Focus area	Intervention	Responsibility		
		National	Provincial	Municipalities
Service delivery	Better planning and oversight over local service delivery	Remove constraints to service delivery	Strengthen provincial, district planning and identify constraints	Strengthen collective municipal plans, consultations on free basic services and

				mobilize urgent support for provision of basic services
		Ensure the necessary resources are allocated to address service delivery of the MDG priorities within the defined timeframes (2014)	Budget and grant reviews	Monitor MIG expenditure and infrastructure planning

Table 3.1: COGTA Intervention Framework
(Source: COGTA (2010) - LGTAS Document)

Mbele (2010) states that “while the turnaround strategy is commended; but its challenge is not in its design but in the implementation vis-à-vis governance and administration, finance, human resources and communication.” Mbele (2010) and Blake (2010) points to the following points as having the potential to weaken the LGTAS:

- 1) The implementation of the strategy will require resources, flexibility and innovative thinking, which many municipalities are lacking.
- 2) Poor generic work ethics amongst certain government officials.
- 3) Structures such as ward committees and community development workers, to enhance community participation, could pose a problem to the strategy because they are often not encouraged or enforced.
- 4) Intolerance of opposition by certain local municipalities could impact negatively on the proposed strategy.

- 5) Leadership and bureaucratic insecurity and the inexperience of many public functionaries could pose a serious threat to its effective implementation.
- 6) Poor capacity enhancement programmes at the sphere of local government.
- 7) Lack of a dedicated resource base and adequate capacity building programmes.

Intervention by other spheres of government on local government challenges is critical important for the success of the LGTAS, in terms of fiscal and capacity support. District municipalities are presently burdened with unfunded mandates in areas of LED, tourism and disaster management. District municipalities are mandated to provide water and sanitation and to use their revenue from water charges to operate and maintain their water infrastructure.

While the LGTAS supports the notion of IGR on issues of support, monitoring and intervention in local government by national government and consultation, oversight and support by provincial government, national and provincial government must contribute meaningfully to the IDP process (municipal strategic document) to ensure a holistically approach to development. At present the forums created for this process are not working, at provincial level – provincial government development plans are not tying up with local and district municipality plans vis-à-vis the district with its family of local municipalities.

According to National Planning Commission (n.d.), several districts and local municipalities have indicated that there is lack of coordination and support from the other two spheres of government; a major obstacle in the implementation of their IDP strategies. Research by Mbele (2010) suggests that municipal policies remain on a ‘one size fits all’ approach. Functional overreach and complex rural development programmes are forcing municipalities into distress mode, mostly weaker and more vulnerable rural (nodal) municipalities with massive infrastructure backlogs that the require extraordinary measures such as funding and delivery capacity requirements.

Political interference to municipal administration is still a challenge. Mbele (2010) states that “if deployment is part of the problem and if to abolish the practice is a political bridge too far, then deployment processes must be made more transparent by setting standard criteria in legislation.” Mbele (2010) further states that “municipal managers are forced to seek ‘fresh’ mandates before taking an action on what is typically an administrative function. It is therefore suggested that there must be a clear clarity of intervention in the delegation of authority in relation to the Mayor’s office, the office of the Speaker and office of the municipal manager. The LGTAS must address the causes and not the symptoms of such conflicts.”

The LGTAS acknowledges that the legislative alignment in respect of separation of powers between politics and administration has created a fertile ground for politicization of administration. Mbele (2010) states that “any strategy has resource implications and therefore the impending municipal turnarounds are no exception. In order for strategies to be effective, municipalities must implement measures aimed at boosting their revenue; financial viability cannot be divorced from vigorous revenue in the form of rates and charges.”

The then Deputy Minister for COGTA, Mr Yunus Carrim stated that “service delivery in the country was frustrated by legislative misalignment and conflicts among government sectors, and between provincial and national government.” The Minister further stated that “post 1994, many pieces of legislation have been passed and at times they do not talk to each other, which leads to duplications and possibly over regulation, which in turn affects speedy of service delivery decision making process.”

Municipal policies and legislation is another area of critical importance and according to Mbeleni (2012), present challenges in municipalities can be attributed to the environment that gave birth to Section 152 and Section 4 (1) of local government MSA 2000. This setting is among other things considered by the severity of the Growth, Employment and Redistribution Policy (GEAR) which imposed serious constraints on the developmental potential of municipalities. Mbeleni (2012: 2) claims that constraints limit the fulfilment of strategic objectives and constitutional imperative of local government to deliver services to the people. The notion of

building a viable, efficient, sustainable, democratic, responsive, accountable, effective and efficient local government will dissolve.

Mbeleni (2012) further states that “municipalities are supposed to boost economic development and create jobs; and grow Small Medium and Micro Enterprises (SMMEs), assist land affairs with sector plans, strategize and implement social crime prevention measures and provide environmental design for safety and security purposes. Municipalities are further obliged to draw up water services management and water resources development plans, compile asset registers, produce Service Delivery and Budgets Implementation Plans (SDBIPs), the list are endless.”

The above is an indicative of the many functions (legislative and regulations) for which extensive reporting duties have been imposed on capacity constrained municipalities. It is inconceivable as to how all these including but not limited to implementation of municipal own development programmes would be achieved. Mbeleni (2012: 3) concludes by stressing the need for a rigorous analysis of the state of local government legislative framework and factors that might completely change its outlook going forward. Failure to do so will result in more service delivery protest falling short of revolution. Mbeleni (2012) further suggest that local government legislative framework need to be reviewed and amended to fully compliment Section 152 of the Constitution.

A similar view was uttered by the late Minister of Local Government Mr Shiceka when he stated that “there is an urgent need to streamline laws relating to local government with an objective of creating an enabling environment for accelerated delivery of services to citizens of the country.” (Delivery Magazine, 2010: 29). Mbele (2010) states that “continuing to set abstract targets and policies that apply across the board, irrespective of local government’s actual capacity to deliver them, is a formula for unrealistic and unmet promises that will further undermine public confidence.”

3.5 LACK OF SERVICE DELIVERY, RESULTING TO SERVICE DELIVERY PROTESTS

Dr Johan Burger, a Senior Researcher for Crime, Justice and Politics Programme at the ISS Tshwane stated that “the primary reason for protests, it would appear, is dissatisfaction with the delivery of basic municipal services such as running water, electricity and toilets, especially in informal settlements. Unemployment (officially at around 23%), high levels of poverty, poor infrastructure, and the lack of houses add to the growing dissatisfaction in these and other poor communities.”

The late Minister for COGTA, Mr Sicelo Shiceka, speaking at the South African Local Government Association (SALGA) conference in East London, admitted that a number of the municipalities are in a state of paralysis and dysfunction. According to the late Minister, local government is perceived to be an incompetent, disorganised and ‘riddled with corruption and maladministration’. It must however be noted that 283 municipalities in the country have different capacities and are faced with different social and economic challenges.

Critics argue that governance system in South Africa failed to comprehend the unique challenges faced by different municipalities functioning under dissimilar conditions with varying capacities. Differences in municipal financial sustainability suggest that metros will have more ability to manage their affairs and rural municipality will require added assistance in terms of financial assistance.

The prevailing challenges faced by local government, are rooted in the leadership and governance deficiency in municipalities, weak responsiveness and accountability to communities. Closely related to the same issue is the high rate of financial mismanagement practice for non-developmental purposes, which includes corruption. A research by Community Law Centre (2008) show that municipalities have inadequate human resource capital to ensure professional administrations and that municipalities have failed to fulfil legal requirements to ensure the active participation of communities in local government processes. These failures have resulted in regular service delivery backlogs and protest throughout the country.

Ngamlana (n.d.) states that “people are tired of empty promises, protests and violent unrests are increasingly becoming a feature of South African civil life.” Hollands (2007) argues by stating that “under volatile protests lie real issues of failed local governance and disregard for legitimate community concerns. Ordinarily, communities that resorted to protest actions would have tried the negotiation routes including civic engagement through the invited spaces such as amongst others the ward committee forums, IDP and budgeting processes but to no avail. In some cases municipal leadership injudiciously resorted to arrogance that only fuels anger and desperation.”

When service delivery frustrations disintegrated into acts of violence, government reluctantly promises immediate remedy to the appalling conditions, Ngamlana (n.d.) suggest the following as reason behind service delivery protests:

- 1) Unfulfilled promises
- 2) Frustrations with service delivery
- 3) Alienation of people on matters that concerns them (service delivery)
- 4) Fraud and favouritism in municipalities
- 5) Lack of community participation in decision making on matters that affect their livelihoods

Kimemia (2011) states that “community groups make crucial observation that government only appears to respond when violence is applied. Logically to the protestors, the greater the intensity of violence, the higher the chance that the even the president would pay attention.” Two facts can be understood from this scenario:

- Firstly, it sets a wrong example and encourages violent disorder as a way of expressing dissatisfaction.
- Secondly, it tends to undermine protests as a form of expression and ventilation of legitimate grievances. While it is true that sometimes genuine protest actions are hijacked by criminal elements and disgruntled political operatives, there is no denying that the latter simply exploit an already desperate situation for their own ends.

Government needs to be responsive to community protests, respectfully and without undue delays instead of waiting for tensions and frustrations to turn into violence protests resulting to destruction to property and loss of lives. Kimemia (2006) states that “there is evidence that suggests that when there is greater openness and people are enjoined, genuinely, in decision-making processes, they tend to be more understanding and less susceptible to political manipulation regarding unfounded claims of maladministration. In essence, they internalize a more realistic attitude and become very useful allies in development rather than perpetually disgruntled consumers of services.”

Kimemia (2006) further states that “although public participation in governance and development processes are a fundamental constitutional imperative, in practice, municipalities rather than facilitating such participation, tend to frustrate it. Is it easier for municipalities to ignore those who take to the streets over those who hit them where it really hurts, their pockets.” According to Kimemia (2006), the municipality’s response is questionable and requests the question of would it not be easier to merely deliver the services in dispute and collect payments being held in expectation of the service?

According to Ensor (2005) protests are also about maladministration, favouritism, corruption and the failure by government to listen to citizens. Hollands (2007) argues that municipal officials and Councillors must also be hold responsible for service delivery protests. People feel alienated from government entirely and according to Ensor (2005) it indicates a serious sense of social marginalisation and segregation, it is frustration and hopelessness that angers protestors. Atkinson (2007) states that “burning of clinics, municipal libraries and offices plus other act of violent behaviour, constitutes actions of destruction and self-destruction. It may well be that some of protestors have passed the threshold, and their sense of persistent exclusion since 1994 is so entrenched that even significantly improving their material conditions is not going to serve to easily re-integrate them into society.”

Atkinson (2007) further states that “for many of the protestors, their sense of social exclusion has served to reinforce their brutalisation and dehumanisation under apartheid, in other words, things were very bad under apartheid and things have just

not got better enough under democracy. Given the wide-ranging issues raised by the protests, it is better to speak of them as community protests rather than service delivery protests since they are much more than that.” Protests are signalling failures in the structures and procedures of community participation. Acts of violence are an affirmation of legitimate drastic action towards government who is refusing to respond to basic human rights. Noticeable, government has responded by increasing infrastructure and social sector budget to escalate access to basic services as a high priority in the development agenda.

The State of Local Government Report (2009) highlights municipal improvement in delivering basic services since 2001. The report further concedes to service delivery challenges at varying levels in different municipalities, which warrants interventions. The report further notes that national government has realized various hindrances to the development of municipalities and decided in the establishment of the Local Government Turnaround Strategy (LGTAS) as a framework to turn around the state of local government.

Mathoho (n.d.) argues by stating that “with all the legislation, policies and resources in place, local governments around the country is reacting to too many preventable crises of service delivery that only needed government to be more proactive. There are handful municipalities around the country that have demonstrated to be proactive to communities’ needs. There is a perception that the reactive conduct of local government is exacerbated by the performance of leadership who by-pass legislation, policies and procedures meant to bring good governance in municipalities.” The question therefore: Is local government a reactive rather than being a proactive local government?

Numerous municipalities are sitting with unspent infrastructure development budgets meant for service delivery with varying motives (e.g. lack of capacity and development plans). Mathoho (n.d.) states that “under spending in municipalities happens even if there is a continuation of service delivery protests, those municipalities therefore cannot claim to have insufficient funds to deliver services to the needy communities.” The provincial chairperson of the ANC in Gauteng, Mr Paul Mashatile addressing the ANC Gauteng Provincial General Council stated clearly

that, “in a country with such massive developmental backlogs, under spending must be declared a crime against the poor, communities get tired of a reactive government and seek government’s attention through other means (Mail and Guardian on line: 25 June 2011).”

CHAPTER 4

SERVICE DELIVERY AND INFRASTRUCTURE FUNDING MODEL

4.1 INTRODUCTION

In recent past, municipalities have been adopting a ‘make do’ approach, their actions uttered by lack of a strategic direction. Over the years, the growing focus on improving and modernizing municipal service delivery through efficiency and effectiveness of service is pointing to an integrated development approach as the key platform in maximizing value while at the same time realizing efficiency in delivering services to the poor.

Case Study: uMzinyathi District Municipality (KZN)

(Source: The Witness (Sept 16, 2013) – ‘Big Pay, but no results’)

The KZN Parliamentarians expressed their shock at the state of uMzinyathi District Municipality financial health despite the employment of a senior financial consultant dating back to January 2008 to a report that was tabled before the joint sitting of the finance and cooperative governance and traditional affairs portfolio committee by the Municipal Manager and the appointed financial consultant. The consultant was appointed by the municipality at a salary of R 114, 786.00 a month.

The uMzinyathi District Municipality was placed under administration by the COGTA on the 9th of May 2013 in terms of Section 139 (1) (b) of the Constitution of the Republic of South Africa (Act No.108 of 1996) after it spent R 303 million it does not have since 2010, in the hope that a R 300 million loan it applied for from the Development Bank of Southern Africa (DBSA) would be approved. The loan was never approved because of the municipality's unhealthy bank balance and a repeated deficit on its bank account. In 2010, it had a deficit of R 80 million, in 2011 the deficit was R 145 million, in 2012 it was R 126 million and in January 2013 it stood at R 59 million.

The portfolio committee on municipal accounts was also informed that the municipality was too reliant on government conditional grants rather than generating

its own revenue. According Boex (2001) conditional grants are intended to provide incentives for governments to undertake specific programmes or activities. The objectives of conditional grants are to bridge the financial gap revenue and expenditure. The uMzinyathi District municipality had already spent all its reserves before applying for a loan to meet its service delivery needs.

The challenges faced by uMzinyathi District Municipality points to the service delivery model used by the municipality. The municipality has no revenue base except government grants, its finances are in shamble. In this case, different service delivery mechanism have not been explore as provided by the MSA. There is a huge reluctance in municipalities in taking market base or commercial loans while it cannot secure loans because of its financial state. This chapter therefore propose a service delivery and an infrastructure funding model that will assist crippling municipalities like uMzinyathi District Municipality to prosper and be able to deliver as per on their mandate.

4.2 COMPELLING FORCES

There are three prevalent forces, joining and forcing government to change its viewpoint, procedures and practices in delivering services.

4.1.1 Service quality demand

Companies are no longer solely compared against their direct competitors, but against the best regardless of industry. As a result, consumers of governmental services are now asking themselves if the same type of service as municipality provides is being provided by a private company (e.g. plumbing) timely and affordable, why can't municipalities achieve such service standards?

According to Peppers and Rogers (2005) this trend is starting to shape new ways of thinking for government and is forcing municipalities to consider how they can maximize value in delivering services to their citizens. Municipalities should recognize that they are ultimately dealing with the same 'customers' that shop online, demand exceptional customer service and expect multichannel integration. To meet

these growing expectations, public services must be delivered within a common setting to make governmental boundaries invisible to users and to provide a consistent customer experience.

4.1.2 Creation of public value

Integrated service delivery addresses each facet of public value to ensure exceptional constituent experiences. According to Peppers and Rogers (2005), the facets of public value are: accessibility, accountability, affordability, availability, consistency, customer service, predictability, portability, responsiveness, security and simplicity.

Peppers and Rogers (2005) state that “in the past, the notion of public value has arisen and is increasingly being developed by government and academics to measure the value government is providing to its citizens. Public value has three important sources: (1) the perception of high-quality services, (2) the perception that public policies generate positive outcomes, and (3) the level of trust placed in public institutions by citizens. Understanding and measuring public value will provide municipalities with an agenda that will inform decision making that are link to service delivery.”

4.1.3 Efficiency and savings

According to Peppers and Rogers (2005), the quality of a government’s public service is strongly correlated with competitiveness ($r=0.87$), quality ($r=0.74$) and citizens’ trust ($r=0.94$). Efficiency and savings refers to the financial benefits of integrated public service delivery as follows:

Benefit	Integration
Improved service delivery	One-stop resolution for combinations of services
Streamlined procedures	Shared services: District and Local Municipalities
Reduced cost of service delivery	Online services
Simplified front and back offices	Simplification and reduction of redundancies

Table 4.1 Integration benefits
(Source: Peppers and Rogers, 2005)

Improvements in citizens' experiences will reduce costs by minimizing expensive service interactions and will enhance revenue through service improvements. Together, these add up to efficiency savings that have the potential of self-funding the experiential enhancements.

4.2 PROPOSED MUNICIPAL SERVICE DELIVERY MODEL

Municipal improvement, within the broader concept of transformation implies that municipalities virtually have to start from scratch, where the underlying vision, mission and strategy are under scrutiny. Factual reform can only successfully happen when the majority of individuals in political and at executive change their mindsets, behavior and a new corporate culture is reborn.

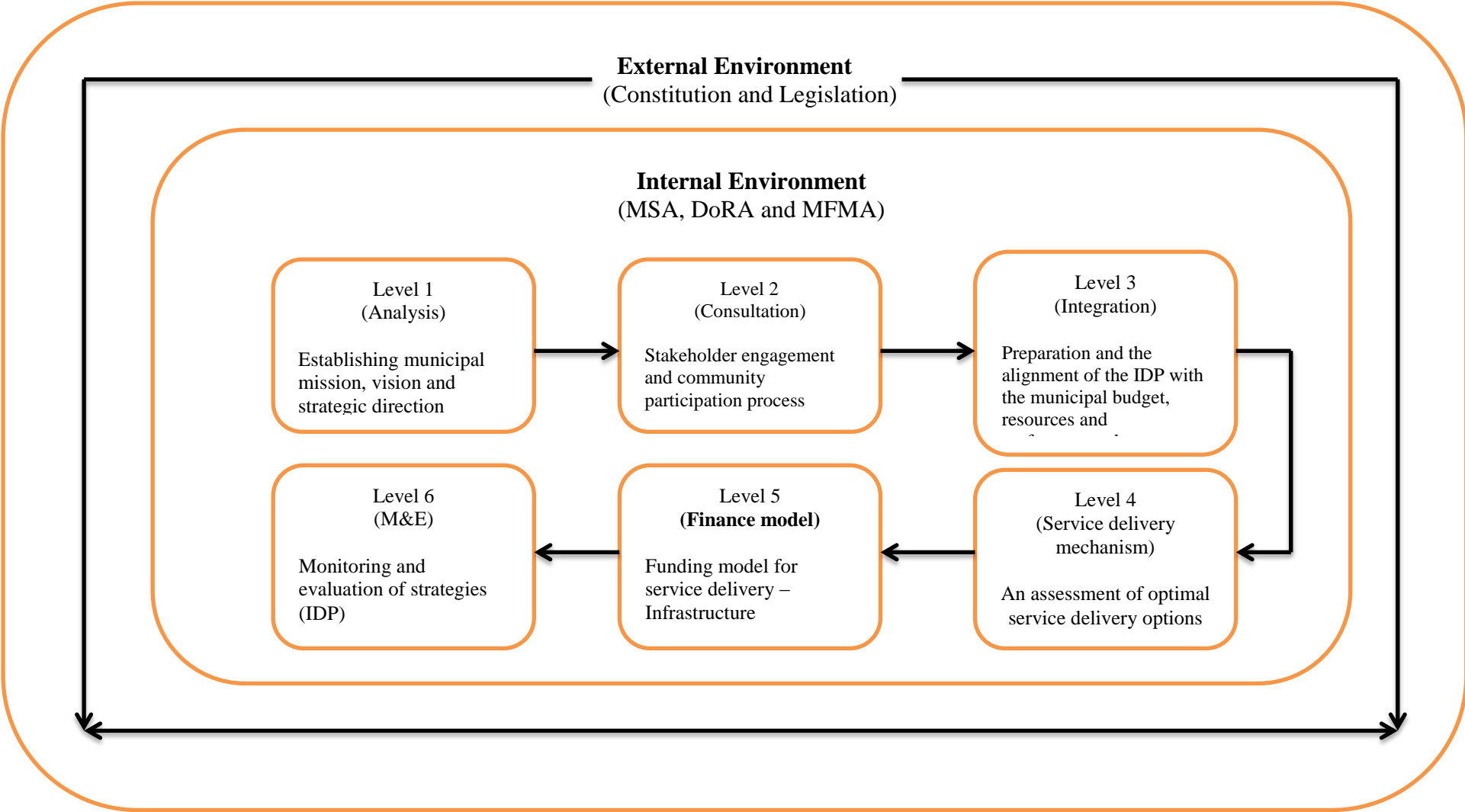
The MSA states that “fundamental aspect of the new local government system is the active engagement of communities in the affairs of municipalities of which they are an integral part in planning, service delivery and performance management.” It is argued that the new system of local government requires an efficient, effective and transparent local public administration that conforms to constitutional principles to ensure financially and economically viable municipalities.

Chapter 4 of the MSA provides for community participation, municipalities must develop a culture of municipal governance that complements formal representative government within a system of participatory governance. In this respect local community participation in the activities of the municipal Council should be encouraged, particularly regarding the preparation, implementation and review of its IDP, the review of the PMS and the M&E of its performance, including the outcomes and impact of such performance; the preparation of its budget; strategic decisions relating to the rendering of municipal services; and building the capacity of the local community to participate in the affairs of municipal Council (Cloete and Thornhill 2005: 41-42).

Change may be regarded as a complex strategy intended to change beliefs, attitudes, values and the structures of municipalities so that they can better adapt to new technologies, markets and challenges (Swanepoel, et al, 2000: 753). In order for a

municipality to be more productive and effective in its mandate, it needs to transform its plans into strategies.

FIGURE 4.1: PROPOSED MUNICIPAL SERVICE DELIVERY MODEL



4.2.1 Environmental analysis: Internal and external

Once the municipality has established a vision, it needs to undertake an internal and external analysis, known as an environmental analysis, to identify opportunities worth exploring that would enhance the achievement of goals, and also to identify threats within and outside the institution, which may hamper service delivery. There are various tools of analysis that can be used.

Examples: Strength, Weaknesses, Opportunities and Threats (SWOT) analysis, and the Political, Economic, Social and Technology (PEST) analysis. Results from these analyses will enable a municipality to plan and implement the right strategies that would address municipal challenges.

Municipalities are open systems and thus rely on the environment for resources and the success of any institution depends on how well they are able to understand and proactively respond to its environment. The environment can be divided into three main segments, namely the general environment (external), the operating environment (internal) (Certo and Peter, 1995: 32).

The external environment refers to factors outside the boundaries of a municipality, which directly or indirectly affect the municipality's operation and includes components such as the economic factors, technological developments, politics and socio-cultural aspects of the society. Unlike the general environment, the components of the operating environment have specific and immediate implications for a municipality.

The municipality needs to consistently monitor trends in this environment for opportunities and importantly threats that might hamper progress and goal attainment. Components of the operating environment include the customer component, the supplier component, the competitive component, labour component as well as the international component (Certo and Peter, 1995: 36).

The internal/operating environment represents forces within the municipality with specific implications for institutional performance. Components within the internal environment are:

Forces	Component
Policies	Policy formulation
Organizational	Municipal structure, objectives and culture
Human resources	Labour relations, recruitment practices, development policies, evaluation and incentive systems and turnover and absenteeism indicators
Financial	Availability or lack of resources, liquidity and credit worthiness of a municipality
Procedures	Rules and regulations
Productivity	Municipal performance plan and management
Management and control	Monitoring and control of municipal activities

Table 4.2: Internal environment forces and components

All facets of the internal environment of the organization need to be explored. The analysis will point out weaknesses that hinder performance and the competencies that need to be developed for the municipality to thrive.

4.2.2 Level 1: Establishing municipal mission, vision and strategic direction

According to Lewis (1997: 9), a vision as a declaration or statement that answers the question what do we want to create? The vision articulates in clear terms where an organization wants to go and how it intends to get there. The vision is naturally the starting point of any kind of planning as it answers why a municipality exists, how the management of the municipality views the organization, what they hope to achieve and how they plan to achieve what they intend to achieve.

The vision must have an impact on the mission and strategies the municipality implements and choices made by the municipal manager and municipal officials (Thompson and Strickland 1995: 26). Lewis (1997: 9) further states that “the vision of a municipality is worthless unless it is a shared vision. A shared vision provides focus and energy to what the leadership wants the organization to be and inspires a commitment from everyone to achieve it.”

It also provides a picture of what the municipality wants to achieve and the vision becomes the energy that drives the institution, all energies must be directed towards realizing the same goal. Therefore, the establishment of a municipal mission, vision and strategic direction is the point of entry in meeting municipal service delivery legislative mandate.

4.2.3 Level 2: Stakeholder engagement and community participation process

Roux and Nyamukachi (2005) claim that in South Africa the concept of people centered development through the IDP has thus far been substantive. The values that the legislation is striving to achieve through participatory process include inter-alia, the sharing of information, transparency, consulting broadly with stakeholders within the municipal area, holding government and those working for government accountable, improving government flexibility and responsiveness, and ultimately, general improvement in the levels of professionalism.

The MFMA requires municipalities to consult with communities on the budget process, annual reports and service delivery issues. Among the aims of local government set out in the Constitution are ‘to provide democratic and accountable government for local communities’ and ‘to encourage the involvement of communities and community organizations in matters of local government’. Section 164 (4) (b) provides that no by-law may be passed unless it has been published for public comment.

In terms of the MSA a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. Further the MSA states that “a municipal Council must develop mechanisms to consult the community and community organizations in performing its functions and exercising its powers and has to annually review its processes for involving the community. A municipality has to communicate to the public information regarding the mechanisms, processes and procedures to encourage and facilitate community participation.”

COGTA (2011) states that “policies and laws on community participation are not working well and there are indications of this, community protests on service delivery communicate this glaringly.” There are numerous multifaceted reasons for community participation model not to be seen as working as expected and according to DPLG (2001: 6), they primarily involve challenges in its implementation and partly reflect lack of policies and legislation. COGTA (2011) suggests that community participation must not only occur within policy and legislative framework, but people should be able to engage with government within spaces created through mass struggles.

Roux (2005) believes the reason why the policies and legislation are not working well is that they have not been properly adopted by municipalities. COGTA (2011) suggests that the greatest number of municipalities do not value community participation, they are wary of it, even fear the process. Some municipalities feel it’s too much of an annoyance, and it holds up service delivery. COGTA (2011) points to the need of fostering a culture of engagement as required by the law so that municipalities able to meet policy and legislative requirements for community participation in a nominal and compliance manner.

If municipalities were devoted to community participation, they would have found creative ways of engaging with communities and a right mindset is important, culture of engagement and the political and administrative will to engage with people. According to COGTA (2011) municipalities have a bureaucratic, formalistic and rigid approach to community participation. Critics claim that the IDP is cluttered with technical jargon and it is not user-friendly document, simply to understand and not interesting. Municipalities approach to community participation is to inform communities on proposed developments and to seek their approval, and community participation will not work if municipalities aim is mainly to get communities to endorse decisions already taken. Communities have an effective say on decisions affecting them and the role to play in implementing them.

Kimemia (2011) states that “municipality’s approach does not constitute effective participation which has to be directed at ensuring that communities have a significant say in setting out their needs and priorities and in making decisions affecting their lives, as well as playing an important role in implementing decisions. The level and

nature of community participation in a municipality often reflects the general state a municipality.” Critics claim that the private sector is not effectively engaged in participation by municipalities. Kimemia (2011) suggests that it might be the understandable tension between the citizens’ immediate needs and the municipality’s strategic considerations of their five-year plan that has to take into account various competing needs and be implemented with limited resources. COGTA (2011) states that “communities must see the value of community participation, at least through their demands being met over time.”

4.2.4 Level 3: Alignment of the IDP with the municipal budget and performance plans

The IDP and Performance Management System (PMS) processes must be seamlessly integrated (COGTA, 2010: 5). The IDP fulfills the planning stage of performance management and the PMS in turn, fulfills the implementation management, monitoring and evaluation of the IDP. The performance of the municipality is integrally linked to that of its employees, if employees do not perform the municipality will not achieve its intended objectives. It is therefore important to manage both at the same time.

During the performance planning stage, the IDP must be aligned to the municipal performance plan and the budget. The IDP and the PMS are all components of one overall development planning and management system. The IDP sets out what the municipality aims to accomplish, how it will do this. The PMS enables the municipality to check to what extent it is achieving its aims.

The Batho Pele White Paper values are operationalized through the MSA which states that “the objective of institutionalizing performance management at local government level is to monitor, review and improve the implementation of the municipality’s IDP.” This therefore indicates that legislative requirements needs to be upheld, a municipality must demonstrate how it will deliver to its IDP and how its performance will be evaluated and monitored. It is therefore important that there is an alignment of the IDP with the municipal performance plan.

Further in terms of Chapter 5 and Section 26 of the MSA, district municipalities are required to prepare and adopt a framework which indicates how the district and its local municipalities will align their IDPs. The framework provides the linkage and binding relationships to be established between the district and local municipalities in the district area and in doing so, proper consultation, coordination and alignment of the review process of the district municipality and its family of local municipalities can be maintained.

4.2.5 Level 4: Service delivery mechanism: An assessment of optimal service delivery options

An assessment of optimal service delivery options is a process of evaluating best and cost effective method the municipality must implement in providing municipal services. Section 78 of the MSA as amended, states how municipalities must decide on a most viable option to provide service to communities. This is an exercise which considers a wide-range of relevant considerations: costs and benefits. The seeming questions that come fore are:

- What services does a municipality offer?
- How does the municipality produce and deliver those services?
- Is the current way of operating the most effective option that the municipality can use?
- What are the major challenges that impede service delivery efforts?

The important question is if there are other delivery mechanisms/options that the municipality can employ to further enhance service delivery? A municipality has two main options for service delivery that is, the traditional internal mechanism where municipal services are produced in-house and delivered to the community. The other option entails using external mechanisms to deliver service where another entity outside the municipality is tasked with the delivery of a service with or without control of the municipality (Municipal Systems Act, 2000: Section 76).

4.2.5.1 Internal mechanism

Most municipalities have departments that are responsible for the provision of water, sanitation, electricity and other services who take responsibility for the technical aspects of delivering a municipal service. There are no specific legislative provisions that regulate the establishment of these municipal departments.

The MSA requires a business unit to operate within a municipality's administration and under the control of the Council in accordance with operational and performance criteria determined by the Council. The establishment of a municipal Project Management Unit (PMU) is one example, responsible for the planning and implementation of infrastructure projects. A municipality can also set up a project design unit/division to prepare all infrastructure project design instead of appointing a private engineering firm to be responsible infrastructure project design

4.2.5.2 External mechanism

An external mechanism can be a municipal entity with which a municipality has concluded a service delivery agreement, an organ of state entity with which the municipality has concluded a service delivery agreement or a community-based organisation or other non-governmental organisation competent to enter into a service delivery agreement.

The MSA provides that a municipality may participate in the establishment of or acquire or hold an interest in a corporate body, including a trust, where the corporate body is a private company or a service utility. The City of Johannesburg (CoJ) created a municipal entity for the provision of water services on its behalf, namely Johannesburg Water (JW). It is a Public-Public-Partnership (PPP), CoJ owns the water services utility. A decision was made by CoJ to bring in external expertise through a contract with a private sector company Johannesburg Water Management (Pty) Ltd

The Constitution defines an organ of state as any department of state or administration in the national, provincial or local sphere of government, or any other functionary or institution exercising a public power or performing a public function in terms of any legislation (but does not include a court or judicial officer). In terms of Section 80 of the MSA, if a municipality decides to provide a municipal service through a service delivery agreement with a national or provincial organ of state, it:

- Must inform National Treasury in writing and obtain approval from the Minister of Water Affairs if it's a water service contract before entering into a service delivery agreement with a municipality.
- Does not need to comply with the competitive bidding requirements of the MSA, but a service delivery agreements must be entered into.

4.2.6 Level 5: FINANCE MODEL: An assessment of prime municipal service funding option

According to Ensor (2013) states “that the existing funding formula for local government has not been sufficiently sensitive to the unique circumstances in each of the country’s municipalities and that the funding formula didn’t consider poverty and economic activity levels or the capacity of municipalities that is urban, rural, large and small or their ability to generate revenue and perform their functions.” According to a report on Sustaining Local Government Finances (n.d.), the formula needs to be more flexible to assist municipalities with challenges and changing circumstances.

A new paradigm shift is emerging in developing and transitional economies with increased decentralization and urbanization, local government has taken greater responsibility in the provision of basic municipal services that is to help fund education, solid waste management, water and sanitation and other economic development projects, municipalities have turned to innovative financing mechanisms to meet local demand.

National government financial support cannot finance the service needs of most municipalities. Municipalities are turning to: (1) own-source revenues such as taxes, licenses and permits, user fees for services and municipal assets and (2) borrowing. There is a paradigm shift that is occurring in many developing countries and the movement towards market-based municipal financing.

4.2.6.1 The paradigm shift

Many developing countries are in the midst of a paradigm shift on how to generate resources to increase the delivery of municipal services such as potable water, sanitation, roads and waste management. Conventional thinking and practice has been that the national government is the primary funder of municipal infrastructure. According to Billand (2006), this attitude is further supported by an international development community focused on grant funding and concessionary loans. Local government needs to be more innovative in obtaining sources of funds to finance economic development, with many municipalities turning to the local capital markets to fund municipal projects.

Old Paradigm : Cash transfers from national government, grants, concessionary loans and municipal revenues that can be generated through increased collections and/or reduced operating costs.

New Paradigm : Leveraging of market-based local currency loans. Several market-based financing strategies can be used to provide municipal services, including: bank loans, municipal bonds, pooled finance and revolving funds.

Increasing municipal own-source revenue provides new funds to pay for infrastructure. To increased revenue, municipalities must implement strategies to: 1) improve billing and collections, 2) reduce operating costs by implementing increasing efficiencies and in the case of water supply and 3) minimize water loss due to leaks. These actions are all within the manageable interest of municipal officials and managers and do not require political decisions such as raising service tariffs, however a large number of municipalities are struggling to collect their revenue from water charges and therefore unable to manage their operational and maintenance cost of managing infrastructure.

There is also a problem with illegal connection of services resulting enormous revenue losses, water supply as an example where the bulk is supplied by an entity e.g. uMgeni Water to a district municipality; uMgeni Water will still charge for every drop of water passing through its bulk meter regardless whether the district is making a loss or a marginal profit.

4.2.6.2 Financing versus funding

According to Reddy (2011), the terms ‘financing’ and ‘funding’ are sometimes confused, it is therefore necessary to clarify how they should be interpreted. Reddy (2011) defines *financing* as about managing cash-flow related to infrastructure development, concerned with raising the capital required to enable the initial investment in infrastructure and *funding* is about who ultimately pays for the infrastructure. Funding relates to paying for that capital (often over time) as well as the subsequent operating costs required to sustain the infrastructure.

Debt and equity can only be a source of finance, not a source of funds, as they need to be paid back. Grants and transfers from funders are both a source of funds as well as a source of finance. Income from user charges is a source of funds, but usually not a source of finance since the charges are usually only collected after the infrastructure has been built and is operational. User charges are therefore usually used to pay off sources of finance such as debt and dividend payments for equity investors. An exception is surpluses generated from user charges which are used to build up reserves. These reserves can then be used to finance future infrastructure development. The Return on Asset (ROA) portion of the raw water charge is an example.

4.2.6.2.1 Sources of funding

Public sector infrastructure finance is almost always concerned with three types of investment and there are only three ways to pay for it, that is taxes, transfers (grants, aids) and tariffs:

- New infrastructure to cater for increased demand and extension of services

- Refurbishment of existing infrastructure to cater for existing users
- Operation and maintenance (O&M) of infrastructure.

4.2.6.2.2 Sources of finance

Whilst grants from general taxation and transfers are sources of funds, they can also be a source of finance, where the money is provided up front. Sources of financing, such as market base finance and loans provide mechanisms to: 1) manage cash flow by deferring repayment, 2) manage balance sheets by shifting liabilities or 3) share risk (and return).

All of these must be paid back at some stage through tax revenue or charges, typically at a premium reflecting the risk and cost of capital. Utility reserves are also a form of finance, they need not be paid back, but they are funds collected through the generation of surpluses.

4.2.6.3 Traditional infrastructure finance model

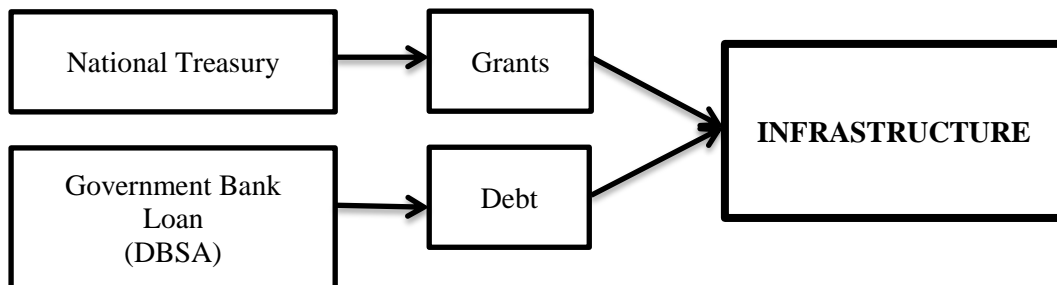


Figure 4.1: Traditional municipal infrastructure finance model

Figure 4.1 above is an illustration of a traditional municipal infrastructure finance model. Whilst the sources of funding may be limited, there are a variety of financing mechanisms that can be employed to match the cash flow of funds to the cash flow required to finance the establishment and subsequent operations and maintenance of the infrastructure. These mechanisms include the use of debt and equity from a range of institutions (private and public).

Figure 4.2 below is the proposed infrastructure finance model that illustrates how different sources of financing between public and private can be extended to cover the financing gap.

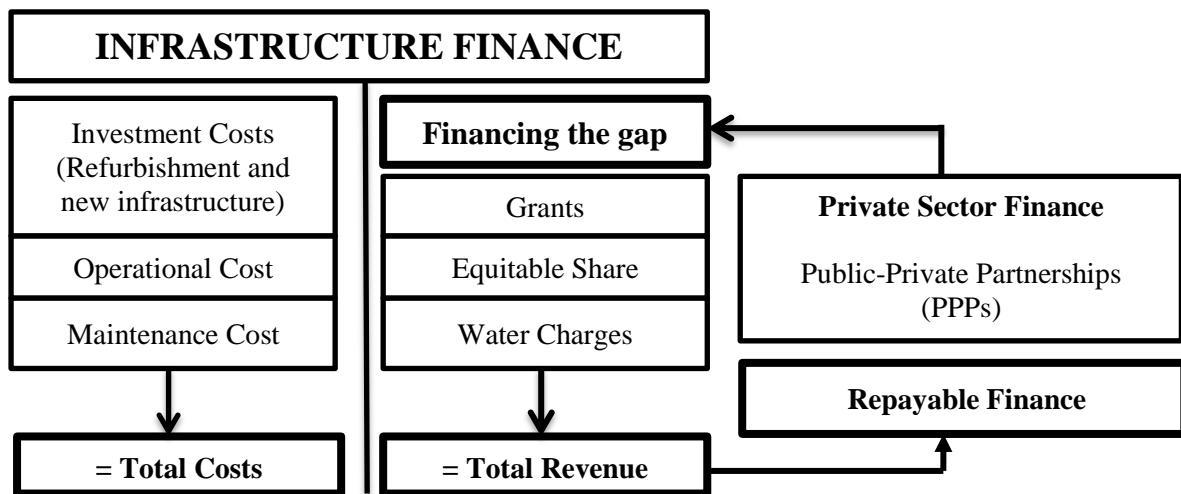


Figure 4.2: Proposed Infrastructure Finance Model

In order to improve access to finance, financing mechanisms need to be supported by parallel initiatives. The initiatives predominately address shifting perceptions to reduce the perceived risk. The below are some important lessons learnt from the International and local case studies for sourcing finance.

- **Blending grants and innovative financing:** Combining grants or loans with a grant element with repayable finance, combines different financing mechanisms. This blending of funds attracts financing that municipalities would not have otherwise attracted and at the same time ensuring service delivery.
- **Microfinance:** The key in overcoming affordability constraints for providing access to services especially for households and small scale service providers in developing countries.

In the Operation and Maintenance (O&M) and refurbishment of infrastructure, a pricing strategy may provide for three separate elements especially in raw water charges: 1) component to cover operations and maintenance, 2) component to cover

depreciation which is meant to cover the future refurbishment of the asset and 3) Return on Assets (ROA) which is meant to pay for future betterment (augmentation) of the basin infrastructure.

In practice, due to under-recovery of charges mainly due to poor collection; the ROA component as well as the depreciation component can be used to fund O&M. A distinction also needs to be made between infrastructures to meet social demand versus infrastructure for commercial demand.

Typically the former is funded on-budget from service charges being set to recover operational and nominal asset costs, while the latter is financed using commercial off-budget finance with charges being set to recover the full financial cost of operation and debt repayment. Infrastructure can be developed on-budget to promote economic development, but with charges to commercial users negotiated at the full financial cost (equivalent to off-budget financing).

Locally, municipalities are more dependent on government funding (grants and equitable share) and government bank loans (DBSA). Municipalities are considered 'High Risk' due to their past and present crippling state in South Africa. The proposed model illustrated by figure 4.2 is considered the most suited and the best alternative infrastructure funding model where the risk are bear by the other party through a public private sector agreement while local communities continue to enjoy municipal services.

4.2.6.3.1 Public–Private Partnership (PPP)

A PPP is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies (Sawalha, 2015). South African law defines a PPP as a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project (National Treasury, 2007).

The main objective of PPPs all over the world is to ensure the delivery of well maintained, cost-effective public infrastructure or services, by leveraging private sector expertise and transferring risk to the private sector. There are two (2) ways that the PPPs can be implemented:

- Where the private party performs a municipal function.
- Where the private party acquires the use of municipal property for its own commercial purposes.

It must however be noted for the purpose of this study that a PPP is not a 'commercialisation' of a public function by the creation of a state-owned enterprise and does not constitute borrowing by the municipality. Municipal PPPs are governed under the MFMA (2003) and its regulations, and the MSA (2003). Treasury Regulation 16 also allows PPPs to be developed with a range of different characteristics. These all involve transferring risk to the private party for designing, financing, building, and operating infrastructure and services.

4.2.6.3.2 Build Own Operate Transfer (BOOT)

According to Arndt (2009), BOOT is a form of project financing, wherein a private entity receives a concession from public sector (government) to finance, design, construct, and operate a facility stated in the concession contract. During the concession period the private company owns and operates the facility with the prime goal to recover the costs of investment and maintenance while trying to achieve higher margin on project and eventually transfers ownership of the project to the government often at no cost.

It is commonly held that private sector organizations are competitive and more efficient than public sector. Private sector organizations are driven by a strong motive of maximizing profit and increasing shareholder value. They have access to broader sources of capital than governments. They can seek funding internationally and in many forms from equity to mezzanine debt and a range of bonds to which the government does not have access (Arndt, 2009: 10). By using

structured finance, private sector firms are able to spread the risks associated with a project to investors with a matched risk profile.

4.2.6.4 Accrual-based financial management

There is a shift in the developing countries in municipal finance, a move away from fund based financial management to accrual-based. This approach facilitates sustainable financing of the budget over the medium term. A realistic, credible, viable and sustainable budget is achieved through simultaneous alignment of projected financial performance, financial position and cash flows.

Municipal budgets are concerned with demonstrating that a budget is balanced from a funds perspective, funds going are balanced with funds coming in plus any funds already held in reserve from previous years. The accrual-based method requires that the budget should be managed in a full accrual manner reflecting a transparent budget and accounting system approach. The MFMA through Section 18 requires that the budget can only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.

The capital budget may be funded by cash-backed current year surplus in the financial performance budget, including capital grants and other contributions, cash-backed accumulated funds from previous years not committed for other purposes, and borrowing.

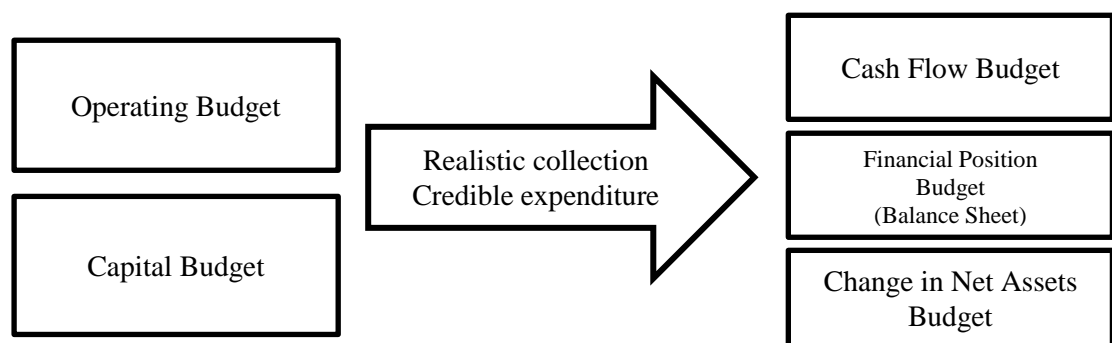


Figure 4.3: Linkages in the budget schedules

(Source: www.pmg.org.za)

Figure 4.3 above shows the linkages in the budget schedules. The focus on accrual based financial management assist in the decision making with comprehensive information when funding strategies are discussed prior to adoption of the budget. Discussions on proposed borrowing, the utilization of grants and setting of appropriate tariffs to ensure ongoing sustainability of existing and proposed services are strengthened.

Locally, in order to understand whether the budget is adequately funded or not, in accordance with the MFMA, a simultaneous analysis of the budget for financial performance, financial position, cash flow and changes in net assets is required. The intent of the MFMA is for the budget to reflect the full amount of revenue budgeted to be billed, accrued or otherwise levied or revenue directly received (e.g. water charges) to ensure that the municipality and other person who reads of the budget are fully aware of the total revenue contributions. Therefore, revenue shown in the Financial Performance budget must be the full amount of revenue to be 'raised' or 'billed', accrued or otherwise directly received.

To ensure that the budget is appropriately funded, there is a must for expenditure estimations in the financial performance and capital budgets and the expenditure effect on the cash flow and financial position budgets, to be realistic. The budget has to be based on the planned service delivery objectives in the IDP, as expressed annually in the SDBIP, take into consideration previous years and recent performance, assumptions regarding price movements for inputs to the budget (for example, inflation), other economic and demographic factors.

If there are expected efficiencies planned, these must be supported by changes in policies and or practices that are proven to deliver the proposed benefits. Such improvements must also be estimated conservatively as all of the promised efficiency gains or expenditure reductions may not be achieved immediately. If budgeted expenditure is underestimated, budgeted revenue may not be sufficient to fund the planned level of service delivery.

4.2.7 Level 6: Monitoring, evaluation and reporting

There is a need to constantly monitor and evaluate the implementation of strategies (IDP) to ensure that the strategies proceed as planned. Control measures need to be put in place to ensure that plans are executed as planned. According to Alchian (2005) monitoring allows results, processes and experiences to be documented and used as a basis to steer decision-making and learning processes. Monitoring is checking progress against plans. The data acquired through monitoring is used for evaluation. Evaluation is assessing, systematically and objectively as possible, a completed project or programme (or a phase of an ongoing project or programme that has been completed). Evaluations appraise data and information that inform strategic decisions, thus improving the project or programme in the future (Alchian, 2005: 104). Generally, monitoring is integral to evaluation.

During an evaluation, information from previous monitoring processes is used to understand the ways in which the project or programme developed and stimulate change. Effective control, monitoring and evaluating service delivery programmes and strategies require that performance standards be set to serve as benchmarks on which actual performance could be measured, should there be no deviations between the set/planned performance standards and actual performance (Nyamukachi, 2005: 149-150). Reporting is the last level of detail in performance management and control and it depends on a combination of factors that include other reports, the reason for reporting and the audience that the report is prepared for. Table 4.3 below is an overview of reporting content:

Report Type	Audience	Period
Implementation of Council Resolutions	Council	Quarterly
Performance reporting	Council	Quarterly
IDP Implementation	Management Team	Mid-year
Monitoring and evaluation of strategies	Management Team	Quarterly
A customer survey (perception of municipal services delivery)	Management Team	Mid-year

Table 4.3: Performance Monitoring Reports

4.3 CONCLUSION

Transformation processes might be complicated for now for most municipalities. The proposed models, although hypothetical in nature, will serve as a guide for municipalities in order to improve service delivery. Local government, being the sphere of government closest to the people is faced with numerous challenges in its quest to provide essential services to local communities and in particular the poor and disadvantaged section of the population.

The recent waves of unrest at the local level and the dissatisfaction expressed by local communities' questions the ability of local government in South Africa to effectively and efficiently provide for essential services. If the inadequacy of local government to fulfill its mandate within the constitutional and legislative framework does not receive serious attention in the short to medium term, it could detrimentally affect the long-term stability of the South African democracy.

A large number of municipalities, despite the organizational challenges that they have to deal with, are in financial distress as well as inadequate expertise and management capacity, which exacerbate the problem of existing infrastructural delivery backlogs. Unquestionably, service provision is one challenge that requires creative and innovative solutions and strategies. Municipalities constantly need to review and restructure their institutions in search for more effective ways of achieving goals and meeting service delivery needs of the communities they serve.

CHAPTER 5

RESEARCH METHODOLOGY AND DESIGN

5.1 INTRODUCTION

Knowledge of the world can be gained scientifically, philosophical, mathematical, theological and humanistic (Kothari, 2008: 418). This chapter will outline how the research was carried out within the hypothetical realm of knowledge development. Remenyi (2003: 22) states “that when undertaking research, there are three major philosophical questions that should be addressed at the outset of research.” The three rational questions grounded in this study are:

- 1) Why research?
- 2) What to research?
- 3) How to research?

The questions on what and why have been addressed in the past chapters. The how part of the research needs to be stated on how the research was conducted. This chapter will give a detailed analysis of how the research was conducted.

5.2 QUANTITATIVE RESEARCH

Hlogwane (2010) states that “quantitative research aims to determine the relationship between an independent and a dependent or outcome variable in a population.” Gustav Fechner first modelled quantitative psychology on quantitative approaches in the physical sciences in his work on psychophysics which he built on the work of Ernst Heinrich Weber. Hlogwane (2010) states that “although a distinction is commonly drawn between qualitative and quantitative aspects of investigation: it has been argued that the two go hand in hand, for example, based on analysis of the history of science.” Kuhn (1961: 162) claims large sum of qualitative work has generally been a qualification to fruitful quantification in the physical sciences.

Creswell (2008: 18) states that “a quantitative approach is one in which the researcher primarily uses for developing knowledge i.e. cause and effect, hypothesis and questions as well as the use of measurement and observation, and employing strategies of inquiry such as experiments that yield statistical data.” In quantitative research, a researcher must distance him or she so as to be independent from what is being researched to avoid rendering false results. The researcher has assumed a predominantly positivist approach in view of the nature of the study.

An attitudinal survey was used to determine the perception of local communities on the level of services delivery in the uMDM, how the municipality was delivering municipal services, the level of community involvement in decision making on matters that involve them (public participation) and to determine the fundamental reason behind lack of service delivery, resulting to municipal services delivery protects by local communities. A survey was also conducted on uMDM officials to determine the root causes and elements contributing to municipal distress, to gauge the service delivery model used by the municipality and to assess the proposed service delivery model that will enable the municipality to transform into high performance organisations.

The questionnaire was further used to determine the competitiveness advantage of the municipality by analysing the municipal internal/operating environment which represents forces within the municipality with specific implications for organizational performance.

5.3 DATA COLLECTION STRATEGY

A data collection strategy was employed in order to avoid collecting of useless data. Blanche (2004) states that “data collection involves the use of numbers to assess information, the information is then evaluated using statistical analysis which offers the researcher the opportunity to dig deeper into the data and look for greater meaning.” Sampling was done and thereafter data was collected. The following data collection strategy was implemented in this research:

- (a) The researcher used a sample of subjects instead of the full population, but the population is far more important than the sample, therefore the researcher generalized from the sample to the population and the sample became representative of the population.
- (b) Stratified random sampling was used to ensure that the sample was representative and to make certain that there was a proportional representation of the population.
- (c) To elude bias, subjects in groups were randomly assigned to ensure that important variables were balanced that might alter the effect of the treatment (e.g. gender, age). The researcher did this by not agreeing to subjects selecting themselves into groups or by choosing groups where one group would be different from another group. This cause would have given rise to results that reflect group difference rather than an effect of the treatment.

5.4 RESEARCH METHODOLOGY DESIGN

5.4.1 Quantitative research design

Crewell (2003) states that the fundamental principle in quantitative research design is that correlation do not imply causation, which is the relationship between cause and effect. This principle follows from the fact that it is always possible that an apparent but not actual valid relationship exists for variables between which covariance is found to some degree. Associations may be examined between any combination of continuous and categorical variables using methods of statistics.

5.4.2 Measuring instrument

The questionnaire was used as a measuring instrument. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. The statistical method was used in this study in the collection of data,

and the researcher collected data based on the hypothesis or theory. The collected data was subjected to verification and validation.

5.4.3 Data collection

Data was gathered by a means of questionnaires and interview notes. The uMDM was chosen as a case study. Consent was received from the municipal manager to conduct a survey (Annexure A). Quantitative approaches provide more objectivity, measurement, analysis and evaluation of the respondents' opinions to the study. The researcher conducted face-to-face interviews with the respondents. The participants were assisted to avoid any confusion that the questionnaire could have presented.

5.4.3.1 Characteristics of the subjects

In this study, the researcher measured the characteristics of the subjects and mentioned independent and dependent variables defining the research question. This was done through reporting of information about subjects in order to identify their population group from which they were drawn (i.e. variables such as gender, age and period of service in the municipality).

5.4.3.2 Dependent and independent variables

The dependent variable or outcome variable was some measure of the municipal infrastructure and finance model, an approach to unravel municipal distress; improve and reform municipal service. The research takes the form of an experimental study. According to Mouton (2003), for an experimental study, the main independent variable is the one indicating when the dependent variable is measured for example, before, during, and after the treatment). If there is a control group (as in controlled trials) or control treatment (as in crossovers), the identity of the group or treatment is another essential independent variable.

Mouton (2003) further states that “variables such as gender, age, diet, training status and variables from blood or exercise tests can also affect the outcome in an experiment.” As an example, the response of males to the treatment might be different

from that of females. Such variables account for individual differences in the response to the treatment, so it is important to take them into account. The independent variables identified in this study for municipal subjects were gender, age and the employee level of his or her functionality. In the community subjects the independent variables were age, gender, demographics and socio-economic status.

5.5 RESEARCH METHODOLOGY FRAMEWORK

In accordance with the research aim, the formation of the research methodology framework was undertaken in order to determine the following:

- (a) the root causes and elements contributing to municipal distress
- (b) to gauge the present municipal service delivery model and propose service delivery model
- (c) determining the competitiveness advantage of the municipality
- (d) the perception of local communities on the level of services delivery
- (e) reason behind lack of service delivery, resulting to municipal services delivery protects

5.5.1 Planning of the survey

Essential was the detailed planning and design of the survey in terms of compilation of the questionnaire, piloting of the questions and sampling. The questionnaires were finalized in conjunction with the supervisor and the statistician and cleared by the UKZN Humanities and Social Sciences Research Ethics Committee. The questionnaire was design in such a way that the following information could be obtained:

- (a) Social and demographic information (gender, municipal ward).
- (b) Economic data (employment status).
- (c) Socio-economic data (access to infrastructure, municipal services).
- (d) Attitudinal aspects (perception on the levels of service).

The questionnaire was refined and analysed to ensure that research questions would produce the required output for analysis.

5.5.2 Community / municipal customer survey

The researcher conducted the research survey himself; no external field workers were recruited. The study required a representative sample which would be the basis for the generalisation of the representative sample to the whole community. Below is a random sample selection of municipal customers / community.

Age group (Rep.)	Males	Females	Total	Municipality
20 - 25	2	4	6	uMshwathi LM (3) and uMkhambathini LM (3)
25 - 30	4	6	10	uMshwathi LM (3), Richmond LM (4) and Impendle LM (3)
30 - 35	2	2	4	Impendle LM (3) and uMngeni LM (1)
35 - 40	6	3	9	Richmond LM (4), uMkhambathini LM (3) and Mpofana LM (2)
40 - 45	3	3	6	uMngeni LM (6)
45 - 50	1	2	3	uMshwathi LM (3)
50 - 55	1	0	1	Mpofana LM (1)
60 - 65	1	0	1	Mpofana LM (1)
Total Population	20	20	40	

Age group	Total number of respondents	Questionnaire A (perceptions on service delivery)	Questionnaire B (service delivery protests)
20 - 25	6	uMshwathi LM (3)	uMkhambathini LM (3)
25 - 30	10	uMshwathi LM (2), Richmond LM (2) and Impendle LM (1)	Impendle LM (2), uMshwathi LM (1) and Richmond LM (2)
30 - 35	4	Impendle LM (2)	Impendle LM (1) and uMngeni LM (1)
35 - 40	9	Richmond LM (2), Mpofana LM (1) and uMkhambathini LM (1)	Richmond LM (2), Mpofana LM (1) and uMkhambathini LM (2)
40 - 45	6	uMngeni LM (3)	uMngeni LM (3)
45 - 50	3	uMngeni LM (1)	uMngeni LM (2)
50 - 55	1	Mpofana LM (1)	
60 - 65	1		Mpofana LM (1)

Table 5.1(a-b): Sample frames of municipal community/customers

5.5.3 Municipal employees' survey

Structured interviews were conducted with officials of the uMDM. The researcher conducted a face-to-face interview with the respondents. The participants were assisted to avoid any confusion that the questionnaire could present.

Hierarchy	Males	Females	Total
Top Management (Executive)	3	1	4
Middle Management/Specialist (Managers)	7	5	12
Team leaders (Supervisor)	15	8	23
Municipal official (General)	4	29	33
Total Population	29	43	72

Hierarchy	Total number of respondents	Questionnaire C (root causes of distress)	Questionnaire D (service delivery model)	Questionnaire E (uMDM internal environment)
Executives	4		2	2
Managers	12	3	6	3
Supervisors	23	8	7	8
General staff	33	10	12	11
Total	72	21	27	24

Table 5.2(a-b): Sample Frame of municipal officials

5.5.4 Secondary data

Secondary data was sourced through reading journals and papers on service delivery on local government. The literature review which is relevant to this study was obtained from the text books, municipal library, UKZN library, Journals, uMDM documents (IDP, SDIBPs, budget), government publications and web search.

5.5.5 Field observation

Observations were undertaken on various infrastructure projects and programmes of service delivery in uMDM wards, the extent at which the uMDM is addressing the needs of its community, the service delivery model used by the municipality and how it is aligned to the municipality's IDP, PMS and budget.

5.5.6 Reporting

Reporting was used to interpret and make sense of the data collected. Private sector partnerships were interpreted to be the strategic mechanism in finding the best solution in realising developmental objectives. Cognizance was taken of the needs and perceptions of the local community and customers of the uMDM regarding service delivery which were obtained through a survey and documented analysis. The data collected from municipal interviews with municipal employees was augmented and later triangulated.

5.5.7 Ethical consideration

Remenyi (2003: 110) states that “there are three major ethical considerations to consider when undertaking a research. These are how the information is collected, how the information is processed, and lastly, how the findings are used.” According to Remenyi (2003), it is important for the researcher to be honest and open with the respondents when dealing with the first ethical consideration on how the information is collected and to keep respondents anonymous and their response confidential. No information should be collected with intimidation.

The researcher declares that the highest level of ethical consideration was upheld, in all instances during and prior to interviews, an open and honest relationship made. The researcher stated honestly the reason for conducting the research and how the results would be used. Remenyi (2003) points out that researcher must maintain confidentiality of respondents. The researcher kept the identity of all respondents unknown and only respondents who were willing to be interviewed, were interviewed. The uMDM was assured that:

- 1) Information gathered from the research would be used solely for the purpose of the study.
- 2) There was no financial obligation or commitment on the side of the municipality and no probable risks in agreeing to partake in the study.
- 3) Captured information would be kept confidential.

- 4) At any time the municipality can withdraw its consent to participate in the study.

Further, the respondents from the community who are also users of municipal services as its customers were assured that:

- 1) Their identity would be kept confidential.
- 2) The collected information will only be used for academic purposes.

5.5.8 Limitations

According to Shuttleworth (2008), limitations of a study are those characteristics that limit the scope (define the boundaries) of the inquiry as determined by the conscious exclusionary and inclusionary decisions that were made throughout the development of the proposal. Kraft (2007) suggest that the researcher need to prepare a statement of purpose or intent that clearly sets out what is meant to be accomplished by the study, which also includes a declaration of what the study does not intend to cover.

The limitations were within the confines of the study; municipal distress, towards a municipal infrastructure and finance model: case study of uMDM. The uMDM was chosen because of the feasibility and the relevance of the study to the municipality, the research area being the evaluation of the municipal infrastructure and finance model.

The interpretation of findings was done by drawing up of a descriptive conclusion from the sampled data about a larger group placed no restraint on this study. The generalisation by the researcher on municipal employees included a finding that differences in responses on views and perceived levels of about the municipality were predicted by gender, age and the functionality or hierarchical level of the employee in the organisation.

5.5.9 Reliability and validity

Shuttleworth (2008) states that “the principles of validity and reliability are fundamental cornerstones of any scientific method and together they are at the core of what is accepted as scientific proof.”

5.5.9.1 Reliability and validity relationship

Test validity is a requisite to test reliability. If a test is not valid, then reliability is moot. In other words, if a test is not valid there is no point in discussing reliability because test validity is required before reliability can be considered in any meaningful way.

5.5.9.2 Reliability

The idea behind reliability is that, any significant results must be more than a one-off finding and must be inherently repeatable; other researchers must be able to perform exactly the same experiment, under the same conditions and generate the same results. This reinforces the findings and ensures that the wider scientific community accepts the hypothesis.

Crewell (2003) states that “the consistency within which questionnaire items are answered or individual scores remaining relatively the same can be determined through the test-retest method at two different times and such instrument can be deemed as stable.” The results should be same when dealing with a stable measure. Joppe (2000) is in agreement with Crewell (2003) by stating that “a measure is considered reliable if a person's score on the same test given twice is similar.” It is important to remember to note that reliability is estimated, not measured. Reliability is estimated in two ways:

1) Test/retest

The test-retest is the more conservative method to estimate reliability. The idea behind test-retest is that you should get the same score on test 1 as you do on test

2. The two main components of this method are as follows:

- Implementation of the measurement instrument at two separate times for each subject.
- Computing of the correlation between the two separate measurements and assuming there is no change in the underlying condition (or trait you are trying to measure) between test 1 and test 2.

2) Internal consistency

Joppe (2000) states that “internal consistency estimates reliability by grouping questions in a questionnaire that measure the same concept and after collecting the responses, the researcher must run a correlation between those two groups of three questions to determine if the instrument is reliably measuring the concept.” Cronbach's Alpha can be used to compute correlation values in the questions on a questionnaire by splitting all the questions in all possible way and then compute their correlation values.

A computer programme is used to outputs one Cronbach's Alpha number and the same as in a correlation coefficient, the closer it is to one, the higher the reliability estimate of one's instrument. The test-retest method was used in this study to test the reliability of the survey instrument. The researcher performed the same assessment with same interviewees at different times. The correlation coefficient between the two sets of responses was used as a quantitative measure of the test-retest reliability. The values of the correlation were above 0.7 and the researcher considered the values as satisfactory.

5.5.9.3 Validity

Validity encompasses the entire experimental concept and establishes whether the results obtained meet all of the requirements of the scientific research method. Joppe (2000) provides the following explanation of what validity is in quantitative research by stating that “validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are.” Crewell (2003) describes the validity of quantitative research as ‘construct validity’. The construct is the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered.

Crewell (2003) states that “a quantitative researcher can passively cause or affect the interplay between construct and data in order to validate an investigation. In this case, the involvement of the researcher in the research process would greatly reduce the validity of a test.” There are four types of validity normally observed in social research (Mouton, 2003).

1) Conclusion validity

Mouton (2003) states that “conclusion validity is the degree to which one’s analysis allow one to make the correct decision regarding the truth or approximate truth of the null hypothesis.” Hlongwane (2010) states that “conclusion validity does not involve determining whether or not a causal relationship exists between the variables of interest, which is a matter of internal validity.” In conclusion validity it is the researcher’s conclusion on whether there is a relationship between variables.

2) Internal validity

Hlongwane (2010) states that “internal validity asks if there is a relationship between the programme and the outcome seen and if it is a causal relationship.”

3) Construct validity

Hlongwane (2010) states that “construct validity asks if there is a relationship between how the researcher operationalized concepts in this study to the actual causal relationship his/her is trying to study. Construct validity seeks to generalize conceptualized treatment and outcomes to broader constructs of the same concepts.”

4) External validity

Trochim (2006: 78) states that “external validity refers to one’s ability to generalize the results of the study to other settings and it is the degree to which the conclusions in one’s study would hold for other persons in other places and at other times.” The researcher selected conclusion validity to ensure validity of the measuring instrument. Based on the collected data, the researcher identified a positive relationship between planning – service delivery mechanism and municipal performance, a positive relationship between municipal finance model and delivery of municipal services and customer satisfaction and the absence of service delivery protests.

5.5.10 Statistical Analysis

Altman (2001:23) describes statistics as a science of making effective use of numerical data relating to groups of individuals or experiments. It deals with all aspects of this, including the collection, and the analysis and interpretation of such data and also the planning of the collection of data in terms of the design of surveys and experiments.

According to Welman (2005: 277), in order to make sense of the collected data, the researcher needs to code and organise the data; coding meaning the identification of the variable that the researcher wants to analyse statistically such as variable level present. Once the data has been coded, it is captured in a computer using the statistical programme. The SPSS computer programme was used to capture, organise and analyse data in order for the following to be done:

- (a) **Counting** the number of respondents and their perceptions when rating the municipality.
- (b) **Describing** attitudinal patterns among municipal employees and community perception and experience on the level of service delivery.
- (c) **Comparing** employees' responses at different levels such as gender, age group, period of service and position in the municipality. Evaluate community/municipal customer responses from different demographics, age, gender and socio-economic status.

5.6 CONCLUSION

In this chapter, population and sample frame were discussed. The measuring instrument used to gather data in order to answer the research question was discussed in terms of development, validity and reliability dimensions and how the statistical analysis of results was conducted. The *t*-test and Chi-square was used to analyse and make sense of the collected data.

CHAPTER 6

DATA ANALYSIS

6.1 INTRODUCTION

The purpose of this chapter is to provide a quantitative analysis and interpretation of data collected at uMgungundlovu District Municipality (uMDM) in evaluating service delivery with a purpose of proposing a service delivery model for improving and reforming municipal service delivery. The research methodology, data collection design and techniques used in the study are described. Findings will be provided in answering the research problem.

The results from municipal employee's survey were a comparison of employees at different levels on their perceptions of the competitiveness advantage of the municipality. The internal/operating environment represents forces within the municipality with specific implications for performance, root causes and elements contributing to municipal distress and to gauge the service delivery model used by the municipality and to assess the proposed service delivery model.

6.2 TYPE OF SCALE USED FOR THE STUDY

6.2.1 Community/customer survey data collection instrument consisted of 2 parts that were informed by key research aims of this study as follows:

6.2.1.1 Perception of local communities on the level of services delivery

The survey conducted from communities who are also customers of the uMDM in terms of water and sanitation services was an evaluating the perception of local communities on the level of services delivery, how the municipality is delivering municipal services as per its mandate and to determine the fundamental reason behind lack of service delivery, resulting to municipal services delivery protects by local communities. The following scale was used:

Numerical Scale	Descriptive Scale	Interpretation
0	No progress	The required level of compliance has not yet been achieved
1	Some progress	There is noticeable level of compliance
2	Good progress	Evidence of consistently complying with the requirement
3	Fully achieved	Exceeds the required level of compliance

The instrument was used to measure the level of community satisfaction with the level of service provided by the uMDM by identifying gaps in the quality and the standard of service (water and sanitation), affordability of service (water charges and connections). The instrument was also used to measure how the municipality determines community developmental the needs by identifying gaps in the community participates in the IDP process, if uMDM engages in strategic partnering with communities (private sector) in developmental issues and community involvement in the municipal budget process.

Lastly the instrument was used to measure how the municipality was contributing in improving the quality of life for its community by identifying gaps in the municipal employment creation strategies (e.g. EPWP, CWP), municipality social programmes aimed at poverty alleviation (e.g. food for waste programme), municipal Local Economic Development (LED) strategies by contributing to LED initiatives and access to basic services (e.g. clean water and sanitation facilities).

6.2.1.2 Fundamental reason behind lack of service delivery, resulting to municipal services delivery protects by local communities.

Critics argue that governance system in South Africa failed to comprehend the unique challenges faced by different municipalities functioning under dissimilar conditions with varying capacities. The prevailing challenges faced by local government, are rooted in the leadership and governance deficiency in municipalities, weak responsiveness and accountability to communities. A research by Community Law Centre (2008) show that municipalities have failed to fulfil legal requirements to ensure the active participation of communities in local government processes. These

failures have resulted in regular service delivery backlogs and protest throughout the country. The following scale was used:

Numerical Scale	Descriptive Scale	Interpretation
0	Strongly disagree	Completely not in agreement with the statement
1	Disagree	Not supportive of the statement (differ)
2	Agree	In agreement with the statement (approve)
3	Strongly agree	Completely in agreement with the statement (commend)

The instrument was used to measure the level at which the municipality is satisfying the needs and the expectation of its community by identifying gaps in the manner at which the municipality remedy service delivery issues and the delivery of sustainable services. The instrument was also used to measure the level at which the municipality regards community and its customer views by identifying gaps in the community involvement in the formulation of a municipal Service Charter and community suggestions for service improvements.

Lastly the instrument was used to measure the level of trust in the municipal system by identifying gaps in the municipal good governance practises and level at which the municipality provides information to its customers/community (openness/transparency) by identifying gaps in level of community involvement in municipal matters (MSA).

6.2.2 Municipal employee survey data collection instrument consisted of 3 parts that were informed by research aims of this study as follows:

6.2.2.1 Root causes and elements contributing to municipal distress

The State of Local Government in South Africa Report (2009) found that there is a low level of confidence in local government and that practices don't match policy intents. COGTA (2009) report noted lack of political leadership, political interference and patronage as key challenges and functional overreach and complexity was forcing municipalities into distress mode, exacerbated by lack of support from the other

government spheres (COGTA, 2009: 33). Lack of public participation was another area of focus in the COGTA report. The following scale was used:

Numerical Scale	Descriptive Scale	Interpretation
0	Strongly disagree	Completely not in agreement with the statement
1	Disagree	Not supportive of the statement (differ)
2	Agree	In agreement with the statement (approve)
3	Strongly agree	Completely in agreement with the statement (commend)

The instrument was used to measure the level of municipal policies and strategy development by identifying gaps in the policies and strategies development based on the legislation. The instrument was further used to measure uMDM capacity to deliver services by identifying gaps in the uMDM internal capacity to deliver in terms of personal with suitable skills and experience to deliver on its mandate.

The instrument was also used to measure the municipal financial health and resource management by identifying gaps in the municipal budget to deliver in terms of its development plans, operation and maintenance of infrastructure and the alignment of uMDM resources (plan) with the IDP, PMS, budget, policies and strategies. Lastly the instrument was used to measure uMDM ability to manage the Separation of Powers (political and administration) by identifying gaps in the uMDM policy to manage Separation of Powers and to measure the level to which uMDM was promoting a culture of performance excellence by identifying gaps in the uMDM Monitoring and Evaluation (M&E) systems of tracking and monitoring performance relative to plans

6.2.2.2 Service delivery model used by uMDM

Municipalities have been adopting a ‘make do’ approach in delivering services, their actions uttered by lack of a strategic direction. Government is now forcing municipalities to consider ways of maximizing value in delivering services to citizens. It is argued that the new system of local government requires an efficient, effective and transparent local public administration that conforms to constitutional principles to ensure financially and economically viable municipalities.

Conventional thinking and practice has been that national government is the primary funder of municipal infrastructure and reality is that government financial support cannot finance the service needs of most municipalities. Increasing municipal own-source revenue provides new funds to pay for infrastructure, however a large number of municipalities are struggling to collect their revenue from water charges and therefore unable to manage their operational and maintenance cost of managing infrastructure. The following scale was used:

Numerical Scale	Descriptive Scale	Interpretation
0	Never	Absolutely not, at no time in the past or present (not ever)
1	Fairly	To some degree, but not completely or extremely (justly)
2	Considerable degree	To a fairly large extent (not often)
3	To a great deal	To a large extent (always)

The instrument was used to evaluate the funding strategy used by uMDM for new infrastructure projects, funding strategy used by the municipality for existing infrastructure projects (operation and maintenance), infrastructure delivery mechanism/strategy/model used by uMDM, the integration of the IDP with municipal performance plan and uMDM ability to monitor, evaluate and report on its strategies. The instrument was also used to measure uMDM development planning and community participation process by identifying gaps in the community participation process in infrastructure planning, the use of the WSDP as the source for water infrastructure development planning and level at which the municipality uses the IDP as the source for all projects and programmes for implementation.

6.2.2.3 Competitiveness advantage of the municipality (internal and external environment)

An environmental analysis identify opportunities worth exploring that would enhance the achievement of goals and also to identify threats within and outside the municipality which may hamper service delivery. Municipalities are an open system and therefore rely on the environment for resources and the success of any municipality depends on how well it is able to understand and proactively respond to

its environment. A municipality needs to consistently monitor trends in its environment for opportunities and importantly threats that might hamper progress and developmental goals attainment. The following scale was used:

Numerical Scale	Descriptive Scale	Interpretation
0	Strongly disagree	Completely not in agreement with the statement
1	Disagree	Not supportive of the statement (differ)
2	Agree	In agreement with the statement (approve)
3	Strongly agree	Completely in agreement with the statement (commend)

The instrument was used to measure the uMDM in relation to municipal employee's satisfaction by identifying gaps in the uMDM equal opportunities policy on its employees (e.g. career development), training and development to its employees (e.g. bursaries), pleasant working environment for all its employees and levels of professionalism.

The instrument was further used to measure the uMDM ability to identify and addresses internal barriers by identifying gaps on how the uMDM addresses low staff morale, builds a desired culture and shared values, addresses capacity issues (staff shortage, resources), addresses lack of performance (service delivery) and promotes co-operation amongst its employees (team work). The instrument was also used to evaluate how uMDM has endeavoured to create an environment for innovation by identifying gaps on how uMDM encourages staff to make suggestions for improving efficiency of service and recognise staff contribution as individuals and teams towards improved service delivery.

Lastly the instrument was used to measure transformation and institutional development at uMDM by identifying gaps on how uMDM employees understand the municipal vision, mission, strategic objective/goals and core values of uMDM and the presence of a sound financial management system with strong internal controls.

6.3 STATEMENT OF FINDINGS, DATA INTERPRETATION AND DISCUSSION: MUNICIPAL OFFICIALS QUESTIONNAIRE

Section 6.2 present the results and discuss the findings obtained from the questionnaires in this study. The questionnaire was the primary tool that was used to collect data and was distributed to municipal officials and communities/customers of uMDM. The data collected from the responses was analysed with SPSS Version 22.0. The results will present the descriptive statistics in the form of graphs, cross tabulations and other figures for the qualitative data that was collected. Inferential techniques include the use of correlations and chi square test values; which are interpreted using the p-values.

6.3.1 Research instrument

In total, 100 questionnaires were despatched and 72 were returned which gave a 72% response rate. The research instrument consisted of 24 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 3 sections which measured various themes as illustrated below:

Section A - Biographical information

Section B - Measurement

Section C - Areas of improvement

6.3.1.1 Reliability statistics

The two most important aspects of precision are reliability and validity. Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of 0.70 or higher is considered as 'acceptable'. The table below reflects the Cronbach's alpha score for all the items that constituted the questionnaire.

Section	Number of items	Cronbach's Alpha
Measurements of the municipality in relation to municipal employee's satisfaction	4 of 5	.623
Measurement of the municipality's ability to	5 of 5	.822

identify and addresses internal barriers		
How the municipality has endeavoured to create an environment for innovation	2 of 2	.661
Measurement of the municipality's transformation and institutional development	5 of 5	.909
Overall	17 of 17	.955

Table 6.1: Cronbach's Alpha Score – Municipal Officials Questionnaire

The overall reliability score exceeds the recommended Cronbach's alpha value of 0.700. This indicates a degree of acceptable, consistent scoring for the various sections of the research. Two of the sections have values only slightly below 0.700.

6.3.1.2 Factor analysis

Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. For example, as part of a national survey on political opinions, participants may answer three separate questions regarding environmental policy, reflecting issues at the local, state and national level. Each question, by itself, would be an inadequate measure of attitude towards environmental policy, but *together* they may provide a better measure of the attitude.

Factor analysis can be used to establish whether the three measures do, in fact, measure the same thing. If so, they can then be combined to create a new variable, a factor score variable that contains a score for each respondent on the factor. Factor techniques are applicable to a variety of situations. A researcher may want to know if the skills required to be a decathlete are as varied as the ten events, or if a small number of core skills are needed to be successful in a decathlon. You need not believe that factors actually exist in order to perform a factor analysis, but in practice the factors are usually interpreted, given names, and spoken of as real things.

The matrix tables is preceded by a summarised table that reflects the results of Kaiser-Meyer-Olkin Measure and Bartlett's Test. The requirement is that Kaiser-Meyer-

Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allows for the factor analysis procedure. Factor analysis was done for the Likert scale items with other components divided into finer components. All of the conditions are satisfied for factor analysis. This is explained below in the rotated component matrix:

Section	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
		Approx. Chi-Square	df	Sig.
Measurements of the municipality in relation to municipal employee's satisfaction	.568	55.759	10	.000
Measurement of the municipality's ability to identify and addresses internal barriers	.742	119.883	10	.000
How the municipality endeavoured to create an environment for innovation	.500	12.259	1	.000
Measurement of the municipality's transformation and institutional development	.783	102.349	10	.000

Table 6.2: Kaiser-Meyer-Olkin Measure and Bartlett's Test

6.3.1.3 Rotated Component Matrix

Measurements of the municipality in relation to municipal employee's satisfaction (B1)	Component	
	1	2
The municipality offers equal opportunities to its employees (e.g. career development)	.858	.045
The municipality offers training and development to its employees (e.g. bursaries)	-.255	.857
The municipality recognize and appreciates its employees through incentives and rewards (e.g. promotion)	.270	.616
The municipality offers a pleasant working environment for all its employees	.851	.172
The municipality maintains high levels of professionalism	.302	.657

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization

Table 6.3: Rotated Component Matrix

6.3.1.4 Component Matrix (B2 – B4)

Measurement of the municipality’s ability to identify and addresses internal barriers (B2)	Component 1
The municipality addresses low staff morale	.724
The municipality builds a desired culture and shared values	.739
The municipality addresses capacity issues (staff shortage, resources etc.)	.722
The municipality addresses lack of performance (service delivery)	.798
The municipality promotes co-operation amongst its employees (team work)	.833

Extraction Method: Principal Component Analysis

How the municipality has endeavoured to create an environment for innovation (B3)	Component 1
The municipality encourages staff to make suggestions for improving efficiency of service	.866
The municipality recognise staff contribution as individuals and teams towards improved service delivery	.866

Extraction Method: Principal Component Analysis

Measurement of the municipality’s transformation and institutional development (B4)	Component 1
The municipality has an approved organisational structure and business units to deliver services to its community	.874
Municipal employees understand the vision, mission, municipal strategic objective/goals and core values of the municipality	.786
The municipality has achieved the outcomes emanating from its vision and mission	.815
The municipality has a sound financial management system with strong internal controls	.898
The municipality is achieving clean audits from AG	.907

Extraction Method: Principal Component Analysis

Table 6.4 (B2 – B4): Component Matrix

The principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalization. This is an orthogonal rotation method that minimizes the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors. Factor analysis/loading showed inter-correlations between variables.

Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along the various components

It is noted that the variables that constituted Sections B2, B3 and B4 loaded perfectly along a single component. This implies that the statements in these sections measured what they set out to measure. The remaining section (B1) loaded along 2 components (sub-themes). This means that respondents identified different trends within the section. Within the section, the splits are colour coded.

6.3.2 Biographical data

This section summarises the biographical characteristics of the respondents. Figure 6.1 below describes the overall gender distribution.

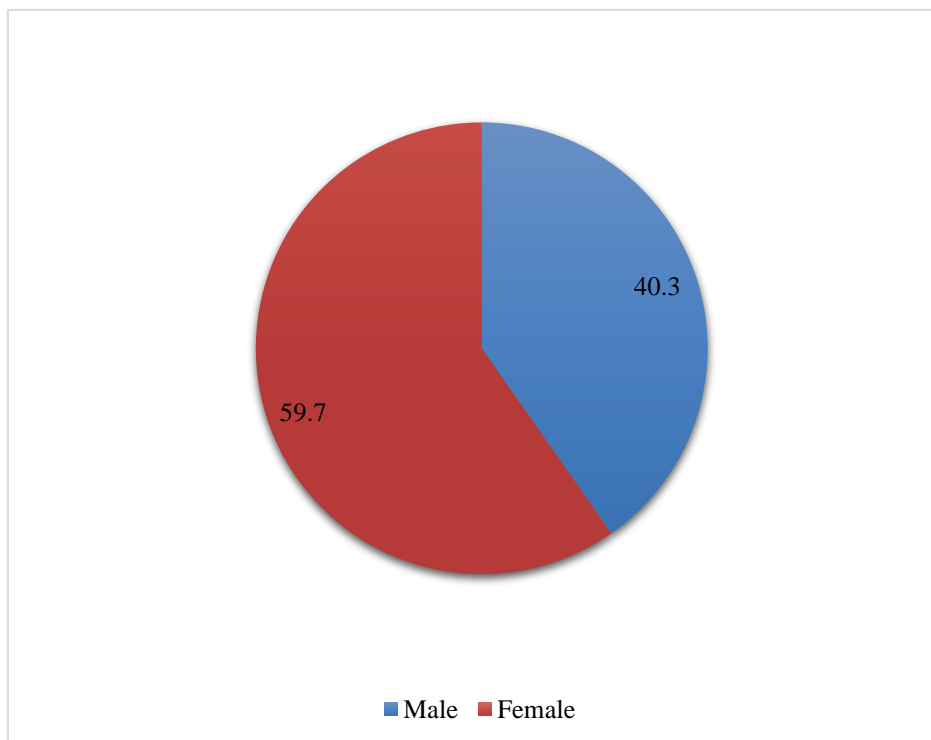


Figure 6.1: Gender Distribution

The ratio of females to males is approximately 3:2 (59.7%: 40.3%). The level of the respondents is illustrated in Figure 6.2 below:

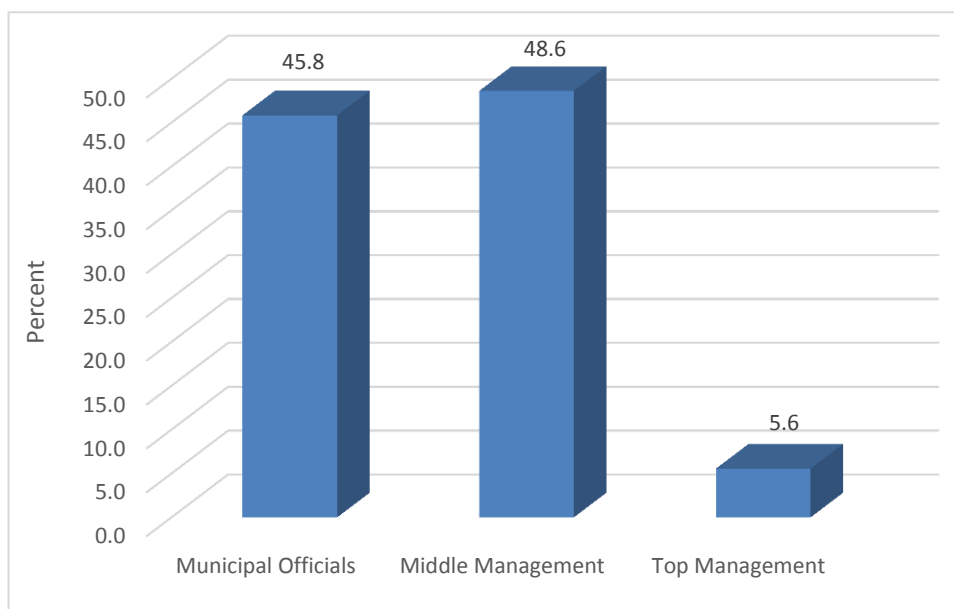


Figure 6.2: Level of respondents

There are similar levels of municipal officials as there are middle managers. Top level management formed 6% of the sample. The gender composition of the respondents by level is shown in the table below.

			Gender		Total
			Male	Female	
Level of Management	Municipal Officials	Count	4	29	33
		% within Level of Management	12.1%	87.9%	100.0%
		% within Gender	13.8%	67.4%	45.8%
		% of Total	5.6%	40.3%	45.8%
	Middle Management	Count	22	13	35
		% within Level of Management	62.9%	37.1%	100.0%
		% within Gender	75.9%	30.2%	48.6%
		% of Total	30.6%	18.1%	48.6%
	Top Management	Count	3	1	4
		% within Level of Management	75.0%	25.0%	100.0%
		% within Gender	10.3%	2.3%	5.6%
		% of Total	4.2%	1.4%	5.6%
Total	Count	29	43	72	
	% within Level of Management	40.3%	59.7%	100.0%	
	% within Gender	100.0%	100.0%	100.0%	
	% of Total	40.3%	59.7%	100.0%	

Table 6.5: Gender composition of respondents by level

Within the middle management category, 62.9% were male. Within the category of males (only), 75.9% were middle managers. This category of males who were middle managers formed 30.6% of the total sample. The majority of respondents (95.8%) had worked for more than 5 years, with most being at the municipality for between 6 to 10 years (43.1%). The period of service is shown in below.

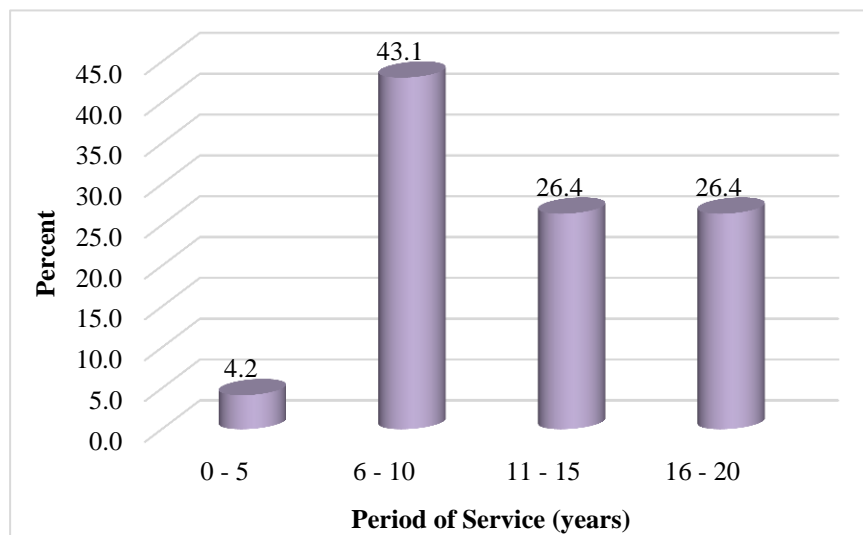


Figure 6.3: Period of service

This is a useful statistic as it indicates that a fair proportion of the respondents have a lot of experience. This indicates that the responses gathered would imply that responses would have been from an informed (experienced) source. The mean and standard deviation for the period of service is given below.

N Valid	72
Missing	0
Mean	12.08
Std. Deviation	4.229

Table 6.6: Mean and standard deviation

On average, respondents had been in employ between 7.85 years to 16.31 years. The cross-tabulation with the level of the respondents with period of service is shown below.

			Period of Service (years)				Total
			0 - 5	6 - 10	11 - 15	16 - 20	
Level of Management	Municipal Officials	Count	1	9	13	10	33
		% within Level of Management	3.0%	27.3%	39.4%	30.3%	100.0%
		% within Period of Service (years)	33.3%	29.0%	68.4%	52.6%	45.8%
		% of Total	1.4%	12.5%	18.1%	13.9%	45.8%
	Middle Management	Count	2	21	6	6	35
		% within Level of Management	5.7%	60.0%	17.1%	17.1%	100.0%
		% within Period of Service (years)	66.7%	67.7%	31.6%	31.6%	48.6%
		% of Total	2.8%	29.2%	8.3%	8.3%	48.6%
	Top Management	Count	0	1	0	3	4
		% within Level of Management	0.0%	25.0%	0.0%	75.0%	100.0%
		% within Period of Service (years)	0.0%	3.2%	0.0%	15.8%	5.6%
		% of Total	0.0%	1.4%	0.0%	4.2%	5.6%
Total	Count	3	31	19	19	72	
	% within Level of Management	4.2%	43.1%	26.4%	26.4%	100.0%	
	% within Period of Service (years)	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	4.2%	43.1%	26.4%	26.4%	100.0%	

Table 6.7: Cross-tabulation with the level of respondents with period of service

6.3.3 Section Analysis

The section analysis analyses the scoring patterns of the respondents per variable per section. Where applicable, levels of disagreement (negative statements) were collapsed to show a single category of 'disagree'. A similar procedure was followed for the levels of agreement (positive statements). The results are first presented using summarised percentages for the variables that constitute each section. Results are then further analysed according to the importance of the statements.

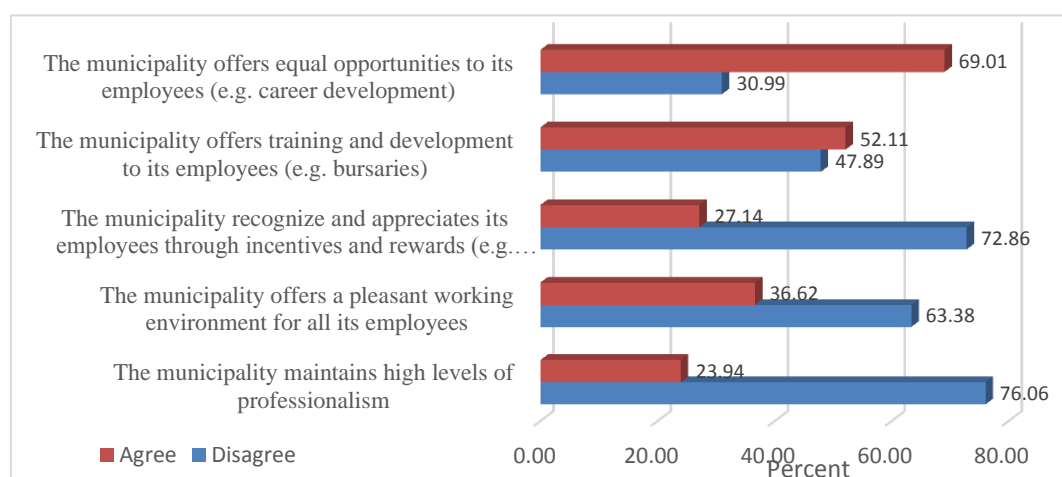
Section B1 - Measurements of the municipality in relation to municipal employee's satisfaction

This section deals with measurements of the municipality in relation to municipal employee's satisfaction. The table below summarises the scoring patterns.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality offers equal opportunities to its employees (e.g. career development)	22	31.0%	49	69.0%
The municipality offers training and development to its employees (e.g. bursaries)	34	47.9%	37	52.1%
The municipality recognize and appreciates its employees through incentives and rewards (e.g. promotion)	51	72.9%	19	27.1%
The municipality offers a pleasant working environment for all its employees	45	63.4%	26	36.6%
The municipality maintains high levels of professionalism	54	76.1%	17	23.9%

Figure below shows that the average level of agreement with the statements is 41.77%. This is largely due to the high levels of disagreement for the last 3 statements that constitute this section. The following patterns are observed:

1. The first two statements have more positive responses, whilst the last three have more negative responses.
2. The first two statements relate to 'opportunities' whilst the last three deal with actual 'treatment of the employees'.



To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement. The results are shown below:

	The municipality offers equal opportunities to its employees (e.g. career development)	The municipality offers training and development to its employees (e.g. bursaries)	The municipality recognizes and appreciates its employees through incentives and rewards (e.g. promotion)	The municipality offers a pleasant working environment for all its employees	The municipality maintains high levels of professionalism
Chi-Square	10.268 ^a	.127 ^a	14.629 ^b	5.085 ^a	19.282 ^a
df	1	1	1	1	1
Asymp. Sig.	.001	.722	.000	.024	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 35.5.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 35.0.

The highlighted sig. values (p-values) are less than 0.05 (the level of significance), it implies that the distributions were not similar. That is, the differences between the way levels of agreement and disagreement were significant.

Section B2 - Measurement of the municipality’s ability to identify and addresses internal barriers

This section deals with measurement of the municipality’s ability to identify and addresses internal barriers

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality addresses low staff morale	57	81.4%	13	18.6%
The municipality builds a desired culture and shared values	40	55.6%	32	44.4%

The municipality addresses capacity issues (staff shortage, resources etc.)	46	65.7%	24	34.3%
The municipality addresses lack of performance (service delivery)	43	61.4%	27	38.6%
The municipality promotes co-operation amongst its employees (team work)	35	49.3%	36	50.7%

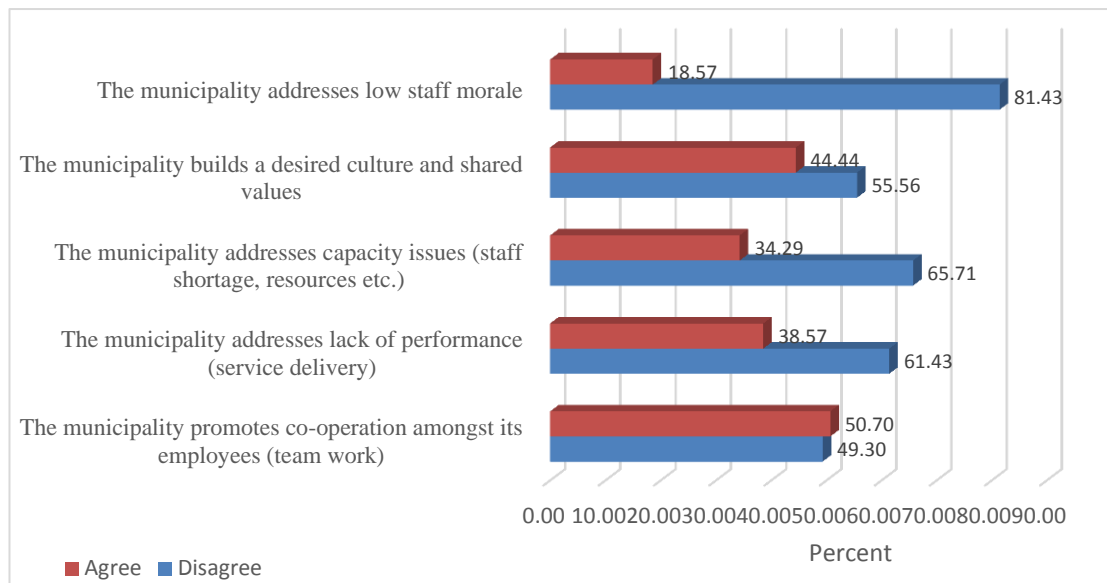


Figure above shows that the average level of agreement is 37.32%. A low level of agreement shows higher levels of dissatisfaction with the statements. Only the last statement shows a marginal level of higher agreement. To determine whether the scoring patterns were significantly different, a chi square test was done. The differences observed for the 1st and 3rd statements were significant

	The municipality addresses low staff morale	The municipality builds a desired culture and shared values	The municipality addresses capacity issues (staff shortage, resources etc.)	The municipality addresses lack of performance (service delivery)	The municipality promotes co-operation amongst its employees (team work)
Chi-Square	27.657 ^a	.889 ^b	6.914 ^a	3.657 ^a	.014 ^c
df	1	1	1	1	1
Asymp. Sig.	.000	.346	.009	.056	.906

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 35.0.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.0.
c. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 35.5.

Section B3 - How the municipality has endeavoured to create an environment for innovation

This section is concerned with how the municipality has endeavoured to create an environment for innovation.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality encourages staff to make suggestions for improving efficiency of service	37	53.6%	32	46.4%
The municipality recognise staff contribution as individuals and teams towards improved service delivery	30	66.7%	15	33.3%

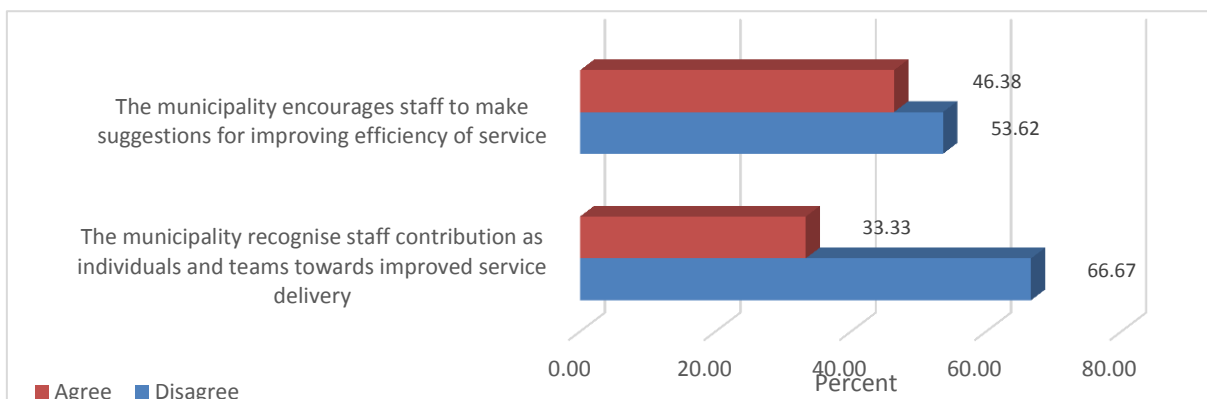


Figure above shows that the average level of agreement for this section is 39.86%. There are higher levels of disagreement for both the statements, with twice as many disagreeing with the second statement than those who agreed. To determine whether the scoring patterns were significantly different, a chi square test was done.

	The municipality encourages staff to make suggestions for improving efficiency of service	The municipality recognise staff contribution as individuals and teams towards improved service delivery
Chi-Square	.362 ^a	.362 ^a
df	1	1
Asymp. Sig.	.547	.025

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 34.5.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 22.5.

There were as many respondents who agreed as there were who disagreed with the first statement ($p = 0.547$). The levels of agreement for the second statement were significantly different ($p < 0.05$).

Section B4 - Measurement of the municipality's transformation and institutional development

This section investigated transformation and institutional development at uMgungundlovu District Municipality.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality has an approved organisational structure and business units to deliver services to its community.	15	33.3%	30	66.7%
Municipal employees understand the vision, mission, municipal strategic objective/goals and core values of the municipality	22	48.9%	23	51.1%
The municipality has achieved the outcomes emanating from its vision and mission	28	63.6%	16	36.4%
The municipality has a sound financial management system with strong internal controls	15	36.6%	26	63.4%
The municipality is achieving clean audits from AG	11	36.7%	19	63.3%

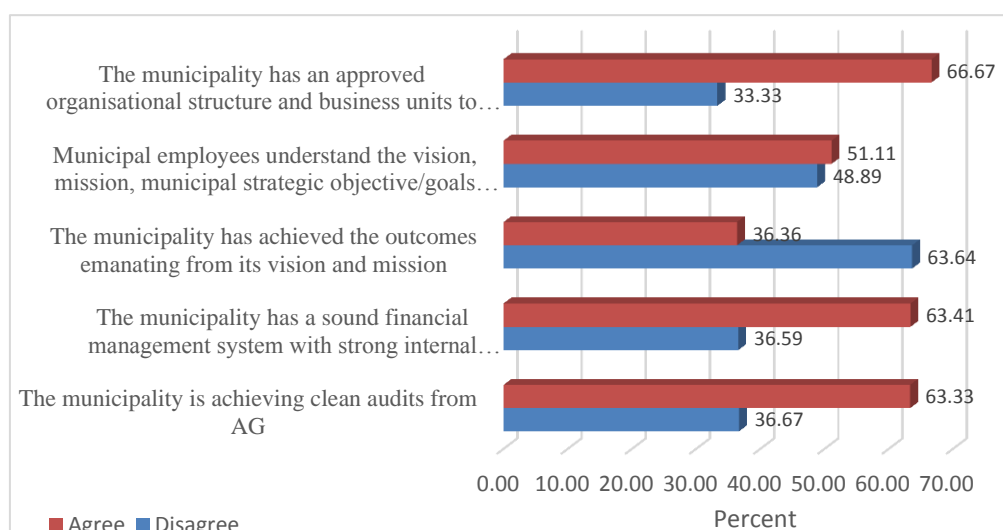


Figure above shows that the average level of agreement for this section is 56.18%. There are higher levels of agreement with the statement. To determine whether the scoring patterns were significantly different, a chi square test was done.

	The municipality has an approved organisational structure and business units to deliver services to its community.	Municipal employees understand the vision, mission, municipal strategic objective/goals and core values of the municipality	The municipality has achieved the outcomes emanating from its vision and mission	The municipality has a sound financial management system with strong internal controls	The municipality is achieving clean audits from AG
Chi-Square	5.000 ^a	.022 ^a	3.273 ^b	2.951 ^c	2.133 ^d
df	1	1	1	1	1
Asymp. Sig.	.025	.881	.070	.086	.144

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 22.5.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 22.0.
c. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.5.
d. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.0.

Table 6.8 (B1 – B4): Sectional Analysis

There were as many respondents who agreed as there were who disagreed with the first statement ($p = 0.547$). The levels of agreement for the second statement were significantly different ($p < 0.05$).

6.3.4 Hypothesis testing

The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with " $p < 0.05$ ". These values are highlighted with a *. A second Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs. columns). The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association. The table below summarises the results of the chi square tests.

The p-value between the municipality offering equal opportunities to its employees (e.g. career development) and Gender is **0.002**. This means that there is a significant

relationship between the variables highlighted in yellow. That is, the gender of the respondent did play a significant role in terms of whether the municipality offered equal opportunities.

		Gender	Level of Management	Period of Service (years)
The municipality offers equal opportunities to its employees (e.g. career development)	Chi-square	9.767	17.841	2.560
	df	1	2	3
	Sig.	.002*	.000*	0.465
The municipality offers training and development to its employees (e.g. bursaries)	Chi-square	.184	3.404	4.383
	df	1	2	3
	Sig.	.668	0.182	0.223
The municipality recognize and appreciates its employees through incentives and rewards (e.g. promotion)	Chi-square	.005	1.843	.515
	df	1	2	3
	Sig.	.944	0.398	0.916
The municipality offers a pleasant working environment for all its employees	Chi-square	4.819	4.248	8.757
	df	1	2	3
	Sig.	.028*	0.12	.033*
The municipality maintains high levels of professionalism	Chi-square	.001	4.531	3.068
	df	1	2	3
	Sig.	.975	0.104	0.381
The municipality addresses low staff morale	Chi-square	1.275	1.004	1.971
	df	1	2	3
	Sig.	.259	0.605	0.578
The municipality builds a desired culture and shared values	Chi-square	3.952	8.280	10.523
	df	1	2	3
	Sig.	.047*	.016*	.015*
The municipality addresses capacity issues (staff shortage, resources etc.)	Chi-square	9.587	7.308	6.305
	df	1	2	3
	Sig.	.002*	.026*	0.098
The municipality addresses lack of performance (service delivery)	Chi-square	.818	6.949	5.574
	df	1	2	3
	Sig.	.366	.031*	0.134
The municipality promotes co-operation amongst its employees (team work)	Chi-square	4.304	6.802	.885
	df	1	2	3
	Sig.	.038*	.033*	0.829
The municipality encourages staff to make suggestions for improving efficiency of service	Chi-square	6.077	5.275	3.192
	df	1	2	3
	Sig.	.014*	0.072	0.363
The municipality recognize staff contribution as individuals and teams towards improved service delivery	Chi-square	.047	3.089	1.413
	df	1	2	3
	Sig.	.828	0.213	0.702
The municipality has an approved organizational structure and business units to deliver services to its community.	Chi-square	3.025	5.980	4.462
	df	1	2	3
	Sig.	.082	0.05	0.216
Municipal employees understand the vision,	Chi-square	2.021	4.962	2.612

mission, municipal strategic objective/goals and core values of the municipality	df	1	2	3
	Sig.	.155	0.084	0.455
The municipality has achieved the outcomes emanating from its vision and mission	Chi-square	1.369	3.872	1.635
	df	1	2	3
	Sig.	.242	0.144	0.652
The municipality has a sound financial management system with strong internal controls	Chi-square	2.134	2.567	1.363
	df	1	2	3
	Sig.	.144	0.277	0.714
The municipality is achieving clean audits from AG	Chi-square	.660	4.483	3.376
	df	1	2	3
	Sig.	0.417	0.106	0.337

Table 6.9: Pearson Chi-Square Tests

6.3.4.1 Frequencies

Frequencies in terms of the municipality ability to offer equal opportunities to its employees (e.g. career development): **Gender Crosstabulation**. There are higher levels of agreement with the statement.

			Gender		Total
			Male	Female	
The municipality offers equal opportunities to its employees (e.g. career development)	Disagree	Count	3	19	22
		% within Gender	10.3%	45.2%	31.0%
	Agree	Count	26	23	49
		% within Gender	89.7%	54.8%	69.0%
Total	Count	29	42	71	
	% within Gender	100.0%	100.0%	100.0%	

Table 6.10: Frequencies: Gender Crosstabulation

Frequencies in terms of the municipality ability to offer equal opportunities to its employees (e.g. career development): **Level of Management Crosstabulation**. There are higher levels of agreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality offers equal opportunities to its employees (e.g. career development)	Disagree	Count	18	3	1	22
		% within Level of Management	56.3%	8.6%	25.0%	31.0%
	Agree	Count	14	32	3	49
		% within Level of Management	43.8%	91.4%	75.0%	69.0%
Total		Count	32	35	4	71
		% within Level of Management	100.0%	100.0%	100.0%	100.0%

Table 6.11: Frequencies: Level of Management Crosstabulation

Frequencies in terms of the municipality ability to offer equal opportunities to its employees (e.g. career development): **Period of Service (years) Crosstabulation.**

There are higher levels of agreement with the statement.

			Period of Service (years)				Total
			0 - 5	6 - 10	11 - 15	16 - 20	
The municipality offers equal opportunities to its employees (e.g. career development)	Disagree	Count	1	7	8	6	22
		% within Period of Service (years)	33.3%	22.6%	44.4%	31.6%	31.0%
	Agree	Count	2	24	10	13	49
		% within Period of Service (years)	66.7%	77.4%	55.6%	68.4%	69.0%
Total		Count	3	31	18	19	71
		% within Period of Service (years)	100.0%	100.0%	100.0%	100.0%	100.0%

Table 6.12: Frequencies: Period of Service (years) Crosstabulation

Frequencies in terms of the municipality ability to recognize and appreciates its employees through incentives and rewards (e.g. promotion): **Gender Crosstabulation**. There are higher levels of disagreement with the statement.

			Gender		Total
			Male	Female	
The municipality recognize and appreciates its employees through incentives and rewards (e.g. promotion)	Disagree	Count % within Gender	21 72.4%	30 73.2%	51 72.9%
	Agree	Count % within Gender	8 27.6%	11 26.8%	19 27.1%
Total		Count % within Gender	29 100.0%	41 100.0%	70 100.0%

Table 6.13: Frequencies: Gender Crosstabulation

Frequencies in terms of the municipality ability to recognize and appreciates its employees through incentives and rewards (e.g. promotion): **Level of Management Crosstabulation**. There are higher levels of disagreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality recognize and appreciates its employees through incentives and rewards (e.g. promotion)	Disagree	Count % within Level of Management	23 74.2%	24 68.6%	4 100.0%	51 72.9%
	Agree	Count % within Level of Management	8 25.8%	11 31.4%	0 0.0%	19 27.1%
Total		Count % within Level of Management	31 100.0%	35 100.0%	4 100.0%	70 100.0%

Frequencies in terms of the municipality ability to recognize and appreciates its employees through incentives and rewards (e.g. promotion): **Level of Management Crosstabulation (a)**. There are higher levels of disagreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality recognize and appreciates its employees through incentives and rewards (e.g. promotion)	Disagree	Count % within Level of Management	23 74.2%	24 68.6%	4 100.0%	51 72.9%
	Agree	Count % within Level of Management	8 25.8%	11 31.4%	0 0.0%	19 27.1%
Total		Count % within Level of Management	31 100.0%	35 100.0%	4 100.0%	70 100.0%

Table 6.14 (a-b): Frequencies: Level of Management Crosstabulation

Frequencies in terms of the municipality ability to recognize and appreciates its employees through incentives and rewards (e.g. promotion): **Period of Service (years) Crosstabulation (b)**. There are higher levels of disagreement with the statement. Frequencies in terms of the municipality ability to offer a pleasant working environment for all its employees: **Gender Crosstabulation (a)**. There are higher levels of disagreement with the statement.

			Gender		Total
			Male	Female	
The municipality offers a pleasant working environment for all its employees	Disagree	Count % within Gender	14 48.3%	31 73.8%	45 63.4%
	Agree	Count % within Gender	15 51.7%	11 26.2%	26 36.6%
Total		Count % within Gender	29 100.0%	42 100.0%	71 100.0%

Table 6.15: Frequencies: Gender Crosstabulation

Frequencies in terms of the municipality ability to offer a pleasant working environment for all its employees: **Level of Management Crosstabulation (b)**. There are higher levels of disagreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality offers a pleasant working environment for all its employees	Disagree	Count	24	18	3	45
		% within Level of Management	75.0%	51.4%	75.0%	63.4%
	Agree	Count	8	17	1	26
		% within Level of Management	25.0%	48.6%	25.0%	36.6%
Total		Count	32	35	4	71
		% within Level of Management	100.0%	100.0%	100.0%	100.0%

Table 6.16: Frequencies: Level of Management Crosstabulation

Frequencies in terms of the municipality ability to offer a pleasant working environment for all its employees: **Period of Service (years) Crosstabulation (c)**. There are higher levels of disagreement with the statement.

			Period of Service (years)				Total
			0 - 5	6 - 10	11 - 15	16 - 20	
The municipality offers a pleasant working environment for all its employees	Disagree	Count	0	17	13	15	45
		% within Period of Service (years)	0.0%	54.8%	72.2%	78.9%	63.4%
	Agree	Count	3	14	5	4	26
		% within Period of Service (years)	100.0%	45.2%	27.8%	21.1%	36.6%
Total		Count	3	31	18	19	71
		% within Period of Service (years)	100.0%	100.0%	100.0%	100.0%	100.0%

Table 6.17: Frequencies: Period of Service (years) Crosstabulation

Frequencies in terms of the municipality ability to maintain high levels of professionalism: **Gender Crosstabulation (a)**. There are higher levels of disagreement with the statement.

			Gender		Total
			Male	Female	
The municipality maintains high levels of professionalism	Disagree	Count	22	32	54
		% within Gender	75.9%	76.2%	76.1%
	Agree	Count	7	10	17

	% within Gender	24.1%	23.8%	23.9%
Total	Count	29	42	71
	% within Gender	100.0%	100.0%	100.0%

Table 6.18: Frequencies: Gender Crosstabulation

Frequencies in terms of the municipality ability to maintain high levels of professionalism: **Level of Management Crosstabulation (b)**. There are higher levels of disagreement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality maintains high levels of professionalism	Disagree	Count	27	23	4	54
		% within Level of Management	84.4%	65.7%	100.0%	76.1%
	Agree	Count	5	12	0	17
		% within Level of Management	15.6%	34.3%	0.0%	23.9%
Total		Count	32	35	4	71
		% within Level of Management	100.0%	100.0%	100.0%	100.0%

Table 6.19: Frequencies: Level of Management Crosstabulation

Frequencies in terms of the municipality ability to maintain high levels of professionalism: **Period of Service (years) Crosstabulation (c)**. There are higher levels of disagreement with the statement.

			Period of Service (years)				Total
			0 - 5	6 - 10	11 - 15	16 - 20	
The municipality maintains high levels of professionalism	Disagree	Count	3	25	14	12	54
		% within Period of Service (years)	100.0%	80.6%	77.8%	63.2%	76.1%
	Agree	Count	0	6	4	7	17
		% within Period of Service (years)	0.0%	19.4%	22.2%	36.8%	23.9%
Total		Count	3	31	18	19	71
		% within Period of Service (years)	100.0%	100.0%	100.0%	100.0%	100.0%

Table 6.20: Frequencies: Period of Service (years) Crosstabulation

Frequencies in terms of the municipality ability to address low staff morale: **Gender Crosstabulation (a)**. There are higher levels of disagreement with the statement.

			Gender		Total
			Male	Female	
The municipality addresses low staff morale	Disagree	Count	21	36	57
		% within Gender	75.0%	85.7%	81.4%
	Agree	Count	7	6	13
		% within Gender	25.0%	14.3%	18.6%
Total		Count	28	42	70
		% within Gender	100.0%	100.0%	100.0%

Table 6.21: Frequencies: Gender Crosstabulation

Frequencies in terms of the municipality ability to address low staff morale: **Period of Service (years) Crosstabulation (b)**. There are higher levels of disagreement with the statement.

			Period of Service (years)				Total
			0 - 5	6 - 10	11 - 15	16 - 20	
The municipality addresses low staff morale	Disagree	Count	3	25	15	14	57
		% within Period of Service (years)	100.0%	80.6%	88.2%	73.7%	81.4%
	Agree	Count	0	6	2	5	13
		% within Period of Service (years)	0.0%	19.4%	11.8%	26.3%	18.6%
Total		Count	3	31	17	19	70
		% within Period of Service (years)	100.0%	100.0%	100.0%	100.0%	100.0%

Table 6.22: Frequencies: Period of Service (years) Crosstabulation

Frequencies in terms of the municipality ability to build a desired culture and shared values: **Level of Management Crosstabulation (a)**. There is 55.6% disagreement with the statement. Frequencies in terms of the municipality ability to build a desired culture and shared values: **Gender Crosstabulation (b)**. Women municipal officials accounted to 65.1% in terms of disagreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality builds a desired culture and shared values	Disagree	Count % within Level of Management	22 66.7%	14 40.0%	4 100.0%	40 55.6%
	Agree	Count % within Level of Management	11 33.3%	21 60.0%	0 0.0%	32 44.4%
Total		Count % within Level of Management	33 100.0%	35 100.0%	4 100.0%	72 100.0%

Table 6.23: Frequencies: Level of Management Crosstabulation

			Gender		Total
			Male	Female	
The municipality builds a desired culture and shared values	Disagree	Count % within Gender	12 41.4%	28 65.1%	40 55.6%
	Agree	Count % within Gender	17 58.6%	15 34.9%	32 44.4%
Total		Count % within Gender	29 100.0%	43 100.0%	72 100.0%

Table 6.24: Frequencies: Gender Crosstabulation

Frequencies in terms of the municipality ability to address capacity issues (staff shortage, resources etc.): **Level Management Crosstabulation (a)**. There are higher levels of disagreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality addresses capacity issues (staff shortage, resources etc.)	Disagree	Count % within Level of Management	26 81.3%	17 50.0%	3 75.0%	46 65.7%
	Agree	Count % within Level of Management	6 18.8%	17 50.0%	1 25.0%	24 34.3%
Total		Count	32	34	4	70

% within Level of Management	100.0%	100.0%	100.0%	100.0%
------------------------------	--------	--------	--------	--------

Table 6.25: Frequencies: Level Management Crosstabulation

Frequencies in terms of the municipality ability to address capacity issues (staff shortage, resources etc.): **Period of Service (years) Crosstabulation (b)**. There are higher levels of disagreement with the statement.

			Period of Service (years)				Total
			0 - 5	6 - 10	11 - 15	16 - 20	
The municipality addresses capacity issues (staff shortage, resources etc.)	Disagree	Count	0	20	12	14	46
		% within Period of Service (years)	0.0%	66.7%	66.7%	73.7%	65.7%
	Agree	Count	3	10	6	5	24
		% within Period of Service (years)	100.0%	33.3%	33.3%	26.3%	34.3%
Total	Count	3	30	18	19	70	
	% within Period of Service (years)	100.0%	100.0%	100.0%	100.0%	100.0%	

Table 6.26: Frequencies: Period of Service (years) Crosstabulation

Frequencies in terms of the municipality ability to address lack of performance (service delivery): **Level Management Crosstabulation**. There are greater levels of disagreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality addresses lack of performance (service delivery)	Disagree	Count	23	16	4	43
		% within Level of Management	71.9%	47.1%	100.0%	61.4%
	Agree	Count	9	18	0	27
		% within Level of Management	28.1%	52.9%	0.0%	38.6%
Total	Count	32	34	4	70	
	% within Level of Management	100.0%	100.0%	100.0%	100.0%	

Frequencies in terms of the municipality ability to encourage staff to make suggestions for improving efficiency of service: **Level of Management Crosstabulation**. There are greater levels of disagreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality encourages staff to make suggestions for improving efficiency of service	Disagree	Count	21	13	3	37
		% within Level of Management	65.6%	39.4%	75.0%	53.6%
	Agree	Count	11	20	1	32
		% within Level of Management	34.4%	60.6%	25.0%	46.4%
Total	Count	32	33	4	69	
	% within Level of Management	100.0%	100.0%	100.0%	100.0%	

Table 6.27 (a-b): Frequencies: Level of Management Crosstabulation

Frequencies in terms of the municipality ability to achieve the outcomes emanating from its vision and mission: **Period of Service (years) Crosstabulation**. There are greater levels of disagreement with the statement.

			Period of Service (years)				Total
			0 - 5	6 - 10	11 - 15	16 - 20	
The municipality has achieved the outcomes emanating from its vision and mission	Disagree	Count	2	10	9	7	28
		% within Period of Service (years)	100.0%	58.8%	69.2%	58.3%	63.6%
	Agree	Count	0	7	4	5	16
		% within Period of Service (years)	0.0%	41.2%	30.8%	41.7%	36.4%
Total	Count	2	17	13	12	44	
	% within Period of Service (years)	100.0%	100.0%	100.0%	100.0%	100.0%	

Table 6.28: Frequencies: Period of Service (years) Crosstabulation

Frequencies in terms of the municipality ability to have a sound financial management system with strong internal controls: **Level Management Crosstabulation**. There are greater levels of agreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality has a sound financial management system with strong internal controls	Disagree	Count % within Level of Management	9 50.0%	5 25.0%	1 33.3%	15 36.6%
	Agree	Count % within Level of Management	9 50.0%	15 75.0%	2 66.7%	26 63.4%
Total		Count % within Level of Management	18 100.0%	20 100.0%	3 100.0%	41 100.0%

Frequencies in terms of the municipality ability to achieve a clean audit from AG: **Level of Management Crosstabulation.** There are greater levels of agreement with the statement.

			Level of Management			Total
			Municipal Officials	Middle Management	Top Management	
The municipality is achieving clean audits from AG	Disagree	Count % within Level of Management	8 53.3%	2 15.4%	1 50.0%	11 36.7%
	Agree	Count % within Level of Management	7 46.7%	11 84.6%	1 50.0%	19 63.3%
Total		Count % within Level of Management	15 100.0%	13 100.0%	2 100.0%	30 100.0%

Table 6.29 (a-b): Frequencies: Level of Management Crosstabulation

6.3.4.2 Correlations

Bivariate correlation was also performed on the (ordinal) data. The results are found in the Appendix. The results indicate the following patterns. Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a * or **. An example, the correlation value between ‘the municipality addresses capacity issues (staff shortage, resources etc.)’ and ‘The municipality recognize and appreciates its employees through incentives and rewards (e.g. promotion)’ is 0.453.

This is a directly related proportionality. Respondents indicate that the more the municipality addresses capacity issues, the better the rewards and incentives will be for its employees, and vice versa.

6.4 STATEMENT OF FINDINGS, DATA INTERPRETATION AND DISCUSSION: SERVICE DELIVERY

This section presents the results and discusses the findings obtained from the questionnaires in this study. The questionnaire was the primary tool that was used to collect data and was distributed to residents of the uMgungundlovu District Municipality. The data collected from the responses was analysed with SPSS version 22.0. The results will present the descriptive statistics in the form of graphs, cross tabulations and other figures for the qualitative data that was collected.

6.4.1 Research instrument

Inferential techniques include the use of correlations and chi square test values; which are interpreted using the p-values. In total, 25 questionnaires were despatched and 19 were returned which gave a 76% response rate. The research instrument consisted of 24 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 3 sections which measured various themes as illustrated below:

Section	Topic
A	Biographical Data
B1	Level of satisfaction with the level of service provided by the municipality
B2	Measurement of the municipality's impact on the local community: Improved image and service
B3	How the municipality determines developmental needs of its local community
B4	How the municipality contribute to improving the quality of life for its community
C	Points Score

Table 6.30: Research instrument

6.4.2 Reliability statistic

The two most important aspects of precision are reliability and validity. Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of 0.70 or higher is considered as 'acceptable'. The table below reflects the Cronbach's alpha score for all the items that constituted the questionnaire.

		N of Items	Cronbach's Alpha
B1	Level of satisfaction with the level of service provided by the municipality	5 of 5	.852
B2	Measurement of the municipality's impact on the local community: Improved image and service	5 of 5	.732
B3	How the municipality determines developmental needs of its local community	4 of 4	.703
B4	How the municipality contribute to improving the quality of life for its community	4 of 4	.753
	Overall	18 of 18	.902

Table 6.31: Cronbach's alpha score

The overall reliability score (0.902) exceeds the recommended Cronbach's alpha value of 0.700. This indicates a degree of acceptable, consistent scoring for the various sections of the research. All of the sections have values that exceed 0.700.

6.4.3 Factor analysis

Factor analysis was done to the Likert scale items. Below is a summarised table that reflects the results of KMO and Bartlett's Test. The requirement is that Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allows for the factor analysis procedure.

		Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Bartlett's Test of Sphericity		
			Approx. Chi-Square	df	Sig.
B1	Level of satisfaction with the level of service provided by the municipality	.573	51.252	10	.000
B2	Measurement of the municipality's impact on the local community: Improved image and service	.587	31.154	10	.001
B3	How the municipality determines developmental needs of its local community	.504	17.811	6	.007
B4	How the municipality contribute to improving the quality of life for its community	.574	41.104	6	.000

Table 6.32: Factor analysis

6.4.4 Rotated Component Matrix

B1	Component	
	1	
I am satisfied with the quality and the standard of service (water and sanitation)	.825	
I am satisfied with the pace of service delivery (new and O&M of existing projects)	.854	
Municipal services are affordability (water charges and connections)	.734	
Customer service centres are accessible (Customer Care Centre)	.844	
I am satisfied with the level at which the municipality set service standards for continuous improvement	.698	

Extraction Method: Principal Component Analysis
a. 1 components extracted

B2	Component	
	t	
	1	2
The municipality operates with integrity and in fair and courteous manner	.871	.022
The municipality is receptive and flexible to customer needs	.928	.052
The municipality subscribes to high standards of professionalism	.841	.278
The municipality has a Service Commitment Charter	-.059	.855
The municipality has a complaints system for all key municipal services (e.g. water)	.251	.645

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 3 iterations

B3	Component	
	1	2
The community participates in the IDP process	.822	.363
The municipality understands and responds to community needs (Consultation)	.390	.795
The municipality engages in strategic partnering with communities (private sector) in developmental issues	.876	-.029
The municipality involvements its community in the municipal budget process	-.033	.879

Extraction Method: Principal Component Analysis
 Rotation Method: Varimax with Kaiser Normalization
 a. Rotation converged in 3 iterations

B4	Component	
	1	2
The municipality creates employment through infrastructure programmes (e.g. EPWP, CWP)	.416	.808
The municipality uses its social programmes to alleviation (e.g. food for waste programme)	.969	.105
The municipality creates conditions for local economic development through its LED business unit	.963	.141
The municipality ensures community access to municipal services (e.g. clean water and sanitation facilities)	-.046	.942

Extraction Method: Principal Component Analysis
 Rotation Method: Varimax with Kaiser Normalization
 a. Rotation converged in 3 iterations

Table 6.33 (B1 – B4): Rotated Component Matrix

Factor analysis statistical technique was used on data reduction. With reference to the table above:

- The principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalization. This is an orthogonal rotation method that minimizes the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors.
- Factor analysis/loading show inter-correlations between variables.
- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and

using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along the various components.

It is noted that the variables that constituted Section B1 loaded perfectly along a single component. This implies that the statements in this section measured what they set out to measure. The remaining sections (B2, B3 and B4) loaded along 2 components (sub-themes). This means that respondents identified different trends within the section.

6.4.5 Biographical data

This section summarises the biographical characteristics of the respondents. The table below describes the overall gender distribution. The ratio of males to females is approximately 2:3 (42.1%: 57.9%).

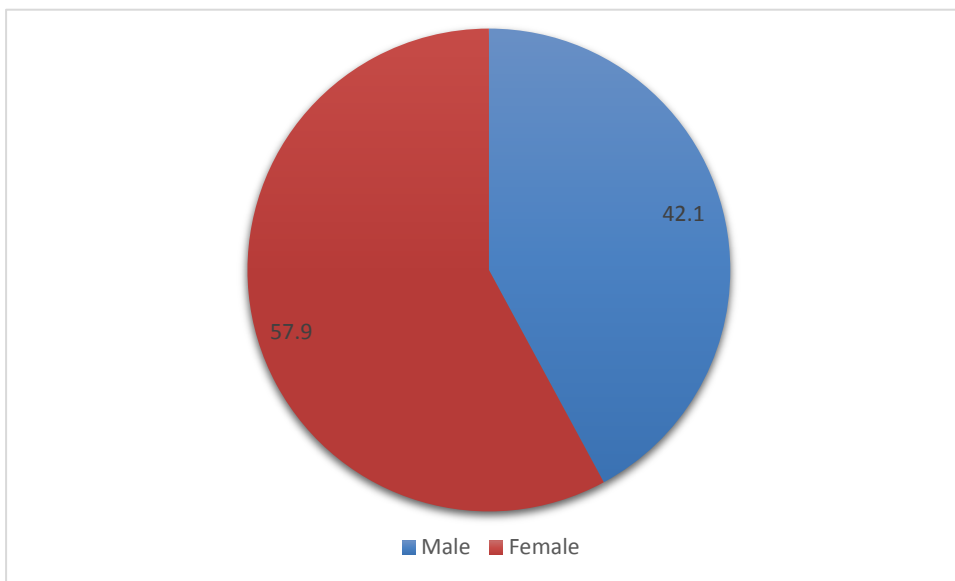


Figure 6.4: Biographical data

The table below gives the spread of the ages (in years) of the respondents. The mean age and standard deviation of the ages is 35.6 ± 8.2 years.

Age (years)	Frequency	%
20 - < 30	6	31.6
30 - < 40	7	36.8
40 - < 50	5	26.3
50 - < 60	1	5.3
Total	19	100.0

Table 6.34: Spread of ages (in years) of the respondents

The table below describes the overall gender distribution by age. Overall, the ratio of males to females is approximately 3:2 (60.0%: 40.0%).

			Gender		Total
			Male	Female	
Age	20 - < 30	Count	3	3	6
		% within Age	50.0%	50.0%	100.0%
		% within Gender	37.5%	27.3%	31.6%
		% of Total	15.8%	15.8%	31.6%
	30 - < 40	Count	4	3	7
		% within Age	57.1%	42.9%	100.0%
		% within Gender	50.0%	27.3%	36.8%
		% of Total	21.1%	15.8%	36.8%
	40 - < 50	Count	1	4	5
		% within Age	20.0%	80.0%	100.0%
		% within Gender	12.5%	36.4%	26.3%
		% of Total	5.3%	21.1%	26.3%
50 - < 60	Count	0	1	1	
	% within Age	0.0%	100.0%	100.0%	
	% within Gender	0.0%	9.1%	5.3%	
	% of Total	0.0%	5.3%	5.3%	
Total	Count	8	11	19	
	% within Age	42.1%	57.9%	100.0%	
	% within Gender	100.0%	100.0%	100.0%	
	% of Total	42.1%	57.9%	100.0%	

Table 6.35: Gender distribution by age

	Frequency	%
Mkhambathiini	1	5.3
Impendle	2	10.5
Umgeni	4	21.1
Richmond	4	21.1
Mpofana	3	15.8
uMshwathi	5	26.3
Total	19	100.0

Table 6.36: Frequencies by local municipalities of Umdm

6.4.6 Section analysis

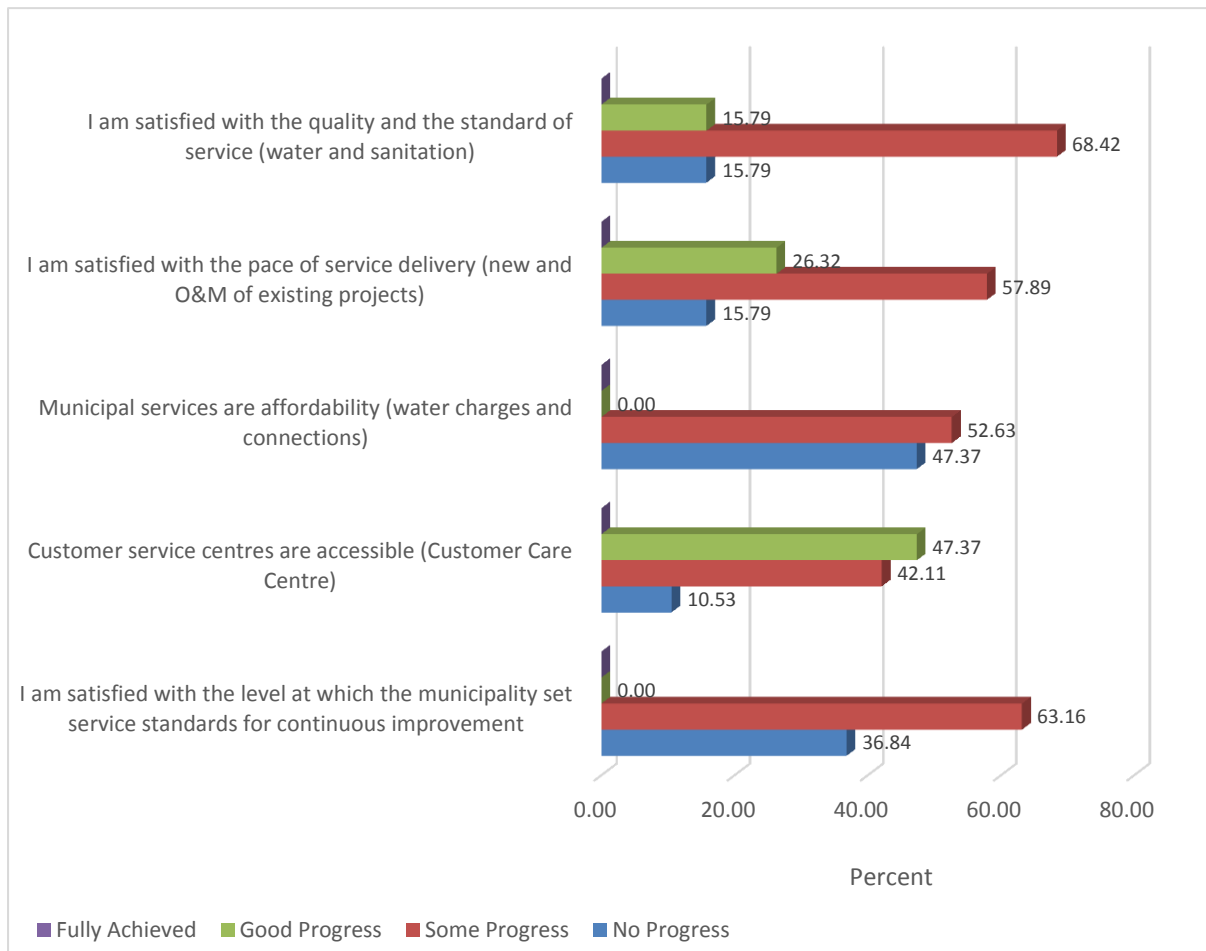
This section analyses the scoring patterns of the respondents per variable per section. Where applicable, levels of disagreement (negative statements) were collapsed to show a single category of “Disagree”. A similar procedure was followed for the levels of agreement (positive statements). The results are first presented using summarised percentages for the variables that constitute each section. Results are then further analysed according to the importance of the statements. The percent scoring patterns are summarised in the tables below.

Section B1 - Level of satisfaction with the level of service provided by the municipality

	No Progress	Some Progress	Good Progress	Fully Achieved
I am satisfied with the quality and the standard of service (water and sanitation)	15.79	68.42	15.79	0.00
I am satisfied with the pace of service delivery (new and O&M of existing projects)	15.79	57.89	26.32	0.00
Municipal services are affordability (water charges and connections)	47.37	52.63	0.00	0.00
Customer service centres are accessible (Customer Care Centre)	10.53	42.11	47.37	0.00
I am satisfied with the level at which the municipality set service standards for continuous improvement	36.84	63.16	0.00	0.00

The following patterns are observed:

- Little or no progress is noted for statements 3 and 5 (note these relate to standards and affordability)
- The remaining statements also have similar trends but some respondents have indicated that progress had been made



To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement. The results are shown below.

	I am satisfied with the quality and the standard of service (water and sanitation)	I am satisfied with the pace of service delivery (new and O&M of existing projects)	Municipal services are affordability (water charges and connections)	Customer service centres are accessible (Customer Care Centre)	I am satisfied with the level at which the municipality set service standards for continuous improvement
Chi-Square	10.526 ^a	5.474 ^a	.053 ^b	4.526 ^a	1.316 ^b
Df	2	2	1	2	1
Asymp. Sig.	.005	.065	.819	.104	.251

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 6.3

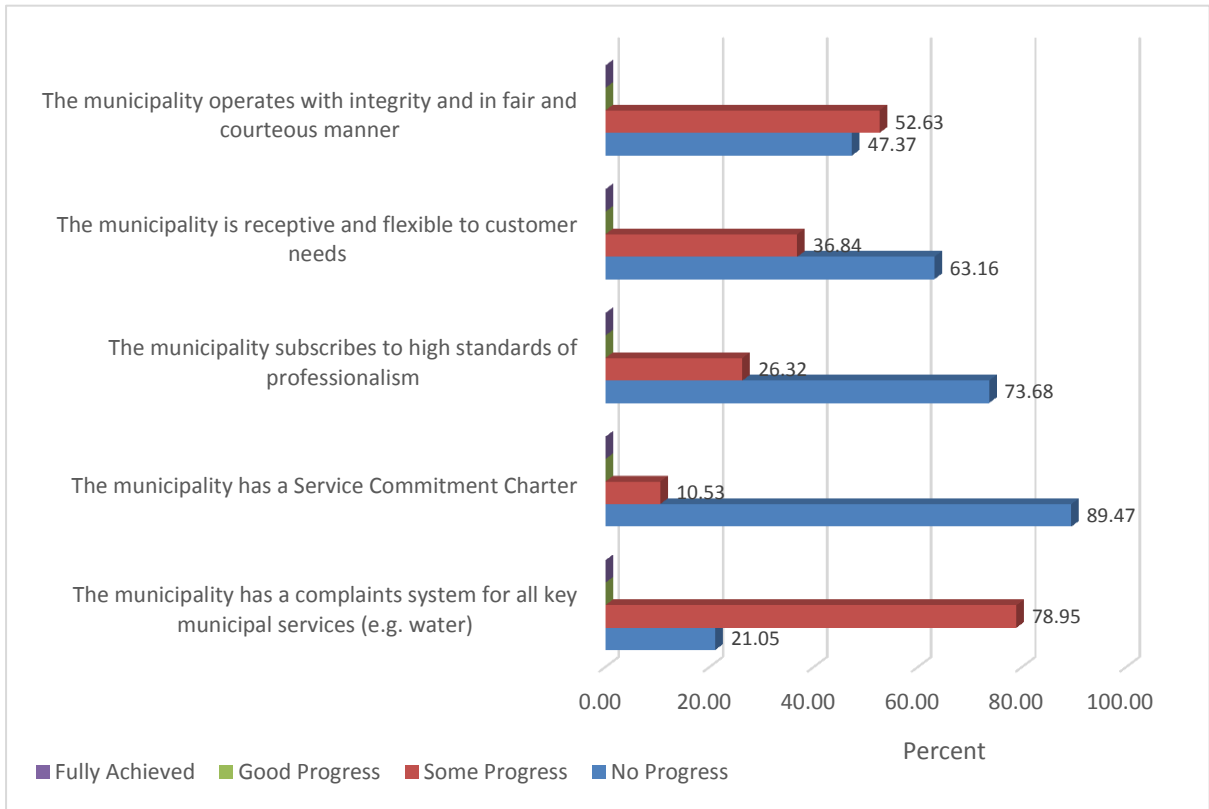
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.5.

The highlighted sig. value (p-value) is less than 0.05 (the level of significance), it implies that the distribution was not similar per choice. That is, the differences between the levels of progress were not similar.

Section B2 - Measurement of the municipality's impact on the local community:

Improved image and service

	No Progress	Some Progress	Good Progress	Fully Achieved
The municipality operates with integrity and in fair and courteous manner	47.37	52.63	0.00	0.00
The municipality is receptive and flexible to customer needs	63.16	36.84	0.00	0.00
The municipality subscribes to high standards of professionalism	73.68	26.32	0.00	0.00
The municipality has a Service Commitment Charter	89.47	10.53	0.00	0.00
The municipality has a complaints system for all key municipal services (e.g. water)	21.05	78.95	0.00	0.00



The following patterns are observed:

- No progress is noted for statements 2, 3 and 4 (note these relate to service standards).
- Some progress has been made on statement 5 which also relates to service standards.
- Progress is noted on statement 1 (The municipality operates with integrity and in fair and courteous manner).

To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The results are shown below.

	The municipality operates with integrity and in fair and courteous manner	The municipality is receptive and flexible to customer needs	The municipality subscribes to high standards of professionalism	The municipality has a Service Commitment Charter	The municipality has a complaints system for all key municipal services (e.g. water)
Chi-Square	.053 ^a	1.316 ^a	4.263 ^a	11.842 ^a	6.368 ^a
Df	1	1	1	1	1
Asymp. Sig.	.819	.251	.039	.001	.012

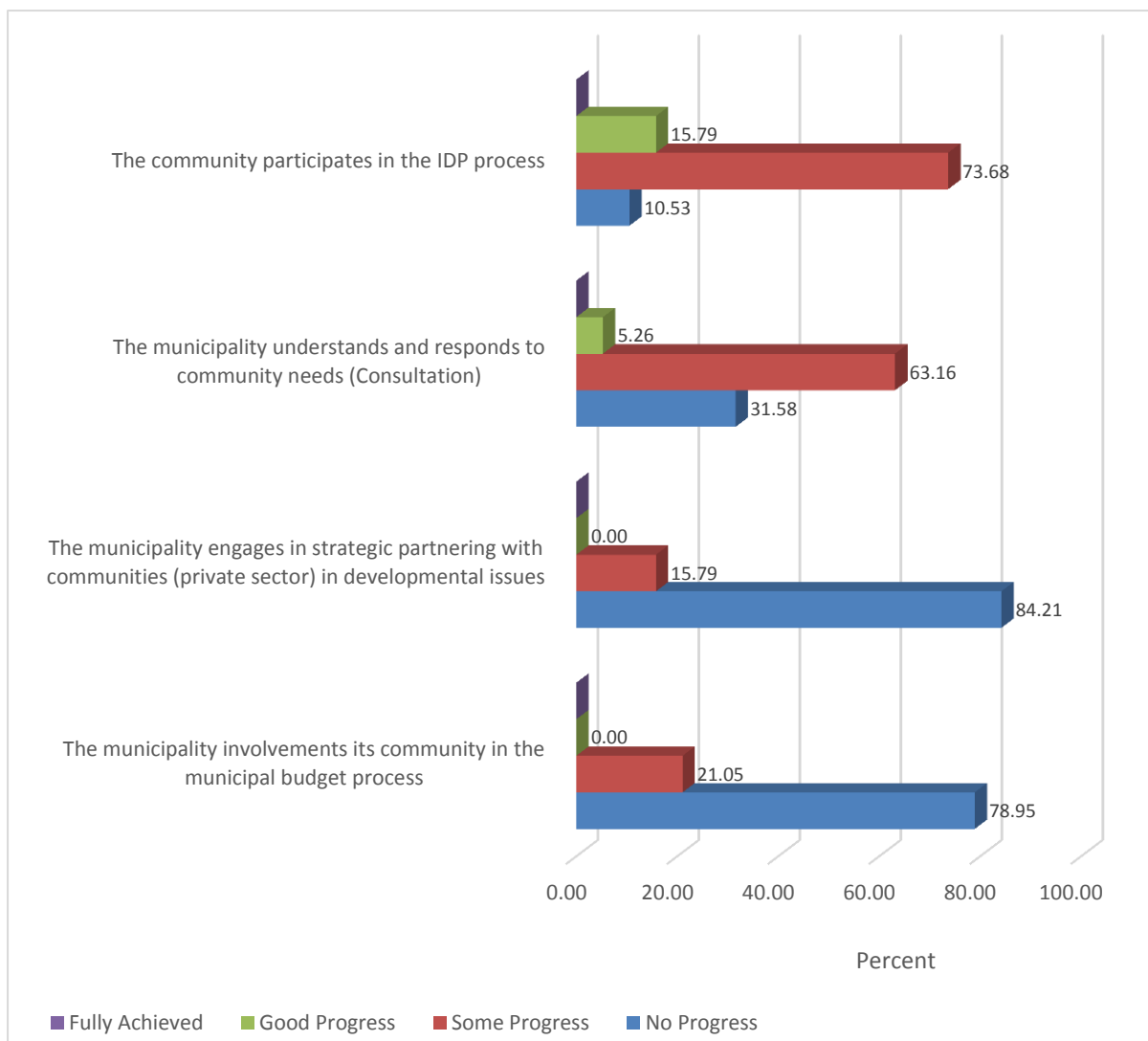
a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.5.

Section B3 - How the municipality determines developmental needs of its local community

	No Progress	Some Progress	Good Progress	Fully Achieved
The community participates in the IDP process	10.53	73.68	15.79	0.00
The municipality understands and responds to community needs (Consultation)	31.58	63.16	5.26	0.00
The municipality engages in strategic partnering with communities (private sector) in developmental issues	84.21	15.79	0.00	0.00
The municipality involvements its community in the municipal budget process	78.95	21.05	0.00	0.00

The following patterns are observed:

- Progress is noted for statements 1 and 2 (note these relate to community consultation).
- No progress is noted on statement 3 and 4 (note these relate to community involvement in municipal business).



To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The results are shown below.

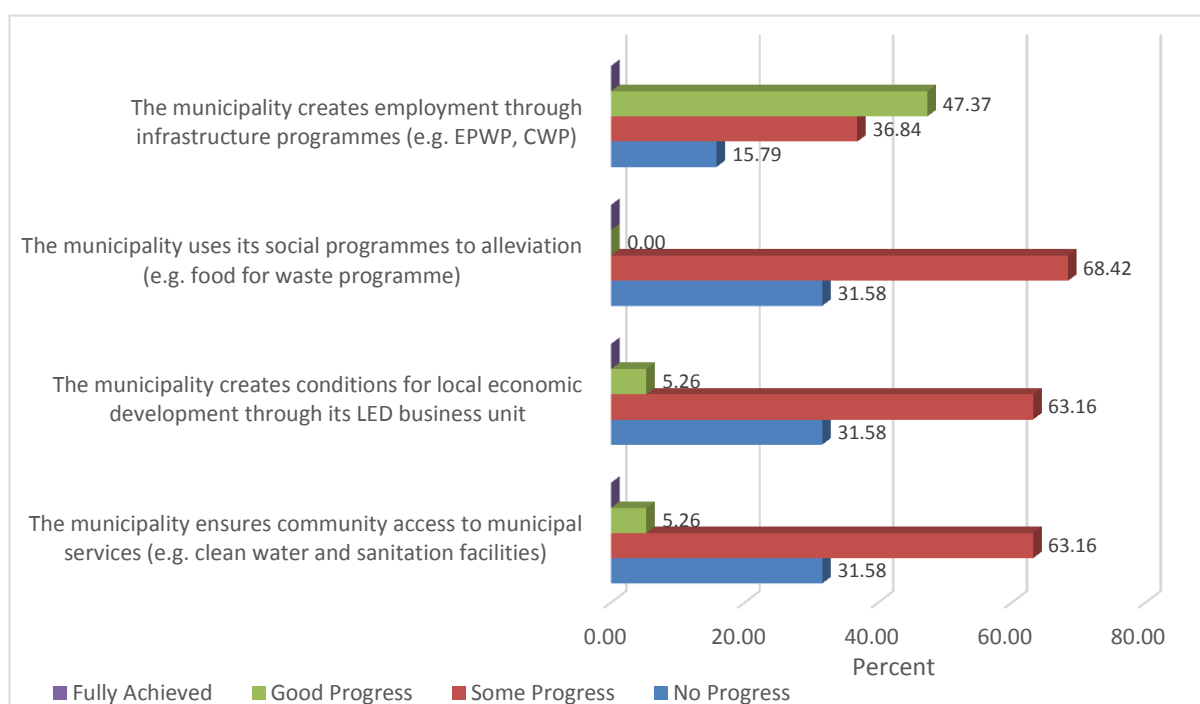
	The community participates in the IDP process	The municipality understands and responds to community needs (Consultation)	The municipality engages in strategic partnering with communities (private sector) in developmental issues	The municipality involvements its community in the municipal budget process
Chi-Square	14.000 ^a	9.579 ^a	8.895 ^b	6.368 ^b
Df	2	2	1	1
Asymp. Sig.	.001	.008	.003	.012

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 6.3

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.5

Section B4 - How the municipality contribute to improving the quality of life for its community

	No Progress	Some Progress	Good Progress	Fully Achieved
The municipality creates employment through infrastructure programmes (e.g. EPWP, CWP)	15.79	36.84	47.37	0.00
The municipality uses its social programmes to alleviation (e.g. food for waste programme)	31.58	68.42	0.00	0.00
The municipality creates conditions for local economic development through its LED business unit	31.58	63.16	5.26	0.00
The municipality ensures community access to municipal services (e.g. clean water and sanitation facilities)	31.58	63.16	5.26	0.00



The following patterns are observed:

- Good progress is noted for ALL statements (note these relate to basic municipal services).

To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The results are shown below.

	The municipality creates employment through infrastructure programmes (e.g. EPWP, CWP)	The municipality uses its social programmes to alleviation (e.g. food for waste programme)	The municipality creates conditions for local economic development through its LED business unit	The municipality ensures community access to municipal services (e.g. clean water and sanitation facilities)
Chi-Square	2.947 ^a	2.579 ^b	9.579 ^a	9.579 ^a
Df	2	1	2	2
Asymp. Sig.	.229	.108	.008	.008

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 6.3.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.5

Table 6.37 (B1 – B4): Sectional analysis: Level of service

6.4.7 Hypothesis testing

A second Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs. columns). The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association.

		Age	Gender	Ward	Municipality
I am satisfied with the quality and the standard of service (water and sanitation)	Chi-square	15.284	3.012	14.518	26.308
	df	6	2	16	10
	Sig.	.018*	0.222	0.56	.003*
I am satisfied with the pace of service delivery (new and O&M of existing projects)	Chi-square	16.503	2.889	11.285	22.742
	df	6	2	16	10
	Sig.	.011*	0.236	0.792	.012*
Municipal services are affordability (water charges and connections)	Chi-square	4.044	.540	7.501	11.178
	df	3	1	8	5
	Sig.	0.257	0.463	0.484	.048*
Customer service centres are accessible (Customer Care Centre)	Chi-square	14.477	3.104	15.569	22.760
	df	6	2	16	10
	Sig.	.025*	0.212	0.483	.012*
I am satisfied with the level at which the municipality set service standards for continuous improvement	Chi-square	11.735	.833	7.396	9.474
	df	3	1	8	5
	Sig.	.008*	0.361	0.495	0.092
The municipality operates with integrity and in fair and courteous manner	Chi-square	7.922	2.773	10.176	8.504
	df	3	1	8	5
	Sig.	.048*	0.096	0.253	0.131
The municipality is receptive and flexible to customer needs	Chi-square	5.902	1.028	8.399	6.680
	df	3	1	8	5
	Sig.	0.116	0.311	0.395	0.246

The municipality subscribes to high standards of professionalism	Chi-square	3.283	3.997	8.858	8.944
	df	3	1	8	5
	Sig.	0.35	.046*	0.354	0.111
The municipality has a Service Commitment Charter	Chi-square	4.843	.057	10.506	6.259
	df	3	1	8	5
	Sig.	0.184	0.811	0.231	0.282
The municipality has a complaints system for all key municipal services (e.g. water)	Chi-square	11.780	3.685	5.162	8.972
	df	3	1	8	5
	Sig.	.008*	0.055	0.74	0.11
The community participates in the IDP process	Chi-square	7.576	1.907	12.425	21.375
	df	6	2	16	10
	Sig.	0.271	0.385	0.714	.019*
The municipality understands and responds to community needs (Consultation)	Chi-square	4.705	8.061	17.258	15.279
	df	6	2	16	10
	Sig.	0.582	.018*	0.369	0.122
The municipality engages in strategic partnering with communities (private sector) in developmental issues	Chi-square	2.526	.882	4.209	3.582
	df	3	1	8	5
	Sig.	0.471	0.348	0.838	0.611
The municipality involvements its community in the municipal budget process	Chi-square	5.821	.130	8.170	4.761
	df	3	1	8	5
	Sig.	0.121	0.719	0.417	0.446
The municipality creates employment through infrastructure programmes (e.g. EPWP, CWP)	Chi-square	14.850	2.851	11.199	13.029
	df	6	2	16	10
	Sig.	.021*	0.24	0.797	0.222
The municipality uses its social programmes to alleviation (e.g. food for waste programme)	Chi-square	5.512	2.328	8.047	7.815
	df	3	1	8	5
	Sig.	0.138	0.127	0.429	0.167
The municipality creates conditions for local economic development through its LED business unit	Chi-square	7.871	3.275	18.050	16.229
	df	6	2	16	10
	Sig.	0.248	0.195	0.321	0.093
The municipality ensures community access to municipal services (e.g. clean water and sanitation facilities)	Chi-square	12.938	3.275	16.467	17.021
	df	6	2	16	10
	Sig.	.044*	0.195	0.421	0.074

Table 6.38: Hypothesis testing

The p-value between “I am satisfied with the quality and the standard of service (water and sanitation)” and “Age” is **0.018**. This means that there is a significant relationship between the variables highlighted in yellow. That is, the age of the respondent did play a significant role in terms of whether the respondents were satisfied with the quality and the standard of service. All values without an * (or p-values more than 0.05) do not have a significant relationship.

6.4.8 Correlations

Bivariate correlation was also performed on the (ordinal) data. The results are found in the Appendix. The results indicate the following patterns. Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a * or **. An example, the correlation value between ‘the municipal services are affordability (water charges and connections)’ and ‘the municipality operates with integrity and in fair and courteous manner’ is 0.578.

This is a directly related proportionality. Respondents indicate that when municipal services are affordable, than the municipality is operating with integrity and in fair and in a courteous manner, and vice versa.

6.5 STATEMENT OF FINDINGS, DATA INTERPRETATION AND DISCUSSION: SERVICE DELIVERY PROTESTS

This section presents the results and discusses the findings obtained from the questionnaires in this study. The questionnaire was the primary tool that was used to collect data and was distributed to residents of the uMgungundlovu District Municipality. The data collected from the responses was analysed with SPSS version 22.0.

The results will present the descriptive statistics in the form of graphs, cross tabulations and other figures for the qualitative data that was collected. Inferential techniques include the use of correlations and chi square test values; which are interpreted using the p-values. In total, 20 questionnaires were despatched and 15 were returned which gave a 75% response rate.

6.5.1 Research instrument

The research instrument consisted of 24 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 3 sections which measured various themes as illustrated below:

Section	Topic
A	Biographical data
B1	Level at which the municipality is satisfying the needs and the expectation of its community
B2	Level at which the municipality has in place administrative/customer care centres for key services
B3	Level at which the municipality provides information to its customers/community (openness/transparency)
B4	Level at which the municipality regards community and its customer views
B5	Level at which the municipality delivers to its mandate (provision of basic municipal services)
B6	Level of trust in the municipal system
C	Points score

Table 6.39: Research instrument – Service Delivery Protests

6.5.2 Reliability statistics

The two most important aspects of precision are reliability and validity. Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of 0.70 or higher is considered as “acceptable”. The table below reflects the for all the items that constituted the questionnaire. The overall reliability score exceeds the recommended Cronbach’s alpha value of 0.700. This indicates a degree of acceptable, consistent scoring for the various sections of the research. All of the sections have values that exceed 0.70 except the last one, which has a value slightly below the acceptable value.

	N of Items	Cronbach's Alpha
Level at which the municipality is satisfying the needs and the expectation of its community	4 of 4	.918
Level at which the municipality has in place customer care centres	2 of 2	.736
Level at which the municipality provides information to its customers/community (openness/transparency)	5 of 5	.779
Level at which the municipality regards community and its customer views	2 of 2	-
Level at which the municipality delivers to its mandate	2 of 2	.589
Overall	16 of 16	.927

Table 6.40: Cronbach’s alpha score - Service Delivery Protests

The value for one section could not be obtained. This is due to the minimum number of variables in the section and also the smaller than normal sample that was used for reliability calculations.

6.5.3 Factor analysis

Factor analysis was done to the Likert scale items. Below is a summarised table that reflects the results of KMO and Bartlett's Test. The requirement is that Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allows for the factor analysis procedure. This is explained below in the rotated component matrix.

	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
		Approx. Chi-Square	df	Sig.
Level at which the municipality is satisfying the needs and the expectation of its community	.847	32.039	6	.000
Level at which the municipality has in place administrative/customer care centres for key services	.500	5.362	1	.021
Level at which the municipality provides information to its customers/community (openness/transparency)	.650	23.141	10	.010
Level at which the municipality delivers to its mandate (provision of basic municipal services)	.500	2.783	1	.095

Table 6.41: Factor analysis - Service Delivery Protests

All of the conditions are satisfied for factor analysis except for the last section. This section also had a lower than normal reliability score. This is mainly due to the lesser than usual sample size for this type of calculation.

6.5.4 Rotated Component Matrix

It must be noted that the variables that constituted Sections B1, B2 and B5 loaded perfectly along a single component. This implies that the statements in these sections measured what they set out to measure.

B1	Component
Level at which the municipality is satisfying the needs and the expectation of its community	1
The municipality deliver services to my expectation	.871
I am satisfied with the manner at which the municipality remedy service delivery issues	.929
The municipality delivers sustainable services (long term viability – water supply ‘tanks’)	.905
The municipality provides clear, accurate and complete information to communities	.880

Extraction Method: Principal Component Analysis

a. 1 components extracted

B2	Component
Level at which the municipality has in place administrative/customer care centres for key services	t 1
The municipality has a structure in place to attend to water and sanitation enquiries	.892
The municipality has a structure in place to attend to enquiries relating to local developments initiatives (projects)	.892

Extraction Method: Principal Component Analysis

a. 1 components extracted

B3	Component	
Level at which the municipality provides information to its customers/community (openness/transparency)	1	2
The municipality provide an Annual Report (AR) with audited financial statements to citizens/public	-.075	.945
The municipality makes the IDP document available to the public/communities for comments	.521	.602
The municipality makes available information on the policies affecting its budget (e.g. Tariff policy, credit control and debt policy, BM and SCM policy)	.836	.299
The municipality encourages the involvement of communities and community organisations in municipal matters (MSA)	.505	.639
The municipality publishes tariffs for its water and sanitation services	.941	-.042

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

B5	Component
Level at which the municipality delivers to its mandate (provision of basic municipal services)	t 1
The municipality provide access to clean potable water as per DWA requirement standards (blue drop)	.851
The municipality provide sanitation infrastructure	.851

Extraction Method: Principal Component Analysis

a. 1 components extracted

Table 6.42 (B1 – B5): Rotated Component Matrix

6.5.5 Biographical data

This section summarises the biographical characteristics of the respondents. The table below describes the overall gender distribution. The ratio of females to males is approximately 2:3 (40.0%: 60.0%).

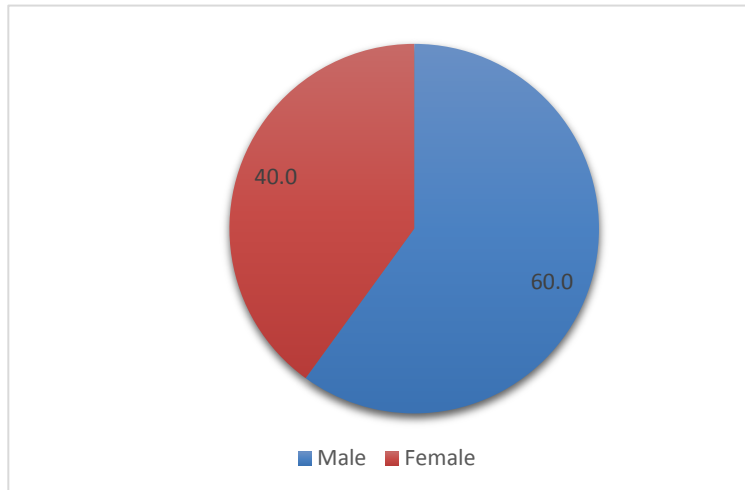


Figure 6.5: Biographical data – Service delivery protests

The table above gives the spread of the ages (in years) of the respondents. The mean age and standard deviation of the ages is 39.3 ± 9.9 years. The table below describes the overall gender distribution by age.

			Gender		Total
			Male	Female	
Age	20 - < 30	Count	1	1	2
		% within Age	50.0%	50.0%	100.0%
		% within Gender	11.1%	16.7%	13.3%
		% of Total	6.7%	6.7%	13.3%
	30 - < 40	Count	5	2	7
		% within Age	71.4%	28.6%	100.0%
		% within Gender	55.6%	33.3%	46.7%
		% of Total	33.3%	13.3%	46.7%
	40 - < 50	Count	3	2	5
		% within Age	60.0%	40.0%	100.0%
		% within Gender	33.3%	33.3%	33.3%
		% of Total	20.0%	13.3%	33.3%

60 - < 70	Count	0	1	1
	% within Age	0.0%	100.0%	100.0%
	% within Gender	0.0%	16.7%	6.7%
	% of Total	0.0%	6.7%	6.7%
Total	Count	9	6	15
	% within Age	60.0%	40.0%	100.0%
	% within Gender	100.0%	100.0%	100.0%
	% of Total	60.0%	40.0%	100.0%

Table 6.44: Spread of the ages (in years) of the respondents

Overall, the ratio of males to females is approximately 3:2 (60.0%: 40.0%). Within the age category of 40 to 50 years, 60.0% were male. Within the category of males (only), 33.3% were between the ages of 40 to 50 years. This category of males between the ages of 40 to 50 years formed 20.0% of the total sample. The municipality representation is shown below:

	Frequency	%
Mkhambatwini	4	26.7
Impedle	1	6.7
Umgeni	6	40.0
Richmond	2	13.3
Mpofana	2	13.3
Total	15	100.0

Table 6.43: Frequencies by local municipalities in the uMDM

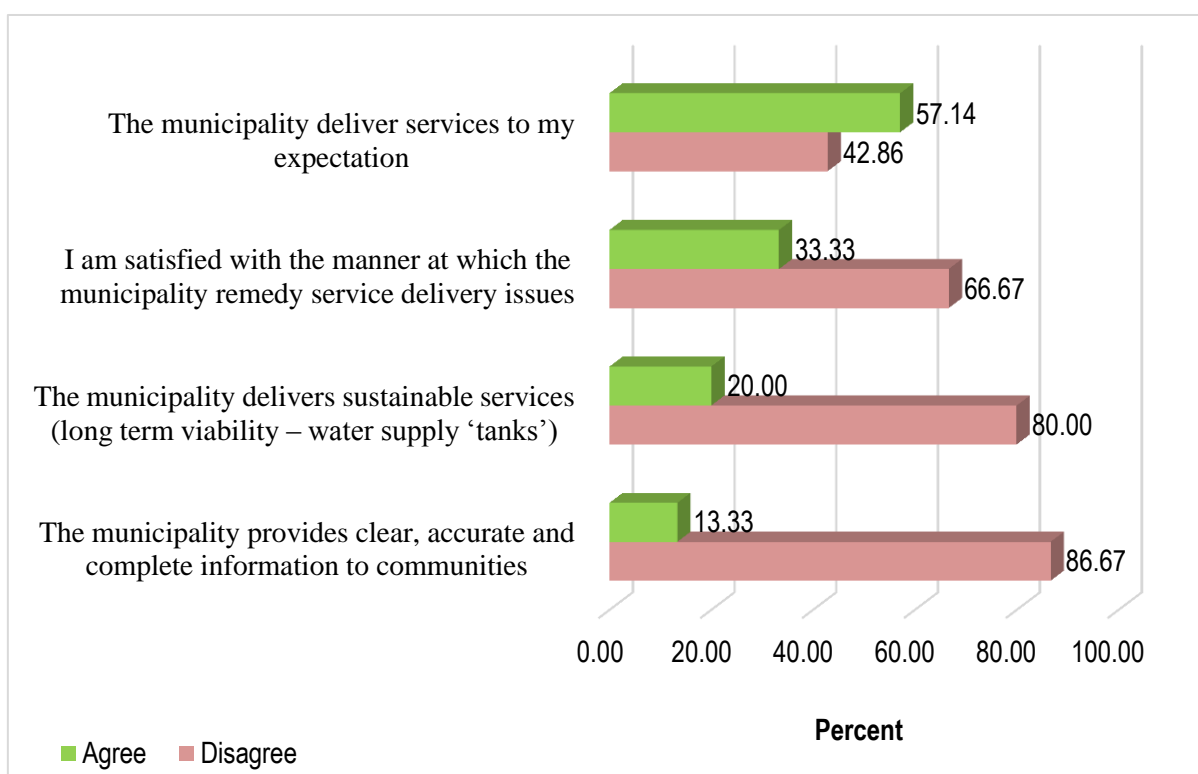
6.5.6 Section analysis

The section analyses the scoring patterns of the respondents per variable per section. Where applicable, levels of disagreement (negative statements) were collapsed to show a single category of 'disagree'. A similar procedure was followed for the levels of agreement (positive statements). The results are first presented using summarised percentages for the variables that constitute each section. Results are then further analysed according to the importance of the statements.

Section B1 - Level at which the municipality is satisfying the needs and the expectation of its community

This section examines the level at which the municipality is satisfying the needs and the expectation of its community. The table below summarises the percent scoring patterns.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality deliver services to my expectation	6	42.9%	8	57.1%
I am satisfied with the manner at which the municipality remedy service delivery issues	10	66.7%	5	33.3%
The municipality delivers sustainable services (long term viability – water supply ‘tanks’)	12	80.0%	3	20.0%
The municipality provides clear, accurate and complete information to communities	13	86.7%	2	13.3%



The average level of agreement with the statements is 30.9%. This is largely due to the high levels of disagreement for the last 3 statements that constitute this section.

The following patterns are observed:

- The first statement has more positive responses, whilst the last three have more negative responses.

To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement.

	The municipality deliver services to my expectation	I am satisfied with the manner at which the municipality remedy service delivery issues	The municipality delivers sustainable services (long term viability – water supply ‘tanks’)	The municipality provides clear, accurate and complete information to communities
Chi-Square	.286 ^a	1.667 ^b	5.400 ^b	8.067 ^b
Df	1	1	1	1
Asymp. Sig.	.593	.197	.020	.005

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.0

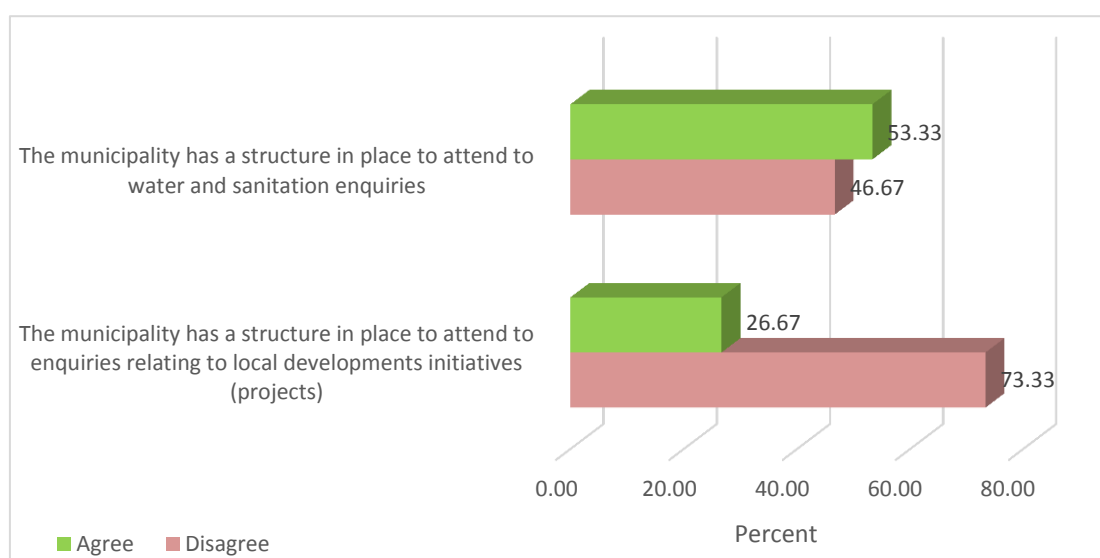
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.5

The highlighted sig. values (p-values) are less than 0.05 (the level of significance), it implies that the distributions were not similar per choice. That is, the differences between the way levels of agreement and disagreement were significant.

Section B2 - Level at which the municipality has in place administrative/customer care centres for key services

This section determines if the municipality has in place administrative/customer care centres for key services. The table below summarises the percent scoring patterns.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality has a structure in place to attend to water and sanitation enquiries	7	46.7%	8	53.3%
The municipality has a structure in place to attend to enquiries relating to local developments initiatives (projects)	11	73.3%	4	26.7%



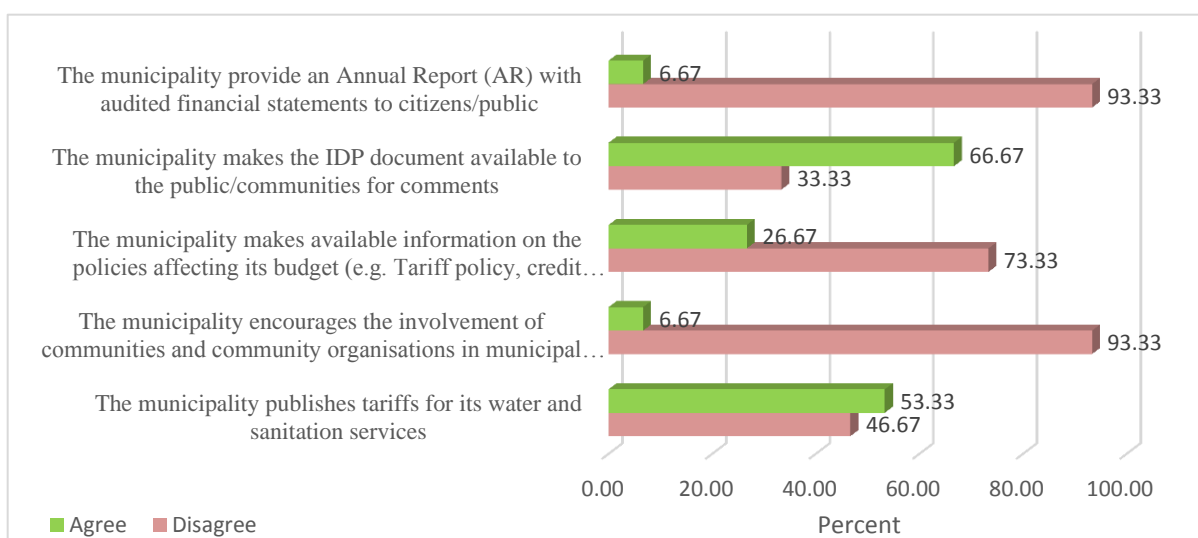
	The municipality has a structure in place to attend to water and sanitation enquiries	The municipality has a structure in place to attend to enquiries relating to local developments initiatives (projects)
Chi-Square	.067 ^a	3.267 ^a
Df	1	1
Asymp. Sig.	.796	.071

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.5. None of the differences are significant

Section B3 - Level at which the municipality provides information to its customers/community (openness/transparency)

This section examines the level at which the municipality provides information to its customers/community (openness/transparency). The table below summarises the percent scoring patterns.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality provide an Annual Report (AR) with audited financial statements to citizens/public	14	93.3%	1	6.7%
The municipality makes the IDP document available to the public/communities for comments	5	33.3%	10	66.7%
The municipality makes available information on the policies affecting its budget (e.g. Tariff policy, credit control and debt policy, BM and SCM policy)	11	73.3%	4	26.7%
The municipality encourages the involvement of communities and community organisations in municipal matters (MSA)	14	93.3%	1	6.7%
The municipality publishes tariffs for its water and sanitation services	7	46.7%	8	53.3%



To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement.

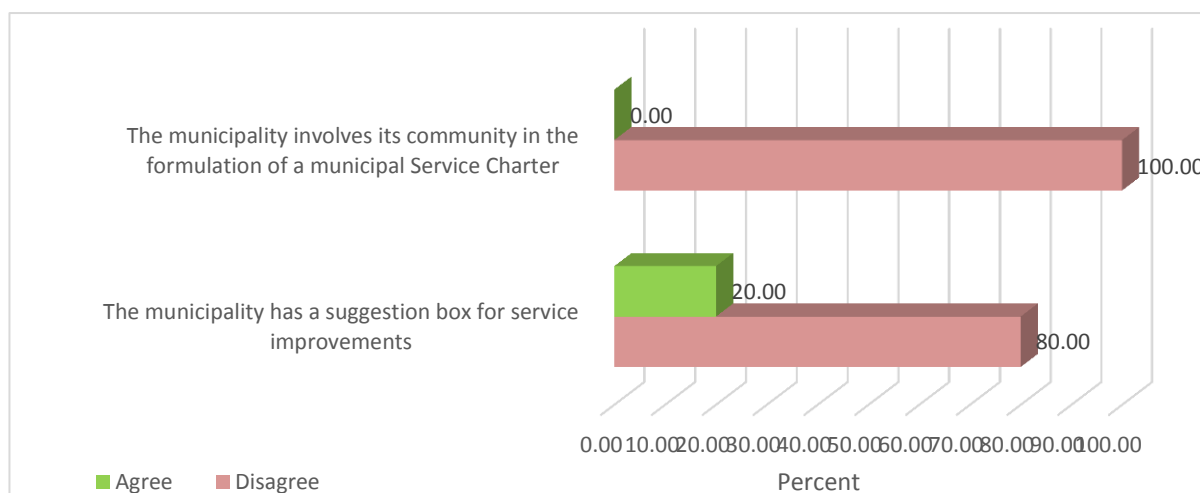
	The municipality provide an Annual Report (AR) with audited financial statements to citizens/public	The municipality makes the IDP document available to the public/communities for comments	The municipality makes available information on the policies affecting its budget (e.g. Tariff policy, credit control and debt policy, BM and SCM policy)	The municipality encourages the involvement of communities and community organisations in municipal matters (MSA)	The municipality publishes tariffs for its water and sanitation services
Chi-Square	11.267 ^a	1.667 ^a	3.267 ^a	11.267 ^a	.067 ^a
Df	1	1	1	1	1
Asymp. Sig.	.001	.197	.071	.001	.796

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.5.

Section B4 - Level at which the municipality regards community and its customer views

This section examines the level at which the municipality regards community and its customer views. The table below summarises the percent scoring patterns.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality involves its community in the formulation of a municipal Service Charter	15	100.0%	0	0.0%
The municipality has a suggestion box for service improvements	12	80.0%	3	20.0%



To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done.

	The municipality has a suggestion box for service improvements
Chi-Square	5.400 ^a
Df	1
Asymp. Sig.	.020

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.5

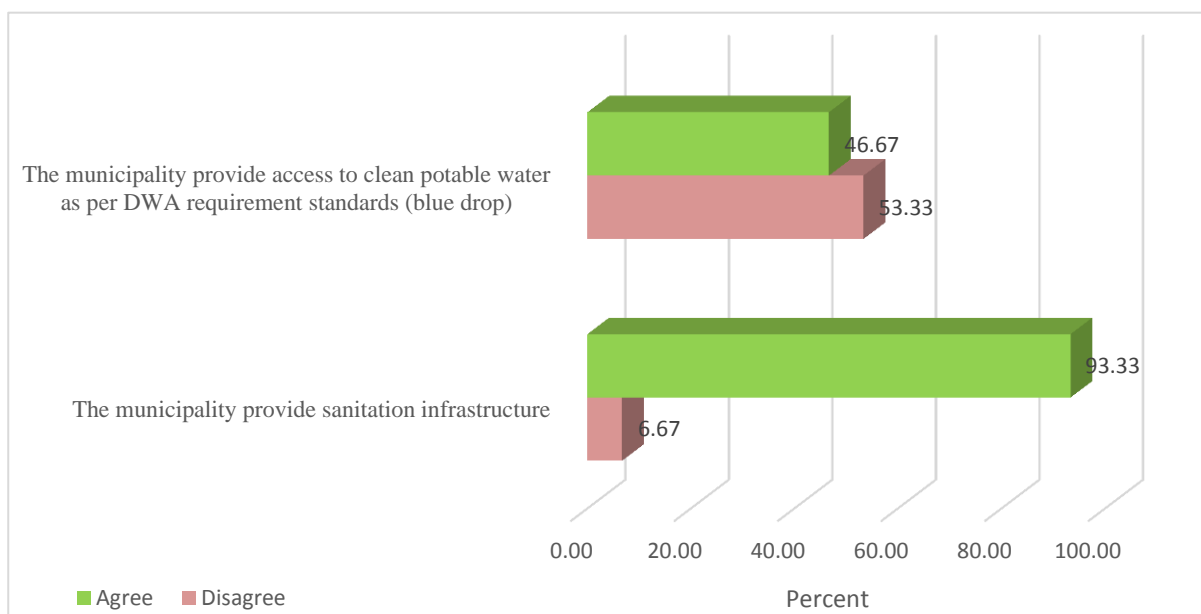
Section B5 - Level at which the municipality delivers to its mandate (provision of basic municipal services)

This section evaluate the level at which the municipality delivers to its mandate (provision of basic municipal services). The table below summarises the percent scoring patterns.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality provide access to clean potable water as per DWA requirement standards (blue drop)	8	53.3%	7	46.7%
The municipality provide sanitation infrastructure	1	6.7%	14	93.3%

The following patterns are observed:

- The municipality need to make some effort in the provision of clean water as a basic service, this is indicated by 53.3% of respondents who disagree with the statement.
- Progress is noted on statement 2 in the provision of sanitation infrastructure.



The average level of agreement with the statements is 46.66%. This is largely due to the high levels of disagreement in statement 1 at 53.33%. The following patterns are observed:

- The first statement has more negative responses, whilst the last has high positive responses.

To determine whether the scoring patterns per statement were significantly different per option, a chi square test was done.

	The municipality provide access to clean potable water as per DWA requirement standards (blue drop)	The municipality provide sanitation infrastructure
Chi-Square	.067 ^a	11.267 ^a
Df	1	1
Asymp. Sig.	.796	.001

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.5.

Section B6 - Level of trust in the municipal system

This section evaluates the level of trust in the municipal system. The table below summarises the percent scoring patterns. There is 100% disagreement with the statement.

	Disagree		Agree	
	Count	Row N %	Count	Row N %
The municipality ensures good governance through transparency and accountability	15	100.0%	0	0.0%

Table 4.45 (B1 – B6): Section analysis – Service Delivery Protests

6.5.7 Hypothesis testing

The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with " $p < 0.05$ ". These values are highlighted with a *.

A second Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs. columns). The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association.

		Age	Gender	Ward	Municipality
The municipality deliver services to my expectation	Chi-square	5.396	.026	8.896	5.629
	df	3	1	6	4
	Sig.	0.145	0.872	0.18	0.229
I am satisfied with the manner at which the municipality remedy service delivery issues	Chi-square	3.686	1.250	3.000	9.000
	df	3	1	6	4
	Sig.	0.297	0.264	0.809	0.061
The municipality delivers sustainable services (long term viability – water supply ‘tanks’)	Chi-square	4.286	1.111	4.063	11.875
	df	3	1	6	4
	Sig.	0.232	0.292	0.668	.018*
The municipality provides clear, accurate and complete information to communities	Chi-square	2.637	1.538	4.904	10.673
	df	3	1	6	4
	Sig.	0.451	0.215	0.556	.030*
The municipality has a structure in place to attend to water and sanitation enquiries	Chi-square	6.333	.045	9.308	6.629
	df	3	1	6	4
	Sig.	0.096	0.833	0.157	0.157
The municipality has a structure in place to attend to enquiries relating to local developments initiatives (projects)	Chi-square	1.047	.511	2.642	4.347
	df	3	1	6	4
	Sig.	0.79	0.475	0.852	0.361
The municipality provide an Annual Report (AR) with audited financial statements to citizens/public	Chi-square	6.964	1.607	15.000	2.946
	df	3	1	6	4
	Sig.	0.073	0.205	.020*	0.567

The municipality makes the IDP document available to the public/communities for comments	Chi-square	5.743	0.000	7.500	3.750
	df	3	1	6	4
	Sig.	0.125	1	0.277	0.441
The municipality makes available information on the policies affecting its budget (e.g. Tariff policy, credit control and debt policy, BM and SCM policy)	Chi-square	6.234	.511	9.034	6.051
	df	3	1	6	4
	Sig.	0.101	0.475	0.172	0.195
The municipality encourages the involvement of communities and community organisations in municipal matters (MSA)	Chi-square	1.224	.714	6.964	6.964
	df	3	1	6	4
	Sig.	0.747	0.398	0.324	0.138
The municipality publishes tariffs for its water and sanitation services	Chi-square	4.037	.045	7.299	6.629
	df	3	1	6	4
	Sig.	0.257	0.833	0.294	0.157
The municipality has a suggestion box for service improvements	Chi-square	9.643	.069	7.708	8.750
	df	3	1	6	4
	Sig.	.022*	0.792	0.26	0.068
The municipality provide access to clean potable water as per DWA requirement standards (blue drop)	Chi-square	11.556	.045	4.286	10.982
	df	3	1	6	4
	Sig.	.009*	0.833	0.638	.027*
The municipality provide sanitation infrastructure	Chi-square	2.143	.714	2.946	1.607
	df	3	1	6	4
	Sig.	0.543	0.398	0.816	0.808

Table 6.46: Hypothesis testing

The p-value between ‘the municipality delivers sustainable services (long term viability – water supply ‘tanks’)’ and ‘municipality’ is **0.018**. This means that there is a significant relationship between the variables highlighted in yellow. That is, the municipality from which the respondent came did play a significant role in terms of whether the municipality delivered sustainable services. All values without an * (or p-values more than 0.05) do not have a significant relationship.

6.5.8 Correlation

Bivariate correlation was also performed on the (ordinal) data. The results are found in the Appendix. The results indicate the following patterns. Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a * or **.

The municipality deliver services to my expectation and I am satisfied with the manner at which the municipality remedy service delivery issues is **.002**. This is a

directly related proportionality. Respondents indicate that when the municipality deliver services to community/customer expectation, the community/customer is satisfied with the manner at which the municipality remedy service delivery issues. The table below reflects the mean values for each of the columns for this questionnaire.

Number: No Progress	Number: Some Progress	Number: Good Progress	Number: Fully Achieved	No Progress Points	Some Progress Points	Good Progress Points	Fully Achieved Points	Total Points
2.8889	5.2361	4.4306	1.6944	.0000	2.6181	3.3229	1.6944	7.6354

Table 6.47: Correlation

6.6 CONCLUSION

Results from the statistical analysis of data were discussed in this chapter. Descriptive statistics of age, gender, strategic level of operation and demographic variables of the study were discussed. Statistical analysis tools such as the *t*-test using the group statistics and the Chi-square were used to analyse relationships between questionnaires.

CHAPTER 7

EVALUATION OF UMGUNGUNDLOVU DISTRICT MUNICIPALITY AS A CASE STUDY

7.1 INTRODUCTION

The uMgungundlovu District Municipality (uMDM) is located in the city of Pietermaritzburg which is both the capital city and the legislative capital of KwaZulu-Natal. The uMDM is a Water Services Authority (WSA) and also a Water Service Provider (WSP), responsible for water and sanitation provisions in all its local municipalities.

The concept of an operational governance, given the definition of local governance, raise the question of whether the idea of ‘an ideal local government’ can be operationalize through defined service delivery models and whether there is a need for a new service delivery mechanism, while most ‘ready-off-the-shelf’ solutions are mostly appealing to managers. According to Bovaird and Loffler (2002, 9) there is a need to develop systems for service delivery performance, the logic being; service delivery models at local government are not working well and they should be focusing on dealing with issues that are pushing municipalities into distress mode. Against this background, the uMDM has been used as a case study in this research.

7.2 GEOGRAPHICAL AREA AND DEMOGRAPHICS

The uMgungundlovu District Municipality (uMDM) located in the Midlands of KwaZulu-Natal covers seven local municipalities: Impendle, uMkhambathini, Mpofana, Msunduzi, Richmond, uMngeni and uMshwathi.



(Source: The Local Government Handbook: Online: <http://www.localgovernment.co.za/districts/view/20/uMgungundlovu-District-Municipality#demographic>: Sited: 20 April 2015)

7.2.1 Demographics

Population	1 017 763
Age Structure	
Population under 15	28.30%
Population 15 to 64	66.40%
Population over 65	5.30%
Dependency Ratio	
Per 100 (15-64)	50.70
Sex Ratio	
Males per 100 females	91.40
Population Growth	
Per annum	0.88%
Labour Market	
Unemployment rate (official)	30.40%

Youth unemployment rate (official) 15-34	39.50%
Education (aged 20 +)	
No schooling	8.50%
Higher education	11.00%
Matric	30.00%
Household Dynamics	
Households	272 666
Average household size	3.50
Female headed households	45.90%
Formal dwellings	70.60%
Housing owned	52.40%
Household Services	
Flush toilet connected to sewerage	42.00%
Weekly refuse removal	44.30%
Piped water inside dwelling	42.70%
Electricity for lighting	86.10%

(Source: Local Government Handbook: <http://www.localgovernment.co.za/districts>: Sited: 20 April 2015).

7.3 FINANCIAL

7.3.1 Financials

All values: R'000	2013/14	2012/13	2011/12
AUDIT OUTCOME	Financially qualified opinion	Financially unqualified	Financially unqualified
FINANCIAL PERFORMANCE			
Property rates	-	-	-
Service charges	132 957	118 136	44 282
Investment revenue	12 107	7 979	16 688

All values: R'000	2013/14	2012/13	2011/12
Transfers recognized - operational	339 677	318 908	295 942
Other own revenue	23 772	28 620	2 610
Total Revenue (excluding capital transfers and contributions)	508 512	473 643	359 523
Employee costs	150 079	151 411	130 233
Remuneration of Councillors	9 708	9 466	7 161
Depreciation & asset impairment	47 391	80 075	78 453
Finance charges	1 308	1 919	1 460
Materials and bulk purchases	73 100	65 326	43 385
Transfers and grants	-	152 157	-
Other expenditure	225 884	141 501	199 764
Total Expenditure	507 470	601 856	460 456
Surplus/(Deficit)	1 042	(128 213)	(100 932)
Transfers recognized - capital	120 714	148 505	90 593
Contributions recognized - capital & contributed assets	-	-	-
Surplus/(Deficit) after capital transfers & contributions	121 756	20 292	(10 339)
Share of surplus/(deficit) of associate	-	-	-
Surplus/(Deficit) for the year	121 756	20 292	(10 339)
CAPITAL EXPENDITURE & FUNDS SOURCES			
Capital expenditure	171 380	77 953	132 290
Transfers recognized: capital	169 053	77 276	129 694
Public contributions and donations	2 327	677	2 596
Borrowing	-	-	-
Internally generated funds	-	-	-
Total sources of capital funds	171 380	77 953	132 290
FINANCIAL POSITION			

All values: R'000	2013/14	2012/13	2011/12
Total current assets	349 661	262 973	174 721
Total non-current assets	768 248	681 622	693 308
Total current liabilities	171 882	146 225	83 317
Total non-current liabilities	82 620	9 954	13 993
Equity	863 407	788 416	770 719
CASH FLOWS			
Net cash from (used) operating	(37 576)	86 785	181 735
Net cash from (used) investing	(185 637)	(77 540)	(131 196)
Net cash from (used) financing	67 468	(3 407)	(3 243)
Cash/cash equivalents at the year end	(4 900)	136 999	131 161
UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE			
Unauthorized expenditure	n/a	-	-
Irregular expenditure	n/a	26 715	204
Fruitless and wasteful expenditure	n/a	291	12

(Source: Local Government Handbook: <http://www.localgovernment.co.za/districts>: Sited: 20 April 2015).

Audit outcomes have been sourced from the Consolidated General Report on the audit outcomes of local government, published annually by the Auditor-General South Africa (AGSA) also available on www.agsa.co.za.

The income statement and the balance sheet must reflect the municipal business decision (cohesiveness). It is not clear in terms of how the financial statement will seek to reduce uncertainty of future cash flows. The municipality must show relevant information for each business decision to make the financial statement more useful.

Liquidity and financial flexibility: The performance of a company is a function of liquidity solvency efficiency in using assets and profitability. It is noted that current assets and liabilities increased in the three (3) years. Liabilities increased by 85% between 2012/13 and 2013/14 and 60% between 2011/12 and 2012/13, increased

maybe attributed to increase in borrowing to finance infrastructure. Equity has risen sharply to 91% between 2012/13 and 2013/14. The municipality reflects both revenue generating ability and profit distributing ability.

The financial performance of uMDM improved from a deficit of R 10, 3 million in 2011/12 to a surplus of R 121, 7 million in 2013/14. Cash flow from operating shows that the municipality made a loss in 2013/14. From 2011/12 to 2012/13 there was a decline in earnings by 48% (94 950) with net cash from financing showing improved inflows in 2013/14 as compared to 2011/12 and 2012/13. Cash equivalent at the end of 2013/14 showed a deficit of R 4, 9 million.

7.4 SERVICE DELIVERY

7.4.1 Introduction

The then MEC for Local Government, Traditional Affairs and Housing; Mr Mike Mabuyakhulu in his speech to the meeting of Mayors of uMDM stated that “when a municipality works better it becomes a catalyst to economic growth, development and sustainable service delivery.” Failure by numerous municipalities to provide basic services to communities and the bureaucratic manner in which certain municipalities deliver services creates unhappiness within communities that emanates to violent protests.

The present approach to service delivery by national government of using the Municipal Infrastructure Grant (MIG) to deliver infrastructure development, the grant is not sufficient to achieve the national basic service delivery targets and to address municipal infrastructure backlogs. The uMDM MIG project registration and its subsequent application to National Treasury for MIG upfront loading suggests that the uMDM MIG allocation is not sufficient to address the municipality infrastructure backlogs. Lack of delivery of basic services affects the municipality economic development and job creation for which the municipality must continue to passionately strive, but then again negated by lack of sustainable development.

7.4.2. PEST analysis: External municipal environmental factors

The uMDM like many other municipalities is faced with developmental challenges where community needs exceed available municipal resources; and as municipalities are required to be business orientated in their operation of providing sustainable development, it is important to perform PEST (Political, Economic, Social and Technological) as a strategic analysis tool in order for the municipality to better understand its business environment. The PEST analysis allows the municipality to determine how PEST factors will affect municipal performance and its activities in the long-run. In order for municipalities to succeed in providing improved services, they need to consider inputs which then inform processes which ultimately determine output in a form of an input-output model.

7.4.2.1 Political

Government regulations, constitution and other legal mandates may present opportunities and threats to the municipal business environment (e.g. political instability). The AG, Terence Nombembe in his presentation of the 2006/07 audited municipal results stated that “if you don’t have political stability, then you won’t get proper financial accountability. It will have an impact on the financial results.” Political interference in municipal administration is the order of the day, caused by lack of separation of powers. In addressing the question of separation of powers, the Constitutional Court explicitly stated that “no constitutional scheme can reflect a complete separation of powers: the arrangement is always one of partial separation: the areas are partly interacting, not wholly disjointed.”

Section 152(1) of the Constitution defines local government function to include the provision of democratic and accountable governance, sustainable service delivery, promote economic development and to promote community involvement on matters of local government. These prospects require municipalities to act competently and effectively. Presently most municipalities are not operating optimally. The State of Local Government Report (2009) suggests that much of local government is indeed in distress, deeply-rooted within the system of governance.

Government introduced the White Paper on the Transformation of the Public Service (1995), to effectively deal with service delivery issues and challenges by laying down eight transformation priorities in order to comply with the Constitution. Mathoho (n.d.) states “the criterion set by White Paper on the Transformation of the Public Service to judge service delivery pace puts more pressure on municipalities as basic services are entrusted to this sphere of government and in addition, the majority of poor communities are expecting everything from this sphere.”

Mathoho (n.d.) further states that “municipalities around the country have failed to meet the set eight transformation priorities, while some were put under the provincial administration as per section 139 of the Constitution. The expected effect of White Paper on the Transformation of the Public Service is yet to be seen due to underperforming municipalities.” According to Chapter 2 of the Constitution (Bill of Rights) Act 108 of 1996; it is the responsibility of government to ensure that all citizens have access to basic services, within the limits of available resources. Mathoho (n.d.) states that “the majority of poor South Africans who also comprise the largest percentage of the country’s population cannot afford to pay the full price for essential municipal services due to their lowly material position.” While government has introduced policies on free basic services, some municipality cannot afford to provide free basic services.

Mathoho (n.d.) further states that “according to the Bill of Rights, citizens have a right to take action against government if they believe that their constitutional rights have been infringed upon. Indeed, as service delivery is not a privilege but legitimate right, drastic actions by communities have in the past resulted in some court cases at local government level where some communities took local municipalities to the courts of law due to service delivery failures. Unfortunately some of these municipalities are yet to comply with the court orders that favour communities and municipalities have challenged these court judgments. These actions and counter-actions tend to worsen relationships and diminish possibilities for meaningful engagements in the future.” The above stated political factors are basically common to municipalities, especial district municipalities like uMDM who are in the business of providing water and sanitation services.

7.4.2.2 Economic

The economic issues are bound to have an impact on a municipality (e.g. economic growth, unemployment and poverty rates and policies). The Integrated Development Plan (IDP) and Local Economic Development (LED) strategies are the drivers of economic growth in the municipality and in order these strategies to be effective, municipal resources and capacity need to be taken into account. According to the National Planning Commission (n.d.) numerous municipalities have cite limited planning resources and lack of coordination between different spheres of government as major hindrances in implementing IDP and LED strategies.

Economic development is one of the key government policy and strategy priorities in improving the quality of life for all citizens (DPLG, 2007). National government has endeavoured to improve economic conditions at municipal level through stringent financial policy and programmes that creates conditions for local economic development.

The provision of basic services and municipal infrastructure is the primary contributor to social and economic development by engaging communities in labour-intensive construction work (EPWP), thereby encouraging community investment through the purchasing of locally produced goods and services. Although the delivery of infrastructure creates the required base conditions for economic but it will not necessarily alleviate poverty (DPLG, 2007).

According to ASGISA (2006), without interventions directly addressed at reducing South Africa's historical inequalities, growth is unsustainable. Interventions to address deep-seated inequalities that target the marginalised are interventions that will bridge the gap and ultimately eliminating the second economy. According to DPLG (2007), poverty is not a fixed component in the social development but the spread and the degree of poverty does change over time. An analysis by DPLG (2007) suggests that poverty is quickly growing in the metropolitan areas due to large scale immigrants and as a result, resulting to burden of local resource and the development support strategies.

According to a special publication by South Africa's Best in Local Government (2012); an interview with uMDM Municipal Manager on the economic development in the uMDM, the Municipal Manager (MM) indicated that the uMDM was experiencing significant growth in the retail and trade sector given its high rate of unemployment. Growth might have been as a result of Pietermaritzburg becoming the capital city of KwaZulu-Natal (KZN), attracting people with disposable income.

In order for uMDM to support the municipality's economic development, the uMDM resolved in its 2012 to 2016 IDP to focus on water and sanitation infrastructure development. This statement is supported by MM who stated that "growing the local economy will increase the number of consumers, which will help to bring in the needed revenue to fund infrastructure development."

7.4.2.3 Social

A municipality needs to understand how its community/consumer needs are shaped by analysing its socio-economic environment through nitty-gritties like community demographics, income levels, education levels, population growth (demand for services) and the present level of municipal service. According to the uMDM 2012 to 2016 IDP, for the 2014/2015 financial year the uMDM target was to respond to the triple challenges (poverty, inequality and unemployment).

According to Census (2011), the uMDM is number two in size after eThekweni Metro with an increase of 0.88% between 2001 and 2011 per annum. Consequentially the population growth will result to an increase of uMDM equitable share. The Census (2011) further shows a slight decrease in fertility rate in the uMDM as compared to 2001. The entire 80.4% of the uMDM population is served through a piped water supply system, 14.3% is served through a protected spring or a borehole and 5.3% raw water directly from dams and rivers. The uMDM Water Services Development Plan (WSDP) needs to begin responding to the 5.3% challenges of identifying drought pocket areas in order to respond to infrastructure backlogs. The table below is the status on sanitation infrastructure development.

Flush toilet (connected to sewer system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet (VIP)	Pit toilet without ventilation	Bucket toilet	Other	Total
114544	20193	13321	54823	50384	2349	17053	272666
42%	7.4%	4.9%	20.1%	18.5%	0.9%	6.4%	100%

Table 7.1: Provision of sanitation facilities

(Source: Census (2011))

According to Census (2011), the unemployment rate of the uMDM is at 30.4 % from a population of 1,017,763. The table below suggests that uMDM has high unemployment rate.

Employment Status	Number
Employed	245 379
Unemployed	107 346
Discouraged work seekers	44 221

Table 7.2: Employment status

(Source: Census (2011))

The table below suggests that uMDM has the highest number of people without formal education.

Level of education	Number
Grade 0 – 12	758 278
NTC 1 – 3	4 217
N 4 - 6	3 808
Diploma	14 008
Bachelor degree	10 644
Master and doctoral degree	3 753
No education	60 378

Table 7.3: Education levels

(Source: Census (2011))

The levels of unemployment in uMDM are high (27%), particularly in the area of Impendle Local Municipality with the highest rate of 45% (Statistics SA, 2011). Unemployment is a significant contributor to poverty. In terms of the KZN goal to halve poverty and unemployment by 2014, there are four major poverty and inequality indicators as presented in the table below:

Indicator	2004 Baseline	Growth Rate (per annum)	2014 Future Value	2014 Target
People living in poverty	5, 315 491	1.5	6, 168 844	3, 084 422
Illiteracy	1, 100 291	3.0	1, 615 814	807, 907
Unemployment	987, 000	-0.6	929, 354	464, 677

Table 7.4: KZN 2014 Poverty and Unemployment Reduction Target

(Source: www.kznded.gov.za)

7.4.2.4 Technological

Technology can affect the municipal environment positively or negatively. Technology in business decreases the personal aspect of business relationships and lack of physical immediacy decreases brainstorming. Improved productivity has thus become a concern of all organizations, both public and private.

According to Gagnon and Dragon (1998), municipalities are now investing on Management Information Systems (MIS). The MIS is a technology that can enhance productivity, depending on how it is integrated in a municipality. The technology used by municipalities is to provide control in areas of planning, application, systems operation and maintenance of infrastructure. Municipalities have set up Information Communication and Technology (ICT) units for municipal user service management, municipal business application and governance (administration). The environment that uMDM operates under present threats that may hamper service delivery and opportunities that may enhance the achievement of service delivery goals. According to the MEC for COGTA Nomusa Dube-Ncube; certain municipalities are not sustainable and can only provide limited services because of their undependable rate base, they solely dependent on national government transfers.

The MEC for COGTA further states that “non-viable municipalities have evolved into entities in which operational expenditure on salaries for municipal officials has routinely crowded out service delivery to a point where such municipalities only exist as a source of employment without providing essential services to their communities.” These municipalities are facing suitability threats in their operating environment. The review of boundaries by the Municipal Demarcation Board (MDB) might be a solution that would present opportunities for the rationing of resources so as to better serve all communities. In past municipal processes were implemented through limited automated means, considering their scope of work and vast areas they need to service. With the introduction of various technology software solutions that have helped to elevate municipalities to centres of digital process excellence, the uMDM is presently using much of readily available software technology in ICT, GIS, municipal business application and governance and in its water operations management programmes.

7.4.3 The uMDM service delivery model

The service delivery models are necessary; as a service delivery strategy based on municipal strength that recognizes the need to promote goals of sustainable development and to redress past imbalances. According to Hlongwane (2010), in recent past municipalities have been adopting a ‘make do’ approach, their actions uttered by lack of a strategic direction.

7.4.3.1 Municipal strategic direction

A municipality must have a shared vision, a strategic direction or position that provides focus and energy to what the municipality wants to achieve. The uMDM seek to use the Integrated Development Plan (IDP), Performance Management System (PMS) and its budget in the development of its strategy by aligning the three approaches to planning and converting them into service delivery and budget implementation plans. The uMDM has vision 2016, a long term vision of evolving into a dynamic metropolitan area, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery, realize improvements in the overall quality of life. The uMDM mission -

will through sound governance and community participation ensure the provision of the equitable and sustainable services and economic growth.

The uMDM aims to achieve its vision and mission by aligning its strategies and projects with national and provincial priorities. In year 2010, the uMDM adopted the Water Services Development Plan (WSDP) as one of its strategies in addressing water and sanitation backlogs. Other municipalities have adopted the Provincial Growth and Development Strategy (PGDS); Ekurhuleni Metropolitan Municipality has a Growth and Development Strategy 2025 and according to the Ekurhuleni Municipal Manager – Paul Maseko, past municipal strategic development processes were initiated in the absence of a single overarching development strategy. He states that “the Growth and Development Strategy 2025 will put Ekurhuleni in a stronger position to deal with important social, economic and physical development challenges. The GDS 2025 will assist the Metro in deploying scarce resources in a more focused and coordinated manner, which in turn will strengthen the service delivery capabilities of the municipality.”

He further states that “the alignment of the Integrated Development Plan (IDP) with the Growth and Development Strategy 2025 is the next important step in ensuring the implementation of the Growth and Development Strategy 2025.” At provincial level, government is responsible in playing a role that will ensure economic development, infrastructure investment and development spending take place in accordance with the principles set out in the National Spatial Development Perspective (NSDP). The Provincial Growth and Development Strategy (PGDS) is a critical tool for sustainable development outcomes by guiding and coordinating the allocation of national, provincial and local resources and private sector investment.

The uMDM has in the past fallen back on its strategic position to deliver on its mandate. Particular challenges included lack of proper financial management systems. During the 2005 - 2007 financial years, the AG report declared a disclaimer for the municipality, sighting financial mismanagement, non-compliance with supply chain management and mismanagement of the budget. In December 2007 the uMDM went into distress and was dysfunctional. The situation of uMDM is represented in the following diagram:

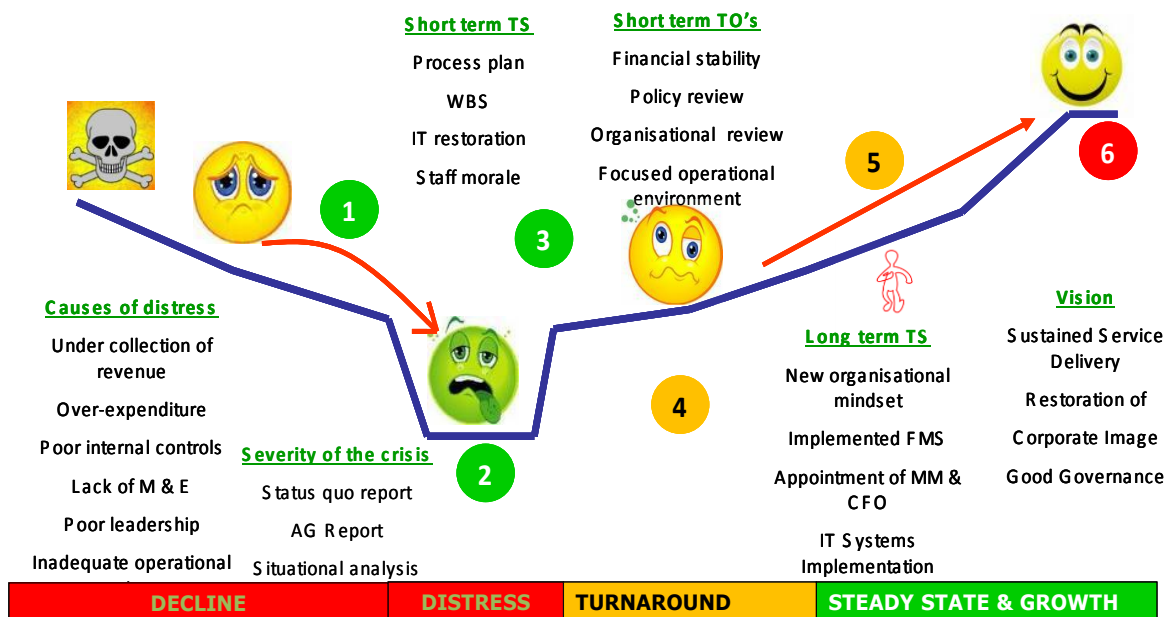


Figure 7.1: Distress and dysfunctional state of uMDM
(Source: The uMDM Turnaround Strategy)

An organisational decline of uMDM and the turn-around process can be characterised into three different stages as follows:

- Decline sets in 2006/07 financial year
- Meltdown in June 2007 to January 2008
- Revival and turn-around commenced February 2008 onwards

Notwithstanding the implementation of the turnaround strategy, the uMDM remained financial challenge and at the end of 2007/08 financial year the uMDM was reflecting a deficit of R 20.6 million and a further accumulative deficit of R 6.4 million. Plans and initiatives were put in place to address the situation, such as the revamp of the billing system. The Turn-around Strategy was therefore executed with an action plan developed to achieve sustainability. The action plan was founded on four (4) pillars, namely:

- Financial Recovery Plan
- Infrastructure Development Plan
- Socioeconomic Upliftment

- Human Resources Development

The action plan was further reinforced by cross cutting strategic frameworks such as the organisational refinement, IDP, PMS and governance. On its way to recovery, the uMDM is still facing formidable challenges in fulfilling its vision and mission. To rise above these challenges, the uMDM adopted the following business strategy mission:

“uMgungundlovu positions itself as a water centric, results driven and performance oriented District Municipality that aims to achieve its vision by 2016”

The Municipal Manager of uMDM stated that “the turnaround of uMgungundlovu District Municipality is a process that cannot be accomplished overnight, but the process has commenced and the organisation is responding well. Positive feedback is being received from stakeholders and local municipalities within the district.” There is another paradigm shift of the uMDM from being 'water-centric' into being 'citizen-centric', in line with its vision to spread the vibrant economic benefits, through integrated planning and service delivery. The Turnaround strategy has since evolved and is presently driven by a 5-point strategic plan, namely: commitment to clean audit, focus on core business, staff professionalization, strategic partnerships and monitoring and evaluation.

7.4.3.2 Stakeholder engagement and participation process

According Karamoko (2011) protesters have often cite lack of responsiveness by municipalities on community needs along with the absence of the culture of engagement and public participation as factors that aggravates service delivery protests. A report by the Electoral Institute for the Sustainability of Democracy in Africa, IDASA and the Good Governance learning Network states that "municipalities are intended to be at the interface between government and citizens. However current institutional mechanisms to promote inclusivity are frequently weak and often inadvertently undermine democratic participation rather than promote it." The report further states that "public participation has by and large become a technical and procedural exercise, driven by the state on terms set by the state."

The IDP requires that municipalities should adopt an integrated approach to development where in a consultation process with the community, development plans are aligned to the needs of the community. There is an understandable tension between the communities' immediate needs and the municipality's development strategic considerations that has to take into account various competing needs and be implemented with limited resources e.g. a municipality may prioritize bulk pipeline while there is immediate need to direct supply of water as a priority to the communities or an application to Water Affairs for an upper level of services (yard connection) whereas there are communities that have not received a basic level of service (potable supply of water).

Municipalities are now revenue driven in order to be sustainable. Creating infrastructure on an ad hoc basis is not going to realize the MDGs, the uMDM as with all other Water Services Authorities (WSA) needs to engage with communities in its planning processes in order to realize community development priorities. The MFMA requires municipalities to consult with communities on the budget process, annual reports and service delivery issues. The Municipal Structures Act states that "a municipal Council must develop mechanisms to consult the community and community organizations in performing its functions and exercising its powers."

COGTA (2011) states "many municipalities meet the policy and legislative requirements for community participation in a nominal, compliance-driven, ritualistic manner." COGTA (2011) further states that "often the approach of municipalities to community participation is too bureaucratic, formalistic and rigid, and sometimes aimed at co-optation. Documents and presentations are cluttered with technical jargon and not user-friendly, easy to engage with or stimulating. Municipalities often tend to approach communities and organizations as a way of informing them of proposals and seeking their endorsement for them."

Effective public participation is important for the IDP in terms of identifying community developmental needs while the WSDP is also crucial in identifying gaps in water services provision (draught pocket areas) in order for the municipality to meet its service backlogs. The two (2) development plans (IDP and WSDP) are at times in lock heads when community immediate needs clashes with municipal plans

where a municipality focuses on reducing its services backlogs through the WSDP within limited funding and resources. The problem begins when municipal priorities are not in line with what the community sees as a priority due to limited funding and resources. Municipalities are in the business of selling water and other municipal services. National government require municipalities to be business orientated in their operation.

The uMDM like other WSP and WSA is faced with the similar challenge of limited resources while having to prioritise development programme/projects that will satisfy both the community and the municipality. According to COGTA (2011), the right mind set amongst councillors and municipal administrators is the key in fostering a culture of engagement in order to develop a long term development strategy with sustainable outcomes. Generally municipalities' uses the IDP Representative Forum (stakeholder involvement), media to inform the community of the progress with respect to the IDP review and Izimbizo to target members of the community at a greater scale and ward. The uMDM held the annual 2015/16 IDP/Budget Izimbizo in all its local municipalities with an exception of Msunduzi Local Municipality as it is a Water Services Provider (WSP) and a Water Service Authority (WSA). The summary of issues (matrix) raised by communities for the 2015 Izimbizo is as follows:

<p style="text-align: center;">Infrastructure Development</p> <ol style="list-style-type: none"> 1. Incomplete water schemes 2. Employment creation (projects) 3. Poor road conditions 4. Lack of housing development 5. Electrification backlog 6. Water supply interruptions 7. VIP toilets are full 8. Lack of community halls 	<p style="text-align: center;">Economic Development</p> <ol style="list-style-type: none"> 1. Lack of job creation strategies 2. Prioritization of women and youth in employment/job creation. 3. Fast-track rural development 4. Formalization of an indigent register 5. Illegal water connections, non-revenue water 6. High water connection fee 7. Bursaries (lack)
<p style="text-align: center;">Social Development</p> <ol style="list-style-type: none"> 1. Prioritization of elderly programmes 2. Insufficient budget for youth, HIV/AIDS, women and disability programmes 3. Need for social cohesion 4. Poverty reduction 	<p style="text-align: center;">Cross-cutting Programmes</p> <ol style="list-style-type: none"> 1. Improved communication between municipal structures. 2. Ward Councillor to hold regular community meetings in order to take up issues at District level. 3. Sukuma Sakhe must address all cross-cutting programmes

7.4.3.3 Integration of the IDP with the municipal performance plan

According to Powell (2009), the implementation of the IDP should be aligned with the municipal PMS. Powell (2009) states that “the IDP satisfies the developmental agenda of performance planning and the PMS fulfills the implementation, management, monitoring and evaluation of the IDP.” Municipal goals and strategic direction are set through the IDP. The integration process starts with an IDP that informs the annual budget which has to be approved by Council. The municipal Mayor then approves a Service Delivery and Budget Implementation Plan (SDBIP), aligned to the IDP. Section 1 of the MFMA defines the SDBIP as:

“a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

(a) projections for each month of-

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b) service delivery targets and performance indicators for each quarter.”

Municipal service delivery targets are linked to performance contracts for senior management annual budget. The Municipal Systems Act then requires the municipal Council to adopt the IDP and undertakes annual review and assessment of past performance outcomes. The municipal Council therefore performs an oversight role by approving annual budget and monitors financial and non-financial performance through in-year reports as shown in the figure below:

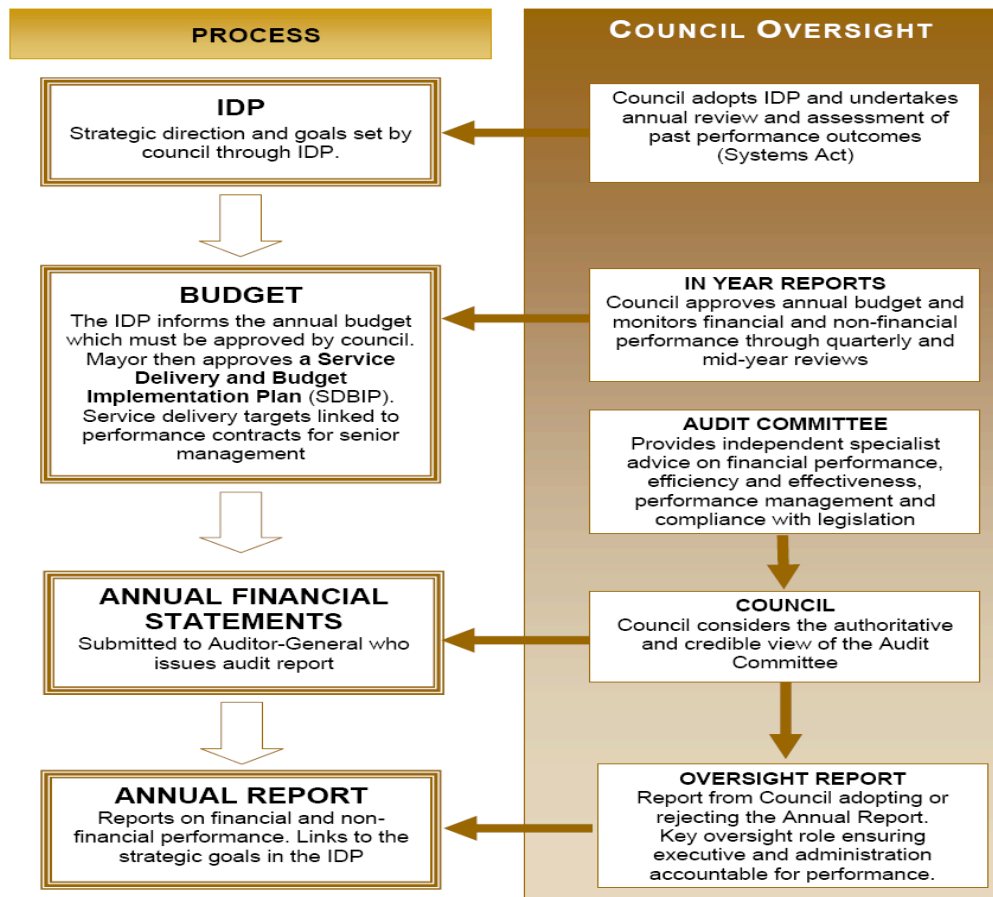


Figure 7.2: Municipal Council IDP Oversight Process
(Source: Chwene (2012))

The uMDM IDP process management plan for 2008/09 financial year is shown in the Table: 5.5 below. The implementation of the IDP must establish a simple and enabling framework for the core processes of planning, performance management and resource mobilisation where the IDP is aligned with the budget and SDBIP in order to monitor the performance of its implementation. Planning and performance should strive to work together from the reporting point. Noted from the uMDM IDP process management plan for 2008/09, there is no alignment of the IDP with the PMS; the IDP is only aligned to budget. This will therefore result to inadequate monitoring and evaluation of the IDP implementation process (Council oversight role).

UMDM IDP PROCESS MANAGEMENT PLAN FOR 2008/09

Activity No.	Action / Task for IDP/ Budget and PMS	Timeframe Task Completion (Planned)	Timeframe Task Completion (Actual)	Output
1.	Prepare Draft IDP / Budget Framework and Process Plan	18-27 July 2007		Draft Framework and Process Plan
2.	1 st IDP Task Team Meeting to discuss draft Framework and Process Plan	31 July 2007		Draft Framework and Process Plan
3.	IDP Technical Committee	03 August 2007	08 August 2007	Aligned IDP and Budget Process Plans
4.	EDP Meeting	14 August 2007		Recommends draft Framework and Process Plan to Exco
5.	EXCO Meeting	16 August 2007	23 August 2007	Recommends draft Framework and Process Plan to Full Council for adoption
6.	Council approve IDP Framework and IDP / Budget Process Plan	31 August 2007		Adopted Framework and Process Plan
7.	Submit Process Plan to Department of Local Government and Traditional Affairs	03 September 2007	10 September 2007	Approved IDP / Budget Process Plan
8.	Advertise IDP/Budget Process Plan and Framework Plan	03-23 September 2007	13-25 September 2007	Public Participation
9.	Collect information on the Analysis Phase	10-21 September 2007		Data Collected
10.	Compile and recommend draft changes to all budget related policies for consideration by Finance and Executive Committee	1 September – 31 October 2007		Revised budget related policies
11.	2 nd IDP Task Team Meeting	25 September 2007	01 October 2007	Status Quo Report
12.	2 nd Technical Committee	27 September 2007	03 October 2007	Status Quo Report
13.	1 st Representative Forum Meeting	01 October 2007		Status Quo Report
14.	Identify Outstanding Sector Plans and Policies	5-10 October 2007		List of Existing and Outstanding Sector Plans
15.	2007/2008 First Quarter Review (Budget vs. Service Delivery and Budget Implementation plans)	1 – 10 October 2007		Reviewed Service Delivery and Implementation Plans
16.	Service Providers Alignment Workshop	08-10 October 2007	12 October 2007	Aligned Strategies and Projects
17.	Review Objectives, Strategies and Performance Indicators	11-19 October 2007		Reviewed Objectives and Strategies
18.	District Growth and Development Summit	18-19 October 2007		Economic development priorities
19.	3 rd IDP Task Team Meeting	22 October 2007		Reviewed Objectives and Strategies
20.	3 rd IDP Technical Committee Meeting	24 October 2007		Aligned Objectives and Strategies
21.	Prepare and compare the expenditure trends schedule for the 2006/2007 first quarter year to the expenditure trends at year	31 October 2007		<ul style="list-style-type: none"> Review the budget performance for the year ended

Activity No.	Action / Task for IDP/ Budget and PMS	Timeframe Task Completion (Planned)	Timeframe Task Completion (Actual)	Output
	ended 30 June to inform the budget estimates for the year 2008/2009 financial year. Finalisation of a 5 year Project Implementation Programme/Plan			<ul style="list-style-type: none"> Multi-year project implementation programme
22.	Draft changes to all budget related policies for consideration by Finance and Executive Committee	31 October 2007		Revised budget related policies.
23.	Projects Identification and Review	01-09 November 2007		<ul style="list-style-type: none"> New projects list Reviewed projects list
24.	Review KPIs, targets, timeframes etc. where impacted upon by reprioritization	19-20 November 2007		Reviewed KPIs, Targets and Timeframes
25.	Align draft IDP with draft budget estimates	22 November 2007		Aligned Budget and IDP
26.	Integrate finalized sector plans.	22 November 2007		A list of Revised Sector Plans
27.	Departments Prepare Project Implementation Plans	26-30 November 2007		Project Implementation Plans
28.	4 th IDP Task Team Meeting	30 December 2007		IDP framework with: <ul style="list-style-type: none"> Reviewed projects Sector plans
29.	4 th Technical Committee Meeting	03 December 2007		1 st Draft IDP
30.	Present Draft IDP Document to 2 nd IDP Rep Forum Meeting	05 December 2007		1 st Draft IDP
31.	EDP Meeting recommends 1 st draft to EXCO for approval	07 December 2007		Report to EXCO
32.	EXCO Meeting recommends 1 st draft to Full Council for Adoption	11 December 2007		Report to Full Council
33.	Adoption of the 1 st Draft IDP by Council	14 December 2007		1 st Draft IDP
34.	Submit 1 st draft IDP to DLGTA for Provincial IDP Assessment	15 December 2007		1 st Draft IDP submitted
35.	Finalise Management Accounts for Six months ended 31 December 2007	15 – 31 January 2008		Report on performance for the six months to compile a report for the adjustment budget
36.	Advertise IDP and Budget for public comments	21 Jan – 10 Feb 2008		Public Comments
37.	Prepare 2007/2008 Adjustment budget	31 January - 10 February 2008		Adjusted Budget for 2007/2008
38.	<p>a. Preparation of 3 Year Income Projections (Incorporating Sector Plans)</p> <p>b. Preparation of a 3 Year Operating Expenditure Projections</p>	1 – 22 February 2008		<ul style="list-style-type: none"> 3 Year Income Budget and Draft Grants and Subsidies 3 Operating Expenditure estimates 5 Year Capital Expenditure estimates

Activity No.	Action / Task for IDP/ Budget and PMS	Timeframe Completion (Planned)	Task	Timeframe Completion (Actual)	Task	Output
	<p>(Input from Strategic Business Units)</p> <p>c. Preparation of a 5 Year Capital Budget Expenditure (Projection/Capital Outlay Programme)</p> <p>d. Interim Allocation of Year's Budget per prioritized project</p> <p>e. Collate draft Cash Flow Projections for each capital project with a project life span of more than one financial</p>					<ul style="list-style-type: none"> • Draft Proposed Priority Capital Projects • Draft Cash Flow Projections for Capital Projects
39.	<p>a. Notify, in writing all Local Municipalities and other organization of all planned transfers for the 3 year period.</p> <p>b. Prepare Debt re-payment/capital charges schedule</p>	25 – 28 February 2008				c. Aligned District/Local Municipalities Proposed Budget
40.	Assessment by Provincial IDP Forum	Tbc by Province				Comments from the Provincial Forum
41.	Amend draft IDP in accordance with Provincial IDP. Assessment comments	Tbc				Amended IDP
42.	Incorporate municipality's approved budget into the IDP	28 February 2008				Aligned District /Local Municipalities IDP and Budget
43.	Task Team Meeting	01 March 2008				Aligned IDP and Budget
44.	Technical Committee Meeting	05 March 2008				Aligned IDP and Budget
45.	Workshop of Draft IDP with IDP Rep Forum	08 March 2008				Informed IDP
46.	Table proposed capital and operating budget, revised IDP, amendment to budget related policies and resolutions at Executive Committee	10 - 20 March 2008				Approved 1 st of Estimated Operating and Capital Revenue and Expenditure by vote (Budget)
47.	<ul style="list-style-type: none"> • Advertise and host public consultative forum for public comments • Mayoral Izimbizo 	1 April - 2 May 2008 April 2008				Informed Budget and IDP
48.	<ul style="list-style-type: none"> • Adjust Draft IDP • Adjust the Capital and Operating Budget 	4 - 9 May 2007				<ul style="list-style-type: none"> • Adjusted IDP • Informed draft Capital and Operating Estimates
49.	<ul style="list-style-type: none"> • Approve final budget, related policies • Approve Final IDP 	19- 31 May 2008				<ul style="list-style-type: none"> • Approve Budget and Resolution approving the budget. • Resolution imposes taxes and tariffs. • Resolution approving changes to the budget related policies.

Activity No.	Action / Task for IDP/ Budget and PMS	Timeframe Completion (Planned)	Task	Timeframe Completion (Actual)	Task	Output
	<ul style="list-style-type: none"> Approve service delivery and implementation plan 					<ul style="list-style-type: none"> Adopted Final IDP
50.	<ul style="list-style-type: none"> Submit the municipality's final IDP to the MEC Submit Service Delivery and Budget Implementation plans	28 June 2008				Submission

Table: 7.5: IDP Process Management Plan (2008/09)
 (Source: The uMDM IDP – 2008/09)

7.4.3.4 Service delivery mechanism

Section 78 of the Municipal Systems Act dictates in terms of service delivery mechanisms to be used by a municipality, internal or external service delivery mechanism. The uMDM uses both systems of services delivery where certain goods are produced and managed inside the municipality through business units and with some procured outside the municipality. The MSA required that municipalities must first undertake a STATUS QUO and NEEDS assessment before deciding on an appropriate service delivery mechanism.

Internal Mechanism The uMDM is using its Technical Services Department to deliver infrastructure projects. Within Technical Services Department there are two business units, Implementation and Development Planning and Operation and Maintenance.

The Implementation and Development Planning unit is responsible for new planning and development of new infrastructure projects (water and sanitation). The Operation and Maintenance unit is responsible for the operation and maintenance of completed infrastructure projects.

External Mechanism The uMDM has entered into service agreement with NGOs in the delivery of infrastructure services. An NGO, The Mvula Trust has been appointed by uMDM as an Implementing Agent (IA) for the delivery of sanitation infrastructure. The uMDM is also using non-governmental organisation in the delivery of infrastructure e.g. engineering consultant firms for professional services and civil contractors in the delivery of water and sanitation services. The uMDM has also partnered with uMgeni Water Board and entered into a PPP agreement to BOOT bulk infrastructure projects and waste water treatment works. Partnerships with Water Boards are Public Financial Management Act (PFMA) compliance and

strict National Treasury supervision.

Section 78 of the MSA requires that when choosing the external service delivery mechanism, municipalities must:

- a) Undertake a STATUS QUO and NEEDS assessment.
- b) Notice to the community of intention explore external mechanisms has been given
- c) Conduct FEASIBILITY STUDY of preferred option to show it is affordable and there is benefit in pursuing the option

The researcher however could not find evidence of community consultation, giving notice of intention explore external mechanisms at uMDM, also at local municipal level within uMDM other than a municipal Council resolution to appoint. Further there was no evidence of a feasibility study been undertaken in terms of cost effectiveness of choosing an external service delivery mechanism other than capacity sighted as the main issue.

7.4.3.5 Infrastructure funding strategy

The uMDM is facing a challenge of inefficient supply of water to communities due to high rate of water losses. The currently water demand in the Mngeni River system exceeds availability. The uMDM has a high percentage of Non Revenue Water (NRW) as a result of ageing infrastructure with high leakage rates and frequent bursts. Water losses do not only have a financial impact, but also a significant effect to the already scarce water resources.

Another component of NRW comes from unmetered communal stand pipes (taps), especial where the supply is a commercial source (e.g. uMgeni Water). The uMDM is responsible to pay uMgeni Water for the bulk water supplied and the same goes with a water system where the water is pumped and treated by the uMDM, there is an ESKOM account for pumping and treatment of water as well as chemicals used on mostly bases for water treatment. Revenue collection is still a challenge in the uMDM exorated by lack of, or inaccurate metering, municipalities need to generate enough

revenue in order to be sustainable and must implement cost cutting measures for the municipality to be viable.

The uMDM is dependent on government infrastructure grants e.g. Municipal Infrastructure Grant (MIG), Municipal Water Infrastructure Grant (MWIG) and Regional Bulk Infrastructure Grant (RBIG) as a source of infrastructure funding. The MIG as the main source of funding is not enough to meet uMDM infrastructure backlog. As from 2013/14, the uMDM started borrowing from DBSA with interest to finance its infrastructure projects. A loan amount of R 230 million rand has been approved by DBSA for 2015/16 to 2016/17 financial year for infrastructure refurbishment and development.

From the DBSA R 230 million rand loan, R 198 million rand (86% of the total loan) has been allocated for the infrastructure refurbishment at uMngeni Local Municipality (replacement of asbestos cement pipes) at Hilton (11,350 people) and Merrivale (4,451 people). In this agreement, the uMDM is expected to payback interest calculated on a nominal annual compounded on quarterly basis (interest over interest). The uMDM will have to pay back the interest from its own revenue. The uMDM is still servicing a large number of its communities through water tankers and water tankering is not a sustainable system of providing water services. The water being supplied is FREE to the community but at cost to the municipality. It costs the municipality R 7 million rand a month (service - water tanks alone, excluding sourced water) to supply water through tankers, one would have expected that the DBSA would have been used to eradicate water tankers by developing water schemes in areas that are still being supplied water through tankers and in return the municipality would have received revenue out of water sales.

The uMDM own-source revenue from water sales and other charges is used for operation and maintenance of infrastructure. Due to lack of funding for infrastructure development and maintenance, in 2014 the uMDM entered into a PPP with uMngeni Water Board to BOOT bulk services and waste water treatment plants in an effort to meet its service delivery backlogs. The uMDM in 2015 has further entered into another agreement with uMngeni Water to fully implement a list of water projects that the uMDM couldn't afford to implement due to financial resources.

In the PPP, the private partner assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project. The uMDM will greatly benefit from the partnership and it will be in a position to provide a service to its community. A PPP has the potential to generate more revenues from existing municipal assets. The Johannesburg Water Management contract is an example of a PPP that turned around the operational and financial performance of the Johannesburg Metropolitan Municipality. According to National Treasury (2008), Johannesburg Metropolitan Municipality revenue increased by 46% in four years and power and chemical consumption decreased by 9% and 57% respectively.

7.4.3.6 Monitoring and evaluation (M&E)

During the assessment on the state of local government, lack of performance management systems and poor oversight were noted as part of the root cause of municipal distress. According to Gopane (2012), monitoring and evaluation can be used as a tool to achieve good governance and effective service delivery. According to the National Development Plan (NDP), the realization of a developmental local government is essential in addressing service delivery challenges. Performance monitoring and evaluation has a developmental impact to service delivery through increased accountability and continuous improvement of municipal performance.

Monitoring and evaluation is an integral part of the PMS in monitoring, review and advance the development of the IDP. The M&E methods allow a municipality to track progress against plans and defined objectives, making appropriate adjustments as necessary. To ensure effective monitoring and evaluation of municipal plans and strategies, municipalities like the City of Cape Town and the City of Johannesburg have developed and adopted a monitoring and evaluation framework and set up an M&E unit. The uMDM has a performance management framework to gauge the progress made in achieving the objectives set out in the Integrated Development Plan (IDP). The uMDM uses the framework to monitor actual performance against set targets and contractual obligations by linking organizational and individual performance management.

There is need for a meaningful M&E processes in municipalities. The question is whether individual scorecards as used by uMDM are aligned with the outcomes as defined in municipal medium to long term plans. Losing track of long term focus may mean an ultimate misalignment between daily activities and the objectives committed.

7.5 CONCLUSION

In this chapter, results of the statistical analysis of data were discussed. Statistical analysis tools such as the *t*-test using the statistics and the Chi-square were used to analyse relationships between questionnaires, make comparisons of respondents by gender and management levels variables and the perceived levels of service delivery.

Municipalities are obliged to structure and manage their developmental plans so as to give priority to basic needs of their communities. Ngubane (2005) states that “municipalities must be serious about their responsibility to provide services that meet the basic needs of the poor in their communities in a cost-effective and affordable manner.” Municipalities must plan service delivery such that communities receive maximum benefit. It is of utmost importance that uMgungundlovu District Municipality adopts a service delivery model as a holistic, strategic approach to development planning in order to deliver to its mandate.

CHAPTER 8

FINDINGS AND DISCUSSION

8.1 INTRODUCTION

The aim of this chapter is to formulate a conclusion with regard to objectives of the research as stated in chapter 1 of this study and to discuss the limitation of the research.

8.2 RESEARCH HYPOTHESIS

The hypothesis was that an integrated infrastructure and finance model has a significant effect on municipal service delivery. The alternative hypothesis is accepted and supported and the null hypothesis is rejected and therefore not supported based on the research results discussed in chapter 4 and 5. There is a relationship between an integrated service delivery model, a strategic approach to planning and the flawless delivery of municipal services.

There is a need for a strategic approach to development planning in ensuring delivery of municipal services. Service delivery mechanism model will assist the uMgungundlovu District Municipality to improve service delivery, meet targets set out in its Key Performance Indicators (KPIs).

8.3 STUDY OBJECTIVES

With reference to the methodology objective of the research (chapter 1) the following discussions are drawn:

8.3.1 Objective 1: To critique element that are contributing to municipal distress.

Matebesi (2007) states that “municipal distress is municipality’s faltering ability to deliver services, to manage their institutions and to engage in empowering public engagement with communities.” The major findings were that the quality of service

delivery was moderately to standard. This was mainly attributed to inadequate and disintegrated planning strategies and service delivery model. In addition human resource issues, governance, monitoring and evaluation, community needs vs. municipal plans, alignment of the IDP and the municipal performance plans, high percentage of non-revenue water, revenue collection strategy and infrastructure funding model (unsustainable DBSA loans) were causes of concern.

The research concluded that the quality of service delivery by uMgungundlovu District Municipality fell short of community expectations. The need to strategically assess and plan the most appropriate forms of service delivery cannot be overemphasized. A number of municipalities are facing serious challenges in implementing service delivery options that will enhance service delivery. Effective services delivery can be achieved when service provision responds to effective demand and all residents have access to services provided. Efficient service quality delivery and management ensures that the level and mix of services provided match the effective demand of all consumers, (Dellinger 1993).

While its cannot be said that uMgungundlovu District Municipality is in a complete distress mode, but there are elements that suggests that the municipality may fall back into distress if it does not carefully consider amongst others its funding strategy in terms of DBSA loans vs. proper use of MIG allocation and private sector involvement (PPP) where demand is beyond financial and management capacity and the municipal strategic direction in terms of infrastructure delivery plans/mechanism (service delivery model). Public Private Partnerships (PPPs) offer ways in which infrastructure investment can take place outside of the balance-sheet of a municipality. These elements will affect the functioning of uMgungundlovu District Municipality massively and may result to community protests and disgruntlements.

8.3.2 Objective 2: To critique the Municipal Systems Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanisms.

A municipality has two main options for service delivery that is the traditional internal mechanism where municipal services are produced in-house and delivered to the community. The other option entails using external mechanisms to deliver service

where another entity outside the municipality is tasked with the delivery of a service with or without control of the municipality. The uMgungundlovu District Municipality (uMDM) uses both delivery mechanisms as follows:

8.3.2.1 Internal mechanism

The uMDM has established a Project Management Unit (PMU) in the technical services department, responsible for the planning and implementation of water and sanitation infrastructure development projects.

8.3.2.1 External mechanism

The uMDM uses the services of service providers in a form of engineering consultants for infrastructure projects implementation (business plans preparation, design and contract management). The municipality has also entered into service agreement with community based organisation (e.g. Mvula Trust) in the implementation of the sanitation infrastructure projects. The municipality is also engaging in public-private partnerships (e.g. uMgeni Water) in the implementation of water infrastructure projects (Richmond Bulk Pipeline and Impendle Regional Bulk Water Project) and management of water and waste infrastructure assets.

The existing uMDM service delivery mechanism in terms of the Municipal Systems Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanisms has been sufficiently sensitive to the unique circumstances of individual communities.

8.3.3 Objective 3: To propose an infrastructure and finance model for municipal service delivery

A service delivery model is a strategy based on municipal strengths that seek to promote sustainable development. The proposed model in this study is recommended for uMgungundlovu District Municipality in terms of strategies already suggested in this study in address the following:

- a) Ensure that the IDP is ‘actual’ aligned to the municipal performance plans and continuous monitored and evaluated through the M&E process that presently doesn’t exist. The model would further ensure the alignment of the IDP and the WSDP; currently the two strategic documents are not aligned to each other. The present WSDP is out dated and was last updated in 2011. The performance plans need to be aligned the capacity of uMDM to ensure that projects can be delivered. The IDP process does not necessarily mean effective implementation and in certain municipalities the challenges of service delivery become overpowering.
- b) The model will allow uMgungundlovu District Municipality to evaluate its external environment through PEST analysis (Political, Economic, Social and Technological) as a strategic tool in order to better understand its business environment and how PEST factors will affect municipal performance in a long-run in order to be better prepared.
- c) Ensure that public participation doesn’t become a technical and procedural exercise but a people centred approach to development, that empowers communities to influence decision making process that affect them directly in their respective areas. Through community involvement, the model will seek to address tension between the communities’ immediate needs and the municipality’s development plans that are supposed to take into consideration various competing needs.
- d) The model proposes an alternative infrastructure funding strategy through private sector involvement in a form of a public-private partnership. The uMDM is dependent on government infrastructure grants e.g. Municipal Infrastructure Grant (MIG), Municipal Water Infrastructure Grant (MWIG) and Regional Bulk Infrastructure Grant (RBIG) as a source of infrastructure funding. The MIG as the main source of funding is not enough to meet uMDM infrastructure backlog.

As stated, Public Private Partnerships (PPPs) offer a way to which infrastructure investment takes place outside of the balance-sheet of a municipality (at no cost). The PPP will ensure cost-effective delivery of infrastructure or a municipal

service, through leveraging private sector expertise and absorb all risks associate with building and operating an infrastructure or a municipal service

8.3.4 Objective 4: To evaluate the Local Government Turnaround Strategy (LGTAS)

Various measures of supporting and strengthening local government have been undertaken in the past and the LGTAS is one of government strategies in turning around the present state of local government into a transparent, effective, accountable and responsive organ of state. The LGTAS pursues to advance the organizational and political enactment of municipalities and thereby improving the delivery of municipal services. According to Morule (2010) the LGTAS had specific focus of tackling challenges of governance, service delivery, infrastructure development, financial management and labour issues. The LGTAS found the following to be the root causes of municipal distress:

Factors of distress	Description
Systemic factors	Two tier system of governance, limited revenue base and demarcation
Legislative factors	Inappropriate legislation and over-or-under regulation
Political factors	Political conflicts and polarization
Accountability systems	Lack of performance management systems alignment to municipal performance plans and poor community participation mechanisms
Capacity and skills	Lack of capacity and skills. Sourcing highly skilled personnel is a major challenge
Oversight	Weak oversight
Financial	Grant dependency, low budget allocations and lack of capacity to spend infrastructure funding

Table 8.1: Root causes of municipal distress

In this study, the LGTAS has been evaluated and as discussed the uMDM is on its way to recovery and some of the above factors have been dominant within the municipality resulting to its state of dysfunctional. The State of Local Government Report (2009) states that “key point that emerged from reviews of service delivery is that progress has been uneven across the country with different issues facing different

areas, reflecting variable socio-economic conditions and municipal competence.” Municipalities were therefore been requested to adopt their own turn around plans.

The uMDM plan to recovery was the formulation of a recovery and turnaround strategy in three (3) folds that involved: 1) situation analysis, 2) short term goals and 3) long term strategic plans. The seriousness of the crisis at uMDM prolonged the municipal short term goals plan, municipality needed to restore its information technology system and boost staff morale. According to the uMDM, through the recovery and turnaround strategy the municipality has achieved the following:

- a) Financial stability
- b) Review of policies (PMS, fleet and supply chain management)
- c) Organisational review
- d) Expenditure control
- e) Financial recovery plan
- f) Infrastructure plan: R 20 million (sanitation), R 34 million (water) and R 3 million (roads).
- g) Billing system (restored)
- h) Setting up of the operations and customer care centres

The uMDM further strengthened its IGR with its family of local municipalities through the formation of clusters (technical, finance, governance) as part of its turnaround strategy, chaired by municipal managers from local municipalities. The COGTA intends to analyze all pieces of legislation that impede on service delivery and in this regard, more than 300 sections of legislation that fall under service delivery have been identified for review.

8.4 REVIEW OF LITERATURE

Lues and Lategan (2006: 20) states that “literature review investigates the information and data that have been published on a topic and considers their contribution and weakness.” In this study literature review was sourced from both published and unpublished related primary and secondary sources such as publications, legislation, policy documents, journal articles, books, papers, published and unpublished

documents, internet, government prints and review reports information that led to a better understanding of service delivery at local government level.

8.5 QUESTIONNAIRE

Babbie and Mouton (2001: 205) states that “the construction of a questionnaire requires considerable time and thoroughness as the measuring instrument has the greatest influence on the reliability of data collected.” A questionnaire was used in this study interviews to gather data. The data collection strategy was planned to ensure a high response rate and to avoid the challenges of a low response rate as with the case in mailed questionnaires. The questionnaire was designed and grouped into logically coherent sections to increase cooperation.

8.6 LIMITATIONS

The study contains certain limiting conditions, namely: external factors that may have an influence on the study, such as the commitment and willingness of participants to participate in the structured interviews. There was weakness in the research design, in its inability to manipulate the independent variables and its lack of control of the extraneous variables.

Particular municipal employees, who agreed to participate, changed their minds and the researcher had to look for participants and schedule appointments. Some municipal customers/communities were not interested in participating to the study and the only time to reach them was when they came to pay for services at the municipal customer care centres. This caused loss of valuable time and cost to the research having to travel and spend 3 days at each customer care centre.

8.7 CONCLUSION

Municipalities must formally make communities part of the municipality. The MSA defines a municipality as consisting of both the political structures and administration of the municipality and the community of the municipality while the White Paper on Local Government (1998) states that “local government must be committed in

working with communities to find sustainable ways of meeting their needs and to improve the quality of their lives.” Both pieces of legislation are promoting people centered approach to development as a way of preventing community unrest and service delivery protests.

While there are mechanisms for community involvement, literature in this study suggests that certain municipalities tends to frustrate the process of community participation and some municipality find themselves faced with a challenge of meeting community immediate needs with limited resources while having to consider their strategic developmental agenda as water services authorities and providers in the case of uMgungundlovu District Municipalities. When municipalities are unable to meet service delivery demands, they fail to engage in dialogue with communities, many of the protests are about failure of municipalities to engage with communities (Doreen, 2007: 63).

Chhabra (2008) states that “a capable public sector is grounded in principles of good governance that add public value in terms of accountability, transparency, predictability, capacity and participation.” The White Paper (2008) suggests that a municipality must find an innovative approach to service delivery with a suitable mix of service delivery options. The study found that the adoption of a municipal business model for service delivery will provide for a holistic, participatory and sustainable approach to long-term development planning. Joseph (2002) states that “huge service delivery backlogs, coupled with prohibitive costs have forced governments world-wide to rethink how they deliver services. Many have shifted away from owning, building and operating large infrastructure and other projects, to managing and regulating the private sector which is contracted to carry them out.”

Joseph (2002: 12) further states that “as municipalities begin to explore new and better ways of delivering services to everyone; they will have to do so with the needs of the community in mind. Consultation and transparency will be vital, and there is a need to consult widely before whole-scale changes are made.” The study stresses that municipalities must develop a financial strategy to deliver services (infrastructure) that enhances the leveraging off-balance sheet funding through private sector involvement (uMDM – Umgeni Water contract/MOA).

CHAPTER 9

CONCLUSION AND RECOMMENDATION

9.1 INTRODUCTION

In this chapter conclusion and recommendations are made in line with the research objectives.

9.2 CONCLUSION

Service delivery model are a well-structured planning and implementation strategy municipalities in fulfilling their mandate. This study has recognized the need for further research to expand the existing body of knowledge on how legislation impact on service delivery, the LGTAS recommended that the legislation on service delivery be reviewed. The than Deputy Minister for local government, Carrim stated that “the legislative review will result in a comprehensive overhaul of the existing pieces of legislation related to service delivery, with the sole purpose of unlocking service delivery impediments.”

The study further showed the value of integrated development planning and challenges faced by municipalities (political dichotomy, lack of developmental strategies (financial and infrastructure), poor institutional arrangements, lack of resource and absence of participatory processes in development planning. Hlongwane (2012) in Pieterse (2002) states that “there is need for a new ‘relational cultural politics’ that transcends the traditional modernist aspirations that have so awkwardly and destructively informed the large majority of failed development strategies in developing countries and in South Africa since 1994.”

Hlongwane (2012) states that “there is a need to re-imagine the future of the South African municipalities via a set of lenses that he draws from the work of Pieterse (2002) in Malik (2001).” Lenses allow municipalities to be seen as compendium of prospects (democratic municipalities). If the livelihood of people needs to be improved considerably, community involvement through participatory processes must take the centre stage. Hlongwane (2012) states that “there is a greater need for

municipalities to apply strategic planning tools in dealing with the conditions of uncertainty that municipalities face today arising from globalization and the unprecedented urbanisation of poverty. These challenges demand for the intensive use and the development of new strategies.”

The study concludes that the integrated infrastructure and finance model has a significant effect on municipal service delivery. In this Chapter, the methodology study as set out in Chapter 1 (1.6) has been completed. The conclusions have been formulated and the limitations of the research discussed. The chapter concludes with recommendations in line with the research objectives.

9.3 RECOMMENDATION

McKinley (2011) states that “the state of local government for a long time now can best be described as one of recurring crisis management, with successive rescue ‘packages’, grandiose development plans and the parachuting promises of politicians failing to do much more than keep the local government ‘mine’ from completely caving in. Whether it is Johannesburg’s long-running billing crisis, Nelson Mandela Bay’s effective bankruptcy, Cape Town’s bantustan toilet politics, Mbombela’s mafia-like politics or Xhariep’s utter failure to deliver even the most basic of services, we have now gotten to a point where the institutional, representational, participatory and delivery bedrock of our democracy is crumbling in on itself.” Recommendations are discussed in this section in line with the study objectives. The following are recommendations:

9.3.1 Objective 1: To critique element that are contributing to municipal distress

COGTA (2009) acknowledged that service delivery to citizens is hampered by complex bureaucracy and lengthy legislated processes that municipalities need to follow before any implementation could commence on the ground. The review of legislation on issues of service delivery demands immediate attention. Billing is still a big issue; the study found that the uMDM is still struggling with its billing system. The uMDM the largest number of people are still enjoying free services and are not billed while some are willing to pay for service but there is no clear direction as to

how and where to go in order to pay, the case is with people of ePhatheni under the Richmond Local Municipality where the uMDM commissioned a water scheme and the people of ePhatheni are enjoying a higher level of service (yard connection) but are not paying for services.

The supplied water is from a metered Umgeni Water bulk pipeline that is paid for by uMDM. This is therefore not sustainable and has the potential to drag the uMDM back to distress mode. The uMDM needs to restore its billing system and account for all its customers. Other water schemes in the uMDM are being implemented and will be handed over to customer billing, operation and maintenance but there seem to be no plans or provision made in terms of costs associated with operation and maintenance costs, Umgeni Water and Eskom (electricity in pump station that are managed by uMDM). This is an area of serious concern that will negatively impact the sustainability of these water schemes and cause the uMDM to go into financial distress. Low tariff rate collections will lead to deterioration of a municipal service and the inability of the municipality to maintain service and ensure service reliability.

The subject of uMDM DBSA loans has already been covered in this study. In order to borrow effectively, a municipality needs to implement measures to enhance its creditworthiness and improve the financial viability of its operations, with the ultimate goal being borrowing at the best possible rates and tenor. Karpova (n.d.) states that “borrowing is in effect, not an additional source of revenue. Achieving stable revenues is the key to a creditworthy municipality capable of further increasing its borrowing capacity and acquiring debt on favourable terms.” A municipality must find best solutions and a municipal finance model when providing a service.

9.3.2 Objective 2: To critique the Municipal Systems Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanisms

As stated under section 8.3.2.1 of this study, the existing uMDM service delivery mechanism in terms of the Municipal Systems Act (MSA) and the Municipal Financial Management Act (MFMA) on municipal service delivery mechanisms have been sufficiently sensitive to the unique circumstances of individual communities.

9.3.3 Objective 3: To propose an infrastructure and finance model for municipal service delivery

Municipal services must be sustainable and municipal business models are at the core of sustainable service delivery. A clear link must be established between service provision and cost, and only then will future continuation of the service be ensured. Joseph (2002: 12) states that “the idea of partnership is the key to the post-apartheid dispensation in South Africa.”

National government grants are not sufficient in addressing service delivery backlogs. Timely delivery of municipal infrastructure is constrained by limited municipal resources therefore municipalities must form Municipal Service Partnerships (MSP) with the private sector, same as with uMgungundlovu District Municipality and Umgeni Water in the implementation of regional water bulk projects and the operation and maintenance of the municipal waste water works. The Umgeni Water provides financial relief and carries all risks associated with the provision of the service.

9.3.4 Objective 4: To evaluate the Local Government Turnaround Strategy (LGTAS)

The uMDM is at the implementation stage of its recovery and turnaround plan and has achieved eight (8) outcomes emanating from its recovery and turnaround strategy. While the uMDM is celebrating its achievement in the implementation of its turnaround plan, issues discussed under this study in section 9.3.1 possess great risks to the uMDM recovery and turnaround strategy. The uMDM will need to monitor and evaluate its recovery and turnaround strategy against its service delivery plans and development strategies.

McKinley (2011) states that “given the generalized political and administrative chaos inherited at the local level, combined with the massive lack of both human and fiscal resources to actually carry out designated ‘delivery’ functions, national government would need to provide sustained fiscal, infrastructural and administrative/capacity support to local government.” An out of the box thinking at local government is needed in terms of the correct model for service delivery.

10. LIST OF SOURCES

Accelerated and Shared Growth Initiative for South Africa. (2006). **Transformation.** O'Malley's Political Interviews. Online: www.nelsonmandela.org/omalley

Afesis-corporation (2011). **The local governance programme:** An internal Discussion document. East London: Afesis-corporation

Afesis-corporation (2011). **The local governance programme:** An internal Discussion document. East London: Afesis-corporation.

African National Congress (ANC). (1994). **Reconstruction and development programme: A policy framework.** Johannesburg: Umanyano Publication.

Alchian, T.M. (2005). **Basic issues in public administration and management: The new public administration approach.** Englewood Cliffs, New Jersey: Prentice-Hall In.

Andersen, H. V. and Lawrie, G. (2002) **Examining Opportunities for Improving Public Sector Governance through Better Strategic Management.** 2GC Working Paper (www.2gc.co.uk).

Atkinson, D. (2007). **Taking to the Streets: Has Developmental Local Government failed in South Africa,** in Buhlungu, Sakhela, Daniel Johnson, Southall Roger and Lutchman Jessica (eds), State of the Nation South Africa. Cape Town: Human Science Research Council Press

Auditor-General Presentation to SALGA, 26 June 2006 and News Release, 10 July 2006

Babbie, E. and Mouton, J. (2006). **The Practice of Social Research:** South African Edition. Cape Town: Oxford University Press.

- Bell, T. (2001). **Government will have to come up with an alternative to privatization.** Business Report, 4 May.
- Berg, B.L. (2006). **Qualitative Research Methods for Social Science.** 6th ed. New York. Pearson.
- Bhorat, H. (2003). **Labour market challenges in post-Apartheid SA.** Paper presented to EFSA colloquium. Cape Town.
- Billand, C.J. (2006). **Expanding Local Government Resources for Capital Projects through Municipal Borrowing and other Market-Based Financing.** Global Urban Development. Vol. 2. Issue 1. Washington DC.
- Boex, J. (2001). **An introductory overview of Intergovernmental Fiscal Relations.** Atlanta: World Bank Institute/Georgia State University.
- Bond, P. (2002). **Local Economic Development Debates in South Africa.** Municipal Services Project Occasional Paper 6.
- Botes, L., Lenka, M., Marais, L., Matebesi, Z. and Sigenu, K. (2007). **The New Struggle: Service-Related Unrest in South Africa.** Bloemfontein: Centre for Development Support.
- Botes, P.S., Brynard, P.A., Fourie, D. J. and Roux, N. L. (1997). **Public Administration and Management: A Guide to Central, Provincial and Municipal Management and Administration.** Kagiso Tertiary. Pretoria.
- Bovaird, T. and Loffler, E. (2002). **Moving from excellence models of local service delivery of benchmarking good local governance.** Journal of International Review of Administrative Sciences. 68(2002). 9-24.
- Bryman, A. and Bell, E. (2007). **Business Research Methods.** 2nd ed. New York. Oxford.

Brynard (1996) in Kakumba and Nsingo, **Journal of Public Administration**, Vol 43. Number 2, June 2008. P 44.

Bureau of Market Research. **Research report 3/19 on Minimum Living Levels**. Unisa, Pretoria.

Business Day, 12 June 2006 and 4 July 2006. **Auditor-General Municipal Debt Report**

Cape Times, 27 June 2006. **Auditor-General Municipal Debt Report**

Certo, S. C. and Peter, P. J. (1991). **Strategic Management: Concepts and Applications**. McGraw Hill. New York.

Chhabra, S. (2008). **A governance framework for the Commonwealth: Organizing to deliver** (concept paper). London: Commonwealth Secretariat.

Chikulo, B.C (2003). **Development Policy in South Africa: A Review**. DPMN Bulletin: Volume X. Number 2.

Chwene, P. (2012). **Overview of alignment of IDP, PMS, budget and oversight**. Emperors.

Cloete, J.J.N. (1993). **Democracy: Prospects for South Africa**. Pretoria: J.L. van Schaik.

COGTA. (2011). **Strengthening Community Participation in Local Government: Challenges and Prospects**. University of Johannesburg.

Cohen, S. and Brand, R. (1993). **Total quality management in government: A practical guide for the real world**. New York: McGraw-Hill.

Cooperative Governance and Traditional Affairs (2011). **Strengthening Community Participation in Local Government: Challenges and Prospects**. University of Johannesburg.

Cooperative Governance and Traditional Affairs. (2009). **State of Local Government in South Africa. Overview Report. National State of Local Government Assessments**. Working Document. Government Print.

De Visser, J. (2005) **Developmental local government: A case study of South Africa Intersentia**: Antwerp and Oxford.

De Visser, J. (2010). **Political-administrative interface in South African municipalities assessing the quality of local democracies Commonwealth**. Journal of Local Governance Special Issue March 2010 86-101.

Department of Cooperative Governance and Traditional Affairs: **Local Government Turn Around Strategy** - Pretoria: 2009.

Department of Cooperative Governance and Traditional Affairs: **State of Local Government in South Africa** - Pretoria: 2009.

Department of Provincial and Local Government. (2004). **White Paper on Municipal Service Partnership**. Pretoria.

Department of Welfare. (2000). **National report on social development 1995 – 2000**. Pretoria: Government Printer.

Dessler, F.A. (1986). **Organization Theory**. New York: McGraw-Hill Inc.

Dilnot, P.H. (2000). **Management and organization behaviour: An analysis of quality management in serving stakeholder**. Boston: Houghton Mifflin Co.

Dilnot, P.H. (2000). **Management and organization behaviour: An analysis of quality management in serving stakeholder**. Boston: Houghton Mifflin Co.

DPLG (2007). **Municipal Infrastructure: Roles and Responsibilities of National Sector Departments, Provincial Counterparts and Municipalities**. Government Booklet.

DPLG. (2007). **Guideline: Sustainable Municipal Infrastructure Provision and Service Delivery**. Government Print. Republic of South Africa.

Dror, Y. (1968). **Public policy-making re-examined**. Stranton: Chandler Publishing Co.

Du Toit, D., Knipe, A., van Niekerk, D., Van der Waldt, G. and Dolve, M. (2002). **Service Excellence in Governance**. Sandown: Heinemann Publishers (Pty) Ltd.

Earl, N. (2001). **Public administration: Government in action**. Columbus, Ohio: Charles E Merrill Publishing Co.

Ensor, L. (2005). **Protests signal that the patience of SA's poor is wearing thin**. Business Day, 31 May 2005.

Ensor, L. (2013). **Municipal Funding Model needs a Rethinking**. Business Day (23 April 2013).

Gagnon, Y. and Dragon, J. (1998). **The impact of technology on organizational performance**. Optimum 28: 19-31.

Gaster, L and Squires, A. (2003). **Providing Quality in the Public Sector: A practical approach to improving public services**. USA. Philadelphia.

Gaster, L and Squires, A. (2003). **Providing Quality in the Public Sector: A practical approach to improving public services**. USA. Philadelphia.

Gaster, L. (1995). **Quality in Public Services: Manages' Choices**. USA. Bristol

Gates, S. (1999), **Aligning Strategic Performance Measures and Results**, Conference Board, New York, US.

Gildenhuys, J.S.H. (1997). **Introduction to Municipal Finance: A South African Perspective**. Van

Goetz, AM and Gaventa, J. (2001). **Bringing Citizen Voice and Client Focus into Service Delivery. Working Paper 138**. IDS. University of Sussex. UK. Brighton.

Goldstein, M. (2008). **Are you being served? Introduction: Why Measure Service Delivery?** The international Bank for Reconstruction and Development. Washington DC.

Goldstein, M. (2008). **Are you being served? Introduction: Why Measure Service Delivery? The international Bank for Reconstruction and Development**. Washington DC

Good Governance Learning Network. (2008). **Local Democracy in Action**. A Civil Society Perspective on Local Governance in South Africa. Cape Town (www.ggln.org.za)

Good Government Learning Network (GGLN) (2011). **Recognising Community Voice and Dissatisfaction: A Civil Society Perspective on Local Governance in South Africa**. Cape Town.

Gopane, O.M. (2012). **Effectiveness of the Eastern Cape Provincial Department of Local Government and Traditional Affairs to monitor and evaluate the performance of municipalities: A case study of Cacadu District Municipality**. A thesis submitted in fulfillment of the requirements for the degree Master of Technology in Public Management. Cape Peninsula University of Technology. Cape Town.

GTZ .(2006). **Local and Regional Economic Development: Towards a framework for GTZ's LRED Interventions in South Africa**. First Edition, 2006 written by Anja Rucker and Gabrielle Trah.

Hlongwane, N.T. (2010). **Evaluating the IDP and a Performance Management System for a selected KZN Municipality**. A dissertation submitted in partial fulfilment of the requirements for the degree of Master of Technology in Business Administration. Durban University of Technology. South Africa.

Hollands, G. (2003). **Exploring and measuring good local governance**, Afesis-corporplan. East London.

Hollands, G. (2006). **AG Report: Little Good News for Local Government**. Journal of the Local Government Transformer. Vol 12. No. 4.

Ismail, N., Bayat, S. and Meyer, I. (1997). **Local Government Management**. Thompson Publishers. Johannesburg

Joseph, C. (2002). **Improving Service Delivery**. Occasional Paper No. 8. Friedrich Ebert Stiftung. South Africa

Karamoko, J. (2011). **Community Protest in South Africa**. Trends, Analysis and Explanation.

Kaul, M. (1998). **Introducing New Approaches: Improved Public Service Delivery. Managing the Public Service Strategies for Improvement Series: No. 5**. Commonwealth Secretariat. London.

Kimemia, Peter. (2011). **Community dissatisfaction: a direct result of non-responsiveness by government**. Government Print.

Landman J.P. (2003). **Breaking the grip of Poverty and Inequality in South Africa 2004-2014**. Current trends, issues and future policy options. Matieland, Stellenbosch. South Africa.

Leighninger, M. (2009). **Democracy, Growing up. The shifts that reshaped local politics and foreshadowed the 2008 Presidential Elections.**

Leighninger, M. (2009). **Democracy, Growing up. The shifts that reshaped local politics and foreshadowed the 2008 Presidential Elections.** Occasional paper no.5

Leighninger, M. (2009). **Democracy, Growing up. The shifts that reshaped local politics and foreshadowed the 2008 Presidential Elections.** Occasional paper no.5

Local government Bulletin. (2009). Vol. 11. Issue 4.

Lues, L. and Lategan, L.O.K. (2006). **Re: search ABC.** Sun Press. Stellenbosch.

Luvuno, L.L. (2002). **Application of selected public sector management techniques to improve service delivery.** Unpublished PhD-script, Department of Public Management. Bloemfontein: University of the Free State.

Mbeki, T. (1998). **The building has begun: Government's report to the nation.** Pretoria: Government Printers.

McKinley, D.T. (2011). **A state of deep crisis in South Africa's local government.** Publication. South Africa

Memela, S, Mautjane, B., Nzo, T. (2009). **The State of Local Governance in South Africa: What Does the Local Governance Barometer tell us?** Edited by P van Hoof. IDASA. South Africa.

Miller, D.C. (1991). **Handbook of Research Design and Social Measurements.** New York: Sage Publications.

Mogale in Mhone, G. and Edigheji, O. (2004). **Governance in the new South Africa: The challenge of globalisation.** South Africa: University of Cape Town Press

Morgan, K. (2002). **A framework for community participation in the planning, implementation, monitoring and evaluation of development programmes at the local level.** Masters dissertation: university of Johannesburg.

Morule, L. (2010). **The effect of public policy research institutions in influencing government strategies.** African Case Study. African conference of think tanks, Policies for a better future. Cairo. Egypt.

Mouton, J. (2003). **The Practise of Social Research.** Cape Town. Oxford University Press.

Mukadam, S. (2011). **Corruption and Governance Programme.** ISS Cape Town.

Munnik, V. (2011). **Challenges for Rural Local Government.** Local Government Paper. The Mvula Trust. South Africa.

Munslow, B., and Fitzgerald, P. (1997). **Search for a development strategy: The RDP and beyond.** In **Managing sustainable development in South Africa**, edited by Fitzgerald, P., McLennan, A, and Munslow, B. eds. Cape Town: Oxford University Press.

Mwebe, H. (2004). **The impact of privatization on socio-economic rights and service in Africa: The case of water privatization in South Africa.** A dissertation submitted in partial fulfilment of the requirement for the degree of master of laws (LLM: Human Rights and Democratization in Africa). University of Pretoria. South Africa.

Mwita, J. (2002). **Performance Management Model. A system-based approach to public service quality.** International Journal of Public Sector Management: 13 (1): 19 – 37.

N.L. Roux and P.M. Nyamukachi. (2005). **Improvement on municipal service delivery in South Africa**. Journal of Public Administration. Vol. 40 no 4.1. University of Pretoria.

National Treasury. (2008). **Leveraging private finance**. Government Print. Pretoria.

National Treasury. (2012). **The state of local government finances and financial management as at 30 June 2012**. Fourth Quarter of the 2011/12 financial year. Analysis Document. Local Government Budget Analysis. Pretoria.

Nattrass, N. and Jeremy, S. (2000). **Unemployment and Labour Market Institutions in South Africa**. University of Cape Town.

Nel, E. (2000). **Local Economic Development in From a Tier to a Sphere: Local Government in New Constitutional order**. Johannesburg: Heinemann.

Ngcobo, S.E.C. (2006). **Consumer perceptions of e-Commerce**. Master's in Business Administration dissertation. Graduate School of Business. University of KwaZulu-Natal.

Ngcuka, A.N. (2010). **Public Private Partnership as a means to address the financing of affordable housing in South Africa**. A dissertation submitted in partial fulfillment of the requirements for the degree of Master of Development Finance. University of Stellenbosch. South Africa.

Ngubane, M.B. (2005). **An evaluation of service delivery at eNdongakusuka Local Municipality**. A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Administration. University of Zululand. South Africa.

Office of the President. (1996a). **Growth, employment and redistribution: A macro-economic strategy**. Pretoria: Office of the President. (1996b). **Rural development strategy: Putting rural people in charge**. Pretoria: Office of the President.

Peppers, D. and Rogers, M. (2005). **Return on Customer: Creating Maximum Value from Your Scarcest Resource**. New York: Doubleday.

Pillay, P. (2001). **South Africa in the 21st Century: Some Key Socio-Economic Challenges**. Friedrich Ebert Stiftung. Craighall. South Africa.

Powell, D. (2009). **What is wrong with local government?** The magazine of local government. October 2009.

Public Works (2014). **Guidelines for the implementation of labour intensive infrastructure projects under the Expanded Public Works Programme (EPWP)**. 3rd Edition. Working Draft. Government Print.

Rakabe, E. (n.a.). **The State of Fiscal Stress in South Africa's Provinces: Improving fiscal performance**.

Ramsingh, O.R. (2008). **The Challenges of Reconstructing the Public Service after Conflict: The Case of the Republic of South Africa**. Unpublished.

Remenyi, D. (2003). **Central Ethical consideration for masters and doctoral research in business and management studies**. South African Journal of Business Management. 25(3): 109-118.

Republic of South Africa (1995). **The White Paper on Public Service Delivery**. Pretoria: Government Print.

Republic of South Africa (1996). **Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)**. Pretoria/Johannesburg: Government Printers.

Republic of South Africa (2002). **Local Government Municipal Systems Act, (Act 32 of 2002)**. Pretoria/Johannesburg: Pretoria/Johannesburg Government Printers.

Rossi, F.M., Zito, M and Costanzo, A. (2012). **How to prevent distress in local government: a new model applied in Italy.** Advanced Research in Scientific Areas. University of Salerno and Cassino. Italy.

ROUX, NL. (2005). **Unrest at the local sphere of government in South Africa: Unrealistic expectations or the inability to implement policies.** South Africa: University of Pretoria.

Sawalha, M. (2015). **Public Private Partnership in Jordan.** Online: <http://www.tamimi.com/en/magazine/law-update/section-11/december-january-2/publicprivate-partnership-in-jordan.html>. Schaik. Pretoria.

Sebugwawo, M. (2011). **Advancing participatory democracy and development in South Africa: towards a new strategy of governance.** Afesis-corporation: An internal Discussion document. East London: Afesis-corporation.

Sender, J. (2000). **The Struggle to Escape Poverty in South Africa.** London: Routledge

series estimates of distribution and poverty. Paper delivered to the Conference of the Economic

Shah, A. (2005). **Public Services Delivery: Public sector, governance and Accountability Series.** International Bank for Reconstruction and Development. Washington DC.

Skenjana, N. (n.a). **Promoting good governance.** Afesis-corporation. Online: www.afesis.org.za/localgovernance.

Sibanda, M.M. (2012). **Monitoring customer-focused quality service delivery in local government. Conceptual issues and perspectives for consideration.** Journal for Africa Public Service Delivery and Performance Review (APSDPR). Vol. 1, Issue 1. Independent Service Delivery Monitoring Network. South Africa.

Society of SA. 17 – 19 September 2003. Stellenbosch.

Sokupa, T. (2009). **Let us have better co-ordination of inter-governmental relations.** The Transformer. Johannesburg. South Africa.

Somavia, J. (2003). **Job creation essential to halve poverty.** In Financial Times. London.

South Africa. **Constitution of the Republic of South Africa**, 1996 (Act 108 of 1996).

South Africa. Local Government: **Municipal Structures Act**, 1998 (Act 117 of 1998).

South Africa. Local Government: **Municipal Systems Act**, 2000 (Act 32 of 2000).

South Africa. Local Government: **The White Paper on Local Government Service Partnerships**, 2000. Government Gazette. No. 21126. Government Printers. Pretoria.

South Africa's Best in Local Government. (2012). **uMgungundlovu District Municipality: Filled with Possibility.** Essential Edition. Online: www.essentialmag.co.za

South African Local Government Association (2007). **SALGA National Conference 2007.** Pretoria. SALGA.

South African Reserve Bank. (2003). **Data series on growth.** Pretoria.

Stiefel, M. and Wolfe, M. (1994). **A voice for the excluded: Popular participation in development;** Utopia or Necessity. London: ZED Books.

Terreblanche, S. (2002). **A History of Inequality in SA.** University of Natal Press and KMM Publishing. Pietermaritzburg.

The Reconstruction and Development Programme (n.a.). **A policy framework.**
Umanyano Publications. Johannesburg

Thompson, A. A. and Strickland, A. J. (1995). **Crafting and Implementing Strategy:** Text and Readings. Irwin. Chicago.

Van der Berg, S. (2003). **Poverty in SA – an analysis of the evidence.** Paper delivered to EFSA

Van der Berg, S. and Louw, M. (2003). **Changing patterns of SA income distribution: Towards time**

Welman, D. (2005). **Research Methodology.** 3rd Edition. Oxford University. Southern Africa.

INTERNET SOURCES

www.statssa.gov.za (19 May 2015)

www.pmg.org.za/files/docs/100204idasa.doc (17-Mar-2013)

www.issafrica.org/iss_today. (26-Nov-2013)

www.info.gov.za (08-May-2013)

<http://servicepublication.co.za/index.php/magazine/44-other/434-understanding-service-delivery-protests> (24-May-2013)

http://devplan.kzntl.gov.za/idp_reviewed_2007_8 (18-Nov-2013)

<http://www.pmg.org.za> (20-Apr-2013)

<http://www.communitylawcentre.org.za/local-government/publications/governance-in-municipalities>
(12-Nov-2013)

http://eprints.ru.ac.za/293/01/QW_Williams_MBA.pdf (25-May-2013)

www.afesis.org.za/Local-Governance-Articles/service-delivery-protests-in-south-africa-lessons-for-municipalities (18-Jan-2013)

<http://www.cogta.gov.za/cgta/index.php/news/174-yunus-carrim/282-strengthening-community-participation-in-local-government-challenges-and-prospects.html> (09-Jul-2013)

<http://www.tamimi.com/en/magazine/law-update/section-11/december-january-2/publicprivate-partnership-in-jordan.html>. (20-Jun-2015)

www.essentialmag.co.za (15-Dec-2013)

www.afesis.org.za/localgovernance (05-Apr-2013)

www.ggln.org.za (10-Oct-2013)

www.2gc.co.uk (20-Mar-2015)

www.nelsonmandela.org/omalley (15-Feb-2014)