

**An Investigation into the Effectiveness of Low and Medium Scale
Municipalities in KwaZulu-Natal**

**A Research Study Presented to the
Graduate School of Business Leadership**

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FINAL RESEARCH REPORT

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Declaration

I hereby declare that this research report is my own work, except to the extent indicated in the text and reference. It is being submitted in partial fulfillment for the degree of Master of Business Leadership at the University of South Africa. It has not been submitted before for any degree or examination in any other University.

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Abstract

The purpose of this study is to investigate the impact of financial management, governance and service delivery levels on the effectiveness of municipalities in KwaZulu-Natal (KZN) for the financial Year, July 2008 to June 2009. The study is descriptive in nature, using a quantitative technique of surveys via questionnaires to collect data from chief financial officers (CFOs) from low and medium capacity municipalities in KZN. Regarding the level of financial management, corporate governance and service delivery and the impact on effectiveness of municipalities, the results indicate there are areas of low and high levels of financial management, corporate governance and service delivery in the municipalities. There are some areas in which the municipalities are effective and other areas that need attention. This implies that there is not a 100% state of efficiency with respect to policies and procedures. The difficulty in carrying out research of this scope to investigate the impact of financial management, governance and service delivery levels on the effectiveness of municipalities is that it cannot be measured with absolute certainty. In addition, municipalities may be influenced by political powers and this is also difficult, perhaps impossible, to measure. The study is an important contribution to developing what should be done by municipalities in KZN to be effective i.e. in developing a framework for success in terms of financial management, governance and service delivery.

Contents

Chapter 1: Orientation	1
1.1 Introduction.....	1
1.2 Purpose or Objectives of Research	4
1.3 Statement of Problem.....	5
1.4 Definitions	6
1.4.1 Financial Management	6
1.4.2 Corporate Governance	6
1.4.3 Basic Municipal Service.....	7
1.5 Delimitation of the Study	8
1.6 Importance of the Study	8
1.7 Limitations of the Study	16
1.8 Chapter Outline	17
Chapter 2: Theoretical Framework	18
2.1 Introduction	18
2.2 The Environmental Analysis Approach.....	19
2.3 The Stakeholder Management Approach.....	20
2.3.1 The Role of Municipalities	21
2.3.2 The Role of Internal Audit Unit	22
2.3.3 The Role of Audit Committees	22
2.3.4 The Role of National Treasury	23
2.3.5 The Role of Department of Cooperative Governance and Traditional Affairs (COGTA)	23
2.3.6 The Role of Auditor General	24
2.3.7 The Role of South African Local Government Association.....	24
2.3.8 The Role of Provincial Government in South Africa	25
2.3.9 The Role of Provincial Treasury	25
2.4 The Legislative Compliance Approach	26
2.4.1 The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)	26
2.4.2 Division of Revenue Act (DORA), 2010	26
2.4.3 The Local Government: Public Finance Management Act (PFMA), 1999	27
2.5 Conclusion	30
Chapter 3: Literature Review	31
3.1 Introduction	31
3.2 The State of Local Government Worldwide.....	31
3.2.1 Enhancing efficiency in Australian Local Government	31
3.2.2 Municipal Financial Situation in Spain.....	32
3.2.3 A Strategic Framework for Outsourcing – An International Perspective.....	33
3.3 The State of Local Government within South Africa	34
3.3.1 Strategic Position of Local Government	34
3.3.2 Local Government Failures	36
3.3.3 Strategic Intervention by Local Government	38
3.3.4 Responsibility for Financial Risk Management.....	40
3.3.5 Enhancing Service Delivery in Local Government	41
3.3.6 The Foundation of Good Governance	45
3.3.7 Enhancing Institutional Capability of Municipalities for Service Delivery	47
3.3.8 Soweto Community Case Study	49

3.3.9 Strategies for Improving Service Delivery in the Vhembe District, Limpopo.....	50
3.4 The State of Local Government in KZN.....	51
3.4.1 Causes of Poor Service Delivery in KZN.....	51
3.4.2 The Role of Amakhosi (Traditional Leaders) in KZN.....	52
3.4.3 Good Governance and Ubuntu in KZN	54
3.4.4 Community Participation in EThekweni Municipality	56
3.4.5 Water Delivery in Pietermaritzburg	57
3.4.6 An Evaluation of Service Delivery at Endondakusuka Local Municipality.....	58
3.4.7 The Impact of the Organisational Structure of uMgungundlovu District Municipality on Service Delivery	60
3.5 Conclusion	61
Chapter 4: Research Methodology.....	62
4.1 Introduction	62
4.2 Research Design.....	63
4.3 Sample Selection	64
4.4 Research Instruments	68
4.5 Data Collection.....	68
4.6 Ethical Issues	69
4.7 Validity, Reliability and Consistency.....	69
4.8 Relevance	70
4.9 Limitations	71
4.10 Conclusion	71
Chapter 5: Research Results	72
5.1 Introduction	72
5.2 Final Sample Size and Population	72
5.3 Municipal Capacity Results	73
5.4 Financial Management Results	74
5.5 Corporate Governance Results.....	76
5.6 Service Delivery Results	78
5.6.1 Level of Satisfaction with Current Service Delivery Performance	78
5.6.2 The Change in Service Performance Level.....	78
5.6.3 Confidence in the municipality to provide service	78
5.6.4 Challenges/Priorities	79
5.6.5 Perceived Customer Service Level Satisfaction.....	79
5.7 Descriptive Statistics	79
5.8 Reliability Analysis.....	80
5.9 Kolmogorov’s SmirNov Test.....	80
5.10 Hypothesis Testing – Main	81
5.10.1 Financial Management	81
5.10.2 Corporate Governance	83
5.10.3 Service Delivery.....	85
5.11 Hypothesis Testing – Additional	86
5.11.1 Low and Medium municipalities – Municipal policies and procedures	86
5.11.2 Low and Medium municipalities – Service Delivery	87
5.11.3 Low and Medium municipalities – Challenges/Priorities	88
Chapter 6: Discussions, Conclusions and Recommendations	89
6.1 Introduction	89

6.2	General Discussion	89
6.2.1	Financial Management Discussion	89
6.2.2	Corporate Governance Discussion	91
6.2.3	Service Delivery Discussion.....	93
6.3	Difficulties in carrying out Research	93
6.4	Further Research	94
6.5	Recommendations	94
6.6	Conclusions.....	96
6.6.1	Financial management.....	96
6.6.2	Corporate governance	97
6.6.3	Service delivery.....	97
7.	References	98
8.	APPENDICES	103
	Appendix A: Total Number of Municipalities per Province	103
	Appendix B: Schedule of Municipalities in KwaZulu-Natal	104
	Appendix C: The Municipal Environment.....	109
	Appendix D: Structure of South Africa’s Spheres of Government	110
	Appendix E: Municipal Structure	111
	Appendix F: Questionnaire	112
	Appendix G: Financial Management Results.....	118
	Appendix H: Financial Management Trends.....	131
	Appendix I: Corporate Governance Results	132
	Appendix J: Corporate Governance Trends	143
	Appendix K: Satisfaction with current service delivery performance	143
	Appendix L: Change in the service performance level	144
	Appendix M: Confidence in the municipality	145
	Appendix N: Challenges/Priorities	146
	Appendix O: Perceived level of customer satisfaction	148
	Appendix P: Descriptive Statistics for Financial Management, Corporate Governance and Service Delivery	150
	Appendix Q: One-Sample Kolmogorov-Smirnov Test	152
	Appendix R: Financial Management Test Statistics	154
	Appendix S: Corporate Governance Test Statistics	155
	Appendix T: Service Delivery One-Sample Statistics	156
	Appendix U: Service Delivery One-Sample Test.....	157
	Appendix V: Mann Whitney U Test – Municipal policies and procedures.....	158
	Appendix W: Mann Whitney U Test – Service Delivery	159
	Appendix X : Independent Samples Test	159

List of Tables:

Table 1.1: Most Vulnerable Local Municipalities in South Africa

Table 2.1: Municipal Stakeholders

Table 2.2: Roles within a Municipality

Table 4.1: Schedule of Low & Medium Municipalities in KZN

Table 4.2: Schedule of Low Municipalities in KZN

Table 4.3: Schedule of Medium Municipalities in KZN

Table 5.1: Frequency – Capacity of municipalities

Table 5.2: Frequency – Municipal Manager (MM) Appointment at Municipalities

Table 5.3: Frequency – Council Prioritisation

Table 5.4: Cronbach's Alpha Range

Table 5.5: Questions for Low Level of Financial Management

Table 5.6: Questions for Low Level of Corporate Governance

Table 5.7: Questions for Differences of Municipal Procedures and Policies

List of Figures:

Figure 1.1: Major Service Delivery Protests in South Africa

Figure 1.2: Percentage of Municipalities in South Africa

Figure 1.3: Vulnerable Municipalities in South Africa

Figure 1.4: Municipalities in KZN

Figure 1.5: Low and Medium Scale Municipalities in KZN

Figure 2.1: The Theoretical Framework for Municipalities

Figure 3.1: The Ubuntu Model

Figure 3.2: The Service Delivery Model

Figure 5.1: The Capacity of the Municipality

Figure 5.2: The Appointment of MM of Municipality

Figure 5.3: Council Prioritisation

Abbreviations:

ANOVA	Analysis of Variance
CFOs	Chief Financial Officers
CDWs	Community Development Workers
CGM	Corporate Governance Model
COGTA	Department of Corporate Governance and Traditional Affairs
DBSA	Development Bank of Southern Africa
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDP	Integrated Development Plan
KZN	KwaZulu-Natal
LGTAS	Local Government Turnaround Strategy
MECs	Members of Executive Council
MGM	Market Governance Model
MIG	Municipal Infrastructure Grant
MIIF	Municipal Investment and Infrastructure Framework
MM	Municipal Manager
NGM	Network Governance Model
PCC	President's Coordinating Council
PGM	Procedural Governance Model
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SPSS	Statistical Package for Social Sciences

Chapter 1: Orientation

1.1 Introduction

The two primary objectives of local government as outlined by the Constitution of South Africa 2004, Section 151 & 152), are:

1.1.1 To provide democratic and accountable government for local communities; ensure the provision of services (water, electricity, sanitation, housing) in a sustainable manner; promote social and economic development; promote a safe and healthy environment, and encourage the involvement of communities and community organisations in matters of local government

1.1.2 As the local sphere of government consists of municipalities which must be established for the whole of the territory of the Republic, each municipality must strive, within its financial and administrative capacity, to achieve the objectives as set out in point 1.1.1 above.

The aim of this chapter is therefore to assess whether municipalities as part of local government are achieving these objectives, with particular focus on KZN for the financial year, July 2008 to June 2009.

According to the Department of Corporate Governance and Traditional Affairs (COGTA, 2009), a central challenge for the many new institutions of local government has been their viability and ability to build strong organisations capable of delivering on the principles of Section 153 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, to promote the social and economic development of the community, and participate in national and provincial development programs.'

Therefore 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.

Local government in South Africa has contributed to the achievement of a number of significant social and economic development advances, since the South African Democratic elections in 1994. The majority of people have since had increased access to a wide range of basic services, and more opportunities have been created for their participation in the economy through employment opportunities.

However, COGTA (2009) argues that there is a risk that the overall positive progress and success of the new local government system in South Africa is increasingly being overwhelmed by a range of factors and negative practices both internal and external to municipalities. Consequently, the Department of Corporate Governance and Traditional Affairs have identified emerging trends which have necessitated in-depth analysis. Firstly, is the low level of confidence in local government. The negatives overshadow overall progress of the local government system and the good practices in many municipalities are not always consistent (for example, Vuna Award winners excel one year and do badly the next year), Good or even satisfactory practices are not institutionally bound but almost always dependent on a few leaders and personalities.

Secondly, is that practice does not match policy intent. The objects of developmental local government Constitution are to provide democratic and accountable government for local communities; to ensure provision of services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment; and to encourage the involvement of communities and community organisations in the matters of local government. Each of these aspects is being addressed only in a limited way by most municipalities and not equitably for all residents within specific municipalities.

Thirdly, differentiation is not adequately defined or addressed. This is evident from the establishment, consolidation and sustainability trajectory timeframes that have been unrealistic; the categorisation of municipalities which has not been comprehensive enough to develop targeted support strategies; and the differences between municipalities which are not fully appreciated. The interventions were also not tailored to achieve specific outcomes in the different categories of municipalities.

Fourthly, is the trend of uneven appreciation of the role of local government. Municipalities are often undermined by national and provincial government policies and processes (e.g. taking the blame for housing policy failures) and state-owned entities disregard the needs of municipalities. The lack of a differentiated approach in policies and programmes undermine achievements of poorer municipalities and critical information is not shared with other municipalities. In addition the objectives of integrated development and inter-sectoral alignment are not properly pursued with municipalities.

Lastly, are the weak support and oversight of local government. The fragmentation of local government regulation between different national departments has resulted in fragmented coordination and support which has been weak within municipal areas. The role of provinces in support and oversight is poorly institutionalised and provinces also have differentiated capacities. They need to be supported to effectively account for local government performance and for provincial support across provincial sector departments. The support from COGTA, provincial and national treasury has also been inadequate and fragmented with no enabling framework for more effective oversight by communities. This has resulted in the lack of separation between legislative and executive components in municipalities.

As municipalities falter in the performance of their core functions, the social distance between citizens and the state deepens, creating mistrust, frustration and a loss of confidence in government in the most seriously affected areas. In an effort to turn the tide in local government, the LGTAS was initiated by the Department of Cooperative Governance and Traditional Affairs in early 2009 and from its inception set out to find the root causes of municipal dysfunctionality. The key question during the process has been: what needs to be achieved before all 283 municipalities are fully functional, efficient and sustainable? The first initiative of the LGTAS process was a series of province-wide assessments to investigate municipal performance from March to September 2009. The outcome of these assessments was a comprehensive report: The State of Local Government in South Africa (Local Government Bulletin, 2010: 7).

Reference is made to this report throughout the study as it identified various factors contributing to municipal distress, and has been an appropriate measure of effectiveness in local government. As a result of these assessments COGTA was able to outline the underlying factors for effective service delivery.

COGTA believes that the baseline for effective and responsive service delivery depends on clear and realistic policies, the appropriate allocation of powers and functions and financial resources, the performance and accountability of organs of state to implement policies, coordination between organs of state, public participation and involvement, and the level of self-reliance of communities (Local Government Bulletin, 2010).

1.2 Purpose or Objectives of Research

The purpose of this research is to investigate the impact of financial management, governance and service delivery levels on the effectiveness of municipalities in KZN.

The research objectives therefore shall be to obtain answers to the following primary research questions:

- 1.2.1 What is the level of financial management at KZN municipalities?
- 1.2.2 What is the level of governance at KZN municipalities?
- 1.2.3 What is the level of service delivery in KZN municipalities?
- 1.2.4 What should be done by KZN municipalities to be effective (developing a framework for success)?

The overall positive progress and success of the local government system in South Africa is increasingly being overwhelmed by a range of factors and negative practices both internal and external to municipalities. These factors apply to poor governance, service delivery failures, and financial management capacity. There are also unique challenges in the varying spatial locations of municipalities. For

example there are differing challenges in relation to rural and urban environments, availability of human resource capacity, degree of economic activity and overall institutional strength (COGTA, 2009).

1.3 Statement of Problem

The research problem can be stated as, **“What effect do financial management, governance and service delivery have on the effectiveness of municipalities in KZN?”**

When a municipality cannot or does not fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive may intervene by taking appropriate steps to ensure fulfilment of that obligation, including: issuing a directive to the municipal council, describing the extent of the failure and steps required to meet the obligations, assuming responsibility for the relevant obligation, dissolving the municipal council, and appointing an administrator (Constitution of South Africa, 2004, Section 139).

COGTA (2009: 38) revealed the most common failures that have triggered S139 provincial interventions fall into three broad categories:

- 1.3.1 Governance: political infighting, conflict between senior management and councillors and human resource management issues.
- 1.3.2 Financial: inadequate revenue collection, ineffective financial systems, fraud, misuse of municipal assets and funds.
- 1.3.3 Service delivery: breach of sections 152 and 153 of the Constitution which outline service delivery obligations of municipalities.

The problem areas cited as cause for intervention are symptomatic of problems within municipalities across the country. The provincial assessment reports have provided substantive evidence of various serious irregularities, corruption, fraud, financial mismanagement and related wrong-doing. The capacity of national and

provincial government to effectively resolve these matters is weak and therefore significant emphasis needs to be placed on this matter in the turn-around strategy.

1.4 Definitions

1.4.1 Financial Management

With regard to financial management, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically; that full and proper records of the financial affairs of the municipality are kept according to prescribed norms; that the municipality has and maintains effective financial and risk management as well a system of internal audit; that unauthorised, irregular or fruitless and wasteful expenditure is prevented; that disciplinary or criminal proceedings are instituted any official whom has committed an act of financial misconduct (Municipal Finance Management Act, 2003).

1.4.2 Corporate Governance

The characteristics of good governance are citizen participation, respect and adherence to the rule of law, transparency, government responsiveness, consensus among government and different stakeholders, equity and inclusiveness, effectiveness, efficiency and accountability. These characteristics assure that corruption is minimised, the views of minorities taken into account, and that the voices of the most vulnerable in society are heard in decision-making (Muller, 2008).

Corporate governance in a municipality is concerned with the processes and procedures that act as boundaries for acceptable behavior and lead to the desired outcomes of service delivery. The above definition means that a council should ensure that service delivery is performed in the most economical, efficient and

effective manner and that there is conformance to all the relevant legislation applicable to the municipality (De Villiers, 2007).

Corruption is defined as the exercise of official powers against public interest or the abuse of public office for private gains. Public sector corruption is a symptom of failed governance. Here, we define “governance” as the norms, traditions and institutions by which power and authority in a country is exercised, including the institutions of participation and accountability in governance, mechanisms of citizens’ voice and exit, and norms and networks of civic engagement; the constitutional-legal framework and the nature of accountability relationships among citizens and governments; the process by which governments are selected, monitored, held accountable and renewed or replaced; and the legitimacy, credibility and efficacy of the institutions that govern political, economic, cultural and social interactions among citizens themselves and their governments (Shah, 2006: in press).

1.4.3 Basic Municipal Service

A municipal service means a service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment (Municipal Finance Management Act, 2003).

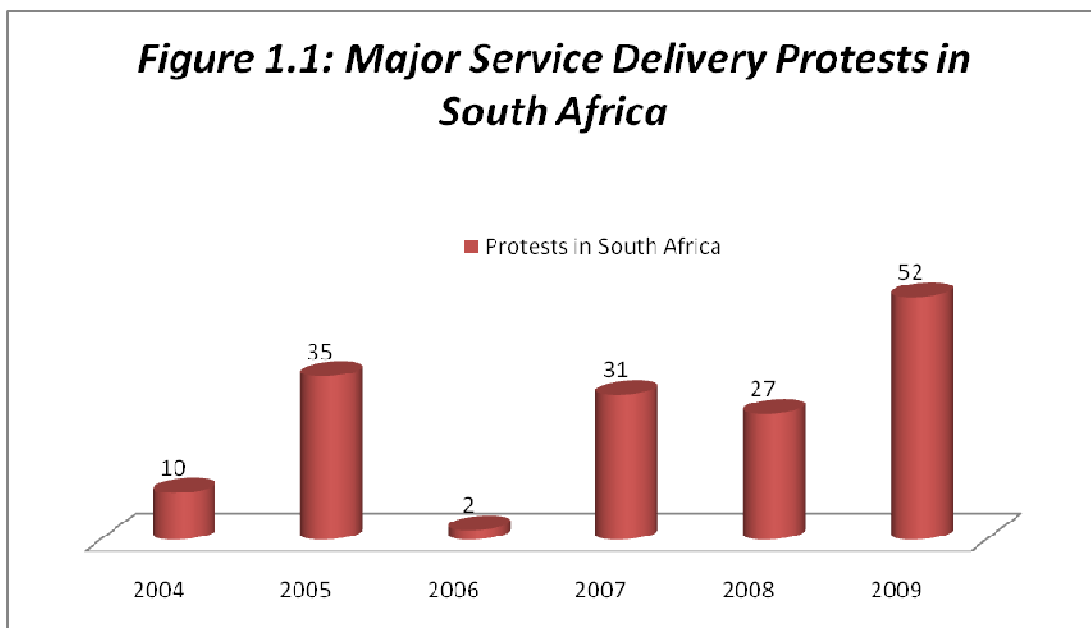
A municipality must give effect to the provisions of the Constitution and give priority to the basic needs of the local community; promote the development of the local community; ensure that all members of the local community have access to at least the minimum level of basic municipal services; ensure that municipal services are equitable and accessible and provided in a manner that is conducive to the prudent, economic, efficient and effective use of available resources; work towards the improvement of standards of quality over time; be financially sustainable; be environmentally sustainable; and be regularly reviewed with a view to upgrading, extension and improvement (Municipal Systems Act, 2000).

1.5 Delimitation of the Study

The scope of the research is to investigate the impact of financial management, governance and service delivery levels on the effectiveness of municipalities (low and medium capacity only) in KZN for the financial year, July 2008 to June 2009. This involves obtaining answers to what is the level of financial management; what is the level of governance and what is the level of service delivery in KZN municipalities. Also part of the study is to infer what should be done by KZN municipalities to be effective.

The study does not investigate the impact of financial management, governance and service delivery levels of high scale municipalities. It is not an assessment of the municipalities' finances, nor is the study aimed at the perceptions of the communities' view of financial management, corporate governance and service delivery. The study does not involve surveying other departments and divisions within municipalities, for example corporate, technical, and community service departments.

1.6 Importance of the Study



(State of Local Government Overview Report 2009: 31)

The number of major service delivery protests has increased by almost 100% from 2008 to 2009, from 27 to 52 as illustrated in Figure 1.1 above. This is indicative of a more unsatisfied community, making the study that the researcher is undertaking vital in investigating the underlying state of service delivery at municipalities. It can be seen from Appendix A, Total Number of Municipalities per Province, that KZN has the highest number of municipalities, in the country with a total of 61.

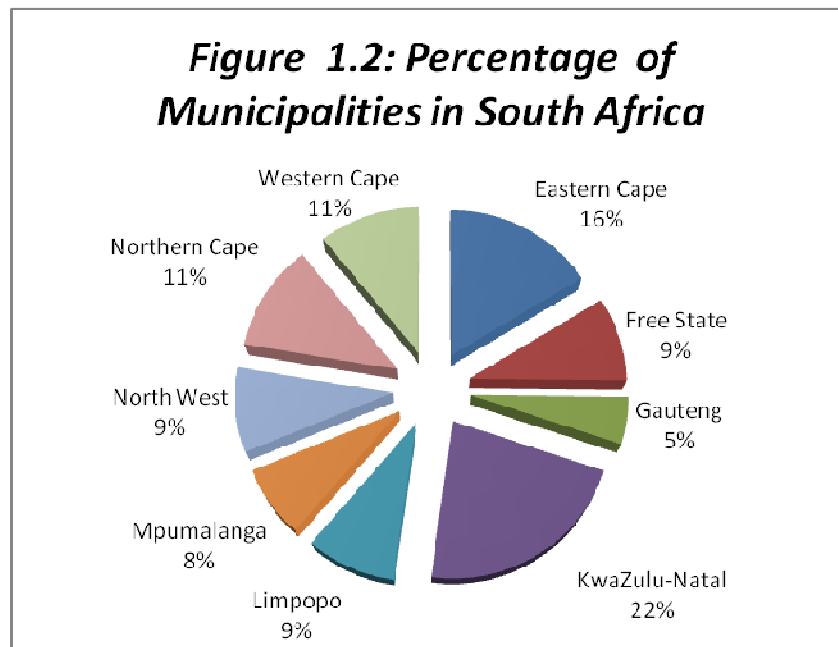


Figure 1.2 above depicts the percentage of municipalities within South African provinces. The province with the highest percentage of municipalities is in KZN, at 22%. This, together with the fact that it is the province in which the researcher resides and works, made KZN the focus province for the study.

The study to assess effectiveness of municipalities in KZN, on factors such as governance, service delivery and financial performance, is extremely significant as by end of June 2009, the Department of Cooperative Governance and Traditional Affairs' had identified five strategic priorities for local government (of which KZN municipalities is a part) for the term 2009 to 2014, namely to build and strengthen cooperative governance in our developing state to ensure universal access to basic services and adequate infrastructure for economic development; to promote

a clean government and develop a high level of responsiveness and accountability at all government levels; to accelerate service delivery and development to ensure that vulnerable groups receive targeted and tailored support by provinces and municipalities; to assist the institution of traditional leaders to transform into key partners with government in the development of communities in rural areas; and to foster development partnerships, social cohesion and community mobilisation in order to give meaning to cooperative governance by unleashing the energy and resources of civil society to build the country (GCIS, 2009: 267).

Table 1.1: Most Vulnerable Local Municipalities in South Africa		
LIST	Name of Municipality	PROVINCE
1	Mbhashe Local Municipality	Eastern Cape
2	Msinga Local Municipality	KZN
3	Umzumbe Local Municipality	KZN
4	Imbabazane Local Municipality	KZN
5	Maphumulo Local Municipality	KZN
6	Hlabisa Local Municipality	KZN
7	Umzimvubu Local Municipality	Eastern Cape
8	Vulamehlo Local Municipality	KZN
9	Nkandla Local Municipality	KZN
10	Nongoma Local Municipality	KZN
11	Nquthu Local Municipality	KZN
12	Ndwedwe Local Municipality	KZN
13	Mhlontlo Local Municipality	Eastern Cape
14	Engcobo Local Municipality	Eastern Cape
15	Nyandeni Local Municipality	Eastern Cape
16	Ntabankulu Local Municipality	Eastern Cape
17	Fetakgomo Local Municipality	Limpopo
18	Matatiele Local Municipality	Eastern Cape
19	Indaka Local Municipality	KZN
20	Ingwe Local Municipality	KZN

(Source: COGTA, 2009)

Table 1.1 above provides a schedule of the 20 most vulnerable municipalities in South Africa.

Vulnerable municipalities refer to those municipalities that may be financially non-viable, articulate distress via heightened levels of community protests, and be particularly vulnerable to political control and poor institutional management and compliance.

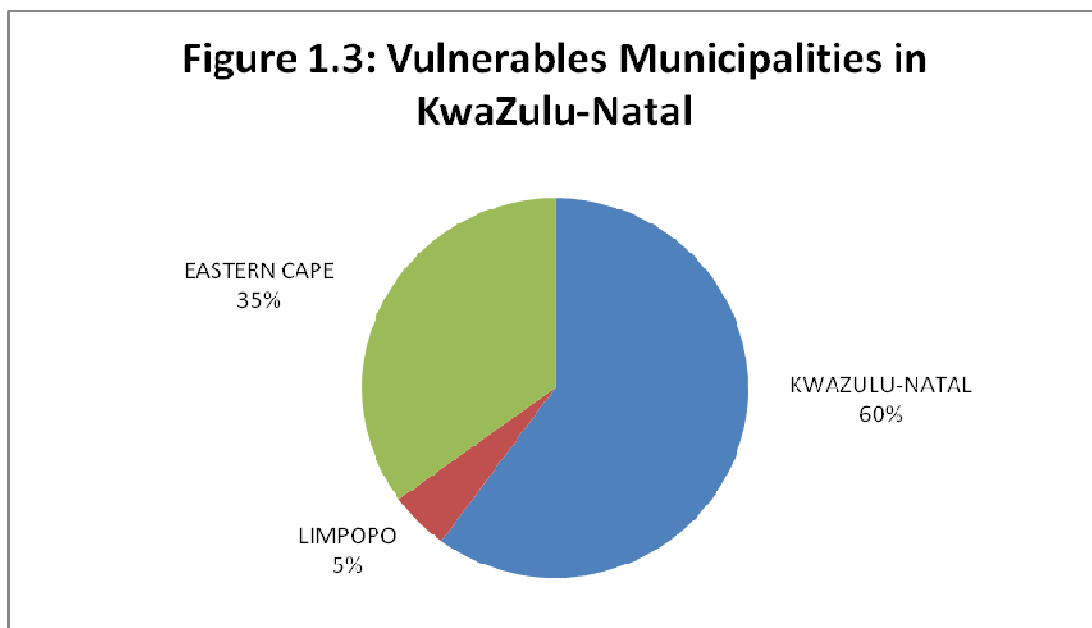


Figure 1.3 above illustrates that of the 20 most vulnerable municipalities, 60% is concentrated in KZN.

Appendix B, Schedule of Municipalities in KZN, illustrates the municipalities within KZN, categorised according to district and capacity as low, medium or high. The Capacity is determined according to income and number of rate payers. Figure 1.4 below illustrates the percentage of low, medium and high scale municipalities in KZN. High scale municipalities represent 15%; medium scale municipalities represent 26%, and low scale municipalities represent 59%.

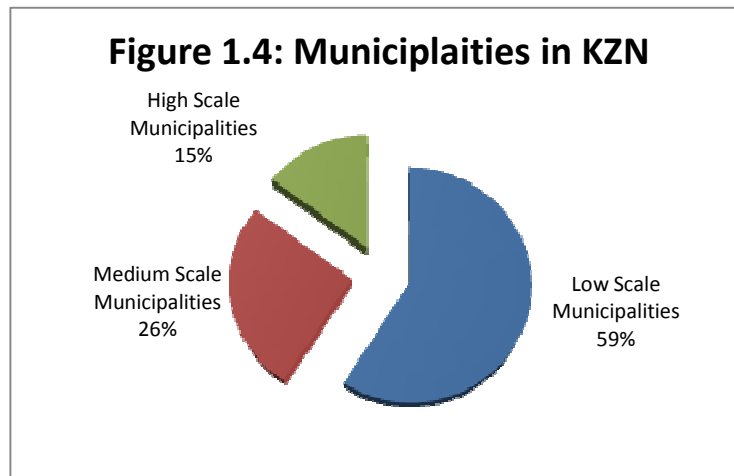
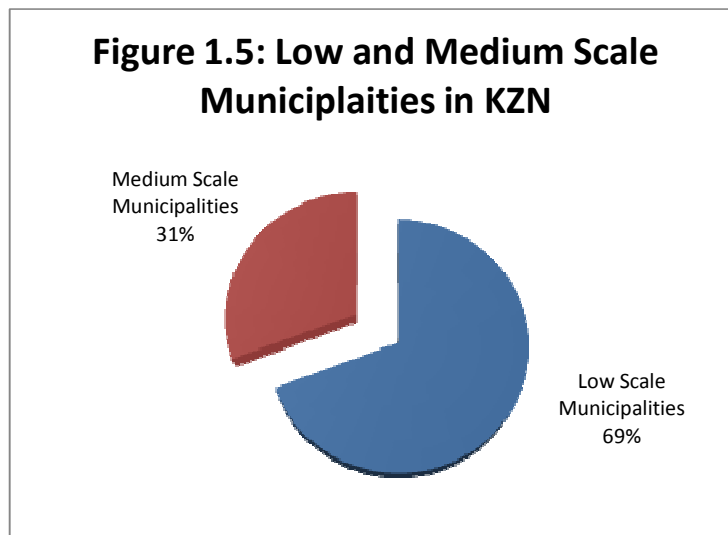


Figure 1.5 below illustrates the percentage of low, medium and high scale municipalities in KZN. Medium scale municipalities represent 31%, and low scale municipalities represent 69%.



From evidence to date, it is clear that much of local government is indeed in distress, and that this state of affairs has become deeply-rooted within our system of governance. COGTA (2009) reveals five clusters or sets of problems:

Firstly, there are municipalities where accountability to local government and the rule of law are collapsing or have collapsed. In these municipalities, the driving force for public office is profiteering or the pursuit of private interest, not serving the public good; corruption and patronage are rife and, because local people are involved, often highly visible to communities. Protesting communities frequently refer to 'corrupt councilors.' In these municipalities, effective and accountable governments are meaningless concepts, as a set of 'informal rules' replaces formal rules, systems and legal prescripts. The wrong people are appointed and the wrong culture takes root. Where corruption and patronage are endemic, money meant for the poor leaks out of the municipality into private hands as a direct cost to the poor. The legitimacy of local government is undermined, and a social chasm

opens up between the state and communities. In time this will undermine the authority and legitimacy of the state itself.

Secondly, a large number of municipalities are poorly governed and managed, or dysfunctional.. Generally these are municipalities in economically weak areas with a low skills and low revenue base that are unable to attract qualified professionals. Here, labour relations, human resource development and skills development are usually inadequate, and are thus a disincentive for qualified professionals to remain. Internal systems such as audit committees, performance management, human resource development, and asset registers are mostly fragile. Grant dependency is high, rates of revenue-collection poor, and cash-flow management inadequate; managers are often not appropriately qualified or registered professionals; and the municipality is performing few of its constitutional functions. Role confusion and conflict amongst key political office bearers or between politicians and administrators are common. Internal problems are generally matched by a low level of community trust in the municipality due to poor communication between councils and the community. There is evidence that poor governance and unresponsiveness are encouraging disengagement on the part of citizens and some citizens to withhold their rates and payment for services.

Thirdly, a “one-size-fits-all” model of local government is unrealistic given the vast differences between municipalities. Although the Constitution provides for asymmetry in the form of three categories of municipalities, by and large governance and financial management frameworks, functional arrangements, and policy targets are applied uniformly irrespective of the vast capacity and economic differences between municipalities. Policy uniformity also precludes government from achieving greater effectiveness by incentivising better performing municipalities to take on more responsibilities and stretch their performance, for instance the metros, whose audit outcomes have improved dramatically in recent years. There is thus little added incentive to being a better performing municipality. This is reflected in the intergovernmental conflicts between provinces and metros in particular over housing, transport, planning and land-use responsibilities which characterised much of the third term of government. The report and the discussions at the Indaba point to a growing recognition that a one-size-fits-all

approach to local government is ineffective and a more realistic and pragmatic model is needed over the longer term.

Fourthly, the state's capacity to supervise and support local government is inadequate. The report shows that capacity to monitor and support local government is limited, particularly in provinces. Provincial departments responsible for local government have small budgets and limited management complements. Interventions by COGTA are common, but seldom result in sustainable improvements to municipal governance and administration. Reporting systems for local government are overly elaborate and burdensome for municipalities, and there is no standardised data collection and vetting procedure, which results in duplication and sometimes large discrepancies in, for instance, statistics on backlogs. Reporting is also rarely linked to performance.

Lastly, policy failures undermine local government's effectiveness. Specific structural weaknesses in the system of government contribute to the problems experienced by municipalities. There is uncertainty about provincial government's role in service delivery, and intergovernmental conflict and competition over powers and functions between provinces and their local governments are a frequent occurrence. This is symptomatic of the fact that a cooperative government model has not succeeded in striking the right balance between securing national policy interests and protecting local government autonomy. In this regard, National targets for service delivery that apply uniformly irrespective of the economic and institutional differences between municipalities, simply set municipalities up to fail.

Key to our understanding for going forward is that government has not addressed the root causes of these failures and has to date not coordinated a forceful agenda for change arising from these lessons.

The poor state of municipalities is further revealed by COGTA's strategic priorities which they intend to implement and achieve between 2011 and 2014: a significant reduction in complaints by people regarding local government by 2011; municipal debt, which has increased to more than R41 billion, reduced by half by 2014;

greater progress in working towards a debt free society, by promoting a culture of saving and paying for services - all municipalities should have clean audits by 2014; fraud and corruption in municipalities reduced to a minimum by 2011; clean cities, through the management of waste, in such a way that it creates employment and wealth, by 2014 (the establishment and maintenance of people's parks is one such example); ward committees given the necessary powers and resources to develop and implement a ward development plan by 2011; increased and effective monitoring of service providers by public representatives, officials and communities; trained and competent councillors, traditional leaders, officials, ward committee members, community development workers (CDWs) and community activists employed by 2014; a reformed regime of remuneration and provision for tools and trade for councillors, ward committee members and CDWs by 2011; the number of service-delivery protests reduced significantly (GCIS, 2010: 266).

1.7 Limitations of the Study

- 1.7.1 The geographic spread of municipalities in KZN and time constraints made possibilities of a qualitative research via interviews impossible.
- 1.7.2 High scale municipalities within KZN are not included in the survey.
- 1.7.3 The study only focuses on KZN and not other provinces in South Africa.
- 1.7.4 Issues of financial management, corporate governance and service delivery was one-dimensional, as only the finance department of a municipality was targeted, and no other departments within the municipality, or other stakeholders such as the community.
- 1.7.5 Questionnaires have their own flaws; doubts the respondents might have cannot be clarified.
- 1.7.6 The collection of data via questionnaires was time consuming for the researcher as the CFOs were busy with preparation of the current year's annual financial statements

1.8 Chapter Outline

Chapter 1, Orientation:

Provides an overview of municipalities' functions as part of the local sphere of government; introduction of the topic, problem statement, research objectives, importance, delimitations and limitations of study.

Chapter 2, Theoretical Framework:

Provides a theoretical framework in an attempt to answer the research problem through environmental analysis, stakeholder management approach, and legislative compliance.

Chapter 3, Literature Review:

Provides an overview of the global, national and local levels of government; to investigate what strategic models have been successful/unsuccessful and why, what research has been done in the field, its limitations, and future research initiatives.

Chapter 4, Research Methodology:

Provides an outline of the methodology for the research chosen for the study: quantitative, qualitative or mixed; a description of sample size and sample instruments; and research techniques and the validity and consistency thereof.

Chapter 5, Research Results:

Presents findings, interpretation of results and conclusions.

Chapter 6, Discussion, Conclusions and Recommendations:

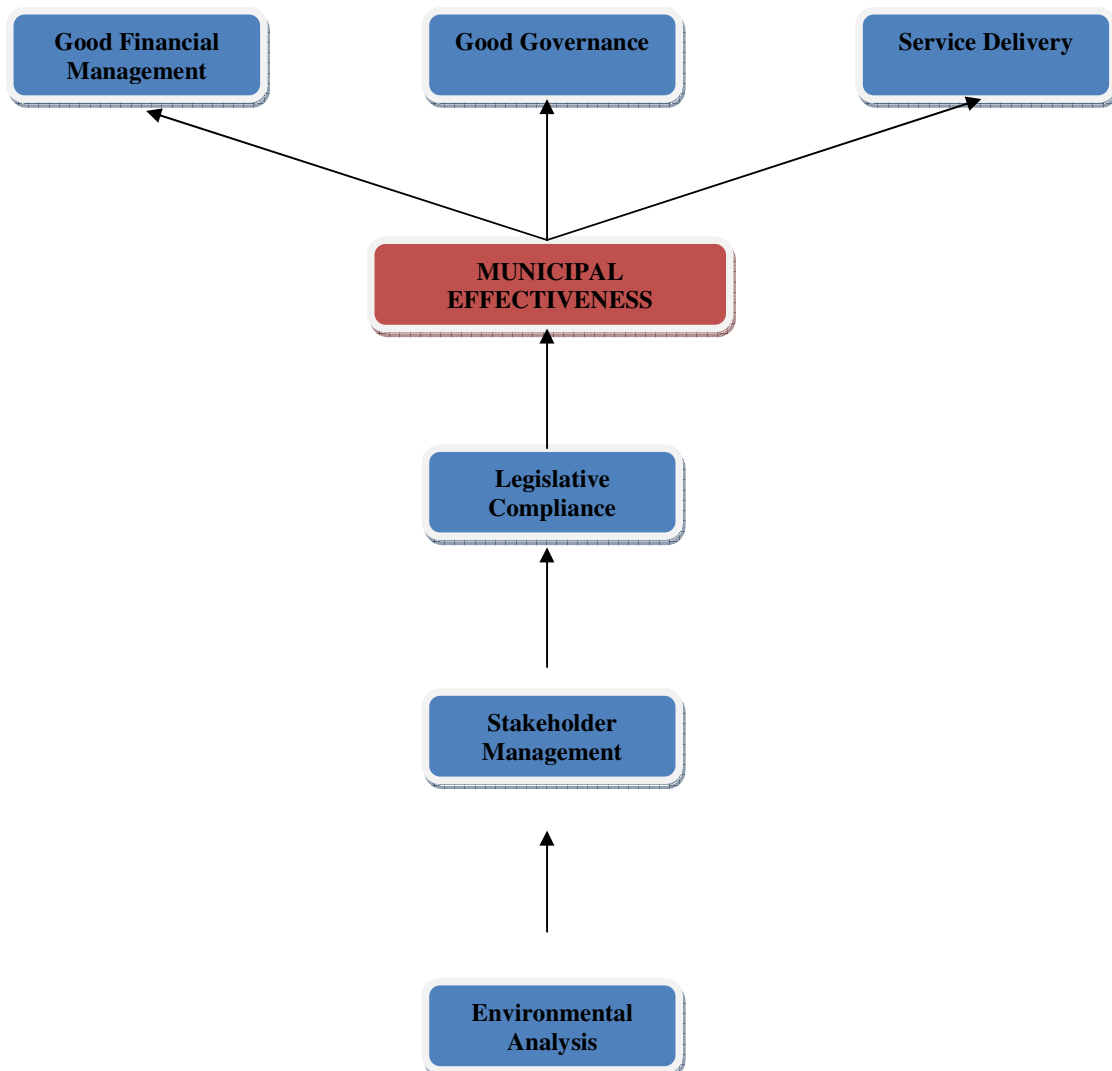
Develops a framework for municipalities in KZN to attain their objectives of good financial management, governance, and efficient service delivery; and one for addressing internal and external environmental impacts.

Chapter 2: Theoretical Framework

2.1 Introduction

As stated previously the problem statement of the research is “**What effect do financial management, governance and service delivery have on the effectiveness of municipalities in KZN?**” In order to attempt to solve this problem requires a theoretical framework which involves three components, namely, an environmental analysis, a stakeholder management approach and legislative compliance, as illustrated in Figure 2.1 below.

Figure 2.1: The Theoretical Framework for municipalities



The purpose of this chapter is firstly to illustrate how municipalities can be effective by ensuring that municipal leadership keeps abreast with changes in the internal and external environment. Secondly, to identify which are the municipalities' relevant role players in South Africa, what their purpose is, and how these role players support local government. Thirdly, is to identify and understand the legislative framework that municipalities as part of the local government sphere in South Africa must adhere to, in order to ensure compliance and accountability.

In order to address the research problem holistically this study aims to deliver a theoretical framework which municipalities in South Africa could implement in order to ensure good financial management, good governance and acceptable service delivery levels. These three components will be discussed in greater detail.

2.2 The Environmental Analysis Approach

In order to understand the place and role of a municipality in relation to higher government spheres and the surrounding environment, a successful municipal manager (MM) and his/her subordinate municipal officials as well as the responsible political office bearers should adopt an integrated environmental management approach. For easy classification of typical characteristics and challenging issues in the dynamic municipal government sphere of SA, a SWOT analysis format will be used. The acronym SWOT stands for the strengths (S) and weaknesses (W) of an institution's intra- and internal position and the opportunities (O) and threats (T) that exist in the surrounding (external) environment (Nealer, 2009).

A SWOT-analysis therefore is a technique which managers use to get an overview of the strategic position of an institution, and provides the basis upon which municipal strategy is crafted. Appendix C, The Municipal Environment, makes a distinction between the two environments within which municipalities operate, namely, institutional and external environments.

The institutional environment refers to forces within the municipality itself and necessitates intra-governmental relations between key individuals in a

municipality. These relations, whether they take place vertically or horizontally, are major contributing factors for achieving municipal outcomes and strengthening the municipality to better respond to pressures emanating from the external environment. The institutional and external environments are interdependent. The external environment of a municipality includes the physical, technological, social, economic and political environment. The municipal environment affects municipal decisions, strategies, processes and performance. The external environment consists of factors and forces which are beyond the control of municipalities, and therefore municipal leadership has to keep abreast with the changes in the external environment to enable them to achieve dynamic homeostasis (Malefane, 2008: 715).

Adopting an environmental analysis approach allows municipalities to conceptualise and reveal the reason/s for poor/good levels of service delivery (management's viewpoint); reason/s for poor/good financial management; and reason/s for poor/good governance.

2.3 The Stakeholder Management Approach

In today's local government environment there are many individuals and groups who are municipal stakeholders. The primary stakeholders of a municipality have a direct stake in the municipality and its success, and are therefore influential. Secondary stakeholders may be extremely influential as well, but their stake in the municipality is indirect. The aim or objective of stakeholder management is to ensure that the municipality's primary stakeholders achieve their objectives, and that secondary stakeholders are satisfied. The quest for stakeholder management involves answers to five questions, namely, who are the stakeholders, what are their stakes, what opportunities and challenges do they face, what responsibilities the municipality has towards its stakeholders, and what strategies and actions should be taken by the municipality to address the stakeholder challenges (Carroll and Buchholtz, 2006).

Appendix D illustrates that the local sphere comprises all municipalities in the country, the provincial level comprises the provincial government of the nine provinces within the country, and the national level comprises the legislative, executive and judicial authorities.

Therefore the first part of the stakeholder management approach is for municipalities to identify its primary and secondary stakeholders as illustrated in Table 2.1 below.

Table 2.1: Municipal Stakeholders	
Primary Stakeholders	Secondary Stakeholders
Municipal Officials including Council, Mayor, MM	National Treasury
Executive Committee	COGTA
HODs, Managers, Employees	Auditor General
Community	SALGA
Internal Audit Unit	Provincial Government
Audit Committee	Provincial Treasury

The second aspect is to analyse the stakeholders' roles and their importance in the municipalities. This is explained below.

2.3.1 The Role of Municipalities

There are 283 municipalities in South Africa. They are focused on growing local economies and providing infrastructure and services. The Constitution provides for three categories of municipalities in the Local Government Municipal Structures Act, 1998 which contains criteria for determining when an area is a category-A municipality (metropolitan municipalities) and when municipalities fall into categories B (local municipalities) or C (district municipalities) (GCIS, 2010: 269).

Table 2.2 below illustrates the responsibilities in a municipality.

Table 2.2: Roles within a municipality		
LIST	Public Sector	Roles/Responsibilities
1	Council	Ensure Overall running of organization
2	Mayor	Strategic Oversight
3	MM	Strategic Leadership
4	HODS	Execute Strategy
5	Senior Managers	Implement Strategy
6	Employees	Performance of duties
7	Community	Recipient of Services

A graphic illustration of the structure within a municipality is given in Appendix E, Municipal Structure.

2.3.2 The Role of Internal Audit Unit

Each municipality must have an internal audit unit which must prepare a risk-based audit plan and an internal audit programme for each financial year; and must advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with annual Division of Revenue Act and any other applicable legislation (Municipal Finance Management Act, 2003).

2.3.3 The Role of Audit Committees

Each municipality must have an audit committee which is an independent advisory body to the municipal council, the political office bearers, the accounting officer and the management staff of the municipality on matters relating to internal financial control and internal audits, risk management, accounting policies, the

adequacy of financial reporting, performance management, effective governance, performance evaluation and compliance with the annual Division of Revenue Act and any other applicable legislation. The audit committee must review annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality (Municipal Finance Management Act, 2003).

2.3.4 The Role of National Treasury

The National Treasury is headed by a minister who is the head of Treasury, and in the national department responsible for financial and fiscal matters. The National Treasury must promote the national government's fiscal policy framework and the co-ordination of macro-economic policy; co-ordinate inter-governmental relations; manage the budget preparation process; exercise control over annual national budgets; facilitate the implementation of the annual Division of Revenue Act; monitor the implementation of provincial budgets; promote and enforce transparency and effective management in respect of revenue, expenditure, assets, liabilities of departments, public entities and constitutional institutions (Public Finance Management Act, 1999: 9).

2.3.5 The Role of Department of Cooperative Governance and Traditional Affairs (COGTA)

In May 2009, the Department of Provincial and Local Government became the Department of Cooperative Governance and Traditional Affairs. The mandate of the department is derived from chapters three and seven of the Constitution of the Republic of South Africa, 1996. The Department of Cooperative Governance and Traditional Leadership has a new and expanded mandate, focusing on improved vertical coordination across the three spheres of government and public entities; greater horizontal coordination across the various sectors in government and public entities; better strengthening, supporting and overseeing of provincial government; improved collaboration between government and communities; and

the institution of traditional leadership in a single system of governance (GCIS, 2010: 265).

2.3.6 The Role of Auditor General

The Auditor General must audit and report on the accounts, financial statements, and financial management of all national and provincial state departments and administrations, all municipalities and any other institution or accounting entities required by national or provincial legislation to be audited (The Constitution of South Africa, 2004).

2.3.7 The Role of South African Local Government Association

The South African Local Government Association (SALGA) is a listed public entity, established in terms of Section 21 of the Companies Act, 1973 (Act 61 of 1973), and is recognised by the Minister of Cooperative Governance and Traditional Affairs in terms of the Organised Local Government Act, 1997. SALGA represents local government on numerous intergovernmental forums such as the President's Coordinating Council (PCC), the Minister and Members of Executive Council (MECs) (MinMec) forum, and the Budget Forum. SALGA aims, among other things, to transform local government to enable it to fulfill its developmental role; enhance the role of provincial local government associations as provincial representatives and consultative bodies on local government; raise the profile of local government; ensure full participation of women in local government; act as the national employers' organisation for municipal and provincial member employers; and provide legal assistance to its members, using its discretion in connection with matters that affect employee relations (GCIS, 2010: 268).

2.3.8 The Role of Provincial Government in South Africa

In accordance with the Constitution, each of the nine provinces has its own legislature, consisting of between 30 and 80 members. The number of members is determined in terms of a formula set out in national legislation. The members are elected in terms of proportional representation. The executive council of a province consists of a premier and a number of members (MECs). Premiers are appointed by the President of the country. The PCC is a consultative forum where the President discusses issues of national, provincial and local importance with the premiers. The forum addresses issues such as:

- Enhancing the role of provincial executives regarding national policy decisions
- Strengthening the capacity of provincial governments to implement government policies and programmes
- Integrating provincial growth and development strategies within national development plans
- Improving cooperation between national and provincial spheres of government
- Improving cooperation on fiscal issues
- Ensuring that there are coordinated implementation programmes and the necessary structures in place to address issues such as rural development, urban renewal, and safety and security.

(GCIS, 2010: 267).

The function of provincial government therefore is to align efforts from various government departments in an integrated way for each province.

2.3.9 The Role of Provincial Treasury

There is a provincial treasury for each province. The MEC for Finance is the head of Provincial Treasury which is the provincial department responsible for financial

matters in the province. A provincial treasury must prepare the provincial budget; exercise control over the implementation of the provincial budget; promote and enforce transparency and effective management in respect of revenue, expenditure, assets, and liabilities of provincial departments; and ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies (Public Finance Management Act, 1999).

2.4 The Legislative Compliance Approach

It is imperative that municipalities know the different legislation and policies that influence the environment within which municipalities operate. It may therefore be inferred that in order for a municipality to be effective it must engage its service delivery efforts according to the provisions of these legislation and policies. These laws and legislation that have been formulated at the national level of government prescribe the type of functions that municipalities are responsible for in terms of ensuring service delivery in their areas, as well as the consequences that shall be faced for non-delivery of services. The relevant legislature applicable to municipalities is discussed in greater detail.

2.4.1 The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)

The Constitution of the Republic of South Africa, 1996, was approved by the Constitutional Court on 4 December 1996 and took effect on 4 February 1997. The Constitution is the supreme law of the land. No other law or government action can supersede the provisions of the Constitution. South Africa's Constitution is one of the most progressive in the world and enjoys high acclaim internationally (GCIS, 2010: 260).

2.4.2 Division of Revenue Act (DORA), 2010

The aim of this Act is to provide for the equitable division of revenue raised nationally among national, provincial and local spheres of government for the

2010/11 financial year and the responsibilities of all three spheres pursuant to such division; and to provide for matters connected therewith (Division of Revenue Act, 2010).

2.4.3 The Local Government: Public Finance Management Act (PFMA), 1999

The aim of this Act is to regulate financial management in national and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of these governments are managed efficiently and effectively; and to prescribe the responsibilities of persons entrusted with financial management in the governments (Public Finance Management Act, 1999).

Other legislative requirements are as follows:

The Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003)

The aim or purpose of the Municipal Finance Management Act, 56 of 2003, is to secure sound and sustainable management of the financial affairs of municipalities in the local sphere of government, establish treasury norms and standards for the local sphere of government, and provide for matters such as management of municipal revenue and municipal debt, outlining the responsibilities of municipal officials (Municipal Finance Management Act, 2003).

The MFMA aims to modernise budget, accounting and financial management practices by placing local government finances on a sustainable footing in order to maximise the capacity of municipalities to deliver services to communities. It also aims to put in place a sound financial governance framework by clarifying and separating the roles and responsibilities of the council, mayor and officials.

The MFMA is required by the Constitution, which obliges all three spheres of government to be transparent about their financial affairs. It also forms an integral part of the broader reform package for local government, as outlined in the 1998 White Paper on Local Government.

The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

The Act aims to:

- Provide for the core principles, mechanisms and processes that are necessary to enable municipalities to provide social and economic enhancement of local communities, and universal access to essential services that are affordable to all;
- Define the legal nature of a municipality as including the local community within the municipal area;
- Provide for the manner in which municipal powers and functions are exercised and performed;
- Provide for community participation;
- Provide a framework for local public administration and human resource development;
- Empower the poor and ensure that municipalities put in place service tariffs and credit control policies that take their needs into account by providing a framework for the provision of services and service delivery agreements;
- Establish a framework for support, monitoring and standard setting by other spheres of government;
- Provide for legal matters pertaining to local government; and provide for matters incidental thereto.

(Municipal Systems Act, 2000).

The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)

The Act aims to:

- Provide for the establishment of municipalities in accordance with the requirements relating to categories and types of municipality;

- Establish criteria for determining the category of municipality to be established in an area;
- Define the types of municipality that may be established within each category; Provide for an appropriate division of functions and powers between categories of municipality;
- Regulate the internal systems, structures and office-bearers of municipalities; Provide for appropriate electoral systems and provide for matters in connection therewith.

(Municipal Structures Act, 1998).

The Local Government: Municipal Property Rates Act, 2004

The Act aims to regulate the power of a municipality to impose rates on property; exclude certain properties from rating in the national interest; make provision for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies; make provision for fair and equitable valuation methods of properties; make provision for an objections and appeals process; amend the Local Government: Municipal Systems Act, 2000, so as to make further provision for the serving of documents by municipalities; amend or repeal certain legislation; and provide for matters connected therewith (Municipal Property Rates Act, 2004).

The Local Government: Municipal Property Rates Act, 2004 regulates the power of a municipality to impose property rates, excludes certain properties from rating in the national interest, provides fair and equitable valuation methods of properties, and for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies (GCIS, 2010: 270).

Integrated Development Plan

In terms of the Local Government: Municipal Systems Act, 2000, all municipalities are required to prepare Integrated Development Plans (IDPs). Integrated

development planning is a process by which municipalities prepare five year strategic plans that are reviewed annually in consultation with communities and stakeholders. The aim is to achieve service delivery and development goals in municipal areas in an effective and sustainable way. The Local Government: Municipal Systems Act, 2000 establishes a framework for planning, performance-management systems, effective use of resources and organisational change in a business context. The Act also establishes a system for municipalities to report on their performance, and provides residents with an opportunity to compare this performance with that of other municipalities (GCIS, 2010: 270).

Municipal Infrastructure Grant

The largest infrastructure transfer programme is the Municipal Infrastructure Grant (MIG), currently administered by the Department of Cooperative Governance and Traditional Affairs. The MIG was introduced in 2004/05 through consolidating various sector infrastructure grants, each administered by different departments, into a single programme. This was intended to make the system of transfers to municipalities simpler, more certain and more supportive of municipal infrastructure priorities. The programme is designed to supplement the capital budgets of municipalities, with a focus on providing basic infrastructure services to the poor, while stimulating job creation over the medium term (GCIS, 2010: 270).

2.5 Conclusion

This chapter provided a theoretical framework involving three components namely, an environmental analysis, a stakeholder management approach and legislative compliance which municipalities could implement and execute in order to render more effective and efficient public services to the citizens of the country. Through assessing the impacts of environmental influences, adopting sound stakeholder management and complying within the prescribed legislative framework, this could lead to better financial management, improved governance and wider service delivery, consequently enhancing the effectiveness of municipalities in KZN.

Chapter 3: Literature Review

3.1 Introduction

This chapter focuses on three dimensions or areas of the local sphere of government and summarises the studies undertaken, identifying gaps and presenting shortcomings found in the literature. The three dimensions/areas are:

- The state of local government worldwide
- The state of local government within South Africa
- The state of local government in KZN

3.2 The State of Local Government Worldwide

3.2.1 Enhancing efficiency in Australian Local Government

In common with municipal systems in other advanced federal countries, Australian local government experiences intermittent periods of reform as policy makers seek to enhance the efficiency of municipal service delivery. A key feature of Australian local government reform has been heavy emphasis on council amalgamations as the primary engine in the drive for more cost-effective local services. Thus, in recent years, New South Wales, South Australia, Tasmania, and Victoria have all undergone episodes of municipal consolidation of differing degrees of intensity. However, amalgamation remains a controversial method of achieving local government reform. For instance, some critics contend that it may diminish the vibrancy of local democracy and reduce participation by the citizenry. Other commentators argue that most of the claims made by advocates of municipal amalgamation are illusory, especially regarding purported economies of scale and are in any event outweighed by the heavy costs it imposes. Moreover, available empirical evidence on amalgamation, both in Australia and abroad, suggests that

not only does municipal consolidation fail to yield any economic benefits, but that larger local governments are inherently less efficient and thus more expensive (Dollery, 2005).

The underlying question which Dollery (2005) raises is whether council amalgamation is the only method of enhancing municipal performance, or whether there are other methods that may need to be explored.

According to Dollery (2005), numerous viable alternatives exist to municipal amalgamation in the quest for greater local government efficiency in Australia. As existing small councils move towards various degrees of resource sharing such as ad hoc resource sharing models, and formalised regional organisational councils, participating municipalities start trading off decentralised operational control for the economic advantages that flow from shared resource usage. Progressing further in the same direction then requires further trade-offs of political control as area integration models like joint board models, are adopted. Operational control is steadily relinquished through virtual local governments and agency models until merged small councils concede all control to amalgamated 'super' councils.

3.2.2 Municipal Financial Situation in Spain

Bastida (2009) argues that the influence of political and socioeconomic factors on municipalities' fiscal situations is a relevant research topic. Interest comes from fiscal constraints resulting from tax growth limitations and growing public services needs. It is clear that economic factors are not enough to explain public-sector financial performance, but that the political framework also plays a role. The interest of the research by Bastida (2009) lies in providing an insight into the influence of political and socioeconomic factors on the municipal financial situation. With this aim, data on 2,729 Spanish municipalities for 2005 was obtained. The results show that in general, parties' political ideologies do not exert an influence on municipal fiscal situations. There is no observable impact of political ideology of the governing parties on municipal spending or tax levels. Therefore, the majority has an influence regardless of the political ideology of the

ruling party. In other words, the impact over spending and taxes comes from political strength and not from the political ideology of the ruling party. Additionally, the results likely reflect, to some extent, the existence of a sound legal framework in the financial structure of Spanish municipalities. This legislation prevents municipalities from taking on excessive deficits, thus ensuring a good financial position. Economic public management has a sound fiscal policy that is not influenced by ideological issues.

3.2.3 A Strategic Framework for Outsourcing – An International Perspective

In some countries, the impetus for outsourcing is legislative, such as the United Kingdom, where the Local Government Act of 1988 requires competitive outsourcing at the municipal level. In Australia, where there is rapid growth in public-private partnerships, some states such as Victoria, require that half of all local public service expenditures be submitted to competitive bidding. A move toward outsourcing does not need a legislative mandate, however. In Italy, for example, although local government reforms encourage outsourcing, they do not require it, and, yet, some 67 percent of Italian local services are outsourced. Many public sector organisations, especially municipalities, rely on outsourcing as a way to increase their “value for money” in providing public services. As a result, the topic of outsourcing has been addressed with some regularity in the public management literature for many years. Increasingly, attention is being directed toward the nature of the risk associated with an outsourced activity, and the resulting implications for a municipality’s managers (Farneti, 2008).

According to Farneti (2008), an underlying theme of the Four-Governance Model Framework is that municipalities should be attempting to move along the spectrum from a Procedural Governance Model (PGM) to a Network Governance Model. The PGM is characterised by centralised and hierarchical public administration, and is rule-bound, with protocols. The corporate governance model (CGM) emerged because of a perception that the PGM no longer fits with a variety of administrative requirements, mainly the need to maintain greater control over public expenditures. In the market governance model (MGM), contracts are used

for many services, and “competition and quasi markets are relentlessly introduced into the public sector, and contracts underpin relationships within the sector, and those between the public sector and its private suppliers.”

Farneti (2008) further argues that although the MGM strives to increase competition so as to help contain costs; it does not necessarily lead to high quality services, or to a tailoring of services to the needs of individual citizens. Further, when some outsourced services need to be coordinated with others, the MGM, with its heavy contractual emphasis, is too one-dimensional. The network governance model (NGM) is designed to overcome these difficulties. But this is not necessarily appropriate from the standpoint of outsourcing as Farneti argues. Rather, it needs several governance models operating simultaneously, each attuned to the risk associated with the outsourced service it is managing. This research suggests that a municipality needs to assess the kind of service being outsourced, and then, given the risk, select the most appropriate governance model.

3.3 The State of Local Government within South Africa

3.3.1 Strategic Position of Local Government

A SWOT-analysis is a technique that managers use to get an overview of the strategic position of an institution (Nealer, 2009).

The following strengths can be identified as built-in advantages and resources which the municipal government sphere of a developing South Africa has at its disposal to further effective and integrated local development. The newly merged 284 municipalities are focused on growing local economies and maintaining the provision of a lot more diverse and complex basic municipal services to geographical areas and citizens that were previously neglected; natural resources now are managed for the benefit of all the citizens of the country; more basic public services are now available to more citizens at more locations in the country in a more transparent and accessible manner; racial segregation, unequal

allocation and delivery of basic services have been replaced with developmental local governance for all; and the mass media are playing an active and effective role in furthering basic service delivery and effective local governance.

Weaknesses can be identified as resources or competencies that municipalities have, but which are in short supply or of inferior quality compared with their competitors. These are that South Africa is geographically a large semi-arid country with vast open spaces and scarcely habitable rural areas; communities from previously disadvantaged areas had been subjected to discrimination and degrading living conditions; public participation, now a constitutional requirement was non-existent; the financial management systems of many municipalities often do not allow for identification of costs and revenue streams from a particular service, which implies that it is not possible for municipalities to calculate, let alone charge tariffs that reflect the actual costs incurred for providing such a service; there is lack of attention to maintenance and sustainability of water; high rates of water loss per capita due to internal leakages in houses and deterioration of the reticulation pipeline infrastructure are experienced; newly established municipalities have much bigger geographical municipal areas and more residents to service and manage; there is a lack of effective municipal planning and a lack of more preventive infrastructure maintenance programmes which can deliver a more reliable, effective, efficient and economical public service; there are inadequate budgets and skills (technical); there is inexperience and absence of appropriate, credible and authoritative practice norms.

The following opportunities can be identified as major positive factors in the South African local government environment. The country is now part of the global village and through means of modern communication technology it is within continuous reach of other countries and has to maintain optimal transparency of and access to aspects such as the nature and extent of its local governance; all the leading political office bearers and public officials in leading positions should be submitted to continuous professional leadership and environmental management training; a clear ethical code of conduct should also be inculcated in public service delivery; in order to improve the organisational structuring and planning of the South African government, the provincial sphere of government should be merged into national

and local spheres to bring about more effective and efficient service; there should be improved communication and coordination between key role-payers, the political office bearers, public officials, community organisations and residents; and there should be improved access to service delivery buildings and services as well as a more holistic approach to effective customer care.

Finally Nealer (2009) identifies the following threats as major negative factors in the environment. These are, too much centralisation of government's executive authority, thus national government departments constantly argue that they have to keep a tight control over how public funds are disbursed which creates friction with municipalities; the nature and extent of governmental administration and management at grassroots level entails more than administration and service rendering by local municipalities; the ensuing local governance is made up from a complex set of intra and extra-governmental relationships between all three spheres of government, business, and the community; urbanisation and more equal distribution of water and sanitation services to more inhabitants brought about a serious increase in, for example, the handling of waste water and effluent in close vicinity to developed towns and cities, with a subsequent increased potential threat of surface and groundwater pollution; the delivery of municipal services to a much bigger group of clients over longer distances is also characterised by a very high level of diversity (different types of functions) and complexity (different levels of skills and execution involved). Furthermore, the 'brain drain' of experienced and skilled municipal officials has resulted in increased work pressure for the MMs, officials and political office bearers, and inaccurate and outdated population censuses which can affect effective planning in a negative sense.

3.3.2 Local Government Failures

The report illustrates that on the whole local government is struggling to fulfill this developmental mandate and many municipalities are failing altogether, due to the following reasons:

- Ineffective municipal government has had serious consequences for the country: millions of people remain trapped in life-threatening poverty.
- Oversight roles are not fulfilled for various reasons including poor understanding of such roles by many mayors and councilors, and there is abuse of these roles.
- Weak performance management systems by districts, provinces and national government.
- Poor financial management and lack of controls and accountability systems, a high level of indigents, and the culture of non-payment impact hugely on their financial viability.
- The Intergovernmental Relations System is not effective in its objective to coordinate planning across the three spheres of government and the system is poorly supported by the intergovernmental structures established to drive cooperative governance.
- The severity of the number of ever increasing backlogs across all basic services.
- Municipalities are struggling to manage the huge social and economic implications of urbanisation and apartheid spatial planning, growing populations, extremely high levels of poverty, unemployment and inequality, large informal settlements on the urban fringe, inadequate public transport, and a shortage of land for development. This convergence of pressures has created dangerous conditions for social instability.
- The violent attacks against foreign nationals that swept through the country in 2008 started in informal settlements.
- Public protests are common, widespread and often violent. This year has already seen a record number of violent protests, and the majority of these took place in urban areas.
- Economically weak municipalities in predominantly rural areas or former homelands are deeply impoverished places. They have the highest

backlogs in services and infrastructure but people are mostly too poor to pay for services. Social security grants and remittances from labour migration are sometimes the only source of income, and have helped to alleviate poverty. Local government in these areas is either vulnerable or dysfunctional.

(COGTA, 2009).

Marais (2008) examines some recent local protests South Africa has experienced. The unrest in the Phumelela local municipality, located in the north-eastern part of the Free State, is presented as a case study. It is argued that the local protests experienced in the Free State (and other parts of South Africa) are distinctly different from the types of social movements described in existing South African literature. These protests cannot be referred to as fully-fledged social movements. Yet, the issues at stake are real local service-delivery problems, mainly attributed to ineffective governance and the management of basic service delivery in these areas. This highlights the inability of municipal staff and governance structures to listen to people and manage their complaints effectively.

Failures such as municipal unrest place heavy emphasis on the effectiveness of local government in South Africa.

3.3.3 Strategic Intervention by Local Government

After a decade of significant advancement in the provision of services to all communities, the policy review on provincial and local government by Cooperative Governance and Traditional Affairs (COGTA) in 2009 and other research demonstrated that confidence in government at the local level has begun to decline sharply. Service delivery protests and dissatisfaction with local government have increased over the past few years, with growing evidence that faltering service provision, poor capacity and weak administration have driven many municipalities into “distress” mode. As a result there has been strategic direction by COGTA within local government in South Africa, as they have initiated the

LGTAS, which outlines a ten point plan for local government (Local Government Bulletin, 2010):

- Improve quantity and quality of municipal basics services
- Enhance job creation through local economic development
- Ensure development and adoption of integrated development plans
- Deepen democracy through ward committee models
- Strengthen financial and institutional capabilities of municipalities
- Create a single window of coordination
- Uproot fraud, corruption and nepotism
- Develop systems of governance
- Strengthen a politically stable system of municipalities
- Restore integrity of municipalities

In a municipality where factionalism, patronage and corruption rule, there is no democratic government to speak of, and asking it to produce its own turnaround plan is a fruitless exercise (Local Government Bulletin, 2010: 4).

The primary limitation of the turnaround strategy therefore lies in its implementation and execution as municipalities are expected to craft their own unique turnaround strategies. If a municipality is operating in a volatile environment for example within inadequate leadership, poor governance and ineffective financial management, it will not add value if the strategy is developed from internal resources. The challenge that local government have are the capabilities to develop these strategic plans. In addition, as the model is a medium term initiative its effectiveness can only be measured in time to come.

In order for government to be effective it needs to focus on four areas, and if direct, simple and measurable approaches are used, local governance will improve. These are as follows: (i) ensuring that every municipality in the country

has the basic capacity for sound administration and can deliver basic services; (ii) rooting out corruption; (iii) tailoring policy for performance improvement and (iv) continuously improving the quality and impact of regulation (Local Government Bulletin, 2010).

3.3.4 Responsibility for Financial Risk Management

With the recent spate of financial irregularities and audit qualifications that is plaguing municipalities; it is of concern to note that with all the governance and legislation in place, municipalities are still grappling with financial performance and governance issues. Interestingly though, many have audit committees in place yet these committees seem to be too paralysed to make a difference to the financial well-being and performance of the municipality they serve. Is this then a question of blind compliance by these committees or “can audit committees really assist in mitigating financial risk?” (RadhaKrishna, 2008: 26).

It may be concluded that audit committees or the finance department are not the only stakeholders responsible for financial risk mitigation, but it should be the responsibility for every individual within a municipality. A mindset where financial management is everybody’ business is required to build a culture of financial effectiveness within municipalities.

According to RadhaKrishna (2008), financial risk is the probability that the outcome may be damaging or result in a loss, i.e. a risk that a municipality will not have adequate cash flow to meet financial obligations. In essence financial risk is any risk associated with money. There are typically various forms of risk that will impact on a municipality but the overriding factor is that all these risks eventually result in or have some form of financial risk associated with them, e.g. personnel risk, whereby unqualified persons overspend on the budget; reputational risk, whereby fraudulent activities prohibit further funding from external sources etc.

It can therefore be argued that in fact every aspect of the municipality is subject to some form of risk and this cannot simply be delegated to an audit committee.

It is evident that risk mitigation is not the sole domain of the audit committee and that there are various roles and responsibilities allocated to all the stakeholders in the municipality, e.g. municipal council is primarily responsible for the adoption and monitoring of the risk policy; the audit committee is responsible for assessing and reviewing the management of risk; MM is responsible for and should take ownership of risk management and the implementation of risk policy; the risk committee assists the municipal manager in monitoring and executing the risk policy etc. Consequently risk management is the responsibility of everyone in the municipality. It must however be emphasised that for the audit committee to be effective, it must ensure that the proper organisational and governance structures are in place, and that these structures are properly capacitated (RadhaKrishna, 2008).

Thus it is quite challenging to achieve effective financial management within municipalities in local government, as it is necessary for all stakeholders in the municipality, including the audit committee to play a crucial role in financial risk management which is also heavily reliant on proper governance within municipalities.

3.3.5 Enhancing Service Delivery in Local Government

South African cities are faced with tremendous development challenges. There is, however, a critical institutional developmental challenge, which constitutes the crux of the success or failure of municipal leadership. To achieve success, specific leadership skills are needed to improve service delivery in local government in South Africa. More specifically, skills are needed to address the ever-changing demands for improved services placed on local authority, and there is a need to address the inequalities of the past. Achieving these objectives also calls for skills in the establishment of public-private partnerships and small, medium and micro enterprises, as well as the improvement of conditions of service and the quality and sustainability of the internal working environment (Pretorius, 2007).

The above challenges were the basis for developing a leadership model for enhancing service delivery in local government. In order to describe the characteristics of leaders who are responsible for service delivery, and to find out how they address challenges and manage difficulties they experience in the execution of their day-to-day activities, Pretorius (2007), employed a qualitative research approach focusing on four basic types of data sources, namely interviews, observations, documents, and audio - visual materials.

The outcome of this research by Pretorius (2007) was the development of a model, the Retro Advanced Leadership Model, which is aimed at helping municipalities to meet their goals. These goals include the following: good governance, developing human resources, environmental stability, inter-municipal co-operation, economic development, public participation and programme management. The Retro Advanced Leadership Model presents the key components for enhancing service delivery in local government identified in the study, namely management of leadership performance; legislative imperatives; achieving realistic goals; and continuous maintenance and monitoring of achievements.

A limitation to the study is that the model cannot be generalised as a tool to enhance service delivery in all local government.

Pretorius's suggestions for further research are:

- **Faster economic growth:** To prioritise the enhancement of service delivery, macro economic plans to address poverty and unemployment, their potential, and applications, need to be investigated.
- **Human capital:** The development of a healthy, skilled and productive workforce should be investigated to ensure that the basic needs of communities are met.
- **Good governance:** Stakeholder participation in the Integrated Development Plan should be extended beyond its compilation to include

implementation and monitoring. The role of councilors in this regard should be investigated.

- **Inter-municipal co-operation:** The alignment between the priorities and activities of local municipalities and the district municipalities and the impact of this alignment on visible service delivery should be examined.

According to Butler (2009), performance management starts with the IDP and that the cycle for the year ends with the oversight report of the council. The general challenge that is experienced is that municipalities run their IDP, budget and performance processes in silos which lead to poor integration. After reviewing the IDP, budget and performance processes of a municipality recently, it was not clear whether the documents were from one or three municipalities. It is important that processes are fully integrated, and that objectives set in the IDP are aligned with the municipal budget and the Service Delivery and Budget Implementation Plan (SDBIP) as well as with other performance processes and systems.

It is therefore apparent that integrated performance management is another important mechanism to enhance service delivery in local government although its implementation may prove challenging.

Osei-Tutu (2007) argues that skills development in the financial management area is an investment to be taken seriously. Municipalities must embark on a massive drive to train and acquire people with skills. Once trained and/or acquired, there will be constant pressure from other municipalities and municipal entities to poach competent staff. Municipalities must have contingency plans to replace staff that may leave. The skills development plans should focus on employees as well as the unemployed who can replace the staff who resign or get redeployed. The skills development plans in finance and administration should go beyond the staff in the finance department and cover staff in other departments as well as non-staff such as politicians, community leaders as well as unemployed youth in the community.

Human expertise throughout the departments within a municipality must constantly be developed for service delivery enhancement.

According to Mothae (2008), municipalities being the closest service delivery agencies to the people are required to position them and conduct their business in a way that will enhance the lives of all South Africans. It is not a choice but an obligation placed on each municipality to fulfill its constitutional mandate and play a role in the development of the nation. This transformation implies a change in organisational structures, strategies, processes, systems and the people who work in municipalities. At the heart of these transformation processes are the municipal officials who play a pivotal and leading role in ensuring successful transformation. It is therefore required of these officials to be capable, willing, and ready to effectively and proactively respond to and manage the changing circumstances in the municipal environment. Public sector transformation and change, however, is a complicated process that requires a knowledgeable, skillful and dedicated workforce to put concepts and policies into practice. In this regard training is regarded as the essential tool for transformation.

It may be concluded that ongoing training is necessary for developing and maintaining continuous learning in the local sphere of government. It follows that municipalities should create a culture of learning at municipal level.

According to Mampane (2008), a hypothesis was formulated that the current deficiencies in performance management, and low levels of rate payment can be linked to the ineffectiveness and inefficiency of the Emfuleni Local Municipality regarding prioritising the training of its employees. A comprehensive theoretical exposition of the literature on on-the-job training was undertaken. The empirical method of interviews and questionnaire was employed to gather qualitative and quantitative data. These methods assisted in arriving at the finding that training as a strategy to improve effective and efficient service delivery, is supported by the employees of the municipality.

Ballies (2009) argues that the workplace skills training that refers to strategic human resource training and development, aims at developing the workforce, labour skills capacity, thereby achieving the institutional goals, policies and objectives of the institution. The Workplace Skills Plan is the key strategic planning document relating to workplace training, career planning and employment equity

for the municipality. For quality and effective service delivery at the Nigel Local Municipality to take place, the implementation of workplace skills training is imperative for the enhancement of a skilled workforce that will be able to ensure that the customer is satisfied with the product and service rendered by the employees.

According to Tshikovha (2006), the researcher wanted to disclose the problems undermining the role and effectiveness of the IDP for service delivery in the Vhembe District Municipality. Three methods of data collection were identified for use in this study, namely, unstructured interviews, participant observation and documentation. The population for the study comprised government officials and members of the community, and so a purposive sampling technique was used. The findings revealed that it is difficult for the municipality to perform well in implementing the projects of the IDP without having a system in place to monitor and evaluate the implementation. A performance management system is the most important tool to assist the municipality in the monitoring of its IDP.

3.3.6 The Foundation of Good Governance

The basis for good governance is to address concerns such as:

- How does a municipality make its decision-making procedures clear and legally sound?
- How does it ensure that every councilor can participate meaningfully in council meetings?
- How does it keep council and committee meetings orderly and prevent councilors from abusing their freedom of expression?

The basis for addressing these concerns is the adoption of proper 'rules and orders' according to De Visser (2008). The Constitution provides that each municipality may adopt a by-law that prescribes rules and orders dealing with internal arrangements, council business and proceedings, and the establishment, composition, procedures, powers and functions of its committees. Rules and

orders are highlighted as the main issues that need to be addressed in such a by-law (De Visser, 2008).

It is therefore pivotal that in order for municipalities to practise good governance they must adhere to rules and orders, and encourage participation amongst council to make effective decisions for the attainment of service delivery.

De Visser (2008) maintains that a municipality's rules and orders contain the building blocks of its governance system. It is important for municipalities to ensure that their rules and orders are up to date, in line with new legislation, and drafted in such a way that all councilors use them to exercise their democratic rights to participate in council and committee meetings.

The duty to create and maintain a sound supply chain management (SCM) system is an essential component for good governance in any municipality (Bolton, 2008).

De Villiers (2007) argues that governance and its associated processes only make sense when there is continuous improvement that can be perceived as time goes by. If it is merely about reporting past activities and noting a growing list of deviations from budgets, policies and acts, governance as an activity may as well be scrapped. Unfortunately the trend in many municipalities in South Africa seems to indicate that it is time to consider drastic measures to rectify an unacceptable situation. When we think about municipal governance some of the following questions come to mind:

- Is there clarity concerning the mandate of the municipality?
- Is the budget a meaningful planning device and does it aid or hinder departments in their operations?
- Is the municipality fulfilling its duties of service delivery to residents diligently, honestly and in accordance with best practice so that economy, efficiency and effectiveness criteria are met?

- Are the management and staff held accountable for the spending of the budget and do they act in accordance with what is expected of them?
- Does the council prioritise and address the critical issues of the municipal area? Is a sustainable environment a priority?
- Is the municipality contributing to poverty alleviation and local economic development?
- Are the managers and employees rewarded for good work and are those who are not performing punished or sanctioned?

If the answer to any of these questions is 'no' and the council of that municipality does not have in place mechanisms to detect critical areas where they should have performed their trusteeship, stewardship and developmental roles effectively, they are not fulfilling their governance task. Until councilors start realising that they are meant to serve their community and not merely wield power, good corporate governance will remain a pipe dream. Governance is about care and concern, diligence, and being prepared, as well as good faith rather than own interest. It is not a statement or a set of rules, it is an *attitude*, an *aptitude* and an *action plan* to make the world a *better place*. This requires that a mind shift or a paradigm shift be made (De Villiers, 2007).

The challenge is creating a culture for this paradigm shift.

3.3.7 Enhancing Institutional Capability of Municipalities for Service Delivery

The Municipal Investment and Infrastructure Framework (MIIF) is an initiative promoted jointly by the Department of Cooperative Governance and Traditional Affairs (COGTA) and the Development Bank of Southern Africa (DBSA) to assess the infrastructure investment requirements of municipalities in South Africa. The fundamental rationale of the MIIF is to estimate service backlogs and future demands, assess the capital costs and time frames that are involved in removing the backlogs, and propose methods for enhancing the institutional ability of

municipalities to ensure that services are delivered. The broad objectives of the MIIF are to ensure that municipalities are able to deliver the levels of service needed for health and safety, that they improve existing service levels, and to assist municipalities in structuring investment in a manner that promotes economic development (IMIESA, 2010).

It is clear that while the primary emphasis of the MIIF is on an understanding of capital expenditure requirements, the real challenge is that this is only feasible if the long-term sustainability of municipalities is considered, in the sense that they need to be able to raise sufficient revenue to cover the operating and maintenance costs associated with the infrastructure provided. This places a huge responsibility on municipalities who are already facing capital shortages in terms of finances and appropriate expertise, and thus the aims of MIIF may not be realised.

According to IMIESA (2010), there are several other challenges. Firstly, the targets set by government for removing backlogs are ambitious, even if they are all extended to 2013/14, and the level of capital spending required needs to increase rapidly to enable these targets to be met. Secondly, capital requirements have been escalating rapidly over the last five years owing to a number of factors, most importantly the high price increases in the construction industry as the amount of construction work in the country has grown rapidly. Thirdly, with grant funding for basic infrastructure becoming a smaller portion of the funding package for municipal infrastructure over the last three years, reliance by municipalities on their own sources of funding is becoming more important. Fourthly, the municipal sector is consequently moving into a position where the availability of capital is becoming a serious constraint and this will acutely limit the extent to which they can meet backlog and growth targets. Lastly, many municipalities do not have sufficient revenue to cover the costs required to operate adequately, and maintain and refurbish/replace infrastructure, and this situation is predicted to get worse unless the distribution of national financial resources is improved and the rate of economic growth increases sustainably.

Malefane (2008) argues that municipalities have undergone rigorous change following the democratic elections of 1994. Not only has this been expressed by

structural changes in the organisation of municipalities, but their have increased over time. Through all the programmes that are implemented in the municipal sphere of government in South Africa, the views of local players on major key performance areas that a municipality delivers on, are important. Municipalities, as open systems, operate in an ever-changing environment, and therefore need to conduct research in their municipal areas of jurisdiction in order to inform their future strategies. The components incorporated as part of the research in the municipal sphere of government need to be of interest to the target group. This would not only assist municipalities in identifying challenges to which they will be able to proactively respond to, but it will also assist in sourcing new facts and opportunities. In order to inform their strategies about the complexity and multidimensional nature of the challenges they face, municipalities have to keep abreast of the changes in their operational environment.

3.3.8 Soweto Community Case Study

Netswera (2009) assumes that community satisfaction with basic municipal services delivery is based on various factors. The hypothesis is that affordability, that is, the ability to pay for basic municipal services, is a factor that determines satisfaction. Affordability is measured through employment, income and the Living Standard Measurement data, while satisfaction is a self-reported attitudinal variable by the communities themselves. The data was obtained through an empirical survey of 200 households from eight Soweto townships; these townships fall within regions 6 and 10 of the Johannesburg Metropolitan Municipality. The townships were divided into 'well-off' and 'worse-off' on the basis of their assessed ability to pay. The empirical findings confirm the hypothesis that people in well-off townships are significantly more dissatisfied with municipal service delivery than those in worse-off townships.

The conclusions that can be drawn from these findings are that, the better their ability to pay for municipal services, the less likely people are to be satisfied with these services.

The general impression given by the findings is that people who live in well-off townships are more concerned with the cost of municipal services, and people who live in the worse-off townships are more concerned with quality and efficiency of delivery. This conclusion should however be qualified by pointing out that the sampled households (Soweto) are highly homogeneous and wealth disparities are not excessively big. Further studies are therefore recommended. It would be interesting to find out if similar conclusions can be arrived at by comparing distinctly poor suburbs with distinctly well-off suburbs? (Netswera, 2009).

3.3.9 Strategies for Improving Service Delivery in the Vhembe District, Limpopo

Mainganye (2007) focused on the intervention strategies of local governments for improving service delivery in rural areas of Vhembe District in Limpopo. It focuses on two services, namely housing and water. Its major aim was to investigate the problem of poor service delivery in many rural areas of the district with the view towards finding strategies for improvement. The design of the study is qualitative and focuses on the experiences of individuals and groups of people residing or working in the areas of the study. The research was conducted within Makhado and Thulamela municipalities in the Vhembe District.

From the above research findings it is evident that the majority of respondents have the view that the commitment of local government in improving the supply of services is minimal and slow.

Mainganye (2007) makes the following recommendations: local governments should continuously provide support to communities; prioritisation of a community's needs should always engage the communities themselves; the role of traditional leaders should be precisely outlined in order to prevent unnecessary interference in the course of service provision; true broad-based empowerment should investigate the capacity of individual developers and give tenders to those who would be able to honour their obligations, and complete projects on time.

3.4 The State of Local Government in KZN

3.4.1 Causes of Poor Service Delivery in KZN

Bonga (2007) argues that one of the biggest challenges confronting local government in South Africa today is its ability to deliver services effectively and efficiently in order to improve the standard of living for its citizens. It was necessary to find out if municipalities were matching the challenge and if not, determine possible reasons leading to ultimate solutions. The focus was on the subject of “Service Delivery” by municipalities in KZN. It dealt with 8 of the 19 municipalities in the Northern Region, namely Ulundi, Mthonjaneni, Nkandla, Ntambanana, the Big Five False Bay and Jozini local municipalities, Zululand and the Umkhanyakude district municipalities.

The aim of the study was to gain insight into the causes of poor service delivery in KZN. The study also looked at the issue of service delivery by municipalities within the context of the Integrated Development Plan as a tool for socio-economic development in local government. A qualitative approach was used to gather data for this study which involved unstructured/face to face interviews with municipal and government officials.

Bonga (2007) identified a major limitation that the sample consisted only of 8 municipalities and 7 government departments. The relatively small sample size and the qualitative nature of the research imply the greater difficulty of generalising for the entire population. However, the study revealed some emerging trends.

These are summarised as follows:

- **Lack of Institutional Capacity:** Seven of the eight municipalities interviewed indicated that they did not have the adequate human capacity to carry out their constitutional mandates. This can have a severe impact on a municipality’s capability to deliver the appropriate level of service, e.g. inability of acquiring skilled personnel such as engineers or project managers.

- **Lack of Adequate Income:** The lack of an adequate income base increased reliance on government grant funding and other external sources, impacting the municipalities' viability as going concerns.
- **Poor Participation by Sector Departments:** Lack of participation by state departments involved in municipal planning forums caused the implementation of projects outside the municipality's Integrated Development Plans
- **Lack of Municipal Input Programme Design:** Municipalities only played a "recipient role" when it came to the design of support initiatives by provincial & national government. The lack of involvement by the municipalities in participating in designing these support initiatives negatively impacted on their effectiveness.
- **Lack of Communication Policy:** Though most municipalities were conscious of the need to enhance public participation, requisite structures to facilitate this were still to be developed.
- **Inadequate Financial Support:** The study revealed that the financial support given to municipalities was not adequate for the intended initiatives, e.g. funds were allocated on a sliding scale for a 3 year period for example, with the municipality to continue the programme thereafter. The municipalities however could not sustain these initiatives due to financial constraints.

It was further argued that in general processes in municipalities were not being undertaken correctly, creating challenges for municipalities.

3.4.2 The Role of Amakhosi (Traditional Leaders) in KZN

According to Muller (2008), as a developmental state, South Africa's local government is continuously facing major challenges. KZN itself experiences severe poverty, incessant Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) casualties and unemployment. Since municipalities carry the brunt of discontent and societal pressures, elected political

office bearers and municipal administrators are mandated to undergo training so as to enhance their municipalities' capacity and delivery record. But where is the recognition of traditional leaders? Where are the incentives to train them alongside municipal officials? South Africa's Constitution, 1996, mandates traditional leaders to ensure that services are delivered to their members in a sustainable way. Their relevance depends to a large extent on how the institution serves its communities customarily, culturally and developmentally. Within the uMhlathuze Municipality, in partnership with various stakeholders, training of the Amakhosi (traditional leaders) is seen as non-negotiable. Yet, the actual interaction between elected political office bearers, local communities and the Amakhosi remain limited and inefficient. Subsequently, service deliveries are affected.

It is apparently clear according to Muller (2008) that service delivery in KZN is unique and twofold. Firstly, efforts must be increased to improve communication and interaction between the relevant stakeholders namely:

- Appointed elected councilors
- Amakhosi traditional leaders
- Local communities

Secondly, training of Amakhosi traditional leaders in KZN must be prioritised. These are two important tools which can be utilised for effective service delivery.

Despite selective service delivery successes, there are many challenges of poor performance in KZN. Muller (2008) argues that municipalities are still marred by ineffectiveness and poor performance which can be attributed to:

- lack of requisite skills which result in poorly skilled traditional leadership and local economic development officials being unable to facilitate the necessary planning and implementation processes;
- poor social mobilisation and facilitation leading to poorly development plans;

- poor communication between municipalities and the traditional structures;
- absence of a meaningful definition of governance roles between and amongst councilors resulting in appointed officials blaming councilors for making unrealistic promises to their constituents.

To drive development in KZN there is a need for a holistic approach in order to complement government efforts at strengthening local municipalities' capabilities to deliver services.

3.4.3 Good Governance and Ubuntu in KZN

According to Muller (2008), South Africa's young democracy continues to show teething problems as mirrored in the continuous gap that exist between the rich and the poor. These inequalities severely confront municipalities' efforts to eradicate poverty and enhance sustainable development. Attempts are made to answer the question: can these developmental local governments successfully redress their two economies as linked to equity, sustainable development and good governance? In the northern regions of KZN strategically located district municipalities such as UThungulu are faced with severe challenges. Eighty percent of its population resides in isolated rural areas with fifty percent under the age of 19. Fifty-four percent of them are females. Poor infrastructure continues to co-exist within Richards Bay, a financially viable area. Rural KZN statistics are truly worrisome being the most populous province in South Africa with the highest number of HIV/AIDS and unemployed people.

It can therefore be seen that there are numerous challenges from the external environment that municipalities within KZN are faced with, and a coordinated effort from all stakeholders is required to address these constraints.

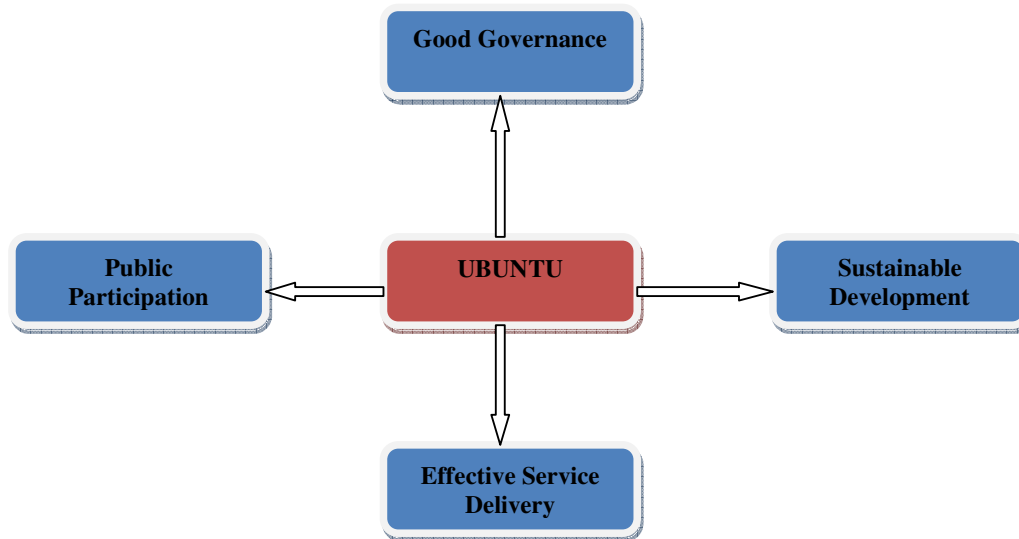
Interventions should both be governmentally mandated as well as community driven. Local economic development, when focused on poverty alleviation and tourism, is essential for bridging the divide between rural and urban areas (Muller,

2008). The role of communities is vital in ensuring that the municipal objectives of being effective in KZN are realised.

Muller (2008) argues that Ubuntu articulates important values such as respect, human dignity and compassion. When referring to Ubuntu one addresses important values such as group solidarity, conformity, compassion, respect, human dignity and collective unity. The cardinal belief of Ubuntu is that a person can only be a person through the help of others. Within a local context the lack of good governance can lead to councilors 'selling' their discretionary powers; government officials taking percentages on government contracts; government officials contracting government business to themselves, friends and family members either through fly-by-night companies and 'partners' or even openly to themselves as 'consultants'; government officials receiving excessive performance bonuses and 'hospitality' from government contractors; political parties using the prospect of power, or its continuation, to levy large rents on profitable businesses in return for government contracts.

It is evidently clear that the principles of Ubuntu must be practiced and structures for good governance put in place and appropriately enforced. Clearly the challenges do not only lie with government policies and programmes of action. The societal obligations to social equity and a democratic ethos are as crucial and essential for government as it is for public service sectors. Rich and poor, black and white, unemployed and managing directors of companies need to embrace and maintain high ethical and moral standards. Ubuntu must become an integral part of society, as illustrated in Figure 3.1 below (Muller, 2008).

Figure 3.1: The Ubuntu Model



(Source: Muller, 2008: 207)

3.4.4 Community Participation in EThekweni Municipality

Ward committees are community-based advisory structures with the ward councilor as chairperson. Given the challenges of service delivery, considerable emphasis has been placed on ward committees as mechanisms to facilitate community participation. The object of a ward committee is to ensure that participatory democracy is enhanced in the local government sphere. Such committees are established by rules made by the council and consist of:

- the ward councilor, who is also the chairperson and
- not more than 10 other persons who are elected

EThekweni Municipality has created an environment for active participation through ward committees (Nzimakwe, 2008).

This innovative approach by EThekweni to encourage and develop a participatory culture is what is needed to strengthen community involvement.

According to Nzimakwe (2008), the main challenge facing most ward committees is uncertainty over their functions. Municipal officials and other stakeholders need to explain the terms of reference and procedures of ward committees. Elected representatives must also find ways to deal with challenges like large wards, wide-spread residents and insufficient resources for the logistics of meeting with ward committees. Training of ward committees is also still neglected.

Tshishonga (2008) argues that CDWs have been deployed and declared a new government initiative that could assist in bridging the gap between communities and government in order to bring social and economic development or transformation. A case study of 30 EThekweni CDWs was done and it was argued that genuine development-based intervention can be instrumental in fast-tracking service delivery and winning the war on poverty, unemployment and rampaging inequalities. It is recommended that empowerment of communities through their local institutions should be prioritised as a precursor for advancing development, based on people-centered sustainable local governance.

It is clear that community participation structures such as ward committees and CDWs are faced with many challenges; however this is one approach which can be adopted to improve local government's effectiveness in terms of service delivery and governance.

3.4.5 Water Delivery in Pietermaritzburg

Smith (2005) based a methodology which sought to reveal whether South Africa's water service delivery policies and strategies are equitable, accessible, affordable, efficient, effective and sustainable for Pietermaritzburg's low-income households. The study was conducted in Pietermaritzburg, KZN, within the Msunduzi municipal jurisdiction, under the uMgungundlovu district municipality (DC22) in the period from October 2002 to April 2003. The study conclusions implied that local and national policies and strategies purported to ensure that basic service requirements and rights of low-income households were upheld actually compounded the socio-economic constraints and compromised human rights,

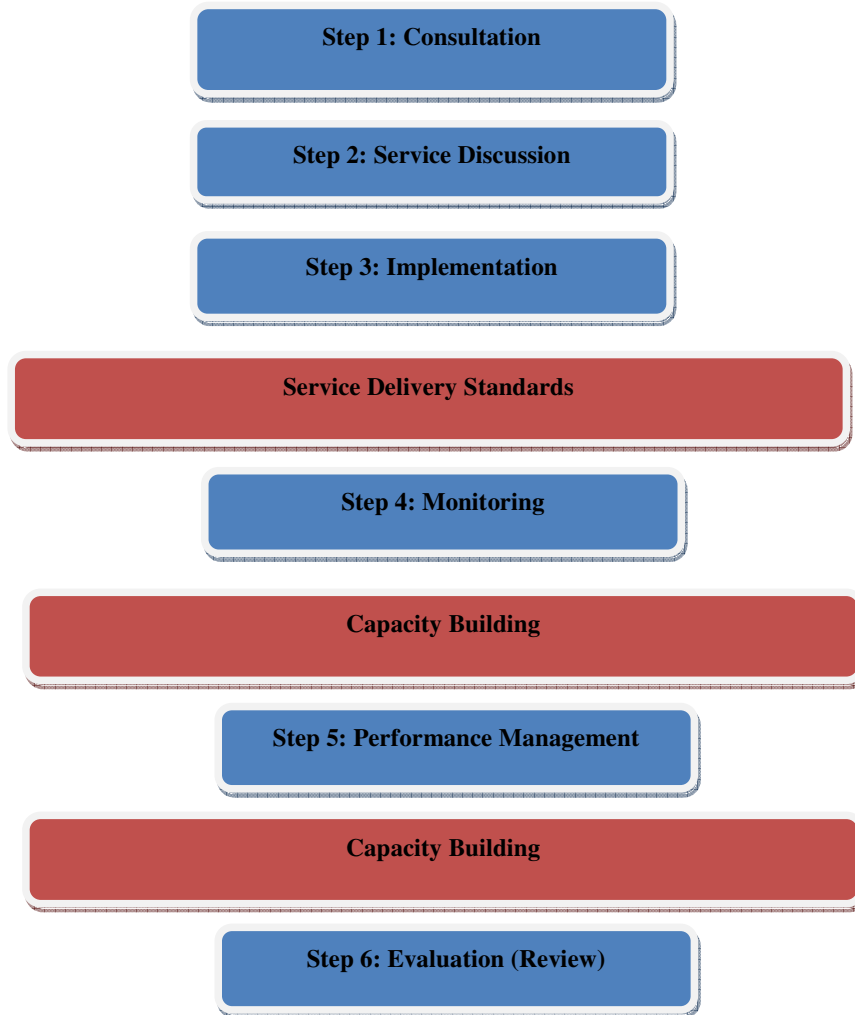
justice, equity and the dignity of Msunduzi low-income households. The chief objective was to document community experiences of national and local water policy, strategy and implementation processes and to link these experiences to a broader analysis and interpretation of policy and strategy to identify water service delivery inadequacies.

Because local and national policies and strategies had failed to promote low-income household affordability and access to basic water requirements, the financial ability of households to pay for services determined their access. This reveals how improper policy implementation can affect the ability for the community to obtain basic water service delivery.

3.4.6 An Evaluation of Service Delivery at Endondakusuka Local Municipality

Ngubane (2006) aimed at evaluating service delivery at Endondakusuka Local municipality, in the ILembe District. This evaluation was done on the delivery of two services which are water and refuse removal in the whole municipal area. The study tested the null hypothesis of no relationship between the availability of resources and effective service delivery within Endondakusuka Local Municipality. The context of the study was the existing legislative, theoretical and conceptual perspectives that apply to service delivery. The nature of the study necessitated the use of questionnaires to elicit information from households and required the use of tables and frequency distribution to present data. In drawing conclusions it became clear that there were problems hampering service delivery. The main problem was lack of resources to provide services. This research culminated in a model of effective service delivery.

Figure 3.2: The Service Delivery Model



(Source: Ngubane, 2006: 142)

The study suggests that the model, as illustrated in Figure 3.2 above is not prescriptive but may be adapted to suit different contexts, and may help not only Endondakusuka municipality but also other municipalities, the government, and organisations that deal with service delivery to ensure that services are effectively delivered (Ngubane, 2006).

3.4.7 The Impact of the Organisational Structure of uMgungundlovu District Municipality on Service Delivery

Mlotshwa (2007) investigates how the evolution of the uMgungundlovu District Municipality's organisational structure has impacted on the municipality's service delivery over the past eight years. The problem under investigation is that the municipality had never reviewed their organisational structures, even though their functions, leadership and staff complement had changed over the past eight years. The purpose of the study was to address the impact of organisational structures on service delivery. The investigation was done on municipal documentation as well as interviewing municipal staff and management. One of the main findings is that the staff and management do not have the same understanding of organisational structures or of their functions. Management understands that organisational structures need to be place for all staff of the organisation and that the structure should be informed by organisational strategy to ensure that all plans that are followed assist with the implementation of the organisational strategy, namely the Integrated Development Strategy. The staff, on the other hand, due to their exclusion from the relevant organisational structuring and design processes, believes that their work is separate from the organisational strategies.

Mlotshwa (2007) concludes that a municipality's service delivery efforts can only be efficient and sustainable if the organisation ensures that its structure is informed by its strategies, and that these are both reviewed at regular intervals.

It is suggested that future research initiative questions be explored to throw more light on the topic, such as how does dual leadership system of municipality's management impact on efficient service delivery; and how does the fact that there are so many processes that limit the extent to which staff can perform impact on the morale of the staff (Mlotshwa, 2007).

3.5 Conclusion

This chapter explored three dimensions or areas of the local sphere of government.

Firstly, the state of local government worldwide which explored enhancing efficiency in the Australian local government, the municipal financial situation in Spain, and an international perspective of strategic frameworks for outsourcing.

Secondly, the state of local government in South Africa with specific reference to: the strategic position of local government, local government failures, strategic interventions by local government, responsibility for financial risk management, enhancing service delivery in local government, the foundation of good governance, enhancing institutional capabilities of municipalities for service delivery, a Soweto community case study, and strategies for improving service delivery in the Vhembe District, Limpopo.

Thirdly, the State of local government in KZN which explored with specific reference to causes of poor service delivery in KZN, the role of Amakhosi (traditional leaders) in KZN, good governance and Ubuntu in KZN, community participation in the EThekweni municipality, water delivery in Pietermaritzburg, an evaluation of service delivery at the Endondakusuka local municipality, and the impact of organisational structure of the uMgungundlovu district municipality on service delivery.

Chapter 4: Research Methodology

4.1 Introduction

This research was conducted on low and medium scale municipalities in the KZN Region. High scale municipalities were ignored for the purpose of this study. The reason this province was chosen is because it is within the geographic area where the researcher resides.

The research results will be presented using analytical methods such as graphical and descriptive statistics. Bar graphs and frequency tables will be calculated using Statistical Package for Social Sciences (SPSS, Version 15) to gain an overview of the perceptions of respondents with respect to financial management, governance and service delivery levels on the effectiveness of municipalities in KZN. The descriptive statistics will also include the mean, mode, median and standard deviation. These statistics will serve to confirm the results of the graphical statistics and frequency tables.

It was firstly necessary to test if the data comes from a normal distribution or not, using the Kolmogorov Smirnov test. Once this was established, the second step was to proceed to the type of statistical tests which are permitted, e.g. parametric tests such as independent sample t-tests to check for differences between the mean scores of the low capacity and medium capacity municipalities with respect to financial performance, governance and service delivery levels; or alternatively the Mann Whitney U test to check for significant differences between low capacity and medium capacity municipalities if the data on these variables were found via the Kolmogorov Smirnov test to be non-normal in nature.

The hypotheses will be tested using the Chi-square goodness of fit test. The reason this test will be used is that if the responses tend towards a certain category, for example towards the “yes” rather than the “no” category then it can be ascertained whether certain policies and procedures regarding financial management, governance and service delivery Levels are being effectively

practised based on the distribution of the responses within the question categories.

4.2 Research Design

Leedy & Ormrod (2005) define descriptive quantitative research as the type of research that involves either identifying the characteristics of an observed phenomenon or exploring possible correlations among two or more phenomena. In every situation, descriptive research examines a situation as it is. It does not involve changing or modifying the situation under investigation, nor is it intended to determine cause and affect relationships.

According to Bennet (2009), quantitative research comprises three categories, namely experimental research, quasi-experimental research and non-experimental research. Experimental research involves some type of intervention as participants are exposed to something to which they would not have been subjected otherwise. In quasi-experimental research the researcher cannot randomly assign subjects to different groups. Lastly in non-experimental research neither random assignment nor any planned intervention occurs. In this category of research, one or more variables, apart from the independent variable in question, could be the actual source of observed variation in the dependent variable.

Creswell (1994) argues that the quantitative research approach takes scientific explanation to be nomothetic (i.e. based on universal laws). Its main aims are to objectively measure the social world, to test hypothesis and to predict and control human behavior.

The researcher adopts a quantitative analysis whereby quantitative information can be summarised through statistical analyses. The research design used was a survey approach whereby questionnaires were issued to the random sample of financial officers or delegates of low & medium municipalities in KZN.

4.3 Sample Selection

According to Newman (2000), in stratified sampling, a researcher first divides the population into subpopulations (strata) on the basis of supplementary information. After dividing the population into strata, the researcher draws a random sample from each subpopulation. The researcher can sample randomly within strata using simple random or systematic sampling. The simple random sample is both the easiest sample to understand and the one on which other types are modelled. In simple random sampling, a researcher develops an accurate sampling frame and selects elements from the sampling frame according to a mathematically random procedure. After numbering all elements in a sampling frame, a researcher uses a list of random numbers to decide which elements to select.

The researcher therefore stratified the population of municipalities in KZN into low and medium scale municipalities and used a random sample technique to select a sample from each sub-population of low and medium scale municipalities.

Table 4.1: Schedule of Low and Medium Municipalities in KwaZulu-Natal			
Province & District	Capacity		TOTAL
	Low	Medium	
KwaZulu-Natal:			
1. UGu District	4	1	5
2. uMgungundlovu District	4	3	7
3. Uthukela District	3	2	5
4. UMzinyathi District	3	2	5
5. Amajuba District	3	0	3
6. Zululand District	5	1	6
7. Umkhanyakude District	4	2	6
8. uThungulu District	3	2	5
9. ILembe District	3	1	4
10. Sisonke District	4	2	6
TOTAL POPULATION	36	16	52

It can be seen from Table 4.1 that the total population is 52 municipalities. The sample size was calculated using a 5% tolerance level and a 95% confidence level using a package called "SAMPLEXS". It was calculated that a sample of size 30 was necessary to meet the precision requirements, with 20 being low scale municipalities and 10 medium scale municipalities. Generally the larger the sample more adequate representation we get from the population which contributes towards the efficiency of the estimates.

Table 4.2: Schedule of Low Municipalities in KZN			
List	Name of municipality	List	Name of municipality
1	Vulamehlo	21	Nongoma
2	Umzumbe	22	Ulundi
3	UMuziwabantu	23	Jozini
4	Ezingolweni	24	The Big Five False Bay
5	Umshwathi	25	Hlabisa
6	Mpofana	26	Mtubatuba
7	Impendle	27	Ntambanana
8	Richmond	28	Umlalazi
9	Indaka	29	Mthonjaneni
10	Okhahlamba	30	Mandeni
11	Imbabazane	31	Ndwedwe
12	Nquthu	32	iLembe District Municipality
13	Msinga	33	Kwa Sani
14	Umzinyathi District Municipality	34	Greater Kokstad
15	EMadlangeni	35	Ubuhlebezwe
16	Dannhauser	36	Sisonke District Municipality
17	Amajuba District Municipality		
18	EDumbe		
19	UPhongolo		
20	Abaqulusi		

Table 4.2 provides the names of the 36 low capacity municipalities.

Table 4.3: Schedule of Medium Municipalities in KZN		
List	Name of municipality	Category
1	Umdoni	Medium
2	UMngeni	Medium
3	Mkhambathini	Medium
4	uMgungundlovu District Municipality	Medium
5	Umtshezi	Medium
6	Uthukela District Municipality	Medium
7	Endumeni	Medium
8	Umvoti	Medium
9	Zululand District Municipality	Medium
10	Umhlabuyalingana	Medium
11	Umkhanyakude District Municipality	Medium
12	Mbonambi	Medium
13	Nkandla	Medium
14	Maphumulo	Medium
15	Ingwe	Medium
16	Umzimkhulu	Medium
	TOTAL MEDIUM SCALE MUNICIPALITIES	16

Table 4.3 provides the names of the 16 medium capacity municipalities.

4.4 Research Instruments

The research instruments are research questionnaires which was either e-mailed or faxed, for quantitative purposes of the study. It can be illustrated, per Annexure F, Questionnaire, that structured closed-ended questions will be used to collect data from a randomly selected sample. Rating the targeted participants here are municipalities' CFOs or delegates. The quantitative data collected will be analysed by means of SPSS software. The objective of data analysis is to determine the effect of financial management, governance and service delivery on the effectiveness of municipalities in KZN. Conclusions, recommendations and a framework for municipal effectiveness will be drawn, based on the analyses.

4.5 Data Collection

According to Leedy *et al.*, (2005), survey research involves acquiring information about one or more groups of people by asking them questions and tabulating their answers. A survey is quite simple in design where the researcher poses a series of questions to willing participants, summarises their responses with percentages, frequency counts, or more sophisticated statistical indexes, and then draws inferences about a population from the responses of the sample.

Sekaran (2003) defines a questionnaire as a preformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. Questionnaires are an efficient data collection mechanism when the researcher knows what is required and how to measure the variables of interest. Questionnaires can be administered personally, mailed to respondents, or electronically distributed.

The researcher used questionnaires as a data collection method by emailing or faxing respondents. The main advantage was that a wide geographical area within KZN could be covered in the survey, and in addition the respondents could complete them at their own convenience and leisure. Sufficient time was given for completion and returns.

4.6 Ethical Issues

During the research the ethical guidelines discussed below as presented in Leedy *et al.*, (2005: 102) were followed. Firstly there was informed consent, i.e. respondents were personally contacted by telephone by the researcher and invited to participate in the study, following which the research questionnaire was mailed electronically or faxed. Consequently, the participants were aware that the completion of the research questionnaire was voluntary. No incentives were offered to take part in the study, and all inputs were to be anonymous with no municipality names mentioned.

Secondly was the right to privacy, i.e. as the study focused on persons in senior financial management within local government, their inputs on municipal effectiveness was treated confidentially. Confidentiality was a major ethical consideration as the respondents were CFOs of the municipality. It was also reiterated in the questionnaire that all information obtained was purely for academic purposes.

4.7 Validity, Reliability and Consistency

Leedy *et al.*, (2005) state that the validity of research methodology refers to the accuracy, meaningfulness, and credibility of the research project as a whole. The research effort will be worth the time and effort only to the extent that it allows meaningful and defensible conclusions from data. Validity of research involves two sets of questions, firstly, does the study have sufficient controls to ensure that the conclusions drawn are truly warranted by the data (internal validity), and secondly, can we use what we have observed in the research situation to make generalizations about the world beyond that specific situation (external validity).

Both internal and external validity were taken into consideration when the Research Design, a Survey approach whereby questionnaires were issued to the random sample of CFOs or Delegates of Low & Medium municipalities in KZN, was chosen. The strategy adopted was to ensure a representative sample of the

population to be selected for the research study. The total population was 52 municipalities and the sample size was calculated using a 5% tolerance level and a 95% confidence level using a package called "SAMPLEXS". It was calculated that a sample of size 30 was necessary to meet the precision requirements, with 20 being low scale municipalities and 10 medium scale municipalities.

(Coakes and Steed, 2003: 140) state that there are a number of different reliability coefficients. One of the most commonly used is the Cronbach's alpha, which is based on the average correlation of items within a test if the items are standardised. If the items are not standardised, it is based on the average covariance among the items.

In order for the research methodology to have any integrity, there is a need for the data quality to have the following characteristics; validity and reliability. The Cronbach's Alpha will be calculated for the questions that have the same scales. The Cronbach's alpha can range from "0 to 1". A value of 0.7 or higher is deemed to conclude a good internal consistency and reliability amongst the questions. Cronbach's alpha was also calculated as part of the reliability test to assess how consistent the results were and would similar results be obtained in order to generalize if the sample size increased. A value of 0.7 or higher is a very indicator that the same results would be derived if this survey was carried out with a larger sample of respondents. The Cronbach's alpha was calculated for all the questions which have the same scales in each section.

4.8 Relevance

The Quantitative Research Design whereby questionnaires were issued to the random sample of CFOs is relevant as the Chief Financial Officers represent the top level management of a municipality, and as they are the strategic leaders they are well equipped and capable of answering the Questionnaire, in order to gain responses that are fairly realistic for the financial management, corporate governance and service delivery levels of municipalities.

4.9 Limitations

Surveys, via questionnaires are subject to bias as they are instruments which are reported by an individual. The impact of this bias nature could result in responses from the sample being over or under reported. This was mitigated by the size of the sample, which consisted of 30 out of 52 local and medium municipalities in KZN.

Only CFOs' perceptions on Financial Management, Corporate Governance and Service Delivery were considered in the study. These perceptions were not compared to other primary (municipal officials including the Mayor, Managers from other departments, Employees, Community, etc) and secondary (Auditor General, KZN Provincial Treasury, National Treasury, etc) stakeholders to give a balanced view. This could compromise the interpretation of the responses.

The study was focused on Chief Financial Officers from KZN, and may thus not be generalised to other provinces in South Africa.

4.10 Conclusion

This chapter presented the research design. A single method of data collection was used for quantitative data collection procedures (via questionnaires). An overview was provided about the sample size and selection technique. The ethical considerations as well as issues of validity, reliability and consistency, relevance and limitations were outlined.

The following chapter will investigate, analyze and interpret the results.

Chapter 5: Research Results

5.1 Introduction

In this chapter, the results of the data collected are presented. Thereafter, the number of respondents as the final sample and the summary statistics of responses by CFOs with respect to Financial Management, Corporate Governance and Service Delivery shall be given. This is followed by the presentation of research results using analytical procedures such as graphical and descriptive statistics. Bar graphs and frequency tables will be calculated using SPSS (version 15) to gain an overview of the perceptions of respondents with respect to Financial Management, Governance and Service Delivery Levels on the effectiveness of municipalities in KZN. Lastly, the hypotheses will be tested.

5.2 Final Sample Size and Population

Of the 30 targeted municipalities (20 low and 10 medium scale municipalities), 28 municipalities (93%) completed and returned the questionnaire, including 20 low scale municipalities, and 8 medium scale municipalities. Two of the targeted 10 medium scale municipalities were not responsive and did not return their completed questionnaires within the scheduled time and were therefore excluded from the study.

The CFOs from the 28 municipalities completed and returned their questionnaires within the scheduled time. This would imply that a total municipal sample size of (28 of 52) would represent 54% of the total population.

5.3 Municipal Capacity Results

Figure 5.1: The Capacity of the Municipality

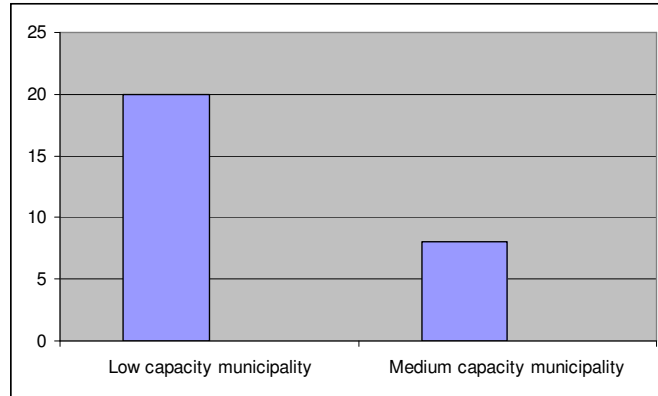


Table 5.1: Frequency - Capacity of Municipality					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low capacity municipality	20	71.4	71.4	71.4
	Medium capacity municipality	8	28.6	28.6	100.0
	Total	28	100.0	100.0	

The first Section A, as it appears in Appendix F refers to the Municipality Profile, whereby respondents must indicate whether their municipality is either a low or medium scale municipality. Figure 5.1 is a bar graph illustrating the number of low and medium scale municipalities. Table 5.1 is a table illustrating the number of low and medium scale municipalities.

There were more low capacity municipalities **20** (71.4%) than medium capacity municipalities **8** (28.6%).

5.4 Financial Management Results

The second Section B, as it appears in Appendix F refers to the questions on Financial Management of a Municipality, whereby respondents must indicate whether a “yes” or “no” answer, on various categories such as Capacity, Delegation of Authority, Financial Position of the municipality etc.

The significance of using Bar graphs and frequency tables (on questions B1 to B25, in Appendix F) was to gain an overview of the perceptions of respondents with respect to financial management on the effectiveness of municipalities in KZN, as illustrated in Appendix G. Therefore if the responses are tending say towards the “yes” category rather than the “no” category then it may be ascertained, for example, if certain policies and procedures regarding financial management are effectively being practiced based on the distribution of the responses within the question categories.

Figure 5.2 is a bar graph illustrating the number of MMs appointed in low and medium scale municipalities. Table 5.2 is a table illustrating the number of MMs appointed in low and medium scale municipalities. There were **28** (100%) of local and medium capacity municipalities who had appointed MMs.

The significance of using bar graphs and frequency tables is also demonstrated in Appendix H, which highlights the difference in the breakdown trends with respect to the questions on Financial Management between the low capacity and medium capacity municipalities. It provides a summary breakdown for each question under Financial Management giving the numbers and percentage for low and medium scale municipalities.

Figure 5.2: The Appointment of the MM of the Municipality

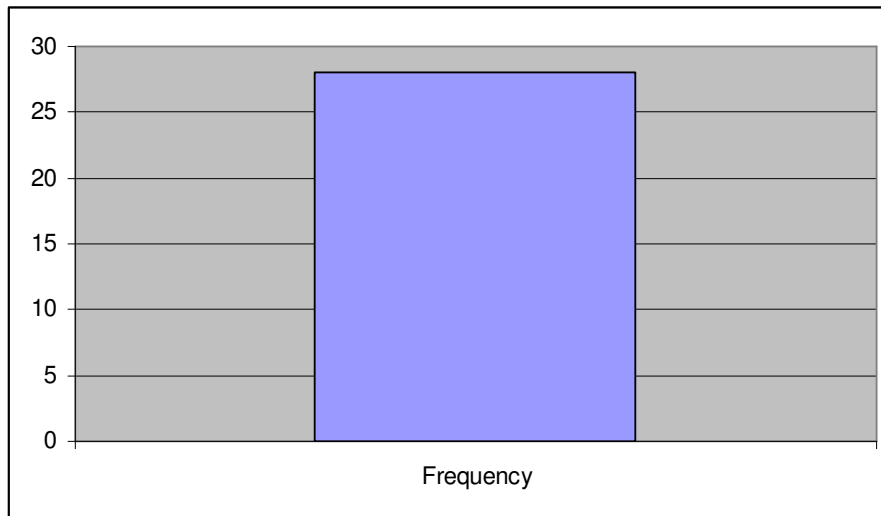


Table 5.2: Frequency – MM Appointment of Municipality					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	100.0	100.0	100.0

The modal response was to this question “yes” was (100%).

5.5 Corporate Governance Results

The third Section C, as it appears in Appendix F, refers to the questions on Corporate Governance of a Municipality, whereby respondents must indicate whether a “yes” or “no” answer, on various questions such as Was the Council prioritizing and addressing the critical issues of the municipal area, Was the role of Councillors active in the municipality and community etc.

The significance of using Bar graphs and frequency tables (on questions C1 to C19, in Appendix F) was to gain an overview of the perceptions of respondents with respect to corporate governance on the effectiveness of municipalities in KZN, as illustrated in Appendix I. Therefore if the responses are tending say towards the “yes” category rather than the “no” category then it may be ascertained, for example, that the level of corporate governance is high at low and medium scale municipalities.

Figure 5.3 is a bar graph illustrating the number of Municipal Councils that were prioritizing and addressing the critical issues of the Municipal area. Table 5.3 is a table illustrating the number of Municipal Councils that were prioritizing and addressing the critical issues of the Municipal area. There were 25 municipalities (89.3%) that agreed that Council were prioritizing critical issues, and 3 (10.7%) stated that Council was not prioritizing critical issues.

The significance of using bar graphs and frequency tables is also demonstrated in Appendix J, which highlights the difference in the breakdown trends with respect to the questions on Corporate Governance between the low capacity and medium capacity municipalities. It provides a summary breakdown for each question under Corporate Governance giving the numbers and percentage for low and medium scale municipalities.

Figure 5.3: Council Prioritization

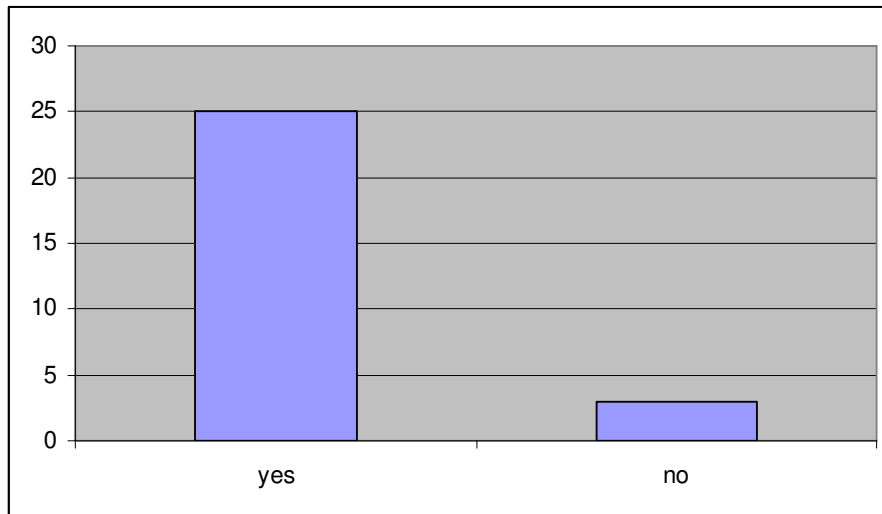


Table 5.3: Frequency – Council Prioritization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	25	89.3	89.3	89.3
	no	3	10.7	10.7	100.0
	Total	28	100.0	100.0	

5.6 Service Delivery Results

The fourth Section D, as it appears in Appendix F refers to the issue of Service Delivery of a Municipality, whereby respondents answer questions on a 5-point rating scale, in the following categories:

5.6.1 Level of Satisfaction with Current Service Delivery Performance

The current level of satisfaction with the current service delivery performance of the local municipality over the financial year ranged from satisfactory (46.4%) and poor (35.7%). The level of satisfaction for the low capacity municipality was satisfactory (60%) and good (40%) whilst for the medium capacity municipality the level of satisfaction ranged from poor (37.5%), good (25%) and very good (25%); see Appendix K.

5.6.2 The Change in Service Performance Level

The overall service performance level of the municipality in the year improved by 57.1% and remained the same at 25%. The low capacity municipality had their service performance level improved by 55% and remained the same at 35%, whilst the medium capacity municipality had their service performance level improved by 62.5% and deteriorated by 25%; see Appendix L.

5.6.3 Confidence in the municipality to provide service

The overall confidence in the municipality was at the level of fairly confident (71.4%), the low capacity municipality had their confidence at fairly confident (80%). This same level of fairly confident (50%) was seen in the medium capacity municipalities as well; see Appendix M.

5.6.4 Challenges/Priorities

The three most important priorities/challenges facing the municipality were HIV/AIDS, unemployment and sports facilities. Low capacity municipality had their top three challenges as access to refuse collection, unemployment and HIV/AIDS. The medium capacity municipality had their top three challenges as HIV/AIDS, unemployment and corruption; see Appendix N.

5.6.5 Perceived Customer Service Level Satisfaction

As the mean rating was fewer than 2, for access to water and sanitation facilities, is an indication that these are areas of attention. Access to water and sanitation facilities are areas of improvement for the low capacity municipality whilst electricity, refuse collection and street lights are areas of improvement for the medium capacity municipality; see Appendix O.

5.7 Descriptive Statistics

Appendix P considers the mean, the mode, the median, the sample variance and the sample standard deviation. The mean or the arithmetic mean is the sum of all the values divided by the sample size, the mode is the most frequent response given by the respondents and the median is the middle most value when the data (per variable/question) is arranged from highest to lowest. The sample variance is the degree or quantity by which each observation varies one from another. The sample standard deviation is the square root of the sample variance

Consequently, the majority of the questions (sections B, Financial Management and C, Corporate Governance) have modes of “1” and some of the questions have modes of “2” which translates to “yes” and “no”. The standard deviations are consistently about ‘1’. The relevance is that this indicates good consistency between the observations due to the low variability. The mean and median values are consistent with modal values. The descriptive statistics will also serve to confirm the graphical statistics.

5.8 Reliability Analysis

(Coakes and Steed, 2003: 140) state that there are a number of different reliability coefficients. One of the most commonly used is the Cronbach's alpha, which is based on the average correlation of items within a test if the items are standardised. If the items are not standardised, it is based on the average covariance among the items.

The Cronbach's alpha can range from "0 to 1". Cronbach's alpha was also calculated as part of the reliability test to assess how consistent the results were and would similar results be obtained in order to generalize if the sample size increased. A value of 0.7 or higher is a very indicator that the same results would be derived if this survey was carried out with a larger sample of respondents. The Cronbach's alpha was calculated for all the questions which have the same scales in each section.

SECTION	CRONBACH'S ALPHA
B. Financial Management	0.731
C. Corporate Governance	0.770
OVERALL	0.745

Table 5.4 illustrates the Cronbach's Alpha to be 0.731 for Financial Management, and 0.770 for Corporate Governance. The alpha value overall of 0.745 is a value indicating a good internal consistency

5.9 Kolmogorov's SmirNov Test

- H₀:** the tested variables come from a Normal distribution
H₁: the tested variables do not come from a Normal distribution

Appendix Q illustrates the Kolmogorov Smirnov vale per question asked in the questionnaire, as well as the respective p-values.

At the 5% significance level, reject H₀ for the questions whose p-values are less than 0.05 and conclude that the tested variables do not come from a Normal

distribution. The implication for this is that as far as the scores are concerned, it is required to use Non-parametric statistics. Tests such as the Mann-Whitney U test, chi-square and the Kruskal Wallis test will be used if necessary.

However for the questions that is shaded fail to reject H_0 and conclude that these variables come from a Normal distribution and can use parametric techniques such as Independent sample t-test and Analysis of Variance (ANOVA), etc.

5.10 Hypothesis Testing – Main

5.10.1 Financial Management

In order to test the following hypotheses, the Chi-squared test is used. If there was a high level of practice then there would be a high concentration of respondents who would have answered “yes” to the asked questions than “no”.

H₀: there is a low level of financial management at KZN municipalities

H₁: there is a high level of financial management at KZN municipalities

Reject H_0 at the 5% level, for all of the above questions that have a p-value less than 0.05 and conclude that there is a high level of financial management at KZN municipalities.

This is illustrated by the p-values that are not shaded in Appendix R.

Fail to reject H_0 for the p-values that are all greater than 0.05 and therefore with respect to these questions only there is a low level of financial management at KZN municipalities. These questions become areas of improvement and recommendation to the KZN municipalities and they relate to the issue of improving the Auditing opinion of municipalities. These questions are described in Table 5.5.

Table 5.5: Questions for Low Level of Financial Management

Question	Description
B8	Did the municipality achieve a Deficit for the year?
B10	Did the municipality obtain a Qualified Audit Opinion for the year?
B11	Did the municipality obtain an Adverse Audit Opinion for the year?
B12	Did the municipality obtain a Disclaimer Audit Opinion for the year?
B20	Where any breaches of in the implementation of the Supply Chain Policy reported in the year?
B22	Is the Internal Audit function performed in house?
B24	Has Provincial Treasury or COGTA intervened in the municipality's operations in the year?

5.10.2 Corporate Governance

In order to test the following hypotheses, the Chi-squared test is used. If there was a high level of practice then there would be a high concentration of respondents who would have answered “yes” to the asked questions than “no”.

H₀: there is a low level of governance at KZN municipalities

H₁: there is a high level of governance at KZN municipalities

Reject H₀ at the 5% level, for all of the above questions that have a p-value less than 0.05 and conclude that there is a high level of governance at KZN municipalities.

This is illustrated by the p-values that are not shaded in Appendix S.

Fail to reject H₀ for the p-values are all greater than 0.05 and therefore with respect to these questions only there is a low level of governance at KZN municipalities. These questions become areas of improvement and recommendation to the KZN municipalities and they relate to the issue of internal and external governance. These questions are described in Table 5.6.

Table 5.6: Questions for Low Level of Corporate Governance

Question	Description
C8	Were the managers and employees rewarded for good work and were those who were not performing punished or sanctioned?
C9	Were there Political infighting or conflict between senior management and councillors?
C15	Where there documented service delivery protests against the municipality in financial year?
C16	Where there lawsuits against the municipality in financial year?
C18	Has a Stakeholder Analysis been performed by municipality?
C19	Has an Internal & External environment analysis been done for the municipality?

5.10.3 Service Delivery

In order to test the following hypothesis, the one sample t-test is used. If the mean score for the following questions are less than 3, it shall indicate a low level of service delivery in KZN municipalities.

H₀: there is a low level of service delivery at KZN municipalities (mean score less than 3)

H₁: there is a high level of service delivery at KZN municipalities (mean score greater than 3)

The means for each question is summarized in Appendix T.

Reject H₀ for all p-values less than 0.05 and conclude that there is a high level of service delivery at KZN municipalities. This is illustrated by the p-values that are shaded in Appendix U.

Fail to reject H₀ for all values greater than 0.05 and conclude that there is a low level of service delivery at KZN municipalities for these questions.

5.11 Hypothesis Testing – Additional

5.11.1 Low and Medium municipalities – Municipal policies and procedures

In order to test the hypothesis the Mann Whitney U test is used. The results are summarized in Appendix V.

H₀: there is no difference between the low and medium capacity municipalities with respect to the municipal procedures and policies

H₁: there is a difference between the low and medium capacity municipalities with respect to the municipal procedures and policies

Fail to reject H₀ for questions that have p-values greater than 0.05 and conclude that there is no difference between the low and medium capacity municipalities with respect to the municipal procedures and policies with respect to these questions.

Reject H₀ at the 5% level if the p-values are less than 0.05 and conclude that there is a difference between the low and medium capacity municipalities with respect to the municipal procedures and policies. The p-values less than 0.05 are shaded in the Appendix V.

These questions are described in Table 5.7

Table 5.7: Questions for difference of municipal procedures and policies	
Question	Description
B17	Does the municipality have an effective system of expenditure control?
B24	Has Provincial Treasury or COGTA intervened in the municipality's operations in the year?
C3	Is the municipality fulfilling its duties of service delivery to residents diligently, honestly and in accordance with best practice so that economy, efficiency and effectiveness criteria are met?
C7	Is the municipality contributing to poverty alleviation and local economic development?

5.11.2 Low and Medium municipalities – Service Delivery

In order to test the hypothesis the Mann Whitney U test is used. The results are summarized below in Appendix W.

H₀: there is no difference between the low and medium capacity municipalities with respect to the service delivery

H₁: there is a difference between the low and medium capacity municipalities with respect to the service delivery

Fail to reject H₀ at the 5% level since the p-values for these questions are all greater than 0.05, and conclude there is no difference between the low and medium capacity municipalities with respect to the service delivery.

5.11.3 Low and Medium municipalities – Challenges/Priorities

In order to test the hypothesis the Independent sample t-test is used since the Kolmogorov Smirnov test showed that these questions follow a Normal distribution and permit the use of parametric tests. The results are summarized in the Appendix X.

H₀: there is no difference between the low and medium capacity municipalities with respect to the challenges/priorities faced in the municipal area as well as the core municipal functions

H₁: there is a difference between the low and medium capacity municipalities with respect to the challenges/priorities faced in the municipal area as well as the core municipal functions

Fail to reject H₀ at the 5% level, for all questions in Appendix X, since their p-values are greater than 0.05 except for access to electricity. Here the p-value is less than 0.05 and can conclude that there is a significant difference between the low and medium capacity municipality with respect to access to electricity.

Chapter 6: Discussions, Conclusions and Recommendations

6.1 Introduction

This chapter focuses on linking the results with the objectives of the research; the difficulties in carrying out the research; further research areas; provides a discussion of the results and conclusions drawn on Financial Management, Corporate Governance and Service Delivery. This is based on the responses from participants discussed in Chapter 5. Recommendations will be thereafter be made based on these discussions and conclusions.

6.2 General Discussion

The primary objectives of the research were:

- To determine the level of financial management at KZN municipalities?
- To determine the level of governance at KZN municipalities?
- To determine the level of service delivery in KZN municipalities?

6.2.1 Financial Management Discussion

In order to address the first research objective, of determining what the level of financial management is at KZN municipalities, the results relate as follows:

Capacity

A 100% of the respondents felt that the Manager (MM) is currently appointed in his/her capacity. A similar trend is seen by 92.9% of the respondents agreeing that the CFO is currently appointed his/her capacity. Just a little more than two thirds of the respondents i.e. 67.9% stated that the Annual Financial Statements are prepared in house. A majority of 71.4% of the respondents agreed that the finance department have the adequate capacity to carry out their constitutional mandate.

Delegation of authority

A majority of 78.6% of the respondents stated “yes” as to whether proper written delegations from the MM to CFO were in place. A bit more than two thirds i.e. 67.9% agreed that proper delegations from CFO to senior managers in finance department are in place.

Financial position of the municipality

It was found that 67.9% agree that the municipality achieved a Surplus for the year whilst 75% of the respondents disagreed (i.e. stated “no”) that the municipality achieved a Deficit for the year. It was found that 75% of municipalities obtained an Unqualified Audit Opinion for the year. This implies that the balance of 25% of remaining municipalities in the sample had a Qualified Audit Opinion, Adverse Audit Opinion, or a Disclaimer Audit Opinion for the financial year under analysis. This issue of improving audit opinions for the municipalities is clearly an area that needs attention and thus becomes an area of improvement. The financial position of the municipality is hence an area where proper policies and procedures need to be practiced.

Internal and external reporting

An overwhelming 92.9% of the respondents state “yes” to the AFS being submitted within the two months after June 2009 and 100% agreed that the monthly budget reports for the financial year submitted internally by the CFO to MM. It was also seen that 92.9% of the respondents agreed that monthly budget reports for the financial year were submitted externally by CFO to Provincial and National Treasury.

Management of revenue and expenditure

Just over 80% i.e. 82.1% agreed that they have an inadequate income base increased reliance on government grants and other external sources of funding and 85.7% agreed that the municipality have an effective system of expenditure control whilst just over half i.e. 53.6% of the respondents agreed that there had been adequate revenue collection in the financial year.

Supply chain management

A full response of 100% of the respondents agreed that the Council adopted a Supply Chain Management Policy for the municipality whilst 67.9% disagreed and 32.1% agreed as to whether there were any breaches of in the implementation of the Supply Chain Policy reported in the year.

Internal audit

It was found that 85.7% agreed that the municipality has a fully functional and operational internal audit unit and 75% disagreed that the Internal Audit function is performed in house.

Audit committee

Almost nine tenths of all the respondents i.e. 89.3% agreed that the municipality has a fully functional and operational audit committee.

Financial learning experiences

A majority of 85.7% disagreed that the Provincial Treasury or COGTA intervened in the municipality's operations in the year whilst 53.6% disagreed and 46.4% agreed that the financial support given to municipalities are adequate for the intended initiatives.

6.2.2 Corporate Governance Discussion

In order to address the second research objective, of determining what the level of corporate governance is at KZN municipalities, the results relate as follows:

It was found that 100% of the respondents agreed that there is clarity concerning the mandate of the municipality whilst 89.3% agreed that the budget is a meaningful planning device and does aid departments in their operations. About 86% of the respondents affirmed that the municipality is fulfilling its duties of service delivery to residents diligently, honestly and in accordance with best practice so that economy, efficiency and effectiveness criteria are met. An overwhelming 92.9% also agreed that the management and staff are held

accountable for the spending of the budget and did they act in accordance with what was expected of them.

In both cases of whether the council was prioritizing and addressing the critical issues of the municipal area as well as whether sustainable environment was a priority, 89.3% were in the affirmative in both issues. A majority of 92.9% of the respondents agreed that the municipality was contributing to poverty alleviation and local economic development. This is good indication of the concern expressed by the municipality towards their socio-economic community. Just over half of the respondents i.e. 57.1% disagreed that the managers and employees were rewarded for good work and were those who were not performing punished or sanctioned. The area of reward and job satisfaction through remuneration is an area of improvement for the municipality. Majority of the respondents also disagreed that there was Political infighting or conflict between senior management and councilors and 78.6% agreed that there was demonstrated active Community Participation.

It is encouraging to note that 100% of the respondents agreed that the role of Councillors was active in the municipality and community. This is clearly a commendable act on behalf of the councillors. There was a decrease in that 78.6% of respondents agreed that the role of Amakhosi/Traditional Leaders was active in the municipality and community when compared to that the perceptions of the respondents with respect to the councillors. Approximately 97% i.e. 96.4% stated "yes" as to the municipality adopting an integrated approach between IDP, Service Delivery Budget Implementation Plan and Performance processes and 92.9% agreed that the Performance management processes are in place for top level management, i.e. for Section 57 managers.

Just under two thirds of the respondents i.e. 64.3% disagreed that there are documented service delivery protests against the municipality in financial year and 60.7% of the respondents stated that there were no lawsuits against the municipality in the financial year. It was found that 78.6% see training as a strategy that has been used to improve effective and efficient service delivery whilst 57.1% state that a Stakeholder Analysis has not been performed by municipality. Also

57.1% of the respondents state that an Internal & External environment analysis has not been done for the municipality.

6.2.3 Service Delivery Discussion

In order to address the third research objective, of determining what the level of service delivery is at KZN municipalities, the results relate as follows:

The current level of satisfaction with the current service delivery performance of the local municipality over the financial year ranged from satisfactory (46.4%) and poor (35.7%). The overall service performance level of the municipality in the year has improved by (57.1%) and remained the same at (25%). The overall confidence in the municipality was at the level of fairly confident (71.4%), the low capacity municipality had their confidence at fairly confident (80%). This same level of fairly confident (50%) was seen in the medium capacity municipality as well.

The three most important priorities/challenges facing the municipality were HIV/AIDS, unemployment and corruption. The overall perceived level of satisfaction with the core municipal service are that access to water and sanitation facilities are areas of attention.

6.3 Difficulties in carrying out Research

The scope of the research to investigate the impact of Financial Management, Governance and Service Delivery Levels on the effectiveness of municipalities cannot be measured with absolute certainty. In addition, municipalities may be influenced by political powers and this is also difficult perhaps impossible to measure. Therefore to assess the actual impact of Financial Management, Governance and Service Delivery on the effectiveness of municipalities cannot be achieved with complete accuracy.

6.4 Further Research

The research investigated the impact of Financial Management, Corporate Governance and Service Delivery within low and medium scale municipalities in KZN from a quantitative perspective. The need for further research is evident:

- As the similar quantitative approach could be used to survey high scale municipalities in KZN, as well as low, medium and high scale municipalities throughout the other provinces in South Africa
- A qualitative research approach could be used with the existing sample, and expanding the scope of well structured interviews with not only the CFOs but to other Heads of Departments, from Corporate, Technical, and Council etc.
- A qualitative and quantitative analysis could be performed by municipalities in KZN and/or other provinces, but focusing the research from the community/publics viewpoint

6.5 Recommendations

Firstly, it is recommended that those questions identified from the statistical analysis where there is a **low level of financial management** at KZN municipalities be the focus or starting point. These questions become areas of improvement and recommendation to the KZN municipalities and they relate to:

- The issue of improving the Auditing opinion of municipalities
- Ensuring that the municipality achieves a Surplus for the year
- Ensuring that there is proper implementation of the Supply Chain Policy and Procedures during the year
- There is appropriate interventions by Provincial Treasury or COGTA in the operations of the municipalities when the need occurs

Secondly, it is recommended that those questions identified from the statistical analysis where there is a **high level of financial management** at KZN municipalities be the areas for continued focus and attention. These areas refer to:

- Proper written delegations of authority in the Finance Department
- Timely and accurate internal and external reporting by municipalities
- Effective system of expenditure control
- Adequate revenue collection methods
- Functional Internal Audit
- Functional Audit Committee
- A capacitated finance department to carry out its constitutional mandate

Thirdly, it is recommended that those questions identified from the statistical analysis where there is a **low level of governance** at KZN municipalities be the focus or starting point. These questions become areas of improvement and recommendation to the KZN municipalities and they relate to:

- Rewarding managers and employees for good work and reprimanding those for poor performance
- Prevent or minimize service delivery protests and lawsuits against the municipality
- Engage the municipality in proper Stakeholder Analyses
- Engage the municipality in Internal and External Environment Analyses

Fourthly, it is recommended that those questions identified from the statistical analysis where there is a **high level of governance** at KZN municipalities be the areas for continued focus and attention. These areas refer to:

- Clarity for the mandate of the municipality

- Fulfillment of duties of service delivery to residents diligently, honestly and in accordance with best practice
- Council prioritization of critical areas in the municipal area
- Creating avenues for active community participation
- Active and effective roles of councilors in the community
- Active and effective roles of Amakhosi/Traditional Leaders in the community
- Existence of Performance management processes for top level management
- Use of training as a strategy to improve effective and efficient service delivery

Lastly, with regard to **service delivery** it is recommended that continued efforts are placed on the three most important priorities/challenges facing the municipality which are HIV/AIDS, unemployment and corruption.

6.6 Conclusions

With regards to the impact of Financial Management, Corporate Governance and Service Delivery on effectiveness of municipalities, the results indicate that there are some areas that the municipality is effective in and then there are other areas that need attention. This implies that there is not a 100% state of efficiency with respect to policies and procedures. Some of the areas that need attention in the measured variables of financial management, corporate governance and service delivery, include:

6.6.1 Financial management

- Financial position of the municipality- the issue is of improving the Auditing opinion of municipalities from Qualified, Adverse or Disclaimer to Unqualified Audit opinions.

- Management of revenue and expenditure-there needs to be more revenue collection throughout the year
- Financial learning experiences- there needs to be more financial support given to municipalities for the intended initiatives

6.6.2 Corporate governance

The areas of attention include the consistent practice of stakeholder analysis and internal and external environment analysis

6.6.3 Service delivery

The overall service delivery ranges from satisfactory to good whilst just over half the respondents felt that the service performance level has improved in the last year and a quarter of the respondents felt that the service performance level has just remained the same. Majority of the respondents i.e. 71.4% are fairly confident in the municipality being able to provide people with a good quality of life, compared to other municipalities

There are some significant differences between the low capacity and medium capacity municipalities. These differences lay in the financial management and corporate governance areas. There were no significant differences with respect to service delivery i.e. current service delivery performance, change in the service performance level and confidence in the municipality being able to provide people with a good quality of life, compared to other municipalities.

The main hypotheses show that there are certain areas of recommendation due to the fact that certain practices are not implemented fully under the financial management, corporate governance and service delivery areas. Thus there are areas of low and high levels of financial management, corporate governance and service delivery in the municipality.

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8. APPENDICES

Appendix A: Total Number of Municipalities per Province					
LIST	Provinces	Total Number of Local Municipalities	Total Number of District Municipalities	Total Number of Metro Municipalities	TOTAL
1	Eastern Cape	38	6	1	45
2	Free State	20	5	0	25
3	Gauteng	8	3	3	14
4	KwaZulu-Natal	50	10	1	61
5	Limpopo	25	5	0	25
6	Mpumalanga	18	3	0	21
7	North West	21	4	0	25
8	Northern Cape	27	5	0	32
9	Western Cape	24	5	1	30
	TOTAL	231	46	6	283

(Source: State of Local Government Report, COGTA, 2009: 16)

Appendix B: Schedule of Municipalities in KwaZulu-Natal

List	Name of Municipality within KZN	Municipality Grade			Total
		Low	Med	High	
Ugu District					7
1	Vulamehlo	L			
2	Umdoni		M		
3	Umzumbe	L			
4	Umuziwabantu	L			
5	Eziqoleni	L			
6	Hibiscus Coast			H	
7	Ugu District Municipality			H	
UMgungundlovu District					8
8	Umshwathi	L			
9	Umngeni		M		
10	Mooi Mphofana	L			
11	Impendle	L			
12	Msunduzi			H	
	Mkhambathini				

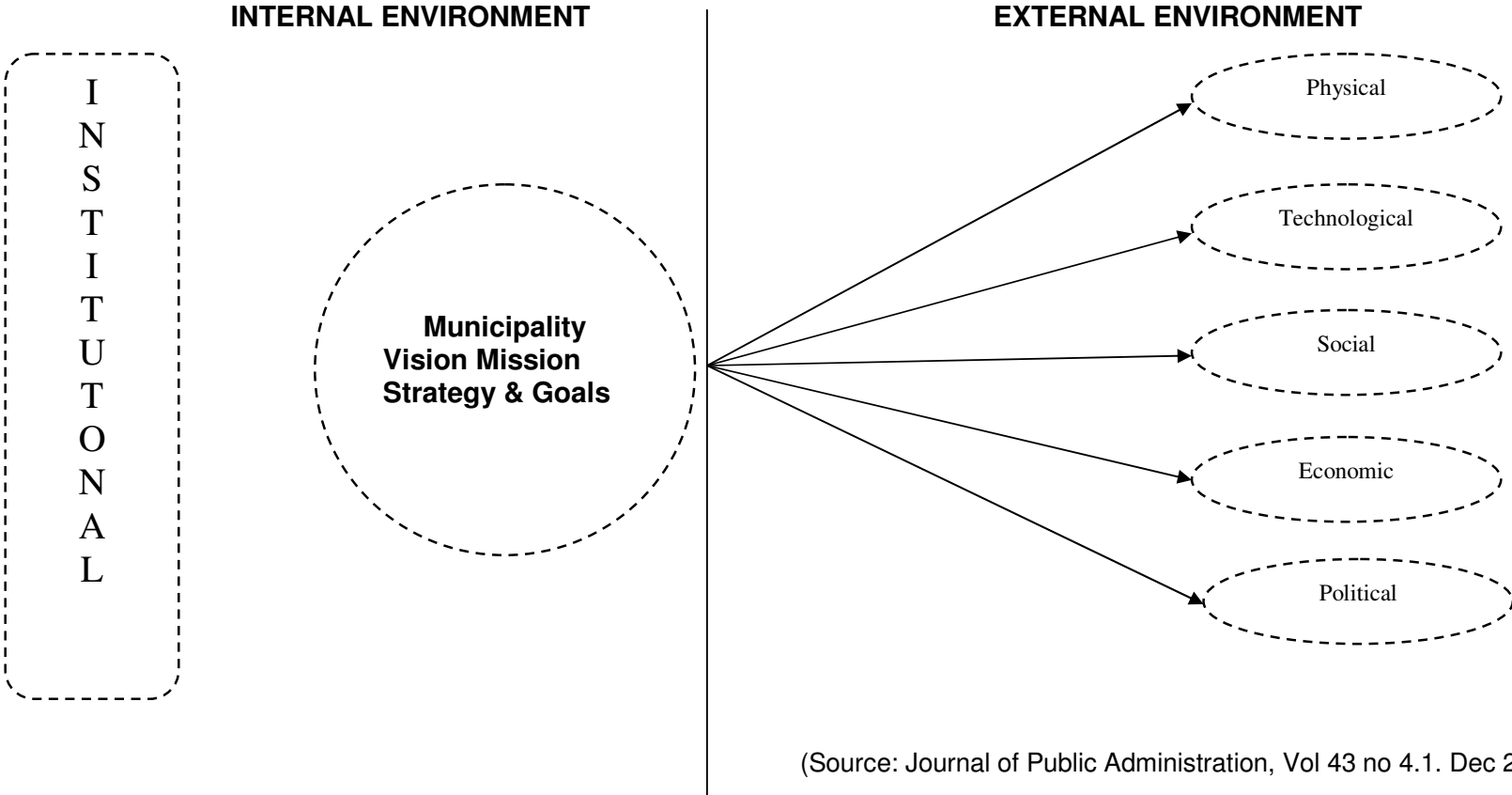
13			M		
14	Richmond	L			
15	Umgungundlovu District Municipality		M		
Uthukela District					6
16	Emnambithi/LadySmith			H	
17	Indaka	L			
18	Umtshezi		M		
19	Okhahlamba	L			
20	Imbabazane	L			
21	Uthukela District Municipality		M		
Umzinyathi District					5
22	Endumeni		M		
23	Nquthu	L			
24	Msinga	L			
25	Umvoti		M		
26	Umzinyathi District Municipality	L			
Amajuba District					4

27	Newcastle			H	
28	eMadlangeni/Utrecht	L			
29	Dannhauser	L			
30	Amajuba District Municipality	L			
Zululand District					6
31	Edumbe	L			
32	Uphongolo	L			
33	Abaqulusi	L			
34	Nongoma	L			
35	Ulundi	L			
36	Zululand District Municipality			M	
UMkhanyakude District					6
37	Umhlabuyalingana			M	
38	Jozini	L			
39	The Big 5 False Bay	L			

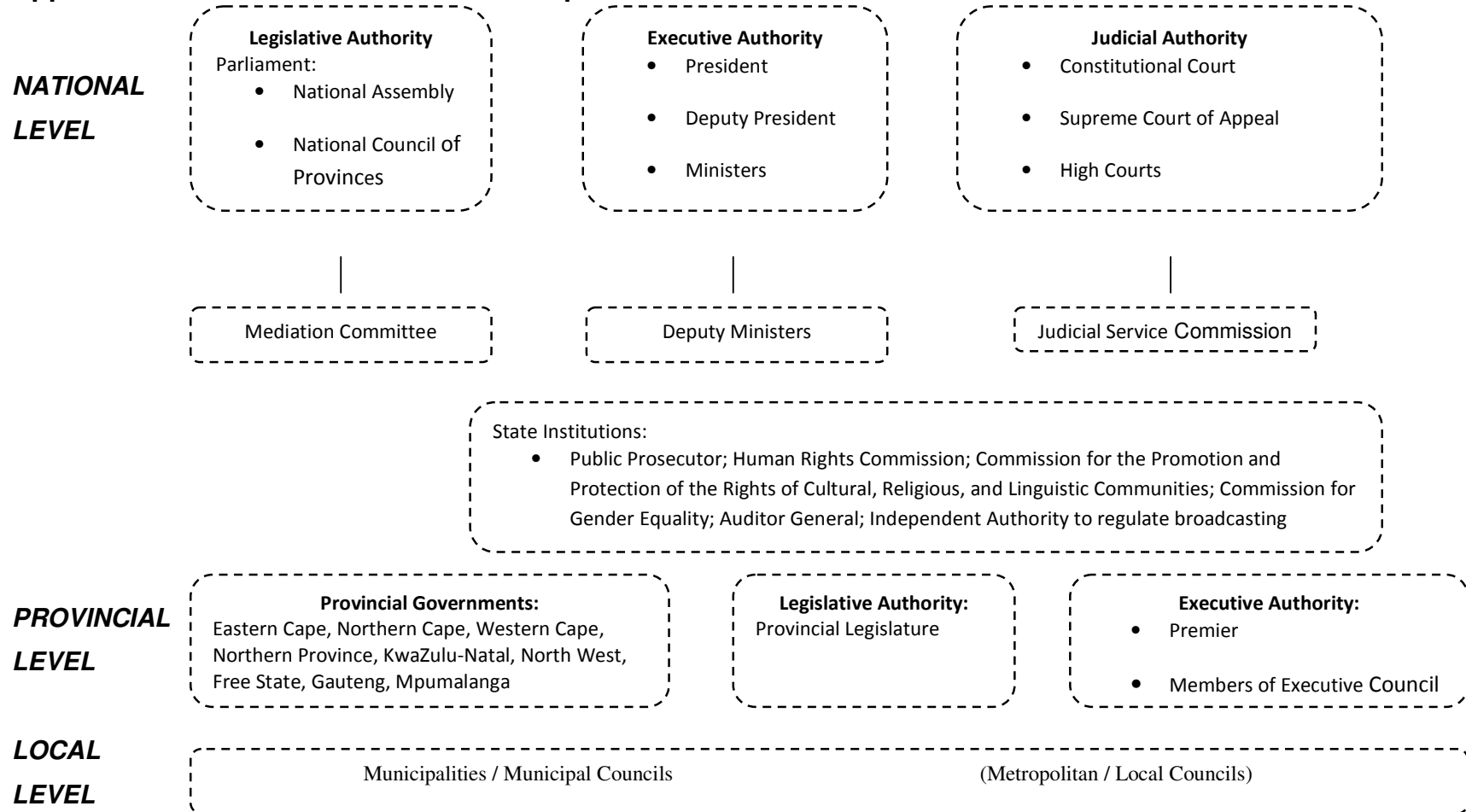
40	Hlabisa	L			
41	Mtubatuba	L			
42	Umkhanyakude District Municipality		M		
uThungulu District					7
43	Mbonambi		M		
44	uMhlathuze			H	
45	Ntambanana	L			
46	Umlalazi	L			
47	Mthonjaneni	L			
48	Nkandla		M		
49	uThungulu District Municipality			H	
Ilembe District					5
50	Mandeni/èNdondakusuka	L			
51	KwaDukuza			H	
52	Ndwedwe	L			
53	Maphumulo		M		
54	Ilembe District Municipality	L			
Sisonke District					7

55	Ingwe		M		
56	Kwa Sani	L			
57	Greater Kokstad	L			
58	Ubuhlebezwe	L			
59	Umzimkhulu/Matatiele		M		
60	Sisonke District Municipality	L			
61	eThekweni Municipality			H	
	TOTAL	36	16	9	61

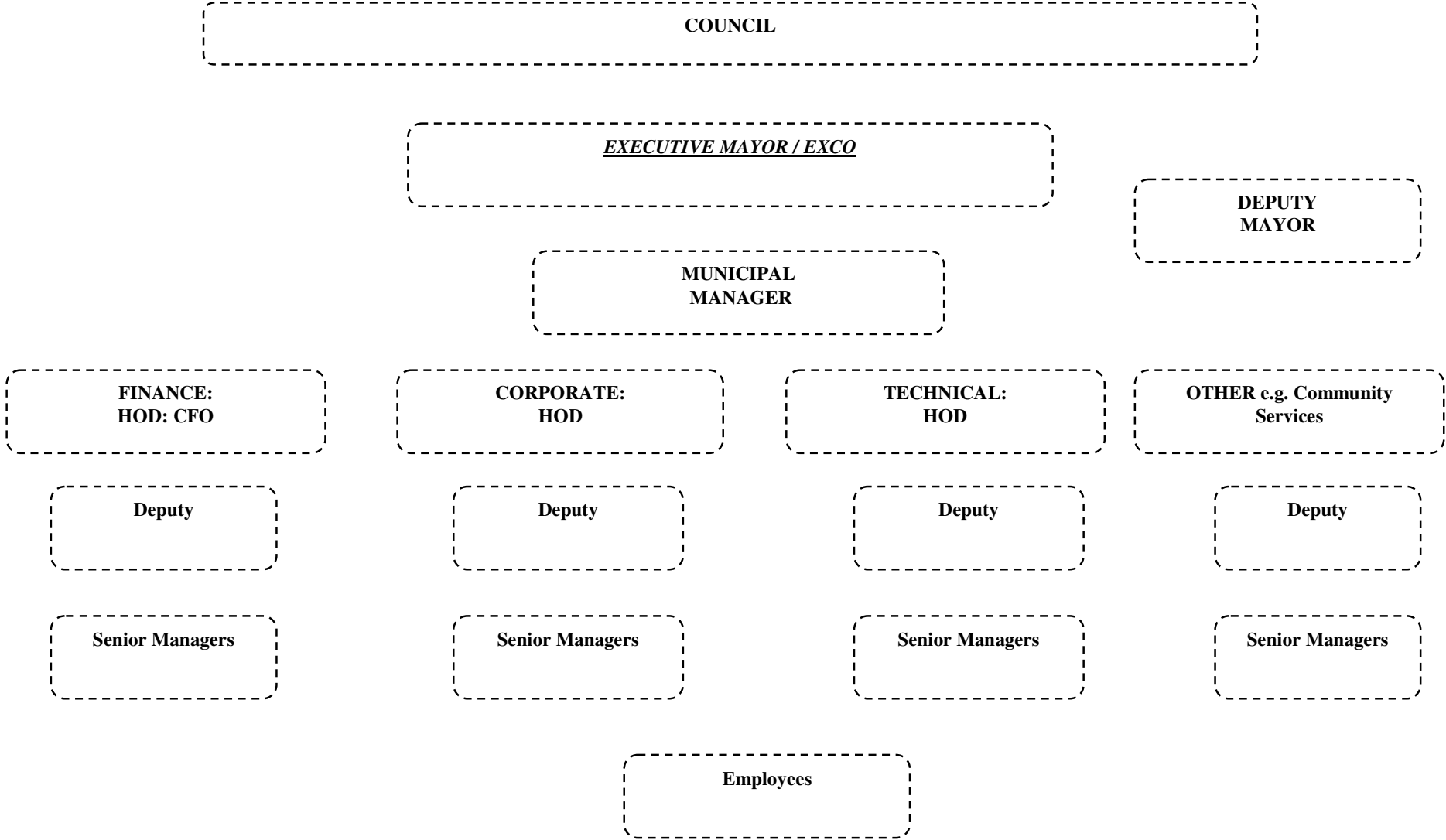
Appendix C: The Municipal Environment



Appendix D: Structure of South Africa's Spheres of Government



Appendix E: Municipal Structure



Appendix F: Questionnaire

Dear Participant

The primary aim of this research is an **investigation into the impact of financial performance, governance and service delivery levels on the effectiveness of municipalities in KwaZulu-Natal**. The purpose of this questionnaire is to gather information which will later be analysed to develop a framework for successful municipalities in KwaZulu-Natal. The researcher (*Master in Business Leadership: MBL student*) is aware that the information obtained through this questionnaire cannot be used beyond the scope of the UNISA Graduate School of Business Leadership. Please note that this information will be used strictly for academic purposes.

After you have completed the questionnaire please forward it to:

ameer.mahabir@gmail.com

or

Fax: 033 3874 342

Thank you for taking time to complete this questionnaire.

**Ameer Mahabir
Masters in Business Leadership: MBL student
Cell 083 556 4329
Lan Line 033 3912 726**

RESEARCH QUESTIONNAIRE:

PERSEPECTIVE: Municipal Management
FINANCIAL PERIOD: July 2008 to June 2009

A. MUNICIPALITY PROFILE

1. Indicate the Capacity of the Municipality

	Mark with (X)
Low Capacity Municipality	
Medium Capacity Municipality	

2. Indicate the District in KZN that the Municipality is a part of

	Mark with (X)
uGu District	
uMgungundlovu District	
uThukela District	
uMzinyathi District	
Amajuba District	
Zululand District	
uMkhanyakude District	
uThungulu District	
ILembe District	
Sisonke District	

B. FINANCIAL MANAGEMENT (as it relates to July 2008 – June 2009)

	Mark with (X)	
	Yes	No
Capacity:		
1. Is the Municipal Manager (MM) currently appointed in his/her capacity?		
2. Is the Chief Financial Officer (CFO) currently appointed his/her capacity?		
3. Were the Annual Financial Statement prepared in house?		
4. Does the finance department have adequate capacity to carry out their constitutional mandate?		
Delegation of Authority:		
5. Are proper written delegations from the MM to CFO in place?		
6. Are proper delegations from CFO to senior managers in finance department in place?		
Financial Position of the Municipality:		
7. Did the municipality achieve a Surplus for the year?		
8. Did the municipality achieve a Deficit for the year?		
9. Did the municipality obtain an Unqualified Audit Opinion for the year?		
10. Did the municipality obtain a Qualified Audit Opinion for the year?		
11. Did the municipality obtain an Adverse Audit Opinion for the year?		
12. Did the municipality obtain a Disclaimer Audit Opinion for the year?		
Internal & External Reporting:		
13. Were the AFS submitted within two months after June 2009?		
14. Were monthly budget reports for the financial year submitted internally by the CFO to MM?		
15. Were monthly budget reports for the financial year submitted externally by CFO to Provincial and National Treasury?		
Management of Revenue & Expenditure:		
16. Has an inadequate income base increased reliance on government grants and other external sources of funding?		
17. Does the municipality have an effective system of expenditure control?		
18. Has there been adequate revenue collection in the financial year?		
Supply Chain Management (SCM):		
19. Has the Council adopted a Supply Chain Management Policy for the municipality?		
20. Were there any breaches in the implementation of the Supply Chain Policy reported in the year?		
Internal Audit:		
21. Does the municipality have a fully functional and operational internal audit unit?		
22. Is the Internal Audit function performed in house?		
Audit Committee:		
23. Does the municipality have a fully functional and operational audit committee?		
Financial Learning Experiences:		
24. Has Provincial Treasury or COGTA intervened in the municipality's operations in the year?		
25. Is the financial support given to municipalities adequate for the intended initiatives?		

C. Corporate Governance (as it relates to July 2008 – June 2009)

	Mark with (X)	
	Yes	No
1. Is there clarity concerning the mandate of the municipality?		
2. Is the budget a meaningful planning device and does it aid or hinder departments in their operations? (This is not a yes or no question)		
3. Is the municipality fulfilling its duties of service delivery to residents diligently, honestly and in accordance with best practice so that economy, efficiency and effectiveness criteria are met?		
4. Were the management and staff held accountable for the spending of the budget and did they act in accordance with what was expected of them?		
5. Did the council prioritise and address the critical issues of the municipal area?		
6. Was a sustainable environment a priority?		
7. Is the municipality contributing to poverty alleviation and local economic development?		
8. Were the managers and employees rewarded for good work and were those who did not perform punished or sanctioned?		
9. Was there political infighting or conflict between senior management and councillors?		
10. Was there demonstrated active Community Participation?		
11. Was the role of Councillors active in the municipality and community?		
12. Was the role of Amakhosi/Traditional Leaders active in the municipality and community?		
13. Does the municipality adopt an integrated approach between IDP, Service Deliver Budget Implementation Plan and Performance processes?		
14. Are there Performance management processes in place for top level management, i.e. for Section 57 managers?		
15. Were there documented service delivery protests against the municipality in financial year?		
16. Were there lawsuits against the municipality in the financial year?		
17. Has training as a strategy been used to improve effective and efficient service delivery?		
18. Has a Stakeholder Analysis been performed by the municipality?		
19. Has an Internal & External environment analysis been done for the municipality?		

D. Service Delivery (as it relates to July 2008 – June 2009)

1. Indicate your level of satisfaction with the current service delivery performance of the local municipality over the financial year

		Mark with an (X)
Very Poor	1	
Poor	2	
Satisfactory	3	
Good	4	
Very Good	5	

2. Indicate the change in the service performance level of the municipality in the year

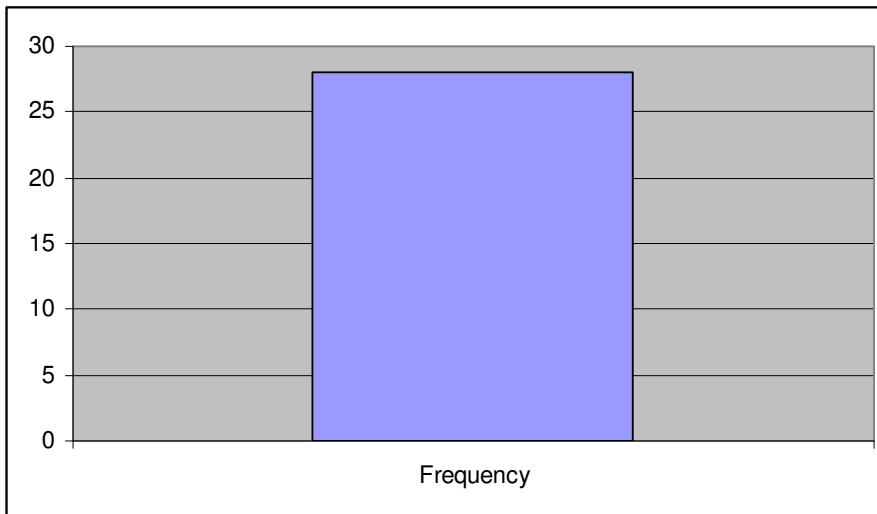
		Mark with an (X)
Deteriorated Significantly	1	
Deteriorated	2	
Remained the Same	3	
Improved	4	
Improved Significantly	5	

3. How would you rate your confidence in the municipality being able to provide people with a good quality of life, compared to other municipalities?

		Mark with an (X)
Not confident at all	1	
Not very confident	2	
Not sure	3	
Fairly confident	4	
Very confident	5	

Appendix G: Financial Management Results

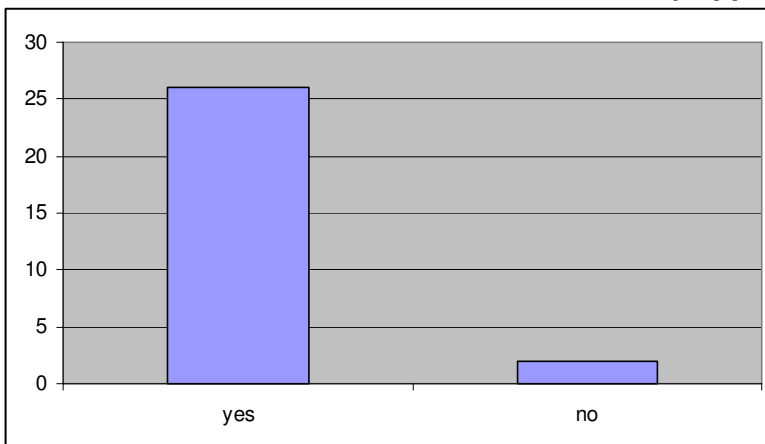
B1. Is the Municipal Manager (MM) currently appointed in his/her capacity?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	28	100.0	100.0	100.0

The modal response to this question was “yes” (100%)

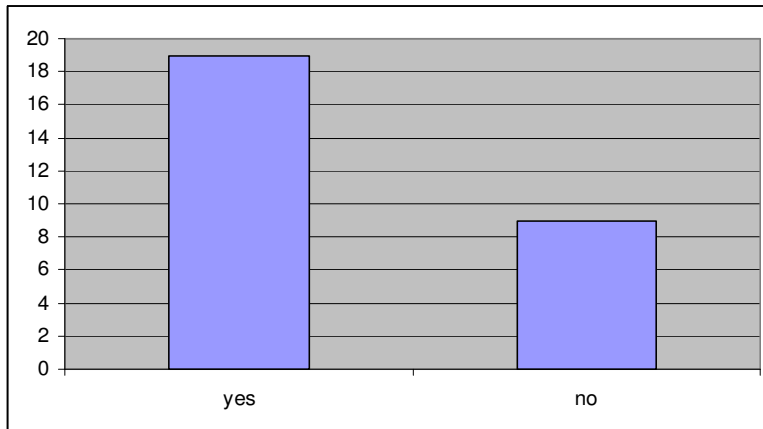
B2. Is the Chief Financial Officer (CFO) currently appointed his/her capacity?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	26	92.9	92.9	92.9
	no	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (92.9%)

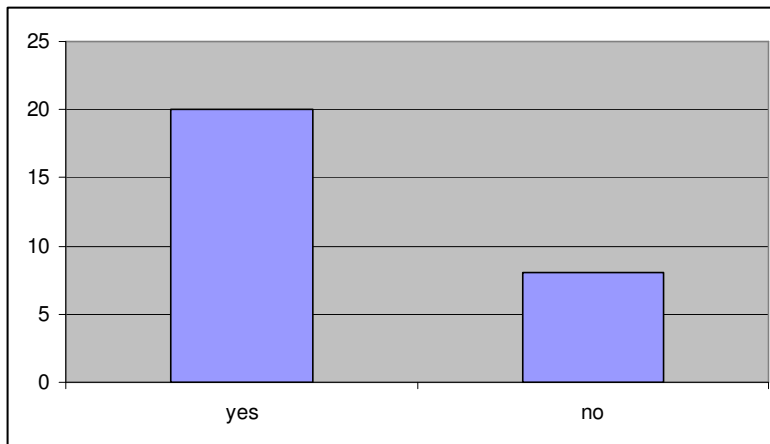
B3. Was the Annual Financial Statement prepared in house?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	19	67.9	67.9	67.9
	no	9	32.1	32.1	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (67.9%)

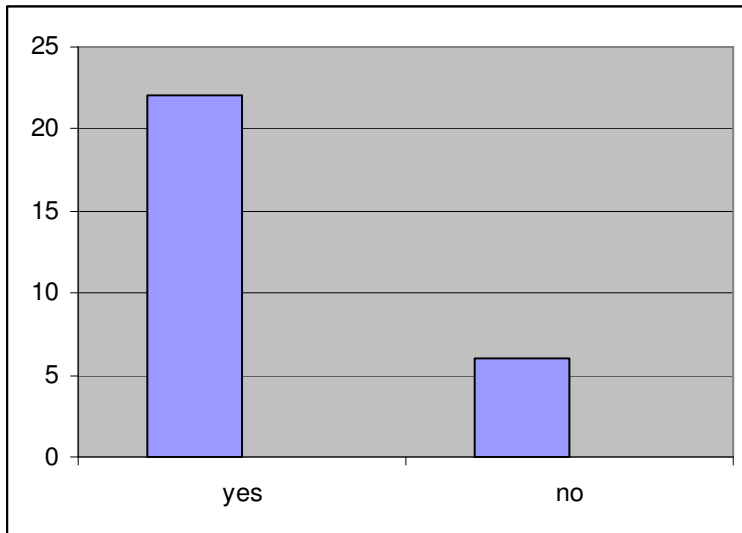
B4. Does the finance department have adequate capacity to carry out their constitutional mandate?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	20	71.4	71.4	71.4
	no	8	28.6	28.6	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (71.4%)

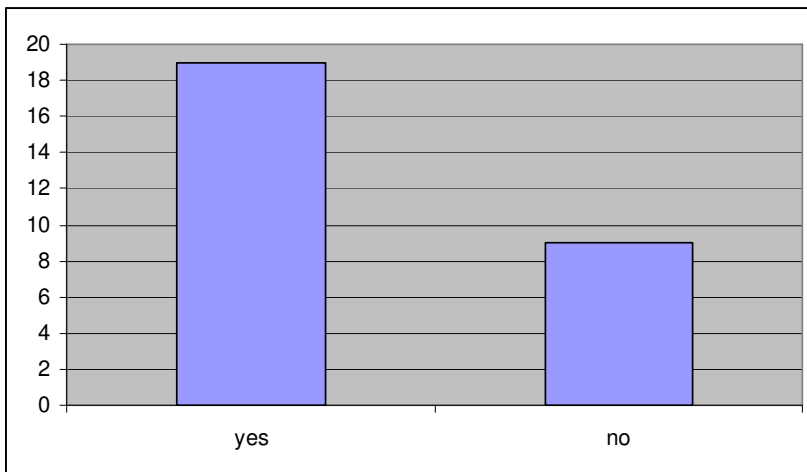
B5. Are proper written delegations from the MM to CFO in place?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	78.6	78.6	78.6
	no	6	21.4	21.4	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (78.6%)

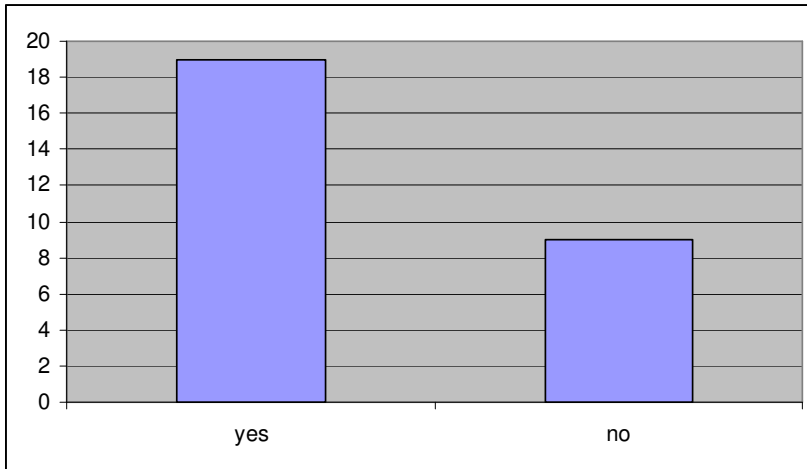
B6. Are proper delegations from CFO to senior managers in finance departments in place?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	19	67.9	67.9	67.9
	no	9	32.1	32.1	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (67.9%)

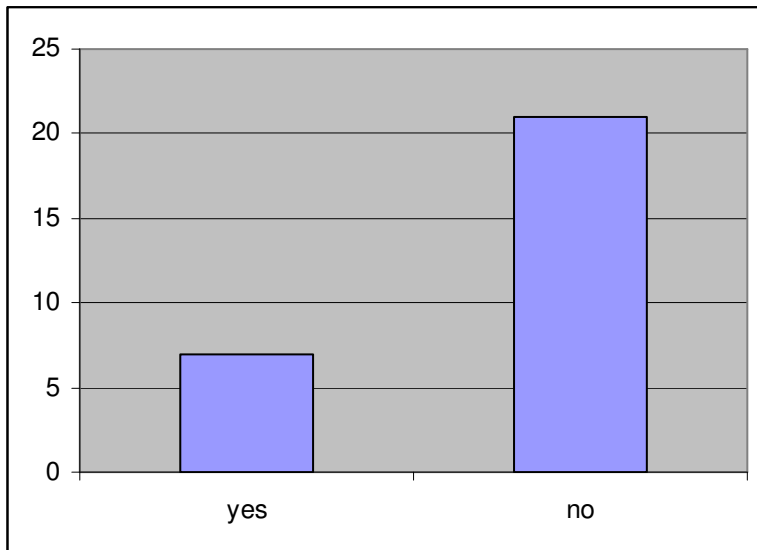
B7. Did the municipality achieve a Surplus for the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	19	67.9	67.9	67.9
	no	9	32.1	32.1	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (67.9%)

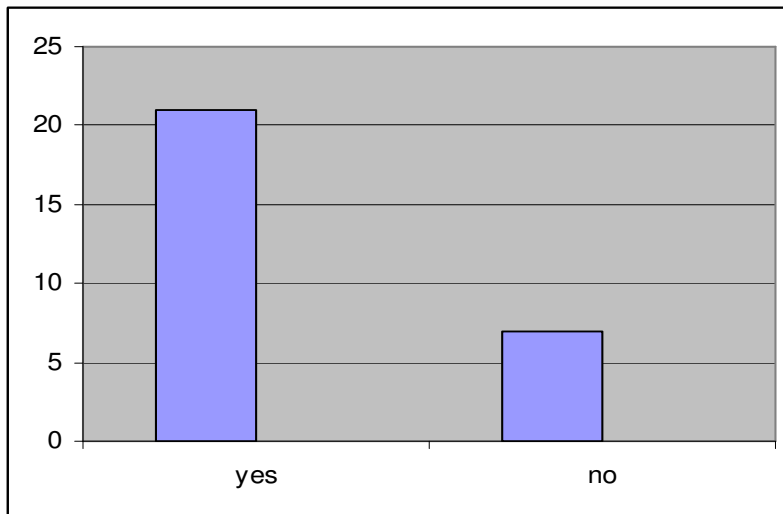
B8. Did the municipality achieve a Deficit for the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	7	25.0	25.0	25.0
	no	21	75.0	75.0	100.0
	Total	28	100.0	100.0	

The modal response to this question was “no” (75%)

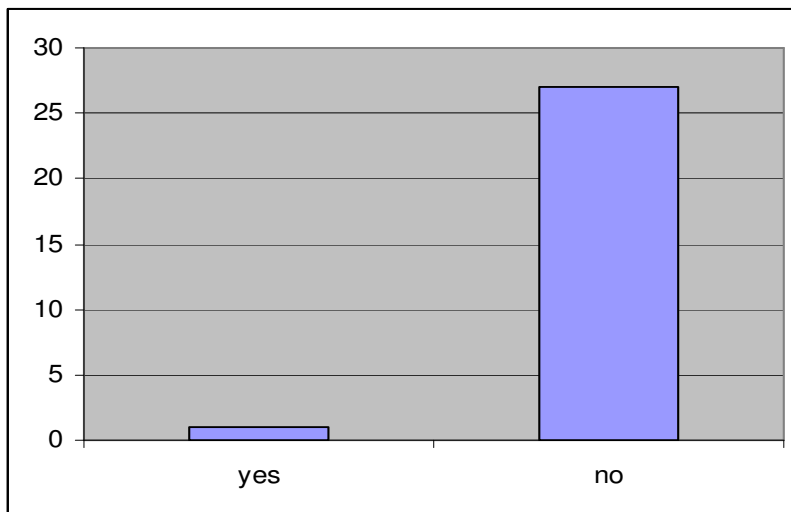
B9. Did the municipality obtain an Unqualified Audit Opinion for the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	21	75.0	75.0	75.0
	no	7	25.0	25.0	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (75%)

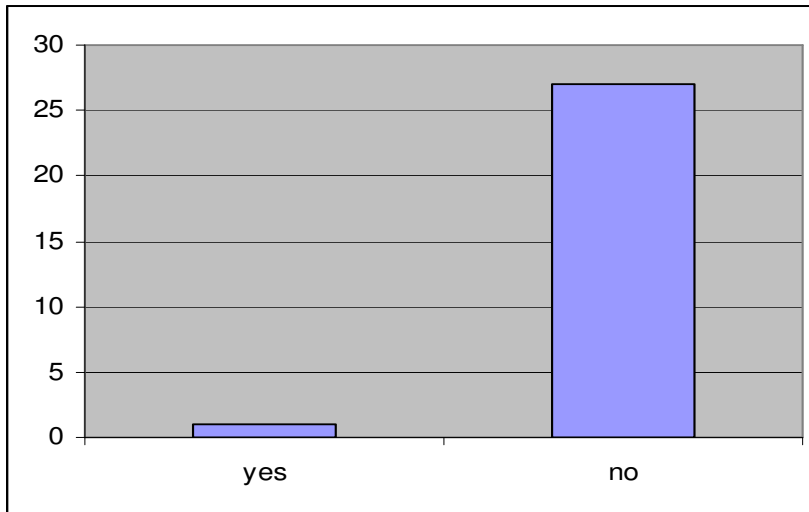
B10. Did the municipality obtain a Qualified Audit Opinion for the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	1	3.6	3.6	3.6
	no	27	96.4	96.4	100.0
	Total	28	100.0	100.0	

The modal response to this question was “no” (96.4%)

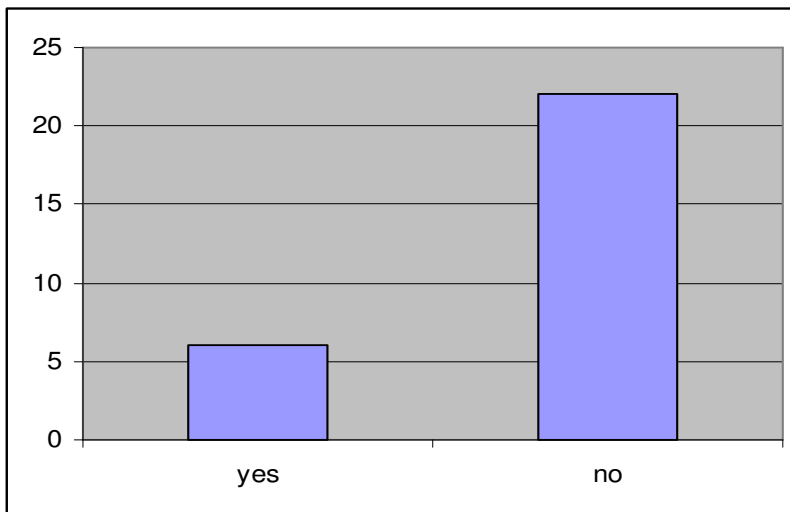
B11. Did the municipality obtain an Adverse Audit Opinion for the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	1	3.6	3.6	3.6
	no	27	96.4	96.4	100.0
	Total	28	100.0	100.0	

The modal response to this question was “no” (96.4%)

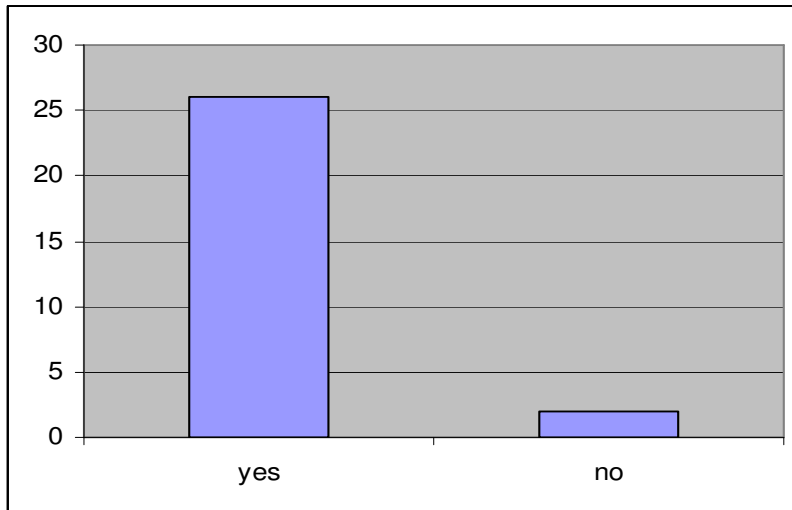
B12. Did the municipality obtain a Disclaimer Audit Opinion for the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	6	21.4	21.4	21.4
	no	22	78.6	78.6	100.0
	Total	28	100.0	100.0	

The modal response to this question was “no” (78.6%)

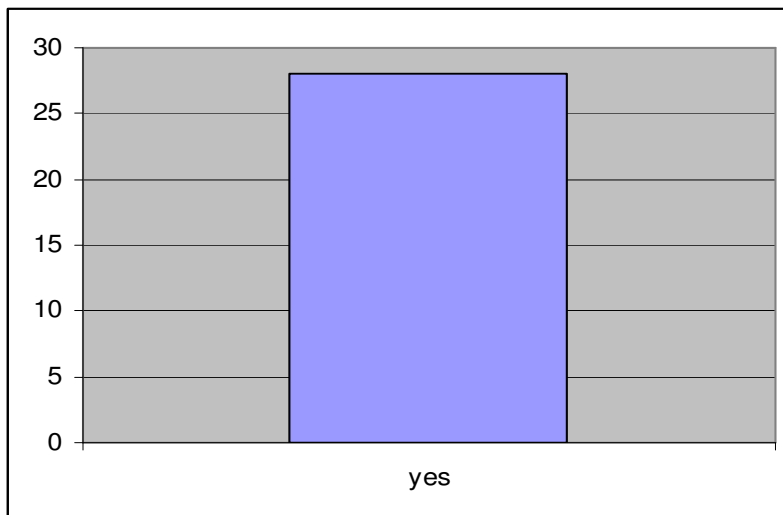
B13. Were the AFS submitted within two months after June 2009?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	26	92.9	92.9	92.9
	no	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (92.9%)

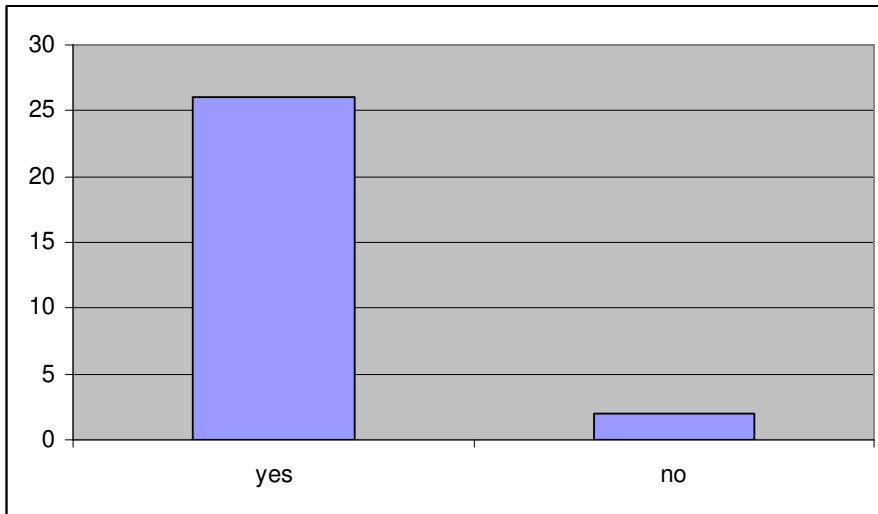
B14. Were monthly budget reports for the financial year submitted internally by the CFO to MM?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	28	100.0	100.0	100.0

The modal response to this question was “yes” (100%)

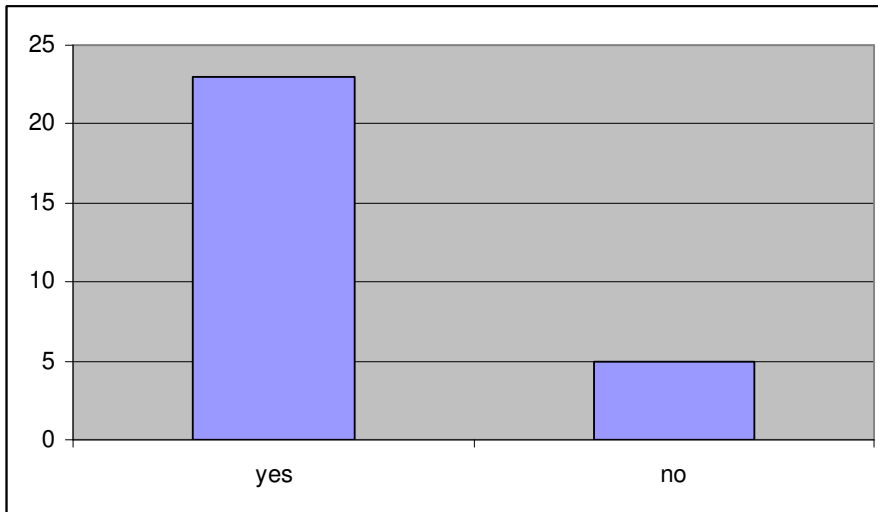
B15. Were monthly budget reports for the financial year submitted externally by CFO to Provincial and National Treasury?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	26	92.9	92.9	92.9
	no	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (92.9%)

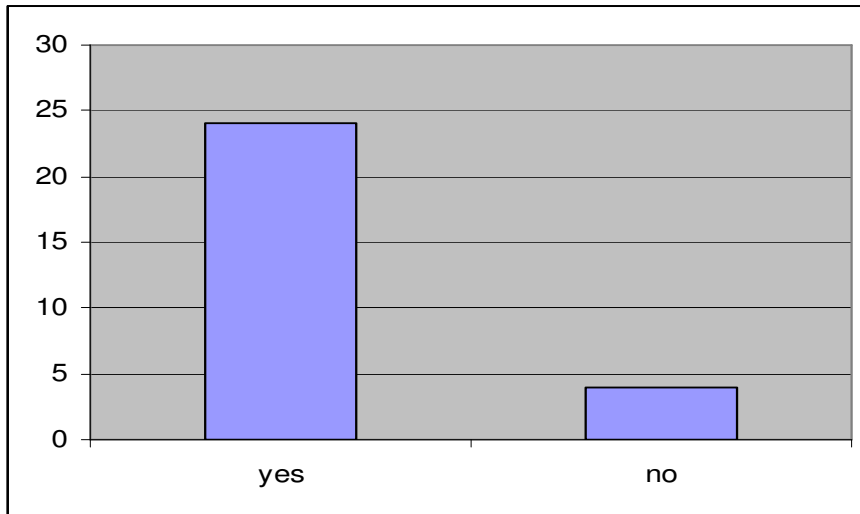
B16. Has an inadequate income base increased reliance on government grants and other external sources of funding?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	23	82.1	82.1	82.1
	no	5	17.9	17.9	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (82.1%)

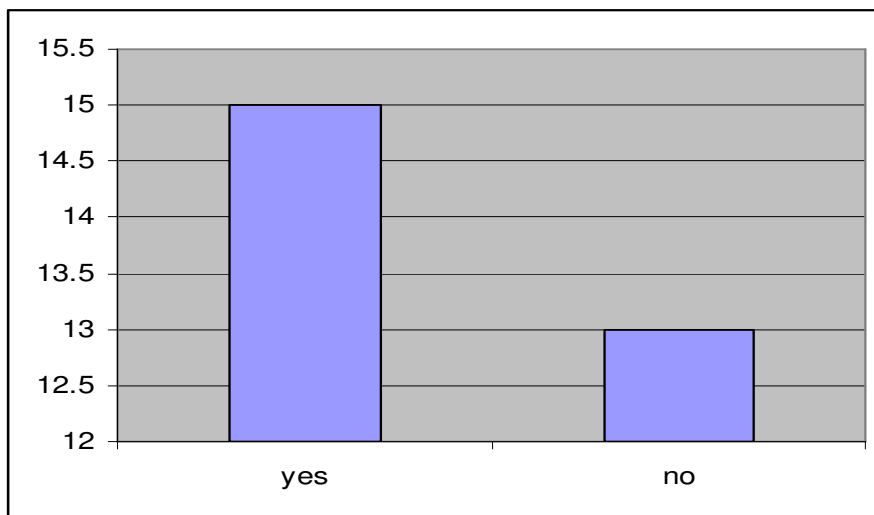
B17. Does the municipality have an effective system of expenditure control?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	24	85.7	85.7	85.7
	no	4	14.3	14.3	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (85.7%)

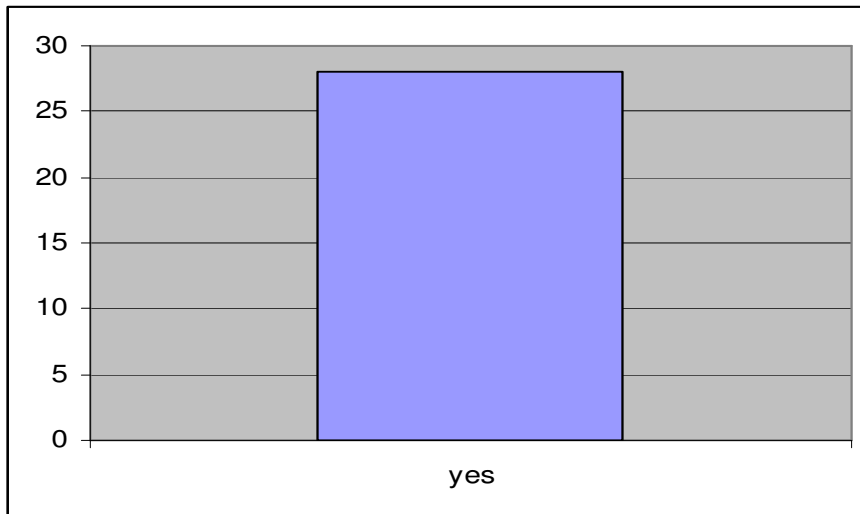
B18. Has there been adequate revenue collection in the financial year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	15	53.6	53.6	53.6
	no	13	46.4	46.4	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (53.6%)

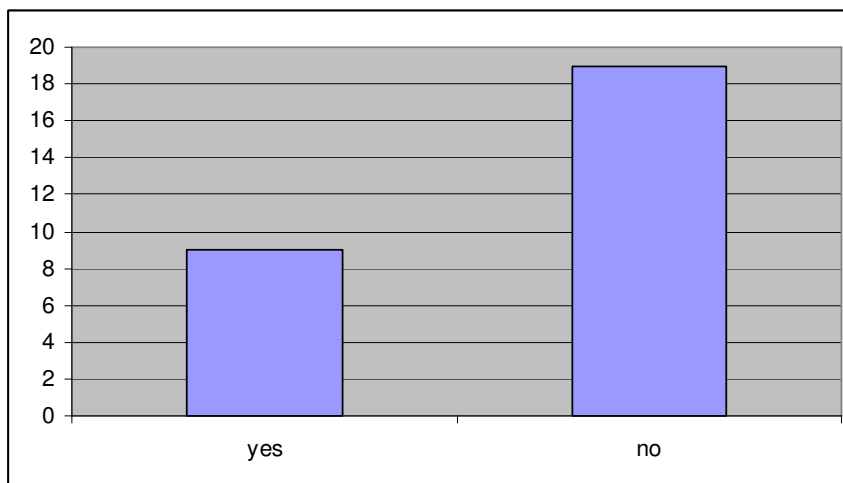
B19. Has the Council adopted a Supply Chain Management Policy for the municipality?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	28	100.0	100.0	100.0

The modal response to this question was “yes” (100%)

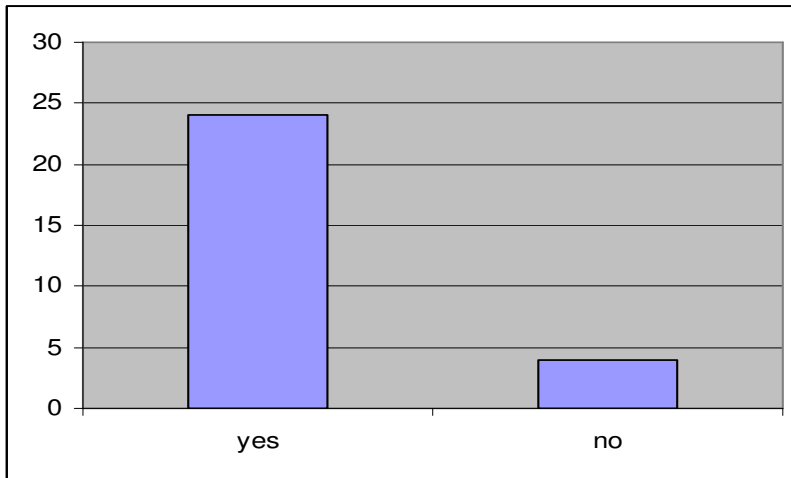
B20. Where there any breaches in the implementation of the Supply Chain Policy reported in the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	9	32.1	32.1	32.1
	no	19	67.9	67.9	100.0
	Total	28	100.0	100.0	

The modal response to this question was “no” (67.9%)

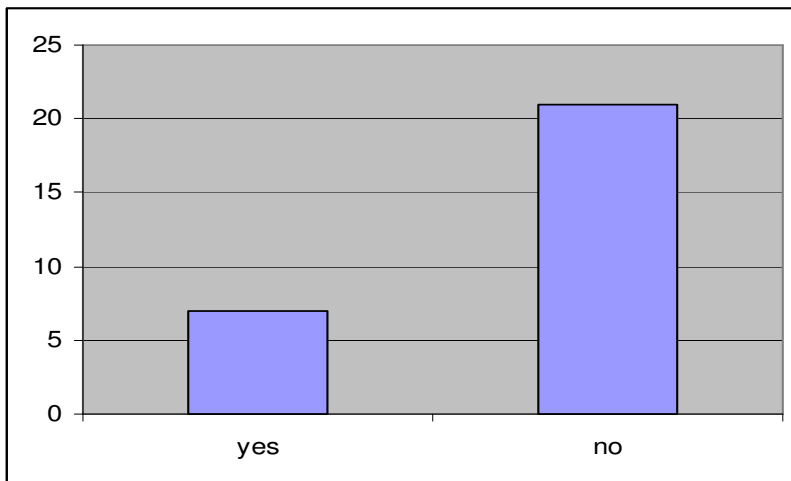
B21. Does the municipality have a fully functional and operational Internal Audit unit?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	24	85.7	85.7	85.7
	no	4	14.3	14.3	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (85.7%)

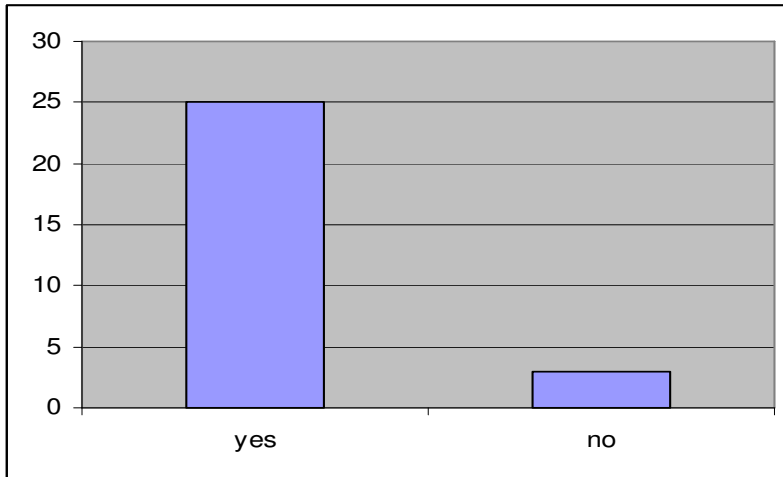
B22. Is the Internal Audit function performed in house?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	7	25.0	25.0	25.0
	no	21	75.0	75.0	100.0
	Total	28	100.0	100.0	

The modal response to this question was “no” (75%)

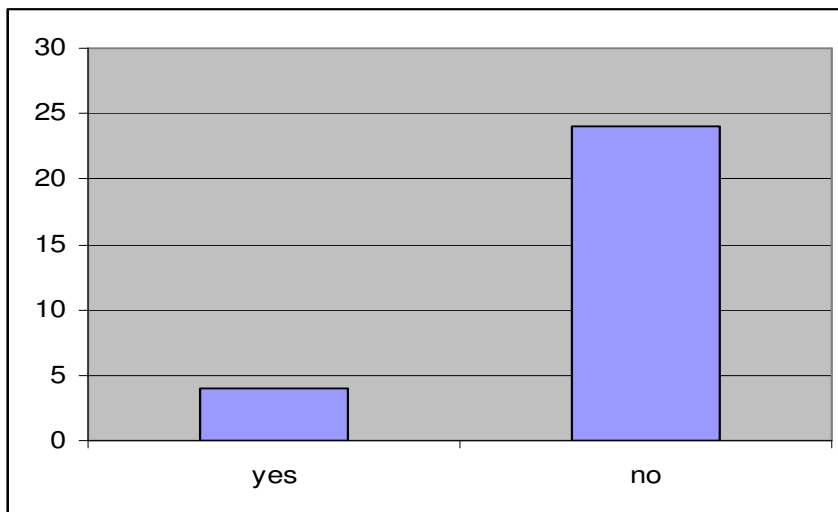
B23. Does the municipality have a fully functional and operational audit committee?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	25	89.3	89.3	89.3
	no	3	10.7	10.7	100.0
	Total	28	100.0	100.0	

The modal response to this question was “yes” (89.3%)

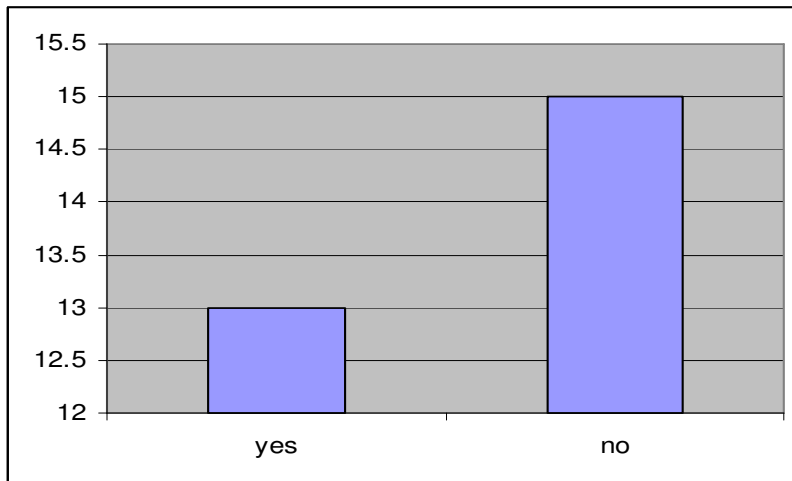
B24. Has Provincial Treasury or COGTA intervened in the municipality’s operations in the year?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	4	14.3	14.3	14.3
	no	24	85.7	85.7	100.0
	Total	28	100.0	100.0	

The modal response to this question was “no” (85.7%)

B25. Is the financial support given to municipalities adequate for the intended initiatives?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	13	46.4	46.4	46.4
	no	15	53.6	53.6	100.0
	Total	28	100.0	100.0	

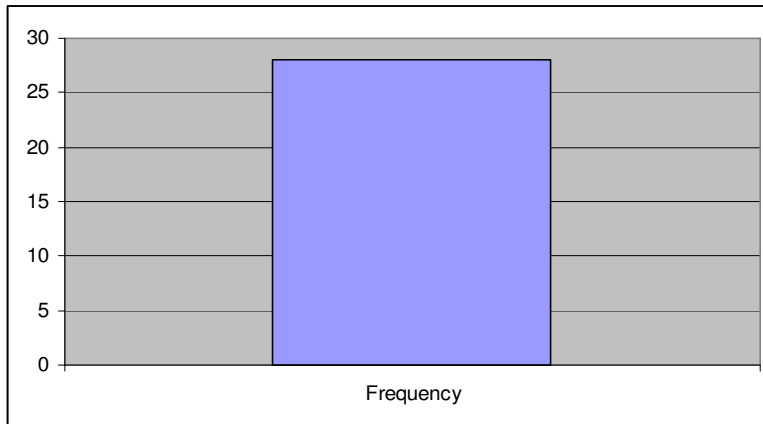
The modal response to this question was “no” (53.6%)

Appendix H: Financial Management Trends

Questions	Low capacity municipality				Medium capacity municipality			
	Yes	no	% yes	% no	yes	no	% yes	% no
B1	20		100	0	8		100	0
B2	19	1	95	5	7	1	88	13
B3	14	6	70	30	5	3	63	38
B4	14	6	70	30	6	2	75	25
B5	17	3	85	15	5	3	63	38
B6	15	5	75	25	4	4	50	50
B7	15	5	75	25	4	4	50	50
B8	4	16	20	80	3	5	38	63
B9	15	5	75	25	6	2	75	25
B10	1	19	5	95		8	0	100
B11	1	19	5	95		8	0	100
B12	4	16	20	80	2	6	25	75
B13	19	1	95	5	7	1	88	13
B14	20		100	0	8		100	0
B15	19	1	95	5	7	1	88	13
B16	17	3	85	15	6	2	75	25
B17	19	1	95	5	5	3	63	38
B18	12	8	60	40	3	5	38	63
B19	20		100	0	8		100	0
B20	8	12	40	60	1	7	13	88
B21	17	3	85	15	7	1	88	13
B22	4	16	20	80	3	5	38	63
B23	18	2	90	10	7	1	88	13
B24	1	19	5	95	3	5	38	63
B25	11	9	55	45	2	6	25	75

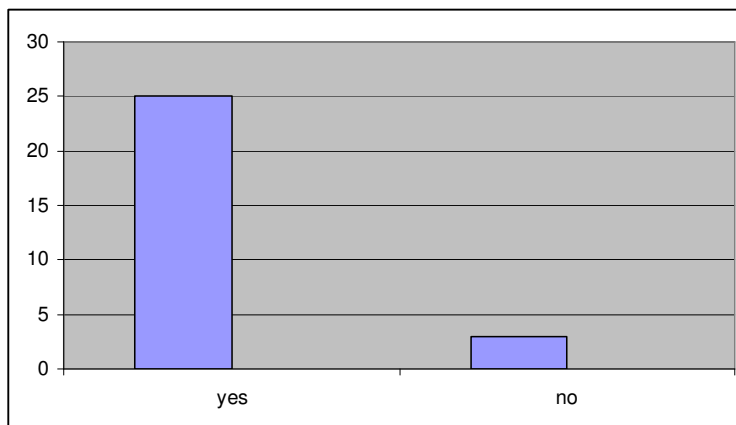
Appendix I: Corporate Governance Results

C1. Is there clarity concerning the mandate of the municipality?



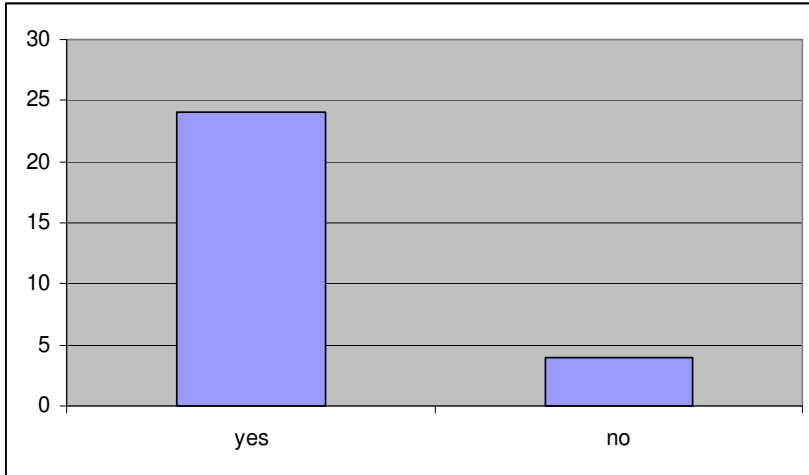
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	28	100.0	100.0	100.0

C2. Is the budget a meaningful planning device and does it aid or hinder departments in their operations? (This is not a Yes or No question. Aid or hinder = choice.)



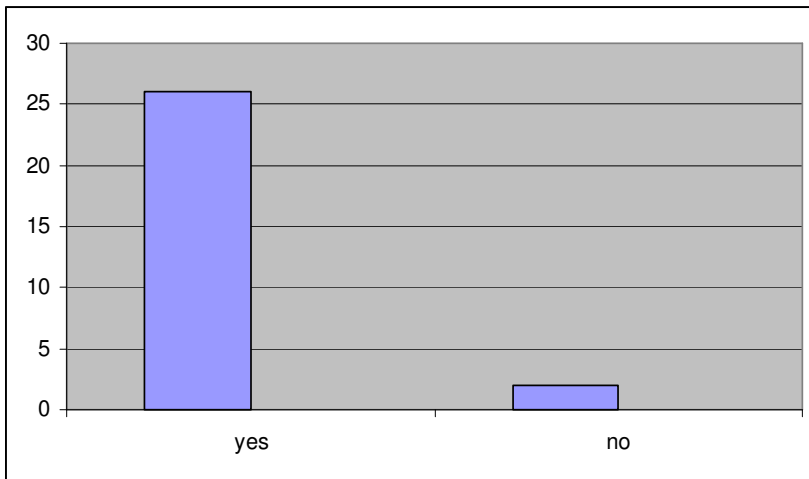
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	89.3	89.3	89.3
	No	3	10.7	10.7	100.0
	Total	28	100.0	100.0	

C3. Is the municipality fulfilling its duties of service delivery to residents diligently, honestly and in accordance with best practice so that economy efficiency and effectiveness criteria are met?



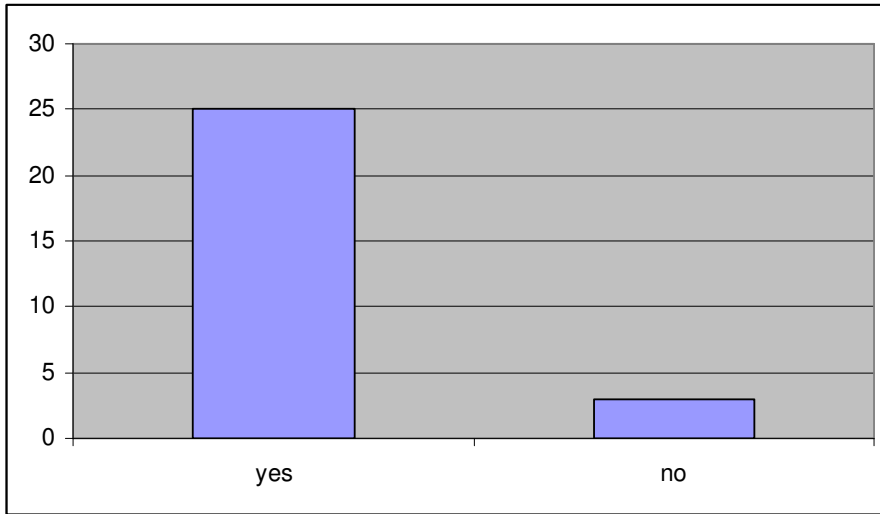
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	24	85.7	85.7	85.7
	no	4	14.3	14.3	100.0
	Total	28	100.0	100.0	

C4. Were the management and staff held accountable for the spending of the budget and did they act in accordance with what was expected of them?



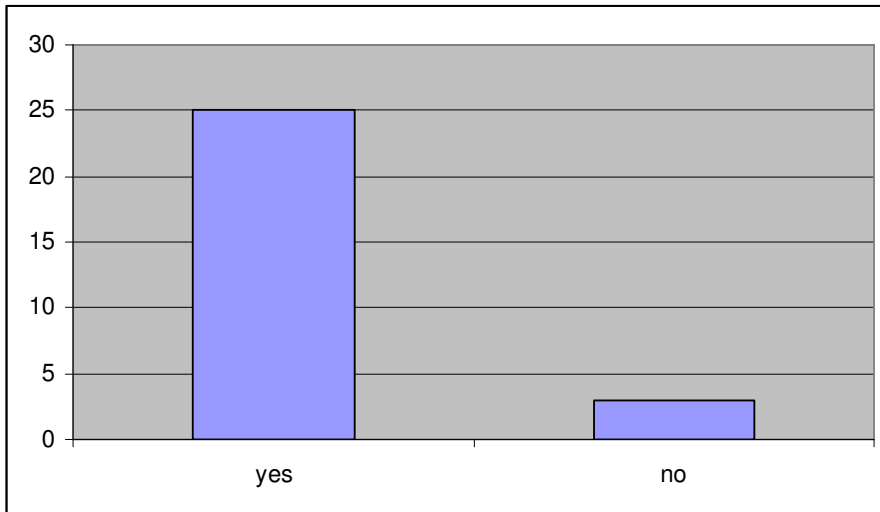
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	26	92.9	92.9	92.9
	no	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

C5. Did the council prioritise and address the critical issues of the municipal area?



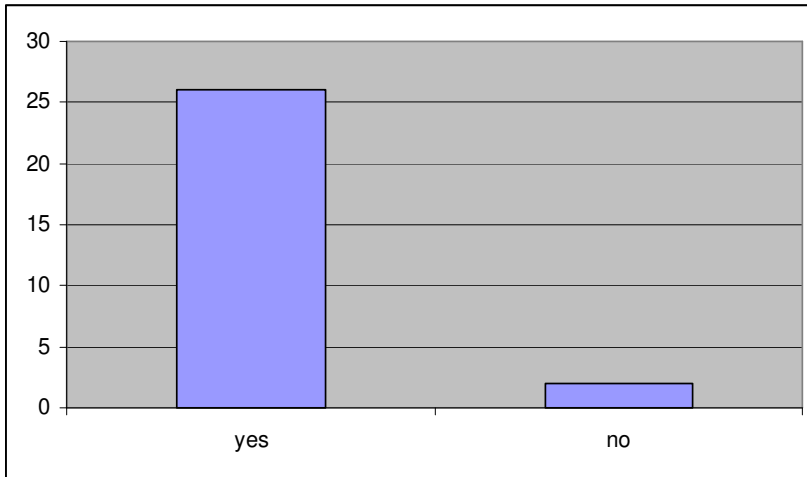
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	25	89.3	89.3	89.3
	no	3	10.7	10.7	100.0
	Total	28	100.0	100.0	

C6. Was a sustainable environment a priority?



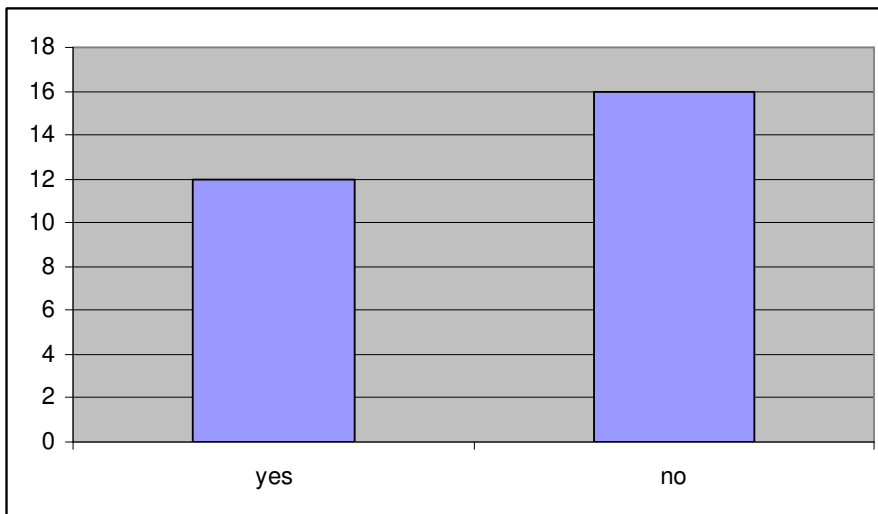
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	25	89.3	89.3	89.3
	no	3	10.7	10.7	100.0
	Total	28	100.0	100.0	

C7. Is the municipality contributing to poverty alleviation and local economic development?



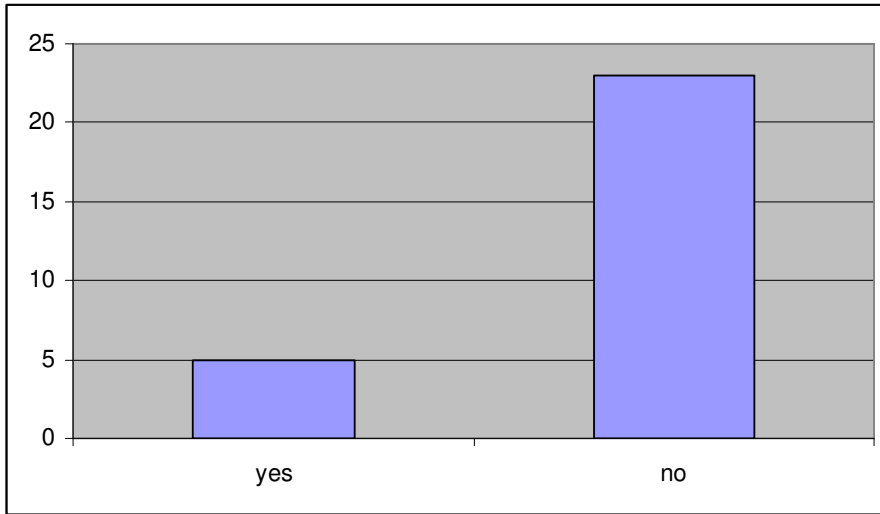
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	26	92.9	92.9	92.9
	no	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

C8. Were the managers and employees rewarded for good work and were those who did not perform punished or sanctioned?



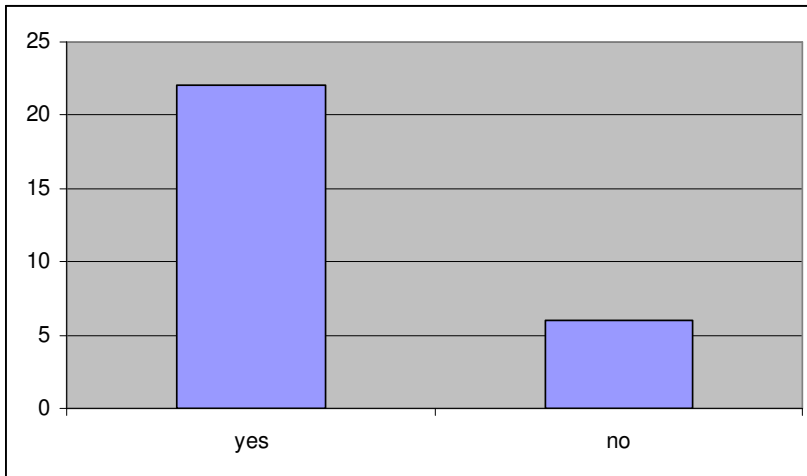
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	12	42.9	42.9	42.9
	no	16	57.1	57.1	100.0
	Total	28	100.0	100.0	

C9. Was there political infighting or conflict between senior management and councilors?



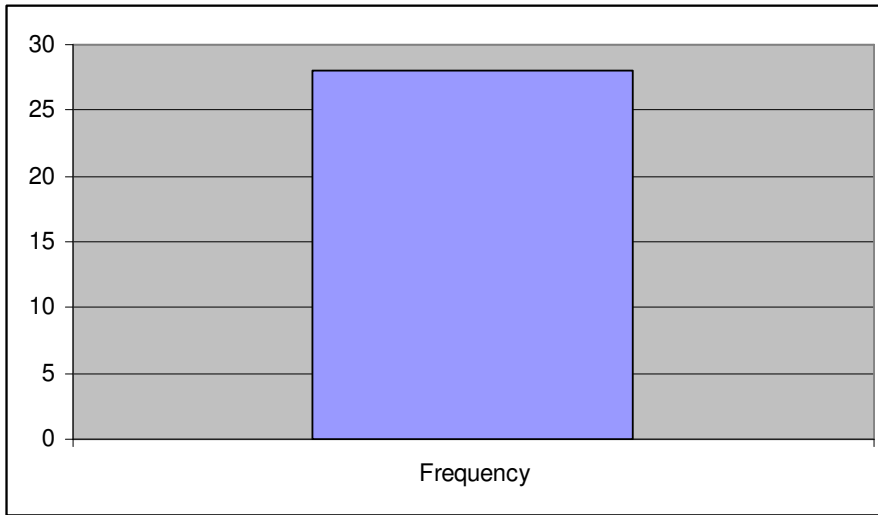
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	5	17.9	17.9	17.9
	no	23	82.1	82.1	100.0
	Total	28	100.0	100.0	

C10. Was there demonstrated active community participation?



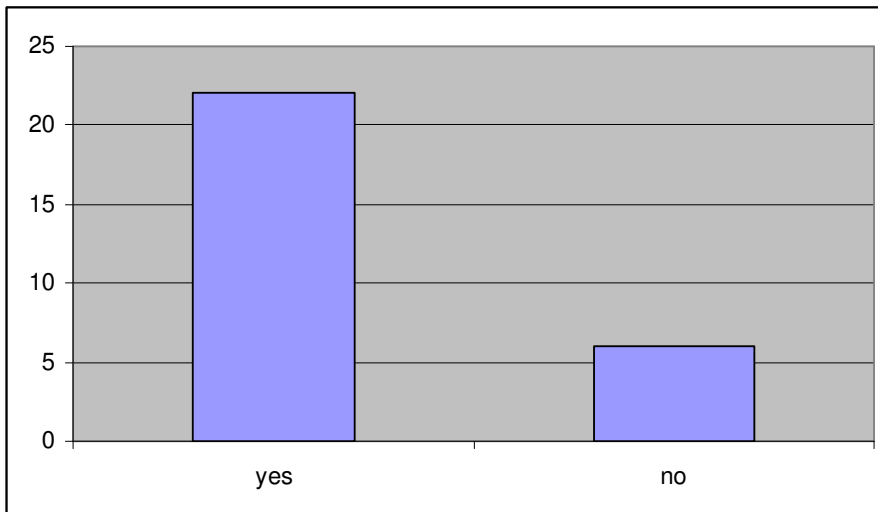
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	78.6	78.6	78.6
	no	6	21.4	21.4	100.0
	Total	28	100.0	100.0	

C11. Was the role of councillors active in the municipality and community?



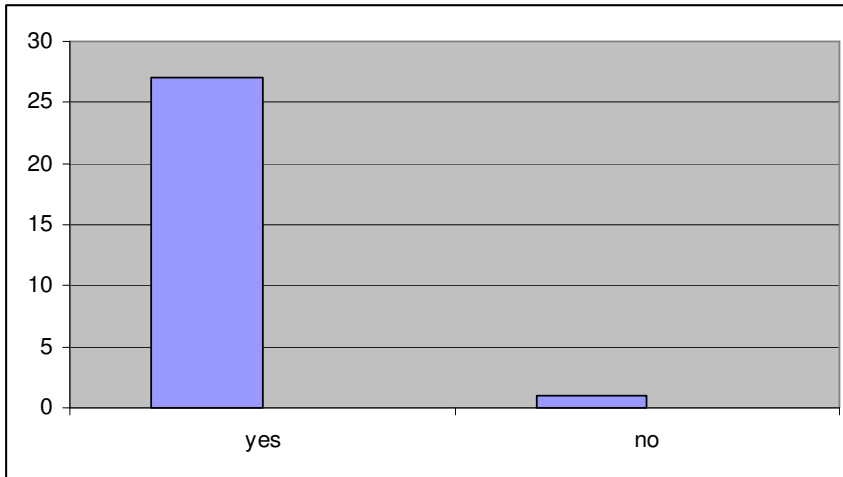
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	28	100.0	100.0	100.0

C12. Was the role of Amakhosi/Traditional Leaders active in the municipality and community?



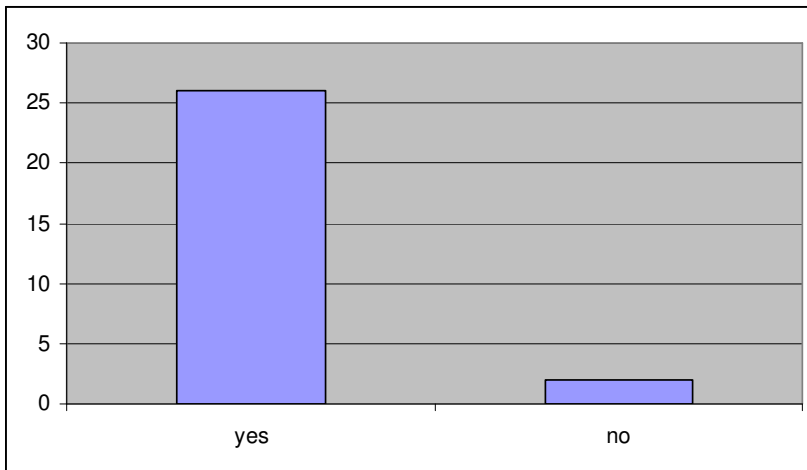
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	78.6	78.6	78.6
	no	6	21.4	21.4	100.0
	Total	28	100.0	100.0	

C13. Does the municipality adopt an integrated approach between IDP, Service Delivery Budget Implementation Plan and Performance processes?



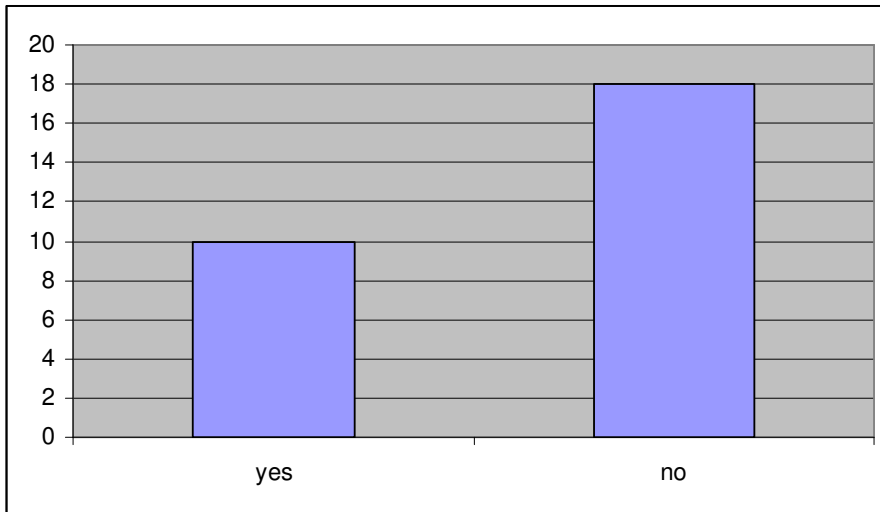
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	27	96.4	96.4	96.4
	no	1	3.6	3.6	100.0
	Total	28	100.0	100.0	

C14. Are there Performance management processes in place for top level management, i.e. for Section 57 managers?



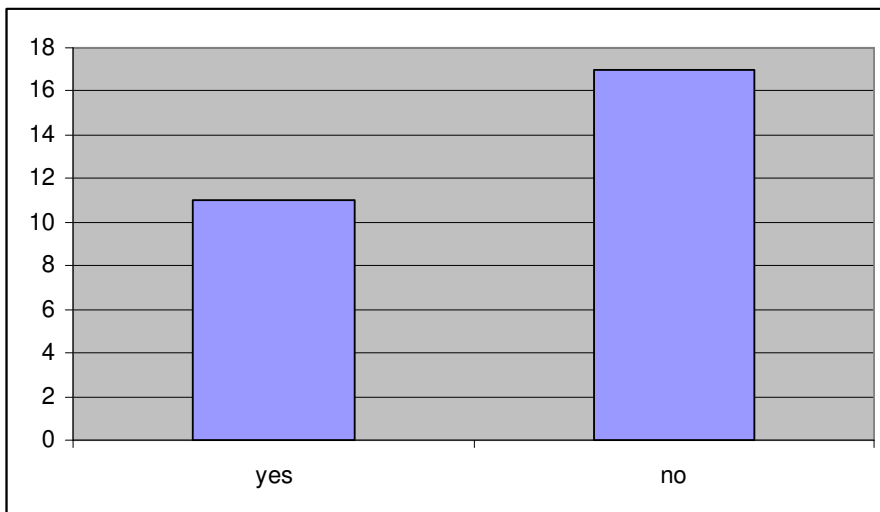
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	26	92.9	92.9	92.9
	no	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

C15. Were there documented service delivery protests against the municipality in the financial year?



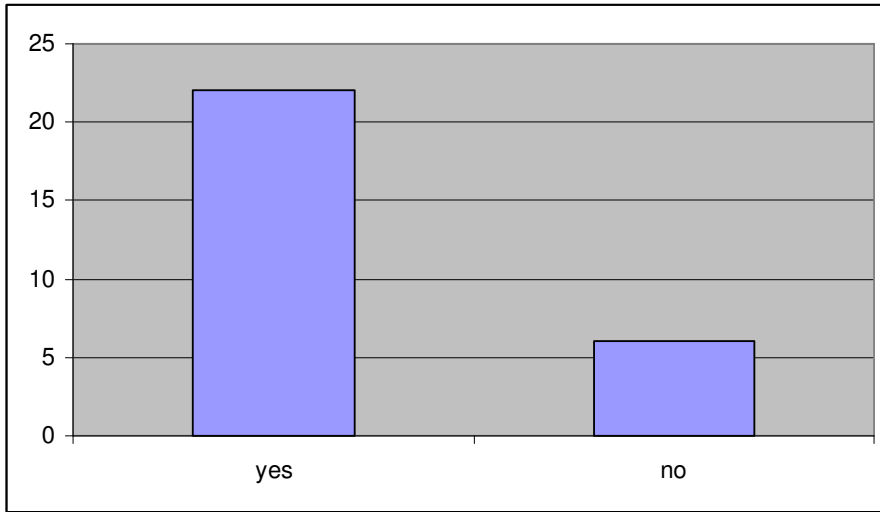
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	10	35.7	35.7	35.7
	no	18	64.3	64.3	100.0
	Total	28	100.0	100.0	

C16. Were there lawsuits against the municipality in the financial year?



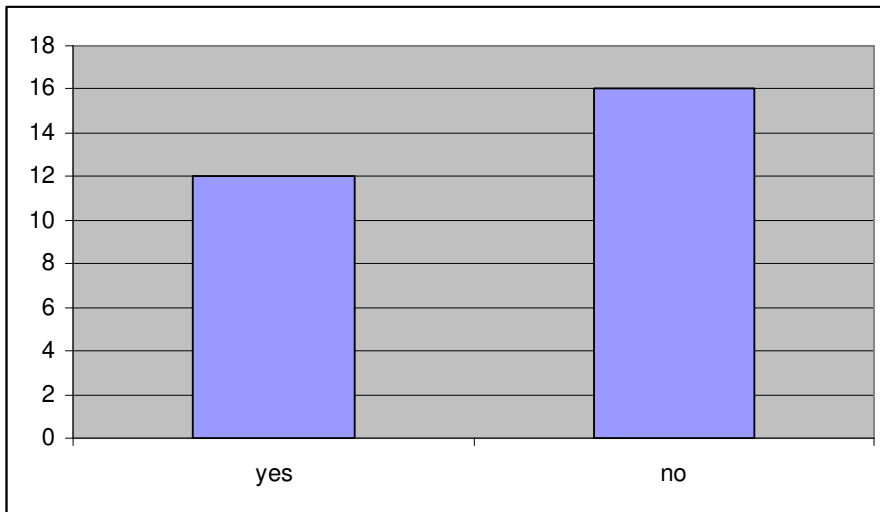
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	11	39.3	39.3	39.3
	no	17	60.7	60.7	100.0
	Total	28	100.0	100.0	

C17. Has training as a strategy been used to improve effective and efficient service delivery?



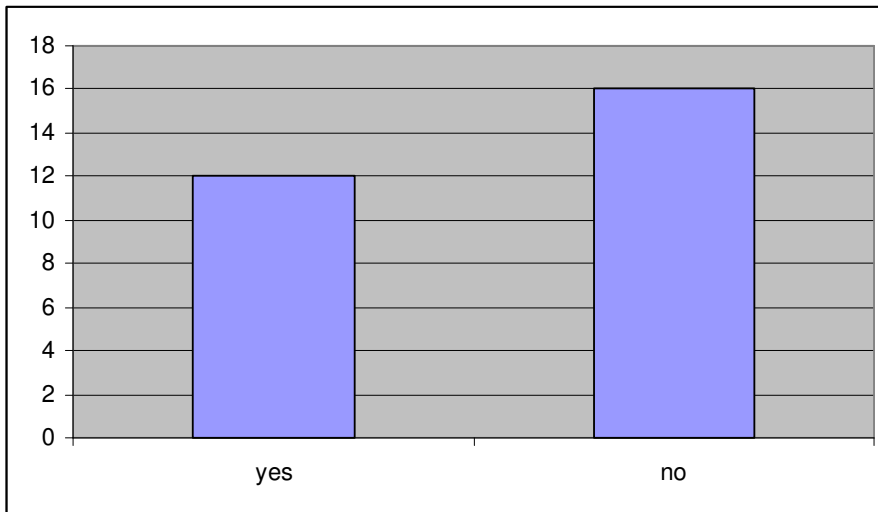
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	78.6	78.6	78.6
	no	6	21.4	21.4	100.0
	Total	28	100.0	100.0	

C18. Has a Stakeholder Analysis been performed by the municipality?



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	12	42.9	42.9	42.9
	no	16	57.1	57.1	100.0
	Total	28	100.0	100.0	

C19. Has an Internal & External environment analysis been done for the municipality?

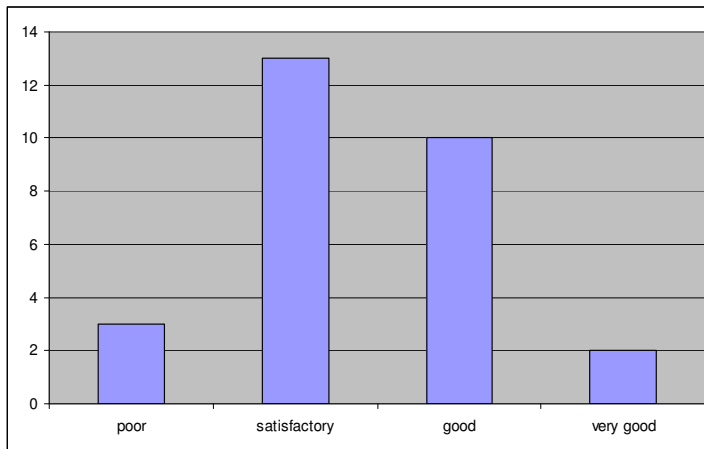


		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	12	42.9	42.9	42.9
	no	16	57.1	57.1	100.0
	Total	28	100.0	100.0	

Appendix J: Corporate Governance Trends

Questions	Low capacity municipality				Medium capacity municipality			
	yes	no	% yes	% no	yes	no	% yes	% no
C1	20		100	0	8		100	0
C2	19	1	95	5	6	2	75	25
C3	19	1	95	5	5	3	63	37.5
C4	19	1	95	5	7	1	88	12.5
C5	19	1	95	5	6	2	75	25
C6	19	1	95	5	6	2	75	25
C7	20		100	0	6	2	75	25
C8	10	10	50	50	2	6	25	75
C9	3	17	15	85	2	6	25	75
C10	17	3	85	15	5	3	63	37.5
C11	20		100	0	8		100	0
C12	16	4	80	20	6	2	75	25
C13	20		100	0	7	1	88	12.5
C14	19	1	95	5	7	1	88	12.5
C15	9	11	45	55	1	7	13	87.5
C16	6	14	30	70	5	3	63	37.5
C17	16	4	80	20	6	2	75	25
C18	8	12	40	60	4	4	50	50
C19	8	12	40	60	4	4	50	50

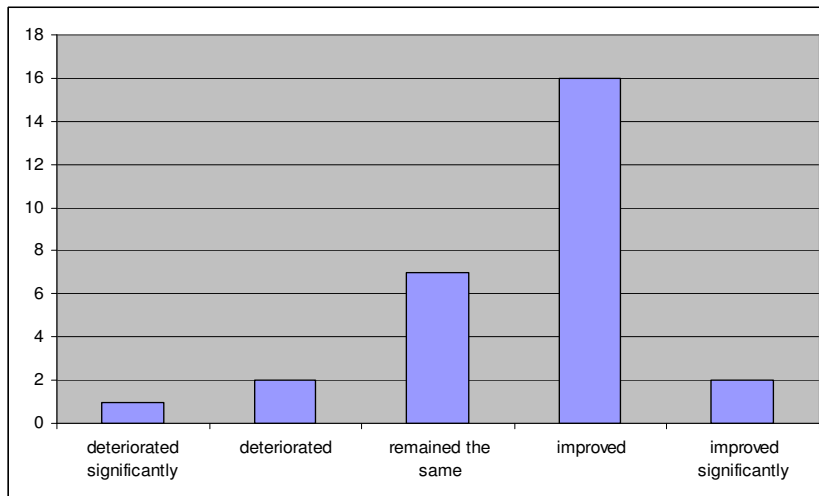
Appendix K - Satisfaction with current service delivery performance



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	poor	3	10.7	10.7	10.7
	satisfactory	13	46.4	46.4	57.1
	good	10	35.7	35.7	92.9
	very good	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

		Municipality	
		Low capacity municipality	Medium capacity municipality
D1	poor	Count	3
		% within municipality	37.5%
	satisfactory	Count	1
		% within municipality	12.5%
	good	Count	2
		% within municipality	25.0%
	very good	Count	2
		% within municipality	25.0%
Total		Count	8
		% within municipality	100.0%

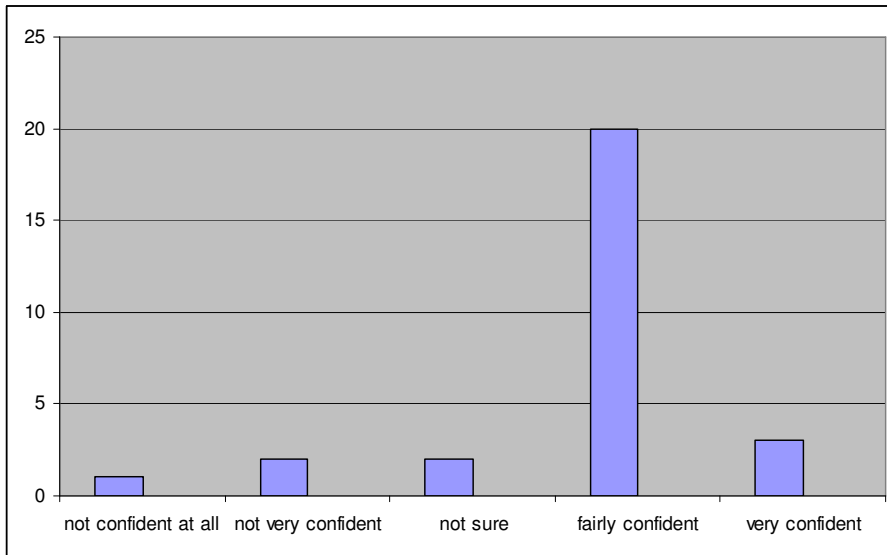
Appendix L - Change in the service performance level



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	deteriorated significantly	1	3.6	3.6	3.6
	deteriorated	2	7.1	7.1	10.7
	remained the same	7	25.0	25.0	35.7
	improved	16	57.1	57.1	92.9
	improved significantly	2	7.1	7.1	100.0
	Total	28	100.0	100.0	

		Municipality		
		Low capacity municipality	Medium capacity municipality	
D2	deteriorated significantly	Count	0	1
		% within municipality	.0%	12.5%
	deteriorated	Count	0	2
		% within municipality	.0%	25.0%
	remained the same	Count	7	0
		% within municipality	35.0%	.0%
	improved	Count	11	5
		% within municipality	55.0%	62.5%
	improved significantly	Count	2	0
		% within municipality	10.0%	.0%
	Total	Count	20	8
		% within municipality	100.0%	100.0%

Appendix M - Confidence in the municipality

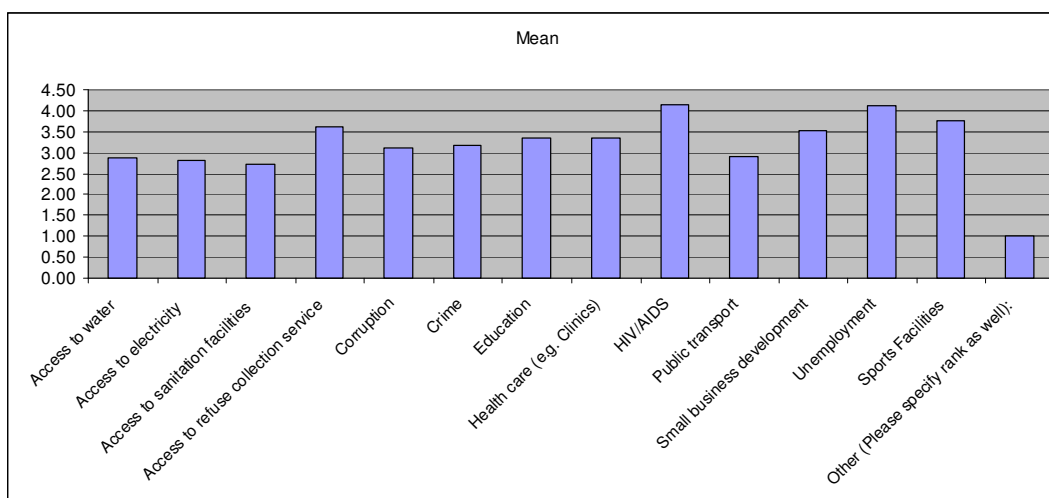


		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not confident at all	1	3.6	3.6	3.6
	not very confident	2	7.1	7.1	10.7
	not sure	2	7.1	7.1	17.9
	fairly confident	20	71.4	71.4	89.3
	very confident	3	10.7	10.7	100.0
	Total	28	100.0	100.0	

		Municipality		
			Low capacity municipality	Medium capacity municipality
D3	not confident at all	Count	0	1
		% within municipality	.0%	12.5%
	not very confident	Count	0	2
		% within municipality	.0%	25.0%
	not sure	Count	2	0
		% within municipality	10.0%	.0%
	fairly confident	Count	16	4
		% within municipality	80.0%	50.0%
	very confident	Count	2	1
		% within municipality	10.0%	12.5%
Total		Count	20	8
		% within municipality	100.0%	100.0%

Appendix N - Challenges/Priorities

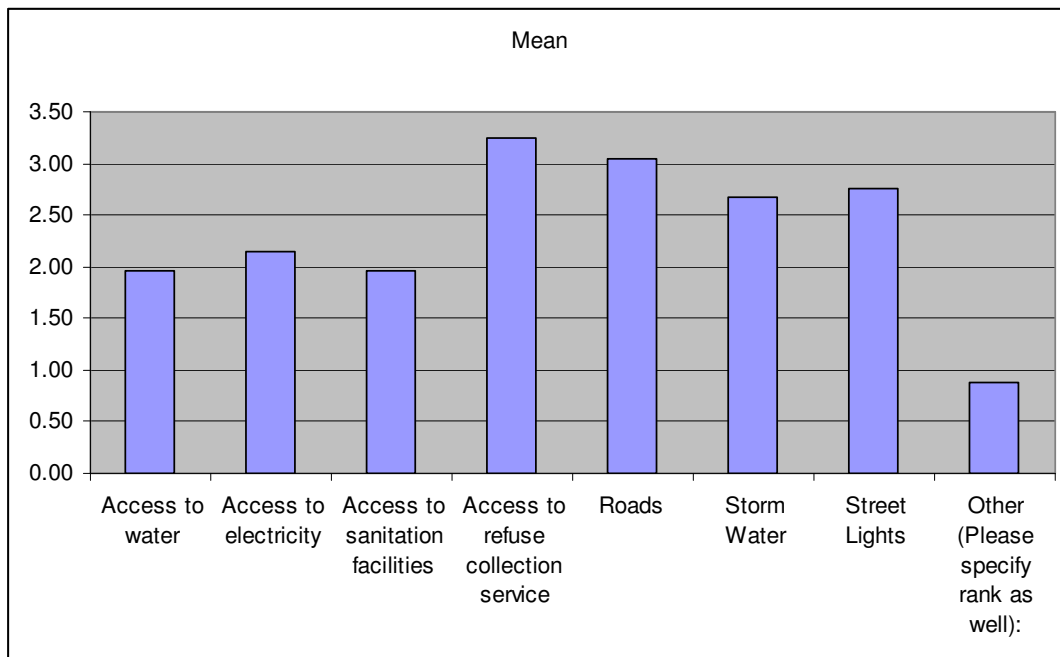
	Mean
Access to water	2.86
Access to electricity	2.82
Access to sanitation facilities	2.71
Access to refuse collection service	3.61
Corruption	3.11
Crime	3.18
Education	3.36
Health care (e.g. Clinics)	3.36
HIV/AIDS	4.14
Public transport	2.89
Small business development	3.54
Unemployment	4.11
Sports facilities	3.75
Other (Please specify rank as well)	1.00



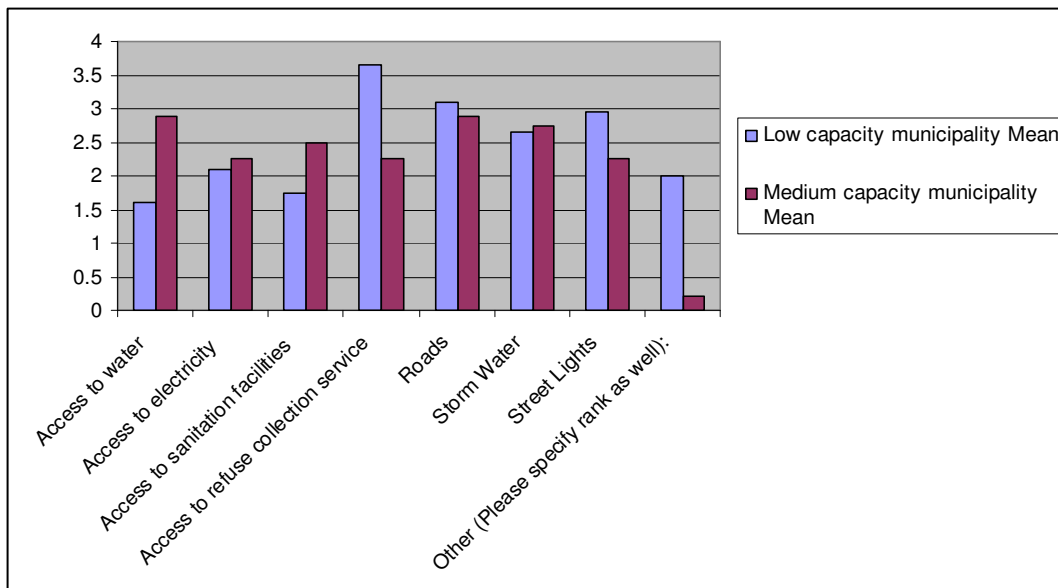
	Low capacity municipality	Medium capacity municipality
Access to water	2.95	2.625
Access to electricity	3.35	1.5
Access to sanitation facilities	2.85	2.375
Access to refuse collection service	4	2.625
Corruption	2.85	3.75
Crime	3.45	2.5
Education	3.6	2.75
Health care (e.g. Clinics)	3.6	2.75
HIV/AIDS	4.15	4.125
Public transport	3.05	2.5
Small business development	3.75	3
Unemployment	4.25	3.75
Sports Facilities	3.85	3.5
Other (Please specify rank as well)	0	1.2

Appendix O - Perceived level of customer satisfaction

	Mean
Access to water	1.96
Access to electricity	2.14
Access to sanitation facilities	1.96
Access to refuse collection service	3.25
Roads	3.04
Storm Water	2.68
Street Lights	2.75
Other (Please specify rank as well)	0.88



	Low capacity municipality	Medium capacity municipality
	Mean	Mean
Access to water	1.6	2.875
Access to electricity	2.1	2.25
Access to sanitation facilities	1.75	2.5
Access to refuse collection service	3.65	2.25
Roads	3.1	2.875
Storm water	2.65	2.75
Street lights	2.95	2.25
Other (Please specify rank as well)	2	0.2



**Appendix P: Descriptive Statistics for Financial Management,
Corporate Governance and Service Delivery**

Questions	Mean	Median	Mode	Std. Deviation	Variance	Range
B1	1.0000	1.0000	1.00	.00000	.000	.00
B2	1.0714	1.0000	1.00	.26227	.069	1.00
B3	1.3214	1.0000	1.00	.47559	.226	1.00
B4	1.2857	1.0000	1.00	.46004	.212	1.00
B5	1.2143	1.0000	1.00	.41786	.175	1.00
B6	1.3214	1.0000	1.00	.47559	.226	1.00
B7	1.3214	1.0000	1.00	.47559	.226	1.00
B8	1.7500	2.0000	2.00	.44096	.194	1.00
B9	1.2500	1.0000	1.00	.44096	.194	1.00
B10	1.9643	2.0000	2.00	.18898	.036	1.00
B11	1.9643	2.0000	2.00	.18898	.036	1.00
B12	1.7857	2.0000	2.00	.41786	.175	1.00
B13	1.0714	1.0000	1.00	.26227	.069	1.00
B14	1.0000	1.0000	1.00	.00000	.000	.00
B15	1.0714	1.0000	1.00	.26227	.069	1.00
B16	1.1786	1.0000	1.00	.39002	.152	1.00
B17	1.1429	1.0000	1.00	.35635	.127	1.00
B18	1.4643	1.0000	1.00	.50787	.258	1.00
B19	1.0000	1.0000	1.00	.00000	.000	.00
B20	1.6786	2.0000	2.00	.47559	.226	1.00
B21	1.1429	1.0000	1.00	.35635	.127	1.00
B22	1.7500	2.0000	2.00	.44096	.194	1.00
B23	1.1071	1.0000	1.00	.31497	.099	1.00
B24	1.8571	2.0000	2.00	.35635	.127	1.00
B25	1.5357	2.0000	2.00	.50787	.258	1.00
C1	1.0000	1.0000	1.00	.00000	.000	.00
C2	1.1071	1.0000	1.00	.31497	.099	1.00
C3	1.1429	1.0000	1.00	.35635	.127	1.00
C4	1.0714	1.0000	1.00	.26227	.069	1.00
C5	1.1071	1.0000	1.00	.31497	.099	1.00
C6	1.1071	1.0000	1.00	.31497	.099	1.00
C7	1.0714	1.0000	1.00	.26227	.069	1.00
C8	1.5714	2.0000	2.00	.50395	.254	1.00
C9	1.8214	2.0000	2.00	.39002	.152	1.00
C10	1.2143	1.0000	1.00	.41786	.175	1.00
C11	1.0000	1.0000	1.00	.00000	.000	.00
C12	1.2143	1.0000	1.00	.41786	.175	1.00
C13	1.0357	1.0000	1.00	.18898	.036	1.00
C14	1.0714	1.0000	1.00	.26227	.069	1.00
C15	1.6429	2.0000	2.00	.48795	.238	1.00

**Appendix P: Descriptive Statistics for Financial Management,
Corporate Governance and Service Delivery**

Questions	Mean	Median	Mode	Std. Deviation	Variance	Range
C16	1.6071	2.0000	2.00	.49735	.247	1.00
C17	1.2143	1.0000	1.00	.41786	.175	1.00
C18	1.5714	2.0000	2.00	.50395	.254	1.00
C19	1.5714	2.0000	2.00	.50395	.254	1.00
D1	3.3929	3.0000	3.00	.78595	.618	3.00
D2	3.5714	4.0000	4.00	.87891	.772	4.00
D3	3.7857	4.0000	4.00	.87590	.767	4.00
D4:						
water	2.8571	3.5000	5.00	2.30481	5.312	5.00
electricity	2.8214	4.0000	5.00	2.26165	5.115	5.00
sanitation	2.7143	3.0000	5.00	2.25844	5.101	5.00
refuse	3.6071	4.0000	5.00	1.66309	2.766	5.00
corruption	3.1071	3.0000	5.00	1.68521	2.840	5.00
crime	3.1786	3.5000	4.00	1.51666	2.300	5.00
education	3.3571	4.0000	5.00	1.94773	3.794	5.00
health	3.3571	4.0000	5.00	1.92862	3.720	5.00
HIVAIDS	4.1429	5.0000	5.00	1.11270	1.238	4.00
Public- trans-pt	2.8929	3.0000	.00(a)	1.93102	3.729	5.00
Small-bus dev	3.5357	3.5000	3.00	.99934	.999	4.00
unemployment	4.1071	4.0000	5.00	1.16553	1.358	4.00
Sports	3.7500	4.0000	4.00	.88715	.787	3.00
Other	1.0000	.0000	.00	1.54919	2.400	3.00
D5:						
Water	1.9643	2.0000	.00	1.85557	3.443	5.00
electricity	2.1429	2.5000	.00	1.86019	3.460	5.00
Sanitation	1.9643	2.0000	.00	1.81521	3.295	5.00
Refuse	3.2500	4.0000	4.00	1.69148	2.861	5.00
Roads	3.0357	3.0000	3.00	1.45251	2.110	5.00
Storm water	2.6786	3.0000	3.00	1.67892	2.819	5.00
Street lights	2.7500	3.0000	3.00	1.57821	2.491	5.00
Other	.8750	.0000	.00	1.35620	1.839	3.00

Appendix Q: One-Sample Kolmogorov-Smirnov Test

Questions	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)- p-value
B1		
B2	2.836	.000
B3	2.270	.000
B4	2.365	.000
B5	2.549	.000
B6	2.270	.000
B7	2.270	.000
B8	2.459	.000
B9	2.459	.000
B10	2.853	.000
B11	2.853	.000
B12	2.549	.000
B13	2.836	.000
B14		
B15	2.836	.000
B16	2.635	.000
B17	2.714	.000
B18	1.881	.002
B19		
B20	2.270	.000
B21	2.714	.000
B22	2.459	.000
B23	2.783	.000
B24	2.714	.000
B25	1.881	.002
C1		
C2	2.783	.000
C3	2.714	.000
C4	2.836	.000
C5	2.783	.000
C6	2.783	.000
C7	2.836	.000
C8	1.978	.001
C9	2.635	.000
C10	2.549	.000
C11		
C12	2.549	.000
C13	2.853	.000
C14	2.836	.000
C15	2.173	.000
C16	2.076	.000
C17	2.549	.000

Appendix Q: One-Sample Kolmogorov-Smirnov Test

Questions	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)- p-value
C18	1.978	.001
C19	1.978	.001
D1	1.391	.042
D2	1.746	.005
D3	2.212	.000
D4:		
Water	1.824	.069
Electricity	1.328	.059
Sanitation	1.283	.074
Refuse	1.203	.110
Corruption	.879	.422
Crime	1.090	.186
Education	1.940	.052
Health	1.258	.085
HIVAIDS	1.968	.058
Public transport	1.251	.087
Small bus dev	1.080	.194
unemployment	1.907	.051
Sports	1.154	.139
Other	.998	.272
D5:		
Water	1.123	.160
Electricity	1.041	.228
Sanitation	1.151	.141
Refuse	1.973	.056
Roads	.893	.402
Storm water	.969	.305
Street lights	.900	.393
Other	1.034	.235

Appendix R: Financial Management Test Statistics

Questions	Chi-Square	Df	Asymp. Sig. p-value
B2	107.374	1	.000
B3	47.722	1	.000
B4	54.783	1	.000
B5	70.365	1	.000
B6	47.722	1	.000
B7	47.722	1	.000
B8	.974	1	.324
B9	62.330	1	.000
B10	2.896	1	.088
B11	2.896	1	.088
B12	.243	1	.622
B13	107.374	1	.000
B15	107.374	1	.000
B16	78.887	1	.000
B17	87.896	1	.000
B18	24.348	1	.000
B20	2.896	1	.088
B21	87.896	1	.000
B22	.974	1	.324
B23	97.391	1	.000
B24	.243	1	.622
B25	15.583	1	.000

Appendix S: Corporate Governance Test Statistics

Questions	Chi-Square(a)	df	Asymp. Sig.p-value
C2	17.286	1	.000
C3	14.286	1	.000
C4	20.571	1	.000
C5	17.286	1	.000
C6	17.286	1	.000
C7	20.571	1	.000
C8	.571	1	.450
C9	3.386	1	.269
C10	9.143	1	.002
C12	9.143	1	.002
C13	24.143	1	.000
C14	20.571	1	.000
C15	2.286	1	.131
C16	1.286	1	.257
C17	9.143	1	.002
C18	.571	1	.450
C19	.571	1	.450

Appendix T: Service Delivery One-Sample Statistics

Questions	Mean
D1	3.3929
D2	3.5714
D3	3.7857
D4:	
Water	2.8571
Electricity	2.8214
Sanitation	2.7143
Refuse	3.6071
Corruption	3.1071
Crime	3.1786
Education	3.3571
Health	3.3571
HIVAIDS	4.1429
Public transport	2.8929
Small bus d	3.5357
Unemployment	4.1071
Sports	3.7500
Other	1.0000
D5:	
Water	1.9643
Electricity	2.1429
Sanitation	1.9643
Refuse	3.2500
Roads	3.0357
Storm water	2.6786
Street lights	2.7500
Other	.8750

Appendix U: Service Delivery One-Sample Test

Questions	T	Df	Sig. (2-tailed) p-value	Mean
D1	2.645	27	.0067	3.3929
D2	3.440	27	.001	3.5714
D3	4.747	27	.0000	3.7857
D4:				
Water	-.328	27	.6273	2.8571
Electricity	-.418	27	.6603	2.8214
Sanitation	-.669	27	.001	2.7143
Refuse	1.932	27	.0000	3.6071
Corruption	.336	27	.6273	3.1071
Crime	.623	27	.6603	3.1786
Education	.970	27	.001	3.3571
Health	.980	27	.1679	3.3571
HIVAIDS	5.435	27	.0000	4.1429
Public transport	-.294	27	.6143	2.8929
Small bus dev	2.837	27	.0043	3.5357
Unemployment	5.026	27	.0000	4.1071
Sports	4.473	27	.0001	3.7500
Other	-3.162	5	.9968	1.0000
D5:				
Water	-2.954	27	.9915	1.9643
Electricity	-2.438	27	.9892	2.1429
Sanitation	-3.019	27	.9973	1.9643
Refuse	.782	27	.2205	3.2500
Roads	.130	27	.4487	3.0357
Storm water	-1.013	27	.8400	2.6786
Street lights	-.838	27	.7954	2.7500
Other	-4.432	7	1.006	.8750

Appendix V: Mann Whitney U Test – Municipal policies and procedures

Questions	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)p-value
B1	80.000	116.000	.000	1.000
B2	74.000	284.000	-.684	.494
B3	74.000	284.000	-.377	.706
B4	76.000	112.000	-.260	.795
B5	62.000	272.000	-1.287	.198
B6	60.000	270.000	-1.257	.209
B7	60.000	270.000	-1.257	.209
B8	66.000	102.000	-.949	.343
B9	80.000	116.000	.000	1.000
B10	76.000	286.000	-.632	.527
B11	76.000	286.000	-.632	.527
B12	76.000	112.000	-.286	.775
B13	74.000	284.000	-.684	.494
B14	80.000	116.000	.000	1.000
B15	74.000	284.000	-.684	.494
B16	72.000	282.000	-.613	.540
B17	54.000	264.000	-2.180	.029
B18	62.000	272.000	-1.059	.290
B19	80.000	116.000	.000	1.000
B20	58.000	268.000	-1.382	.167
B21	78.000	114.000	-.168	.867
B22	66.000	102.000	-.949	.343
B23	78.000	288.000	-.190	.850
B24	54.000	90.000	-2.180	.029
B25	56.000	266.000	-1.412	.158
C1	80.000	116.000	.000	1.000
C2	64.000	274.000	-1.518	.129
C3	54.000	264.000	-2.180	.029
C4	74.000	284.000	-.684	.494
C5	64.000	274.000	-1.518	.129
C6	64.000	274.000	-1.518	.129
C7	60.000	270.000	-2.279	.023
C8	60.000	270.000	-1.186	.236
C9	72.000	108.000	-.613	.540
C10	62.000	272.000	-1.287	.198
C11	80.000	116.000	.000	1.000
C12	76.000	286.000	-.286	.775
C13	70.000	280.000	-1.581	.114
C14	74.000	284.000	-.684	.494
C15	54.000	264.000	-1.592	.111
C16	54.000	90.000	-1.562	.118

Appendix V: Mann Whitney U Test – Municipal policies and procedures

Questions	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)p-value
C17	76.000	286.000	-.286	.775
C18	72.000	108.000	-.474	.635
C19	72.000	108.000	-.474	.635

Appendix W: Mann Whitney U Test – Service Delivery

Questions	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
D1	78.000	114.000	-.110	.912
D2	62.500	98.500	-.996	.319
D3	59.000	95.000	-1.341	.180

Appendix X: Independent Samples Test

		Levene's Test for Equality of Variances		t	df	P-value Sig. (2-tailed)
		F	Sig.			
Water	Equal variances assumed	.294	.592	.331	26	.743
	Equal variances not assumed			.333	13.081	.744
Electricity	Equal variances	.000	.989	2.071	26	.048

	assumed					
	Equal variances not assumed			2.110	13.475	.044
Sanitation	Equal variances assumed	1.477	.235	.496	26	.624
	Equal variances not assumed			.527	14.787	.606
Refuse	Equal variances assumed	.901	.351	2.097	26	.046
	Equal variances not assumed			1.886	10.644	.087
Corruption	Equal variances assumed	.560	.461	- 1.292	26	.208
	Equal variances not assumed			- 1.184	10.980	.261
Crime	Equal variances assumed	18.713	.000	1.534	26	.137
	Equal variances not assumed			1.137	8.230	.288
Education	Equal variances assumed	2.688	.113	1.045	26	.306
	Equal variances not assumed			.917	10.227	.380
Health	Equal variances assumed	2.795	.107	1.056	26	.301
	Equal variances not assumed			.919	10.114	.379

HIVAIDS	Equal variances assumed	.054	.817	.053	26	.958
	Equal variances not assumed			.057	15.397	.955
Public transport	Equal variances assumed	.933	.343	.674	26	.506
	Equal variances not assumed			.624	11.170	.545
Small business development	Equal variances assumed	2.364	.136	1.876	26	.072
	Equal variances not assumed			1.515	9.096	.164
Unemployment	Equal variances assumed	1.506	.231	1.026	26	.314
	Equal variances not assumed			.872	9.749	.404
Sports	Equal variances assumed	.070	.793	.941	26	.355
	Equal variances not assumed			.918	12.318	.376
Other	Equal variances assumed	.	.	-.667	4	.541
	Equal variances not assumed			.	.	.
q5Water	Equal variances assumed	.300	.589	-1.699	26	.101
	Equal variances not assumed			-1.570	11.142	.144

q5Electricity	Equal variances assumed	2.279	.143	-.189	26	.851
	Equal variances not assumed			-.169	10.539	.869
q5Sanitation	Equal variances assumed	.019	.892	-.987	26	.333
	Equal variances not assumed			-.951	12.036	.360
q5Refuse	Equal variances assumed	10.262	.004	2.100	26	.046
	Equal variances not assumed			1.693	9.080	.124
q5Roads	Equal variances assumed	3.932	.058	.364	26	.719
	Equal variances not assumed			.310	9.758	.763
q5Stormwater	Equal variances assumed	2.608	.118	-.140	26	.890
	Equal variances not assumed			-.121	10.061	.906
q5Street lights	Equal variances assumed	.864	.361	1.063	26	.298
	Equal variances not assumed			.964	10.795	.356
q5Other	Equal variances assumed	12.101	.013	2.315	6	.060
	Equal variances not assumed			1.765	2.161	.210