PUBLIC ACCOUNTABILITY AND TRANSPARENCY OF PARASTATAL ORGANISATIONS IN SOUTH AFRICA: Umgeni Water as an illustrative case

by

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ABSTRACT

South Africa's public institutions are expected to conduct their activities in a way that satisfy the public interest to ensure the welfare of the people. In formulating public policies and in carrying out their duties, these institutions are constitutionally required to be answerable to the communities, particularly in a democratic state. Hence, many community leaders strongly believe that transparency and public accountability can help to expose and reduce large-scale tendencies of financial irregularities and corruption in public agencies. Despite different racial groups, levels of education and occupation the ordinary members of the public are discontented about inadequate accountability and openness of parastatals. This can tend to lead to unethical and irresponsible conduct in government departments and parastatals.

Therefore this thesis assesses an emerging challenge experienced by public enterprises in reacting to the urgent need for increased answerability for the behaviour of administrators and officials. Over the past few years, parastatals have attracted heavy criticism from several quarters of various communities for embracing racial discriminatory policies and conniving with departments of the previous government to fortify those racial policies. The veil of confidentiality clause and the right to privacy, which clouded the abuse of political power by both the government and public organisations, shrouded the activities of the parastatals. However, even the advent of democracy in South Africa in 1994 did not reduce unethical conduct, such as corruption, patronage and nepotism, among administrators and officials. Instead the scale of these unbecoming tendencies have currently either increased or received more publicity. Frequent financial irregularities are continuously reported, which cause great damage to the image of public organisations and erodes public trust. Therefore, in trying to address these problems attributed to the inadequacy of public accountability and transparency, parastatals have to consider and evaluate several bewildering challenges.

The main thing is to critically re-examine the role of public accountability and transparency in public institutions. In doing that, a focus must be on finding answers for the following questions. To whom and how are parastatals accountable? Why is it necessary for them to publicly give
full account of their activities to the communities? Essentially, this thesis is particularly concerned with a large parastatal in Kwa-Zulu/Natal, which is chosen a point of references, namely, Umgeni Water Board.
ACKNOWLEDGEMENT

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DEDICATION

This thesis is dedicated to my family and close relatives for their supportive encouragement. It is also dedicated to my late grand paternal and maternal parents from whom I drew enormous inspiration.
DECLARATION

I, Brian Basil Mxolisi Mahlangu, declare that this thesis is a true reflection of my own work, except in specific cases where quotations have clearly been used and where citations indicate other sources. Therefore, as a researcher I am fully responsible for the mistakes that may be identifiable in this work.
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<th>Abbreviation</th>
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<tr>
<td>ARMSCO</td>
<td>Arms Corporation of South Africa</td>
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<td>IDASA</td>
<td>Institute for a Democratic South Africa</td>
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<td>SAICA</td>
<td>South African Institute of Chartered Accountants</td>
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<td>GAAP</td>
<td>General Accepted Accounting Practice</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>RDP</td>
<td>Reconstruction and Development Programme</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>MP</td>
<td>Member of Parliament</td>
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<td>KFC</td>
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<td>IBA</td>
<td>Independent Board Authority</td>
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<td>UW</td>
<td>Umgeni Water</td>
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<td>CIPFA</td>
<td>Chartered Institute of Public Finance and Accountability</td>
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<td>TRANSNET</td>
<td>Transport Network</td>
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<td>NP</td>
<td>National Party</td>
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<td>RAWP</td>
<td>Rural Areas Water and Sanitation Plan</td>
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Introduction

In this thesis the understanding of public accountability is located and assessed within the dynamics underpinning democratic theory, which in turn, is based on the premise that the collective voice of the ordinary citizens will be given precedence in the process of decision-making. According to Dahl (1956:3), democratic theory is concerned with the process by which ordinary citizens exert a relatively high degree of control over leaders. This section introduces the theme of the study, which is on public accountability and transparency of parastatals in South Africa. It presents a statement of the problem, the background, the motivation for the study and its objectives and methodology. Furthermore, a preliminary view and a brief explanation of operational concepts used in this project are discussed. Finally, the organisation of the study as a whole and the contents of each chapter are outlined.

The Problem

Although parastatals in South Africa are regarded as non-governmental institutions, to some extent they are subsidized by government funds generated from the public purse. Hence transparency with regard to activities carried out by parastatals may be regarded as necessary.

After the first democratic elections in South Africa in 1994 it became imperative for parastatals to commit themselves fully to change in line with the political transition. Since some parastatals were creatures of the apartheid system, which demanded that the policies formulated by them had to comply with the national policies of racial segregation, these organizations had to adapt their mode of operations, ensuring considerable changes in the content of their work. Therefore, most parastatals, particularly in the former homelands, had to be restructured in order to comply with democratic rule, necessitating changes in their governance and challenging their former management practices.
These public institutions had to be transformed in order to gain legitimacy and credibility amongst communities which were previously affected by racially discriminatory policies. While the establishment of the parastatals may partially account for the change in development benefits provided by community projects, the frequent allegations of misappropriation of funds in public institutions have raised serious concerns among communities about the real effectiveness of the now instituted accountability and transparency processes for the allocation of development project funds.

Another problem relates to the representativeness of these public institutions. Do structures of boards of directors and top management in parastatals reflect the broader composition of the country's population? Or, are those structures still dominated by white males? A further problem pertains to the extent to which members of the public participate in the decision-making processes of parastatals. An obvious challenge facing parastatals is that, in keeping with democratic requirements, they have to involve members of the communities they serve. Other pertinent and important questions to be addressed in this thesis are: to what extent is transparency observed? Do members of the public have access to information and documents that relates to the operations of parastatals in South Africa?

How feasible is public accountability in respect of administrative procedures and practices emanating from the process of decision-making? A practical method will be pursued, of arriving at a realistic understanding of accountability by tracing specific community projects relating to a parastatal’s activities from the initial stages to final implementation. The parastatal chosen for investigation was Umgeni Water, the bulk of supplier of water in KwaZulu-Natal.

It is often argued that perceived lack of either accountability or transparency promotes secrecy which sometimes is an infectious seed of corruption. It is expected that the value of this study will provide deeper insight into the dynamics at work in the management of parastatals. In short, hopefully the study can remind the concerned public to seek public
accountability and participation by submitting proposals to these institutions, which are subsidised by public funds. Also of importance in this study is that it shows how real, as opposed to merely nominal, public accountability in the parastatals has or has not been improved. An attempt is made to indicate that as a direct result of inadequacies in public accountability, misappropriation of public funds and corruption can flourish. Therefore the study helps to advance frontiers of useful knowledge about operations of South Africa's public organizations for the benefit of the citizens.

This study will cover the period from 1985 up to 1998. This period is vital due to major political changes that took place in South Africa since the late 1980s. In order for the study to be manageable, the area under study has been delineated as follows. The parastatal which was chosen for the study is Umgeni Water. This parastatal was selected because of the contribution it makes to the socio-economic development of the KwaZulu-Natal region. However, case studies cover only three community projects that are administered by Umgeni Water. These community projects are in three rural areas, i.e., Sweetwaters, Qadi/Nyuswa and Payipini. The Payipini and Sweetwaters areas located in rural peripheral part of Pietermaritzburg city and Qadi/Nyuswa is a rural area near Hillcrest. Three of these rural community projects are used as points of reference from which inferences can be made about the feasibility of accountability and transparency of Umgeni Water to the community at large.

Limitations encountered in the course of this research are both practical and financial. For practical reasons, the study could not cover all parastatals in South Africa. Instead the plan was confined to major parastatals that operate in KwaZulu-Natal province, namely, Umgeni Water. The cost involved in the study greatly determined the scope of the research coverage. Time factor and changes that have taken place during the course of this study have also affected it.
Parastatals

Parastatals are defined in different ways and in accordance with the activities they perform. Parastatals may trade commercially and may even compete against private business-owned companies for the same market but the key feature is that some shares belong to the state, and hence the company represents a national asset. However, these national assets are guided by both commercial criteria and national interests. Cloete (1996:54) defines parastatals as "organizations which operate with the public sector, on the basis of promoting public interests and development rather than profit motive and they are largely funded by the treasury, created by legal statute but not formally part of the organization of government." According to Gildenhuys et al. (1991: 72) public enterprises "are organizations trading goods and services which are wholly or partly owned or controlled by the state, but operating as commercial enterprises."

Essentially, there are three types of parastatals: wholly commercial, created by company act; semi-commercial, established by statute but operating on business lines; and non-commercial, which perform public functions in terms of a statute. The case-studies pursued in this thesis, Umgeni Water, is a semi-commercial parastatal, because it was created by Parliamentary Statutes and is run as a business which aims to cover its costs (Sklar, 1975:194).

There are a multiple of reasons which led to the creation of parastatals during the apartheid era since 1948 in South Africa. According to Gildenhuys et al. (1991:72), the need for basic public services which could not be financed by private entrepreneurs prompted the creation of public state sponsored transport and postal services. Some of these public bodies were established for military or strategic reasons thought to be related to the survival and security of the state. For example, Armscor and Denel Corporation in South Africa were created for military strategic reasons. Most of the services discharged by parastatals do not yield profits. This situation is viewed by private enterprises as a disincentive for private undertakings that might compete with the activities of parastatals.
Emmerich (1961:72) maintains that some parastatals in most countries including South Africa were created to promote economic development and fair competition in a society dominated by 'natural monopolies'. These were established to undertake the economic production of basic infrastructural goods and services where prospective returns on investments failed to induce entrepreneurs. To some extent, certain parastatals played an important role in promoting political ideology. For example, the establishment of government-controlled media and printing works was used as an instrument to disseminate state propaganda. In many countries parastatals were created for the benefit of economies of scale (i.e., cost saving to be achieved by a large rate of output) and it was argued that parastatals could increase their rate of output without increasing fixed costs. Also influential in the creation of some public enterprises were efforts to counteract monopolistic ventures which could otherwise have harmed the public interest.

In addition, other parastatals came into existence as a result of the need to develop administrative efficiency and effective management of resources. Emmerich (1961:72) argues that public corporations exist to provide basic services as a foundation for industrial growth in the public utilities such as electricity, water, transportation and communications.

In many cases there was an unnatural proliferation of parastatals in so far as some of them were created to serve separate so-called racial or ethnic communities in South Africa. An example is the former subdivision of the South African Broadcasting Corporation (SABC), whereby separate radio and television stations were meant to serve different ethnic groups to perpetuate apartheid policies. This ended in 1995. Following the creation of the so-called Bantustan homelands in the 1970's, there was again a proliferation of newly established public corporations designed purely on the basis of ethnicity in conformity with separate development policy. The Transkei Development Corporation, KwaZulu Development Corporation, Ciskei Development Corporation and Bophutswana Development Corporation are a few typical examples of parastatals that emerged as a result of separate development.
According to Johnson (1988:7) National Party policies were manipulated to facilitate the upliftment and empowerment of Afrikaners, particularly the working class. Furthermore, Johnson argues that the rapid increase of state controlled and state economic advancement was significant in promoting advancement in the private sector. Hence the preferential allocation of state corporations and support for Afrikaner entrepreneurs who could complete successfully with their English speaking peers (Ibid, 1998:8). Therefore, it could be argued that some parastatals were created in order to economically empower Afrikaners.

**Public Accountability**

Prior to the 1994 elections in South Africa, public accountability was not viewed as an indispensable tool to be used to consolidate democracy, but instead it was employed as an instrument by political office bearers to enforce discipline over their official subordinates. Accountability was utilized in many ways to ensure that administrative institutions were managed on the basis of a 'from-top-to bottom approach'. This had been a normal practice in South African institutions for many years. The fact that only subordinate officials were required by law to give an account to their political superiors indicated the dominance of senior officials over their junior. The former authoritarian regime in South Africa allowed politicians and senior public officials to trample over the rights of citizens without accounting for their actions.

The former government in South Africa was seen to be less vocal about the concepts of transparency and public accountability. If these two concepts existed, this was only in principle because the public hardly questioned the maladministration of public institutions. That situation made it clear that central to public accountability was a question of power. Who was politically strong and had authority and power to exercise control over the weaker members of society? Under the former government, public accountability reflected a dynamic of institutional power relations between superiors and subordinates. It was employed by authorities of public organizations to force obedience and control.
Those who held influential positions of management coerced their juniors to give account of their actions while the very same managers were neither prepared nor required to justify policy decisions they took on behalf of public institutions. They were not forced to account for the failure of some of their policies and the misuse of public funds. Under those conditions, accountability was characterized by "master and serf" relations and the public was completely excluded from the affairs of public enterprises.

With the introduction of democracy in South Africa, a change from the status quo has become inevitable. However, public enterprises were and still are regulated by Ministers who at times overuse their authority to control them. This Ministerial intervention has sometimes imposed political pressure on the management of public enterprises. Even if this arrangement makes chief executive directors account to Ministers, it does not necessarily ensure that public enterprises became accountable to the public. What is happening in the relationship between the Ministers and these public bodies has seemed to be a form of control rather than accountability; and this at times interferes with the daily routine activities of management. To some extent, it may lead to inefficiency in public enterprises while at the same time the public are not afforded the opportunity to monitor and demand ministerial intervention.

One of the most important conditions for a democratic state is that public administration must be representative. For instance, in South Africa, this would requires employment and personnel management practices to be grounded on ability, fairness and the desire to redress the imbalances created by apartheid. The principles of accountable and transparent governance apply in all spheres of the organs of the state and public enterprises. This includes the access by the public to information held by public institutions (Watkins 1997: 18). Therefore, at the management level of public enterprises, transparency and accountability must thus be promoted by providing the public with timely, accessible and accurate information. The implementation of these principles and values is required to consolidate democracy. Essentially, this implies that the public is entitled to proper explanations about the institutional policies aimed at serving public interests.
things go wrong or right an explanation must be given prior to the policy implementation stage, and the outcomes of those policies must also be justified by those who are accountable to the public (Watkins, 1997:2).

Methodological Considerations

This section presents a broad outline of the methods used in collecting and analyzing data, as well as some of the limitations experienced in carrying out the study. The purpose is to elucidate vital issues to be taken into consideration in analyzing the information entailed. It is not possible or necessary to conduct a study of all public enterprises in South Africa to measure a reasonable estimate of their accountability and transparency to communities. It is very rare for the entire population to be studied because it would take too much time and waste limited resources for research. Observations may be confined to a sample of the wider population. In addition, the number of public enterprises to be studied is deliberately kept small to allow effective use of available resources. Nonetheless, the sample must reflect the population from which it comes.

Data was obtained from documents, questionnaires, interviews, participant observation and secondary source. Some of the data required for this project was collected through questionnaires administered to managers of parastatals concerned and to leaders of community-based organizations. In the course of research, questionnaires were disseminated personally and were collected by the researcher. It is often suggested that questionnaires provide privacy to allow respondents to reflect their opinions freely. Questionnaires are able to reach a large number of diverse people relatively cheaply and speedily. The fact that questionnaires provide the needed anonymity may ensure reliable replies (Babbie, 1992:213).

Questionnaires have certain shortcomings. Sometimes it becomes difficult in a questionnaire to ensure the representativeness of the data obtained; hence the generalizations may be said to be based on "unknown" samples. At times the language
used and the phrasing of questions in the questionnaire may be complicated and it may be difficult for respondents to understand the meanings of statements posed, especially if the level of education of participants is low (Ibid, 1992: 212). Consequently, the questionnaires were supplemented by other research methods.

In this research, case studies were used whereby documentary sources, such as the annual reports of the public corporations concerned, and related documents were evaluated. These case studies helped to determine social processes, and to observe interaction between organizations and communities and offer first-hand information about community projects. They also "reveal the complexity of factors and indicate the impact of one fact on another" (Babbie, 1992: 267). It is argued that case studies reveal the conflicting interests, motives and perceptions of different people.

Interviews were conducted as a supplementary technique to verify data acquired from documentation. Interviewing users or customers was a useful instrument to capture the views of end users of services. Information obtained by skillfully interviewing users of the services of the activities under review may provide insights into possible lack of public accountability and transparency which cannot be easily obtained in any other way. The interview schedules aimed at assembling certified information from professional members of parastatals possessing a general overview of community development and from staff members of development agencies who are actively involved in the actual implementation of development projects. Also involved in interviews were members of communities in which development schemes are being carried out. Interviews were conducted with major participants involved in the projects considered. Interviewees included members of development agencies, Umgeni Water Committees, Community Based Organizations and ordinary community members. The interviews included consultants with extensive experience of community involvement in development projects. The main purpose of this approach was to capture feedback from communities, community based organizations and development agencies.
Interviews were conducted whereby the interviewees were asked to respond to well-defined and structured questions to prevent her/his own interpretation of the question. This helps in increasing reliability and objectivity. In an unstructured interview, the respondent is given much freedom to express thoughts and opinions. This will assist a researcher to achieve the study aims without imposing a structure on the respondent. The complex nature of variables that are to be measured needs the use of both structured and unstructured interviews. As a research instrument, interviews create a conducive climate for both the interviewee and the observer. They ensure flexibility, accuracy and validity of responses. They provide an opportunity for interviewees to express their feelings freely. According to Babbie (1992: 223), "Interviewers sometimes fail to overcome their subjectivity, hence they interject unwarranted interpretations, guesses, impressions into their data and report only an informant's 'public conduct.'" At the same time, interviewees may have wrong perceptions or lack of insight or be incapable of thoroughly expressing themselves. In pursuing any of the above sources of information on contentious issues, much attention was devoted to features such as the following: (i) lack of transparency in written procedures which can result in misunderstandings and inconsistent interpretations; (ii) ineffective use of financial and physical resources which may be indicative of below-average performance.

A less structure type of participant observation technique was also employed to gather data. According to Babbie (1992:223), the strength of participant observation is that the researcher or observer has an opportunity to record behaviour of participants as it occurs non-verbally. The observer is in a position to get more information from the groups he/she is studying because of the more informal and friendly relationship that develops over a period of time. Since observation is affected by human senses. These limitations are associated with perceptions, values, beliefs of those involved, as well as with the sensitivity of the subject under study. In most cases observational research uses a small sample size and thereafter generalizations are made in terms of a large sample. Thus its reliability is of critical importance.
This dissertation also includes secondary data. The survey of the literature available on the public accountability and transparency of parastatals included newspaper articles, academic journals, monographs and documents from leaders in various spheres of community development. Academic literature includes professional theses and official reports, as well as publications by organizations such as the World Bank and the Development Bank of Southern Africa. The literature review deals with specific case studies of community development projects with an emphasis on the issues of openness of decision-making processes concerning the use of funds and representation in policy formulation.

Outline of the Study

This thesis is organized in the following way: it consists of five chapters including the conclusion. **Chapter One** examines the concept of public accountability and its significance for parastatals. This chapter also looks at the impact of public accountability on democracy. **Chapter Two** focuses on the concept of transparency in its multifaceted dimensions and aspects within the context of public institutions. **Chapter Three** explores the applicability of public accountability and disclosure of information to the public in four specific, randomly selected community projects currently undertaken by Umgeni Water in Payipini, Qadi/Nyuswa and Sweetwaters. This chapter further examines the nature, structure, functions of Umgeni Water. **Chapter Four** is devoted to an analysis of empirical and the interpretation of the findings. **Chapter Five** is the conclusion, which integrates and synthesizes the entire study by focusing on the activities of parastatals in this contemporary age of democracy. Ultimately recommendations will be suggested as solutions to the challenges confronting public institutions operating in a democratic South Africa.
CHAPTER ONE

Public Accountability of Parastatals in South Africa

Introduction

In this chapter the implications of democratic values for parastatals and the significance of public accountability to democracy are explored in the light of democratic South Africa. This chapter focuses on the theoretical and conceptual framework of public accountability by reviewing the literature relevant to the topic. Furthermore, the significance, purposes and measures of public accountability of parastatals to the public or communities are discussed and different dimensions of public accountability are also examined. The participatory and open nature of decision-making processes of public organizations is analyzed in the light of constitutional democratic changes which have taken place in the country.

The Significance of Public Accountability to Democracy

Democracy requires all public institutions and parastatals, particularly public corporations, to be representative of communities they serve in order to allow people to engage constructively in the affairs of these institutions. It is important for public corporations to frequently consult and inform communities about their future plans and progress made in terms of development (RDP, 1994:128).

A democratic order enables various communities to have a say in the decision-making process with respect to economic and political matters. For this to be possible, there is a need for the creation of appropriate structures through which public opinion may be heard. According to Van der Walt and Hembold (1995:164), 'participation in decision making by members of the community must be made possible and structured in such a fashion that the most acceptable decisions can be taken. Moreover, participation can be promoted by public managers through their continuous contact with society and their knowledge of...
needs, values and norms. This scenario implies that members of communities affected by the implementation and execution of public policies must fully participate in the decision-making process. Hence, democracy is also about an active participatory process whereby members of the community are allowed to make a constructive contribution to development in their areas. Schwella (1988:37) posits that public accountability is embedded in constitutional democracy with the associated rights and obligations of the members of the public. Then it becomes apparent that meaningful public accountability is given directly to the people rather than to the immediate heads of the departments within administrative structures. In this way, communities are able to openly express their views in regard to policies deemed to be against their will or the public interest.

A more conventional approach to accountability and democracy would primarily look at ways and means by which both parastatals and communities depend on each other. Under normal democratic conditions parastatals require a certain degree of stable social order for them to prosper and provide service to the communities. The same applies in a democratic country with communities dependent on parastatals as agencies of economic development (Schwella, 1988:38). Officials are not expected to execute public policies according to their own personal desires but they must perform their duties in conformity with the will and wishes of the people. In the same vein, officials in public institutions including parastatals are answerable to the people for their decisions, policies and actions. The governance of public institutions in democratic societies is closely intermingled with the concept of transparency. Hence public accountability makes it easier for citizens to use democratic methods to challenge the abuse of power by government during its term of office (McQuoid-Mason, 1994:41).

Usually, in a democratic society, ordinary people want democratic principles to be entrenched in the constitution of the country and this is the proper way to ensure that fair exercise of political power and human rights issues are constitutionally protected.
What is Public Accountability?

According to Thompson (1983:236) public accountability is "a process of deliberation which requires public office bearers to provide reasons for and debate the merit of the decisions publicly or in front of the elected representatives of the public". In addition, the process of accountability requires that those who are involved in making public decisions shall be identified, rewarded for positive actions and punished for detrimental actions to the public. Bekker, et al. (1995: 120) defines public accountability as "the extent to which the actors involved in public institutions recognize that the decisions they make have to accord with the wishes of the rank-and-file members of the recipient community, and the extent to which communities are able to apply sanctions against them if this does not transpire." Broadly viewed, the notion of accountability for performance can, however, mean that managers are accountable to their immediate superiors, subordinates and peers, and that they are also accountable to various other groups, e.g., consumers, the general public, and community and non-governmental organizations outside the organization in which they work (Albanese, 1981:95). There are many ways that public sector organizations are held accountable, for many different aspects of their performance e.g., through elections, high-level government, the media, public inquiries, etc. (Jones and Pendleburg, 1984:134-5).

Ghartey (1987:82) contends that accountability seeks to provide answers to interrogatory questions related to stewardship: what, why, who, whom, whose, which and how. The nature of questions that need to be answered are: What has to be accounted for? Who has to account for it? Why should the account be submitted? Who is responsible for various segments of activity in the society? It also means furnishing satisfactory, reliable, verifiable and accessible records, reasons and explanations for the actions of those having custody of power, human resources, public money and other resources. Normanton (1966:4) defines public accountability as "a statutory obligation to provide for independent observers, holding the right of reporting their findings at the highest levels in the state, any available information about financial administration which they may request. "In essence,
accountability means explaining, justifying and the giving of information about what has been done, what is currently being done, and what is planned. It is a relationship intended to strengthen the efficacy of administrative organs for those whom they are meant to serve and to provide a platform where complainants and grievances may be raised and redressed (Reddy, 1995:220).

Public accountability, in its widest connotation, means an obligation to disclose, to elaborate and to justify the actions of public officials. Essentially the implementation of public accountability in democratic states goes beyond just hierarchic and bureaucratic accountability, since it requires that the actions of public organizations be publicized to encourage public debate and constructive criticism. Discussions about public policies must involve representatives of the public. It forces public officials to openly discuss policy proposals and justify their acts. This gives the public an opportunity to access the effectiveness and efficiency of public organizations. Public deliberations on policy formulation matters may thus make a positive contribution to improving the functions of public managers and officials. One scholar has stated that "real public accountability implies those responsible should also report to other parties, including the public or taxpayers, not only to their immediate authorities in the hierarchy of government". (Schwella et al., 1996:16)

Why is Public Accountability in Parastatals Essential?

The concept of public accountability is crucially important for the following reasons. Firstly, it helps to improve efficient management and monitor operations of parastatals to ensure that there is no waste in the use of the sources. Secondly, it is used as a measure of checks and balances to regulate the conduct of officials and managers to ensure that policies of their institutions are responsive, promote good governance and of benefit to the public interest. Thirdly, public accountability helps to prevent private monopoly and negative externalities which may pose danger to the public interest. Public accountability of parastatals would ensure that the interests of communities are served and management
polices work in terms of democratic values and norms. According to Hopwood and Tomkins (1984:16) accountability for probity is concerned with the avoidance of malfeasance and to ensure that funds are used properly, in a manner authorized. Fourthly, accountability for legality is concerned with ensuring that the powers given by the law are not exceeded. The true function of public accountability is not only to focus on negative aspects of public enterprises but also to see to it that it is regarded as a preventative instrument by means of which shortcomings may be recognized in advance, in order that preventative action may be taken to pre-empt maladministration and corruption. For example, Minzberg (1988: 90-115) argues that large public corporations are social institutions and their actions have social consequences.

Therefore environmental pollution, national economic development, job creation and the socio-economic consequences of technologies may hardly be neglected as externalities 'any more'. This argument suggests that public enterprises have to give due regard to their social responsibility to benefit communities. Paul (1991: 2) notes that: 'The main purpose of public accountability both at macro and micro development levels, is to ascertain the congruence between public policy and public actions and service provided and to promote the effective and efficient use of public resources'.

**Democratic Values and Parastatals**

For parastatal enterprises to serve the public interest more effectively, they have to understand the various competing interests and values of the communities in a democratic order. Coetzee (1992) in Hugo (1992:130) contends that the sustainability of community projects partly depends on the democratic structures which enjoy a broad degree of support from the people in the area and encourage a participatory development process that may in turn promote local self-reliance and decentralized decision making.

Thus democracy does not only imply structures and institutions that allows for representation and responsible public sector institutions, but also implies the willingness of
all to participate in an open process of decision making. However, some observers have a
tendency to assume that a lack of community involvement in political activity reflects
satisfaction with the decisions made and the way they are administered. This assumption
may not necessarily be true because lack of participation may result from apathy, delusion
and lack of interest political activities.

One of the most important values of a democratic society is direct or indirect participation
in decision-making by representatives of local communities. This can be realized through
many ways, such as a public meeting, submissions of proposal that would be in a form of
participation in the affairs of parastatals by community based organizations, interest
groups and non-governmental organizations. A competent leadership is imperative for
parastatals to realize their set objectives. For example, the directors and chief executive
officers of parastatals are expected to be sensitive to public interests and feel responsible
for identifying and satisfying the basic needs of communities. To achieve this, leaders in
parastatals have to regularly communicate and interact with the public.

The directors and chief executives officers have to lead the organization by setting good
examples that are meant to make them succeed. These leaders must not only be honest,
but they must also be competent in their work and have legitimacy both inside and outside
the organization. The behaviour of leadership is important in defending democratic values
and managing the affairs of parastatals.

Parastatals need a representative leadership which acknowledges the importance of
democratic structures. A visionary leadership that is committed to 'good governance'
attaches high value to broad consultation with the aim of understanding the needs of
communities. Therefore, public managers as leaders in parastatals work within parameters
of political events which sometimes influence their options of economic policies. Under
such parameters, Schwella et al (1996:52) suggest that the leadership in public institutions
requires the ability to adapt swiftly to rapidly changing conditions and adopt participatory
decision-making.
On the other hand, the government could take a lead in playing a supportive and an enabling role in the development of public enterprises, as is dictated by the Constitution, and to encourage all public institutions, including parastatals, to do the same within a democratic framework. In the same way that the government is responsible for improving the welfare and satisfying the needs of the citizens, public enterprise are also responsible for service the public interest.

The leadership of the public sector must not only be responsive to the public interest, it must also be accountable to the people for programme efficiency and effectiveness of public policies. According to Cloete (1988) in Guildenhuys et al (1991:125) the purpose of democracy is to create a situation under which people may realize their greatest welfare and prosperity. This can be achieved through reorganizing public sector institutions in a manner that will enable mutual co-operation and consultation between these institutions and the public at large.

Other crucial values for the consolidation of democracy are accountability and transparency in the governance of public entities. While a government requires parastatals to be accountable to it, in turn it should demonstrate to these institutions how to be accountable to the citizens for decision making and action taking. In some instances, a government itself fails on many occasions to publicly render accounts to the people.

Hence it is difficult for politicians and public officials in a government to dictate to parastatal to be accountable and transparent to the public. Moreover, democracy requires public officials who are totally committed to equity and fairness in their daily dealings. In other words the organization’s interest must come first rather than their own narrow personal interests.
Theoretical Framework of Public Accountability in South Africa

In South Africa various writers have expressed divergent views on the need for the concepts of "public accountability" in relation to operations and policies of parastatals in a democratic society. Yet up to now they have not agreed on one interpretation of the meaning of public accountability. As a result, this concept has lent itself to many different interpretations. Therefore, it is not an overstatement to say that in some parastatals the decision-making process is not marked by inclusiveness, representatives or openness, yet those organisations still claim to be sufficiently accountable to the public. Most of the board meetings which are mainly characterised as being "partially representative" are largely dominated by men and are open neither to the press nor to the public. This scenario encourages information to circulate only within the circles of elite board members of parastatals without reaching the ordinary members of the public.

In this respect, Boraine (1991) in Du Toit (1991:44) contend that 'fundamental to this culture of democracy is, we believe, the question of accountability. Understanding accountability, and making it work, is crucial not only to a democratic system of government, but also in grassroots organizations and local government in the media, the judiciary, business, labor and the professions'...

Before the 1994 elections, South Africa was said to be an "authoritarian" state. During that time many parastatals had a tendency to endorse policies and programmes which were designed to meet rather than defeat the ends of the apartheid system. They tended to think like the government of the day. Most parastatals were under the control of the state and it is not surprising that their policies complied with the repressive national policies of the government. As South Africa had emerged from authoritarian rule to a democratic dispensation, it would be appropriate and beneficial for all parastatals which were not immune from the institutionalized policies of racial discrimination to embrace the norms of a democratic state. Even those parastatals which operated under the "jurisdiction" of former "homelands" were, to some extent, affected by the apartheid system. Hence most
of them were initially managed at the top level by whites only, for example KFC (Kwazulu Financial Corporation).

In acclimatizing to a democratic order, a high premium must be placed on accountability of external reporting, while internal management should reflect values like disclosure of information, participatory forms of management, affirmative action and empowerment of staff through intensive training. This can be possible only if governing structures are fully restructured to include those who were previously excluded in the composition of boards of directors and other management structures.

In adjusting to a democratic culture, parastatals have had to embark upon restructuring with a view to becoming more sensitive to the interests of stakeholders, including the public. On the one hand, proponents of transformation argue that public enterprises must be accountable to their employees and the public at large, while on the other hand antagonists of transformation contend that increased accountability and transparency will negatively affect the productivity and performance of public enterprises. A plausible argument is that parastatals have to reposition themselves in order to be in line with democracy. In other words, while pursuing their commercial interests, they also have to be responsive to the interests of various communities. However, to strike a balance between the two interests is an issue which should be openly debated.

Spiro (1969) in Du Toit (1991: 59) noted that bureaucrats found themselves in relatively favourable situations of accountability long before the connection between democracy and the political responsibility of individual citizens was postulated. They argued that bureaucrats could function in situations of effective accountability even under governments that are neither constitutional nor democratic. One may believe even while contending that public accountability has its roots in democratic theory.

Hence public enterprises were created and existed under an undemocratic political system whereby representativeness and full public participation, in terms of the population
composition of the country, were not considered. As a result, many public enterprises were viewed by the public, particularly in black communities, as agencies of oppression. The association of public enterprises with the then "illegitimate" government of the National Party discredited and undermined the effective role of these institutions in various communities to the extent that they were blamed for perpetuating apartheid policies. However, the emergence of democracy in South Africa necessitated that all sectors of the economy which have previously been "influenced" by the apartheid system, should adopt new democratic principles and values.

Also, experience teaches us that some managers of parastatals if left to themselves have been inclined to mismanage public funds (Ibid, 1979:76). In a democratic state, there are certain tenets which each institution, whether public or private, must not fail to observe. The issue of social responsibility in public enterprises remains contentious among stakeholders and up to now has not been adequately addressed. The approach adapted by other public enterprises to social responsibility shows some authoritarian tendencies, whereby these institutions decide and plan social responsibility projects for, rather than with, communities. In other words, full public participation is not given sufficient attention due to the marginalisation of the communities in the decision-making process. It is argued that large parastatals have long been acknowledged as tools for economic development. The remaining challenge is not to bring drastic changes in their main objectives, turning commercial units into instruments of the national governments, but to make changes that will best illustrate that public enterprises are in the hands of people who are not only competent, but also cognisant of the environment around them, and properly accountable. Williams and Shapiro (1979 : 76).

Like other advocates of accountability in public corporations, Klein (1996 :5) maintains that there is a great concern about the lack of measures to enforce public accountability. According to Heymans (1995: 454), "parastatals should be publicly accountable. It would appear most appropriate for these bodies to have reports to parliament with full disclosure, apart from the normal reporting mechanisms which apply to corporate
structures. One would expect reporting, where appropriate, to provincial legislatures, forums and other relevant channels for communications with civil society." This analysis suggests that other community forums rather than parliament only must be charged with the task of discharging accountability to the public.

Ennis (1967:viii) believes that public accountability may seem imperative to people who feel that the public has a right to know what goes on, particularly when public money is involved. This may be exorbitant in terms of the controls and records necessary and perhaps even more significantly may encourage defensiveness in the executive management. Just like many other writers on the subject of accountability, Ennis assumes that accountability means the same thing as control. This impression is misleading, because accountability is merely a means to ensure that things go according to the original plan and deviations from the plan are monitored, not necessarily controlled. Therefore, control is a more rigid and strong word to use for accountability.

Public accountability requires, amongst other things, that all public resources entrusted to public organization be judiciously used for the projects they were intended, and that public funds should not be diverted for private use. However, it must not be confused or mistaken with "stewardship" which according to Jones and Pendleburg (1984:134) refers to: "the holding of someone else's assets by steward." In its narrowly explained sense, the responsibility of stewardship is to demonstrate that those assets have not been emphasized that 'stewardship accounting' is in actual fact confined to the balance sheet showing the money collected by the stewards. The form in which that money held and an audit certificate vouching for the truth and fairness of the statement. This profit and loss account shows the increase of decrease in the money held over the year".

The above quotation makes it clear that accountability requires someone to explicate the reasons for one's deeds as a person who is held responsible for them, especially issues that relates to financial management. While this interpretation sounds convincing, it demonstrates an uncritical justification of a narrow explanation of accountability offered
within the sphere of public administration, which does not state the extent to which accountability of parastatals to the public is relevant in a democratic country.

Public accountability as conceived by Coetzee (1988:64) has bureaucratic features. These features are salient in public institutions whereby subordinate officials are obliged to give account of their duties at an operational level to the senior political office bearers who are regarded as decision-makers. In this sense, there is not enough room for community leverage and members of the public remain uninformed about some public policies. Schwella in Du Toit (1991:35) makes the notable comment that public accountability does not necessarily guarantee that accountability penetrates into the communities or citizens of the state. It must be acknowledged that the need for accountability in public enterprises is to influence those who exercise authority and power unchecked at the decision-making level. In this way "community intervention" is viewed as a mechanism to safeguard the interests of various societies. Such community intervention may assist in sustaining democratic structures with the idea of rooting out unethical behavior and corruption in public enterprises.

Schwella (1991:124) and Fox (1991:724) assert that accountability is mainly a statutory obligation resting upon the executive to provide the legislature and the public at large with all necessary information to determine how legislature directors have been or have not executed and how executive actions have been executed. ‘Thus public accountability is viewed as a means of securing democratic practices, because it is taken as axiomatic that the unaccountable exercise of power is undemocratic’. In a truly democratic society, accountability is seen as a measure of regulating those people who exercise executive authority in public organizations. According to Stanyer and Smith (1976:8) "Public accountability obliges the public utilities to give an account of the activities to other people and provide justification for what has been done in terms of other people's values in a way that private bodies do not". Accountability may also imply the basis of formal statements on financial matters (Van Wyk, 1976:122). Indeed, for a long time
accountability has been largely associated with and confined to administrative and financial matters. However, in the present era, this concept usually has a wider implication.

Fox agrees with Meyer (1995:1-2) that 'accountability is the responsibility of a government and its agents, for example public enterprises, towards the public to achieve previously set objectives and account for them in public.' Actually, agencies of the government are expected to render account directly to the communities or the public. Therefore, the conceptual problem of accountability lies in deficiencies in the accounting and management information systems, the government's monopoly of resources and power, institutional secrecy and lack of courage and autonomy on the part of oversight agencies. These deficiencies feature greatly in less developed countries whereby accountability is undermined. For example, Gharthy (1987:46) agrees with Hamilton (1980) and Eker (1981 : 62) that the above-mentioned deficiencies allow some public officials wide scope to conceal misconduct, corruption and policies that are made without public consultation. This situation also provides public officials with a golden opportunity to avoid public accountability in less developed countries. Of course, this sort of conduct also takes place even in developed countries.

Although this kind of analysis is popular in the field of public administration, it has some shortcomings because it does not specifically emphasize the need for public officials to account directly to the community. Normanton (1971:313) posited that ‘public accountability means reporting to persons other than to one's own superiors who have the power to make open criticism. This view is widely acceptable because it clearly states that reporting is not necessarily given to one's superiors who have authority; instead an account can be given to other people with sufficient interest' in the activities of public enterprises, for example stakeholders including the public. This definition makes it clear that public accountability is a broad concept which cannot be reduced to master and servant relationships as it used to be in South Africa, whereby subordinates were always forced to account to the superiors. The emphasis in Normanton's definition is on open debate and discussion about the information provided as a base for judgement rather than
merely, "controlling others". Reading from public opinion, it is notable that both influential and ordinary people are disturbed by the imputed lack of accountability of the public utilities that are supposed to meet their needs (Greer, 1978:249).

Jones (1977) in Hopwood and Tomkins (1984:14) agrees with Jackson that accountability is the liability to give and account to another of what one has done or not. It is the antithesis of autonomy, where accountability is to oneself alone. Responsibility as accountability implies a liability to explain to someone else, who has authority to assess the account, and allocate praise or censure. Public accountability deals with the free flow and fair sharing of information between public bodies and communities. That information pertains to actions and decisions taken to meet public interests. This understanding is shared and applauded by Nachmias in Greer et al. (1978: 249) who looks at it from a political point of view. To Nachmias, "public accountability is essentially the concept of democracy, because embedded in it, is the idea that government should be responsible to the people and the discharge of that responsibility requires that policy makers have credible information about the operation and effectiveness of programs brought into being by legislators in response to the wishes of their constituencies."

Dimensions of Accountability

Public accountability manifests itself in various dimensions. For instance, Robinson (1971:82) dissects the concepts of accountability into three dimensions for example, he states that "program accountability is concerned with the work carried on and whether or not it has met the goals set for it." Secondly, "process accountability ... deals with whether the procedures used to perform the research were adequate, in terms of time and effort spent on the work and whether experiments were carried out as planned." Thirdly, "financial or fiscal accountability, which is concerned with whether the funds were expended as stated and whether items purchased were used for the project." These are categories of accountability which fall within a broader definition of public accountability. It is so because the public may actually request or demand account about programs; policy
making process and procedures; and fiscal related matters. Therefore it appears that all these categories are just forms of public accountability. Moreover, the public is not only interested in one issue but focuses on explanations of the whole range of activities taking place in a public enterprise. To this end, for example, Greer et al. (1978: 84) strongly maintained that "in order to pursue accountability, individual citizens and groups should focus on all of the aspects of institutional and personal performance which are germane for accessing the policy making role of the legislature. Furthermore, to evaluate accountability only in terms of the policy decisions overlooks many vital aspects of policy making and institutional responsibility." This selective tendency must be questioned because it leaves many issues unnoticed, hence many mistakes remain unattended and therefore uncorrected.

Normanton (1993) in Gildenhuys (1993:58) distinguishes public accountability from hierarchic and bureaucratic accountability by stating that "public accountability requires making public all facts so that a public dialogue may be conducted on those facts". This debate must be accessible to the public officials and political representatives, so that full participation can be promoted. In contrast, "bureaucratic hierarchical accountability" does not usually operate in public, but rather in private and internally in a centralized hierarchical structure whereby public officials are summoned to directly account to authoritarian senior political office bearers and the head of state (ibid,1993:166). This normally occurs in the government of authoritarian systems or even in totalitarian states. Nevertheless, it is not surprising to state that bureaucratic accountability may also be found in other democratic states as form of checking and balancing the activities of public officials.

Eulen and Prewitt (1973: 444) postulate that accountability could be regarded as the manifestation of standards against which the performance of the officeholders can be measured. Explicit in this explanation is that much attention is paid to an organizational performance and officeholders' performance. However, it is not stated as to whether or not this form of account is due to the public or to senior officials of the government.
Rieselbach argues that "Accountability imposes an obligation on a public official to periodically confront those to whom it is responsible for a judgement upon its record. If the decision-makers are found wanting, the 'rascals' can be 'turned out', removed of their office, legislators must calculate the popular response to their actions or risk loss of position and power" (Rieselbach, 1975: 69)

Most protagonists of public accountability agree that this phenomenon is broad and complicated, hence it stretches beyond institutional boundaries to include external variables, like: members of the public. This point is clearly echoed and vindicated in the explanation given by Johnson (1974) when he adumbrated that:

"This brings us to the broadest political sense of accountability. There are many occasions when we want to go beyond the specific grievances and the possibility of redress. We wish to pass judgement on the general performance or conduct of those exercising public authority. If they can be said to be "accountable", then it follows that they can, in a political sense, be praised or criticized for their actions. In the extreme case, sanction can be imposed and traditionally this has meant the withdrawal of their right to continue in office.

From the outset, it is important to give operational definitions of two types of accountability, that is "upward" and "outward". "Upward accountability" means hierarchical vertical accountability which involves a relationship of superiors and subordinates within bureaucratic structure. According to Schwella et al. (1996:166), public officials may directly be held accountable, in an over-centralized and a disciplined hierarchical structure, to a despotic head of state and his or her surrogates.

In contrast, "outward accountability" refers to a functional-horizontal accountability which involves more complicated relationships either between the electorate and governments (including parliaments), or between the public and public organizations, that is, state enterprises. Traditionally in authoritarian states the emphasis is more 'upward than
'outward' accountability. In most cases, this has little if not nothing to do with either an electorate or the public. Under such circumstances accountability is utilized by senior political office bearers and officials of the government to enforce compliance with repressive laws and regulations over civil servants.

In addition, upward accountability is employed by authoritarian and totalitarian states as a political tool in order to assert control over their citizens and is therefore not democratic in form. By contrast, in democratic states the stress is on both upward and outward accountability, much more focus is concentrated on public accountability. Therefore, the implication of upward accountability provides little accommodation for the public and members of communities to directly hold political representatives answerable for the policies they make. Usually upward accountability does not submit actions of representatives and officials to public scrutiny. Outward accountability allows even the electorate and the public generally to directly interact with state institutions and public organizations. This gives citizens an opportunity to exercise their rights to accountability and transparency as democratic values which must be inculcated in the ordinary citizens. Also this type of accountability subjects actions of public officials to public scrutiny.

Who is Accountable to Whom?

At this stage the point needs to be emphasized that accountability in this sense can really apply only to those holding elected political office. So long as we stick to the notion of a permanent bureaucracy, subordinate to elected representatives, then its members cannot without some contradiction, be held accountable for what involves public censure and their removal from office. This in turn underlines one of the inherent difficulties in reading accountability in the public sector: According to Thornhill and Hanekom (1983:185) there is a need for different modes of accountability as to whether we are concerned with opportunities for passing judgement on those who are politically responsible, or with the need to apply certain checks and controls to those who, by reason of the terms on which they operate in the political and administrative structure, enjoy virtually complete security.
of tenure. This analysis shows that public accountability covers a wide range of issues, that is political, financial, economic, administrative and legal aspects. It involves a variety of relationships between public institutional and communities served by them.

Thornhill and Hanekom (1983: 185) maintain that: "Public accountability consists mainly of a statutory obligation to provide parliament with any available information to enable it to determine how executive actions have progressed". The argument is more appropriate to address issues dealt with at a macro level, which essentially are of national interest. Historically, as was argued previously, an emphasis has always been put on formal hierarchical accountability within the structures of public organization and more stress was on the pursuit of institutional objectives rather than on community interests. This approach brought in an element of "bureaucratic" dominance of superordinate over their subordinates (Caiden, 1988: 24). Cloete and Mokgoro (1995: 8) make the plausible suggestion that there is a need to include public perceptions of accountability which involves issues such as community participation in the decision-making process and disclosure of information. According to Cloete and Mokgoro, this broad explanation: "stresses not only political representation and the supremacy of political structures in the accountability process, but also the interactive process with "civil society". The need for broader public accountability prompted by social pressures, calls for a shift from the traditional focus on only input and activities and on compliance with the spending authorities and reporting programme outcome and the real impact that programmes have on communities (Paul Collins and Edward Warrington 1996: 306).

The idea of improving public accountability has also been accorded sufficient support in Chartered Institute of Public Finance and Accountability (CIPFA) by Reid (1992: 84). For instance, this institute contends that: "Public bodies such as health authorities, public utilities and government departments have to represent annual reports which are readable, visually attractive, comprehensible and compare well with the best private sector company accounts. It is further mentioned that such reports of public documents, inform the public and explain to employees how they individually fit into their enterprises". Therefore, it
becomes clear from this analysis that the involvement of the public in the activities of public enterprises in indispensable and necessary if these public utilities exist to serve the interests of communities.

The above argument by Reid (1992) epitomizes the importance of direct interaction between the service providers and service users. This modern approach to the management of public utilities is marked by openness and accountability to the public as well as community at large. Stanyer (1974) in Lee and Pollitt (1984: 155) annotate that: "public accountability, as a means for preserving the public interest", refers to justifications of actions, on particular occasions with consequences for those actions". According to this explanation, public accountability is seen as a mechanism designed to guard against acts that are regarded as harmful to the "public interest".

According to Buchanan et al, (1980:11) contends: "Public accountability includes three groups of inter-related stakeholders, that is, the public, customers of the service and the providers of the service, but the public and customers as stakeholders are more interested in service providers being accountable to them for attributes that benefit them most". In this respect, Buchanan et al. show that public accountability of parastatals involves many stakeholders who have legitimate interests in the affairs of public institutions.

Therefore to ensure that public accountability becomes a reality, certain measures need to be taken, not only by the democratically elected government alone. Community-based organizations must also supplement government efforts to make public institutions, particularly public enterprises, accountable to communities (Fitzgerald 1995: 18). This approach necessitates frequent social interaction and communication between civic organizations and public institutions. Moreover, the relationship between these public institutions and civic organizations must be characterized by mutual benefit and information-sharing, as well as respect for democratic principles and values. Constitutionally all state agencies are required to provide full and comprehensive explanations for their decisions to the citizens.
How Should Parastatals be Accountable?

According to Fitzgerald (1995: 514) where accountability is acknowledged it is practised as bureaucratic accountability, where employees are held accountable up a hierarchy for not adhering to the rules. The international shift towards operational accountability (focuses on making state employees, those directly accountable to end-users, citizens and communities and restoring the values of public services) has not been reflected in South African practice to date. This argument holds water if one considers that the lack of operational accountability results in little information relating to decisions made by public institutions being given to communities. Public enterprises have to adapt to new conditions and account for their activities to all those regarded as legitimate stakeholders, that is, those with sufficient interests in the operations of public corporations. For example, if the issues that are at stake relate to macro-economic developments, for example pricing policies and capital investments that affect national interests, the prerogative of accountability can be given to the regional or national parliament. However, if issues relate to micro-economic development, affecting immediate interests of the communities, then public bodies must account to the public directly affected. They have at least two important levels of governance, namely, the governing structure composed of boards of directors and management structures consisting of both top and middle management. Heymans (1995: 454) argues that the governing structure ought to include representative stakeholders with an interest in the product of those public enterprises and that these representative stakeholders must exert influence in the formulation of policies.

Also the governing structure must be fully representative of members of the public or communities served, that is, the government, shareholders, management structure of the organization, consumers and employees. In this way, for example, it may be possible for boards of directors to be under an obligation to account for decisions taken to all the above-mentioned stakeholders through their respective representatives. All these stakeholders can submit of advice that will be taken into account when policies are
formulated (Heymans 1995:454). This inclusive approach could enable broad participation and boost the legitimacy of the public corporations in the eyes of communities. In this way, decisions taken at government level will be open to all stakeholders involved.

At the level of management structure, top management, through the chief executive officer of the company, must be accountable for its actions to the governing structure for the implementation of all policies and the management of financial resources. Furthermore, there should be a connection in the policy and planning arena between public enterprises and all stakeholders concerned. Ultimately the governing structure of the public enterprises must be accountable to parliament, through a government representative (for example Ministers), for all activities for the organization. Above all, what is more vital is for public enterprises to be directly answerable to the public, taxpayers, donors, customers and other stakeholders who have a legitimate interest in activities of these public bodies.

The effective use of determinants of public accountability is important in judging whether or not public organizations are responsive to the communities. It is necessary that these determinants should be used with a view of assessing the feasibility of accountability of parastatals to the communities. Several measures to ensure public accountability will be considered below.

Auditing of official transactions and performance evaluations as well as the continuous sharing of information between parastatals, government and the communities should enhance accountability. Put in other words, the extent to which the public has access to alternative suppliers of public service and the degree to which communities can influence the ultimate outcome of service through participation in various forms may reinforce public accountability and may also prompt the service provider to perform better. The other moot question is: to what extent do communities have access to documents and the capacity to scrutinize sophisticated reports with the necessary understanding of the content?
Accountability of public enterprises to the public may be secured through several measures. There are four vital mechanisms through which public accountability can be measured that deserve special attention.

Firstly, in a democratic system, parliament is regarded as the major custodian of the public interest. For example, portfolio committee members of parliament are allowed to ask questions about public enterprises on issues of public policy significance. Whenever questions are raised, the Minister charged with public enterprises is called upon to react and give answers (Sathe, 1987:525). Secondly, the Minister in charge of public undertakings is also responsible to parliament for the efficient performance of public enterprises. The Minister thus has a political and social responsibility over public enterprises. Although the Minister concerned may have the authority to appoint and dismiss directors and senior officials, ask for information on existing and planned schemes, ask for periodic reports, and authorize capital expenditure, he or she is legally not allowed to be involved in the daily management activities of public enterprises.

The third measure of public accountability in public undertakings may be ensured through independent auditing of their operations. This becomes more effective when it is carried out by professional experts in the field of auditing guided by the act of parliament that established public undertakings. Fourthly, accountability of public enterprises to the public can be increased by means of annual or quarterly financial reports. Sathe (1987:525) maintains that ‘the reporting and publicity of public undertakings helps to ascertain public answerability’. According to Sathe, public reporting happens in submitting annual reports parliament for discussion, while other reports commissioned are scrutinized by various portfolio committees. He maintains, that while these measures have been implemented in other countries, they have not done enough to improve public accountability.

For instance, the presence of elected representatives in the parliament does not necessarily ensure that accountability of public enterprises extends to members of the communities, especially with regard to their operations. As such there is a need for special alternative
forums to ensure that public accountability is improved and rendered not only to parliamentarians but also to the public. Furthermore, in a democratic society, accountability of public enterprises to the public is also measured by holding public meetings where communities members participate. An active role played by the press and the media is encouraged in informing the people about what major decisions are taken on their behalf and reasons are given for making those decisions (Democracy Watch 1997:1). The role of the media and press is vital to facilitate accountability of public officials to various communities. It is averred that "free press and mass media serve as the watchdog of public morals, as the mouthpiece of the people and as an important ingredient in unraveling corruption and other financial irregularities in public institutions" (Vosloo, 1989:198). In addition to such measures, the office of the Public Protector was instituted in South Africa to enhance public accountability and protect the rights and interests of the citizens. In turn, therefore, citizens have a right and duty to report to the public protector whose responsibility is to investigate complaints of misconduct and financial mismanagement levelled against public officials, and make recommendations (Gildehuys, 1991:88).

In a democratic society, the courts of law exist not only to interpret the laws, but they also have a constitutional duty to defend the freedom and rights of the citizens. On the other hand, the citizens have to take active interest in the activities of public institutions. For instance, if a case of unethical conduct has been committed by public officials, citizens may challenge officials involved in deals through the courts. As courts hear cases and the evidence, and ultimately give judgement publicly, people have a right to attend and observe the court proceedings (Cloete, 1991:64). In the same vein, Hodgeson (1969:260) argues that "administrative courts work well as tools of accountability, because courts hear cases and make judgements in an open atmosphere". The role of the Constitutional Court is also significant in this regard to ensure that the principle of public accountability becomes a reality as enshrined in the Constitution of South Africa.
Conclusion

One of the milestones of democracy is that public institutions are accountable to communities for the things they do. In other words, they can be summoned to answer publicly for their actions. As various definitions are conceived by many writers, therefore it becomes clear that the issue of accountability in public enterprises may be conceived from many perspectives. In this thesis, it will mainly be explained how and why the public enterprises (parastatals) have to be subjected to the public scrutiny and communities at large. There are government related institutions which are responsible for ensuring that account is given for any deed prejudicial to the interests of the community. For example, Constitutional court, Parliament, Gender and Equality Commission, Auditor General, Public Protectors and Human Rights Commission, are few of those institutions. But the work of these will not be complete without initiative taken by communities themselves to secure their interests.

Public accountability is a relationship aimed at strengthening the responsiveness of administrative agents to the people whom they are expected to serve and offer mechanisms through which complaints and grievances may be raised and redressed. Essentially, public accountability endeavours to ascertain the sustain ability of and an increase in both technical and allocative efficiency. It is also a vehicle through which the performance and actions of managers and other officials of public enterprises can be assessed.
CHAPTER TWO

Transparency of Parastatals in South Africa

Chapter Two deals with various aspects of transparency. In this chapter, an attempt is made to examine concepts of transparency and its measurement. Furthermore, the principle of disclosure of information and the limitations to it are central discussed. Ultimately, the focus of the discussion is on the assessment of the reasons that lead to lack of transparency in the activities of parastatals in South Africa.

What is transparency and why is it essential to democracy?

Transparency is defined as a condition which permits or allows the uninterrupted passage of information so that the operations and activities of institutions can be distinctively seen by all stakeholders (Allen, 1990:1298). The usage of “transparency” in this study refers to openness in procedures adopted and followed by policy-makers from the processes of policy formulation, planning, decision-making, and policy implementation. Transparency is the degree to which the functioning of public sector organizations and the deeds or actions of public sector managers are open to public examination (Schwella et al. 1996:16). It necessitates the openness of processes and activities of public managers to the public.

Transparency is also vital in the allocation of financial resources by public managers. Hence this encourages public officials to conduct the operations of public organizations with honesty and commits parastatals to equity and fairness. The issue of transparency is not merely about the amount reflected in fiscal documentation but also important is the content and the form of the information given. In other words, this information should be written in an easily understandable manner. For example, there is a growing perception that the language used is often so sophisticated that it is only understandable to those professional experts dealing with financial and management matters. Furthermore, such
information must be discussed with the stakeholders, including communities which have legitimate interests in the affairs of the parastatals.

The production of information refers to all information that accrue from decision-making and in the case of this study, the policy formulation to the policy evaluation and implementation. More often than not, when the issue of transparency is debated and discussed, it is usually confined to three aspects, namely openness, disclosure of information and access to information. It is very rare to read or hear something said about the production of the information. The production of information is equally important as its disclosure and its accessibility to the public. In many instances, information regarding public institutions and parastatals is produced in the broad meetings, parliamentary committees and cabinet meetings where major decisions are taken. However, in other cases the minutes of those meeting are not usually accessibly or disclosed to the public. Therefore, this situation makes the processes modalities and the dynamics of information production regarding parastatals to be not transparent to the public. The issue of who contribute what and how deliberations are made when the information is produced in the broad meetings of parastatals needs to be disclosed.

**Implications of transparency for parastatals.**

The South African Constitution of 1996 clearly sates that the activities of all public institutions, including parastatals, should be transparent to the public. Therefore, the public has a constitutional right to transparency. This implies that parastatals are constitutionally required to be open to the communities they serve. Their activities that lead to policy making should be disclosed and be subjected to public scrutiny. Transparency is one of the most vital democratic tenets; therefore all public organizations which operate in a democratic state should observe this tenet. The ultra-virus and intra-virus acts of some officials in parastatals could be expose through transparency. Transparency will enable the public to know how parastatals are managed and how much is spent by the government in subsidizing them.
The significance of transparency is that public officials are obliged to conduct public dialogue on their actions and on what they intend doing, in an environment open to the public. It is further argued that secrecy ought not to be encouraged in public financial management because at times it may conceal mismanagement and corruption (Schwella, 1996:16). The public have every right to expect and claim transparency with regard to issues of a financial concern.

According to Bayat and Meyer (1995:225), 'freedom of information and provision of the public with the greatest degree of access to information are an essential part of any democratic state, such as South Africa'. This view must be realistic and be maintained in all institutions, including public ones. In a democratic state, it is necessary that unprohibited modes of consultation and communications be sustained with the public to ascertain that public enterprises are sufficiently accountable to the public. The disclosure of annual financial reports must be written and made available for interested public inspection (Nigro and Nigro, 1984:343). Although Nigro and Nigro put much emphasis on government departments, the same could also be applicable to many public enterprises.

What is more important in promoting a culture of transparency in public enterprises is to adopt a norm of free flow of information. Provision of valuable information to the concerned public can help the public to make positive input to major decisions taken by public enterprises. On the one hand, public enterprises need information from the public and, on the other, the public itself also needs information about operations of public enterprises. This therefore necessitate a process of information sharing between the public enterprises operating in various communities.

If decisions leading to policies and programmes that are implemented by public enterprises are not made transparent to the public, there is no assurance that accountability concerning these programs and policies will be given due regard to their merits and demerits. As a result of this, some programmes might not receive support from communities which they are meant to serve. The lack of public consultation by public
enterprises could lead to frustration about accountability and transparency on the part of the concerned public (Nigro and Nigro, 1984:343).

Measures of Transparency

For the purpose of this study, three measures of transparency are considered for discussion. One measure of transparency is the accessibility of information entailed in official documents and records of parastatals to the members of the communities. Another measure of transparency is the disclosure of information pertaining to decision making processes to interested members of the public, so that they can be in a position to make contributions and informed judgement. Openness of procedures and processes that lead to decision making of parastatals is third important measure of transparency. These measures are entrenched in the constitution of South Africa to ensure that the right of the people to openness, to the disclosure of information and access to information becomes a reality, not only in principle but also in practice. Firstly parastatals could be made transparent by allowing members of the public, who have a legitimate interest in the affairs of public institutions, to participate in decision-making processes by making submissions. Secondly, parastatals could also give the representatives of community based organizations and civil society observer status in their broad meetings. Thirdly, parastatals should disclose the relevant information and make it accessible to the public. Decisions that relate to the salaries the top managers and the use of financial resources should be disclosed through the media and press for the public to know.

The right of access to information is a contentious issue, especially when one relates it to privacy rights. According to Fenwick (1995:150) access to information involves public access to board meetings of public enterprises, to minutes, to the documentation provided for those meetings, and to background papers used in the preparation of committee reports, including the question of whether or not public enterprises practice the same openness as is prescribed in the Constitution.
This indicates that access to information is not only about disclosing quantitative information through annual financial reports but it is also about allowing representation of the public to observe board meetings and other processes which take place during committee meetings, as well as documentation being made available. In this way it is believed that community representatives will be able to participate meaningfully, because they would have direct access to documentary records.

It is argued that transparency is also vital and necessary to gain financial aid from donors as a prerequisite for accountability. For example, after receiving a poor field report from Ethiopians one funding agency administrator made this comment:

The donors have committed a lot of money to this programme and I think they deserve a bit more than one side of paper, four times a year. Your report does not even offer much qualitative or quantitative analysis. Knowing the work that is being done, all I can say is you are not doing yourselves justice in the reports. I am sure it is difficult to appreciate the need for good reports when you are working away in the field, but its one of those things, we can't fund-raise without them. (Davis et al., 1995:129).

It is therefore important to stress that when donors provide funds to promote developmental programmes, in return they expect to receive reports on how these funds are being spent. In cases where financial reports are not given to donors, they will be skeptical of giving any more funds. This argument indicates the necessity for financial reports to contain fundamental information on the progress of programmes. Moreover, it is vital for community associations to write 'good' reports for their donors that may allow them to communicate directly with the donors to inform them of the progress achieved.

In a parliamentary debate on open governance of public institutions, Carl Niehuis, ANC-MP, stated that there should be a shift away from the old perception that any meeting behind closed doors implies something sinister (Niehuis, 1996:70). This argument is laudable but it fails to realize that simply changing old perceptions does not guarantee the public that all is well behind the scenes. In addition, the change of old perceptions is not
so easy if what caused those perceptions is still rife in public institutions. Kgositisele (1996:1) made this comment: “Transparency can be distorted and used against progress or be used to immobilize the democratic process. The distortion and abuse is possible if there are no measures taken to protect the right to openness in a democratic South Africa. The issue of openness goes beyond just finding a balance between transparency and secrecy to cover the protection of the rights to disclosure of information.” Essentially, the emphasis of transparency is about access to information by the wider public rather than by only a narrow groups of interested persons.

Advocates of democracy insist that for public institutions to be transparent and fully accountable, in turn the citizens must be aware of what is taking place in the operations of parastatals. One way of raising public awareness is by disclosing ‘relevant’ information to the people. Transparent institutions allow interested citizens and the press to attend open meetings so that the people can acquire information about what decisions have been made and for what good reasons, by whom, and in whose interest. One could agree with the view put forward by McQuoid-Mason. (1994:42) when he says that “transparency is a creation of openness and access for the people to see clearly what is going on in the government and society”. Furthermore, transparency imposes a duty on government institutions to disclose information and on the citizen to obtain such information. Hence, there can be little government accountability if citizens have no way of finding out what is taking place.

Singer (1994: 7), the Director of the South African Institute of Chartered Accountants, has observed that “it is corporate secrecy and not corporate disclosure that is the great enemy of a market economy in a free society.” This comment is fair, especially if one takes into account the fact that it is not only local communities that need more disclosure of information but also foreign and local investors who want financial statements to reveal more than they hide and to be reliable and meaningful. Therefore both the dreams of investors and the needs of the public may be fulfilled through increased accountability and
transparency in the administration of public enterprises. Although she does not explain the meaning of 'effective disclosure', Singer (1996: 8) is consistent in her argument that "an effective disclosure" system will often be of significant inhibition on questionable corporate conduct. What is salient in this comment is the fact that the principle of disclosure of information is not directed at controlling management and interfering with the financial autonomy of public enterprises as such. Instead it is a mechanism designed to enable the public to observe, understand and monitor ways and means by which power is exercised by management, as well as to expose questionable malpractice, which may not be noticeable under dark clouds of secrecy.

The principle of disclosure is also essential in South Africa Company Law. In this regard, Cilliers et al. (1992:183) have pointed out that "the crux of the principle lies therein that the requirement of disclosure of prescribed information provides protection for certain interested parties and that disclosure serves to regulate conduct better than the imposition of regulatory and prescriptive provisions". One is prompted to point out that the doctrine of disclosure will probably go a long way towards enhancing transparency and public accountability in operations of public enterprises. One also has to agree with Cilliers (1992) that the principle of disclosure can publicly demonstrate cases of malpractice committed by executive managers in some public corporations. The issue is not a fear of disclosure of information as such, but rather exposure of financial mismanagement, malpractice and inefficiency on the part of the people who are in charge of other corporations.

Van der Merwe, et al. (1995: 21-3) have a valid and plausible argument in stating that: "Sections 286 (3) and 288 (2) of the Companies Act require annual and group annual financial statements to be prepared in conformity with the Generally Accepted Accounting Practice (GAAP)." It is important then to note that the principle of disclosure relies heavily on the fair presentation of financial statements of a corporation. In most cases, financial statements do not actually explain and justify the reasons, why some funds were used for certain purposes other than the budgeted ones. Nevertheless, Van der Merwe, et
al (1995: 21-4) are firm in their position that "the application of the most important
qualitative characteristics and compliance with accounting standards will normally ensure
that financial statements provide a true and fair picture of the financial position." By
definition, "qualitative" characteristics are those which make the financial statements user-
friendly (Van der Merwe, 1996: 24). While one agrees that accounting standards are an
aid to the reasonable presentation of financial statements, it is difficult to believe that
financial statements which are basically quantitative in nature, with few explanatory
features, are user-friendly to the majority of the people who are largely preliterate, if not
illiterate altogether. Certainly the problem of illiteracy cannot be overlooked because it
is one of the main obstacles to transparency and accountability.

The apparent flaw in this New South African Labour Relations Act (1997) is that it
confines the principle of disclosure of information to an employer and employees affiliated
with unions, as if members of labour unions are not also members of their various
communities. It is undisputably true that certain information is indeed public information
and open to inspection by anyone who wishes to acquaint himself with it. Nevertheless,
there is a need to monitor any such disclosure of information. Hence, there are special
mechanisms established to ensure that it is possible to obtain information through legal
procedures in cases whereby public enterprises refuse to reveal it. These mechanisms are

Other activities and decisions of Public Enterprises are not disclosed, and information is
not made accessible to stakeholders. The inquiry commissioned by Stella Sgcawu (1995)
the Minister of Public Enterprises, discovered that, for example, the corporate governance
provisions of the parastatals were not complied with when Transnet's containers were
written off. Moreover, the decision was taken in the presence of Dr. Anton Moolman, the
then Managing Director of Transnet. What is extremely puzzling is the fact that this
matter was treated and kept out of reach of the Transnet audit committee, and was not
even listed on the agenda of board meetings which ensured the write-off. The
manipulation led to the auditors issuing the company's financial results for 1994-1995 a
'clean bill of health'. Hardly three months later, the newly appointed manager of Transnet, Sakkie Macozoma in Sowetan (1995: 12) disclosed some irregularities in the administrations of the company. He further suggested that to avoid a repetition of the previous practices in the parastatal, accountability must be the key to effective transformation and restructuring.

The other interesting point in the same show-down relates to the disclosure of salaries earned by appointed executive managers. The fact that newly appointed executives are earning 'market-related' salaries is of primary concern to the public. One is always taken aback when executive managers of public enterprises attempt to justify and explain their 'exorbitant' earnings in terms of market relatedness without divulging much information on the economic performance of their companies. For example, what has been revealed by the same newly appointed manager (Sakkie Macozoma) is a good illustration of the fact that Transnet has been less cost effective and inefficient in some areas, and that financial mismanagement has had a direct negative impact on the economic performance of the company. Sowetan, (1995: 12).

The moment is opportune now to bring to the attention of all managers of public enterprises that terms like 'market relatedness' of salaries cannot be used as a whitewash to bluff the public. Some managers agreed that it is proper to intensify measures of accountability and transparency with regard to public enterprise activities. However, transparency stretches far beyond operations of a company to cover responsibilities, duties and remunerations of the top leaders and management of the company. The process of accountability must be transparent in the eyes of the public, otherwise the public companies will lose the compliance of the public.

It is at this stage necessary for the public service commission to rescue and redeem the public from the unethical behavioural patterns of some public enterprises. Ordinary people need to see and hear that efficiency, equality, transparency, accountability and representativeness are all flourishing in public enterprises (Sowetan 1995: 13). Currently,
it seems that transparency of public enterprises is confined to the cabinet minister in charge of these institutions and the executive directors. With changing times, this tendency is no longer good enough. Recent developments indicate that public accountability must be extended to the end users of services where they play a major role in curbing corruption in many parastatals. Legally speaking, public enterprises have a legal status of their own separate from people who manage them. Therefore, their accountability and transparency must be dealt with clearly and specifically.

Although many public companies lose large amounts of funds because of their financial inefficiency, there is little information publicized to that effect. It is notable that certain public enterprises are reluctant to divulge information that may expose corruption and mismanagement. The right to privacy enshrined in the new constitution is used by some public enterprises to hide unethical actions of certain executive managers. Sowetan (1995:13). Presently, the absence of legislation in South Africa to compel public enterprises to be transparent and accountable directly to the public is an excuse/bonus to those managers who are prone to corruption. The practise of transparency of parastatals can be used as hallmarks for the restoration of the public confidence and trust.

In addition to lack of transparency, there is little consultation with the public. This scenario deprives many public companies the opportunity to gauge public interests which they claim to serve. The main issue is not whether public companies serve the public interest on a commercial basis (Sunday Times:1996). Many public companies do not ‘best’ serve public interests to the extent of meeting public expectations. Hence the recent spate of personal embezzlement of funds by executive managers is totally against the will, aspirations and interests of the public and communities at large. The Mpumalanga Development Corporation was a case in point as clearly indicated by the reports of Commissions of Inquiry that were established to investigate cases of irregularities in various parastatals.
How should Parastatals be Transparent to the Public?

Openness of management processes and procedures that lead to decision-making in public organizations give citizens a chance to participate in the debates conducted about alternative policy options. Public organizations are required by statute to furnish relevant and necessary information to the public. The acceptable tradition of public enterprises in a democratic state demands leaders of these organizations to state publicly their decisions. It is through various mechanisms such as open debates, clear-cut appeal processes, publication of minutes of the meetings, written documents and stated criteria for decision-making and recruitment that the leadership of public organizations is subjected to public scrutiny (ibid., 1989:53).

Under the new constitutional dispensation in South Africa of 1996, public enterprises have a duty imposed upon them by statutory provision to act in the interest of the public and to disclose information to the public based on certain legal criteria. However, the principle of disclosure lawfully requires that public enterprises must hold "sensitive" information contained in official documents until such time that someone who needs it has shown a reason why it should be released. But, the principle of disclosure of information clearly states that whoever wants to hold back "relevant" information should demonstrate a reason why it should not be revealed. This scenario, therefore, promotes a culture of openness and transparent relation between public enterprises and the communities they serve.

More open policies, enhanced by formal and continuing communication programs could have a positive influence on public opinion, and would better convince all concerned that public enterprises are being managed properly [Williams and Shapiro (1979: 56)]. Again, this development would demonstrate that public corporations are in the hands of people who are not only competent but also cognizant of the world around them, and appropriately accountable for their actions. A relationship of this may help to establish new ways in which the public and public enterprises depend on each other for the
sustainable development of communities. This approach appears to be constructive and, as also noted by Williams and Shapiro, (1979: 29) may also help to preserve public confidence in business.

Executive managers in public enterprises must acknowledge the fact that any decision taken which falls short of adequate disclosure makes for a derisory outcome of transparency and accountability. Furthermore this condition makes it easy for unethical practices to proliferate. Disclosure of information is important to monitor and expose impropriety and inappropriate allocation of funds by the managers of public enterprises. The autonomy enjoyed by public enterprises must be checked by flexible supervision. According to the Draft White Paper on The Transformation of the Public Service (1995:4), "in order to promote democratic accountability and transparency, it is necessary to ensure that all members of the public have easy access to information, irrespective of their levels of literacy. In particular, it will be necessary to inform all citizens of the role of the Public Protector in making enquiries and filing complaints.”

What is important is to keep the public informed and aware of their rights and duties with respect to activities of parastatals that affect them. Transparency may play an instrumental role in ensuring that members of the public who have ‘sufficient’ interest in the affairs of a public institution have easy access to information. Nevertheless, the legal procedure regarding disclosure of information must be followed, to ensure that the information is not given or disclosed for irrelevant purposes, i.e., the information has not landed in the ‘wrong hands’, where it might be vulnerable for abuse in covert operations. (Ibid, 1995:4).

Now, it is probably on record more than ever before that managers of public enterprises exercise power and authority when executing policies, and it is also true that their authority is to a certain extent vulnerable to abuse, to the detriment of the public interest. Hence, there is a great need for the public to have mechanisms in place to ensure that administrative justice is realizable. According to IDASA's editor, Rassool (1996: 6), administrative justice is meant to encourage not merely democratic ideals of participation
and responsiveness, but also accountability, transparency, accessibility and the legitimacy of public organizations. It is further argued that the right of access to information is a crucial strand in the administrative justice matrix, because it is viewed as the main pillar of community intervention and a public tower of strength which may facilitate effective participation in the process of decision-making of public enterprises.

**Limitations to Disclosure of Information**

The disclosure of "relevant information to the public is conditioned by the need for that particular information". Some of these important conditions are clearly highlighted in the South Africa Open Democracy Act (6 May, 1996) on access to information. In addition to the Open Democracy Act, the recommendations in the King Commission Report on corporate governance present an excellent barometer to measure the standard of dedication to and compliance with the new imperatives of transparency and accountability in public enterprises. The approach in the Report on Corporate Governance (1994: 48-9) emphasized that "information and the quality of that information is critical for the successful operation of markets and to fulfil the principle of transparency in the corporate and parastatal governance", even if financial reports are also important, provided they display the information necessary to allay genuine fears and uncertainties that investors have in dealings with public enterprises. The report goes on to say that 'society expects greater accountability from public companies in regard to their non-financial affairs, i.e., in relation to their employees and to the environment.' Many financial analysts agree with the King Report, that expectations of society for increased accountability and transparency may heighten auditors' responsibility with regard to financial mismanagement and other irregular acts. Information is an important scarce resource, it cannot be dished out just anyhow, like meals. There have to be constitutionally determined procedures that guide disclosure and dissemination of information. According to the New Labour Relations Act (1995), public enterprises, as employers, are not under a legal obligation to disclose information that is not "relevant" to the purpose it is needed for. Moreover, public enterprises may not reveal information if they are inhibited by court order to do so. The
New Labour Relations Act states that public enterprises may not disclose "confidential information" that would cause substantial harm to them if it was revealed. Given the rationality of these limits, the big question remaining is that of discovering a common ground of meaning or attached to "the relevant" and "confidential" and the challenge that lies ahead is to find the extent to which 'relevancy' and 'confidentiality' can go together.

According to Bradshaw and Vogel (1981:68) acceptable constraints on disclosure of information emerge from a corporation's relationships with various responsibilities toward its constituencies. For instance they maintain that:

...the need for transparency cannot infringe the rights to privacy of its customers or employees, its need to perform efficiently for investors and the public cannot be compromised by the disclosure of competitive information essential to its successful functioning.

By "constituencies" Bradshaw and Vogel refers to shareholders, customers, the public, the investment community, security analysts, legislators, and regulatory bodies. Therefore, access to information may be denied on the basis that is leads to violation of confidentially and privacy of the public corporation; hence the disclosure of such information may impair its competitiveness in the market. Logically it is true that not all decisions which are taken secretly will automatically lead to corruption... however, it is also a 'naked' fact that if the leadership at the management level of public enterprises decide public policies behind a veil of opaqueness that tendency may cause leadership to lose the confidence and trust of the public. For example, Bendix (1996:279) argues that:

In the case of disputes regarding disclosure of information between employer and employees, such disputes are referred to the Commission for Conciliation, Mediation and Arbitration to mediate. In its duty the Commission has to decide whether or not the information requested is "relevant" to the purpose. If it deems the information to be 'relevant' then the Commission considers the disadvantage which both sides will suffer should the information be exposed or not exposed. If the disclosure of that information leads to the unjustifiable
humiliation of one party's image, then the Commission may determine conditions aimed at reducing the damage. (Ibid., 1996:279).

First and foremost, many executive directors, chief executive officers and top managers of parastatals contend that there is no legislation in parliament which enforces the concept of transparency. The perceived lack of transparency in parastatals seems to be a deliberate attempt to ensure that the interests of top brass can be advanced at the cost of public needs. In addition, the principal justification offered for 'insufficient' disclosure in most public enterprises is that transparency encroaches upon executive officers' rights to privacy. This scenario cannot provide a legitimate need for privacy which may counter-balance that right. The most valuable information is often held and over-concentrated in the hands of just a few individual committee members (Gloeck, 1995:14).

It is apparent that if transparency is not enforced through legal means, then it will remain a dead concept which does not appease suspicion on the part of the public. This may promote secrecy which in turn reinforces suspicion and mistrust. Warren (in Coetzee, 1991:65) states that secrecy is an ally of corruption and corruption is always practised in secrecy. Rourke in (Coetzee, 1991:66) takes this argument further by emphasizing that 'secrecy can provide an opportunity to cover up unethical conduct.' Under such circumstances, large sums of funds can surreptitiously just go down the drain without been traced. In the midst of this sort of malady, no one comes clean. Behind-the-curtain deals with large amounts of money are signed by CEOs without proper consultation with all stakeholders. In the absence of transparency, it is extremely difficult for the various parastatals to win public confidence and to ensure that all potential investors participate fully in community programmes. At times these state-owned entities operate very much against the interest of the public, as in the case of Armscor in 1976. The weapons which were used to quell Soweto uprising in 1976 were manufactured by Armscor. (Mail and Guardian, 1995:15). This scenario automatically reduces the role and the contribution of the public in policy making to a role of passive spectator. Furthermore, there is no room left for the public to influence some policies adopted by public enterprises. Most of what
takes place in the ‘boardrooms’ is still the sole concern of board members and executive
directors of parastatals. In other words, boardroom transparency is nowhere near to the
reach of the public. The access to information is obstructed by few advisory technocrats
who formulate policies behind the scene and approves them for implementation. Quite
clearly the above scenario is an acceptable. Hence, for democracy to succeed in South
Africa this situation needs to change in a direction which will favour more openness of
decision making process to the public at large.

Conclusion

In a democratic country, it is fundamental to substitute secrecy with transparency and
generate working links between public institutions and communities. The absence or lack
of openness of the decision-making process in public corporation undermines the capacity
of members of the public to have a meaningful participation. All policies drafted and
formulated in camera are bound to raise public suspicion and mistrust. Bekker (1995:1)
argues that ‘from the view point of communities, a major consideration is the lack of
transparency associated with allocating financial resources for development. This implies
that communities have little access to the public policy process which puts in place social
development initiatives aimed at uplifting living conditions of the people’. In addition,
transparency is an important means of building democracy by providing citizens access to
the information that allows them to participate effectively in the decision-making
processes as equal partners with other stakeholders. ‘Transparency is generally seen as an
icon or as an object of contention, something to be superficially accepted but covertly
resisted’ (Bekker, 1995:12). This approach shows that it is not easy to be transparent in
practical terms, especially for those managers who have ‘skeletons’ or ‘ghosts in their
wardrobes’. As such the communities will also be sceptical of activities of some public
enterprises, unless the communities are allowed to be involved in policy formulation
processes so that they have a voice and exercise their ‘decision power’ on the allocation of
development funds.
CHAPTER THREE

Umgeni Water Board

This chapter focuses on the nature and organisation of Umgeni Water Board. Essentially, attention is given to the management structure of this public organisation and community participation in its operations is also discussed. Finally, a brief analysis of Umgeni Water Board will be presented in order to induce clarity about the functions and the structure of Umgeni Water.

Methodologically, the researcher will employ several research techniques in order to understand how concepts of accountability and transparency are applied by those who manage public enterprise, on the one hand, and those who receive services from such organisations, that is, communities. The study amalgamates theoretical debates of the issues pertaining to public accountability and transparency with comparatively empirical material drawn from case studies of community projects undertaken by Umgeni Water Board in the province of KwaZulu-Natal. Moreover, three case studies of ongoing development schemes in rural areas of Sweetwater, Payipini Qadi Nyuswa will be examined.

Actually, the researcher is investigating whether or not decision making, policy making, operations and activities of Umgeni Water are open and transparent to the public. And, also investigated here is whether the Umgeni Water Board members and officials are accountable to the rural communities. This has been done by closely examining the community water projects in the areas mentioned above. The focus here is on the extent to which the Board of Directors, which is the representative body of all stake-holders interested in the affairs of Umgeni Water, is accountable to the public for its decisions and policies. In this chapter it will be shown how the principle of accountability and transparency apply in case studies of community projects under investigations.
The Board members are appointed by the Minister of Public Enterprises for a period of six years on the basis of the expertise and experience at their disposal, to oversee policy making process and all the operations of Umgeni Water. The members of the Board are referred to as directors and they regarded as representative of various communities and business sector. In turn, Board members are suppose to elected the chairperson and the Deputy Chairperson of the Board amongst themselves. The Board is accountable to the Minister of public enterprise for the all the activities of the organisation. In addition, the Board appoint the Chief Executive Officer to administer and manage the daily activities of Umgeni Water. The Chief Executive Officer is also responsible for the coordination of all activities of various divisions of the organisation. The Chief Executive Officer is directly accountable to the Board of Umgeni Water for all activities carried out by Umgeni Water.

**UMGENI STRUCTURE**

- Board of Directors
- Chairman
  - Vice-Chairman
  - Corporate Services Committee
  - Human Resources Committee
  - New Works Committee
  - Scientific Services Committee
  - Finance and Admin Committee
  - Operator Committee
- Chief Executive Offices
  - Executive Management Team
Nature of the Umgeni Water Board

Umgeni Water Board was established under the terms of Water Act No 54 of 1956, section 107-109. According to the water Act of 1956, it is stated that whenever the Minister deems it expedient that a combined scheme be established for supplying water for urban, industrial or agricultural purposes within any areas to or whenever the Minister has or commenced the construction of a government water work for any such purpose, he may place a notice in the Gazette established for the area in question, which shall define the functions of the water board and assign a name to such board. Similar notices may in like manner at any time alter the boundaries of water works areas.

Umgeni Water is the largest water authority in the KwaZulu Natal region of South Africa. Its operations extend throughout the Durban and Pietermaritzburg Metropolitan areas. The organisation is engaged in a wide range of water supply services. Its main activities lie in bulk storage, the building of dams, and the treatment and supply of water to towns and cities in its sphere of supply. The other primary responsibilities of the organisation relate to the distribution reticulation of treated water to rural and semi-urban communities.
Presently the organisation's water supply covers an area of 24,000 km² from the Indian Ocean as a boundary in the East, to the Tugela and Mooi Rivers in the North, the Drakensberg Mountains in the West and the Umkomazi and Umzimkulu Rivers to the South (ibid., 1996).

The Organisation of Umgeni Water

In Pietermaritzburg before the establishment of Umgeni Water in 1974, water affairs were managed by the Department of Water Affairs and Forestry and local government municipalities, but in rural parts of Pietermaritzburg people relied on fetching water from rivers. The original eleven members of the Board of Umgeni Water were appointed by the Minister of Water Affairs and Forestry from a group of nominees submitted by consumer bodies, and thereafter the Board was given a task of appointing a staff of twenty-two people to set up operations in Pietermaritzburg (Frost, 1996:23). Umgeni Water began its work with a loan of R20,000, and borrowed funds from the United States of America's capital market to buy equipment from then onwards. It budgeted each year for revenues to cover estimated expenditures, and any surplus was deposited into an accumulated reserve fund. According to Frost (1996:23), "this fund was utilised to finance capital development so that the need for external borrowing can be reduced."

When the issue of privatisation of parastatals arose in South Africa, some public enterprises opted for it but Umgeni Water decided to commercialise with the government being the main stakeholder.

Management Structure

The management of Umgeni Water is entrusted to a Management Committee composed of six divisional directors meeting once a week to discuss issues pertaining to daily management. This team is led by the Chief Executive Officer and it is divided organisationally into six areas:
1) Operations Section, responsible for the production unit, managing water and waste water;
2) Scientific Services charged with managing quality control and research;
3) Human Resources, dealing with employees and other personnel matters;
4) Administration and Finance, responsible for financial management;
5) Corporate Services, for planning, public relations and information services, and
6) New Works, dealing with the development of new infrastructure.

*(Managing Water for Life, 1996:8-10)*

Service functions, categorised under Scientific and Corporate Services, are centralised for the entire enterprise. The operations functions, on the other hand, are decentralised into two regions, i.e. the Inland and the Coastal Region. These two regions are headed by regional managers who report directly to the Director of Operations. These two managers are fully responsible for the operations of the their respective regions *(Managing Water for Life, 1996:8).* The management approach of Umgeni Water in areas of planning, design, implementation and administration of rural and peri-urban water is guided by its experience acquired from practical implementation of various community projects. Supplementary to the vast experience accumulated over many years are recommendations made by RAWSP (the Rural Areas Water and Sanitation Plan) which have helped Umgeni Water to adapt to new challenges.

**Composition of Board of Directors**

The Umgeni Water Board is presently composed of fifteen (15) members. Some members are appointed by the Minister of Water Affairs and Forestry and others are nominated by the customer associations. The major task of this Board is to make policy decisions and oversee the management of Umgeni Water. These Board members meet on a monthly basis to discuss and decide on various matters pertaining to approval of investment capital, budgets, expenditure, and rural water schemes. Moreover, the board ensures that water
needs of all the people within the jurisdiction of the organisation's supply are given due priority (Managing Water for Life, 1996:8).

The Board of Directors consists of the Chairperson, Vice Chairperson and thirteen (13) other members, one of whom is a representative of the Department of Water Affairs and Forestry. The Board meets once a month. The responsibility of the Board of Directors is to oversee the effective management of the organization. Members of the Board are legally obliged to serve in their individual capacity and act in the best interests of Umgeni Water and the people it serve as a whole.

According to Umgeni rules, the broader interest must take preference over the interest of any group, organization, sector or constituency.

Corporate Services

Corporate Services is one of the six divisions of Umgeni Water Management. The structure of this division consists of the Managers, Directors, Rural planners, Coordinators and Rural Project Officers. The Staff Corporate Services Division is separately responsible, for planning, co-ordination of various projects; the formulation and implementation of policies consult and communicate with the rural communities where Umgeni Water Projects operate.

The officials who work under Corporate Services Division communicate with the rural communities through Water committees and traditional leaders in other areas. However, Corporate Services Division is not directly accountable to the public, because the officials in this Division are elected representative of communities, they are accountable to the Chief Executive Officer who in turn is accountable to the Board of Directors.
Affirmative Action in Umgeni Water

Umgeni Water started restructuring itself as early as 1986. The restructuring process brought about the formation of a management committee called MANCO. That committee was under the leadership of a Chief Executive Officer and six Divisional Directors. The restructuring initiative heralded the endorsement of affirmative action in 1992 (Social and Community Upliftment, 1996:3).

Through affirmative action Umgeni Water hopes to improve, train and adjust its policies to meet the interests of a broader rural community in the province of KwaZulu-Natal. Affirmative action programmes have been accepted and adopted as a way of addressing some internal problems of the organisation. Umgeni Water is dedicated to improve the conditions of living in its areas of water supply. Its development programmes are aligned and viewed in the light of the government's Reconstruction and Development Programme. The Umngeni is engaged in Basic Adult Education to facilitate literacy projects and to sharpen life skills.

The training projects cover areas of financial accounting, technology, microbiology, management, administration, and engineering disciplines. Umgeni Water is also involved in environmental awareness programmes in the rural communities.

Community Involvement in Umgeni Water

The necessity for co-operation and participation of local communities in rural development projects is acknowledged by Umgeni Water. The involvements of communities have become very important for the sustainability of development projects. According to a Progress Report (1993:46), community liaison is recognised within Umgeni Water as being a specialised function and is thus carried out by a dedicated team within the Corporate Services known as the Rural Planning Section. The staff in this section work on a geographic basis with each scheme allocated to a specific staff member. This
arrangement enables the Rural Planning Officers (RPOs) to acquire broad knowledge of local conditions which is regarded as vital to facilitate effective community involvement. Umgeni Water interacts with the community through water committees which speed up community involvement. Public meetings are organised by prominent Community Based Organisations to establish water committees and to inform and consult with the community at large at key phases of the project Progress Report (1993:46). This approach stresses a partnership between Umgeni Water and the community in order to ensure the success of the schemes. The partnership system requires technical skills, negotiation skills, and ability to work as a team in order to overcome obstacles to progress. Umgeni Water employs skilled and trained people to deal with the nature of community problems on the ground. The credibility of community representatives has helped Umgeni Water penetrate communities and create a good relationship between them. In addition, the fact that Umgeni Water is an independent organisation with no financial assistance from the government structures has been a great asset in maintaining an apolitical position and an apolitical perception by communities (ibid., 1993:47).

Management of community projects

Normally, before the establishment of a community project, a steering committee consisting of residents of the area concerned, with the approval of the traditional Chiefs submits a proposal for a water scheme to Umgeni Water. Traditional structures refers to the Chiefs, headmen and Princes of the area. This involves consultation between rural planning officers, community representatives and the local Chief. In the course of consultation, a water committee is formed to facilitate the initiative. At an early stage of the project construction, a project manager and contractor are invited to be involved in the development processes, helping to determine the feasibility and technical features of the project (Burton, 1991:12).

When the project reaches an advanced level, partial commissioning starts and the operations staff of Umgeni Water are called upon to assist the local water committee to
process applications for water connections in their respective wards. According to Burton (1991:13) "the applications are used by Umgeni Water to issue account numbers as well as to update plans." Thereafter, consumers are required to pay a connection fee of R200 and a deposit of R50 in advance. The Operations Division is charged with the task of pipeline maintenance and metre reading. As the administrative capacity and managerial skills of water committees grow, gradually community schemes develop. Metres are read on a monthly basis and accounts are also sent to individual houses (ibid, 1991:13). At a stage when a water committee is able to administer a new scheme, Umgeni Water gradually hands over the project to the community to run it on its own, except in very technical aspects.

Community Empowerment in Umgeni Water

Umgeni Water has dedicated itself to the empowerment of communities, though the work that is being done in delivering services. One of the objectives of the organisation is to develop the capacity of communities through training in areas of financial management life skills, and administrative skills. The purpose of providing these skills to members of the community is to enable them to participate effectively in decision-making processes. It is believed that transferring management skills will help communities to be responsible and administer their own schemes autonomously. This implies that in the long run, communities will develop self-reliance on matters that relate to their schemes. On the other hand, it is also acknowledged that the above objectives will be only fully realised over a long period. Specific strategies have been adopted to facilitate the involvement of female community members. Umgeni Water tries to balance commercial priorities with its social responsibility to communities it serves. As such it considers payment of services as important for delivery of the best social services. Another sound marketing principle is to provide the communities with good access to information and services. In doing this Umgeni Water has established local branch offices in order to be closer to its customers.
Case Studies

The objective of this chapter is to describe and analyse three case studies of community projects undertaken by Umgeni Water. These community water supply projects are in Sweetwaters, Payipini, and Qadi/Nyuswa. The effectiveness of public accountability and transparency is assessed. Ultimately the extent of community participation will also be fully explained in all three projects and the background of these community projects is discussed in detail. The main aim of pursuing these case studies to illustrate the extent to which accountability, openness and transparency are rendered by Umgeni Water to the rural public it serves. The reasons for selecting the following case studies are:

(a) They are community projects which Umgeni Water handed over to the communities and are presently administered by local water committees;

(b) The three chosen projects have been in existence for a considerable time, and therefore they have many similar features with other large schemes administered by Umgeni Water and local communities;

(c) These projects were selected based on their geographical location and size the relatively large of water supply coverage in these areas;

(d) Another factor which was considered relates to the availability of financial resources for the research.

Umgeni Water Committees

Water Committees were elected by members of the communities in areas of Sweetwaters, Payipini and Qadi, Nyuswa. These water committees were formed before the establishment of water schemes in the above mentioned areas. The role of these water committees is to liaise with the various Community stakeholders and other interest members of communities, with the aim of informing them about the issues that relate to the management of Umgeni Water Schemes. The members of water committees were elected to represent their communities in Umgeni Water. They also manage the Water
schemes in their areas on behalf of communities. Water committee members render accountability directly to their communities.

PAYIPINI SCHEME: CASE STUDY

Background to Payipini Scheme

Payipini is located at the boundary of the Pietermaritzburg metropolitan area. It is rural settlement even if it is situated near the central business district of Pietermaritzburg. The area is occupied by a population of approximately 5,000 people under the authority of Chief Zondi. According to Umgeni managers, the project is at the implementation stage and about 70% of construction has been completed. Now, the completed project in Payipini is managed jointly by Umgeni Water Officials and the Water Committee which was established before the launching of project.

The project was devised for the purpose of supplying individual water connections to households and also a standpipe system is being installed to cater to people within a maximum walking distance of 200 metres. Labour intensive methods were employed in building the scheme to create employment for local residents of Payipini. In this way the community has benefited from the employment generated by the construction work and when the scheme was designed it was expected that about 75% of the households would be connected during the first year of its operation. However, the scheme will supply more than 80% of the residents in Payipini (Rural Water and Sanitation Supply: Progress Report, May 1993:28).
PAYIPINI STRUCTURE

Tribal Authority Policy Umgeni Water

Other Committees

Water Committee Admin

Administration

Payment of acc.

Standpipe Attendants Individual Consumers

Maintenance of Infrastructure
Aims of the Payipini Project

The aims of the scheme include the following:

- To scrutinise and reticulate Payipini area to a level which would be acceptable for the area's community;
- To transfer necessary skills to members of the local community in order for it to carry out the ongoing sustainability and upgrading of the reticulation system;
- To create employment within the area by making use of local resources to carry out labour intensive construction. The only people who would be recruited from outside the area are skilled persons to help with the training of the local community;
- To supply clean water to the community;
- To develop and improve the standard of living.

Scope of the Works

The initial scope of the construction of the potable water reticulation system for the Payipini area situated to the north of Edendale included some 1,633 metres of uPVC reticulation pipework ranging from 63mm to 11mm in diameter, together with associated isolation and scour valves, as well as standpipes. These quantities and the relevant implication in terms of service charges are constantly under review. The current length of piping is approximately 2,400 metres. The human resources presently employed include a site project management team, i.e., site project managers, site agents and foremen. There are also some other external skilled personnel, such as, technician pipe-layers and plumbers, and there are local personnel such as labourers, supervisors and bricklayers (Progress Report, 1992:6).
Community Participation

In 1991, community liaison meetings were organised monthly to allow members of the community to express their views. Generally the attitude of the community was positive and the project was well appreciated by many residents (ibid., 1992:5). The Umgeni Water corporation communicated with the Payipini community through water committees which were formed to facilitate efficient administration of the scheme. All participants are required to attend these community meetings to be updated about the progress that has been made. Community liaison is considered to be a special function carried out by a committed team known as the Rural Planning Section within the corporate Planning Department.

When the initial recruitment started, four supervisors were identified by the Water Committee. Then Exter Construction (Pty) Ltd as instructed by Umgeni Water, selected the skilled and unskilled personnel from approximately one hundred and fifty likely applicants who arrived personally at the site. In order to ensure maximisation of job creation, it was agreed that a rotation system of employment be adopted. In other words, as construction work moved from one area to another unskilled personnel would be drawn from the specific area. After the completion of construction the scheme was supposed to be handed over to the community for administration purposes (ibid., 1990:2-3).

Community Empowerment

Initially it was only hands-on training which took place in the Payipini project. As time went on, other forms of training were also considered. For example, clerical staff was recruited locally and trained in general time-keeping administration and store functions. People who were employed at labourer rates were trained in all aspects of laying bedding, plumbing and the testing of pipes and thrust block construction. At the end of completing their training session they were provided with an Exter Construction certificate of experience. Umgeni Water instructed Exter Construction to identify potential and
perspective trainees from within the ranks of the locally recruited personnel to undergo formal training (Ibid., 1990:4). However, it is not clearly stated how gender related issues were considered and addressed in the relative processes and in the procedures of the training. In the Payipini scheme, training of members of the community was seen as a key aspect of community empowerment.

QADI/NYUSWA SCHEME : CASE STUDY

Background of the project

Qadi and Nyuswa are rural areas under Qadi and Nyuswa Tribal Authorities situated east of Botha's Hill with approximately 23,000 people. The employed section of the community commutes to Botha's Hill, Hillcrest, Pinetown and Durban by public transport and taxi services.

The Water and Sanitation Committee, which operates under the Qadi/Nyuswa Development and Services Board, is in place and very active. The water scheme is at the administration stage. The Qadi/Nyuswa supply scheme consists of 60 public standpipes and approximately 600 private connections. The construction of the scheme was on a labour intensive basis. The Valley Trust assisted with administering and organising the labour force. A large part of labour costs were paid for by the Department of Manpower's Unemployment Relief Fund.

The next phase of the scheme is in progress which includes the construction of small extensions and private connections to about 550 individual households (Progress Report, 1993:30). The area has relatively good road access from Old Main Road (R103), which is tarred as far as the former KwaZulu boundary. Beyond the boundary the roads are gravel roads. Apart from the aqueduct access road and Zulu paths for people, there is no vehicular access to the steeper slopes and valley. The Qadi/Nyuswa area is marked by the
flowing hills with steeply incised valleys cut by the natural drainage courses which drain into the Umgeni River.

**Aims of Qadi/Nyuswa Project**

Basically the aim of the Qadi/Nyuswa project is to address the water and sanitation problems of the community. Other aims of this water project include the following:

- to build the capacity of the local community to operate, develop and maintain their water resources and distribution infrastructure on a sustainable basis;
- to construct a weir and small dam in the Nyuswa area, to divert water through a filter into a reservoir and gravity distribution system;
- to investigate and develop new ground water resources in the higher parts of Qadi, particularly in less populated areas and repair existing boreholes with good yields;
- to construct reservoirs and pipelines to distribute water to homes in the community;
- to install a pump station on the Mona River to supplement water sources, found at higher levels.

(Van Niekerk, 1994:1).
QADI / NYUSWA STRUCTURE

Tribal Authority

Policy

Umgeni Water

Other Committees

Water Committee

Admin

Administration

Payment of acc.

Standpipe Attendants

Individual Consumers

Maintenance of Infrastructure
Funding of Qadi / Nyuswa Scheme

Umgeni Water has progressed very well in the areas of water supply and sanitation, thus attracting financial support from donors. Therefore, although the feasibility study for Qadi/Nyuswa was done by Umgeni Water’s Division of Water Technology, it was financed by CSIR, in full which was later reimbursed to CSIR by community members. The initial cost of the project construction was R151,000 and alter on the project was expanded at the cost of R248,000 which included individual house connections Mogane-Ramahotsa (1994:19). Thereafter, communities had to maintain the project by paying for the water supplied to their area. In 1993 the water committee raised an amount of R5 000 from each of about 200 families contributing R40 per family (Ibid, 1994:19).

Community participation and empowerment

In the case of Umgeni Water, water and development committees are used for the Qadi/Nyuswa to liaise with the community affected by the activities of the scheme. At the initial stage of the project extensive discussions and meetings were held with tribal authorities, and local water and sanitation committees. Meetings were held with development committees, in addition to schools, creches, the Valley Trust, Pinetown Regional Water Services Corporation and Umgeni Water. Apart from supplying clean water to the community of Qadi/Nyuswa, the other objective is to empower the local communities to take charge of their own development process (Rivett-Carnac, 1995:5).

The infrastructure was planned with the primary aim that it could be installed, operated and sustained by the local water and sanitation committees. Employment creation during the construction stage was regarded as a secondary objective; hence a labour-intensive approach was endorsed. At a later phase a more labour-based approach was adopted to employ local contractors in the area. This resulted in water supply infrastructure and equipment being ultimately maintained by local contractors (Rivett-Carnac, 1995:5).
SWEETWATERS SCHEME: CASE STUDY

Background of the Project

Sweetwaters, a traditional area, is located approximately 8 km west of Pietermaritzburg in the Mpumula area under the authority of Chief Zondi. It has approximately 12,000 inhabitants. Most people of Sweetwaters work in Pietermaritzburg and they commute daily by public transport. Prior to the installation of the present water scheme the community used to fetch their water from contaminated streams and springs. The Sweetwaters scheme was constructed using labour-intensive methods. Various pilot schemes were implemented where ideas were tried for the first time. These included appropriate sanitation for individuals and school and the establishment of a branch office as a central place for the management of the scheme within the community. Cost recovery is very good in the areas, the success being attributed to the dedicated workers at the branch office and the ease of access for the community to pay their accounts. Many extensions have been requested in the area to cater to the rapidly increasing demand for private connections (Progress Report, May 1993:31-32).
SWEETWATERS STRUCTURE

- Tribal Authority
- Policy
- Umgeni Water

- Other Committees

- Water Committee
  - Admin

- Administration
  - Payment of acc.

- Standpipe Attendants
- Individual Consumers

- Maintenance of Infrastructure
Aims of Sweetwaters Project

The main aims of the Sweetwaters project include the following:

* to supply purified water to the community of the area;
* to install sanitation facilities in the area;
* to create jobs for the local people;
* to develop the community of Sweetwaters and empower people through transference of administrative, managerial and technical skills.

Community Participation

As already noted, Umgeni Water has a policy in many of its development projects which allows members of the community to participate. Initially the Sweetwaters scheme was first recommended by members of the community to Umgeni Water. A meeting was organized by the community to elect a water committee which decided on the location of pipelines, the system preferred by the community, sanitation, construction progress, administrative activities and labour recruitment from the community (Burton, 1991:9-10). On behalf of the Sweetwaters community, the water committee continues to manage the scheme and encourages residents to pay for the water supplied to them.

According to Burton (1991:9-10), the idea and perceived need for potable water supply emanated from within the community. Community meetings were and are regarded as a platform through which ordinary people can express themselves. In areas under tribal authority the chief of that community is consulted by the water committee about developments which take place under his 'jurisdiction.'

To some extent, the water committee is viewed as a development committee because it also engages itself in developmental operations with other community organizations. It acts as a link between Umgeni Water and the Sweetwaters community.
Capacity-building

Umgeni Water has a policy which specifically deals with employment on community projects of the unskilled labour from an area that is supplied, paying market-related wages. The labour recruitment process in the Sweetwaters scheme was coordinated with the water committee (Burton, 1991: 11). Various diversified skills were transferred to local people in order for them to be employable in other organizations where similar skills are needed.

According to Burton (1991: 11) in other areas the availability of water increases opportunities for local entrepreneurs to improve formal and informal manufacturing activities. For instance, in Sweetwaters there are two factories: the first makes shoes and the other concrete blocks. Both of these factories receive water from Umgeni Water.

Funding of the Scheme

Funding is the most important issue in Umgeni Water, because there are no activities that can be carried out without sufficient money. The Sweetwaters scheme has been essentially funded from Umgeni Water’s capital budget for rural schemes. The amount of allocated funds is related to Umgeni Water’s total water sales and a levy of one cent per kilolitre has been allowed. It is argued that for the financial year 1990/91 this levy generated R2,3 million for the provision of rural schemes. The other financial aid received by Umgeni Water comes from the Independent Development Trust, on loan conditions (Burton, 1991: 14). Burton notes that, as of 1991, although the organization made funds available in the form of low interest loans to hold schools in the area acquire suitable sanitation systems, it still needed additional funds to upgrade other schemes.
Conclusion

A main feature of public enterprises such as Umgeni Water is that they are not subjected to the same sorts of budgetary procedure, accountability and auditing as are government departments. Usually, they are "immune" from the acts that regulate the spending of public funds. The most familiar method of control is the submission of annual financial statements which reflect profits and losses and reports on performance to the cabinet minister concerned, who finally submits them before the parliament at either the national or provincial level for questioning and clarification. In other words, it is true that public enterprises which function as public corporations have not historically been directly accountable to parliament and therefore to that extent been free from public scrutiny (Wassenaar, 1977:124).

From the observation in the above three case studies, it is clear that the type of accountability of Umgeni Water to the communities is upward accountability rather than outward accountability, because the Chief Executive Officer, who is in charge of the daily management and administration of Umgeni Water account directly to the Board of Directors, which in turn account to the Minister of Public Enterprises. Then the Minister concern account directly to the Parliament. However, neither the Parliament nor the Minister nor the Board nor the Chief Executive Officer renders account to Water Committees so that these Committees could be in a position to give meaningful outward accountability to various communities, which elected them. Therefore, in the absence or lack of accountability, transparency of the activities of Umgeni Water does not appear truly feasible. Lastly, communities remain not informed about other issues that affect them.
Figure 8: Rural and Peri-Urban Water Supply Schemes
CHAPTER FOUR

Analysis of Data and Interpretation of Findings

This chapter deals with analysis and the interpretation of data collected from the case studies which were conducted. Graphic illustrations will be presented to quantitatively back-up arguments and facts gathered in the course of research. Data treatment is also discussed in the light of the responses gathered in the course of research. Finally a critical analysis is made of the representativeness of the board of directors in Umgeni Water.


This study on public accountability and transparency of parastatals to the communities was guided by several research techniques such as questionnaires, interviews and case studies.

From a survey population of 500 various community leaders in three rural areas, a sample of 100 leaders who regard themselves as representatives of different community structures in their respective areas, were randomly selected. For example, participants were classified into five groups, i.e. Water Committees (30), Community Based Organizations (34), Local Councilors (12), Rural Planning Co-ordinators (5) and Rural Planning Officers (5) Umgeni Water was represented by its Managers (14). Thus the sample has wide variation of a heterogeneous group, and it can be said to be representative.
SAMPLE RESPONSES OF PARTICIPANTS

<table>
<thead>
<tr>
<th>Groups of participants</th>
<th>No. of participants</th>
<th>No. of Resp.</th>
<th>No. of Non. Resp</th>
<th>Tot.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water committees</td>
<td>30</td>
<td>30</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td>Local councilors</td>
<td>12</td>
<td>10</td>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>Community organizations</td>
<td>34</td>
<td>30</td>
<td>4</td>
<td>68</td>
</tr>
<tr>
<td>Managers of Umgeni Water</td>
<td>14</td>
<td>14</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>RPC's And RPO's</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Total number of participants</td>
<td>100</td>
<td>94</td>
<td>6</td>
<td>200</td>
</tr>
</tbody>
</table>

One hundred participants (100) were interviewed in three areas, namely, Sweetwaters, Payipini and Qadi/Nyuswa. Some of the participants were interviewed on personal basis, while others were interviewed as groups (i.e. Umgeni Water Committees). The aim of the study was thoroughly explained to them. These personal interviews were vital, because they enabled the researcher to confidentially probe the participants and detect the attitude of the public towards the activities of parastatals, such as Umgeni Water. After the preliminary discussions, they were all handed questionnaires ninety-four (94) participants completed and returned their questionnaires. Another four (4) of the hundred participants returned the questionnaires incomplete. The two (2) participants failed to respond to the questionnaires. They even did not provide any clue to their unwillingness to respond. The term "responses" refers to the success a researcher has in measuring the units in the he has selected as a sample. "Non-responses" refers to the failure to measure some of the units in the selected sample (Cochran, 1977:359). In the case of this research, non-responses were very limited, such that they did not have much effect on the study. The failure of six only out of hundred respondents to answer the questionnaires, respondents who responded very well, was partly due to apathy and lack of interest. Most of the people interviewed were generally happy with the way in which questions were phrased in the questionnaires and they found them to be simple and understandable. Moreover, for convenience's sake, respondents were also allowed to answer in their own language. This gave them more freedom to express their views without language problems.
One reason for the small number of non-responses was that the researcher kept reminding the subjects about their responsibilities to complete their questionnaires as per agreement. In some cases, the researcher was called upon by individual respondents to conduct interviews and explain and clarify some of the technical concepts. This also had an impact on the high ratio of responses received. A number of people were found to prefer a 'person-to-person' communication in their own areas of residence. Although using this research technique was more costly, the researcher had to do it at the request of various respondents. After the researcher reminded one non-respondent of two non-respondents who could not be located for the fourth time this non-respondents who, used to be assertive and vocal in the meetings, had this to say: You know, my brother, I have absolutely no valid reason for failing to complete your questionnaire, except to tell you that there is a devil who does not want me to complete it.

This is a table of the stratified sample of 94 participants who responded to mailed questionnaires, some of them were interviewed in three areas where the survey was conducted (i.e. Sweetwaters, Payipini, Qadi / Nyuswa and Umgeni Waters.) these participants were representative of the leadership of the different Rural Community Organisations, in the three above mentioned areas.

Umgeni Water representative are also included: for example, 30 participants represented Water Committees in the three areas, 5 participants represented Rural Planning Coordinators. 4 represented Rural Planning Officers, 8 participants represented Local Councilors, 12 represented Umgeni Water Management, and 32 participants represented Community Based Organizations. In this table, participants are classified horizontally according to the Rate, Age, Qualifications, Gender Occupational positions and Ranks. Thereafter there are epic graphs that clearly illustrate how the sample in these areas had been stratified. Ultimately, there is a graph that indicates the level of Public accountability and transparency parastatals.
In this research, the feasibility of the public accountability of parastatals to the communities were applied by studying the relations and interactions between the officials of Umgeni Water on the one hand and on the other hand, the representatives of various communities in Sweetwaters, Payipini, Qadi / Nyuswa as points of reference.

The focus here is on how do the leaders of Umgeni Water render accountability to the public in those areas mentioned above. Therefore, the researcher probes, how do members of communities seek to hold the officials of Umgeni Water accountable and transparent to the public they serve.

The researcher used five measures of public accountability in all three-community projects. Public accountability and transparency of Umgeni Water were measured here in terms of the following issues:

- The extent to which representative community based leaders in Sweetwaters, Payipini, and Qadi /Nyuswa participate in decision- making processes of Umgeni Water Board.
- The extent to which representatives of the public have access to official documents and vital information required in the formulation of policies that, ultimately affect the above mentioned communities. Is Umgeni Water open to the public?
- The extent to which the Umgeni Water officials render accountability on decisions taken by the management of the organization that ultimately affect communities.
- The extent to which the Umgeni Water officials are accountable and explain policy changes to the public.
- The degree of openness of the activities of Umgeni Water community projects to the public.
Data Arrangement / Treatment

Data collection concerns the assignment of numbers to observations and observations to categories, (Lehner) 1979:109). Sometimes, a process of this nature is called measurement, whereby according to Stevens (1946) four scales of measurement can indicate different positions along a continuum. However, in this particular study, an ordinal scale is more appropriately used. Public accountability and transparency are two variables which cannot be differentiated quantitatively on the basis of numbers of units of definite measure that they possess. Instead these two variables in this study are differentiated according to their described attributes or characteristics and categories. Therefore, public accountability and transparency, as variables under observation, are rank-ordered on a continuum of attributes that are ordinary defined as quantitative variables. In the context of parastatals, public accountability and transparency are differentiated and categorised in terms of whether or not the public has access to informative minutes of board meetings and annual financial reports, as well as openness of decision-making processes, constant consultation and public participation disclosure of other information. Basically, twenty-two statements by interviewees which for practical reasons can be regarded as attributes or indicators of public accountability and transparency were selected. The selection of these items was based on the nature of the definitions given for the above concepts in this study. Accordingly, the statements were arranged in the form of a three-point scale so that subjects can indicate their opinions and attitudes for each item. For instance, in developing a scale on opinions and attitudes of local leadership about the effectiveness of public accountability and transparency to local communities, statements such as the following were employed:
A Brief Explanation and Interpretation of the Graphs

The above graphs illustrate a correlation between the rate of public accountability and transparency on the one hand, and the level of occupational position of participants, on the other hand. The other one shows the level of responses of participants.

The fluctuations in the rate of public accountability and transparency from a lowest point at -14 to highest point at +13 seem to correlate strongly with the occupational position rank and literacy rate.

Moreover, there appears to be no relationship between age and gender, on the one hand, and the low or high rate of public accountability. The higher the occupational position individual holds, the more information he/she receives. For example, the chief executive officer of Umgeni Water who occupies the highest occupational position illustrated at point (13) on the horizontal line and who has post graduate qualifications scored the highest mark compared to all other participants. Whereas the respondent who scored the lowest point at (-14) has a lower level of education and he also occupies the lowest position indicated on the vertical line at point (1).

However, the high or low rate of public accountability and transparency goes with interests of individuals. For instance, those people who have legitimate interest in the affairs of Umgeni Water are proactive in seeking and demanding information relevant to the issues that affect them. The low level of public accountability and transparency is partly associated with lack of interest on the part of community leaders to acquire and disseminate information to community members. Also, low rate of literacy appears to hinder or lessen transparency and public accountability.
Attitudes of Various Community Leaders Regarding Public Accountability in Umgeni Water

Attitudes and opinions of respondents in various groups differ on the issues of transparency and public accountability in Umgeni Water. Groups which participated in the research vary according to structural affiliation and access to the larger public organization. Although in principle some respondents agree on the need for public accountability, despite different groups which they represent and their different occupational positions, they disagree on the extent to which it has penetrated the community. The same applies to transparency i.e., the degree to which the Umgeni Water Board is open to communities. Currently indications are that the difference in opinions of respondents reflects their own various interests, background and insight.

Groups that participated in the interviews expressed their opinions in the following ways:

Water Committees

In various meetings of water committees with rural planning officials of Umgeni Water, some members of the committees expressed their disappointment with inadequate consultation between them and the organization officials. One water committee member angrily had this to say: “At the committee meetings we have lately found out that the Umgeni Water officials frequently take decisions that affect our community without consulting us, and that gives a very negative impression to the inhabitants.”

“They realized that some decisions are made behind our backs, while we were elected by them to participate and work with the organization on their behalf” (Personal interview, 24/09/1997). This scenario makes it extremely difficult for water committees to give full explanations to the public because they are not included in decision-making processes. In other words, water committees are not even accorded observer status as representatives.
Community Based Organisations

A large number of leaders of community-based organizations indicated their dissatisfaction with the level of public accountability and transparency in Umgeni Water. According to them the public have little information with regard to many issues that affect rural communities. Furthermore, they believe that public accountability and transparency could be improved, if communication and consultation problems were given more attention by Umgeni Water. (Personal Interview, 10/10/1997).

Local Councillors

The communities are not informed about general decisions at the executive level of Umgeni Water, unlike transitional local council meetings available to the public. Some councillors have a very limited knowledge of policy formulation processes in Umgeni Water. One councillor states, 'when water prices increase we are hardly consulted in advance', (Personal interview) 16/10/97). This situation makes it difficult for them to explain some of the issues that negatively affect their communities.

Umgeni Water Managers

According to one senior executive manager, the decision-making process within the Board of Umgeni Water is probably not transparent enough because the public in the community lacks knowledge about the policies of the organization (Personal interview, 19/10/97). Another said he believes the issue of decision-making is technically complicated, and it is therefore impractical to have complete participation, openness and accountability to the public at large fully answerable to the Board which in turn is answerable to the Minister for Water and Forestry Development. Information about the governance of the Umgeni Water is included in the annual report and gives assurance to those who are concerned that the organization is managed in terms of established policies, (Personal interview, 15/10/97).
Rural Planning Co-Ordinators and Rural Project Officers

Rural communities need to be directly represented by their own local representatives on the board of the organization so that their participation can be effective and induce public accountability (Personal interview, 07/09/1997). Several interviewees stated that there is still room for improvement in terms of community participation and representation. Many people in the rural areas believe that public accountability can be improved through direct involvement of community leaders in decisions and policy-making processes.

Analysis of the Data

By and large, out of 94 respondents who completed and returned their questionnaires, 68 of them overwhelmingly agreed that public accountability and transparency of Umgeni Water to the communities it serves is still lacking. By contrast, 24 of 94 respondents argued that Umgeni Water is ‘as accountable to the public and transparent to the communities as could practically be possible.’ It is shown by both empirical data gathered that the majority of respondents indicate that the members of Umgeni Water are not directly answerable to the rural communities and decisions made by the Board in their meetings are not transparent to the public.

Although the effectiveness of both openness and public accountability in parastataals such as Umgeni Water may not be conclusively judged in accordance with the perceptions of a large number of people or the opinions of few "elites" who probably do not have links with the rural communities, it can nevertheless be assessed in terms of the amount of awareness and information that the interested members of the public have about the organization. Therefore, proactiveness on the part of public organizations to disclose and disseminate information is crucial. Furthermore, this needs to be met half-way by the growing capacity of members of the communities to interrogate and scrutinize with understanding public documents and financial reports of organizations. Nevertheless, the
majority of respondents who, as community leaders contend that the Umgeni Water is not accountable to the public, would seem to represent many inhabitants in these and other areas who most probably share common views and see things in the same way as their leaders.

On the other hand, the few elites who argued differently regarding the openness and answerability of Umgeni Water to the public, stand on a different "platform", are more literate, more high qualified and tend to occupy senior positions in various organizations. They vary in many aspects from the people in rural communities, so it is no wonder that they should tend to view issues differently. Moreover, some of the representative elites on the Umgeni Water Board do not in a meaningful way represent the rural communities any more than they represent the Minister charged with responsibility for parastatals.

The gap that exists in terms of access to information between the management and the public, suggests, amongst other things, that the information available to the Boards and management of public organizations does not completely reach the public. This situation is related to other factors, such as the often alleged vulnerability of sensitive information to abuse by competitors. Surprisingly, this logic has even been used by monopolies which do not have competitors. It is to be emphasized that, to a limited extent, at the initial stages of a project, the accountability of Umgeni Water to community leaders seemed to be relatively effective, in the sense that Umgeni Water's representatives dealing with community projects made direct contact with the members of communities in consultation with Regional Councils.

Relevant councillors were invited to attend and participate in project steering committees, composed primarily of community members organized to supervise the project. Thus a measure of responsibility to coordinate roles and discussions amongst the Tribal Authorities, the Regional Councils and the Project Steering Committees was assigned to ensure effective progress of the projects. When necessary, representatives of Umgeni Water attended the Regional Councils executive committee meetings and explain a certain
issues in connection with contracts. In an effort to ensure that effective coordination and meaningful communication takes place smoothly on an ongoing basis there are usually regular liaison meetings between community representatives, project steering committees, regional councilors and officials of Umgeni Water (Personal Interview, 6 November 1997). This explanation however, does not say enough, about the extent of openness of the Board of Umgeni Water to the public. Having said that, it became clear in the course of interviews with some regional councillors and leaders of community-based water committees that when management of the projects commences after the construction phase has been completed, public accountability and transparency gradually dwindled or gets shrouded by the bureaucratic hierarchies of public organizations.

Other Community Based Leaders who were interviewed responded in the following way: Currently, parastatals are more primarily accountable and transparent to Board members and the relevant Minister only, and the access to information by the public is regrettably not adequate to enable the communities to effectively engage themselves in decision making processes (Personal Interview, October 11, 1997). Given the history of apartheid, parastatals became inured to secretive procedures to maintain high levels of confidentiality which are no longer necessary in a democracy (Personal Interview, October 15, 1997).

This serious concern has been frequently expressed by other Water Committee members in various areas. Some of the committee members have partly attributed improper consultation to what they referred to as arduous channels of communication. Moreover, the Board seems to have a constant inclination to take decisions that affect communities without the knowledge of Water Committees. These Water Committee members argued that Board members do not come to us, at least once a year, to explain some of the issues that need to be addressed (Personal Interview, September 26, 1997). According to many Water Committee members, it could be advantageous and perhaps helpful for local communities to have some of their local representatives who represent immediate community interests on the Board, even if they are allowed only informal observer status at the board meetings so that they observe the proceedings, take minutes and submit
suggestions on behalf of the community they represent. For specific functions that need technical expertise, professional people are necessarily called for, but in a serious vein. On a more serious note, the role of Boards must not be made the sole domain and monopoly of technocrats, as policies they formulate then will be implemented in vacuum, where nobody will be affected.

Decision-making as a process must necessarily include technical matters and as such it is at times impractical to have a complete involvement of members of the communities and the public at large. However, through a representative board that is involved in decision-making, it is deemed to be as open and accountable as it could practically possible. [Personal Interview - Brian Walford, 1996].

Hence, information is openly available particularly on major projects which directly affect the public [Walford - Personal Interview 7/9/97]. Although decision-making involves issues that are technical and sophisticated for ordinary members of the public, a better way should be sought to train and accommodate them so that they can learn because they are the ones who can suffer most from the consequences of policies and improper decisions made by a few individuals. According to other interviewees, access to information is important because it gives the public a better understanding of the public organization and its commercial and social objectives. This could probably enhance public participation from the planning stage up to the implementation of policies, which in turn may instill a sense of ownership and boost the sustainability of community projects. (Personal Interview, September 19, 1997).

It was frequently argued that communities should be involved at the feasibility stage where they confirm the scope of coverage and the extent of a proposed scheme. This is a preliminary stage at which a design is sent back to the communities to confirm the findings of a feasibility study. Furthermore, at the construction stage communities should be involved when decisions are made about the methods to be used, which are usually labour-intensive, until the actual commissioning of the scheme (Personal Interview, October 21, 1997). Both formally and practically, the management is openly accountable for its
activities to the Board and the Board, in turn is accountable to the Minister charged with the responsibility to oversee respective parastatals. Finally, the Minister accounts to the parliament. However, local communities appear to have many problems with this procedure because local community issues are not necessarily dealt with effectively. However, the real problem appears to be lack of proper communication.

The data gathered and the graphs presented illustrate the fact that almost seventy percent (70%) of respondents agree that public accountability of Umgeni Water could be further improved through more effective community participation. The data show that the views held by leadership of community organizations in their respective positions are divergent. On the other hand, the views held by Umgeni Water management people regarding its accountability and transparency to the public differ greatly from those of the majority of community leaders and water committees. These differences were determined by many factors, such as the different standpoints from which they view accountability and transparency, the level of literacy, and access to information. The other important aspect that determines perceptions of public accountability and transparency is the extent to which both local community leaders and Umgeni Water management are able to effectively communicate and convey information to ordinary members of the communities. So far most indications show that even communication and consultation between Umgeni Water and community leaders is not as smooth as is supposed to be, and therefore needs to be improved.

Wilson (1994:26) has expressed the following view regarding communication challenges in underdeveloped countries. "Communication with any community is difficult and something at which one has to work very hard, because of the problems with illiteracy in underdeveloped communities one has to realize that the spoken word counts for a tremendous amount." Wilson thus cites illiteracy as a source of communication problems. However, beside illiteracy, which may not have to be a major problem, it is vital that methods and forms of communication applied are effective and appropriate to the level of literacy in a specific underdeveloped area. It cannot be emphasized too much that
communication plays a vital role in the administration of community projects. It transpired in a meeting held by Umgeni Water officials and community representatives on 26 September 1997, in the area of Sweetwaters, that problems encountered by the communities related to ineffective methods of communication. This in the Sweetwater communities led to a misunderstanding of the real difficulties facing Umgeni Water in dealing with areas where there is no political and social stability.

With poor communication, the prospects of any community projects in such areas of instability tend to be bleak. There is a very serious concern that if its communities are not properly communicating with Umgeni Water, through local representatives, the proper solutions may not be readily available for community problems and that decision taken may have negative impacts on community development. It may become very difficult for one to claim that the public organization is accountable and transparent to communities while there is frequent communication ‘breakdown’ between those who manage it and local representatives of the communities.

One member of a water committee who has been involved in community development projects for a long time, cited poor communication and lack of proper consultation between communities and Umgeni Water as the two main sources of problems. He stated that ‘at the initial stage of this water project things were fine, we were consulted in advance of steps that might be taken, but after some time, things changed and now we are no longer informed about many issues. For example, if water prices increase we are not consulted prior to it and at times we are not even notified that there will be cuts in water supply in our area” (Personal Interview, September 15, 1997). The above quotation precisely and truly vindicates what Bekker (1995:65) acknowledged in his book, (Coming Clean), when he noted that "communities want to be consulted, but information about development and funding is not being volunteered to community leadership. When it is, it is not handed down to people on the ground.” Many people in various communities covered by this research share this same opinion with Bekker. In most cases even local community leaders are not informed about all issues.
Conclusion

The overwhelming majority of group participants in the research, who composed eighty percent (80) unambiguously confirmed that point stated earlier that the Umgeni Water Board could be made more accountable to the public it serves than it is currently. In the course of research, it was also found that many respondents strongly felt that operations, activities and process of Umgeni Water, which lead to decision-making and policy-making, are not sufficiently transparent and openness on the above-mentioned issues could be improved. Some of the reasons attributed to the problem of lack of public accountability and transparency are related to communication inconsistency and inadequate consultation on the part of Umgeni Water officials.

Apparently, this kind of 'hierarchical or vertical accountability' does not spontaneously translate into 'horizontal accountability', which pervade into the communities or the public at large. Therefore, community participation in the decision-making structures of Umgeni Water, through community leaders was found to be unsatisfactorily by the ordinary community members.
CHAPTER FIVE

Conclusion and Recommendations

This chapter undertakes to explicitly draw conclusions about the findings uncovered in the course of research on this project. Ultimately, implementable recommendations are suggested as part of the solution to the problem initially identified and stated in the first introductory chapter of the study.

Accountability to Communities

The hypothesis of the study has largely been vindicated by the way in which respondents reacted to some of the questions raised in the questionnaires and interviews. In the first place the overwhelming majority of the respondents in the survey conducted in community projects under the auspices of Umgeni Water agree that the decision making process and information pertaining to its activities and operations could be made more accessible to the representatives of the public than presently.

Secondly, it has become apparent that in all three case studies, sometimes because of the breakdown of communication, inadequate consultation between Umgeni Water representatives and the communities is problematic because it impedes the exchange and flow of information. The high rate of illiteracy in rural communities, the complexity of issues that are dealt with, and other related factors were mentioned in some instances as conducive to lack of public accountability. Most respondents, including some officials of Umgeni Water were of the view that accountability and transparency to the public could be enhanced more than is the case currently. Furthermore, accountability could be rendered more effectively to the public, provided local representatives of communities can be allowed to fully participate in decision-making process of parastatals. If accountability and transparency in the operating of parastatals is not adequate as suggested by many
respondents, then they are not in conformity with some of principles enshrined in the democratic constitution.

Originally, the dissertation set out to examine the applicability of public accountability and transparency operations of the parastatals to the public. In this, leadership is a vital factor to the success of public organizations operating in a democratic country. Accountability, to a large extent, implies a systematic and proper consultative process before major decisions are taken by public enterprises. Continuous consultation with community members helps public officials to gather ideas for the development of their area, and to discuss with community leaders budget priorities and the best way of meeting public interests. In the interest of good corporate governance, all activities leading to decision-making have to be open to the people who have a legitimate interest in the affairs of public enterprise.

The research conducted in community projects shows that public accountability of parastatals to the communities could be more effective if alternative local forums could be created whereby even community representative members of the Board will render account to the public. It must be noted that, predominantly, the district and local management of community projects require that public accountability be given on a local level, because the traditional hierarchical form of accountability which is rendered through the parliament via the ministry concerned, is most probably not very meaningful unless it is supplemented with other alternative forms, preferably those that will promote a close interaction between communities and board members of parastatals. Currently, the majority of poor South Africans are too politically and legally uninformed either to exercise or to enjoy their Constitutional rights to accountability and transparency as entrenched in the constitution. Therefore, these rights are easily accessed only by the minority privileged section of the population.

During the water committee meeting held in Hillcrest on 3rd April 1997, the majority of committee members who represented their various communities expressed serious
concern about the lack of consultation and communication between them and the rural project officers. The function of the rural project officers is to liaise with community representatives and inform them about issues and decisions that relates to policies of Imogene Water. One of the committee members complained that when technicians from Umgeni Water cut water supply in their areas, they do not consult beforehand with any water committee member concerned in that area, so that he/she can be able to inform the communities. That situation created mistrust and suspicion between the local people and the rural project officers. In cases such as these, public accountability was not rendered as to why there be water supply cuts.

The other issue brought to the attention of participants in that meeting relates to pipeline connections. The bone of contention here was about the distance of meters from the main pipeline to the householder's tap. One of the personnel officers clearly stated that initially the procedure of Umgeni Water was that the distance of between the main pipeline to the tap was 20 metres. However, this changed due to the high demand for water supply in other areas, which also implied an increase in cost of expanding the infrastructure. This caused the procedure to change and the distance became 10 metres from the main pipeline to the tap of the household. This issue was marked by a lot of controversy because the water committee members were taken aback by that explanation. They contested and maintained that they were not consulted about the decision and that they may not cooperate with technicians in future if they continue to behave like that in their areas. Again, with regard to this issue no one from Umgeni Water directly or indirectly rendered an account to the public through water committees.

Furthermore, members of water committees revealed that matters of water leakages are usually neglected in many rural areas. The technicians take a long time to attend and repair them and the communities have to wait for several weeks to get water supply, while frequently paying for water. Even then the rural project officers dismally failed to avail themselves to give an explanation to the communities about what might have happened. This problem highlighted the need for community liaison officers to be more proactive.
than they are currently in order to ensure that public accountability is rendered whenever and wherever is due. It also emerged from the meeting that some policy decisions relating to pricing are not open to the public due to lack of proper consultation and communication. It turn, this situation contributes to the inaccessibility of information pertaining to funding community projects. From the standpoint of water committee members, the main concern is the inadequacy of openness in the processes of allocating funds for development initiatives intended to benefit them.

A Critical Look into the Representativeness of Umgeni Board of Directors

Even during the apartheid era, claims were always made that boards of directors were regarded as being "governing bodies" in parastatals. This was also the case with Umgeni Water. The functions of this organ are to formulate, oversee, approve and guide laws and policies of public enterprises. Procedurally it is today said that members of the Board are nominated by communities and appointed by the relevant minister responsible for parastatals. The idea that the Board is representative sounds very good, but in fact an autocratic leadership can in principle easily lay claim to democratic tenets just for image-building, without the necessary substance of democracy. However, the main questions are: whose interests do Board members represent?

As Umgeni Water operates mainly in rural areas, do the people on its Board represent rural interests or urban interests? And what sort of relationship do they have with rural communities? Perhaps before one could claim to be representative, the above questions should be openly addressed. Then, too, we should ask what professional criteria are Board members appointed by the Minister? Otherwise any form of appointments to the Board will always be viewed with high skepticism and suspicions of patronage and nepotism. This applies also to the often "easy" appointment of typical rural headmen who permanently live in rural areas without links to urban people, to be representatives on town councils in metropolitan areas. By the same token, it will be difficult for the people living permanently in urban areas, who do not properly understand rural conditions and
who probably do not have any expertise, experience or insight of management, to be appointed to the Board of a parastatal which operates in rural areas.

In a personal interview (19 September 1997) with one community leader involved in community-based organizations in Payipini, concern was expressed that urban people numerically dominate the Boards. Almost all Board representatives come from and live in urban areas and do not have any relations with the rural communities they claim to represent. Essentially, this situation does not properly reflect proportional representation of rural and urban communities in boards of parastatals that operate mainly in the rural areas. The monthly Board meetings should be open to representative of the public and there should be an access to minutes taken at the meetings. If Board members are legitimate representatives of various communities then there is a great need for them to account directly to those communities.

Evaluation

The advent of democratic government in South Africa has largely prompted hope that all institutions will have to be representative. Among many institutional reforms, were policy adjustments in public enterprises in order to suit democratic circumstances. In addition, these institutional changes are in line with international standards and in one way or another, are related to the way in which public enterprises operate in other countries. To conform with the newly found democracy in South Africa, public institutions, including parastatals, are anticipated to be more accountable to the public. However, the idea of transparency and accountability in public enterprises has raised more questions than it provides answers. As a result, many analysts differ on the modalities and application of these two concepts in public enterprises. Hence, they have resurfaced as contentious political issues. In principle, progress has been made to introduce these two concepts in some public enterprises, but practically there has been a steady move towards “sufficient consensus” that all large public enterprises must be restructured in a fashion which will make them more accountable and transparent to the end users of their services.
In short, public enterprises are urged to embark upon restructuring programmes in order to be responsive to basic public interest. These enterprises must be managed in a way that reinforces democratic values of the broader community of South Africa. Attitudes of members of the public towards public enterprises are ever changing as a result of new emerging democratic culture in South Africa. However, these changes do not cloud the fact that most parastatals are not open and accountable enough to the public. This point has been vindicated in the study conducted in the three rural community projects, (i.e. Sweetwaters, Payipini and Qadi / Nyuswa) that were investigated in the previous chapter.

While on one hand, liberal managers of public enterprises are still grappling with removing the image and stigma of running "creations" of the former illegitimate government, on the other hand, conservative managers are still skeptical about the merits and prospects of accountability and transparency in public enterprises. Some managers find it too difficult to adapt to new legitimate circumstances of democracy. Hence, both administrators and managing directors have realized the need for public enterprises to espouse the cause of democracy. As a direct consequence of these developments, there has been an acknowledgement of the fact that many public enterprises have become too isolated from the community they are meant to serve. More often than not, people who hold positions of managerial influence and responsibility to serve public interests talk uneasily about transparency and accountability since the concepts conjure up images of reprisal, reprimand and pressure.

Concepts such as participatory democracy and associative democracy still sound like a "curse" and big insult to other executive managers. These concepts are negatively viewed within the circles of senior conservative managers, to an extent of being regarded as threats to their positions. Automatically this fear of change whose destiny is unknown creates a controversial scenario where it is, by right, not supposed to exist. Nonetheless, it is unfortunate for those, who are inclined to old practices of corporate governance, that forces behind democratic changes seem inevitable at this stage. Perhaps it would be wise
for conservative managers in public enterprises to take advantage of changes rather than fearing and resisting them, because these democratic changes are here to stay.

Nevertheless, it has become clearer that winds of restructuring are blowing in South Africa and are tied up with a high demand for public accountability, which matches a conscious call for transparency in the business activities of public enterprises. Many people are optimistic that the age of accountability may curb unethical practices by other executive managers in some public enterprises. Viewed from another angle, it is argued that accountability without legal force behind it becomes less effective and therefore nebulous. At one time accountability serves several economic and political purposes, whereas in other instances, it can be employed as a good instrument for increasing institutional effectiveness and efficiency, or it can be used for meeting requirements of external pressure groups as a public relations exercise. On other occasions, accountability may be utilized as a whitewash for control purposes by a few decision makers. When it is used to serve the latter purpose, it receives sharp criticism and rejection from substantial section of the public. Bowers (1971: 479-86) is correct in stating that accountability is based on the premise that within any organization, each person is responsible for a particular function and that function must be carried out adequately and openly.

To be precise, public enterprises can operate as if they are in a vacuum with very little known about their financial activities by the public. This deserves no place in a democratic country such as South Africa.

The Paradox of the Principles of Representation

Communities' representatives are said to be the people who are democratically elected to influential positions of authority, to make decisions and policies on behalf of those people who elected them. One of the criteria for the election of representatives is that they have leadership credentials and the ability to make prudent and morally acceptable decisions for the constituencies. Nevertheless, the representatives supposedly make decisions and
policies in consultation with their constituencies and other stakeholders. When formulating policies, they seriously consider the interests of the people they represent. In the context of politics Venter (1991: 73) states that "representatives does not have complete freedom of conscience in representing her / his constituency, but that she / he has to try to balance the interests of her / his has to try to balance the interests of her / his voters with the national interests served by the parliament ". Such a representative, according to Venter, would have to be instructed by those who elected him, on how to vote. In many occasions, representatives do not get or seek instructions from electors on how to vote. Even if they had to be instructed, it would be extremely impractical, especially in complex and large modern societies, to wait for a number of instructions of all electors for every issue that needs to be voted in parliament. To the contrary, Lawrence (1999) argues that representation requires that those elected exercise independent judgement, but are answerable to the public for their choices, views and opinions.

Normally, when decisions are to be taken, representatives use the authority confidence and trust bestowed upon them by electors and the 'wisdom' as well as integrity at their disposal without which they would not have been elected, to make decisions that they are deemed to be appropriate for them and the integrity of their institutions. However, Venter and Johnson (1991: 73) point out that, modern democratic legislatures formed of representatives conduct their activities in terms of the Burkean principle of the "free mandate." Furthermore it is stated that "the representative is a free agent and not legally bound by a mandate of instruction from his / her constituency." And what would be the valuable point any way, for electors to elect a representative whose wisdom is doubtful and questionable to deal with such complicated issues.

Apparently, Venter (1991: 73) seems to contradict himself by saying, "a representative does not have complete freedom of conscience in representing his constituency", on the one hand, and on the hand, he says, "a representative is a free agent an not legally obliged by a mandate of his constituency." There is, of course, a little sense in this contradiction. Actually, the fact that a person is a democratically elected representative of a
constitutional body or organization, implies that he is responsible for his actions and thereafter also constitutionally accountable to those who elected him or his constituency. As a representative of an organization or communities, a person cannot be accountable to no-one or probably, only one individual person who happened to be a minister or president. Therefore, it is in this regard that a representative cannot be said to be a “free agent” as other writers would like us to believe.

Turning to the issue of representativity in the context of the boards of a parastatal. The representativeness of the board is important as a legitimizing and organizing principle of public organizations and may, to a certain degree, help to ensure inclusiveness of various interests. It is, therefore, appropriate for any real expression of representativeness of the board to go beyond mere proportional representation which is classified in terms of race identities, and genuinely address the question of gender imbalances and the various interests of social classes that are not represented in the Boards of Umgeni. So far, it is not clear as to whether or not the so-called representatives in the Boards belong to the same class as those people who live in the rural communities whom they claim to represent.

A crucial element of representative democracy is that the government must be accountable to elected representatives who in turn are answerable to the electorate. Moreover, Shearing (1991: 18) insists that public organizations have to be accountable to the public to the degree that they are accountable to government. Burke (1959: 742-56), Eulan et al (1962:280) and Pitkin (1972:20) are amongst those renowned scholars who have contributed much to the theory of representation. In terms of their analysis, the representative ought to exercise his own judgement and act in conformity with his own conscience and his own evaluation of the circumstances. To a certain extent, this view is true in all circumstances but certainly the representative may run a risk of “delegitimising” public policies if he does not properly consult his constituency.
The community perspective is critical to the role played by national parliament. To the critics national parliament seems to be dominated by relatives, family members and friends of bureaucrats and party members. In addition they argue that oversight and accountability by parliament to the public becomes murky when family has to oversee family and friends elsewhere in public corporations or organizations (Sunday Tribune, 26 October 1997:8). These serious concerns, if they remain unaddressed culminate in mistrust and suspicions that certain appointments made by national parliament are grounded in patronage, nepotism and blood tie relationships rather than in pure merit and on moral justification. The prerequisite condition for good governance is that leaders who occupy positions of trust must be honest in their duties and command the utmost public confidence. In a democracy, the decision-making processes are marked by participation and open access to information by the people affected by those decisions.

This study has also shown that the activities of some parastatals are to a certain extent more open to board members of public organizations and the minister in charge of public enterprises than to the public. Therefore, in these public organizations, boards of directors are accountable to the minister in many ways including issuing annual financial reports reflecting the financial positions of an organization, and ultimately to the parliament via the relevant minister. However, there is no assurance that this form of accountability filters down from parliament to the public, where it is most expected and needed. With the proportional representation electoral system in South Africa, whereby members of parliament first tend to exercise political obligations to account to their parties rather than the constitutional obligation to give account to the public at large of operations of public institutions, it becomes extremely difficult for communities to claim accountability. The view held by chief executive officers in other parastatals is that, on their part, they render answerability to board members on the managerial activities of these public organizations. In turn, these boards give account to the relevant minister who finally is expected to discharge that accountability to elected representatives in the parliament, whenever it is deemed necessary. Thus, the issue of insuring that accountability extends from the parliament to the public, is also a matter and duty for elected representatives, who should
to inform not only their political party constituents but all community members about policies and operations of public enterprises. As such, we cannot criticize public organizations alone for the frequent inability of either the minister or parliamentarians to deliver accountability to the public.

It has been clearly demonstrated in the wide range of relevant literature reviewed in this study that public accountability and transparency can and should be optimized to a level whereby the public at large is more aware of the operations and activities conducted by public enterprises. However, there is a great deal of consensus amongst distinguished scholars of various fields that for public enterprises to be made accountable directly to the communities is easier said than done. There are many obstacles and factors militating against direct accountability to the public, and this has been indicated also in the case studies dealt with in previous chapters.

The literature on public enterprise operations in South Africa indicates that the rapid growth in scope of such organizations has been partially responsible for some problems encountered by the parastatals in ensuring their full accountability and transparency to the public. A democratic dispensation which does not guarantee accountable and representative leadership as well as transparent processes of decision making to the public cannot be said to be fully democratic. The hierarchical upward accountability does not ensure involvement of the public through consultation. For example, Nyapadi (1988:147) observed:

In the colonial era ministers did possess control of parastatals but the exercise of such control was carefully hidden, doubtless by a desire to avoid having to answer in parliament for the greater variety of matters about which they intervened or consulted on by statutory corporations, but for which they did not want to be responsible either to parliament or to the public.

As a result of that subtle control, a serious constitutional problem emerged, whereby ministers exercised a great deal of power without accounting for it publicity and that situation deprived the parliament of the opportunity to hold the ministers accountable to
the public. In fact, apartheid regime in South Africa used parastatals to advance and implement racist policies (e.g. job reservation policy) without open criticism or public debate.

‘With the ever rapidly increasing complexity and specialization of the executive function, the task of ensuring that the organs which conduct it are subject to adequate democratic control through parliamentary institutions, becomes more and more difficult to accomplish’ (Hanson, 1962:1). As democratic public institutions claims to be totally committed to public responses and participation, they must also be willing to provide reasons to explain and justify the decisions taken in the exercise of its public power. At least, this must be seen to be practical rather than merely theoretical.

Some parliamentarians are discontented with the lack of openness and accountability in parastatals and they on most occasions agree that it should be increased. For example, Patricia De Lille, (1997:6) a member of parliamentary portfolio committee and a representative of the Pan Africanist Congress, explicitly expressed her serious concern about the lack of consultation on national government policies. According to her, portfolio committee members are not informed in advance by ministers. The only time they get to know about policy proposals is when the Bill is tabled before the parliament for approval, Parliamentary Whip, (1916; 6).

This situation does not give parliamentary committees sufficient space and time to thoroughly prepare questions that could be posed to the minister concerned. In this way it becomes difficult for portfolio committees who don't receive full accountability of complicated activities of the government in a rather more open manner. In turn, with the little information they normally receive from cabinet ministers, parliamentarians as representatives find it difficult to satisfactorily give accountability to the public on issues that affect communities. Actually, other ministers do not proactively discharge information to the parliament. The main problem seems to be the bureaucratic hierarchy
through which accountability must be delivered to the public. Hence transparency becomes more important and necessary.

According to Newham (1997:4) "the portfolio committees are also supposed to oversee the various government departments and executive organizations, such as the boards and parastatals committee meetings have to be open to the public to enable citizens their constitutional right to scrutinize the workings of their elected government. Therefore, the legislature has a constitutional duty to ensure that the executive operates in a transparent and accountable manner."

Generally, people believe more easily in what they see rather than what is told or reported to them by other people. Therefore, if parastatals continue to 'just' tell the public about what they do for communities without the involvement of them, then people will simply become skeptical of activities carried out by these or public organizations. In line with this, the Chairman of Anglo American Industrial Corporation Limited, stated that with regard to good governance, the corporation supports the principles of openness, integrity and accountability despite changing circumstances (Sowetan, 1997:10). But to "support" these concepts only in principle is not enough and it does not necessarily mean that the corporation is practically committed to them. This is so because on many occasions concepts such as transparency and public accountability are involved and used as a mere public relation exercise to boost the image of the corporation. Newham (1997:1) argues that "transparency has been a popular 'buzzword' to many of those in government, but it is not something that has been clearly defined or even practiced." Essentially, openness or transparency implies public access to and participation in policy-making processes of government institutions.

The problem lies with the political party leadership, which is usually inclined to sweep under the carpet matters of crucial importance to the public if this obfuscation is in the interest of the ruling party and if their disclosure will damage its image, prestige, or "integrity". In this case, political party interests tend to be served at the expense of
national interests or the "public interest," because party interests are not necessarily true reflections of national interests.

The reluctance of some ministers to consult and provide account to respective parliamentary portfolio committees encourages opaqueness about policy issues. In turn, the inadequacy of openness becomes the main impediment to the development of democracy. As a matter of necessity, answerability to the public is part of the service which parastatals must provide, more especially under a democratic government. Most advocates of public accountability agree that this phenomenon is broad and complicated since it stretches beyond institutional boundaries to include external variables, like members of the public. This point is clearly 'echoed' and vindicated in the explanation given by Johnson (1974:85). He posits that this brings us to the broadest political sense of accountability. There are many occasions when we want to go beyond the specific grievance and the possibility of redress. We wish to pass judgement on the general performance or conduct of those exercising public authority. If they can be said to be 'accountable' then it follows that they can, in a political sense, be praised or criticized for their actions. In the extreme case, sanctions can be imposed and traditionally, this has meant the withdrawal of their right to continue in office. At this stage a very apparent point needs to be emphasized that accountability in this sense can really apply only on those holding elected political office.

There are many types of hindrances on the way to achieve public accountability in parastatals as Jabbra and Dwivedi (1989:117) have noted. Public enterprises may be more accountable to the public if the communities they serve are made to be quite aware of parastatals' actions and anticipate explanation and justification for the way their taxes are spent and how the decisions which affect them are made. However, if the public has no inherent model of good public enterprises in mind, it becomes difficult to identify a reference point from which to judge the performance of public enterprise and participate in it. The situation is partly attributed to the high rate of legal and political illiteracy and the lack of awareness in the affairs of parastatals.
The ‘sympathy hand-outs’ from government to parastatals have led to a ‘dependence syndrome’ and lack of innovativeness, creativeness and the financial self-reliance which are crucial for the survival, sustainability, and economic growth of any organization. The managerial autonomy of parastatals seems completely vulnerable to abuse by certain ‘bad elements’ within management staffs whose desires and ambitions are to embezzle public funds to enrich themselves. This is made more possible by the fact that some of their managerial activities are not disclosed and in some cases no one is forced to account publicly for them. In some instances, where it has been established by enquiry that certain executive managers of parastatals were involved in financial irregularities of a large scale, these managers have not been legally persecuted or obliged to pay back public funds. In such cases they have instead been advised in advance to simply resign from their position to avoid creating a bad record of expulsion (Tordoff, 1980:11).

In a matter of a few months thereafter, the very same people with corrupt backgrounds get a "bonus of being appointed" to senior positions in other parastatals. This situation is not unique in South Africa, but has happened in other countries as well. For example, in Zambia “some parastatals are full of people who failed in government and yet were still employed by parastatals at higher salaries for doing less work” (Tordoff, 1980:117). Presently the economy of Zambia is in ‘tatters’ and in one way or another parastatal’s inefficiency and poor performance have contributed to the economic crisis experienced there. This experience is definitely not a good thing for South Africa, she has to avoid it. It is maintained that “government, business and citizens alike are responsible for the improvement of South Africa's present conditions and they must jointly seek solutions. The government is actively seeking opportunities for corporate ‘social pacting’ which means balanced partnerships in which business and the community negotiate to find a working arrangement that brings mutual benefits. Furthermore, accountability and transparency are crucial to effective performances of public organizations”, World Bank Report, (1993: 16).
Therefore, restructuring parastatals is necessary to ensure that these public utilities are managed more productively and efficiently in a transparent and accountable manner. The shift from an opaque system to a more open and transparent system implies greater public scrutiny and the need for more resources to co-ordinate many diverse interests. In return, it offers the promise of greater accountability (World Development Report, 1994:108). For restructuring of public utilities to succeed, it must give opportunities for the public, which uses services to have a voice and to participate in planning, operating, regulating and financing services.

**Participation**

Public participation is essential for the success and sustainability of community development projects. “Participation in project formulation is particularly vital for the maintenance of facilities.” It allows the public (which is the ultimate beneficiary of the service) to be directly involved. A participatory system increases legitimacy because of its inclusive nature. Improved consensus on a project among intended users not only increases their satisfaction, aiding willingness to contribute, but also helps mobilize their involvement in construction and maintenance (ibid., 1994:76).

The development and sustainability of community projects also require participation. Holmberg et al. (1991:35) argues that development does not easily succeed without participation in the design and implementation of the process by the people meant to benefit. It has not been widely accepted in developmental studies that the concept of participation is at the core of community development projects. Community involvement in local projects is necessary to ensure its sustainable development.

According to Adams (1990:22) “sustainable development is the beginning, not the end of a process and ought to enable the communities to maintain or enhance their power to survive and direct their own lives.” There is enough evidence in the literature surveyed in this study to indicate that communities and members of the public need to participate in
the whole process from formulation of policies through all the stages of implementation, because they regard their involvement as essential to the long-term survival and success of the local project. Participation may be induced by promoting representative community committees.

This implies that public organizations involved in community projects must be willing to address the issues raised by community-based organizations. In other words, a network partnership between communities and public organizations must be established. However, Eberhard, (1992:29) gives a warning that people with limited resources in terms of skills, technical expertise and logistical equipment, as well as numerous responsibilities, may not be able to effectively participate at every stage of the process. This means that public enterprises will have to be sensitive to these realities and devise some means to remove these obstacles for the benefit of communities and for the sake of facilitating development trends (Eberhard, 1992:29).

Along with participation, the empowerment of communities must be facilitated through a process of relevant training, transfer of skills, and necessary research. It has been indicated in this study that rural communities, in particular, are in need of technical and managerial training that would help them to administer their local projects. The nature of the community participatory approach in public enterprise affairs can also go a long way in addressing crucial issues of public accountability and transparency as part of democratizing South African public institutions and the society at large. According to David et al. (1993:68), development agencies have a vital role to play in the training of community members in operation, maintenance and management skills.

Social programmes designed by public enterprises intended for capacity-building of communities can only succeed if there is public participation. This must be aligned with training in long-term budget and financial management, and access to relevant information, pertaining to finance and a range of technical options. In order for communities to be meaningfully involved in development processes, it is necessary to improve their capacity.
One would agree with Bekker (1995:9) that communication and consultation with legitimate community leaders help to create rapport between developers and the communities (Bekker, 1995:9). To a large extent the empowerment of communities is determined by the capacity of those communities to participate in all centres of decision-making processes.

As stated by Xaba and Coovada (1994) in Bekker (1994:12), it is extremely difficult to involve the communities and explain technical issues effectively to them if they have no proper training. The reality is that training is a vital aspect of capacity-building as it allows transference of technical knowledge and skills to communities. There is much evidence that “some communities seem to feel that they already have considerable capacity, but are not being given access to relevant information” (Mayekiso in Bekker, 1993:13). Indeed, a vital part of capacity-building is to give communities access to relevant information. Essentially capacity-building lies at the heart of empowerment and it facilitates community participation in development projects. Reddy (1995:173) maintains that capacity-building is not only about training programmes, but also involves promoting community self-reliance and the accumulation of managerial and leadership skills and the responsibility of communities to local projects.

Originally, parastatals, particularly public corporations, were established to ensure benefits of economic scale to the public; yet many of them, because of the attitudes, behaviour and managerial approaches of executive directors and managers, have earned themselves bad reputations of a sort that can to some degree be equated with lack of productivity and inability to meet organizational goals. It is quite notable in the findings of many inquiry reports that some parastatals employ incompetent people as senior managers, yet pay them high salaries in spite of poor performance and lack of innovation. The consequence of this fallacy is the unresponsiveness of certain public agencies to the needs of the public, rising administrative costs, poor management and in many cases growing inefficiency within the parastatal sector. At times some parastatals have had to be liquidated due to financial irregularities and lack of administrative efficiency, and in actual fact many of these were
found to be running at a loss. Mpumalanga Development Corporation and Transkei Development Corporation are two examples in mind.

In many parastatals, decision-making and planning are still highly centralized in head offices and are relatively inflexible, giving rise to local feelings of frustration amongst the people involved in community development projects. At times conflicting interests and perceptions of development organization and communities have negative effects on the process of development, particularly when there is lack of consensus on issues of transparency (Bekker, 1995:73). In addition, there is a real necessity to empower underprivileged communities in order for them to be able to interrogate the development process being carried out by organizations for their benefit, and to put them in a position to carry out their own development. The inclusion of legitimate community representatives in the planning and at the decision-making level may cause members of the communities to feel that they have a share in the ownership of development project and to strive for its sustainability and progress.

Current debates about the restructuring of parastatals must focus upon the changing roles and functions of these public utilities, the impact of efforts to re-orientate their structures in line with democratic transformation and changing priorities, and the concern on the part of communities that parastatals do not become a device by which new privileges are entrenched by a few elites to the detriment of the public. Put in more simple words, the restructuring of parastatals should not be allowed to deviate from its basic objective of empowering underprivileged communities, in the new post-apartheid system. Inevitably for the restructuring process to succeed, it must search and find ways of improving administrative efficiency and the productivity of parastatals.
Recommendation

The findings of this study do not necessarily mean that all parastatals are failing in addressing public accountability and transparency. However, there is a great need to enhance the capacity of statutory institutions, such as, the offices of Public Protector, Auditor General, Parliament and Ministry concern to force palastatals to comply with the recommendations of King Committee Report, by rendering accountability directly to the affected members of the public or communities. Hence, the study needs to be taken further, in order to include other major parastatals.

The recommendations of the study will help to highlight the need for parastatals to be accountable and transparent to the communities affected by their activities and operations. The theoretical framework of this study will facilitate understanding and deepen the insight of managers and administrators of parastatals and community leaders alike, so that they can improve ways and means of rendering accountability to community members. In this way public accountability and transparency will be improved.

The first limitations of this study is that it did not cover all parastatals in South Africa, hence, the researcher cannot generalise the findings of this study to apply in all parastatals in South Africa. The second limitation of the study is that changes that took place during the course of research affected other statements, in the content of the study, to an extent that those statements may not necessarily be accurate. The lack of financial resources also affected this study.

Therefore, based on the findings of the study the following suggested recommendations could be useful for the effectiveness of public accountability and transparency of parastatals to the public:
- Openness and public accountability in the activities of public enterprise is crucial for the progress of these institutions to ensure efficiency.

- It is necessary that emergency equipment and facilities should be at the disposal of community project managers for meeting urgent needs of the community.

- Training needs to be given priority for all staff engaged in the management of community project so that a good standard of service can deliver.

- The relations and interactions between the parastatals on the one hand and the community need to be improved.

- Parastatals should extensively use the media and press to inform communities about their policies during their formulation and implementation stages.

- Transparency in the activities of parastatals should be endorsed as imperative to strengthen democracy.

- Parastatals should adopt new modes of operations that embrace public accountability and openness to ensure more efficiency and responsiveness.
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