

**UNIVERSITY OF KWAZULU-NATAL**  
**AN EVALUATION OF WATER AND SANITATION PROVISION BY**  
**UTHUKELA WATER**  
**IN SELECTED DISTRICTS OF KWAZULU- NATAL**

**BY**  
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**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE**  
**DEGREE OF**  
**DOCTOR OF ADMINISTRATION (PUBLIC ADMINISTRATION AND BUSINESS**  
**MANAGEMENT)**

**SCHOOL OF PUBLIC ADMINISTRATION**  
**AND DEVELOPMENT MANAGEMENT**  
**FACULTY OF MANAGEMENT STUDIES**

**SUPERVISOR: PROFESSOR P.S. REDDY**  
**2011**

**Supervisor's permission to submit for examination**

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## ACKNOWLEDGEMENTS

In finalising this research, I would like to acknowledge the following individuals for their role and contribution:

- Special thanks goes to my promoter, Professor P.S. Reddy, for his academic insight, professional guidance, intellect, national and international expertise and scholastic discipline that culminated in this research endeavor;
- Dr C.M. Israel, Language Practitioner, for her professional and timely expertise in ensuring that the thesis meets the required language and literary style;
- To my wife Dolly and my children Mtho, Samukelwe, Sphe, Nzoh and Buyi; for their indescribable understanding;
- To my late parents, Mr. & Mrs. Thabethe for their unconditional and relentless love, endless inspiration and contribution to the realization of my dream;
- To my late grandmother, KaMakhunga Thabethe, whose pension grant took me through my secondary and college education;
- Thanks and praises go to Mr. M.F. Cele, the Managing Director of uThukela Water for his infinite capacity and good heart to grant me access to materials and reports;
- My heartfelt thanks go to German Ndlozi, Gugu Dlamini and Jabu Khumalo, and Koos Pieterse of uThukela Water for their indescribable support;
- The staff at uThukela Water, Amajuba, Newcastle & UMzinyathi Municipalities;
- Dr V. J. Mthembu, the ex-Municipal Manager of Amajuba Municipality for his encouragement and support;
- Dr I.T. Nzimakwe for his encouragement and his support;
- Mr. S. Zondi for his support;

- Special friends Sipho Sithole, Thandi Dlamini and Anthony Dlamini for being “pillars of strength” during my study;
- To the Councilors of Msinga, Mvoti, Dannhauser, Nquthu, Emadlangeni, Newcastle Municipalities, for their support in responding to the research questions; and
- To those, whom I may have inadvertently missed out, my sincere appreciation and thanks

**P.D. Thabethe**

**June 2011**

**Newcastle**

**DEDICATION**

This research endeavor is dedicated to my wife Dolly, my children Mtho, Samukelwe, Sphe, Nzuzo and Buyi, who through my studies have been sources of strength and power to go on, I will always be indebted to you.

## **Abstract**

This research study is about the evaluation of UThukela Water on the provision of water and sanitation services in Amajuba District and UMzinyathi District municipalities, which form part of uThukela catchment basin in KwaZulu-Natal. Water and sanitation services have been the responsibility of local municipalities, mostly in favour of the white minority during the apartheid regime.

The new democratic era which saw the dawn of the country's new demarcations thus changing municipal boundaries, also forced the government to ensure that all basic services are equally provided across the country's regional and racial groups, posing a big challenge in service delivery particularly to the South African Local governments. The transformation from apartheid to democracy based local governments led to the establishment of district municipalities, who then took over the responsibility for water and sanitation services and attained the water services authority status.

The government of national unity promulgated and established a few statutory frameworks to ensure proper service delivery and transformation in the Local Government sphere, outlined below.

The Constitution of the Republic of South Africa which is the Supreme Law of the country, which gave Local Governments the status of being independent spheres of government in the new South African democratic order. The Local Government Transition Act 209 of 1993 gave profound direction towards the transformation of local government. Other enabling legislations that were passed to remove discriminatory measures of apartheid and ensure that service delivery in the Local Government is equitably delivered, were: The Municipal Demarcation Act 1998 (Act 27 of 1998); The Local Government: Municipal Systems Act 2000 (Act 32 of 2000); Local Government: Municipal Structures Act (Act) and the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

The transformation of Local Government had two main aims. The first was to move away from racial-based local governments towards non-biased and non-racial institutions which will serve both rural and

urban communities within a municipal area. The second was to deliver municipal services to the majority of South Africans that were previously deprived of such basic services under the apartheid regime. The intentions were good; however, local government is still faced with various challenges such as limited resources, including human, financial, and technological resources, rapid population growth, dilapidated infrastructure, and shortage of skills. These shortages have negatively impacted on the provision of water and sanitation services in both rural and urban areas. The backlogs for basic services in the rural areas are quite severe. Further challenges regarding water and sanitation provision include low payments for services, high prevalence of HIV & AIDS amongst the workforce (skilled employees), and poverty.

This research sets out to evaluate the role of UThukela Water, which is a Municipal entity established to provide water and sanitation services on behalf of Amajuba and UMzinyathi District Municipalities. The powers of the districts as stated by Section 84 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) are amongst others, water supply, bulk sewerage purification and disposal, and solid waste disposal in the area of the district. It became evident in this research that district municipalities lack capacity to deliver water and sanitation services. This was due to a shortage of skills, lack of human, financial and technological resources. Given this lack of capacity, UThukela Water was established to expedite water and sanitation since delivery. UThukela Water inherited infrastructural backlogs, received inadequate funding from municipalities, faced much political interference and moreover, was directed and managed by inexperienced personnel. Hence there was no monitoring of performance of staff and no oversight function exercised by the parent municipalities. Some of the deficiencies could have been avoided or reduced had the establishment of UThukela Water been more appropriate and transparent to all stakeholders. Arising from the cited drawbacks, the provision of water and sanitation services at Amajuba and UMzinyathi districts have been seriously compromised: serious protests and riots are an indication of the communities' dissatisfaction.

This research cuts across a number of disciplines, including social service, economics, political science and public administration. It became imperative therefore that the legislations governing water industry be analysed, the institutions that use water be discussed, the capacity of water services authorities be investigated, the ability of staff to execute duties be checked and the impact of political influence or interference be discussed. This meant studying similar institutions, the relevant legislations and literature. In this study, the fundamentals of municipal entities were researched and compared with regard to their establishments, management and operations.

Over and above studying municipal entities, the researcher focused on UThukela Water's performance in the provision of water and sanitation services. The study led to the comparison of UThukela Water (Pty) Ltd with other Water Boards and other Public-Private-Partnerships. The comparison confirmed that the success of these institutions depends on the availability of skills, finance, and sound governance.

In this study, relevant literature was studied to gain a better understanding of the impact of local government to the communities. Relevant South African legislation was analysed and reviewed.

Surveys by the researcher were analysed and presented. Literature was reviewed by the researcher. All these data sources confirm that UThukela Water (Pty) Ltd has a number of serious short comings regarding infrastructure backlogs, shortage of skills, financial constraints, shortage of human resources, monitoring and evaluation. Stretching the entity even more is the fact that it is owned by three different municipalities whose political powers are changing hands between two rival political parties i.e. the African National Congress and Inkatha Freedom Party. This on its own caused management problems, coordination failures, communication problems and stakeholder participation failures, and lack of continuity. It would have been easier if the political power was to be vested in one political party within a municipality for a period of at least five years without changing, and more so if all the three municipalities were from the same political party for at least five years. Political will and fewer financial constraints are vital ingredients that impact on effective and efficient service delivery. The provision of



water and sanitation services can improve considerably if political power can be used to leverage financial constraint which could translate into sourcing required skills, extending infrastructure and giving water to more people.

A study of this nature would be inadequate without providing recommendations. Several recommendations basically to improve the provision of water and sanitation services by UThukela Water (Pty) Ltd have been proposed. These recommendations are: re-aligning and reconfiguring UThukela Water (Pty) Ltd; changing the culture of the organisation; managing customer relations effectively; improving water demand management strategies; making provision for new dams; implementing bulk water controls; initiating and implementing infrastructural rehabilitation programmes; improving revenue generation strategies; improving business systems; affording customers multiple options of service levels; removing limitations to access of service levels and engaging in public education. It is envisaged that the adoption of these research findings and implementation of the proposed recommendations will produce the municipal entity that responds to people's needs by delivering effective and efficient services. Therefore communities can proudly live to the theme "Water is life and Sanitation is dignity".

Since most of the flaws emanated from the failure of shareholders or parent municipalities to exercise oversight function, monitoring and evaluating the performance of uThukela Water, a Policy Board Model of governance was proposed in this study. It cannot be over emphasised that when a municipal entity is established, its founders or lead consultants must consult and involve all stakeholders and thus design the entity properly. Critical factors for effective governance are, the appointment of board members with all the necessary expertise e.g. experts in social science, law, finance and business. The board must be competent in financial management, and must be able to give strategic direction to management. It must approve policies that provide framework for effective performance from senior management down to general workers. Should these critical factors and elements be ignored, the entity is doomed to

fail and therefore will perform dismally in its mandate to deliver water and sanitation services to the people.

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## CHAPTER 1

### 1. INTRODUCTION

The majority of South Africa's population lives in conditions of extreme poverty. According to Meyer (2007: 31), this translates into limited access to water and sanitation, particularly for the rural poor who constitute just under half of the black population. Although the right to dignity is enshrined in the Constitution, vast inequalities exist between the rich and the poor. Meyer (2007:31) maintains that the gaps in water consumption are huge due to poverty and unavailability of proper infrastructure. In rural areas, consumption can be in the region of 4l per person per day while urban middle class individuals consume no less than 200l per person per day. Meyer (2007:31) alludes to the fact that alleged practical difficulties, together with the government policy of commercialisation of essential services, its adoption of the user-pay principle, and its promotion of black economic empowerment have flagged privatisation, public-private- partnerships and outsourcing as interim solutions to water delivery problems.

The adoption of the new Constitution of the Republic of South Africa, (Act 108 of 1996) sped up the transformation of sectors of the public service and was guided by various policies and legislative instruments. Section 1 of the Constitution requires that all public services be transformed and democratised in accordance with the values of human dignity, the achievement of equality and the advancement of human rights and freedom. However, local government is still faced with the challenge of poor service delivery, lack of infrastructure and identification of appropriate vehicles for effective and efficient service delivery. Meyer (2006: 6) supports the establishment of an enabling environment for the development of water resources for sustainable development.

Under-investment in water among other things at municipal level could undermine South Africa's economic growth and poverty reduction targets. The rural areas of UMzinyathi are still dependent on ground water mainly in the form of production boreholes and hand pumps. Even

though ground water is playing a crucial role in alleviating poverty, socio-economic development, regional co-operation and environmental protection, problems are still evident at Amajuba and UMzinyathi district municipalities. According to Perks (2005: 91), these sources of water have been found to be unsustainable and therefore limiting development. Perks (2005: 92) argues that in response to the concerns about the ineffective and unsustainable use of water throughout Africa, an organisation known as Ground Water Resource Management and Protection in Africa was formed. A recent co-operative assessment in 11 African cities indicated that pollution of underlying ground water sources in cities, small towns and rural communities has reached critical levels (Perks, 2005: 93). Between 60% of South African communities and 90% of Swaziland communities get water from ground water sources (Perks, 2005: 93).

According to Perks (2005: 93), poor management of water and sanitation practices can result in contamination of ground water resources and subsequent typhoid outbreaks as occurred in Delmas, Mpumalanga. Perks (2005: 93) contends that the reduction in the number of people without access to enough sanitation is moving slowly, and sanitation programmes across developing countries need to be increased in order to meet the set targets and to protect people from death and illnesses. According to Perks (2005: 93), ground water remains a challenge to understand and is an often mismanaged resource. Perks (2005: 93) also maintains that a lack of oversight and monitoring has been one of the main reasons for the unsustainable use and failure of ground water supply schemes. Perks (2005: 93) argues that the devolution of the provision of water services to local government in many African countries is a step towards all ground water scheme users taking ownership, management and total control of the resource. Since ground water is important, African leaders need to pool their energies and resources to address ground water protection, both for the present and future generations. The delivery of satisfactory sanitation to the people of Africa is crucial in order to ensure that ground water remains a safe and reliable water source (Perks, 2005: 91).

Local government is the sphere of government closest to the people and it is directly responsive to the needs of different communities. Section 152 of the Constitution of the Republic of South

Africa states that one of the objectives of local government is “to ensure the provision of services in a sustainable manner,” while section 27 (1) (b) goes on to state that the citizenry must have the “right of access to sufficient water”. Local government faces the challenge of making sure that water is available to communities regardless of whether it is ground water, springs or portable water. The right of access to clean and sufficient water is a constitutional requirement.

In recognition of this right the South African government committed to provide adequate water and sanitation services. This was confirmed when it introduced the concept of “Partnership for Community Investment” by means of which available funds are to be used to improve community services, including water and sanitation in rural areas (Mbeki, 2005). Even though it has been put at bay for a long time by the international community, supplying water and sanitation in rural areas should be at the top of the list of priorities in the fight against poverty (Lamprey, 2005: 20).

This study seeks to examine the role of UThukela Water (Pty) Ltd as partners with Water Service Authorities in the provision of water and sanitation services to the communities within its area of operation in order to close the gap between rural and urban infrastructural development.

## **1.2 NEED FOR THE STUDY**

UThukela Water (Pty) Ltd is a truly South African initiative that has set itself the challenge of reducing by half the number of people without sustainable access to safe and clean drinking water and sanitation in its area of operation by 2015 ([www.uk.oneworld.net/guides/water](http://www.uk.oneworld.net/guides/water)). However, the important means of financing the services delivered by the company remains locally-raised revenue generated from the customers that are being serviced and are capable and willing to pay and some portion of equitable share. According to Meyer (2007: 31), practice belies the claims by the South African government that “Water is Life; Sanitation is Dignity”. Water and sanitation remains expensive and unaffordable to a very large number of South Africans. It should be noted that many South African municipalities are struggling to provide



services, particularly water and sanitation to their constituencies. There are many reasons for this: in some cases it is funding, in others, it is a lack of skills at various levels. Failure to expand water supply to areas without infrastructure is an increasing threat to future economic growth. According to Meyer (2007: 30), the National Water Week celebrations in 2007 indicated the fact that water provision is not going to become easier. In fact, South Africa is faced with water scarcity.

Access to safe drinking water is a basic requirement for all of humankind. In the light of the 2010 Soccer World Cup, safe drinking water should be and is at the top of the agenda for all Water Service Providers. Strong efforts are being made by all the authorities to ensure that they are geared up for the task. The Department of Water Affairs (DWA) is proactive in regulating drinking water quality management (Meyer, 2008: 28). The DWA is putting systems in place that will contribute to the prevention of failures and non-compliance with its regulations. According to Meyer (2006: 14), the DWA monitors water and sanitation key performance indicators as well as the development of Water Services Development Plans. Water regulation is not an easy task or a once-off exercise. The DWA has also taken steps to improve its performance by establishing a new directorate within its Water Resource Infrastructure Branch to address water resource projects and their effect on the social and ecological environment.

The National Water Act of 1998, which is in line with the Constitution of the Republic of South Africa, guarantees all South Africans the right to sufficient water. The Act aims to transform the use of water from a system of “rights based on land ownership” to that of equitable allocation to all communities. The Act emphasises the fair and equitable allocation of water for basic human needs and the importance of having enough water to protect eco-systems that underpin water resources. Only after these needs have been met can water be allocated to other uses like industry, agriculture, and mining (Bernard, 2007: 8). Besseling (2008: 28) is of the opinion that since the DWA started its drinking water quality regulation programme in 2005 the quality of drinking water in this country has improved significantly. The DWA has also

developed the Water Safety and Security Plan with the help of the Water Research Commission in order to ensure that South Africa successfully hosts the 2010 FIFA World Cup (Besseling, 2008: 28). The intention behind the plan is to ensure that all Water Services Authorities and Water Services Providers are prepared for anything that may threaten the safety of the water supply. The DWA is engaged in a continuous capacity building programmes to capacitate and sensitise decision-makers at municipal level to ensure that there is enough financial commitment to drinking water quality management.

UThukela Water intends learning from other service providers, one of which is the Mhlathuze Water Board. Although Mhlathuze's resources are limited, Meyer (2007: 32) argues that there will be enough resources in future provided they are managed, wisely allocated and utilised in a responsible manner. Forward planning has set objectives for the expected conditions of resources and put measures in place to control water use, and limit impact to acceptable levels. According to Meyer (2007: 11), Mhlathuze Water has started programmes to eliminate and combat the spread of alien invasive plants, effective water conservation and demand management in order to protect this scarce resource. They also support government initiatives to raise awareness of the need to consume water resources in line with sustainable development (Meyer, 2007:1). Forward planning measures cannot be completed if Water Demand Management (WDM) strategies are not prioritised and effectively implemented. Meyer (2007: 32) maintains that in view of the fact that water scarcity has always been in the spotlight with a renewed focus on climate change, the South African government has fully supported WDM.

The National Government of South Africa has started on WDM which is defined by the DWA as "the adaptation and implementation of a strategy by water institutions or consumers to influence water demand and usage of water in order to meet any of the following objectives: economic, efficiency, social development, social equity, environmental protection, sustainability of water supply and services as well as political acceptability" (Meyer, 2007: 32). Meyer (2007: 32) states that WDM is an official policy of the South African government and is

important for any future planning and management of water. It can easily be confused with communication campaigns or justifications of tariff increases, but this should not be the case. According to Meyer (2007: 32), the reasons why WDM is not prioritised are perceptions that water is a 'gift from God' and no penalties should be applied to those who are wasteful. On the contrary, there are no incentives for those who are careful about water usage.

Some cities in South Africa have taken steps to successfully ensure that WDM programmes are implemented. Examples include the GcinaAmanzi project in Johannesburg and Project WongAmanzi in Nelspruit. Neighbouring African cities with the best WDM practices are Windhoek in Namibia, Bulawayo in Zimbabwe and Gaborone in Botswana. These cities are reported to have attained acceptably low levels of unaccounted for water (less than 20% water loss) which is a good indicator of successful WDM (Meyer, 2007: 32). Meyer further contends that making WDM programmes a success requires spelling out the roles and responsibilities of the different sectors involved in the programmes (through policies, strategies and guidelines). These include organisations like the DWA, the Southern African Development Community (SADC), Water Boards (bulk water suppliers), municipalities, users and consumers.

According to Meyer (2007: 33), compared to their total budgets, the allocations by the DWA and most municipalities for WDM are not enough. The big question is why, when South Africa and Africa at large have such a need for WDM in order to avoid a future water shortage disaster. Could it be that managers in the water industry are lying to the public? Or is it lack of skills and expertise to handle the job? Does the water supply industry believe that water efficiency is purely the responsibility of the consumers and the public? Why are more financial resources not allocated to WDM by water supply institutions?

The response by the public and the shareholders of UThukela Water is resistance to pay for services. It should be noted that prior to 1994, municipalities had subsidised tariffs and therefore kept them low. This benefited some while others have suffered a great deal, especially those in rural areas. According to DWA 2005, the South African standard relating to a "basic" level of

water supply is defined as 25 litres per person per day, which is a level sufficient to promote healthy living. However, Meyer (2007: 31) argues that 25l per person per day is an arbitrary amount since it does not meet the actual basic needs of real people. All South African indigent households are therefore entitled to 6 Kilo Litres a month (Free Basic Water Implementation Strategy Document, 2002: 1).

It is for the reasons mentioned above that the researcher aims:

- To critically examine and compare the role and *modus operandi* of UThukela Water (Pty) Ltd to South African Water Boards and other private sector water service providers like Silulu-Manzi in Nelspruit;
- To investigate whether UThukela Water (Pty) Ltd has engaged in strategic planning for population growth in terms of water and sanitation needs and positioned itself to provide sustainable water for agriculture and industry in order to meet the Millennium Development Goals;
- To ascertain whether under-pricing of water supplies has tended to benefit consumers with existing water connections, at the expense of those households without services and whether general subsidies have led to inefficient water utilities, and
- To develop a governance model for water and sanitary provision by municipal entities in South Africa.

### **1.3 SIGNIFANCE OF THE STUDY**

UThukela Water (Pty) Ltd is a municipal entity jointly-owned by three municipalities. In order for this entity to function and deliver as expected, important reforms in the institutional and legal framework, as well as in policies are required in order to ensure the sustainability of expanding access to safe drinking water and sanitation while preserving the environment. However, the provision of water and sanitation is not only a South African matter of concern but it is also a concern for Africa as a whole. For instance, the Togolese government adopted and implemented a national sectoral policy document for the provision of potable water in semi-urban and rural areas. It aimed to improve sustainable and fair access in these areas to potable water and

modern sanitation ([www.Africatime.com/](http://www.Africatime.com/) Afrique/nouvelle). Financial sustainability still remains a challenge for UThukela Water, its shareholders, and the customers. The researcher notes with concern that reliable and sustainable financing is needed to expand and maintain an adequate water supply and sanitation services in communities serviced by UThukela Water and to ensure affordable access to water supply and sanitation. Meyer (2007: 33) is of the opinion that WDM will have an effect on water resource planning, bulk infrastructure planning, and help ensure financial efficiency and sustainability of water services particularly in low income areas like the UMzinyathi and Amajuba districts of KwaZulu-Natal.

#### **1.4 RESEARCH PROBLEM**

UThukela Water (Pty) Ltd is a truly South African initiative jointly owned by three municipalities, Newcastle local municipality, Amajuba and UMzinyathi district municipalities. This study seeks to examine the role of UThukela Water (Pty) Ltd as partners with Amajuba and UMzinyathi district municipalities in the provision of water and sanitation services to the communities within its area of operation in order to close the gap between rural and urban infrastructural development. The research seeks to answer the following question: Is UThukela Water (Pty) Ltd innovatively monitored and evaluated to assist in planning appropriately and proactively for the effective and efficient delivery of water and sanitation services at Amajuba and UMzinyathi districts municipalities?

#### **1.5 THE KEY QUESTIONS TO GUIDE THE RESEARCHER**

- 1 Does the entity have a plan to finance water supply and sanitation systems?
- 2 Are the services currently being provided efficient, effective and affordable and is the entity delivering on the economies of scale?
3. Does UThukela Water (Pty) Ltd have the support of the Provincial and National Governments in discharging its functions, and what appropriate strategies can be adopted by the Department of Cooperative Governance and Traditional Affairs to ensure this?
4. What lessons can be learned by UThukela Water (Pty) Ltd from other Water Boards and private sector service providers locally and internationally?

#### **1.6 RESEARCH METHODOLOGY**

A general method which involves a literature review of the theoretical framework within which this study is focused will be employed. There are fundamentally two types of research, qualitative, sometimes referred to as phenomenological, and quantitative, also known as positivistic. A survey of the relevant literature will be conducted on municipal entities and municipal governance service delivery systems and processes.

### **1.6.1 SECONDARY DATA**

Secondary data will be obtained from books, articles in journals, magazines, newspapers, conference papers, reports, archived material, published statistics, company annual reports and accounts, the Internet as well as the entity's internal reports and Acts of Parliament.

Other sources of information will be national, provincial and municipal government legislation and policy document on service delivery; National, provincial and municipal governments' workshops and public gatherings on critical issues relating to the provision of water and sanitation services.

### **1.6.2 PRIMARY DATA**

A service provision survey will be conducted in UThukela Water's area of supply aimed at measuring the role of UThukela Water in the provision of water and sanitation services at Amajuba and UMzinyathi district municipalities.

Questionnaires, surveys conducted will be analyzed, and structured interviews will be conducted with senior politicians and top management from the district municipalities, local municipalities, rate payers association, business chambers and UThukela Water officials.

### **1.6.3 DATA ANALYSIS AND SAMPLING TECHNIQUES**

Sampling techniques like the simple random sampling methods will be used, as well as inferential and descriptive statistics, which will constitute the basis for data analysis. Data will be interpreted using graphical and tabular presentations.

It may be appropriate at this stage to mention that the researcher is currently an employee of the UThukela Water (Pty) Ltd. He commenced employment with the entity in 2004 and currently holds the post of "Manager: Customer Services and Public Relations". Prior to the restructuring of the company he held the post of Customer Services Manager. The researcher

has a keen interest in municipal services especially water and sanitation and the particular impact UThukela Water has as a service provider.

#### **1.6.4 RESEARCH PROCEDURE**

The researcher will:

- Analyse statistics from Water Services Development Plans;
- Prepare questionnaires and distribute them to participants - ward councillors and ward committees. The questions from questionnaires and those for telephone interviews will be submitted to the Higher Degrees Committee for ethical clearance;
- Ensure that respondents will sign an agreement acknowledging that they are willing to participate in interviews;
- Conduct telephonic and personal interviews (questions will be cleared by the Higher Degrees Committee) with officials of the water services authorities, chairpersons of the business forum, chairpersons of CBOs as well as NGOs and chairpersons of the residents' associations;
- Conduct interviews and administer questionnaires (questions will be cleared by the Higher Degrees Committee) to validate responses, thereby gaining a deeper understanding of the reasons why participants responded as they did;
- Deduce and conclude from observations made, with the aim of making recommendations.

#### **1.7 DEFINITION OF TERMS**

**Agency payments:** Payments made by one government department to another in the same or different sphere of government for services administered by the department receiving the payments ( Medium Term Budget Policy Statement, 1998: 77).

**Sanitation:** Arrangement for drainage and the disposal of sewerage (Hawkins, 2004: 396).

**Basic water services:** A basic water supply service and/or a basic sanitation service (DWAF, 2003: 65).

**Backlog:** An amount of work that should have been finished but still is waiting to be done (Hawkins, 2004: 32).

**Borehole:** A well drilled to tap water underground (Hawkins, 2004: 51).

**Budget:** A statement of estimated receipts and expenses during a fixed term (Sing, 1975: 68).

**Civil society:** Section of the society that is not part of the state formed voluntarily by citizens on the basis of common concerns and interests (DWAF, 2003: 65).

**Community:** The people living within one area (Hawkins, 2004: 91).

**Consumer charter:** A statement by a water services provider that stipulates the duties and responsibilities of both the water services provider and consumers with regard to each other (DWAF, 2003: 65).

**Councilor:** A member of local council (Hawkins, 2004: 106).

**Democracy:** Government of a country by representatives elected openly and voluntarily by the people (Hawkins, 2004: 124).

**Developmental local government:** a government whose purpose is to promote the economic and social development of the community (Van Der Waldt, 2007: 19).

**Economic costs:** The direct and indirect costs related to the provision of the service (DWAF, 2003: 65).

**Equitable share vertical transfer:** An unconditional grant transferred to help municipalities to provide basic services and perform their assigned functions (Sing, 2003: 56).

**Government:** The group of people who govern the country or the process of governing (Hawkins, 2004: 198).



**Integrated development plan (IDP):** Planning methodology that aligns a statement of purpose with the plans, institutional designs and practices, monitoring mechanisms and financial flows (WSA, 2007).

**Local government:** The organisation of the affairs of a town or district by people elected by those who live there (Hawkins, 2004: 264).

**Municipality:** A town or city that has its own local government or organizations which manage the affairs of the town, (WSA, 2007: 4; Hawkins, 2004: 294).

**Municipal infrastructure grant:** A conditional grant from national government to strengthen investment in basic municipal infrastructure (WSA, 2007: 45).

**Potable water:** Water used for drinking or domestic purposes of a quality consistent with SABS 241 (DWAf, 2003: 65).

**Wastewater:** Used water emanating from the use of water for domestic or other purposes which may include or exclude human excreta (WSA, 2007: 14).

**Water:** A colorless, odorless, tasteless liquid that is a compound of hydrogen and oxygen (Hawkins, 2004: 512).

**Municipal service partnerships:** A contractual arrangement with another body or organisation for the delivery of a municipal service, (Reddy, 2003).

**Partnership:** One of a pair of people who do business together (Hawkins, 2004: 323).

**Private Public Partnership:** Form of agreement between a public organisation and a privately owned institution ([www.tni.org](http://www.tni.org)).

**Public:** Belonging to or known to everyone (Hawkins, 2004: 359).

**Public Public Partnership:** An agreement between two or more public authorities based on solidarity, to better the capacity and effectiveness of one partner in providing water and sanitation services ([www.tni.org](http://www.tni.org)).

**Public utility:** A business organisation subject to government regulation that provides an essential commodity or service such as water, electricity, transportation or communication to the public (Besseling, 2008: 27).

## 1.8 LIST OF ACRONYMS

ANC	African National Congress
CBO	Community Based Organisation
CMA	Catchment Management Area
CMIP	Consolidated Municipal Infrastructure Grant
COGTA	Department of Cooperative Governance and Traditional Affairs
DED	Department of Education
DEAT	Department of Environmental Affairs and Tourism
DoRA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
DWA	Department of Water Affairs
EMIP	Extended Municipal Infrastructure Grant
FBW	Free Basic Water
IDP	Integrated Development Plan
IMATU	Independent Municipal and Allied Trade Union
LED	Local Economic Development
LM	Local Municipality
Ltd	Limited
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act

MIG	Municipal Infrastructure Grant
MSP	Municipal Services Partnership
MTEF	Medium Term Expenditure Framework
NGO	Non Governmental Organisation
NWRS	National Water Resource Strategy
OECD	Organization for Economic Cooperation and Development
PPP	Private Public Partnership
Pty	Propriety
PUP	Public Public Partnership
RSA	Republic of South Africa
SFWS	Strategic Framework for Water Services
SALGA	South African Local government Association
SAMWU	South African Municipal Workers Union
SP	Strategic Plan
UNDP	United Nations Development programme
VIPs	Ventilated Improved Latrines
WfGD	Water for Growth and Development
WPTPS	White Paper on Transformation of Public Service
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSP	Water Services Provider

## **1.9 OVERVIEW OF THE CHAPTERS**

The eight chapters of this study are organised as follows:

### **Chapter ONE: INTRODUCTION AND OVERVIEW OF THE STUDY**

This is a foundation chapter which seeks to introduce the study by taking the reader through the background and objectives of the study. The introduction to the study includes the formulation of the research objectives, research methodology and study aims. The scope of the

entire study is provided under “overview of the chapters”. This is followed by defining key terms used in the study to avoid using them loosely and to place them in their particular context. The chapter ends with a brief conclusion.

## **Chapter TWO: LOCAL GOVERNMENT RESTRUCTURING AND TRANSFORMATION IN SOUTH AFRICA WITH PARTICULAR REFERENCE TO AMAJUBA AND UMZINYATHI DISTRICT**

Chapter Two reviews the restructuring and transformation of local government in South Africa, with particular reference to the nature of local government relations. Local government in the post-apartheid period was brought into being by the Local Government Municipal Demarcation Act 1997, (Act 27 of 1997); Local Government: Municipal Structures Act 1998 (Act 117 of 1998) and Local Government: Municipal Systems Act 2000 (Act 32 of 2000). These pieces of legislation led to the establishment of the district municipalities of UMzinyathi and Amajuba. Districts and local municipalities have a responsibility to deliver services to the people. Therefore these institutions must be democratic, efficient, equitable, and accountable.

## **CHAPTER THREE: LEGISLATIVE PROVISION FOR WATER AND SANITATION DEVELOPMENT IN SOUTH AFRICA**

This chapter starts by setting out the background to water and sanitation services within the district municipalities of Amajuba and UMzinyathi. It defines the concept and explores the water services sector in South Africa, discussing the statistics of people without water and sanitation in KwaZulu-Natal. Government departments and institutions that are involved in the provision and administration of water services are identified and discussed. The government departments involved are the then Department of Water Affairs and Forestry, the National Government, the Provincial Governments, National Treasury, the then Department of Provincial and Local Government, the Department of Health, the Department of Education, the National Department of Public Works, and the then Department of Environment and Tourism. Evidently, in South Africa, the delivery of water and sanitation services is guided by a number of pieces of legislation. Chapter Three ends with a brief conclusion.

## **CHAPTER FOUR: HISTORICAL BACKGROUND TO THE ESTABLISHMENT OF MUNICIPAL ENTITIES IN SOUTH AFRICA AND THE SUBSEQUENT ESTABLISHMENT OF UTHUKELA WATER (PTY) LTD**

Chapter Four reviews the historical background to the establishment of municipal entities. The establishment of municipal entities is a response to the adoption of the Reconstruction and Development Programme as well as the White Paper on the Transformation of the Public Service of 1995. These two documents focused on the need for the public service to be more responsive to the needs of the people as well as to provide efficient service delivery. Efficiency and effectiveness of services to the people by municipalities encompasses capability, accountability and purposefulness.

Municipal services partnerships are one way municipalities can mobilise additional resources from public institutions, the private sector, CBOs, and NGOs, in order to improve and expand service delivery. Chapter Four concludes by discussing the establishment and development of UThukela Water (Pty) Ltd.

## **CHAPTER FIVE: AN EVALUATION OF THE MANAGEMENT OF UTHUKELA WATER (PTY) LTD**

Chapter Five explores the evaluation of the management of UThukela Water (PTY) LTD. UThukela Water (PTY) LTD is the first South African water utility of its kind. It is a municipal entity and a regional water service provider, wholly and exclusively owned by the three Water Services Authorities, namely Amajuba, (DC25), UMzinyathi (DC 24) and Newcastle municipalities.

UThukela Water is a municipal entity jointly formed in terms of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000). In terms of governance, the company is regulated by the Companies Act 1973 (Act 61 of 1973), and the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003). UThukela Water's business focus is the provision of water, waste water and other related environmental services. The core business is an operation which is made up of bulk water, networks, a waste water treatment plant and rudimentary services.

## **CHAPTER SIX: RESEARCH METHODOLOGY AND ANALYSIS**

Chapter Six discusses the research design and the methodology used and presents the different types of statistical analysis emerging from empirical study. The responses from municipal officials, UThukela Water officials, Councilors, Rate Payers Associations, the Business Forum and the general public are analysed and compared. Empirical analysis is traced and discussed to support the theory that was highlighted in Chapters Two, Three and Four. Research findings have been used to provide empirical support to the research discussion. The research findings are analysed, interpreted and presented as research recommendations in Chapter Eight. The chapter ends with a brief conclusion.

## **CHAPTER SEVEN: TOWARDS A MODEL OF THE GOVERNANCE OF UTHUKELA WATER (PTY) LTD**

Chapter Seven explores a model of governance for UThukela Water in relation to the provision of water and sanitation services. A policy board model of governance is proposed to address shortcomings that were noted and unraveled by the researcher in the current management of UThukela Water. The proposed new model of governance is benchmarked against the management of the similar entity in South America. The comparison concludes that the principles under which these two entities were established are the same. However, differences exist in terms of how they are owned. It is also evident that both entities are severely challenged in meeting the Millennium Development Goals.

## **CHAPTER EIGHT: GENERAL CONCLUSIONS AND RECOMMENDATIONS**

Chapter Eight seeks to draw conclusions and recommendations from the findings of the research. The researcher hopes that these recommendations will help UThukela Water and its shareholders to improve service delivery with regard to water and sanitation provision. It is envisaged that the proposed model of governance together with the model of service delivery will improve service delivery by the entity. Recommendations are listed towards the end of the chapter just before a brief conclusion.

## **1.10 CONCLUSION**

A new era of governance was introduced for local government in the Republic of South Africa when the new Constitution of the Republic was introduced. Local government is a unique sphere of government interdependent and inter-related to the other spheres of government. By virtue of it being closest to the people, local government plays a unique and important role in the development of communities. Municipalities are organisations with the responsibility of ensuring that service delivery, a Constitutional right, is realised at grass root levels. In order to fulfill their mandates municipalities must uphold the Constitution by sticking to good business values, business ethics, and good leadership and governance principles. The absence of the above cripples service delivery in the form of corruption, misappropriation of funds, poor performance and failure to meet targets. Service delivery is for the people and therefore they must be treated with respect. Service delivery issues must be addressed in an open, transparent, effective and efficient manner.

## **CHAPTER 2**

### **LOCAL GOVERNMENT RESTRUCTURING AND TRANSFORMATION IN SOUTH AFRICA WITH PARTICULAR REFERENCE TO AMAJUBA AND UMZINYATHI DISTRICT MUNICIPALITIES**

#### **2.1 INTRODUCTION**

The people of South Africa voted in free and fair elections on April 27 1994 for a new administration. They repeated this process in 1999, 2004 and 2009. These elections bear strong testimony to the country's democracy. The new government was tasked with the responsibility of ensuring a better life for all. Over the past 15 years, the government has done much to create a democratic, non-racist, non-sexist South Africa that meets the needs of all people. However, many challenges still remain. The institutions closest to the people are the local municipalities. One of the purposes of the local government restructuring and transformation process was to become responsive to public needs. Like other local government structures, Amajuba and UMzinyathi were tasked to ensure that at the local government level service delivery is improved and people are put first. According to Van Der Waldt (2007: 3), towns and cities came to the conclusion that they needed representatives who should govern their affairs to the benefit of everyone. In time, structures emerged that resulted in local governments and finally municipalities.

This chapter intends to unpack local government restructuring and transformation In South Africa, with particular reference to Amajuba and UMzinyathi districts.



Hughes (2003: 77) describes government as the institution itself, whereas governance is a broader concept describing forms of governing which are not necessarily in the hands of the formal government.

According to Hughes (2003:77), government is the subset that acts with authority and creates formal obligations. He adds that governance need not necessarily be conducted exclusively by governments. Private firms, associations of firms, NGOs and associations of NGOs all engage in governance (Hughes, 2003: 77).

Amajuba and UMzinyathi municipalities as well as UThukela Water are public institutions responsible for delivering services to the public. These institutions are therefore subject to government scrutiny as far as rooting out corruption and criminal activities are concerned.

## **2.2 NEW LOCAL GOVERNMENT DISPENSATION**

Since 1993, legislative and policy developments have structured the new post apartheid local government dispensation. Reddy (2008: 190) states that a three phase model for transforming local government came into being mainly to address local democracy, redistribution, efficiency and effectiveness in a redefined development context. The main challenge of reconstruction and development towards transforming the former apartheid regime into a meaningful dispensation at all levels of government required the forging of cohesive relationships between government and extra Governmental Organisations, (Naidu *et al.*, 1997: 221). This called for more scrutiny particularly within the developing, undeveloped and the underdeveloped

communities, where large historical inadequacies existed within formal government. Loughlen (in Pratchet and Wilson, 1996: 39) states that the historical development of the institutions of separate development created a context for discussion of the current status. Lodge (2002: 86) and Parnell( 2002: 83) maintain that the most challenging tasks in the creation of integrated democracy in South Africa are those that need to be undertaken at municipal level. The inequalities of the past in terms of the haves and have not's create further tension. It is for this reason that Van Der Waldt (2007: 13) observed that white communities tend to evaluate government's performance by the quality of services provided in their neighborhoods. Contrarily, most black South Africans still need the very basic services of human life, among which are the provision of houses, water and sanitation. These inequalities were inherited from the system of apartheid which was implemented by the National Party between 1948 and 1994. This had profound implications for the people of South Africa. The people of Amajuba and UMzinyathi Districts are no exceptions to these disparities. Hence the establishment of joint water services provider whose mandate was to deliver water to all people of the region including rural areas.

Christopher (2001: 196) states that considerable progress has been made in removing many discriminatory measures of apartheid in the period between 1990 and 1999. This has been made possible by enabling legislation such as the Local Government: Municipal Demarcation Act 1998 (Act 27 of 1998), The Local Government: Municipal Systems Act 2000 (Act 32 of 2000) and the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003). These

pieces of legislation provide statutory framework for transformation of local government and to empower local government to realize its constitutional mandate.

### **2.3 LOCAL GOVERNMENT STRUCTURES**

According to the Constitution of the Republic of South Africa (Act 108 of 1996) and the Local Government: Municipal Structures Act 1998 (Act 117 of 1998), a new local government structure was brought in consisting of three categories of municipalities which are summarised hereunder as follows:

**Category A:** Metropolitan municipalities with exclusive municipal executive and legislative authority in the area. Metropolitan areas can also be referred to as metros.

**Category B:** Local municipalities which share municipal executive and legislative authority in their areas with Category C municipalities.

**Category C:** These are district municipalities which have municipal executive and legislative authority in an area that includes more than one local municipality for which the district council is responsible (Van Der Waldt, 2007: 50). Amajuba and UMzinyathi district municipalities fall in this category.

Parnell *et al* (2002: 287) indicate that some of the very essential challenges facing local governments in South Africa are, among others:

- Inexperienced officials and political representatives;
- Municipal structures, processes and technologies that are not aligned with the new paradigm;

- A shortage of funding and resources from government, and
- Inability to adjust to new policy imperatives.

Municipalities are expected to deliver on their mandate in spite of all the challenges confronting local governments.

It is for this reason that Van Der Waldt *et al* (2007: 7) argue that municipalities have the responsibility to make sure that all citizens are provided with services that satisfy their primary needs. This goes for both urban and rural communities alike. Local government is, according to Saito (2008), the nucleus of the government delivery system and a critical element to poverty eradication initiatives.

## **2.4 DEVELOPMENTAL ROLE OF LOCAL GOVERNMENT**

Developmental local government is a government whose objective is to promote the economic and social development of the community (Van Der Waldt, 2007: 19). The developmental role of the local government has been constitutionalised in terms of Chapter Seven, and is a sphere of government equal in all respects to the two other spheres of government, which is National and Provincial. The mandates for all role players must be clarified in order to be transparent with regards to service delivery to the people.

The interim Constitution in South Africa gave meaning to the concept 'local governance'. The new local government mandate resulted in a conceptual shift from local government as an administrative service delivery agent to the promotion of developmental goals and principles.

These include local democracy, sustaining and improving an adequate standard of living, a safe and a healthy environment and co-operative government (Van Der Walddt, 2007: 19). The White Paper on Local Government introduced new concepts and terminology which proved to be a watershed in the history of local government, the impact of which will still be felt in years to come. The White Paper translated the objects and developmental duties enshrined in the Constitution as “ developmental local government” which is “committed to working closely with citizens and groups to find sustainable way to meet their social, economic and material needs and improve the quality of their lives overall” (Constitution of the Republic of South Africa, 1998: 17).

The strengths of developmental local government are maximising social development and economic growth; integrating and co-coordinating; democratising development and leading and learning. The key outcome of developmental local government includes, *inter alia*, the provision of household infrastructure and services; integrated cities, towns and rural areas, local economic development and community empowerment and redistribution (Republic of South Africa, 1998; 18). Although the Constitution has offered the new legal framework for local government, this framework has been complicated by various external factors such as financial, administrative and legislative challenges.

Both the Draft White Paper on Social Welfare and the Reconstruction and Development Programme (RDP) allude to local government taking responsibility of service delivery. Following the introduction of the White Paper on RDP in 1994, a National Rural Development Strategy (NRDS) was released in 1995, the purpose of which was to align the objectives of the RDP with

those of developmental local government (Reddy, Wallis and Naidu, 2007: 59). In 1997, the Rural Development Framework (RDF) was introduced, seeking to address the weaknesses of the NRDS with particular reference to the role of rural local government in development and poverty alleviation in South Africa (Reddy, Wallis and Naidu 2007: 59). In the light of the above one can safely conclude that developmental local government is best driven at the municipal level of governance. Governments and municipalities are key stakeholders in any governance. All the RDP programmes are best implemented by the municipalities.

## **2.5 OBJECTS OF LOCAL GOVERNMENT**

According to Van Der Waldt (2007: 50), the Constitution specifies objectives for local government that should be achieved within the lowest level of government operations. The objectives of local government as mentioned by Van Der Waldt (2007: 50) are to:

- Provide democratic and accountable government for local communities;
- Ensure the provision of services to communities in a sustainable manner;
- Promote social and economic development;
- Promote a safe and healthy environment, and
- Encourage the involvement of communities and community organizations in the matters of local government (Van Der Waldt, 2007: 50).

The role and the purpose of local government are not only strongly linked to the Constitution; there is much emphasis on the need to enhance public participation in local government structures and local service delivery. In order to meet the needs of the South African people it is imperative therefore that the administrative and functional capacity of institutions and

organizations be enhanced. Van Der Waldt (2007: 9) maintains that poor governance undermines the legitimacy of government. The key challenges identified through the Local Government Transition Act 1993 (Act 209 of 1993) summarised by Saito (2008:191) were:

- How to democratise local government to ensure that it would be non-racial and legitimately representative of all people;
- How to engender an adequately solid political alliance between a number of competing interests at local, regional and central level;
- How to develop new structures in local governments which would manage and deliver services to the communities disadvantaged by apartheid and contribute to urban reconstruction and development, and
- How to restructure the workforce through training and retraining existing employees, and affirmative action recruitment to ensure that there is a racial and gender balance.

Saito (2008: 191) states that the Local Government Transition Act (Act No. 209 of 1993) formed the basis for the first phase and laid the foundation for legitimate local government. The objective of the Act, according to Saito (2008: 91) and Van Der Waldt (2007: 14) was to “create an orderly transition to full democracy and to set a process in motion to move away from present racially based local government and to address inequalities, structural, financial and other problems”. Reddy, Wallis and Naidu (2007: 58) and Van Der Waldt *et al* (2007:14) maintain that South African local government post 1994 went through two phases: a transition phase between 1995 and 2000, followed by the establishment of fully fledged municipalities in

December 2000. Reddy, Wallis and Naidu (2007: 59) argue that in rural areas, the primary structures, established at magisterial district level, would either be Transition Rural Councils (TRCs) or Transitional Representatives Councils (TRCs). He further attributes the differences between the two structures to the fact that Transitional Rural Councils were accorded the powers of fully fledged local authorities whereas the Transitional Representative Councils were seen as fulfilling brokering functions. According to Saito (2008: 191), the second phase was marked by the democratic local government elections in 1995/1996. The third and final phase has incorporated the core pieces of legislation, as also mentioned by Van Der Walldt *et al* (2007: 15):

- Local Government: Municipal Demarcation Act 1997 (Act No. 27 of 1997);
- Local Government: Municipal Structures Act 1998 (Act No. 117 of 1998);
- Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000)

The December elections ended the transition period and reduced the number of municipalities nationally from 843 to 283 (Reddy, 2005: 41). The two hundred and eighty three municipalities are spread country wide. These are democratic institutions. Full democracy implies inclusion of all South Africans to benefit in the delivery of services as spelt out in the Constitution of the Republic of South Africa. Rural communities are also part of the population whose rights are protected in the Bill of Rights. It is for this reason that Reddy, Wallis and Naidu (2007: 58) suggests that the early conceptualisation of post-1994 local government had a strong urban



focus. He argues that in 1993 the Local Government Transition Act was silent on the form local government would take in rural areas.

The foregoing argument stands, most probably because there were still unresolved issues emanating from the political future of African communities in the previous homelands. The argument revolved around the roles and functions of the traditional leadership *versus* councilors in service delivery mechanisms to the people in rural areas which are mostly controlled by traditional leaders. According to Reddy, Wallis and Naidu (2007: 58) the important challenge was to deal with the meaninglessness of the Black Local Authorities which were significantly exposed by their inability to alleviate the accumulated housing and municipal infrastructure backlog.

In view of the centrality of local government in the promotion of development, the implication of the omission was that the key vehicle for development in rural areas was missing.

Amendments to the 1993 Transitional Local Government Act in June 1995 ended the silence about the form local government would take in rural areas (Reddy, Wallis and Naidu (2007: 59)). These amendments were, according to Reddy, Wallis and Naidu (2007: 59) focused specifically on local government in rural areas and provided for a "District Council" model for rural areas, creating two level structures consisting of a District Council at sub regional level and a range of possible structures at a local level.

One of the critical issues facing local government in rural areas is to identify the developmental problems of rural communities and to challenge municipalities to address these in a fair and equitable manner. According to Van Der Waldt *et al* (2007: 16), it is the first time in the history of South African local government that it is given special status and is recognised as a distinct sphere of government. The purpose of the establishment of democratic local government among others was to address inequalities. Rural communities have generally been excluded from any relationship with government structures yet livelihood in these communities is mostly sustained through agriculture. Even though the country is in its 15<sup>th</sup> year of democracy, without doubt inequalities between urban and rural communities still exist. Having highlighted the need to render services to both urban and rural areas, the challenges regarding the statutory framework governing local government in South Africa are discussed in the next section.

## **2.6 STATUTORY FRAMEWORK GOVERNING LOCAL GOVERNMENT IN SOUTH AFRICA**

There are several key laws that form the basis for the management and functional aspects of local government within the current dispensation. Some of the most important legislation is briefly discussed below with a particular focus on accountability in relation to service delivery.

### **2.6.1 CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 (ACT 108 OF 1996)**

Following the adoption of the new Constitutional order for South Africa, the whole local government dispensation had to be restructured and transformed. A structure for local government was incorporated into the Constitution of the Republic of South Africa, 1996 and the completion of a new local government dispensation. The objectives of local government are

mentioned in the Constitution of the Republic of South Africa Act 108 of 1996. The Constitution is the supreme law of the country.

### **2.6.2 THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME**

The Reconstruction and Development Programme (RDP) provided a vision and a plan for social and economic upliftment for disadvantaged communities in the country. If South Africa does not consolidate and maintain its democracy and create a service delivery culture involving social and economic development, it will be challenged to manage its goals despite the obstacles of a large multi-cultural heterogeneous population, paucity of resources, high levels of poverty and deep social divisions (Subban, 2008: 28).

There is a strong connection between the basic provisions of the Constitution and the role and functions of local government in service delivery. The provision of municipal service presents an important contribution to the quality of life of communities. To this end, the Bill of Rights, the Government's RDP, the Principles of Batho Pele, Integrated Development Planning and the tenets of the 1996 Constitution, all contain a significant focus on community services (Subban, 2008: 28).

### **2.6.3 IMPACT OF THE CONSTITUTION ON THE NEW LOCAL DISPENSATION**

The December 2000 general elections for local government marked an important achievement when the vision and mission of the new local government system was realised. The Constitution mandated the new legislative framework for local government.

In creating a prosperous, orderly and enlightened society, the role of local government, according to Reddy (1996: 510), is summarised as follows:

- An important connection in the relationship between government and citizens to enable better understanding of local problems;
- An instrument for enhanced community participation and being able to provide more channels and opportunities to use the talents, insights and creative abilities of individual citizens;
- A cornerstone in the structure of the democratic political system because it serves as a medium for intelligent and responsible citizenship on this particular level, and to serve the cause of local democracy.
- A training field for future leaders in government, and educates voters in the execution of their civic duties, and
- An adaptable space for variety and enterprise, as an important socio-political area for experimenting with new ideas, policies and methods (Reddy, 1996: 51).

The above discussion highlights the role of local government through the provision of the Constitution to advance local democracy. A short discussion on the Bill of Rights follows.

#### **2.6.4 BILL OF RIGHTS IN RELATION TO THE PROVISION OF WATER**

The Bill Of Rights provides progressive rights which ensure the provision and access to municipal services for all citizens, free from any form of discrimination. The South African Constitution includes the right to have access to 'sufficient water'. In terms of section 27 (2), the state is enjoined to take; reasonable legislative and other measures, within its available

resources, to achieve the progressive realization' of this right. The recognition of the right, in turn, imposes certain duties on both state and non-state actors that may be enforced by courts (Mc Donald & Ruiters 2005: 60).

### **2.6.5 WHITE PAPER ON LOCAL GOVERNMENT, 1998**

In March 1998, the White Paper on Local Government outlined a comprehensive programme of institutional reform. The key outcomes that the White Paper, (1998: 18) envisaged local government to achieve were:

- Provision of household infrastructure and services; creation of livable, integrated cities, towns and rural areas;
- Local economic development and community empowerment and redistribution.

The White Paper on Local Government noted that spatial segregation and inequalities between towns and townships which the system of apartheid created made cities impossible to manage. It outlined the main challenges of local government as an inherited authoritarian form of decision making; the struggle to secure private sector resources and an inadequate tax base.

The White Paper proposed that municipalities should in future be developmentally orientated, providing vision and leadership to co-ordinate the activities of public and private agencies, and encourage the community to participate in policy-making. Municipalities should further prioritize their needs through integrated development planning which would guide all their operations and eventually, their budgeting. The White Paper maintained that most of the weaknesses in the administration of South African cities and towns were the historical outcome

of racial segregation and that these weaknesses could best be addressed through larger municipalities with greater and more centralized powers as well as wider responsibilities (Subban, 2008). The White Paper concluded that local government had to be transformed to meet the challenges of the new dispensation and fulfill its mandate to create and sustain equitable and viable human settlements (White Paper, 1998: 14).

The discussion under the “New Local Government Dispensation” explained the three categories of municipalities and the subsequent discussions under the Statutory Framework Governing Local Government in South Africa showed the role of municipalities in delivering services to their constituencies and the sustainability thereof. In the next section, profiles of the two district municipalities whose mandate is to provide water and sanitation services to the people of UMzinyathi and Amajuba are provided.

## **2.7 RESTRUCTURING AMAJUBA AND UMZINYATHI DISTRICT MUNICIPALITIES**

The original UMzinyathi Regional Council was split, creating UMzinyathi and Amajuba District Municipalities. All local municipalities under the districts had organisational structures and systems in place. The political heads are the mayors who serve in the executive councils. Certain councilors are assigned to chair portfolio committees within the council. Portfolio committees have an oversight function on the departments they supervise. The councils have the following departments:

- Corporate services
- Technical services

- Finance
- Planning and development ([www.umzinyathi.gov.za](http://www.umzinyathi.gov.za); [www.amajuba.gov.za](http://www.amajuba.gov.za)).

The Municipal Managers are the heads of all officials within the district municipalities. The Municipal Managers are appointed on a five-year contract in terms of section 57 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000). The same legislation applies to the appointment of the heads of departments mentioned above.

**Finance and grants:** A Management Assistance Programme (MAP) was implemented in the District Municipalities to address specific problem areas finance management. During the financial year 2002/2003, all municipalities in UMzinyathi district completed financial statements ([www.umzinyathi.gov.za](http://www.umzinyathi.gov.za)).

Some local municipalities had a grant dependency of less than 30% while the UMzinyathi District Municipality had a dependency of more than 30%, with Msinga Local Municipality having a dependency of almost 100% ([www.umzinyathi.gov.za](http://www.umzinyathi.gov.za)).

### **2.7.1 INTERGRATED DEVELOPMENT PLANS (IDP)**

By the year 2002, all municipalities under UMzinyathi District Municipality had prepared, completed and submitted their IDPs to the MEC for assessment. All had completed the 2003 Review and submitted their plans as a ‘family’ of municipalities to the MEC to facilitate alignment between the municipalities ([www.umzinyathi.gov.za](http://www.umzinyathi.gov.za); [www.amajuba.gov.za](http://www.amajuba.gov.za)).

### **2.7.2 CORE MANDATE**

The District Municipalities' mandate is derived from the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), which mandates Local Government to:

- Provide democratic and accountable local government
- Ensure provision of services to communities
- Promote a safe and healthy environment
- Encourage the involvement of communities

(McConkey, 2010: 96).

### **2.7.3 POWERS AND FUNCTIONS**

Amajuba and UMzinyathi Districts are category C municipalities that have both executive and the legislative authority in an area that includes more than one municipality. The powers of the districts as mandated by Section 84 of the Local Government: Municipal System Act 2000 (Act 32 of 2000) are as follows:

- Water supply;
- Bulk sewage purification and disposal;
- Solid waste disposal in the area of the district as a whole;
- Regulation of passenger transport service and municipal airport;
- Municipal health;



- Fire-fighting services;
- Establishment, conduct and control of fresh produce;
- Markets and abattoirs;
- Cemeteries and crematoria;
- Local tourism;
- Receipt, allocation and distribution of grants;
- Imposition and collection of rates and taxes,; and
- Concurrent function IGR imperative (McConkey, 2010: 96-97).

The Local Government: Municipal Systems Act 2000 (Act 32 of 2000) requires WSAs to conduct Section 78 assessment and determine the best service delivery models. Amajuba and UMzinyathi District Municipalities in terms of the legislative prescripts of the Municipal Systems Act 2000 (Act 32 of 2000) undertook a final Section 78 assessment in 2001. The outcome of that process recommended that they adopt a hybrid of service delivery options as the model for water services provision and the districts established and appointed UThukela Water as a Water Services Provider (WSP) for bulk and retail water services. The model for water services provision was based on the concept of Public-Private Partnership (PPP). According to McDonald and Ruiters (2005: 15) PPPs can range from small operation, such as one person contractors who repair pipes in an informal urban settlement, to a large multinational company hired to

manage the provision of bulk water and sanitation for an entire city. The size and types of contract can vary as well, from short term, fee-for-service contracts, to 30 year licenses. (McDonald and Ruiters, 2005:15). UThukela Water operates under long term contract of 30 years. Private –Public- Partnerships are fully discussed in chapter four.

#### **2.7.4 PROFILES OF AMAJUBA AND UMZINYATHI DISTRICT MUNICIPALITIES**

Water is essential to any country's social and economic development. Water is a basic human need for drinking and household use and to sustain healthy and productive communities. Water is also a key ingredient for economic development. In particular water is important for growing food, for the mining industry, for forestry and for a range of industrial processing and manufacturing activities. Water is therefore essential for job creation, rural development, poverty alleviation and support to schools and education, and support to the health department as a tool to combat HIV and AIDSs. Citizens who are in need of this commodity are best served at district and local municipality level.

The profiles of the district municipalities are discussed hereunder.

##### **2.7.4.1 UMZINYATHI DISTRICT MUNICIPALITY**

UMzinyathi District has a total area of 8 079 square kilometres and is located in the north central areas of KwaZulu-Natal

(<http://www.Kzntopbusiness.co.za>). The District lies between the main N3 corridor between Durban and Gauteng and the Coastal Corridor, running along the east coast. In terms of the

new demarcation, UMzinyathi District Municipality comprises four Local Municipalities, namely Endumeni, Umvoti, Nquthu, and Msinga.

UMzinyathi has some of the poorest and most underdeveloped rural areas of KwaZulu-Natal, most notably the Msinga and Nqutu Municipalities. The population of the municipality is about 456 454 people. Ninety three percent of the population is rural and 7% is urban (<http://www.kzntopbusiness.co.za>).

The more developed urban areas include Dundee, which is the head office of UMzinyathi District Municipality, and Greytown. Greytown is a strong regional centre with substantial commercial and agricultural activity. Msinga is comprised of the three peri-urban settlements of Tugela Ferry, Pomeroy and Keats Drift. The population densities of these three areas are higher than those of the rest of the area (<http://www.kzntopbusiness.co.za>; [www.umzinyathi.gov.za](http://www.umzinyathi.gov.za)).

The District has 17 Tribal Authorities. Endumeni is the only municipality that does not have any tribal land. The majority of the land (60%) is under control of the Ingonyama Trust, situated mainly in Nquthu and Msinga ([www.umzinyathi.gov.za](http://www.umzinyathi.gov.za)).

In general, the District has a warm climate. Rainfall varies from more than 800mm in Endumeni and Umvoti, to less than 400mm in parts of Msinga. UMzinyathi is bisected by several significant rivers, including the Tugela, Mooi, Blood and Buffalo (<http://www.kzntopbusiness.co.za>; [www.umzinyathi.gov.za](http://www.umzinyathi.gov.za)).

#### **2.7.4.1.1 ECONOMY**

The main sources of income come from the agricultural, mining, construction services and trade sectors. Dundee and Glencoe have well established service areas for light to medium industry.

(<http://www.kzntopbusiness.co.za>)

### **2.7.5 AMAJUBA DISTRICT MUNICIPALITY**

The December 2000 demarcations resulted in the formation of the Amajuba District Municipality which is strategically located in the North West of KwaZulu-Natal. The District consists of areas formerly within the UMzinyathi Sub-region and the Central and Northern Sub-regions (<http://www.kzntopbusiness.co.za>). In terms of this new demarcation, Amajuba District Municipality consists of three Local Municipalities, namely Newcastle, eMadlangeni and Dannhauser. Amajuba is surrounded by [Gert Sibande](#) in [Mpumalanga](#) to the north (DC30) , [Thabo Mofutsanyane](#) in the [Free State](#) to the east (DC19) , [UThukela](#) to the south-east (DC23), [Umzinyathi](#) to the south-west (DC24) and [Zululand](#) to the west (DC26) (<http://www.kzntopbusiness.co.za>).

The Amajuba District Municipality has a total population of 468 000 people. 332 978 are from Newcastle, 102 278 from Dannhauser and 32 276 are from eMadlangeni. Amajuba district municipality serves an area of 6 900 square kilometres and is situated within the North West of the KwaZulu-Natal Province.

(<http://www.kzntopbusiness.co.za>; [www.amajuba.gov.za](http://www.amajuba.gov.za)).

Urban settlements make up a small proportion of the district, and are concentrated along the Newcastle–Madadeni–Osizweni axis. The town of Newcastle serves as the regional centre for

most of the economic development taking place within the District. It hosts a variety of well-developed economic sectors and has potential for future growth (<http://www.kzntopbusiness.co.za>).

The economy was historically focused on coal mining but many collieries have closed. Currently, the manufacturing sector is the main employer, but it is concentrated in Newcastle. Although the Arcelor Mittal steelworks and the Karbochem synthetic rubber plant dominate Newcastle's industrial portfolio, a diversity of manufacturing and commercial undertakings share in the region's success. In Newcastle, all services are available at the most competitive, market-related prices. Depending on needs, the council will enter into a special agreement with industrialists for the bulk supply of services ([www.amajuba.gov.za](http://www.amajuba.gov.za)).

#### **2.7.5.1 INFRASTRUCTURE**

The Amajuba DM supports the programs provided by National and Provincial Governments, which support the growth and development of local economies ([www.amajuba.gov.za](http://www.amajuba.gov.za)). These include among others the Extended Public Works Programme (EPWP) and the Municipal Infrastructure Grant (MIG). The Amajuba DM also fully supports the Provincial Growth & Development Strategy (PGDS) in that it is the key instrument of provincial government for understanding the needs of the provincial economies and developing the necessary sectoral strategies and interventions ([www.amajuba.gov.za](http://www.amajuba.gov.za)). The Amajuba District has a large reserve of low skilled, semi skilled and skilled manpower.

#### **2.7.5.2 UNEMPLOYMENT**

Unemployment has increased substantially from about 14% in 1996 to 55% in 2011 (www.amajuba.gov.za). There are various factors that may have contributed to the increase in unemployment. The following issues are important in this regard:

- Migrant Labor;
- HIV/AIDS;
- Closure of mines; and
- Natural Growth

### **2.7.5.3 INCOME AND POVERTY LEVELS**

Income levels in the District are generally low. The number of households that have an annual income of R800 per month or less has more than doubled since 1996 (www.amajuba.gov.za). Of these 48% have no income compared with 36% in 1996. Regarding poverty rankings, the Central Policy Unit in the office of the Premier regarded the Amajuba District as developed District compared with the other District in the Province (www.amajuba.gov.za). Although closely interlinked, poverty alleviation and Local Development are addressed separately by the Amajuba District Municipality. The Amajuba DM is in the process of compiling a Poverty Alleviation Policy linked to its Local Economic Development Plan (www.amajuba.gov.za).

### **2.7.6 ANALYSIS**

Local government is the sphere of government mandated with water service delivery. Local government has been struggling to perform this function optimally. The challenges in this regard are often attributed to a lack of mature systems, processes and procedures to allow for seamless service delivery. The latest reports on the state of municipalities in the country paint a very frightening picture of the capacity of municipalities to execute their functions. Water

services are a critical component of the municipalities' functions and failure in this regard affects citizens directly. Availability and allocation of water directly affects achievements set by district municipalities in respect of local economic development. It is therefore important to ensure that planning and implementation of water resources development, allocation and protection of water is done to support local development objectives. The two districts of Amajuba and UMzinyathi are dependent mostly on agriculture as a source of job creation and therefore all efforts should be channeled into making water available and sustainable. This includes efficient and effective planning for ground water management in order to address the challenges posed by poverty and population growth.

## **2.8 SERVICE DELIVERY IN RESPECT OF A TRANSFORMED AND RESTRUCTURED LOCAL GOVERNMENT**

Van Der Waldt (2004: 87-88) argues that there is no more important an issue in South Africa than improving the delivery of public services. An efficient, equitable and accountable local government is the hallmark of any democratic society. In view of South Africa's poor democratic history, the local government transformation process has two clear aims: firstly to improve the delivery of services to all citizens and secondly, to show that South Africa has become a truly democratic society, (Van Der Waldt, 1997: 87). As such UMzinyathi and Amajuba district municipalities endeavor to deliver services to their constituencies in a democratic way. UThukela Water was mandated by these districts to deliver water and sanitation services to both urban and rural areas.

Van Der Waldt (2004: 87) maintains that over the past 50 years, government has been characterised by delays, inefficiency, lack of customer service and bad attitudes. But the South African local government has been radically transformed through the policy called *Batho Pele* or “People First” (White Paper, 1997; and Van Der Waldt, 2007: 40-41). The rural communities of UMzinyathi and Amajuba districts have been largely left out of development. Yet people from rural areas depend mainly on agriculture for survival. They need water for irrigation and their livestock as it has been seen under the profiles. The *Batho Pele* policy sets out eight principles that regulate the behavior of public servants and politicians. It ensures the transformation of service delivery, resulting in a more satisfied public and client base.

Improving public service delivery matters not only to the individual users of services, but the whole community. The principles for transforming public service delivery, as contained in the policy framework described above, must be translated into action (Van Der Waldt, 1997: 88 and Van Der Waldt, 2007: 40-41). The building of local democracy and local development capacity has been one of the most critical challenges of the overall transformation process in South Africa.

Although much has been achieved in local government, there is still much to do, specifically in relation to everyday things that the local government gets wrong, such as having inappropriate office hours, untidy waiting areas, long queues at lunch times caused by staff being on lunch breaks (Van Der Waldt, 1997: 88). The Constitution sets out the basic values and principles that



should govern public administration and these must not remain words on paper. South African communities expect Batho Pele to turn words into reality, (Van Der Waldt, 2007: 40).

According to Van Der Waldt (2004: 88), Batho Pele's principles are simple but ambitious. They are also sufficiently flexible to allow departments to implement them according to local conditions and circumstances. Batho Pele cannot be delivered overnight as many systems and attitudes have to change. However, the process is now underway.

Van Der Waldt (2004: 87) further asserts that improving service delivery calls for a move away from inward-looking bureaucratic systems and attitudes towards a search for new ways of working which prioritise the needs of the public. Thus, a fundamental change of culture needs to take place whereby public institutions are managed with service to the public as the basic goal. This emphasis is on putting people first in respect of public service delivery as set out in the White Paper on Transforming Public Service Delivery (Batho Pele White Paper, 1997, Van Der Waldt *et al.*, 2007: 40 and Gildenhuys, 2000).

## **2.9 THE SERVICE DELIVERY PRINCIPLES OF BATHO-PELE**

According to Falkemark and Rockstrom (2004:45) balancing the water needs of human and nature requires knowledge of the actual water requirements necessary to sustain goods and services in the society. The main challenge to secure availability of water for ecosystems is the pressure exerted by humans on finite fresh water. This pressure is linked to human water demand and to water independent land use in agriculture (Falkemark and Rockstrom 2004:45).

Household water for drinking, sanitation, washing and municipal users represent basic necessity for water as commodity. Population growth, urbanization and economic development have created a rapid increase in domestic water recently, especially in the urban areas.

Chapter six of this study explains in detail the impact of population growth to water demand. It is therefore for this reason that the principles of Batho-Pele are discussed hereunder.

According to Van Der Waldt (2004: 89) and Van Der Waldt (2007: 41), Batho Pele is a framework with two primary functions, namely:

- Delivery of services to citizens who are treated as clients, where it will be possible for citizens to hold individual public officials accountable for the delivery and the quality of public services.
- Channeling the energy and commitment of public officials to introduce more “customer-focused” ways of executing their functions and doing their work.

Van Der Waldt (2004: 39) recommends the following steps to implement a service delivery programme:

- Identifying the customer that needs water;
- Establishing customers’ needs and priorities: Does the customer need water for basic needs like cooking and drinking or they need water for leisure purposes like swimming pools?
- Establishing the level of service currently provided; is water available in standpipes or yard connections?
- Identifying the improvement gap between what the customer expects and the level of service standards;

- Setting service standards;
- Gearing up for delivery in order to ensure that the organisation is able to deliver on what it promises;
- Telling the customers about their standards; and
- Monitoring delivery against results and publishing the results, (Van Der Waldt, 2004: 89).

Successful local governance requires adequate opportunities for deliberation, interaction, and the resolution of conflict among rival individuals, stakeholders and interest groups.

Van Der Waldt (2004: 89) notes that the DPSA offers assistance to support departments and provincial administrations in service delivery improvement programmes. Central government in South Africa sets broad policy frameworks for all public institutions at all levels and within all spheres of government that empower municipalities to adopt policies to suit local needs. Van Der Waldt (2004: 89) argues that implementing *Batho Pele* will not be a once-off task but a continuous, dynamic process that will go on for many years and will grow as time goes by.

Eight *Batho Pele* principles were developed to serve as an acceptable policy and legislative framework for service delivery in the public service that has a responsibility to deliver services to both urban and rural communities of South Africa. These principles are, according to Van Der Waldt (2007: 41), aligned with the Constitutional ideals of:

- Promoting and maintaining high standards of professional ethics;
- Providing service impartially, fairly, equitably and without bias;

- Utilising resources efficiently and effectively;
- Responding to people’s needs, and
- Providing an accountable, transparent, and development-oriented public administration.

The focus of any government is serving its citizenry with dignity. Van Der Waldt (1997: 90) maintains that Batho -Pele is not a single project. He argues that it must be given effect through a number of efforts of which the collective impact should lead to a local government that puts people first.

Subsequent to the recognition of the above requirements, the South African government, as noted, came up with eight Batho-Pele principles with an intention to put people first in all their actions and thinking. Hereunder is a summary of the eight Batho- Pele principles as applied at UThukela Water?

### **2.9.1 CONSULTATION**

There are many ways to consult users of services provided by UThukela Water. These include conducting customer surveys, interviews with individual users, consultation with groups, and holding meetings with consumer representative bodies, NGOs and CBOs. Consultation is a powerful tool that enriches and shapes government policies such as the IDPs and their implementation in the Local Government sphere (The White Paper on Transforming Public Service Delivery/WPTPSD, 1997: 15; Van Der Waldt, 2007: 4).

### **2.9.2 SERVICE LEVEL STANDARDS**

This principle reinforces the need for benchmarks to constantly measure the extent to which citizens are satisfied with the service or products they receive from departments. UThukela Water benchmarks its services with popular water services providers like Silulu-Manzi in Nelspruit and Joburg Water. This affords the entity an opportunity to learn from those who have been in the water and sanitation provision business longer than it has. Service standards play a critical role in the development of service delivery improvement plans to ensure a better life for all South Africans. The riots and boycotts as seen in September and October 2009 in Mpumalanga Province are evidence of the failure of municipalities to set service standards and to monitor these effectively. Citizens should be involved in the development of service standards (Van Der Waldt, 2007: 41 and WTPSD, 1997: 15).

### **2.9.3 INCREASING ACCESS**

One of the prime aims of Batho Pele is to provide a framework for making decisions about delivering public services to the many South Africans who do not have access to them. *Batho Pele* also aims to rectify the inequalities in the distribution of existing services. Examples of initiatives by UMzinyathi and Amajuba district municipalities to improve access to services include the establishment of UThukela Water with a 24 hr Call Centre (SABC News, 13 September 2009; Van Der Waldt, 2007: 41 and WTPSD, 1997: 15).

### **2.9.4 ENSURING COURTESY**

Courtesy implies that UThukela Water must empathise with the citizens and treat them with as much consideration and respect as they would like for themselves. While there is still room for further improvement UThukela Water has taken considerable strides in responding to customers' needs. The entity has established service-level standards which hold the operations department responsible and accountable should the service not be delivered as per agreed standard. The customers of UThukela Water have the right to escalate their complaints to the Customer Services and Public Relations Manager if they are not satisfied.

UThukela Water as a public entity is committed to continuous, honest and transparent communication with citizens. This involves communication about services, products, information and problems, which may hamper or delay the efficient delivery of services to promised standards (SABC News, 13 September 2009; Van Der Waladt, 2007: 41 and WPTPSD, 1997: 15).

#### **2.9.5 PROVIDING INFORMATION**

Available information about services should be at the point of delivery, but for users who are far from the point of delivery, other arrangements will be needed. The call centre of UThukela Water is basically the source of information supported by the website. In line with the definition of customer, managers and employees should regularly seek to make information about the organization, and all other service delivery related matters available to fellow staff members (WPTPSD, 1997: 15).

### **2.9.6 OPENNESS AND TRANSPARENCY**

An important point about openness and transparency is that the public should know more about the way national, provincial and local government institutions operate, how they use the resources they consume, and who is in charge. UThukela Water, through customer surveys, and suggestion boxes at strategic points, hopes to entice the public to take advantage of this principle and make suggestions for the improvement of service delivery mechanisms, and to even make UThukela Water employees accountable and responsible by raising queries with them (SABC News, 13 September 2009; Van Der Waldt, 2007: 41 and WPTPSD, 1997: 15).

### **2.9.7 READINESS**

This principle emphasises the need to accurately identify immediately when services are falling below the promised standard and to have procedures in place to remedy the situation. This should be done at the individual transactional level with the client, as well as at the organisational level, in relation to the entire service delivery programme.

UThukela Water employees are encouraged to welcome complaints as an opportunity to improve service, and to deal with complaints so that weaknesses can be remedied quickly for the good of the citizen (SABC News, 13 September 2009; Van Der Waldt, 2007: 41 and WPTPSD, 1997: 15).

### **2.9.8 VALUE FOR MONEY**

Municipalities all over the country have to ensure that they meet the needs of their people. UMzinyathi and Amajuba district municipalities are no exception. The Bill of Rights is a cornerstone of democracy in South Africa. It enshrines the rights of all people in the country and affirms the democratic values of human dignity, equality and freedom. Accordingly the state must respect, protect, promote and fulfill the rights in the Bill of Rights.

If local authorities are to be effective in meeting human needs then it is necessary for them to play a role in rendering social services or at the very least in enabling a process towards the fulfillment of such needs.

#### **2.10. ROLE OF MUNICIPALITIES IN SERVICE DELIVERY**

The Integrated Sustainable Rural Development Strategy (ISRDS) was introduced in 2000 by the office of the Deputy President of South Africa. It emphasised the role of local government in promoting rural development. Reddy, Wallis and Naidu (2007: 60) state that “successful rural development must be implemented in a participatory and decentralised fashion in order to respond to articulated priorities and observed opportunities at the local level”. They add that “the reform of municipal government places organs of local government in a central role in the integrating programme to achieve synergetic rural development”. According to the Deputy President (2000: iv), many will need assistance and guidance to develop capacity, but their roles and responsibilities are clearly established; they are required to clearly identify local development



needs and opportunities and plan to respond to these, and they must align their budgets to achieve their planned objectives.

## **2.11 DEFINITION OF MUNICIPAL STATUS**

The Constitution of the Republic of South Africa, Act 108 of 1996 defines local government as an independent sphere of government. Local governments can be described as local authorities or municipalities. The Local Government: Municipal Systems Act (Act 32 of 2000) describes a municipality as an entity which is an organ of state within the local sphere of government exercising legislative and executive authority within a specific demarcated area of jurisdiction, consisting of political structures, the administration of the municipality and the community (Van Der Waldt, 2007: 48).

In terms of Chapter Three of the Constitution of the Republic of South Africa 1996 on co-operative government, the “government is constituted as national, provincial and local spheres of government, which are distinctive, interdependent and interrelated” (Cloete, 1995: 45).

According to Cloete (1995: 45), the word ‘government’ is used to refer to the combined legislative, political and administrative institutions and office bearers which constitute each level of government. The three spheres of government and thus the three sets of institutions according to Cloete (1995: 45) are:

- The central sphere sometimes referred to as the national sphere;

- The provincial sphere comprising of nine provincial authorities. This is also referred to as the regional sphere, and
- The local sphere consisting of 283 local authorities.

Section 151 of the Constitution defines the status of municipalities as follows:

- The local sphere has municipalities established for the entire country;
- The executive and the legislative authority is vested in the municipal council;
- A municipality has right to govern, on its own initiative, the local government affairs of its community subject to national and provincial legislation;
- National and provincial government may impede a municipality's ability or right to exercise its powers or perform its functions (Van Der Waldt, 2007: 40).

Local government in the South African context includes metropolitan, district and local municipalities. Saito (2008: 192) argues that municipal utilities and entities, agencies wholly or partially owned by a municipality, also form part of local government. It is therefore not a surprise that UThukela Water as a municipal entity is wholly owned by Amajuba, Umzinyathi and Newcastle municipalities.

Van Der Waldt (2007: 20) points out those municipalities have a duty to involve local citizens in municipal affairs and to build local democracy. The municipal council represents the interests of the community and therefore should involve local citizens and groups in decisions and processes that affect them.

## 2.12 MUNICIPAL BUDGETS AND THE IDP

The Local Government: Municipal Systems Act 2000 (Act 32 of 2000) states that an IDP which has been adopted by a council:

- Is a main strategic planning instrument, which guides and informs all planning and development, and all decisions relating to planning, management and development in the municipality;
- Holds the municipality in the duty of its executive authority, except to the extent of any inconsistency between the municipality's IDP and national or provincial legislation, in which case such legislation prevails, and
- Binds all other persons to the extent that those parts of the IDP that impose duties or affect the rights of those persons have been passed as by-laws.

The municipality is duty bound to give effect to its IDP and must conduct it in a manner which is consistent with that plan. The purpose of the IDP is to guide the municipality's annual budget, based on the development priorities and objectives referred to in the Act and the performance targets set by the municipality, and is also used to prepare action plans identified by the municipality. This goes for all basic services as needed by the citizens amongst which is provision of water and sanitation services.

Therefore the population growth in different communities must be planned for accordingly.

The IDP is a guiding tool on which all development priorities should be based. Citizens cannot be deprived of their constitutional rights to sufficient and clean water because of poor planning

by municipal officials. Water supply and sanitation services can be fast tracked as long as there is proper planning and adequate funding.

## **2.13 CONCLUSION**

Chapter two reviewed the restructuring and transformation of local government in South Africa. This was discussed with particular reference to the nature of local government relations. It was stated earlier that local government under apartheid was characterised by inequality in service provision in favour of the minority white population. Local government in the post-apartheid period was brought into being by the Local Government Municipal Demarcation Act 1997 (Act 27 of 1997); Local Government: Municipal Structures Act 1998 (Act 117 of 1998) and Local Government: Municipal Systems Act 2000 (Act 32 of 2000). This legislation led to the establishment of the district municipalities of UMzinyathi and Amajuba under which there are a number of local municipalities. Amajuba consists of Newcastle, eMadlangeni and Dannhauser local municipalities, while UMzinyathi consisting of Endumeni, Umvoti, Nquthu and Msinga local municipalities.

Districts and local municipalities have a responsibility to deliver services to the people and therefore these institutions must be democratic, efficient, equitable, and accountable. Profiles for district municipalities were provided and discussed. It was clear that water supply is the core to the development and sustainability of businesses within these two district municipalities. Officials and politicians need to bear in mind that the services are for the people, therefore people come first. The guiding principles in respect of service delivery are based on Batho- Pele principles.

## CHAPTER 3

### LEGISLATIVE PROVISION FOR WATER AND SANITATION DEVELOPMENT IN SOUTH AFRICA

#### 3.1 INTRODUCTION

A number of factors point to the fact that the water sector cannot continue with a “business as usual’ approach. Local government needs to critically examine its performance and find new and better ways of managing water and making it available to all those living in Amajuba and UMzinyathi districts and the province of KwaZulu-Natal. These factors include global climate change; demographic changes; economic growth; international factors such as the global financial crisis and rising food prices; the need for redress in access to water; the risks posed by ageing and poorly-maintained infrastructure, and decreasing water quality. These drivers are complicated by ongoing institutional change within the sector.

This requires a greater understating of legislation and how best to invest in people. In line with legislation and based on an understanding of the sector’s mandate, capacity development requires not only that the traditional skills base be rebuilt, but also that new skills sets be built to manage new challenges, including economic resources; water financing; water conservation and groundwater management. It is of great importance that Amajuba and UMzinyathi district municipalities rebuild the relationship between people and state representatives and re-establish an understanding of citizens’ rights and responsibilities.

Water and sanitation services cannot be implemented without water and sanitation infrastructure. While there is a need for further surface water development, there is also a

need to look at other infrastructural approaches, including small dams; rain water harvesting; maintenance to reduce leaks and losses and infrastructure for groundwater use. The range of approaches must align with the needs of the people, including the rural poor, for whom access to water can make a significant difference in the quality of life. Effective infrastructure to provide reliable water for key growth sectors is also critical. There are also a number of sanitation infrastructure challenges that must be addressed, including how to deal with full VIPs and how to manage failing treatment works.

## **3.2 CONCEPTUAL FRAMEWORK**

### **3.2.1 WHAT IS WATER?**

Oceans, seas, lakes, rivers and swamps constitute 75% of the earth's surface, while frozen water is found in polar ice caps and mountains (Stone, 2004:31). Only 1% of this water is suitable for human needs. 97% salt water is found in oceans and 2% is ice, (Stone, 2004:31; Sooryamoorthy and Palackal 2003:12). Pure water is colorless or transparent, as well as odorless and tasteless. Water has the ability to dissolve numerous substances in large amounts. Water is the only substance that can exist at room temperatures in all three states (solid, liquid, and gas) without having any harmful or dangerous effects. Almost 75% of the water that falls from the sky as rain drops into the sea, while the remaining 25% falls on the land, or into the rivers, dams, lakes and swamps, (Stone, 2004: 31).

### **3.2.2 WATER AVAILABILITY IN SOUTH AFRICA**

Pollitt (2011: 5) states that water resources, especially fresh water, will become one of the scarcest resources for humans, societies and ecosystems. In several areas of the world this is

already quite evident. According to Pollitt (2011:5) a third of the world's population lives in water stressed countries hence water governance is becoming crucial in terms of water surplus. A country is said to experience 'water stress' when annual water supplies drop below 1700 cubic meter per person (Pollitt, 2011:6). South Africa's water resources are limited and scarce. The average rainfall is 497 millimeters per year, which is 363 millimeters less than the world's average of 860 millimeters (Meyer, 2007:46). The situation is made worse by growth and the demands of a growing economy, worsened by the inequities of the past and inefficiencies in use, which lead to waste. According to Meyer (2007:46) South Africa's water resources are not evenly spread across the country, and the country also suffers from severe periodical droughts and floods. Most of the big cities and industrial centre's are situated far from big rivers, and in several river catchments the water requirements exceed the natural availability of water. The available water resources are insufficient to meet the projected demands of the next 30 years at current usage and price levels (Meyer, 2007:46).

South Africa is moving from supply-side to demand-side management and water pricing plays a key role in managing the scarce water resources in an equitable and environmentally sustainable manner (Meyer, 2007:46; McDonald and Ruiters, 2005). Water pricing can be used to assist in the allocation of water to users, to encourage a more efficient use of water, and also to promote the sustainability of the water resources (McDonald and Ruiters, 2005). As stated in the White Paper on Water Policy (DWA 1997), the same observation is still valid today:

Our current use of water is often wasteful and inefficient, and we do not get the benefits we should from the investments in our water. Water conservation may be a better investment than new dams. It is important that the introduction of realistic

pricing for water does not further penalise disadvantaged communities who were already penalised during the apartheid era. White communities were then given a strong economic advantage through access to cheap water, while economic development in black communities was restricted by a variety of factors, one of which was lack of access to affordable water. In the interests of equity and social justice, this aspect will have to be considered in the question of water pricing. The price to be levied for water reserved to meet basic needs must merit particular attention.

### **3.2.3 CLIMATE CHANGE**

The predicted climate change according to Pollitt (2011:16) will lead to flooding problems in a large part of the world. Pollitt (2011:6) argues that three-quarters of the world population will face huge flooding problems, not only from sea level rising, but also from river overflows. In the districts of Amajuba and UMzinyathi overflowing rivers have been witnessed in recent years. It is argued over and over again that the governments (including South Africa) should take action on these climate change issues. Somehow a sense of urgency seems to be growing. According to Pollitt (2011:6) governors and professionals all over the world meet each other at large-scale events such as the World Water Forum 2009 in Istanbul with more than 20,000 participants. Seemingly problems are recognized and shared. It is also argued that the problems can be solved. Some argue that there are enough water available but clever methods to prevent flooding or to reduce the negative impact of river overflows need further and thorough investigation (Pollitt, 2011: 6). It was however, intriguing to read reports, for example, on the



World Water Forum 2009, that in many countries and regions the governance capacity to solve the water problems seems to be lacking.

There are many factors that influence the requirements for water in South Africa. These include climate, the nature of the economy (e.g. irrigated agriculture, industrialization) and standards of living (DWAF, 2004: 33). Of these, climate has in the past been a relatively stable factor for a discussion of the possible implications, while in most cases control can be exercised over the growth in demand for irrigation water. Climate change threatens not only ecosystems but societies and the economy (Higuera, 2008: 117).

#### **3.2.4 WATER AND POPULATION GROWTH**

Population and economic growth relate to socio-economic standards, and are therefore regarded as the basic determinants with respect to future water requirements. Projections of population growth and the future distribution of people between urban and rural areas and different regions are not a simple matter. Celma (2008: 93) states that in the year 2000, over 900 Million inhabitants of urban areas in countries with average or low incomes were living in suburbs without access to drinkable water. Not all water is drinkable and usable. It is for this reason that Sooryamoorthy and Palackal (2003:1) argue that the significance of water mainly the conditions of its scarcity or absence is not realised unless one experiences it personally.

#### **3.2.5 WATER PERSPECTIVE**

McDonald and Ruiters (2005: 24) are of the opinion that there is the almost universal liberalization of the water sector in the region. McDonald and Ruiters argue their observation based on the Water Services Act of 1997 in South Africa, the Namwater Act in Namibia Water

Resources Management Bill of 2001, the Urban Council Act in Zimbabwe in 1995, the Water Supply and Sanitation Act of 1997 in Zambia, the Water Services Corporation Act of 1992 in Swaziland, and the creation of the Water Supply Investment and Assets Fund and the Council for the Regulation of Water Supply in Mozambique in 1998. According to these authors these pieces of legislation opened the door to private sector investment. The background of the liberalization of the water sector in the region allows one to get a better understanding of how water services are managed in South Africa.

McConkey (2010: 27) asserts that South Africa is largely a semi-arid country with a highly varied climate. Surface water resources are already well developed although the same attention was not always bestowed on ground water and the aquatic needs of the environment. The distribution of South Africa's water to its cumulative population is even more unequal when measured in terms of class, race and gender (McConkey, 2010: 27). Access to water in South Africa is increasingly determined by consumer tariffs that seek to cover the full cost of the services. This cost includes the initial cost of installing the infrastructure and the expenses associated with operating and maintaining the infrastructure (Bond et al 2003: 12). A range of policy and legislative measures supports the practice of cost recovery in South Africa. The White Paper on Water Policy adopted in 1997 explained that users would be charged for the full financial costs of providing access to water including infrastructure development and catchment management activities in order to 'promote the efficient use of water'. The disparities of the past require that the constitutional implications of pricing policies be reviewed and analyzed in the context of South Africa's history. White South Africans and the

industrial sector benefited immensely from heavily subsidized municipal services during the apartheid era. White suburbs and the business sector continue to benefit from the racially skewed investment policies in the sense that the cost of installing the necessary water supply infrastructure has been written off to a large extent (McDonald and Pape 2002:20-22).

Contrarily, the black and poor majority did not benefit much from the former policies of subsidizing municipal services. The water infrastructure inherited by these communities from the apartheid regime is inadequate and in need of higher maintenance and upgrading costs (McDonald and Ruiters, 2005:65).

These disparities make it important to manage water including ground water in an integrated manner. Groundwater supplies are an important water resource in South Africa. The biggest population from the rural areas (including areas under Amajuba and UMzinyathi district municipalities) depends on groundwater as its primary water source (Dzurik, 1990:16). The largest use of groundwater is for domestic use and irrigation. Service level options will be discussed in detail in chapter six.

The Constitution of South Africa (Constitution, 1996) allocates responsibility for specific functions between the different spheres of government at national, provincial and local level.

The Department of Water Affairs is a custodian of water as a public resource and ensure that it be managed for the optimal benefit of society as a whole. Local government is responsible for the provision of water services while national government has a regulatory and supportive function.

As part of Bill of Rights, the Constitution guarantees everyone the right to have the environment protected while promoting justifiable economic and social development, the right to access to sufficient food and water and the right to dignity.

### **3.2.6 THE PRICE OF WATER**

Griffin (2006:244) describes water price as a volumetric price placed on metered water. A water rate is often the same thing as a water price. The term water rate refers to the entire package of charges applied by a water supplier.

Lange and Hassan (2006:152) argue that although historic data on delivery costs are not available, it can be concluded from available information that the pricing system hardly reflects any cost recovery. The authors further argue that this was because of the preferential subsidy policy that prevailed in water pricing in the past. Lange and Hassan (2006:152) state that in the 1970's water provision services made in the interest of national development objectives were highly dependent on the subsidies to help cover their operating expenses. An exception to this as stated by Lange and Hassan (2006:152) was the households that were supplied from agricultural systems but were made to pay the full cost of water provision. With regard to domestic and industrial use, water was supplied at a rate that recovered the full cost of the service. The tariff recovered the capital cost, interest charges, and the running cost of the supply schemes adjusted for inflation (Lange and Hassan, 2006:152).

McConkey (2010: 74) argues that price elasticity is commonly used in water demand management studies as a way of evaluating consumer response to a change in the price of water.

Water is generally accepted as price elastic, meaning that consumers can be expected to reduce their consumption level with increasing cost. Consumers are particularly responsive to price increases in the use of water for outdoor activities like irrigating gardens, topping up swimming pools, etc. (McConkey, 2010:75).

A block tariff system has been introduced in most municipalities including Amajuba and UMzinyathi district municipalities to ensure that the level and associated cost of water usage is borne by the consumers themselves. Block tariffs allow for redistribution of water resources from wealthier to poorer areas through targeted cross-subsidization if managed properly (McDonald and Ruiters, 2005:108). The current block tariff structure at UThukela Water was implemented on 1 July 2004, and was formulated in response to the national government's commitment to providing free basic water. This tariff structure is shown in Table 1 reflecting 2004-2005 to 2006/007 financial year charges and the six-step system. The objectives of the new tariff structure, as articulated by the establishment consultants of UThukela Water, are as follows (Wagner, 2003):

- Ensure financial sustainability through the recovering of all cost, with possible surplus;
- Be administratively easy to implement and understand;
- Be fair, accountable and transparent to all consumers; and
- Promote water conservation and the efficient use of water (McDonald and Ruiters, 2005:109; Wagner, 2003).

The tariff ensures that those who consume more than their share of existing water resource are made liable (McConkey, 2010: 74). However, this raises new questions that remain unresolved which the researcher attempts to answer. The following question is among many that need to be answered: Is free basic water a reality? This question will intensify as urbanisation and unemployment increase along with increasing water demand.

It is for this reason that, as an interim measure, within the context of addressing the backlog of water and sanitation, the then KwaZulu-Natal Department of Local Government and Housing and Traditional Affairs, currently known as Co-operative Governance and Traditional Affairs, was able to acquire 20 water purification plants at a cost of R60 million, to be specifically located in rural areas which are hardest hit by the lack of access to water (Mabuyakhulu, 2008: 4).

Mabuyakhulu, (2008: 4) estimates that the current backlog is 463 384 houses. The bias of this backlog towards the rural areas neglected over years by the apartheid government is evidence of the fact that the social transformation project faces serious challenges. Its success hinges greatly on the ability to improve the lives of the poorest of the poor. According to Mabuyakhulu (2008: 5), there is an urgent need to come up with innovative ways of tackling the challenge of eradicating backlogs. The provincial unit cost of providing potable water per household is estimated at R9 923. Therefore an estimated R4.5 billion will be required to provide potable water to 463 384 households over the current Medium-Term Expenditure Framework (MTEF) period.

### **3.3 THE WATER SERVICES SECTOR IN SOUTH AFRICA**

The collective problems of water scarcity and flooding are evident and will grow over time.

Pollitt (2011:6-7) argues that the governance capacity to solve water scarcity problems is not sufficient due to the existing fragmentation of responsibilities in this field and the attractiveness of a short sighted and selfish strategy “pass on the problem to another region, organization or sector”.

As argued by Pollitt (2011:7) what seems to be missing is a governance mechanism that helps public organizations and interest groups to take on joint responsibility for the problem of water scarcity, supply and flooding, knowing that it is a long term problem. An integrated approach to water problems is needed, while the governance system in which the approach has to be applied is highly fragmented and probably will be fragmented in the coming decades (Pollitt, 2011:7).

Water services refer to water supply and sanitation services and include regional water schemes, local water schemes, rudimentary water schemes, on-site sanitation and the collection and treatment of wastewater (DWAF, 2003: 3). In 2001, there were 44.8 million people living in South Africa, all of whom used domestic water services of one kind or another. However, five (5) million (11%), had no access to safe water and a further 6.5 million (15%) did not have defined basic service levels. 18.1 million People (41%) did not have adequate sanitation services (Census, 2001; DWAF, 2003: 3).

Water and wastewater services are essential for health and life. They are also essential for businesses, industries and agriculture, as has been discussed in Chapter Two. Efficient provision of these services can help improve the lives of millions of South African people through the eradication of poverty and promotion of economic development (DWAF, 2003: 3). A discussion of government institutions and departments and other organisations which are currently involved in administration of water services follows:

### **3.3.1 MUNICIPALITIES**

These are organisations which manage the affairs of the towns or districts. They are made up of people elected by those who live there.

The roles of the municipality are to control some water resource infrastructure e.g. dams, boreholes and bulk water supply schemes; supply water and sanitation to consumers and operate wastewater collection and treatment systems (WSA, 2007: 4). However, water systems are complex and compounded and often go beyond the boundaries of municipalities, provinces and countries (Pollitt 2011:8). This therefore requires collaborative water governance by all involved in the management of this resource.

### **3.3.2 WATER SERVICES AUTHORITIES**

Water services authorities (WSAs) can be municipalities, some district municipalities and authorised local municipalities (WSA, 2007: 3). UMzinyathi and Amajuba district municipalities



together with Newcastle local municipality are the WSAs that jointly own UThukela Water. These municipalities are responsible for ensuring that water services are provided within their areas of jurisdiction (DWAF, 2003: 15). Water Services Authorities are responsible for the preparation of Water Services Development Plans (WSDP). The issue of scarcity and flooding as a subject for discussion in WSDPs is furthermore complicated by the fact that they are heavily interrelated with other systems, such as climate and land –use which seem to accelerate thus putting great pressure on the national government dealing with the water systems. The national government does not only have to solve today’s problems, but also the problems of the future. The institutional complexity and fragmentation around water issues as argued by Pollitt (2011:9) poses a huge challenge to governments. In many cases there are different institutions with different and conflicting interests concerning water, like water safety, water quality, water shortage (Pollitt, 2011:8-9) as well as water services providers.

### **3.3.3 WATER BOARDS**

According to Besseling (2008: 27), water boards operate some water resource infrastructure, bulk potable water supply schemes (selling to municipalities and industries), some retail water infrastructure and some wastewater systems. Some corporatized entities in the region behave like private multinationals outside of their home country (McDonald and Ruiters, 2005:29). South Africa’s Durban’s bulk water supplier (Umngeni Water) is one example amongst a few. Umngeni Water is engaged in private contracts to run services in other parts of the continent like Nigeria. Rand Water, the ring fenced bulk water supplier in the Johannesburg area, expanded into private ventures outside the country. Rand Water has operations in Jordan with

the DISI-Mudawarra water conveyance scheme as well as with smaller projects in several African countries, the largest of which is the “PSP Urban Water Management Contract” in Ghana (McDonald and Ruiters, 2005:29). According to McDonald and Ruiters (2005: 29) legislative changes in South Africa made it easier for water boards to be involved in water schemes elsewhere in the world (with a particular focus on Africa, as per the emphasis in the New Partnership for Africa’s Development (Nepad) priorities). The relation of UThukela Water to water boards is important as it will be seen in the recommendations in chapter eight.

A detailed discussion on water boards follows in Chapter Seven.

### **3.3.4 PUBLICLY OR PRIVATELY OWNED COMPANIES**

Among the few companies that will be discussed are Johannesburg Water, UThukela Water and Silulu-Manzi. Johannesburg Water is a public water utility owned by the City of Johannesburg, whereas UThukela Water (Pty) Ltd is a municipal entity wholly owned by three municipalities i.e. UMzinyathi and Amajuba District Municipalities as well as Newcastle Local Municipality. Section 21 companies also provide water services, for example, Silulu-Manzi in Nelspruit, and the Midvaal Water Company. Two long-term concessions have been contracted with private companies, namely, the Dolphin Coast and Silulu-Manzi (Kitchen, 2003: 3; McDonald and Ruiters, 2005).

### **3.3.5 GOVERNMENT DEPARTMENTS**

Government departments that are directly involved with water and sanitation management and provision are discussed hereunder:

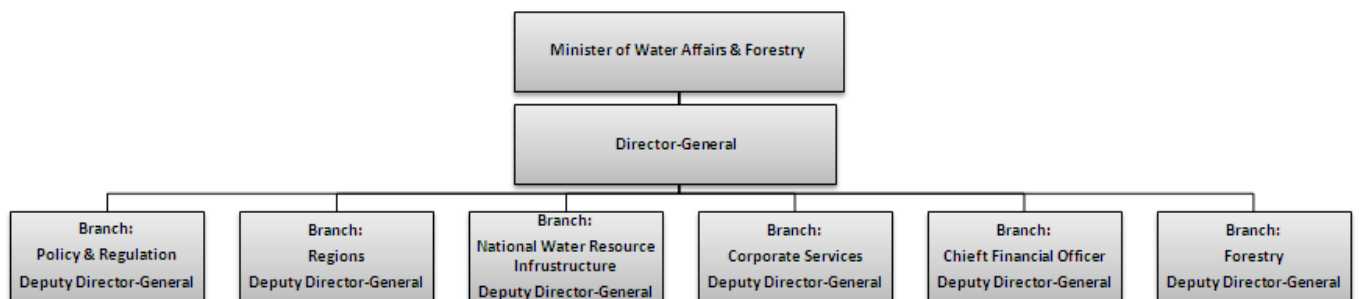
### 3.3.5.1 THE DEPARTMENT OF WATER AFFAIRS (DWA)

The DWA is the national department responsible for both water resources management and water services provision. It is the trustee of water resources on behalf of the nation and overall leader of the water sector in South Africa (Kubheka, 2008: 1).

The DWA is not directly involved in operating any water services infrastructure but is responsible for all aspects of water resources management in South Africa. Its main obligation is to oversee the activities of water sector institutions and to regulate water resources and services. It is also responsible for water resource planning at the national and international levels and for decisions related to inter-catchment transfers and international allocations (RSA, 2003: 12).

The following structure is the machinery by which DWA delivers services to the nation in respect to water services. This structure was cited from <http://.www.dwaf.gov.za>.

**Figure 1: DWA MANAGEMENT STRUCTURE**



The Minister is the political head appointed by the President of South Africa. The Minister in turn appoints the Director General who also sits on the panel that appoints Deputy Director

Generals. The term of office for the minister is four years depending on the continuity of the ruling party to govern after the following elections. It is the prerogative of the President to reshuffle his or her cabinet and therefore Ministers can be reshuffled to different ministerial positions as the President sees necessary.

The above structure is expected to drive the department to play a central role in four areas as discussed hereunder with respect to water services:

#### **3.3.5.1.1 POLICY**

According to the Wikipedia, free encyclopedia a policy is described as a principle to guide decisions and achieve rational outcomes ([en.wikipedia.org/wiki/policy](http://en.wikipedia.org/wiki/policy)). Some authors define policy as a definite course of action adopted for the sake of expediency ([dictionary.reference.com/browse/policy](http://dictionary.reference.com/browse/policy)). Consequently decisions regarding water provision in South Africa are taken guided by adopted policies.

The DWA has overall responsibility for the management of water resources and for the water sector policy (water resources and water services). The DWA's main functions in this regard include sector leadership, promotion of good practice, development and revision of national policies, oversight of all legislation impacting on the water sector (including the setting of national norms and standards), co-ordination with other national departments on policy, legislation and other sector issues, national communications, and the development of national strategies to achieve water sector goals (DWAF, 2003: 12). The DWA also has the responsibility to develop policy with regard to international water services issues.

### 3.3.5.1.2 REGULATION

Regulation consists of two functions: monitoring sector performance including conformity to national norms and standards and making regulatory interventions to improve performance and/or to ensure compliance (DWAF, 2003: 12). Laffont (2004:3) is of the opinion that lack of democracy as well as well functioning political institutions increases the uncertainty of future regulations. This makes it difficult for the government and the regulatory institution to make credible commitments to policies. In any performance measurement system for services such as water and sanitation provision, it is essential to obtain the views of the users of the service (Atkinson and Wellman, 2003).

According to Atkinson and Wellman (2003) encouraging public participation in monitoring and evaluation is important, for several reasons namely:

- Public participation in monitoring and evaluation is important to inculcate a sense of ownership among different groups in society, thus increasing the acceptance and use of findings;
- Participation can help to build consensus on what outcome to monitor, and what impact to evaluate;
- Participation enables the incorporation of individuals' perception of their well-being as a critical outcome to be monitored;
- Participation encourage a strong feedback process; and
- Participation can provide relevant background information about the community. This could be crucially important when planning remedial measures and subsequent improvements

Atkinson and Wellman (2003) cite five stages in the monitoring process which are essential for inclusion during participation. These stages are

- Participation in goal setting, when setting services level target;
- Participation in the design of the monitoring process;
- Choice of methodology, especially through qualitative methods, which enables better understanding of people's situations, opportunities and constraints;
- Collaboration in data collection and analysis; and
- Dissemination of findings.

However, according to Dzurik (1990:97) the advent of citizen participation in policy formulation is an attempt to reform the technical planning role. The major problem of early citizen participation efforts was that such programs tended to consist of citizens reacting to plans and programs rather than citizens proposing their concepts of appropriate goals and future action (Dzurik, 1990:97).

#### **3.3.5.1.3 SUPPORT FUNCTION**

The DWA intends to offer support to water services and related institutions in terms of the Constitution and the principle of co-operative government. It intends to channel financial support within the framework of the municipal infrastructure grant, the local government equitable share and the capacity building grant. These grants are discussed in chapter four subsections 4.15.3.2. The DWA will work with COGTA to establish appropriate conditions for the municipal infrastructure grant and to monitor compliance with these conditions (RSA, 2003: 12). Other support to local government will be coordinated with COGTA and the provincial

government. The nature of the support will depend on the specific needs and requirements of local government and water institutions.

#### **3.3.5.1.4 INFORMATION MANAGEMENT**

The DWA will manage information to be used for support, monitoring, regulation and planning.

#### **3.3.5.1.5 ROLE AS AN OPERATOR**

The DWA is currently performing certain functions that are not part of its core business, for instance, the operation and maintenance of water services works and the implementation of new water services infrastructure (DWAF, 2003: 12).

#### **3.3.5.1.6 SHAREHOLDER ROLE**

The DWA is currently both sole shareholder and main regulator of water boards. In the short-term, the shareholding and regulatory roles of DWA will be more clearly split and strengthened in the restructuring process (DWAF, 2003: 12). The future role of the DWA with regard to water boards will depend on the outcome of the institutional reform process.

#### **3.3.5.2 THE NATIONAL GOVERNMENT**

Rowlston (2006: 7) states that national government has the constitutional responsibility to support and strengthen the capacity of local government in the fulfillment of its functions, and to regulate local government to ensure effective performance of its duties. According to Rowlston, national government may develop legislation governing the provision of water and

sanitation services. A municipality's right to govern the affairs of its community is subject to national and provincial legislation, as provided for in the Constitution of the Republic of South Africa.

Where WSAs fail to plan and implement strategies for the provision of basic services and where they fail to provide efficient, effective and sustainable services, national government (together with provincial government) has the right to intervene. Provincial government is required to implement national legislation within the functional areas listed in Schedule 4 of the Constitution and to intervene when a municipality fails to fulfill its executive obligations with regard to legislation (The Constitution of the Republic of South Africa: 83).

### **3.3.5.3 PROVINCIAL GOVERNMENT**

Provincial government, together and jointly with national government, has the constitutional responsibility to support and strengthen the capacity of local government in the fulfillment of its functions, and to regulate local government to ensure effective performance of its duties. Mechanisms of support, regulation and intervention are described in Sections 7 and 8 of the Constitution (DWAF, 2003: 23). The intervention by the MEC to the management and administration of UThukela Water in order to ensure effective performance is testimony to both National and provincial government commitment to support local governments when necessary.



Provincial *public works* departments may oversee the construction of water and sanitation infrastructure on behalf of other departments in the province. This task may include setting design standards for water and sanitation facilities in schools, hospitals and clinics (DWAF, 2003: 23). However, client departments remain responsible for the water supply and sanitation services within their own facilities, including the associated costs of bulk water and sanitation infrastructure where appropriate (WSA, 2007: 23).

#### **3.3.5.4 THE ROLE OF OTHER GOVERNMENT DEPARTMENTS**

According to Rowston (2006: 13), other national government departments have the general responsibility to support the DWA, as the water services sector leader, in fulfilling its policy, regulatory, support and information management roles (DWAF, 2003: 23). In addition to this general responsibility, certain national government departments have the following specific responsibilities with respect to water services:

##### **3.3.5.4.1 THE NATIONAL TREASURY**

The National Treasury monitors and regulates the finances of all public bodies. The policies are set out in the Public Finance Management Act 1999 (Act 1 of 1999) and the Local Government: Municipal Financial Management Act (DWA, 2003: 23). The National Treasury's fundamental role in respect of local government is to manage the effect of local government's fiscal activities on national economic policies and to regulate municipal financial management (DWAF, 2003: 23). The National Treasury has a role to play in supporting the DWA and other departments in

fulfilling their support and regulatory roles in so far as these roles relate to fiscal and financial matters.

#### **3.3.5.4.2 THE DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA)**

This department has overall responsibility for the affairs of local government, which include policy, legislation, capacity building, grant allocation and regulation as these apply to the integrated aspects of municipal services provision, including governance, administration, and municipal finance and integrated planning (DWAF, 2003: 23). Most of these responsibilities are imposed through provincial government.

COGTA has the following significant responsibilities related to water services:

- COGTA regulates municipal service partnerships in terms of the White Paper on Municipal Partnerships and the Local Government: Municipal Systems Act (Act 32 of 2000).

Where WSAs partner with an external provider, this must be implemented in terms of national policy and relevant legislation.

COGTA requires municipalities to undertake integrated development planning.

Water service development plans need to be integrated with the integrated development planning (IDP) process as set out in the Local Government:

Municipal Systems Act 2000 (Act 32 of 2000 section 5.2.1).

- COGTA allocates funds to local government including the local government equitable share, the municipal infrastructure grant and the capacity building grant.
- COGTA regulates municipal affairs and intervenes in the case of non-performing municipalities (section 7.3.1).

#### **3.3.5.4.3 THE DEPARTMENT OF HEALTH**

This department is responsible for health policies and practices. It is also responsible for ensuring that all hospitals and clinics are provided with adequate water and sanitation facilities and that these facilities are operated in a sustainable manner and are effectively maintained (DWAF, 2003: 23). The effectiveness of water and sanitation services in promoting healthy and sustainable livelihoods is dependent on effective health and hygiene education which is coordinated with the construction and delivery of water and sanitation infrastructure and related services (Thabethe, 2006: 4).

**3.3.5.4.4 District municipalities** have the fundamental responsibility for health and hygiene education related to water and sanitation services (DWAF, 2003: 23). National and provincial departments will assist in the training of staff to do this work, and in the training and support of community-based hygiene education workers (DWAF, 2003: 23). This is particularly important in the context of the greater vulnerabilities of individuals and groups affected by HIV/AIDS.

#### **3.3.5.4.5 THE DEPARTMENT OF EDUCATION**

This department is responsible for developing national education curricula which include appropriate health and hygiene education, which is in turn related to water and sanitation, and the wise use of water (DWAF, 2003: 23). The national department together with the provincial departments is also in charge of ensuring that all schools are provided with adequate water and sanitation facilities. These facilities should be sustainable, and adequately maintained (DWAF, 2003: 23).

#### **3.3.5.4.6 THE NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS**

This department sets national housing policy while the provincial departments of housing set provincial housing policies and allocate housing subsidies (DWAF, 2003: 23). Housing policies must recognise the right of WSAs to establish, for new housing developments, service level policies which are both affordable and sustainable to the municipality in the long-term (Thabethe, 2009: 6; DWAF, 2003: 23). Housing policies must promote efficient water use and must be aligned to local government's service level policies with regard to water and sanitation.

#### **3.3.5.4.7 THE NATIONAL DEPARTMENT OF PUBLIC WORKS**

This department acts as the implementing agent on behalf of national government departments when facilities are constructed or rented (DWAF, 2003: 23-24). The Department's activities involve the planning of projects to construct facilities, the administration of projects and the management of facilities for client departments. The Department thus has a critical responsibility to ensure that enough provision is made for water and sanitation facilities in government and public buildings, in line with national policy (DWAF, 2003: 24). The Department of Public Works is also responsible for enforcing implementation of the

community-based public works programme and should co-ordinate with water services authorities to align priorities and approaches in this respect (DWAF, 2003: 24).

#### **3.3.5.4.8 THE DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND TOURISM**

DEAT is responsible for national environmental policies. The good management of water is essential to environmental sustainability (DWAF, 2003: 24). The DEAT has a role to play with regard to water and sanitation services insofar as environmental impact assessments are required for water services infrastructure projects, and in participating in joint ventures that promote conservation, cleaner technologies and waste minimization (DWAF, 2003: 24).

#### **3.4 THE ROLE OF WATER SERVICES AUTHORITIES IN WATER RESOURCE MANAGEMENT**

Not all municipalities can be WSAs. Most district municipalities and some local municipalities have acquired the status of WSAs. The shareholders of UThukela Water (Amajuba, UMzinyathi and Newcastle municipalities) are WSAs. WSAs have a constitutional obligation to plan, ensure access to land and regulate the provision of water services within their areas of supply (DWAF, 2003: 12). They may provide water services themselves or contract external water service providers to execute the function on their behalf; however, the oversight function still remains with the water services authorities. In the same vein municipalities who have acquired the status of WSAs have an important role to play in water resource management. They are responsible for ensuring the acquisition of licenses from DWAF for raw water abstractions and discharging wastewater to rivers or dams. When permitted by DWAF, the WSAs may regulate

the provision of water services within their area of supply through by-laws and contracts (DWAF, 2003: 12).

### **3.4.1 WATER SERVICES DEVELOPMENT PLANS (WSDP)**

The primary purpose of the WSDP is to help WSAs execute their mandate effectively and successfully. It is imperative that WSAs update their plans every five years, and report annually on progress in these plans. WSDPs are not regularly updated at Amajuba and UMzinyathi District. This has negative consequences for the local municipalities who are charged with the responsibility to build more houses for their people. Failure to review WSDPs affects the ability of local communities and the DWA to assess how well WSAs are performing relative to their capacity and intentions (WSA, 2007: 140). The following policies apply to the WSDP as cited in DWAF (2003: 40); and WSA (2007: 75).

- All WSA must develop a WSDP;
- A new plan must be developed every five years and should be updated regularly;
- The WSDP must be integrated with the IDP for the municipality as directed by the Local Government: Municipal Systems Act 2000 (Act 32 of 2000);
- The WSDP must provide integrated water supply planning with sanitation planning;
- The WSDP must provide integrated technical planning with social, institutional, financial and environmental planning;
- The WSDP must be informed by the business plans developed by the Water Services Provider;

- The plan must consider the impact of HIV/AIDS on future water demand;
- The WSDP must be integrated with the catchment management strategy;
- The planning process must take into account the views of stakeholders, including local citizens, through consultative and participatory processes;
- The draft must be made available to the public and stakeholders or comments which must be considered when preparing a final plan;
- The contents of the WSDP must be communicated to all important stakeholders including DWAF;
- The WSA must report annually and in public way on progress in implementing the plan.

### **3.4.2. INTEGRATED DEVELOPMENT PLANS (IDP)**

South African people live different life styles. This is due to the fact that some are well-to-do while others are in extreme poverty. Some live in very expensive urban suburbs, others are in squatter camps, slums and in tribal villages. The fact is that while people are increasing in numbers, the available land remains, as does the water resources.

The IDP model seeks to promote a future-orientated, problem-solving mentality. The IDP is the gearing mechanism through which national constitutional obligations are matched with the autonomous prioritisation of locally generated developmental agenda's (Parnell *et al.*, 2002: 84). According to Parnell *et al* (2002: 84), the IDP enables municipalities to:

- Evaluate the current reality in the municipal area, including economic, social and environmental trends, available resources, skills and capacities;
- Evaluate the varied requirements of the community and different interest groups;
- Prioritise these needs in order of urgency, importance and constitutional and legislative imperatives;
- Develop frameworks and set goals to meet these needs;
- Find strategies to achieve the goals within specific time frames;
- Establish and implement projects and programmes to achieve key objectives;
- Establish targets and monitoring tools/instruments to measure impact and performance;
- Budget effectively with limited resources and meet strategic objectives (Craythorne, 2003: 151). Parnell *et al* (2002: 84-85) maintain that the IDP recognises the complex inter-relationship between various aspects of development, political, social, economic, environmental, ethical, infrastructural and spatial. The government is committed to justice, participation, democracy, poverty alleviation and physical and racial redress.

### **3.5 LEGISLATIVE MANDATE**

Legislation is a process through which statutes are enacted by a legislative body that is established and empowered to do so ([www.business dictionary.com/definition](http://www.businessdictionary.com/definition)). Merriam Webster defines the action of legislating as specifically the exercise of power and function of



making rules that have the force of authority by virtue of their promulgation by an official organ of state or other organization (<http://www.merriam-Webster.com/dictionary/legislation>). The Department of Water Affairs derives its mandate from a number of pieces of legislation including the following:

- Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996);
- Water Services Act 1997 (Act 108 of 1997);
- The Local Government: Municipal Systems Act 2000 (Act 32 of 2000);
- National Water Act 1998 (Act 36 of 1998);
- Local Government : Municipal Structures Act 1998 (Act 117 Of 1998);
- Intergovernmental Relations Framework Act 2005 (Act 13 of 2005);
- Traditional Leadership and Governance Framework Act 2003 (Act 41 of 2003);
- Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

The discussion below highlights how the above pieces of legislation shape and direct the provision of water and sanitation services in South Africa.

### **3.5.1 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA**

There are a variety of Acts and policies which direct service delivery improvement in South Africa. These include the Constitution, Public Finance Management Act 1999 (Act 1 of 1999),

the White Paper on Human Resource Development, and the White Papers on the Transformation of the Public Service and Transforming Public Service Delivery.

Saito (2008: 192) maintains that the new local government mandate signifies a conceptual move from municipalities serving as administrative services delivery agents to the promotion of developmental goals and principles. More precisely, Section 153 (a) of the Constitution stipulated the developmental roles of the municipalities as follows:

- Structure and manage its administration, and budgeting and planning process to give priority to the fundamental needs of the community and to promote the social and economic development of the community, and participate in national and provincial development programmes.

### **3.5.2 THE CONSTITUTIONAL MANDATE OF LOCAL GOVERNMENT FOR WATER SERVICES**

Section 2 of the 1996 Constitution of the Republic of South Africa stipulates that “this constitution is the supreme law of the Republic, law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled”. This simply means that there is no legal norm in the State higher than the Constitution. All components of the State are regulated by the Constitution and related legal norms. Public administration is one of the basic themes of the Constitution and in Section 197 (1), it is stipulated: “within public administration there is a public service for the Republic, which must function and be structured in terms of national legislation, and which must loyally execute the lawful policies of the government of the day”.

The Constitution (1996: 25) identifies the three spheres of government and provides that they are “distinctive, interdependent and inter-related”. The distinctiveness of each sphere is the degree of legislative and executive autonomy. Interdependence is the degree to which one sphere depends on another for the fulfillment of its constitutional functions. Inter-relatedness refers to the duty on each sphere to co-operate with one another in mutual trust and good faith (WSA, 2007: 1). The Constitution outlines the functional areas of local government competencies as opposed to those competencies which are the responsibility of national and provincial governments. Part of schedules 4 and 5 of the Constitution outline the local government functional areas as:

- Portable water supply, and
- Domestic wastewater disposal systems.

It is therefore clear that local governments have a responsibility to deliver water and sanitation services to their local communities not by choice, but as a Constitutional obligation.

### **3.5.3 BILL OF RIGHTS IN RELATION TO FREE BASIC WATER**

According to McDonald and Ruiters (2005: 60) human rights bind the state. Section 8 (1) of the Constitution codifies this principle by stipulating that the Bill of Rights’ applies to all law, and binds ... all organs of state’. According to Section 7 of the Constitution, the state is enjoined to ‘respect, protect, promote and fulfill’ the rights in the Bill of Rights. At all levels of life – political, social, economic and cultural – the privatization of water is therefore anti-democratic, anti-social and anti-human (McDonald and Ruiters, 2005:166). Households are charged more

for additional water they use, in order to recover the income lost due to the first 6000 l provided. Moreover, millions of the poorest South Africans do not have access to water services and thus receive no allocation of free water. (McDonald and Ruiters, 2005:166)

Water services are the responsibility of local government which in this case and context are municipalities. Municipalities are tasked constitutionally to ensure that communities both rural and urban have access to sustainable services. As stated earlier where there are deficiencies and limitations in terms of resources, local government can call on national and provincial government to solicit support from the DWA which is the regulator and the leader in the water industry. The DWA is also responsible for ensuring the protection of the nation's water resources as well as usage, development and subsequent control of it. Water is a natural resource that, by its very nature, must be collectively owned and enjoyed (McDonald and Ruiters, 2005:167).

#### **3.5.4. NATIONAL WATER ACT 1998 (ACT 36 OF 1998)**

The water sector in South Africa has witnessed radical changes following from the new principles of the NWA to correct for the biases and injustices of the past (pre-1994) and to move towards more socially just, economically efficient and environmentally sound water management and allocation regimes and policies in the country (Lange and Hassan, 2006:118).

The required reforms span almost all aspects of water management and allocation including revolutionary changes in defining and granting rights to water, reorienting investment and allocation priorities and strategies to strongly pro-poor and environmentally friendly

approaches, and radical adjustments in water management and supply institutions (Lange and Hassan, 2006:32). The National Water Policy (NWP) adopted by the Cabinet in 1997 established three fundamental objectives for managing water resources in South Africa: to achieve

- Equitable access to water;
- Sustainable use of water;
- Efficient and effective water use.

Therefore the political transition in South Africa created a unique opportunity with the required political will to effect new legislation to address integration of water resources management in terms of quantity and quality, surface and ground water, with strong emphasis on equity, sustainability and efficiency. The water law reform process developed key principles through a wide public participation process before it was entrenched in the National Water Act in 1998. Chapter 1 of the National Water Act 1998 ( Act 36 of 1998) sets out the basic principles and states that “Sustainability and equity are identified as central guiding principles in the protection, use, development, conservation, management and control of water resources” (McConkey, 2010: 27).

“These guiding principles recognise the basic human needs of present and future generations and the need to protect water resources, the need to share some water resources with other countries, the need to promote social and economic development through the use of water and the need to establish suitable institutions in order to achieve the purpose of the Act” (McConkey, 2010: 27).

### **3.5.4.1 INTEGRATED WATER RESOURCE MANAGEMENT**

Water governance is a domain that depends heavily on advanced expert knowledge, including meteorological and hydrological models for predicting water quantity, chemical and biological methods for water quality assessment, and climate change models for assessing future scenarios (Pollitt, 2011: 52-53).

Researchers and practitioners propose Integrated Regional Water Management (IRWM) as a solution to the fragmentation and lack of cooperation that occurs when regional decisions encompass multiple political and administrative boundaries (Pollitt, 2011: 77).

According to Pollitt (2011:77) IRWM is an international phenomenon associated with a general decentralization of environmental governance institutions.

From a theoretical perspective, IRWM functions to reduce transaction costs of bargaining, monitoring, and enforcing cooperative agreements (Pollitt, 2011:77).

In South Africa the National Water Act incorporates international principles of Integrated Water Resource Management (IWRM) (DWAf, 2004) which is defined “as a process which promotes the coordinated development and management of water, land and related resources in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystem.” According to Lange and Hassan (2006:120) integrated water resource management requires that the complex interactions among different elements of hydrological cycle and between fresh water systems and the surrounding biophysical and socio economic environment be taken in to account in managing and planning development and use of water resources in the country.

Everyone in the country is expected and should be enabled to play an active part in water management. The National Water Act 1998 (Act 36 of 1998) has substantially changed the framework for access to water, ensuring the improved and equitable distribution of this precious resource (McConkey, 2010: 27). Integrated water resources management also requires effective cooperation and coordination between agencies involved in managing different aspects of water and related resources for various purposes including poverty reduction and environmental health (Lange and Hassan, 2006:120)

#### **3.5.4.2 NATIONAL WATER RESOURCE STRATEGY**

The National Water Act 1998 (Act 36 of 1998) requires the development of a National Water Resource Strategy (NWRS) by the Minister. According to McConkey (2010: 29), the NWRS provides the framework for the protection, use, development, conservation, management and control of water resources for the country as whole. It also provides the framework within which water will be managed at regional or catchment level in defined water management areas. The DWA (2004) outlines the aims and objectives of water resource management for the country and sets out the strategies, plans and procedures to achieve these objectives.

According to McConkey (2010: 29), the strategy identifies opportunities for social and economic development where water is available. Infrastructure development, water demand management and water quality management should be worked out together in order that water is used in the most beneficial and effective way.

### **3.5.4.3 WATER MANAGEMENT INSTITUTIONS**

The National Water Act 1998 (Act 36 of 1998) enables the realisation of the goal of democratization of water resource management. In this regard, the Act provides for the devolution of powers to manage water resources (McConkey, 2010: 29-30). The means for the devolution of these powers is the establishment of suitable water management institutions.

The DWA (2004) states that water management institutions should demonstrate democratisation and should have appropriate community, racial and gender representation.

This prerequisite strengthens the need to have all sectors of society involved in the management of water resources (DWA, 2004).

Due to the fact that water does not recognise boundaries, it is important that the management of water resources should be carried out in regional catchment water management areas that coincide either with natural river catchments or groups of catchments (McConkey, 2010: 29).

### **3.5.4.4 COST OF WATER: GUIDING PRINCIPLES**

The National Sanitation Policy White Paper (RSA, 1996: 4) states that: 'Sanitation system must be sustainable. This means that payments by the user are important. The White Paper on Water Policy (RSA, 1997) argued that in order to 'promote the efficient use of water, the policy will be to charge users for full financial costs of providing access to water, including infrastructure development and catchment management activities.

This stimulated that water laws in the country be reviewed. McConkey (2010: 35) argues that the review of the water law was guided by a wide public participation process, culminating in a



set of basic principles. According to him, these principles were embodied in the White Paper on National Water Policy, 1997, as a statement of policy followed up by enacting it in legislation with the Water Services Act, 1997 (WSA, 1997) and the National Water Act, 1998 (NWA, 1998).

Three basic objectives for managing South Africa's water resources came from these principles, as cited in DWA (2005):

- To achieve equitable access to water, including access to water services, to the use of water resources, and to benefit from the use of water resources.
- To achieve sustainable use of water, by making progressive adjustment to water use to achieve a balance between water availability and legitimate water requirements, and by implementing measure to protect water resources.
- To achieve efficient and effective water use for optimum social and economic benefit.

According to McConkey (2010: 35), the charges for the use of raw water and potable water in South Africa are mainly based on the user pays principle. McConkey (2010: 35) argues that the price of water is based on the actual cost of delivering all services from catchment and resource management through to infrastructure development and operation, the purification and distribution of water and treatment and discharge of waste water. This results in the management cost of the resource to ensure protection and sustainable use.

The benefits of the approach result in equity and sustainability in water matters by promoting financial sustainability and economic efficiency in water use. The real financial costs of

managing water resources and supplying water, including the cost of capital, must eventually be recovered from users (DWAF, 2005). However, this poses a huge challenge to government given the fact that the unemployment rate is still high in South Africa for both urban and rural communities.

#### **3.5.4.5 WATER USER CHARGES**

Lee (1999:2) argues that nearly four-fifths of the surface of the earth is covered by water as the oceans. However there is a contradiction that only a small proportion of this water, 2.5 to 3 percent, is freshwater, and, therefore, directly suitable for the maintenance of human life.

The total amount of freshwater accessible from these sources for human use is, however, only a very small proportion of the total amount of freshwater that is found on earth ( Lee, 1999:3).

This presents a huge challenge to government in an effort to provide its citizen with as much water as possible. The National Water Act 1998 (Act 36 of 1998) provides for three types of water use charges in order to meet the needs of the South African citizens:

- **Funding water resource management:**

Activities such as information gathering, monitoring and controlling water resources and their use, water resource protection, and water conservation ( McConkey, 2010: 35);

- **Funding water resource development and use of water works:**

The cost of investigation, planning, design, construction, operation and maintenance of waterworks, pre-financing of development, a return on assets and the costs of water distribution ( McConkey, 2010:35); and

- **Achieve the equitable and efficient allocation of water:**

Economic incentives to encourage more efficient use of water, water conservation and a shift from lower to higher value uses (McConkey, 2010: 35).

#### **3.5.4.6 THE CATCHMENT MANAGEMENT AGENCIES (CMAS)**

These are institutions defined by the National Water Act 1998 (Act 36 of 1998) as essential for effective Integrated Water Resources Management (IWRM). They derive their powers from the Act. Their powers include developing, managing and regulating water resources in their respective water management areas. In view of the fact that the demand for water in South Africa is growing catchment management agencies need to be aggressive and vigilant in their planning. Factors contributing to this growth are the high population growth rate though presently tempered by the high death rate due to HIV/AIDS; rapid urbanization; economic development; demands for higher levels of service such as in-house water rather than communal standpipes; and drinkable water for everyone in the country (Meyer, 2007:25).

According to Meyer (2007:29) uncontrolled community settlement near urban areas has caused human impoverishment and environmental degradation. Due to the speed of sub-informal urbanisation the authorities fail to control further settlement and, for instance, to plan land use and the building or construction of a water supply and waste-water treatment facilities.

Uncontrolled urban agglomerations have a very high level of water demand and in most cases an inadequate system of sewage disposal (Meyer, 2007:29). The main challenge is that most people living in such settlements have no access to clean drinking water or adequate sanitation.

This explains the occurrence of diseases e.g. cholera.

Despite the urgent need for proper and proactive planning the CMAs are to date not regulated due to a lack of capacity to do this (McConkey, 2010:30). The CMAs have a regulatory responsibility over water user associations in their areas of jurisdiction.

### **3.5.5 WATER SERVICES ACT 1997 (ACT 108 OF 1997)**

The Water Services Act 1997 (Act 108 of 1997) seeks to provide for the rights of access to basic water supply and basic sanitation; the setting of national standards and norms and standards for tariffs; water services development plans; a regulatory framework for water services institutions and water services intermediaries; the establishment and disestablishment of water boards and water services committees and their powers and duties; the monitoring of water services and intervention by the Minister or by the relevant Province; financial assistance to water services institutions; certain general powers of the Minister; the gathering of information in a national information system and the distribution of that information; matters connected therewith and to repeal certain laws( [www.acts.co.za](http://www.acts.co.za);[www.info.gov.za](http://www.info.gov.za); Water Services Act 1997 on act online).

In summary, the Water Services Act 1997 (Act 108 1997) endeavors to recognise that the rights of access to basic water supply and basic sanitation necessary to ensure sufficient water and an environment not harmful to health or well-being are observed; that in striving to provide water supply services and sanitation services, all spheres of Government must observe and adhere to the principles of co-operative governance; that the provision of water supply services and sanitation services although an activity distinct from the overall management of water resources must be undertaken in a manner consistent with the broader goals of water resource

management, and that water supply services and sanitation services are often provided in monopolistic or near monopolistic circumstances and that the interests of consumers and the broader goals of public policy must be promoted ( [www.acts.co.za;www.info.gov.za](http://www.acts.co.za;www.info.gov.za); Water Services Act 1997 on act online).

The Act acknowledges that there is an obligation on all spheres of government to ensure that water supply and sanitation services are provided in a manner which is efficient, equitable and sustainable; that all spheres of government must strive to provide water supply services and sanitation services sufficient for subsistence and sustainable economic activity; that although municipalities have authority to administer the water supply and sanitation services, all spheres of Government have a responsibility, within the limits of physical and financial feasibility, to work towards this object ( [www.acts.co.za;www.info.gov.za](http://www.acts.co.za;www.info.gov.za); Water Services Act 1997 on act online).

The Act confirms the National Government's role as custodian of the nation's water resources ([www.acts.co.za;www.info.gov.za](http://www.acts.co.za;www.info.gov.za); Water Services Act 1997 on act online). The Act places obligations on the water service institutions to take reasonable measures to realise human rights. The overall aim of the Act is to help the municipalities perform their functions as WSAs, and to fulfill their Constitutional objective of looking after the interests of communities. The Water Services Act deals mainly with water and sanitation services provided by local government to domestic users and other municipal water users (DWAF, 2007). The following

rules are contained in the Act in respect of how municipalities should provide water and sanitation services to the public (DWAF, 2007: 6-7):

- Norms and standards in respect of tariffs for water services in terms of Section 10 (1) of the Water Services Act 1997 (Act 108 of 1997);
- Regulations relating to compulsory national standards and measures to conserve water in terms of Section 9 (1) and Section 73 (i) (j) of the Water Services Act 1997 (Act 108 of 1997), and
- Regulations relating to Water Services Provider contracts in terms of Section 19 (5) of the Water Services Act 1997 (Act 108 of 1997).

### **3.5.6 LOCAL GOVERNMENT: MUNICIPAL DEMARCATION ACT 1998 (ACT 27 OF 1998)**

This Act created the framework for the re-demarcation of municipal boundaries by the independent Demarcation Board (WSA, 2007: 8). The Demarcation Board reduced the number of municipalities from 843 to 283, effective as of the municipal elections in December 2000 including:

- six metropolitan municipalities;
- 47 district municipalities;
- 231 local municipalities (WSA, 2007: 8).

When demarcating the municipal boundary, the Board had to aim to establish an area that would enable a municipality to fulfill its Constitutional obligations, including the provision of services on an equitable and sustainable basis, the promotion of social and economic

development and the promotion of a safe and healthy environment (WSA, 2007: 8). The tax base was to be as inclusive as possible. Effectively, municipal boundaries were no longer limited to urbanised areas and extended to cover towns and rural areas, including farm lands.

### **3.5.7. LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT 1998 (ACT 117 OF 1998)**

Municipalities are established in terms of the Local Government: Municipal Structures Act 1998 (Act 117 of 1998). Municipal internal structures are also created in line with what the Municipal Structures Act dictates, such as whether the mayor will be an executive one or not and the form the council will take. The Local Government: Municipal Structures Act 1998 (Act 117 of 1998) deals with the division of powers and functions between district and local municipalities.

The Local Government: Municipal Structures Act 1998 (Act 117 of 1998) allocates a broad range of powers and functions to district municipalities. Amongst these are water, sanitation, and municipal health and electricity services. While the Act allocated these four functions to district municipalities, it also makes provision for the National Minister of local government to authorise a local municipality to exercise these powers and functions in its area of jurisdiction instead of the district municipality.

The Local Government: Municipal Structures Act 1998 (Act 117 of 1998) outlines the structures a municipality can have, and provides guidance on how these must be created but does not

elaborate on the functioning of these structures. This is contained in the Local Government: Municipal Systems Act 2000 (Act 32 of 2000).

### **3.5.8 LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)**

The Local Government: Municipal Systems Act 2000 (Act 32 of 2000) focuses on the internal systems and administration of the municipality.

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

provides the fundamental elements of public accountability and the constitutional requirement for public involvement in policies and decision-making and, as such, is premised on the basis of people centred 'developmental local government'. The Act further clarifies the responsibilities of a service authority and a service provider, sets out the roles of officials and councilors and provides for a range of requirements including IDPs, performance management and tariff setting.

The Local Government: Municipal Systems Act 2000 (Act 32 of 2000), together with the Municipal Finance Management Act, is the primary piece of legislation that regulates municipal services delivery. The Act provides a range of service delivery mechanisms through which municipalities may provide municipal services and sets forth the process to be applied and the criteria to be considered in reviewing and selecting municipal service delivery mechanisms.

### **3.5.9 LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003 (ACT 56 OF 2003)**

The Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) (MFMA) regulates the financial affairs of the municipalities and municipal entities and establishes



treasury norms and standards for budgets, reporting and financial controls (Act 56 of 2003).

The MFMA applies to all municipalities, all municipal entities and national and provincial organs of state as regards their financial dealings with municipalities (Act 56 of 2003). The objectives of the Act include ensuring transparency, accountability and appropriate lines of responsibility. It focuses on ensuring the prudent management of revenues, expenditures, assets, liabilities and the handling of financial dealings.

The MFMA regulates certain aspects of municipal service delivery mechanisms and the process of implementing such mechanisms (Act 56 of 2003). Matters addressed include the establishment of municipal entities, public-private partnerships and municipal budget.

This Act places the obligation on municipalities to practice supply chain management. This is a holistic approach to procuring goods and services by local government.

Some regulations have been issued by the Minister of Finance. Those relevant for purposes of WSA functions are the Municipal Supply Chain Management Regulation (Government Gazette 27636, Notice No.: 868 dated 30 May 2005), and the Municipal Public-Private Partnership Regulations (Government Gazette 27431, Notice No.: 309 dated 1 April 2005).

### **3.5.10 LOCAL GOVERNMENT: TRADITIONAL LEADERSHIP AND GOVERNMENT FRAMEWORK ACT 2003 (ACT 41 OF 2003)**

This Act provides for the recognition of traditional communities, traditional councils and tribal leaders. It aims to set out the national framework and norms and standards that will define the place and role of traditional leadership. The Act provides that national and provincial government must promote partnerships between municipalities and traditional councils (Act 41 of 2003).

#### **3.5.11. DIVISION OF REVENUE ACT 2002 (ACT 2 OF 2002)**

It is intended that municipal spending is largely self-funded from rates, taxes and charges on local communities (WSA, 2007: 10). However, nationally raised revenue must also be shared between the spheres. The Division of Revenue Act is enacted annually and gives effect to s214 (1) of the Constitution that provides for the equitable division of nationally raised revenue among the three spheres of government. It reflects a medium term expenditure framework over three-year periods (WSA, 2007: 10). National transfers to local government include the equitable share, the Municipal Infrastructure Grant which is intended to consolidate all municipal infrastructure grant funding to be used to systematically eliminate backlogs in basic infrastructure, capacity building, institutional and system grants (WSA, 2007: 10).

#### **3.5.12. THE INTERGOVERNMENTAL RELATIONS FRAMEWORK ACT 2005 (ACT 13 OF 2005)**

The Intergovernmental Relations Framework Act sets out the framework for national, provincial and local government and other organs of state to promote and facilitate intergovernmental relations and to provide for the mechanisms and procedures to facilitate the settlement of intergovernmental disputes (Act 13 of 2005). The Act forces government to attempt to settle disputes amicably before resorting to litigation.

### **3.5.13 APPLICABLE POLICIES AND LEGISLATION FOR THE PROVISION OF WATER AND SANITATION SERVICES**

Water is essential for human life, for agricultural and industrial production, and for water-based recreation. It is central to many national concerns, including energy, food production, environmental quality and regional economic development. Water is so much a part of human lives that it is often taken for granted, even though it is unequally distributed in time and space, thereby causing problems of “too much” or “not enough” ( Dzurik, 1990:1). Although water is an important resource and an essential requirement for individuals and societies, it can also be a deadly cause. Major floods frequently bring death and destruction throughout the world, and polluted waters usually have serious health risks that render such water unfit for most human uses (Dzurik 1990:1). In view of the many competing demands for water, its uneven spatial and temporal distribution, and the potential hazards from pollution and flooding, water resources planning is a significant activity in modern society. Dzurik (1990: 1) argues that water can no longer be treated as a free good; rather it must be regarded as a resource to be carefully managed in order to maximize benefits and minimize negative effects. Planning and policy development are the first steps in addressing water resource issues, whether responding to immediate needs or anticipating those of some future time. According to Dzurik ( 1990:2), Lange and Hassan (2006:2) consideration must be given in comprehensive water resources planning to a number of objectives, such as economic development, social well-being, environmental quality, recreation, flood protection, adequacy of supplies, and political acceptability of plans. Water resource experts argue that most water problems are not mainly due to physical constraints or technical inabilities but to a lack of common understanding on

objectives or on methods of achieving those that have been set. The planning and policy development process are important factors in attempting to achieve appropriate uses of water in the face of competing and often conflicting demands.

Therefore without doubts water and sanitation services cannot be delivered without policies and legislation for regulation. Policies establish the vision, overall goals and approach while legislation creates the enabling environment for enforcement. Water services by-laws are crafted by the water services authority guided by the Water Services Act.

#### **3.5.13.1 WATER SERVICES BY-LAWS**

Planning and decision making with respect to water resources involves a diverse set of people and issues (Dzurik, 1990:3). In providing municipal water supplies, for example, the level of control and involvement can include all levels of government, councils and their councilors as well as the private sector. The National government has set standards for drinking water quality that must be met by municipal supplies. Local governments are responsible to enforce these standards. Local governments provide the water supply system through water services authorities or utilities. In short, planning and decision making are required at all levels of government as well as in the private sector. Among the primary principles invoked at the National level are health, safety, and welfare. Thus, the bylaws related to the above would establish the need for national drinking water standards, obtain relevant information on health effects, determine risks and benefits of certain levels of water quality, and then establish appropriate national standards (Dzurik, 1990:3). An implementation program may include cooperation from other government departments in the form of education, financial incentives and penalties, and assistance to provincial and local government (Dzurik, 1990:3).

According to the Water Service Act: Section 21: All water services authorities must draw up by-laws which contain conditions for the provision of water and sanitation services, and which must provide for at least:

- The standard of the services;
  - The technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided; and
  - Conditions under which water services are provided (Water Services Act Section 21).

### **3.5.13.2 CREDIT CONTROL POLICY**

For a large number of consumers who do not waste water, paying for water according to the tariff system means that water services could either be free or very cheap. Since the provision of water and sanitation services to the consumer requires payment to ensure sustainability of services, communities that do not pay for water services in excess of 6 kl per month will be restricted to 200 litres per day (WSA, 2007: 10). The provision is supported by the credit control policies of the two district municipalities served by UThukela Water. This volume of water is believed to be more than enough for a family's basic health, hygiene and domestic needs, assuming that there are not more than three family members and that they are in good health. A different view to this position is presented and argued for in sub section 3.5.13.3. Defaulting customers cannot be completely deprived of a water supply and therefore should be

allowed to have a trickle flow ranging between 4l per hour to 10 per hour (Thabethe, 2006).

The credit control policy must be in line with the by-laws and should be approved by Council before implementation (WSA, 2007: 10).

### **3.5.13.3 FREE BASIC WATER POLICY**

The free basic water policy announced in the December 2000 municipal elections represents an effort to progressively realize the right to sufficient water (McDonald and Ruiters, 2005:72).

The Department of Provincial and Local Government explained that the free water policy is based on 'a belief in the right of all South Africans to receive at least a common minimum standard of service, and the constitutional duty of all three spheres of government to ensure it' (McDonald and Ruiters, 2005:72). In terms of the policy, every house hold is entitled to at least 6 kilolitres (*kl*) per month, or 25 l per person per day.

The exact amount of water required to enjoy all rights in the Constitution vary depending on circumstances, including the region of the country one lives in, the type of water technology a house-hold has access to or whether water is needed for irrigation (McDonald and Ruiters 2005:73). The World Health Organization estimates that access to 25 l per person day (ppd) is a minimum to maintain life, but that enjoyment of a healthy life requires much more. Research by the South African Municipal Workers' Union concluded that the amount of water needed to meet environmental health concerns is 63 to 110 l per person day (ppd), an estimate that does 'not include water used for subsistence gardening or the operation of small businesses – practices which are often essential for the survival of the poor' (McDonald and Ruiters, 2005: 73).

The above statistics imply that a free basic water policy limited to 25 l per person day will not ensure that every person has access to sufficient water (McDonald and Ruiters 2005:73).

#### **3.5.13.4. INDIGENT POLICY**

According to Section 104(l) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), the Minister may make regulations or issue guidelines in accordance with Section 120 to provide for or regulate the development and implementation of an indigent policy (WSA, 2007: 54). The indigent policy seeks to subsidize water and sanitation services to poor households.

Under the Local Government: Municipal Systems Act (Act 32 Of 2000), Section 97, municipalities are required to develop a credit control and debt collection policy which must provide for 'indigent debtors' in a manner 'that is consistent with its rates and tariff policies (McDonald and Ruiters, 2005:113).

By targeting specific groups indigent policies run the risk of stigmatizing the poor by providing demeaning and often difficult to understand criteria that have to be fulfilled before entitlements are granted (McDonald and Ruiters, 2005:114). In the case of UThukela Water indigent policies are developed by water services authorities. This responsibility therefore lies with Amajuba and UMzinyathi district municipalities.

#### **3.5.13.5. TARIFF POLICY**

It is the responsibility of a WSA to adopt and implement tariff policies.

The Local Government: Municipal Systems Act 2000 (Act 32 of 2000): Section 74 states that:

- A municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) and any other applicable legislation.
- A tariff policy must reflect at least the following principles:
  - Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
  - Tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned (See section 74 of the Local Government: Municipal Systems Act; WSA, 2007: 47).
- A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination (WSA, 2007: 47).

#### **3.5.13.6 CHARGES BY WATER SERVICES AUTHORITIES FOR POTABLE WATER**

District municipalities or local municipalities which are water services authorities are responsible for the purification and distribution of potable water. Charges to consumers are therefore determined by them within the boundaries of national guidelines, norms and



standards. Although government may be responsible for setting both taxes and water rates, there is an important distinction to be observed. Water rates are charges for the measured delivery of a valued commodity (Griffin, 2006:245). This is not a tax but the cost of a service. The term *rate structure* may address whether the per-unit price of water decreases, stays the same, or increases with the amount of water consumed (Griffin, 2006:245).

McConkey (2010: 37) argues that a tariff set by a water services institution for the provision of water through a consumer installation designed to provide an uncontrolled volume of water to households, must include a volume-based charge that:

- Supports the viability and sustainability of water supply services to the poor;
- Discourages wasteful or inefficient water use, and
- Takes into account the incremental cost that would be incurred to increase the capacity of the water supply infrastructure to meet an incremental growth in demand.

According to the new tariff structure required by law, the more water one uses, the more one has to pay (DWAF, 2006). This approach encourages South Africans to use water sparingly.

Noting that the financial year for local government begins on July 1, each municipality therefore promulgates new tariffs in June and they become effective by July 1 each year.

### **3.5.13.7 TARIFF STRUCTURE**

Water is provided through communal standpipes and individual connections. The standpipes are free in rural areas or attract a monthly flat tariff in urban areas. For individual connections, a progress block tariff system is used by the entity to recover costs and to reduce wastage. The

water-pricing structure is based on the principles of equity, affordability and efficiency (Lange and Hassan, 2006:32). Equity dictates that all citizens should have access to safe water to meet their basic needs. Affordability implies that people should not spend more than 5 percent of their disposable income on water (Lange and Hassan, 2006:32) and efficiency implies that in urban areas the full supply costs need to be recovered and that in rural areas the operation and maintenance part of the investment costs need to be recovered (Lange and Hassan , 2006:32).

The ratio between wealthy and poor consumers and the distribution of consumption in the supply area i.e. the ratio of small to large consumers and the ratio between industrial and residential consumers, are likely to be central to the viability of local level cross subsidies (WSA, 2007: 24). It is therefore advisable that local authorities gather adequate information on these factors to enable proper local financial planning (WSA, 2007: 24). The approaches required to develop a sustainable tariff policy should not be in conflict with DWA's tariff policy guidelines. However, raising revenue through cross subsidies may according to WSA (2007: 25), be influenced by:

- The eagerness and ability of higher income water users to pay above the average cost of supply;
- The effects that the price changes will have on water use; and
- The need to minimise distortions to the local economy.

### **3.5.13 .8 FIXED MONTHLY CHARGES/BASIC CHARGES/AVAILABILITY CHARGES**

This tariff structure is not the most suited to unrestricted supply. It does not promote equity, conservation or efficient management (Thabethe, 2006; Silulu-manzi Report 2006). This tariff structure is recommended for poor households. A rising block may be selected but will be problematic if there is insufficient funding for cross subsidies (WSA, 2007: 25). Availability charges thus get levied concurrently with monthly consumption.

### **3.5.13.9 FIXED MONTHLY CHARGES VARIED FOR DIFFERENT GROUPS**

This tariff is not applicable to the poor. It is usually made zero for the poor through the free basic water policy. The right to free basic water comes with the responsibility of managing water services effectively and paying for any consumption above 6 kl per month (Thabethe, 2009: 7).

### **3.5.13.10 DECREASING AND RISING BLOCK TARIFFS**

Historically, decreasing block rates were favored, although this has been changing as the economic, circumstances of utilities evolve (Griffin, 2006:247)). Three reasons according to Griffin (2006:247) explain the long-standing preference for decreasing block rates as follows:

- The natural monopoly status of suppliers is due to the declining average costs of providing water;
- It is commonly assumed that large water users such as businesses and industries are more conservative in the water use in that their peak-hour and peak-day water use is not dramatically greater than their average water use. In contrast, it is typically presumed that small water users such as households contribute more to peak water usage. Because system capacity is both expensive and constructed to meet peak

demands, it is arguable that residential users are causing higher average and marginal costs for the utility; and

- Decreasing block rates are favorably viewed by suppliers because they stabilize revenue in the presence of climate-impacted demand. With decreasing block rates, a greater proportion of revenue is derived from the initial units of consumed water, and these units are less likely to be affected by climate.

The opposing rate structure is naturally termed increasing block rates. Griffin (2006:247) alludes that the motivation for the adoption of increasing block rate is based on the following observation:

- that increasing block rates are often claimed to enhance water conservation because large water users are “penalised” for their behavior; and
- because larger water users tend to be wealthier water users in residential settings, there may be a perceived degree of “fairness” associated with increasing block rates (Griffin, 2006:247).

Contrarily to this observation industrial user faced with increasing block rates may think it unfair.

A block rate tariff structure is required for municipal water use with the lowest block to ensure free basic water - especially for the poor. The highest consumption block must be set at an amount that would discourage high water use and that reflects the incremental cost that would be incurred to increase the capacity of the water supply (McConkey, 2010: 37). A water services institution should make every effort to supply basic water supply of six kilolitres per household

per month free of charge. It is common for users supplied out of standpipes and by means of controlled volume supplies to use no more than 6KL a month. These users will generally be representative of lower income groups and rural areas.

This tariff structure is an incentive for residents to use water wisely (Thabethe, 2007: 4). The following example illustrates the rising block tariff:

**Table 1: Rising Block Tariff**

<b>2004/2005</b>		<b>2005/2006</b>	<b>2006/2007</b>
<b>Consumption in L</b>	<b>Tariff R/ KL</b>	<b>Tariff R/KL</b>	<b>Tariff R/KL</b>
<b>0-6</b>	<b>Free</b>	<b>Free</b>	<b>Free</b>
<b>7-10</b>	<b>2.49</b>	<b>3.30</b>	<b>3.99</b>
<b>11-15</b>	<b>4.48</b>	<b>4.80</b>	<b>4.99</b>
<b>16-20</b>	<b>5.00</b>	<b>5.50</b>	<b>5.80</b>
<b>21-40</b>	<b>5.81</b>	<b>6.60</b>	<b>7.00</b>
<b>40+</b>	<b>7.90</b>	<b>7.80</b>	<b>7.90</b>

While the rising block tariff discourages water wastage, it also affects municipal revenue generation. Residents tend to use water more economically to the extent that water sales decrease, forcing municipalities to increase the tariffs even more.

### **3.5.13.11 FLAT RATE TARIFF**

Consumers pay the same amount for each kilolitre consumed irrespective of the amount used.

Flat rate tariffs are simpler and usually more suited for B3 and B4 municipalities (WSA, 2007:

26). If water demand management is not properly enforced and seriously monitored, the municipality or WSA can find itself with huge water debts due to unaccounted for water.

Expenses can also accumulate from large volumes of treated wastewater while there is no revenue generated to offset such expenses.

### **3.5.13.12 BALANCING RIGHTS AND RESPONSIBILITIES**

The limitation and disconnection of water service is a sensitive issue that requires the balancing of rights and obligations (WSA, 2007). Consumers have a right to basic water and sanitation but have a responsibility to make sure that water is consumed sparingly and anything in excess of 6 kl is paid for. According to Griffin (2006:2) a distinguishing feature of water resource decision making is the high degree of public involvement. Whether it is true or not, people think of water resources as public property. This is also true for the people of Amajuba and UMzinyathi district municipalities. They feel entitled to water and they have an opinion about it. Because they drink it and know that life isn't possible without it, they can get emotional about it. They use it in religious and traditional ceremonies. Any modification of their access to water generates reactions that can be disproportionate to the actual restrictions imposed (Griffin, 2006:2). Every change proposed in water management has the potential to become a spark for attracting public opinion. Therefore water is pivotal and dictates terms of living for all communities. Issues to be considered in long term planning as summarized by Griffin (2006:5) are as follows:

- Continued population growth and the rising water demand it brings. This continual increase in demand will result in increased water scarcity over time. Some water demands will grow faster than others. The consequences will be a public desire for the reapportionment of available supply, and continued interest in new water developments;
- Economic advance and development will increase water demand too. When members of a constant population become more affluent due to economic development, their collective water demand will rise;
- Environmentally oriented demands for water have risen rapidly in recent decades and may continue to do so. These demands ask that water stay in place, either in stream or in ground, and that it stay uncontaminated;
- Water supply is not rising; in fact, it is shrinking due to pollution and ground water depletion. Scarcity will certainly increase;
- A warming global climate promises to raise water demand. Because a higher energy climate is projected to cause more evaporation and precipitation, with more precipitation occurring in large storm events, the demands for water infrastructure like reservoir storage and flood control gates are expected to rise; and
- Public health concerns pertaining to the quality and security of drinking water continue to boost the costs of water and wastewater treatment operations (Griffin 2006:5).

### **3.5.13.13 NATIONAL JOINT TRANSFER POLICY: TRANSFER OF WATER SERVICES, 2003**

The document summarises the Department of Water Affairs, Department of Cooperative Governance and Traditional Affairs (COGTA), and South Africa Local Government Association (SALGA) policy position relating to the transfer of water services works, and associated water services provision functions from DWA to the relevant water services authorities/institutions (WSA, 2007). The first programme was set out in the Division of Revenue Act 5 of 2002. The policy accepts the need to support sustainable transfer to the 84 water services authorities affected by the transfer programme.

### **3.5.13 STRATEGIES**

#### **3.5.13.1 JOINT NATIONAL WATER SERVICES SECTOR SUPPORT STRATEGY, 2006**

The aim of the support strategy is to support the objectives set out in the Strategic Framework including ensuring the establishment and functioning of capable, effective and efficient water services institution (DWAF, 2006). Over and above the support function, the strategy aims to ensure the development of adequate skills and competencies required in the water services sector, and to enable all sector role-players and partners to fulfill their roles effectively (DWAF, 2006).

#### **3.5.13.2 NATIONAL SANITATION STRATEGY, 2005**

The White Paper on Basic Household Sanitation 2001 emphasises the provision of a basic level of household sanitation to those areas with the greatest need (DWAF, 2005). It focuses on the safe disposal of human excreta in conjunction with appropriate health and hygiene practices, and requires that the provision of sanitation services be demand-driven and community-based with a focus on community participation and household choices (DWAF, 2005).

### **3.5.14 CONCLUSION**



Worldwide, countries are concerned with water and sanitation provision. South Africa is no exception. While in other countries the provision of water and sanitation services is regarded as a basic need, in South Africa water and sanitation services are constitutional rights. Factors like global climate change, demographic change, economic growth, the global financial crisis and rising food prices, the need for redress in terms of access to water, the risks posed by aging and poorly-maintained infrastructure and decreasing water quality, demand that water and sanitation services be prioritized at Amajuba and UMzinyathi districts.

This chapter started by setting out the background to water and sanitation services within the district municipalities of Amajuba and UMzinyathi, defined the concept and explored the water services sector in South Africa, discussing the statistics of people without water and sanitation in KwaZulu-Natal. Government departments and institutions that are involved in the provision and administration of water services were identified and discussed. These were municipalities, Water Services Authorities, Water Boards, Community-Based Organizations, the Public Sector and Privately- Owned Companies. The government departments involved are the then Department of Water Affairs and Forestry (currently known as the Department of Water Affairs), the National Government, the Provincial Governments, National Treasury, the then Department of Provincial and Local Government (now Department of Cooperative Governance and Traditional Affairs), the Department of Health, the Department of Education, the National Department of Public Works, and the Department of Environment and Tourism.

Water is a natural resource and precious commodity for all residents of the planet. In South Africa, the delivery of water and sanitation services is guided by a number of pieces of

legislation. The Department of Water Affairs is the trustee of water resources on behalf of the nation and it is the overall leader of the water sector in South Africa. The Department derives its mandate from a number of pieces of legislation including the following:

- Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996);
- Water Services Act 1997 (Act 108 of 1997);
- The Local Government: Municipal Systems Act 2000 (Act 32 of 2000);
- National Water Act 1998 (Act 36 of 1998);
- Local Government : Municipal Structures Act 1998 (Act 117 Of 1998);
- Intergovernmental Relations Framework Act 2005 (Act 13 of 2005);
- Traditional Leadership and Governance Framework Act 2003 (Act 41 of 2003);
- and
- Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

The provision of water and sanitation services is based on policies such as by-laws, credit control policies, free basic water policies, Indigent policies and tariff policies, and the National Joint Transfer Policy.

## Chapter 4

### HISTORICAL BACKGROUND TO THE ESTABLISHMENT OF MUNICIPAL ENTITIES IN SOUTH AFRICA AND SUBSEQUENT ESTABLISHMENT OF UTHUKELA WATER

#### 4.1 INTRODUCTION

With the adoption of the Reconstruction and Development Programme (RDP) White Paper (1994) and the White Paper on the Transformation of the Public Service (1995), a new policy framework that defined the role of the Public Service was ushered in, laying emphasis on a Public Service which, according to Van Der Waldt (2004: 84), is:

- More responsive and relevant to the needs of citizens;
- More efficient and effective in the use of public resources, and
- More representative of the diversity and needs of all, especially the most disadvantaged sectors of society.

Van Der Waldt (2004: 84) argues that with the policy framework introduced, the important issue became the question of service delivery itself. South Africans are therefore challenged to increase public sector responsiveness in service delivery and learn from experiences in other countries that have shown progress in service delivery. Various mechanisms can be employed in order to make sure that service delivery to the people is effective as expected. One of the many mechanisms that could be explored is a municipal entity.

An effective municipal entity as cited by Van Der Waldt (2004: 84), is one which endeavors to replicate the best practices and learn from the successful countries by making sure that they:

- Improve access to services;
- Make services more responsive to the needs of citizens;

- Are more efficient and careful in the use of allocated funding;
- Use a flexible management approach and avoid excess regulation;
- Have a proactive approach to change processes/policies when problems are detected;
- Keep abreast with modern technology for effective use in the delivery of services;
- Reduce overlap among jurisdictions that promotes confusion and frustration, and
- Remove public/private sector competition (Van Der Waldt, 2004: 84).

The discussion hereunder attempts to highlight mechanisms which can be employed to deliver efficient and effective services to communities.

#### **4.2 TOWARDS EFFICIENT AND EFFECTIVE SERVICES TO THE PEOPLE**

According to Van Der Waldt (2007: 3), local government, as the sphere of government nearest to the people has a responsibility to render services to the people. However, not all municipalities are financially and administratively viable. The number of municipalities was reduced from 843 to 283, mainly because the number was too large to manage and municipalities were unsustainable. Another limiting factor to the performance of municipalities is the budget constraints in executing their constitutional obligations. Parnell *et al* (2002: 4) argue that municipal departmental budgetary allocations are usually the same as previous years plus an inflationary increase, irrespective of whether they achieve their objectives or not. With the problem compounded by the shortage of skills and expertise, municipalities cannot deliver services to the people as expected. There are three key drivers for municipalities to successfully deliver services to their constituencies. According to Van Der Waldt (2007: 4), these are:

- Capability;

- Accountability, and
- Purposefulness.

**Capability:** Addressing the financial constraints of municipalities must always be supported by the capacity to avoid future financial problems. Municipalities must have full control over credit control functions. The biggest challenge in this regard is to address the culture of nonpayment, which results in municipalities having massive overdue balances in their books. Some of these challenges as experienced by UThukela Water management will be discussed further in chapter five.

**Accountability:** The Municipal Finance Management Act 2003 (Act 56 of 2003) ensures more transparency, accountability and sound management of revenue, expenditure, assets and liabilities. Reddy *et al* (2003: 16) argue that the legislative reforms and transformational framework, as spelt out in the White Paper on Local Government, will not be complete without a firm foundation for financial management.

**Purposefulness:** Municipalities are obliged to formulate Integrated Development Plans as an instrument that will keep them focused on the purpose. Parnell *et al* (2002: 5) describe the IDP as a planning methodology that links a statement of purpose with plans, programmes, institutional design and practices, monitoring mechanisms and financial flows.

The Treasury Board released a document stating its reasons for driving alternative service delivery options and a series of questions to be considered by departments in deciding whether

to implement an alternative service delivery means (Van Der Walddt, 2004: 106). The guiding themes can be summarised (see Van Der Walddt, 2004: 106-107) as a requirement to:

- Consult with clients to determine priorities and where improvements can be made;
- Establish if programmes and services fulfill an important public policy objective and if so, are delivered in a cost-effective way;
- Define where aspects of human resources management must be the same across the local government and where flexibility is required;
- Consult employees and unions in planning the work environment of the future;
- Treat employees equitably in the move to alternative service delivery situations;
- Support the commercialisation of government services where this can improve service delivery and reduce costs while continuing to protect the public interest;
- Engage in partnering arrangements with other departments, other levels of government and other sectors of the economy in order to create new working relationships, and
- Check the possibility of transferring services to the private sector where there is no continuing public policy reasons to retain them.

The possibility of using private sector water service providers (WSPs) as an alternative service delivery mechanism in urban areas and the methodology for doing this is becoming well understood in South Africa (DWAF, 2007). The good, practical experiences of Silulu-Manzi in Nelspruit, and UThukela Water in Northern Natal (Kitchen, 2003: 4), are noted. Both these entities are directly involved with rural area water supply. UThukela Water covers quite a

significant portion of vastly rural areas. The relationship between the WSAs and UThukela Water is that of a private-public partnership.

### **4.3 PRIVATISATION AND MUNICIPAL SERVICE PARTNERSHIP**

#### **4.3.1 PRIVATISATION**

By definition, privatisation means that the government divests itself of a service and leaves it to the private sector to provide, or that a government decides to simply not to provide that service (Craythorne, 2003: 175). However, municipalities, in terms of the law, remain responsible for service provision. In the light of the above, and supported by Craythorne (2003: 175), municipal business units, municipal entities, service delivery agreements or partnerships cannot be said to be privatisation. An implicit assumption, according to Saito (in Bakker and Hemson, 2000), about the privatisation debate, is that market is more efficient than government at providing basic services.

#### **4.3.2 OBJECTIVES OF PRIVATISATION**

The objectives of privatization as summarized by Wilson and Hinton (1993:85) are to:

- Improve efficiency;
- Reduce the public sector borrowing requirement;
- Reduce government involvement in enterprise decision-making;
- Ease problems of public sector pay determination;
- Widen share ownership;
- Encourage employee share ownership; and
- Gain political advantage.

The privatization of the basic water services completely changes the demands on the water management institutions and also requires a thorough reconsideration of the policies that have been adopted towards water management in the past ( Lee, 1999:94). In many cases, the discussion of the role of privatization in water management is limited by the inherited framework for water management from previous service providers. According to Lee (1999:94) this limitation hampers innovations in structural arrangements which go beyond the mere transfer, in one form or other, of institutions from public to private management.

Lee (1999:94) is of the opinion that privatisation of water services forces a reconsideration and readjustment of the role of the state in water management. Privatisation demands not only that the state withdraw from many activities but also, that it takes on new ones, in many cases of a very different nature and requiring different skills and knowledge of the part of the public sector personnel. In water resources, experiences show that privatisation does not stop with the transfer of assets, but requires continuing managerial actions within the public sector (Lee, 1999:94).

Water services, especially the provision of water supply and sanitation, tend to be natural monopolies (Lee, 1999:94). According to Lee, (1999:94) natural monopolies pose a special challenge for public policy. There are, however, as stated by Lee (1999:94) several options open to governments in confronting this issue, including that:

- A government might decide that monopoly rents are worth accepting and do nothing.

It is argued that although this approach implies that society will sustain a loss in economic welfare, there may be cases where this loss is worth taking. For instance, users may prefer paying monopoly prices for a high quality service rather than going without or making do with



an inferior supply (Lee, 1999:94). Above all, where under-provision of services and their poor quality are the main problem, concerns about the imperfections of service provision by an unregulated private monopoly may be of minor importance compared with the existing losses from poor provision.

- A government may decide to provide the service through a public enterprise, although this option could result to the continuance of the problems of inefficiency, and capital shortage which have prompted the reconsideration of such an alternative (Lee 1999:94). There are, however, examples of reformed and efficient public enterprises.
- Co-operatives are potentially an interesting option. Co-operatives seem to work best only for smaller systems in rural areas and small towns (Lee, 1999:94).
- A government may decide, as many governments have done, to transfer services to private sector behavior. This requires the establishment of an appropriate system of incentives to guide economic decisions in the private provision of water-based services under conditions of natural monopoly (Lee, 1999:95).

#### **4.3.3 THE EFFECT OF POLITICAL INTERFERENCE ON PRIVATISATION**

Lee (1999:96) cites one example of political considerations interfering with good management practice as the fact that many governments have heavily subsidized the provision of water-based services. Lee argues that this practice has led to the waste and overuse of water, misapplication of scarce resources, and serious distortions in the financial prices faced by producers and consumers which bias their production and consumption decisions away from welfare improvement. According to Lee (1999: 96) tariffs bear little or no relationship to the

cost of the services provided the financial needs of the utility or to the consumer's willingness and capacity to pay. Over and above this observation attempts to accommodate various customer groups have led to complex and distorted pricing policies, tariffing and regulations. These conditions, when coupled with frequent tariff and policy revisions, gave little incentive to use services efficiently or to reduce costs, but provide a strong incentive to exert political pressure (Lee 1999:96). Private ownership provides protection from undue political influences because it increases the transaction costs of government intervention in enterprise decision-making (Lee, 1999:96). Political interference and inefficient management are not inevitable in state companies; there are some examples of public water utilities working effectively. The problem is that politicians and governments find it difficult to commit themselves to good behavior.

#### **4.3.4 LIMITATION TO PRIVATISATION**

Privatisation can be seen as the reduction of government involvement in general e.g. a reduction in production, but also a reduction in provision, subsidies or regulation, or any combination of the four instruments. Hughes (2003) argues that privatisation can be carried out through charging; contracting-out; denationalization and load-shedding, or liberalisation. Osborne (2002: 165) maintains that privatisation has more to do with the relocation of service implementation activities from private to profit or non-profit ventures than with the elimination of governmental functions.

Private participation in the provision of water services does have limitations. The provision of most water-related services requires specialized expertise. Water management activities in

which government control problems are greatest can be especially prone to difficulties.

However the specified regulatory or contract design are key to successfully overcome these problems and difficulties.

#### **4.3.5 CRITIQUE OF PRIVATISATION**

There is no unambiguous evidence that privately-owned companies always perform better in a competitive market than publicly-owned ones (Wilson and Hinton, 1993:85). Wilson and Hinton conclude that “public ownership is not inherently less-efficient than private ownership” and that the “usual noted inefficiency of government enterprises stems from the isolation from effective competition rather than public ownership. A further concern often expressed by governments who turn over water sector services or facility operation to the private sector is loss of control due to their inadequate regulator capacity (Wilson and Hinton, 1993:85). When the public sector is no longer involved in the direct operation of a utility, it does not have the same control over its operations, for example, the level of production, quality, compliance with environmental standards, and so on. It also has no control over the contractor’s inability to uphold the terms of the contract, such as unscheduled service interruptions or bankruptcy (Lee, 1999:95).

#### **4.3.6 Municipal Service Partnerships**

The rationale for partnerships in local government has been mooted in the Republic of South Africa Constitution, Act 108 of 1996; the Reconstruction and Development Programme, the White Paper on Local Government (March 1998), the Growth, Employment and Redistribution Strategy (GEAR), the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), and the

Municipal Infrastructure Investment Fund (Reddy *et al*, 2003:198). The Municipal Systems Act (32 of 2000) requires WSAs to conduct Section 78 assessment processes and determine the best delivery models. Amajuba and UMzinyathi District Municipalities therefore in terms of the legislative prescripts of the Municipal Systems Act 2000 (Act 32 of 2000) undertook a final Section 78 assessment in 2001. The outcome of that process recommended that they adopt a multi jurisdictional service delivery option as the model for water services provision within their areas. Hence the districts established and appointed UThukela Water as a Water Services Provider (WSP) for bulk and retail water services.

The model for water services provision was based on the concept of private-public partnership. According to Reddy *et al* (2003: 198), the role and involvement of the private sector in South Africa's municipal service delivery, and thus the need for municipal service partnerships, is so critical that it cannot be over-emphasised.

The White Paper on Local Government (1998: 193-94) set out the following principles for service delivery: accountability, sustainability, affordability, and integrated development, competitiveness of local commerce and industry, and promoting democracy. The White Paper mentioned a number of delivery mechanisms among which are building on existing capacity, corporatisation, public partnerships, partnerships with community-based organizations, contracting out, leases, concessions, and privatisation.

One tried and trusted solution, used effectively by public sector organisations in a number of other countries and supported by the Department of Constitutional Development (DEC), according to Reddy *et al* (in DED, 1991: 1), is for municipalities to mobilise “additional resources from public institutions, the private sector and CBOs/NGOs, in order to improve and expand service delivery”. One of the main means of achieving this is to set up Municipal Service Partnerships (MSPs). A number of factors have sensitised officials and politicians to consider external service provision in the form of MSPs rather than government institutions. Corruption and under spending in the public sector are the main reasons, among others.

#### **4.4. THE DIFFERENCE BETWEEN MUNICIPAL SERVICE PARTNERSHIPS AND OTHER PARTNERSHIPS**

Reddy *et al* (2003) define Municipal Service Partnership as “a contractual arrangement with another body or organisation for the delivery or performance of any municipal service”.

Craythorne (2003: 175) describes partnerships as a means whereby a municipality may achieve a service goal by taking on board a partner who can provide the capital, expertise, and technology that the municipality does not itself have or cannot attain. Commonly known partnerships are public-public partnerships, between organs of state and CBOs, or NGOs and municipalities, and public-private partnerships between municipalities and a company in the private sector.

#### **4.5 TYPES OF MSP CONTRACTS**

The White Paper on Local Government and subsequent White Paper on Municipal Service Partnerships offer various options on partnership contracts. These are summarised according to Craythorne (2003: 175), as:

#### **4.5.1 SERVICE CONTRACTS**

The service provider charges the municipality to manage a particular aspect of a municipal service. The provider sets the performance criteria for the activity, evaluates bidders, and supervises the contractors (Gildenhuis and Knipe, 2000: 80). This can be viewed as an outsourcing agreement and not necessarily a partnership. Service contracts are usually short-term, between one and three years (McDonald and Ruiters, 2005:16). Examples include billing and collection or reticulation if the entity supplies bulk water only. Gildenhuis and Knipe (2000: 80) state that service contracts involve recruiting the private sector to carry out specific operations and maintenance activities for a period of few years. Craythorne (2003: 175) suggests that this type of arrangement can be a starting point for involving CBOs and NGOs in municipal service provision.

The entity providing the service employs and manage staff. According to Reddy *et al* (2003), it becomes an MSP once the two parties in agreement work together to resolve the problems and improve the service.

#### **4.5.2 MANAGEMENT CONTRACT**

Under management contracts, the owner retains full ownership and is responsible for capital expenditures, maintenance, and working capital, while a private firm supplies management and technical skills (Lee, 1999:110). Service contractors tend to be fairly limited in scope and tend to cover only one specific activity (McDonald and Ruiters, 2005:16), yet management contracts transfer full managerial control, with the freedom to make day-to-day management decisions

(Lee, 1999:110). Management contracts run usually from three to five years, although they can be longer and are often renewable.

According to Lee (1999:110) the purpose of management contracts is to acquire the contractor's expertise and knowledge while preparing a company's staff to run the operation. The management contractor's responsibility is to perform some functional responsibilities related to the operation of the project and to ensure that its corporate resources and skills are available to the entity during the contract period.

Gildenhuis and Knipe (2000: 80) maintain that management contracting can be differentiated from service contracting by the amount of responsibility that it gives to the private sector. The service provider is in charge of the overall management of all aspects of a municipal service, but without the responsibility of financing the operating, maintenance, repairing, or capital costs of the service (Osborne, 2002: 165). The contract usually specifies the payment of a fixed fee plus a variable component. The service provider generally does not take responsibility for collecting tariffs from consumers (Craythorne, 2003: 175).

#### **4.5.3 CONCESSIONS**

A concession is an agreement in which a public authority awards to a private company, usually through a competitive qualification process, a fixed-term right to provide a service with characteristics of a monopoly within a defined geographical area (Lee, 1999:105). According to Gildenhuis and Knipe (2000: 82) McDonald and Ruiters (2005:16), concessions involve a private operator committing to manage the infrastructure facility, operate it at commercial risk, and accept investment obligations, whether to build a new facility or to expand an existing facility.

There can be non-exclusive competitive concessions. These are the most common form that has been adopted in the water supply and sewerage sector (Lee, 1999:105). It is common that the service provider takes responsibility for the management, operation, repair and maintenance of existing facilities while the contractor collects and retains all service tariffs, is responsible for collection risks and pays the municipality a concession fee. Concessions are attempts to increase efficiency through an auction of the right to operate a natural monopoly. The main argument for the use of franchising rather than direct sale is that concessions may reduce the need for the more intrusive forms of regulation and yet ensure that a natural monopoly does not charge a monopoly price (Lee, 1999:105).

Concessions arrangements are common form of private participation in water supply and sanitation services, but are less common in other areas of water management (Lee, 1999:118). Concessions in the drinking water supply sector are not new. In fact they were common in many parts of the world before the trend in this century to the provision of sanitation services by government (Lee, 1999:118).

According to Lee (1999:118) concession contracts are designed to allow the concessionaires to recover investment and to provide a reasonable return to the equity investors, typically from 15 to 30 years, and are often renewed.

A concession contract offers the obvious advantage over lease or management contracts in that it assigns responsibilities for operations, maintenance and investments to a single entity.

The municipality remains the owner of the existing facilities operated by the concessionaire, and the ownership of any new facilities constructed by the concessionaire at the end of the contract or concession period (Craythorne, 2003: 176).



#### **4.5.4 FULL DIVESTITURE**

Divestiture refers to a situation where a water and/or sanitation utility have been fully privatized (McDonald and Ruiters, 2005: 16). Ownership of the utility rests with the private operator. The private operator is responsible for operation and maintenance, investments and tariff collection. The private utilities operate under the supervision of an independent public regulatory authority (McDonald and Ruiters, 2005: 16).

#### **4.5.5 LEASE**

In a water utility lease contract, the lessee receives full operational and financial control of the assets essential for the operation of the facilities (Lee, 1999:115). This is useful where there is a decision to provide socially desirable but unprofitable services which effectively would not be attractive to a private entrepreneur (Lee, 1999:115)

Gildenhuis and Knipe (2000: 81) note that under a lease arrangement the private operator operates and maintains a government-owned enterprise at its own risk, with income earned from tariffs. The service provider is responsible for the overall management of a municipal service, and the council's operating assets are leased to the contractor. Usually the service provider remains in charge of operating, repairing and maintaining these assets. The service provider pays rent to the municipality for the use of facilities. Lease periods of this nature are usually eight to fifteen years (Craythorne, 2003: 176). Examples include the lease of water systems.

#### **4.5.6 BUILD/OWN/OPERATE/TRANSFER (BOOT)**

A specific variant of concessions is build, operate and transfer contracts (BOOT) (Lee, 1999:122). In concessions, the emphasis is usually put on the management and expansion of an already existing system, and a utility company often leads the concession consortia. BOOT contracts, in contrast, focus more on construction and operation of new facilities and BOOT consortia are often headed by a major construction or engineering company (Lee, 1999:122). A BOOT contract is a long term concession to finance, build and operates specific works (McDonald and Ruiters, 2005:16). At the end of the contract, the company managing the project returns the system usually at no cost, although the transfer may include a final payment to the equity investors (Lee, 1999:122).

The contractor is responsible for designing, building, managing, operating, maintaining and repairing at its own expense. This facility is the most preferred for the delivery of municipal services. At the end of the contract the facility is transferred back to the municipality. A BOOT requires a municipality to pay the service provider, but the responsibility for tariff collection remains with the municipality (Craythorne, 2003: 176).

#### **4.5.7 CONTRACTING -OUT**

The contracting out of an operation through services contracting or subcontracting is a transfer, by means of a fixed term contract, of responsibility for specific services or elements of infrastructure operation and maintenance (Lee, 1999:110). Service contracts are usually fairly limited in scope and cover specific activities, such as meter reading or equipment maintenance. The contractor in these cases is paid for services delivery. Compensation may be based on a variety of methods, such as cost-plus, fixed fee, lump sum, or unit costs, on a time basis or a

percentage or promotional share of revenues (Lee, 1999:110). The fees are usually not directly linked to operational efficiency or cost control.

The public utility retains overall responsibility for the system, except for the specific services contracted out and it finances working capital and fixed assets (Lee, 1999:110). The utility bears the full commercial risk for the service provision. Control is exercised through setting performance indicators, supervising contractors, applying contract sanctions, and paying an agreed fee for the services. Service contracts are usually negotiated for relatively short periods, normally less than five years, but can even be shorter.

#### **4.5.8 COMMUNITY /NON GOVERNMENTAL ORGANISATION PROVISION**

According to McDonald and Ruiters (2005:17) community and non-governmental organisation involve the transfer of some all of the responsibility for water provision to end user or a not-for-profit intermediary body. These are often neglected form of privatization. Water provision by CBO's and NGO's is common in low income and urban settlements. It is common practice in this instance that local governments ask community members and community organizations to supplement weak or non existent water and sanitation facilities or resources with their own labour (e.g. digging trenches, laying or repairing pipes). This practice is also common in the rural areas of UMzinyathi district like Muden, Msinga Nquthu and Emakhabeleni where UThukela water is responsible for the provision of water. Women tend to be fully involved in this form of privatization. Mvula Trust in South Africa is one of the largest Non Government Organisation, with a national office in Johannesburg, nine regional offices and a full-time staff of over 100, but there are many more other local and international NGOs active in the water sector in the

region, involved in responsibilities ranging from financing water schemes to operating water services to involvement in policymaking (McDonald and Ruiters 2005:29).

Community based water management is more localized and tends to involve voluntary labour in small-scale water systems. These initiatives also involve the transfer of public sector decision making authority to private individuals and communities, fragmenting planning and service implementation and undermining public sector labour unions (McDonald and Ruiters 2005:29).

#### **4.6 PUBLIC –PRIVATE- PARTNERSHIP (PPP)**

McDonald and Ruiters (2005:1) argues that water privatization is an international phenomenon, occurring in places such as England, China, Argentina, the Philippines and South Africa, and involving global institutions like the World Bank and the United Nations.

By definition a PPP is a contract between a public institution like a municipality and a privately-owned or controlled partnership, company, trust or other for-profit legal entity ([www.tni.org](http://www.tni.org); <http://www.enwikipedia.org>). Public-private partnerships (PPPs) refer to any type of agreement between public and private parties. McDonald and Ruiters (2005: 3) argue that PPPs must also be seen as a form of privatization mainly because they involve a transfer of ownership and control that changes the underlying managerial ethos of water service organizations, and changes the nature of political relationships between citizens and responsible water services authorities.

A series of approaches for involving the private sector in improving the performance of water and sanitation systems exists. Reasons for privatization as argued by those in support of it are

that governments are corrupt, unaccountable, without imagination, financially stressed, and unable to expand and upgrade water services on their own in a reliable and cost effective manner (McDonald and Ruiters, 2005: 1). Gildenhuis (2000: 77) maintains that some options are to keep the ownership in public hands, but involve the private sector in the design and construction of the infrastructure. According to Osborne (2002: 165), the state conducts projects in partnership with private providers in an effort to utilise PPP strategies. Other choices involve private actors in the management, operation and/or the financing of assets.

Subsequently the strategies involve different degrees of private and public sector responsibility for service delivery. In all of these options, however, the public authority remains responsible for overseeing the activity and for ultimately ensuring that public needs are met. Government remains accountable for setting and enforcing performance standards

**(<http://www.en.wikipedia.org>)**. The fact that the water sector is one of natural local monopolies means that a strong regulatory role is needed to ensure that performance standards levels are met and the interests of the community are protected ([www.eupolitix.com](http://www.eupolitix.com)).

In other kinds of PPPs, the government uses tax revenue to provide capital for investment. In yet other types, for instance the Private Finance Initiative, capital investment is made by the private sector on the strength of a contract with government to provide agreed services.

Government contributions to a PPP may also involve the transfer of existing assets

([www.eupolitix.com](http://www.eupolitix.com)). However opponents of privatization argue that companies are only interested in making profits thereby charging the poor more than they can afford to pay and restricting supply when they cannot pay. It is also argued that private companies use bribes and

corruption to obtain contracts, or simply 'low-ball' bids to get foot in the door and then rapidly raise rates after contracts have been awarded (McDonald and Ruiters, 2005: 1).

A PPP has been used in South Africa between UThukela Water (Pty) Ltd and two districts, and one local municipality. The company, by law, does not make any profit. The municipalities set the standards but signed an agreement with UThukela Water as a private service provider to provide services without making profit. The Amajuba and UMzinyathi district municipalities are responsible for funding the entity. UThukela Water compiles the budget that is presented to the Board for approval. However, the final decision is taken by the municipalities. Over the last four years, the parent municipalities have not approved the budget that has been compiled and submitted by UThukela Water. The municipalities have over the past four years instructed the entity to reduce the budget despite the negative impact this will have on the delivery of services to the communities. The reduction of the budget results in the entity failing to carry out the mandate given to them by the parent municipalities. Instead of expanding the networks in order to increase the number of people connected to pipe potable water, the entity attends to maintenance and repairs in an *ad hoc* manner. This implies that the entity cannot plan and organise their operations. Low payment rates by water users necessitate increased public funding from national governments for improving the efficiency of water systems and access (McDonald and Ruiters, 2005: 8). These monies are desperately needed by cash strapped municipalities like UMzinyathi and Amajuba district municipalities. National and provincial governments are increasingly becoming more responsible for all aspects of water planning and operations in these districts which are finding themselves with enormous services delivery

mandates but insufficient resources to follow through with their directives. (McDonald and Ruiters, 2005: 8)

#### **4.6.1 EARLY PROBLEMS WITH PPPs**

In an effort to avoid increases in public debt, many private infrastructure projects in the early 1990s involved the provision of services at an unreasonably higher cost than could have been achieved under the standard model of public procurement, (<http://www.en.wikipedia.org>).

However, Gildenhuis (2000: 78) maintains that PPPs have great benefits but do not provide a final solution to all the problems of infrastructure delivery that challenge local governments.

Funding for human and capital resources, infrastructure development and ongoing maintenance and operating costs to avoid heavy cost recovery policies for the poor is critical.

Funding for training of public employees and for workshops and resources to create more effective public services and keep them in public hands is equally important. McDonald and Ruiters (2005: 8) argue that the South African government spends millions of rands yearly on workshops and consultants that advise municipal politicians and officials how to develop public-private partnerships in order to improve performance and efficiency. Shortage of skills and technology is the main shortcoming in the management of local government.

#### **4.6.2 ARGUMENTS FOR AND AGAINST PPPs**

There is a general view that governments should seek “value for money” and this has been widely accepted. However, there have been continuing arguments over whether the guidelines designed to achieve these objectives are appropriate, and whether they have been correctly

applied in particular cases. With regard to UThukela Water's operations services like networks and waste water management are ring fenced. However it has been noted that ring fencing needs to be replaced by more holistic, inter- sectoral management systems. (McDonald and Ruiters, 2005: 8) argue that ring fencing has led to narrow, market driven forms of cost recovery, and created inefficient, near sighted planning and operational patterns whereby water managers are unaware of planning and operations in related services such as waste management, storm water drainage leading to potentially serious health concerns like the cholera outbreaks as it happened in Delmas Mpumalanga.

#### **4.6.3 THE SCOPE OF PUBLIC-PRIVATE-PARTNERSHIPS IN THE WATER SECTOR**

Even if the challenges mentioned above are overcome, it must be recognised; however, that PPPs are not the ultimate and sole solution that some may be tempted to believe. Most municipal privatization schemes today do not involve any transfer of state assets. PPPs are mainly focusing instead on contracting out of operational and managerial functions to private companies (e.g. meter reading and maintenance). Infrastructure and equipment typically remain in public hands or are transferred back to public ownership after a specified period – and there may be joint responsibilities between the state and a private firm in managing operational functions (Mc Donald and Ruiters, 2005: 8).

Van Der Waldt (2002: 106) is of the opinion that PPPs involving international private sector operators cannot eliminate all the problems in the water sector, nor can they be applied everywhere anyhow. Some of the most prominent anti-privatization organizations are the South African Coalition Against Water Privatization, the Anti-Privatization Forum, the Anti-Eviction Campaign, the South African Water Caucus, and the South African Municipal Workers'



Union (Mc Donald & Ruiters 2005: 35). The South African Municipal Workers' Union (SAMWU) – a COSATU member – is the most vocal in its anti-privatization stance and has, as a result, found its relations with COSATU and the ANC leadership severely strained at times (McDonald and Ruiters, 2005:36).

Clearly, the private sector will only operate where certain profitability requirements can be met, which considerably limits the scope for PPPs.

#### **4.6.4 THE POLICY MAKERS AND WATER MANAGEMENT THROUGH PPPS**

Falkenmark and Rockstrom (2004:21) cite three policy perspectives which policy makers need to take into consideration when planning water management strategies. The challenge according to Falkenmark and Rockstrom (2004:21) is to bring together the main dimension of water with its major complexity into three major categories for special attention. The following questions guides and direct policy makers as follows:

- What has to be secured? This question refers to what is necessary to secure- i.e. safe water to keep people healthy, water needed for income generation, and water needed to produce food (Falkenmark and Rockstrom, 2004:21);
- What has to be avoided or minimized? This question refers to avoidable activities and manipulations, in particular land use activities causing erosion, and chemical manipulation and pollution resulting from human activities. The latter include bacterial pollution; toxic pollution, which poisons water users and degrades ecosystems; and the excess leaching of nutrients, which makes ground water undrinkable and also degrades aquatic ecosystems in rivers, lakes and coastal waters (Falkenmark and Rockstrom, 2004:21); and

- What has to be foreseen or anticipated and met by risk reduction? This question refers to floods and droughts and to the fact that a land use decision is also a water decision (Falkenmark and Rockstrom, 2004:21-22).

Certainly if the above policy questions are to be taken seriously it calls for the researcher to check how proactive have the water management stakeholders been with regard to infra structural planning and private provision? To this effect research shows that The World Bank's 2004 *World Development Report*, entitled *Making Services Work for Poor People*, emphasises the need for greater private provision of basic infrastructure services, (Commonwealth Foundation 2004: 6). In contrast, the UNDP's 2003 *Human Development Report* entitled *Millennium Development Goals: A Compact among Nations to End Human Poverty* cites numerous PPP disasters while also acknowledging deficits in public provision ([www.undp.org](http://www.undp.org)). The critiques of private provision highlight increasing costs, poor regulation, job losses and social exclusion, yet reports about their successes tend to indicate improvements in reliability, efficiency and profitability (Commonwealth Foundation, 2004: 6). For every study showing the risks of privatisation, another demonstrates problems with public sector service delivery and the effectiveness of private provision.

Craythorne (2003: 165) argues that where private provision is seen as likely to yield benefits, a transparent and participatory policy-making process can enhance both the design and political legitimacy of the reform. According to Parnell *et al* (2002: 7), participation with civil society is important for ensuring buy-in by all. Private provision is not likely to succeed unless a competent public regulator monitors and enforces contracts.

The urban water sector presents difficult economic and political choices for governments yet the provision of water and sanitation services has undoubtedly reduced disease and yielded other health benefits ([www.oecd.org](http://www.oecd.org)). Amongst other benefits is the fact that free or cheap access to water stimulates local economic development in the form of family businesses like maintaining lawns and washing cars. However, the sector has a long history of under-pricing, and opposition to full cost pricing for ethical and social reasons.

To this day poor sections of the population in developing countries do not have access to public water services. One of the Millennium Development Goals agreed by the international community in 2000 is to halve these numbers by 2015 ([www.oecd.org](http://www.oecd.org)).

Improving the delivery of urban water and waste water services is an important need for many developing countries and economies in transition. In the European Union, about USD 75 billion per year are currently spent on water and wastewater services and capital investment is predicted to increase by 7% a year for the foreseeable future ([www.oecd.org](http://www.oecd.org)). According to Celma (2004: 94), the report by the World Panel on Financing Water Infrastructure to the Third Water Forum in Kyoto, 2003, suggested that in developing countries, current spending on water services of USD 75 billion a year needs to be increased to about USD 180 billion if the Millennium Development Goals on water and sanitation are to be met. However, this target will be difficult to meet with public funds alone, since government budgets have shown

decreasing trends recently. Some governments are therefore, according to Afigeo (2007: 1), increasingly looking to a range of private partners to provide access to two key resources:

- Improved management system and technical options; and
- Private investment funds.

#### **4.6.5 SUCCESSFUL PPPs**

One of the critical justifications for private provision of basic services is improved efficiency and reliability. There are a number of examples where improvements and successes have been demonstrated.

In Nelspruit, BiWater has added more water and sewer mains (Commonwealth Foundation, 2004: 22). Thousands of new connections and meters have been added, and water is generally supplied 24 hours a day in the townships (Silulu-Manzi Report, 2006; Commonwealth Foundation, 2004: 22). Regarding financial management, after a rough start involving cut-offs and community backlash, BiWater has shown innovation in encouraging bill payment (Silulu-Manzi Report, 2006; Commonwealth Foundation, 2004: 22).

In Papua New Guinea, the private Malaysian firm supplying water to the capital district has refurbished and extended the existing infrastructure. The successes are shown in a customer satisfaction survey, in which 80% of residents noted “some improvement to the supply of water” (Commonwealth Foundation, 2004: 22). The survey indicates that about half of those

polled described themselves as “generally satisfied” while one-third indicated that there had been “marked improvement” since the establishment of the private concession.

In Trinidad and Tobago, the first two years of the Interim Operating Agreement under private concession resulted in significantly less ‘downtime’ for water plants, a fair increase in average water production, greater distribution of potable water to the country’s southern region and fair improvement in service continuity (Commonwealth Foundation, 2004: 22). Rehabilitation work on infrastructure and a rural water supply project assisted many customers. A considerable improvement was also noted on response times regarding repaired leaks. Implemented cost cutting measures resulted in improvements in the utility’s financial performance (Commonwealth Foundation, 2004: 22).

The above examples are testimony to the fact that that private provision can yield significant improvements. However, governments are warned to compare the successes with some failures. For instance, greater efficiency is not the same thing as greater equity. Most of the improvements mentioned above benefited people who are already connected to the system. This implies that a greater challenge is yet to be overcome. More connections are needed for people in rural areas. These are the people who never had piped water before. The greatest challenge facing these utilities including UThukela Water is to expand water supply infrastructure equitably. The Ugandan case study calls into question government claims that one million people have been connected to wells, pumps and springs. “The number of increased water users (as reported by the government) is mainly due to reconnections and

rehabilitation of the water utility” (Commonwealth Foundation, 2004: 23). These are not new connections and therefore will not have great impact on poverty reduction or achievement of the Millennium Development Goals on access to clean water (Commonwealth Foundation, 2004: 23).

#### **4.7 EXTERNAL SERVICE PROVISION**

The Local Government: Municipal Systems Act (Act 32 Of 2000) determines the scope for private sector involvement in water services. However there is nowhere in the Act where the term “preferred provider” is used (McDonald and Ruiters, 2005:26). In fact, the most relevant section of the Act (Chapter 8, Part 2) places the public sector on equal footing with alternative service delivery options, including public-private partnerships and outright divestiture.

Although a municipality must “first assess ... internal mechanisms” when evaluating service delivery options, it may, at the same time, “explore the possibility of providing the service through an external mechanism” (RSA 2000a, 72-74; McDonald and Ruiters, 2005:26)

According to Craythorne (2003: 166), Water Services Authorities (WSA) may decide to deliver water services themselves or contract another water services provider. The Constitution of the Republic of South Africa prescribes that local governments are obliged to ensure water service provision (WSA, 2007: 3). This is carried through in the Water Services Act which clarifies the roles of the WSAs and WSPs and requires the functions to be accounted for separately (Local Government: Municipal Systems Act 117 of 2000). This Act spells out external and internal mechanisms for service delivery.

The decision to follow an external provider route must comply with the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) regarding equity, accessibility, prudence, economics, efficiency, effectiveness, and financial improvement of quality standards. However, the Constitution and Section 59 (1) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) restricts the municipality from delegating the following functions:

- Passing the by-laws;
- Approving budgets;
- Raising loans;
- Tariff setting and imposing rates;
- Entering into contracts with external mechanisms, and
- Approving and amending IDPs (WSA, 2007).

Therefore water and sanitation services remain the responsibility of the WSA regardless of whether the function is done internally or externally.

As per WSA handbook (2007), the municipality must:

- Regulate the provision of the service in accordance with the components for the Performance Management System;

- Monitor and assess the implementation of the agreement, including monitoring and assessing the performance of the service provider in relation to the Performance Management System;
- Perform its functions and exercise its powers and terms of provisions in the Act relating to the IDP and Performance Management System;
- Within a tariff policy determined by the municipality in terms of the Act, control the setting and adjustment of tariffs by the service provider;
- Exercise its service authority so as to ensure uninterrupted service delivery in the best interests of the local community.

In summary, the WSA remains responsible and accountable for water and sanitation. In the case of external provision, they must conclude a service delivery agreement with the WSP in order to comply with section 19 of the Water Services Act, and sections 81 and 33 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), if the contract is for longer than three years. If the external service provision entails a PPP, the WSA must comply with section 120 of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) (WSA, 2007: 3).

According to the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), the municipality is authorised to assign responsibilities to the provider in relation to the existing agreement. The two districts of Amajuba and UMzinyathi expect UThukela Water to:

- Develop and implement detailed service delivery plans within the framework of the IDP;



- Plan operations, management and provision of the service which include financing, resourcing and staffing for provision of the service;
- Assess the required social and economic development that is directly related to the provision of the service;
- Manage customers, billing, credit control and debt collection, and enforce customer sign-up and communication;
- Manage its own accounting, financial management, budgeting, and investment and borrowing activities within a framework of transparency, accountability, reporting and financial control; and
- Collect service fees, for its own account from service users in accordance with the municipality's tariff and credit control policies.

#### **4.8 THE FUNCTIONS OF THE WATER SERVICES AUTHORITIES**

Planning for population growth and water resources is the function of the Water Services Authorities. Lange and Hassan ( 2006:2) state that the population, the structure and level of economic activity, urbanization and increasing standards of living, land cover and land use changes all influence the availability of water and the use of water. These authors suggest that the tool that links water supply and use with these factors is valuable for water management. Lange and Hassan (2006:2) argue that water management strategies can identify the economic implications of water policy measures. Policies include those directly affecting water, such as water pricing, abstraction regulations and infrastructure development, as well as those

indirectly affecting water such as agricultural development schemes, and urban concentration (Lange and Hassan, 2006:2).

Should the WSA decide to engage an outside service provider for water and sanitation services that relationship must be properly regulated. Responsibilities must be clearly spelled out so that there will be no overlap and infringements on each other's territory. The differences between the responsibilities of the service providers and WSAs are discussed hereunder:

The WSA as cited in WSA (2007: 3) is responsible for:

- Ensuring access to efficient, affordable, economical and sustainable water services;
- Regulating by making by-laws, policies and enforcing contracts;
- Planning by preparing Water Services Development Plans (WSDPs), and
- Providing water services by performing the functions of a WSP or through contracting a WSP (WSA, 2007: 3).

The next section will show the functions and the deliverables of the Water Services Provider.

#### **4.8.1 THE FUNCTIONS OR EXPECTED DELIVERABLES OF UTHUKELA WATER**

- Develop a business plan and budget in line with the WSDP as well as policies and by-laws of the municipality and obtain approval by UMzinyathi and Amajuba districts before implementation;

- Provide water services in accordance with the Constitution, the Water Services Act, and the policies and by-laws of parent municipalities and any contractual terms agreed between the parent municipalities and UThukela Water;
- Provide water services in an effective and efficient manner;
- Publish a Customer Charter;
- Ensure consumer-friendly billing, and
- Provide information concerning the provision of water services as may reasonably be requested by the regulator (WSA, 2007: 4).

As stated in the Constitution, local governments must ensure that communities have access to sustainable services and promote a healthy and safe environment (Subroyen, 2009: 3).

The above roles and responsibilities between the provider and the WSP endeavor to fulfill the Constitutional requirement and obligation to the people.

#### **4.9 MULTI-JURISDICTIONAL SERVICE DISTRICT**

These are district municipalities which cover areas of jurisdiction of two or more municipalities.

They are established by agreement between two or more municipalities to facilitate the

provision of services in their respective areas (Craythorne, 2003: 173). UThukela Water is one

entity that operates in a multi-jurisdictional service district. The responsibility of UThukela

Water extends from the boundary between Seme Municipality in Mpumalanga to the boundary

between Free State (Memel), down to the boundary between UMzinyathi and ILembe districts as well as UThukela district municipalities.

According to Craythorne (2003: 172), the agreement establishing a multi-jurisdictional service district must describe the rights, obligations and responsibilities of the parties and must do the following:

- Identify the boundaries of the districts;
- Identify the municipal service to be provided in terms of the agreement;
- Mention the mechanism that will provide the service in the district e.g. an external or internal mechanism;
- Create budgeting, funding and scheduling arrangement for implementation by the Board of Directors;
- Provide for the acquisition of infrastructure goods, services, supplies or equipment by the Board;
- Create the conditions for, and consequences of the withdrawal from the agreement of a participating municipality, and
- Establish the conditions for, and consequences of the termination of the agreement, including:
  - The method schedule of winding-up the operations of the district,

- The allocation among the participating municipalities of any assets and liabilities.

#### **4.9.1 THE GOVERNING BODY**

There are statutory provisions in the Act on the control of governing bodies.

A governing body:

- Is accountable to the participating municipalities (Amajuba and UMzinyathi districts),  
and
- Must comply with legislation applicable to the financial management of municipalities  
and municipal entities.

A multi-jurisdictional municipal service contract terminates automatically when there is only one remaining participating municipality (Craythorne, 2003: 173). With regard to the UThukela Water partnership, the withdrawal of UThukela District Municipality did not warrant termination of the municipal service agreement since Amajuba District (including Newcastle Local Municipality) and UMzinyathi District Municipality were still in partnership.

According to Cele (2008: 34), termination may also take place by written agreement between all the participants, upon the termination date in the agreement or upon non-fulfillment of any condition for termination in the agreement.

#### **4.9.2 MUNICIPAL ENTITIES**

The Local Government: Municipal Systems Act 2000 (Act 32 of 2000) provides that a municipality may take the route of a municipal entity in selecting an external mechanism for service delivery. According to the Act, a municipal entity is defined as:

- A company, co-operative trust fund, or any other corporate entity established in terms of any applicable national or provincial legislation and which operates under the ownership control of one or more municipalities, and includes, in the case of a company under such ownership control, subsidiary of that company, or a service utility which means a municipal entity established in terms of Section 82 (1) (c) of the Act as a separate juristic person. The Local Government: Municipal Systems Act 2000 (Act 32 of 2000) clarifies the definition of a municipal entity by defining ownership control. It defines ownership control in relation to a company established in terms of any applicable national and provincial legislation. For Craythorne (2003: 174), this means the ability to exercise any of the following powers, given the financial and operating policies of the entity, so as to realise benefits from its day-to-day operations:
  - To appoint or remove at least the majority of the Board of Directors or equivalent governing body;
  - To appoint or remove the entity's Chief Executive Officer, and
  - To cast at least the majority of the vote at meetings of the Board of Directors or equivalent governing body.

#### **4.10 UTHUKELA WATER PARTNERSHIPS**

The African National Congress indicated its legislative commitment to water privatization shortly after coming to office in 1994 with the adoption of the Water Services Policy in November of that year, stating that the then Department of Water Affairs and Forestry (DWAF) will consider proposals for the private sector to provide services where these may be in the

public interest and where this approach is supported by the community concerned (McDonald and Ruiters, 2005: 25). These authors maintain that this was the first legally binding statement from the ANC that post-apartheid water delivery was going to be private sector friendly. This legislation was followed by the Water Services Act of 1997 and National Water Act of 1998, as well as several acts related to local government. In particular the Local Government: Municipal Systems Act (Act 32 of 2000) further clarified and entrenched the opportunities for private sector involvement in water services delivery. These pieces of legislation were discussed in detail in chapter 3 subsection 3.5.

The areas of jurisdiction of the district municipalities of Amajuba (including Newcastle Local Municipality) and UMzinyathi are one of the regions in the province of KwaZulu-Natal that has not been served by a water board or Public –Private Partnership. The area has an above average rainfall and two main river systems. The region is faced with a huge backlog in basic water and sanitation services. Based on the latest census, the population stands at 1.8 million, growing at a rate of 2.25% per year. Of the estimated 280 000 customers of UThukela Water, only 90 000 are receiving water services (Thabethe, 2008).

In 1997, the 15 municipalities of the region participated in a study which concluded that while a water board could have been a viable institutional vehicle to deliver water and sanitation services in the area, the existing tariffs were too low to support a sustainable water institution. The water board proposal was rejected by the municipalities based on a number of reasons, one of which was that a water board's main function was bulk water service supply, while the local municipalities needed to include water reticulation and sanitation (Cele, 2008: 35).

The said 15 municipalities proceeded to initiate their own study to establish their own water service provider in order to accommodate the water services needs of the region. The study was conducted and recommendations to establish a municipal water service provider which later became UThukela Water Partnership were made (Cele, 2008). The partnership took the form of a multi-jurisdictional service utility and was established by three District Municipalities.

#### **4.10.1 THE NEED**

Du Toit *et al* (1998: 22) argue that public administration has definite origins derived from the needs of people, examples of which are food, water, sanitation and housing. These origins have gradually been reshaped over the years. They also note that public administration and public management originated because of people's needs which developed spontaneously as communities were formed and expanded. Communities expect the municipalities or their entity to perform in terms of service delivery.

#### **4.10.2 PERFORMANCE**

UThukela Water is responsible for the provision of water and sanitation services at Amajuba and UMzinyathi district municipalities. This function is provided through the management of bulk water supply, bulk sanitation and management of pump stations and water purification plants and waste water treatment plants. Sanitation and water reticulation are ring-fenced while bulk water, customer services, information technology strategy and leadership, and human resources, are shared services among the water services authorities (Perks, 2006).

#### **4.10.3 FUNDING**



The participating municipalities managed to raise R18 million in grants funding from the European Union (EU), as well as R14 million from the then DWAF to establish the UThukela Water partnership so as to support water sector transformation in the area (Perks, 2006). The existing UThukela Water structure turned out to be problematic thus proving that though UThukela water is a legal entity, it is not financially self-sufficient. Due to its status as a municipal entity, it has no operational autonomy and is financially dependent on its parent municipalities. The entity does not receive grants directly from the funders; however, it can raise loans with the approval of the parent municipalities. UThukela District Municipality later withdrew from the partnership and provided their own water and sanitation services (Perks, 2006).

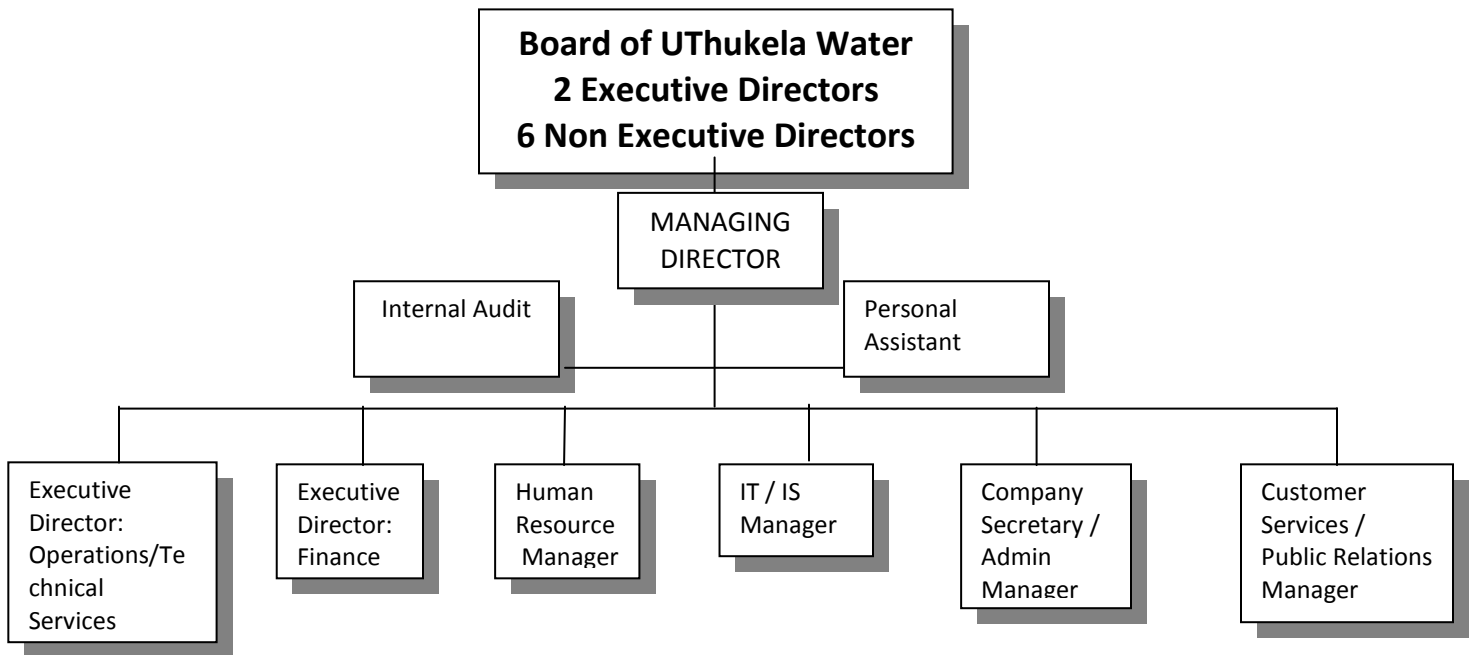
#### **4.10.4 LABOUR**

The South African government attempted to alleviate the privatization concerns of its labour union allies, in particular the Congress of South African Trade Unions (COSATU) – by signing a National Framework Agreement in 1998 which stated that the public sector was the “preferred service provider” for essential services such as water and sanitation (McDonald and Ruiters, 2005: 26). This undertaking and commitment was reiterated in the ANC’s local government election manifesto in 2000 and former President Mbeki also made appearances at COSATU and South African Communist Party meetings stating that he was committed to public sector reform, and made similar points in all of his State of the Nation Addresses (McDonald and Ruiters, 2005: 26).

During the establishment of UThukela Water the district municipalities took over about 560 employees from the local municipalities and the then DWAF, which were then transferred to

UThukela Water after its establishment. The majority of these employees were black members of the South African Municipal Workers Union (SAMWU) which is an affiliate of COSATU. Few at management level were members of Independent Municipal and Allied Trade Union (IMATU). The number could have been more if it were not for some services which were contracted out. The contracted out services included meter reading, implementation of projects and institutional social development. What follows is the management structure that is responsible for labour and service delivery.

**Figure 2: UThukela water management structure**



UThukela Water's top management organogram, as shown in Figure 2, shows that the Company has a functional structure with a Board made up of both Executive and Non-Executive Directors (Cele, 2008). As prescribed in the Company's Articles of Association, the Non-Executive Directors are appointed by the Councils of the shareholder municipalities and the

Managing Director is appointed by the Non-Executive Directors. The rest of the Executive Directors is appointed by the Managing Director and the Non-Executive directors. The Managing Director and the other Executive Directors are appointed in terms of Section 57 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000).

The members of the board decide on one member who will be the chairperson of the board and his/her deputy chairperson. The managing director reports to the board while other executive directors report to the managing director. The executive directors are responsible for the appointment of managers under them. Managers in turn are responsible for the appointment of staff reporting to them. The entity has a leadership committee which consists of the executive directors, the Chief Finance Officer and all managers reporting to the managing director. This committee meets every Thursday to discuss the business of the entity. The executive directors meet at a strategic level once a month with the officials of the parent municipalities to discuss strategic issues. The board of directors meets with the executive directors quarterly.

#### **4.10.5 PARTICIPATORY BUDGET PROCESS**

This is a form of direct democracy that allows citizens to participate in the local municipalities in which they live. According to McDonald and Ruiters (2005: 8) participatory budgeting in other parts of the world- most notably in Latin America and parts of India- has been quite successful in rejuvenating public service budgets, refocusing public spending on the most needy sectors, and reinvigorating public support and commitment for publicly owned and operated services.

UThukela Water does not have these sessions where the budget is openly discussed to the public but parent municipalities do. The parent municipalities discuss their budget together with the one compiled by UThukela Water in public meetings and road shows. Each WSA discusses its budget with the UThukela Water component in each local municipality within the district.

#### **4.10.6 BILLING AND DEBT COLLECTION**

UThukela Water does the billing and debt collection for the two district municipalities excluding Newcastle within Amajuba. From 2004 to 2009, the total debt owed by customers was just over R90 million (Thabethe, 2009: 12). Government departments during that period owed the entity about R6 million (Thabethe, 2009: 12). Most of the debt was inherited from local municipalities and the rest accumulated due to resistance by customers who claimed that the bills were inaccurate and illegitimate. From 2004 to 2008, UThukela Water did not impair debt due to the unavailability of funds (Cuhna, 2009: 5). The entity provided for debt impairment and write offs in 2009.

#### **4.10.7 UTHUKELA WATER AND ECONOMIES OF SCALE**

The establishment of UThukela Water as a single external mechanism as cited by Cele (2008: 14), was to bring significant advantages in terms of economies of scale due to the following:

- More efficient management of current revenue including funds and income, people, assets and equipment, systems and infrastructure;
- The opportunity to build new, large and more efficient infrastructure, and
- Financial economies of scale such as buying power and credit rating.

The following benefits were quantified and convincingly submitted to the participating municipalities (Cele, 2008: 14):

**Table 2: Scales of benefit**

	<b>Amajuba</b>	<b>NN</b>	<b>UMzinyathi</b>
Customer Care: Reduction in payment	5%	5%	5%
Engineering: Savings in Operations	35%	35%	35%
Operations: Savings	83%	40%	42%
Strategy & Leadership	75%	23%	43%

Despite the cost savings, the benefits to the community in terms of improved access to equitable services, health, safety and protection of the environment, are significant enough to warrant the external municipal entity to be the preferred service provider.

#### **4.11 STATUS OF DISTRICT MUNICIPALITIES BEFORE THE PARTNERSHIP**

A final assessment of the capabilities and abilities of the district municipalities to render water and sanitation services as cited by Cele (2008: 15) concluded as follows:

- That the two District Municipalities, as WSAs, do not have sufficient capacity to provide water services through an internal mechanism to address the full area;
- That the WSAs assessed did not have sufficient capacity to competently be a water service provider to another municipality;
- That should the WSAs decide to restructure and reorganise their internal mechanisms to comply fully with the relevant legislation, such an outcome will not be achieving the

best outcome in terms of equity, effectiveness and efficiency, financial and environmental sustainability (Cele, 2000: 15).

#### **4.11.1 CAPACITY TO SUPPLY WATER**

The core business of UThukela Water is the provision of water and sanitation within the boundaries of the two District Municipalities of Amajuba (including Newcastle Local Municipality) and UMzinyathi District Municipality.

Water is critical to sustainable development in South Africa. Without an adequate water supply, food production declines, human health fails, the natural environment suffers and economic growth is stunted. The country's growth and increasing standards of living place an ever-increasing demand on water resources for human consumption, for the irrigation of crops and for the supply of process water for mines and industry. As each of these sectors demands more water, in a country where water resources are already limited, it is incumbent upon every South African water utility and the public at large to take up the critical challenge of providing reliable, safe and secure water for all.

Most of South Africa's water requirements are provided by surface water supplies. These are rivers and dams. Rivers and dams are generally highly-developed over the country, with about 320 major dams having a total capacity of more than 32 400 million cubic meters, which amount to 66% of the total mean annual runoff (van Vuuren, 2007: 17).

The need to provide both reliable water and dispose of wastewater in an efficient and environmentally sustainable manner is urgent and cannot be delayed any longer. In South Africa, the challenges facing water utilities are made even more demanding by the need to urgently address the historical injustices and legacy of apartheid that left the majority of South Africans without any reliable source of water supply or sanitation. Above all, poor governance, a communication breakdown with stakeholders, corruption, political interference and a lack of transparency are major challenges facing water utilities and UThukela Water is not an exception.

#### **4.12 UTHUKELA WATER'S DEVELOPMENT**

The role of UThukela Water is developmental and it is therefore tasked with the responsibility of providing water and sanitation to the millions of people in the region. The issues of governance and accountability raised concerns at the establishment phase of the entity. This section addresses governance, development and accountability in the context of public administration and management.

##### **4.12.1 DEVELOPMENT AND GOVERNANCE**

Du Toit *et al* (1998) describe governance as actions undertaken to improve the general welfare of a society by means of services delivered. Governance can be taken further and explained as the connections and interactions between national, provincial and local authorities and the public they serve.

The World Bank's interest in governance arose from its concern with the effectiveness of the development efforts it supports (Van Der Waldt, 2004: 14). According to Van Der Waldt (2004: 14), sound development management is important to ensure adequate returns and efficacy of

the programmes and projects financed, and for the World Bank's underlying objectives of helping countries reduce poverty and promote sustainable growth. That is the reason why the World Bank's emphasis in recent years has shifted from its own interventions to the overall country context within which those interventions take place.

Accordingly, the Local Government: Municipal System Act 2000 (Act 32 of 2000) and Van Der Waldt (in White Paper, 1998: 93-94), summarise the key dimensions of governance as also identified by the World Bank as:

- Public sector management;
- Accountability;
- Legal framework for development, and
- Transparency and information.

According to Van Der Waldt (2004: 14-17) accountability, participation, predictability and transparency are four basic elements of good governance. The following sections consider briefly the relevance of the four elements of good governance to the development process, including the development process of UThukela Water.

#### **4.12.2 ACCOUNTABILITY:**

According to Wilson and Hinton (1993:123) accountability connotes for instance, stewardship and audit, exercise of responsibility, reporting of performance, answering for behavior, decisions and actions, being open to inspection and judgment, subject to sanctions and rewards.

#### **4.12.3 TYPES OF ACCOUNTABILITY**



Wilson and Hinton (1993:123) give a useful list of the types of accountability to be found in public sector organizations: These are political accountability, managerial accountability, legal accountability, and professional accountability.

Political accountability can also be linked to legal and administrative types of accountability while managerial accountability embraces notions of stewardship, audit and performance assessment (Wilson and Hinton, 1993:128).

Consumer accountability is referred to by Wilson and Hinton (1993:128) mainly in the context of members of the public using the ombudsman procedures to pursue complaints of maladministration and seeking greater responsiveness from public service organizations. In examining the concept of professional accountability, it is necessary first to look briefly at the characteristics of professions as cited by (Wilson and Hinton, 1993:128). These include:

- Ownership of a body of specialized knowledge, which is standardized;
  - Restricted entry via training and certification;
  - The exercise of autonomy within the field of expertise;
  - Implicit or explicit requirement to keep abreast of knowledge;
  - Control of delivery of service;
  - Standard of conduct often embodied in a code of ethics;
  - Enforcement of competence and ethical behavior, often by a self regulating body; and
  - Status, mystification, and power, the degree depending on the particular profession
- (Wilson and Hinton, 1993:128).

There is one important type of accountability which the researcher suggests can be added to the Wilson and Hinton list. This can be termed individual accountability and relates to the

integrity and morality of public service officials. This type of accountability is discussed in detail in chapter 5 under the subsection “corruption in the water sector”. Wilson and Hinton (1993:128) argue that public servants should act in line with the basic principles which sustain the authority of constitutional government. Individuals in office are expected to see themselves and others as citizens possessing dignity and basic right which are to be protected and ensured in the performance of duty (Wilson and Hinton, 1993:128).

Such respects should bind and inform all their actions. Individuals should agree to remain accountable for their actions to the relevant authorities and broader public. They must also agree to be honest and accurate in their accounting for their actions. The questions below put the debate about accountability, predictability, transparency and participation during the establishment of UThukela Water into appropriate context.

#### **4.12.3.1 ACCOUNTABILITY: Was accountability taken into consideration during the establishment of UThukela Water?**

Accountability cannot be compromised if local government officials are to be made answerable for government behavior and are to be responsive to the entity from which they derive their authority (Local Government: Municipal Systems Act 32 of 2000). Accountability means establishing methods to measure the performance of local government officials, as well as control mechanisms to ensure that the standards are met. In the context of the above, it should be noted that UThukela Water senior managers operate without any performance measurement contracts. At establishment the entity did not have sound financial systems; hence it failed to produce financial statements. Failure to produce financial statements is a

contravention of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003). However, the entity has since managed to produce financial statements from 2004 to 2008. The parent municipalities have also failed to apply their oversight function and therefore could not monitor and evaluate the performance of the entity. Lack of accountability tends to reduce the state's credibility as an economic partner (Van Der Waldt, 2007: 119, and Van Der Waldt, 2004: 14-17).

The accountability of public sector institutions is facilitated by the evaluation of their economic and financial performance. Van Der Waldt (2004: 14-17) argues that economic accountability relates to the effectiveness of policy formulation and implementation, and efficiency in the use of resources. UThukela Water has fallen short of this accountability. Financial accountability covers accounting systems for expenditure control, and internal and external audits (Van Der Waldt, 2004: 14-17).

#### **4.12.3.2 PARTICIPATION: Was the public adequately consulted? Is the entity owned and embraced by its shareholders?**

Public participation in municipal processes is the key to community buy-in. Without public participation, even the best project with dynamic plans is bound to fail due to rejection by alienated communities.

The principle of participation derives from an acceptance that people are at the heart of development. People are not only the end beneficiaries of development but should be actively involved as agents of development (Thabethe, 2007: 15). As stated earlier, 15 municipalities

participated in the study which was aimed at the establishment of UThukela Water. It is not clear whether ordinary citizens were consulted or whether only their political leaders played a major role in decision-making. Since 2004, stakeholder involvement and communication has been prioritized by the Customer Services and Public Relations centre of UThukela Water.

Van Der Waldt (2004: 15) states that development is both for and by people, and therefore they need to have access to the institutions that promote it. Participation by the masses at grass roots level implies that government structures are flexible to afford beneficiaries and those affected a chance to improve the design and implementation of public programmes and projects (Van Der Waldt, 2007: 26-27). Consultation and participation increase buy-in and enhance results.

**4.12.3.3 PREDICTABILITY: Were the government legislation and policies adequately consulted before and during the establishment of UThukela Water? Were the regulatory, monitoring and evaluation functions explained to all relevant stakeholders?**

Predictability refers to the existence of laws, regulations and policies to regulate society, and their fair and consistent application. One of the flaws at the establishment of UThukela Water was lack of policies and procedures dictating the operations of the entity. There were no work flows in place, which made it easy for the staff to make mistakes. Poor control measures made the entity susceptible to fraud and corruption. The orderly existence of citizens and institutions would be impossible without predictability and therefore depends largely on it (Van Der Waldt, 2004: 15). Besides legal and regulatory frameworks, consistency of public policy is also important. However, consistency does not mean rigidity (Van Der Waldt, 2007: 40). The entity

does need to respond flexibly to changing circumstances and to make midcourse corrections, when needed. Chapter Seven of this study discusses in detail the policy board model of governance, which explains the need for policies and procedures for effective service delivery.

**4.12.3.4 TRANSPARENCY: How transparent was the establishment process to the public? Were there no personal or individual interests? Were the feasibility study and section 78 assessments fair and objective?** Transparency implies the availability of information to the general public and clarity about government rules, regulations, and decisions (Van Der Waldt, 2007)). Transparency as a principle was severely compromised during the establishment of UThukela Water. Incorrect assumptions were made and communicated to the politicians. The entity was established on the basis of the fact that it would get funding from what was termed “forgivable loans” and that 100% of the billable customers would pay their bills on a monthly basis (Thabethe, 2007: 5). Without proper controls in the form of credit control policies, debt collection becomes a nightmare. The entity had no plan to deal with inherited debts from local municipalities. Furthermore, assets were not transferred from local municipalities to the district municipalities, let alone to the entity. Transparency complements and reinforces accountability and predictability. The challenge with ensuring transparency is that only the generator of information may know about it, and may limit access to it (Van Der Waldt, 2004: 16). It is therefore useful to enhance the citizen’s right to information by enforcing the law. Transparency in the entity’s decision-making and policy implementation reduces uncertainty and can help inhibit corruption among officials (Van Der Waldt, 2007: 20). A major development in good governance internationally has been government’s committing to making

important information about the outcomes of policy public available on a regular basis and to credible standards (Van Der Waldt, 2007: 10).

#### **4.13 THE VOICE OF THE PUBLIC IN THE THREE MUNICIPALITIES**

Local government faces many challenges and for the most part does not have the skills or resources to integrate the developmental needs of the people into proper planning. This has led to South Africans, especially the residents of Amajuba and UMzinyathi district Municipalities, experiencing water shortages resulting in huge backlogs. Common questions regarding service delivery being asked by citizens are:

- Are the districts giving the people water the way they should as per the Constitution?;
- Are the services effective and efficient?;
- Are the budgets allocated for water and sanitation properly utilized? ; and
- Is there equity in addressing the water and sanitation backlog?

These questions are not limited to the said districts and KwaZulu-Natal but cut across the nine provinces of South Africa and the African continent. Internationally, governments are embarking on outcome-focused approaches to management for a variety of reasons (Van Der Waldt 2007:18), discussed below.

##### **4.13.1 IMPROVING EFFECTIVENESS AND EFFICIENCY**

Van Der Waldt (2007: 18) states that in order for the organisation to be effective and efficient, managers should change from being inwardly focused to being outwardly focused

on public conditions, needs and problems. There has to be a link between performance and the policy-formulation process. Outcome-focused information can be used to ensure that local government and its officials are delivering services, benefits and products properly aligned to the public interest and with efficient use of resources (Van Der Waldt, 2007: 18). Effective and efficient managers measure their performance and are judged by whether they can work harder and smarter and do more with less.

#### **4.13.2 PUBLIC AWARENESS**

Another motive was to make UThukela Water more transparent and its managers more accountable for their service delivery programmes. Managerial emphasis is thus shifted from the quantity of resources to the utilisation of resources (Du Toit in Schwela *et al.*, 1996: 6). UThukela Water cannot satisfy its customers with the insufficient budget that it receives from parent municipalities. However, much has been done in extending the pipelines even to the deep rural areas despite the budgetary constraints.

#### **4.13.3 REALLOCATION**

Resource allocation could be strengthened by matching programme costs with programme results, and by making comparative assessments of the relative worth of programmes in producing results (Van Der Waldt, 2004: 20). To drive this purpose forward, the budget could be structured around outcomes, rather than agencies, and outcome information could be integrated into the budgeting and reporting system (Van Der Waldt, 2004: 20).

#### **4.13.4 CO-OPERATION AND COORDINATION**

Co-operative governance yields good results and improves intergovernmental relations. Combined efforts have the potential to provide coherent direction to related programmes

across departments where these programmes work towards common objectives.

Coordination and cooperation between the entity and its parent municipalities has not been at its best. The district municipalities have been seeking ways and means of dissolving the entity. However, due to political changes in the municipal structures, this has not been possible. According to Van Der Waldt (2007: 16-18 and 2004: 20), coordination and cooperation reduces the tendency of working in isolation and promotes coordination and cooperation among the teams. Dissolving the entity would mean that each district will provide water and sanitation services in isolation as it is happening at UThukela District Municipality.

#### **4.14 FINANCING WATER SUPPLY AND SANITATION SYSTEMS**

Reliable and sustainable financing will be needed to expand and maintain adequate water supply and sanitation services for all. Lessons can be drawn from the experiences of OECD and transition economies in developing systems for financing infrastructure and water services provision and applying full cost recovery water pricing systems. Subsequent to the identification of the need for sustainable and reliable financing, hereunder are the alternative funding mechanisms (OECD 2007: Online).

##### **4.14.1 FUNDING DEVELOPMENT**

Du Toit *et al* (1998: 46) are of the opinion that government institutions exist for a specific purpose, one of which is to achieve objectives set by government of the day. In order to enable government institutions to be operational, government has to generate income or revenue. Through the budget government can provide funds to all its institutions. Du Toit (1998: 46) maintains that legislation through which income can be generated must be in place.



Craythorne (2003: 149) notes that National Government has a number of development funding programmes which local government can and must not hesitate to utilise. The programmes applying to municipalities as cited by Craythorne (2003: 149) are:

- Land acquisitions for commonage whereby the grant is available to municipalities to acquire land for agricultural lease schemes and for land for commonages of towns and villages;
- Settlement planning grant: This grant is intended to pay for professional services for the preparation of project and settlement plans.
- Grant for determining land development objectives: This grant can be made to poor municipalities to obtain the services of planners to plan land reform and settlement in the municipalities.
- Funding local government infrastructure: There are four programmes:
  - The Consolidated Municipal Infrastructure Grant (CMIP);
  - Extended Municipal Infrastructure Grant (MIP & EMIP);
  - Funding from DWAF, and
  - Bulk and Connector Infrastructure Grant Programme (BCIG).

#### **4.14.2 SOURCES OF FUNDING**

The National Primary Financial redistributive mechanisms for water services are grants that support the provision of basic municipal services by local government (DWA, 2007: 7). These grants are the municipal infrastructure grant, the local government equitable share (an unconditional operating grant) and the capacity building grant (DWA, 2007: 7), and are all only accessible by local government. Municipalities are advised that all applications should be directed to COGTA through the Provincial Administration except funding that comes from the DWA (WSA, 2007: 7). The Development Bank of Southern Africa also offers financial assistance to facilitate development (Craythorne, 2003: 149). Municipalities find the equitable share inadequate to address all aspects of the water supply problem simultaneously, and therefore need to leverage the financial abilities of a state-owned enterprise (SOE) such as Water Boards, to extend service delivery.

One alternative to financing water and sanitation problems as opposed to government grants, are local funds or local revenues. According to Beal (2005: 5), local funds operate across a wide front, are diverse in scope and focus, and change and adapt in response to a particular local political, social, institutional and physical context.

Beal (2005: 5) states that local funds include the World Bank's social funds, which involve large sums of money, alongside smaller charitable donations. Beal defines local funds as "both financing instruments and funding agencies created to disburse reserves for local development, arguing that donors are more comfortable with poverty reduction than with encouraging political activity. Local funds aim to alleviate poverty through the financing of activities that

include social service programmes and infrastructure such as schools, clinics, water supply and sanitation facilities, environmental protection and physical infrastructure (Beal, 2005: 6).

It is believed that supporting such activities will improve the well-being of poor people and communities. Local funds can be channeled towards involving residents and local governments in the co-production of infrastructure and services, supporting decentralisation processes in local government, assisting civil society organisations to advocate increased effectiveness and accountability on the part of government departments, or towards citizens monitoring the performance of politicians and government officials (Beal, 2005: 7). Local funds are seen as a tool for the empowerment of poor people and marginalised groups, and of increased democratisation since they are used to get local government to listen and respond.

#### **4.14.3 LOCAL FUNDS FOR POOR COMMUNITIES**

Beal (2005: 7) describes local funds as a means by which small resources are targeted directly towards disadvantaged groups in local communities, according to pre-determined criteria. The author is of the opinion that local funds are disbursed closest to where they are needed. It is therefore believed that they will be better targeted, with local people being more able to decide what they need and to influence what they get. Local funds are therefore best suited to assist in the funding of projects in rural areas. It is further argued that a common way of targeting the poor is through identity-based eligibility criteria, for example, indigent people. Local funds are supposed to be demand-driven, operating in response to experiences of need and initiative imposed by local people themselves.

Osborne (2002: 234) argues that social service provision could rely on profit-making organisations through private markets. Private markets as explored by private contractors have a potential to increase responsiveness and improve the quality of services. The demand-led feature of local funds is often offered as a mechanism for effective targeting as only that in need will apply. Unfortunately in reality, local funds often go to those who know how to apply and report on their activities according to donor monitoring and evaluation requirements rather than those in need (Du Toit, 2002: 104-105). It is therefore advisable that communities regroup and organise themselves in co-operatives or partnerships in order to successfully and effectively access the funds. These could be private/Community-Based Organisations or Private/Non- Government Organisations partnerships.

Beal (2005: 8) argues that local funds stimulate partnerships for development. Local funds lead to increased participation and attainment of greater confidence on the part of local people. They are swift and flexible, which is why they are celebrated for being able to respond in ways that reduce the time that local groups need to spend accessing resources (Beal, 2005: 8-9). She also believes that local funds are sufficiently flexible to respond to a multiplicity of poverty alleviating efforts.

#### **4.14.3.1 FINANCING WATER SERVICES –REDUCING COST**

One of the challenges facing UThukela Water and the district municipalities, is the ever-increasing costs of operation and maintenance of water and sanitation infrastructure. UThukela Water and the municipalities are greatly affected by the cost of supply of water services. These organisations must, through measures such as appropriate infrastructure standards and

management of water losses, reduce costs. Johannesburg’s Operation GcinAmanzi and Operation Wongamanzi in Nelspruit are typical, good examples where water management costs have been drastically reduced (McDonald and Ruiters, 2005:123; Commonwealth Foundation, 2004). Bulk water is a major cost driver in water services. In areas where bulk water is cheap, it becomes easier to extend infrastructure to the neediest rural areas (WSA, 2007: 19).

#### **4.14.3.2 ENSURING SUFFICIENT RESOURCES ARE AVAILABLE**

South Africa’s national targets will never be reached with the available financial resources. Water services authorities will, according to the WSA (2007: 20), have to increase capital expenditure rapidly so that national targets can be met. The main sources of funding for capital expenditure are the Municipal Infrastructure Grant (MIG), the Housing Subsidy and Own Sources of funding including Borrowings, and Transfers of funds from the operating account (WSA, 2007: 20). The tables below illustrate the sources of funds (WSA, 2007: 21).

**Table 3: Sources of Capital and National Water Service Programme**

##### **Housing subsidy portion for water services**

Amount %	Split%	R in Billions
Portion for water services	19	28
MIG	30	46
Own	16	25
Total	65	100

This shows that water and sanitation services are funded more through Grants than by revenue generated by municipalities.

**Table 4: Municipal Infrastructure Grant (MIG)**

Million in Rands	Outcome		Revised		Mid Term		
	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	
	2.442	4.81	5.436	6.756	7.549	8.053	9.130
	83%	21%	24%	12%	7%	13%	

The MIG fund increased from 2.4 Billion to 8.053 Billion between 2003/4 and 2008/9.

Over the 2007/8 – 2009/10 period of the MTIEF, R24, 7 Billion was made available for the MIG programme (FBW, 2007: 21).

#### **4.14.3.3 HOUSING SUBSIDY**

The Integrated Housing and Human Settlements Development Grant Programme target the eradication or formalisation of informal settlements on a phased basis by 2014 (DWF, 2006).

**Table 5: The expenditure allocated to the programme over the 2007/08 – 2009/10 MTIEF period is R29 billion**

2006/2007	2007/2008	2008/2009	2009/2010
Housing subsidy	Revised		Medium Term Estimate

<b>R Millions</b>	<b>6.404</b>	<b>8.238</b>	<b>9.853</b>	<b>11.531</b>
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(FREE BASIC WATER, 200722)

#### **4.14.3.4 OWN SOURCES**

Own Sources of capital finance can be from two sources: Surpluses from the Operating Account and Borrowings (FBW, 2007: 23).

#### **4.14.3.5 SURPLUS FROM OPERATING ACCOUNT**

Some municipalities are able to provide “own sources” capital funds by transferring surpluses from their operating account. However, this is possible only if there is a surplus in the operating account (FBW, 2007: 23).

#### **4.14.3.6 BORROWINGS**

The private sector and the Development Bank of South Africa allow municipalities to borrow the funds required to balance capital expenditure (DWAF, 2006). Low capacity water services authorities lack financial status and therefore have no access to borrowings. Such WSAs use grant funding intended to provide services to the poor in order to subsidise provision to the non-poor as well as business and industries (DWAF, 2006 and FBW, 2007: 23). Under-spending of the available grant does more harm than any good in building capacity to attain financial status.

#### **4.14.3.7 NATIONAL TRANSFERS**

According to Reddy, Sing and Moodley (2003: 54), national government documents distinguish between the different types of grants, agency payments and other terms of national transfers to support national priorities. Reddy, Sing and Moodley (2003: 54) describe a conditional grant

as an allocation from one sphere of government to another, subject to the delivery of certain services or compliance with specified requirements. A variety of national departments such as Provincial and Local Government, the National Treasury, Water Affairs and Forestry, Transport and Public Works administer conditional grant programmes which apply to municipalities.

These conditional grant programmes are cited in Reddy, Sing and Moodley (2003: 55) as follows: Consolidated Municipal Infrastructure Programme (CMIP), the Local Economic Development Fund (LEDF), the Community Works and Sanitation Programme (CWSSP), the Community Based Public Works Programme (CBPWP), the South African Housing Fund, the National Electrification Fund, and the Urban Transport Fund.

#### **4.14.3.8 AGENCY PAYMENTS**

Agency payments are made by one government department to another in the same or different sphere of government for services administered by the department receiving the payments.

A relevant example is the payments made by the WSAs to UThukela Water for water and sanitation provision. Conditional group and agency payments are planned to provide for national priorities in the municipal budget. According to Reddy, Sing and Moodley (2003: 55), these payments promote national norms and standards and support local government transition by funding capacity building and restructuring. In Chapter Two it was indicated that around R4.5 billion is required to serve an estimated 463 384 households with potable water over the current Medium Term Expenditure Framework. According to Mabuyakhulu (2008: 5), this includes R2.2 billion available through the Municipal Infrastructure Grant (MIG).



Mabuyakhulu (2008: 5) pointed out that the R4.5 billion excluded an estimated amount of R18 billion required for such infrastructure. Clearly the province is still faced with an estimated shortfall of R22.5 billion towards water service delivery. The grant programmes are therefore aimed to address backlogs and regional disparities in social transformation (Reddy, Sing and Moodley, 2000: 133).

#### **4.14.3.9 EQUITABLE SHARE VERTICAL TRANSFER**

This grant is a constitutional entitlement in terms of Section 227 (1) (a) of the Constitution. It is regarded as an unconditional transfer to assist municipalities to provide basic services and to fulfill their mandate (DWAF, 2006). The Department of Cooperative Governance and Traditional Affairs (COGTA) is responsible for the administration of the unconditional transfer grants (DWAF, 2006). There are municipalities who get grant support because they have limited capacity. The formula for distributing equitable share has a strong poverty bias and seeks to assist poverty-stricken households (DWAF, 2006).

Mabuyakhulu (2008: 6) argues that lack of access to potable water and general under-development in rural areas and poverty-stricken areas cannot be over emphasised. He alludes to the fact that where there is a lack of access to potable water, the backlog of other services such as electricity and decent houses is generally high. The fact that three of the four municipalities in KwaZulu-Natal with highest backlogs, namely: UMkhanyakude, UGu, UMzinyathi and Sisonke, attest to the challenges and the connection between poverty and lack of access to basic services (Mabuyakhulu, 2008: 6).

## **4.15 AN INTERNATIONAL PERSPECTIVE ON WATER AND SANITATION PROVISION**

### **4.15.1 A CASE STUDY OF WATER SUPPLY AND SANITATION IN PORTO ALEGRE /BRAZIL**

Porto Alegre is the Capital of the state of Rio Grande do Sul, in the south of Brazil. It has a population of 1 400 000 inhabitants. The Water and Sanitation Municipal Department (DMAE) is responsible for water and sewerage services ([www.psiro.org](http://www.psiro.org)).

The DMAE is tasked with a responsibility to supervise, execute and maintain the equipment and facilities for raw water intake, treatment and distribution of water, as well as the collection and treatment of the sewage ([www.psiro.org](http://www.psiro.org)).

Water supply and sanitary sewage systems play a key role in Porto Alegre's high ratings ([www.waterjustice.org](http://www.waterjustice.org)). Porto Alegre has one of the lowest rates of infant death in Brazil.

There are 13.8 deaths per thousand births, compared to the national infant mortality rate of 65 deaths per thousand births. There is a direct correlation between low infant mortality, of which Porto Alegre is proud, and improvements in the levels of water and sanitation ([www.waterjustice.org](http://www.waterjustice.org)).

#### **4.15.1.1 HISTORY OF WATER SERVICES IN PORTO ALLEGRE**

The history of water and sanitation services in Porto Alegre shows a developmental pattern over the years, with private contractors starting services in the 19th century, and being taken over by municipalities in the early 20th century. As far back as 1861, a private company called Hidráulica Porto-Alegrense, was awarded a contract for the operation of the city's water supply,

while another company called Companhia Hidráulica Guahybense was set up to serve the unconnected neighborhoods.

The cholera epidemics of 1857 and 1876 forced the municipality to provide sanitation services. However, the first part of the urban sewerage system was only completed in 1912. In 1904, the city council took over Companhia Hidráulica Guahybense, and later Hidráulica Porto-alegrese, and created an administrative department of the city council ([www.ourwatercommons.org](http://www.ourwatercommons.org)).

In 1961, the Porto Alegre city council transformed the water department into an autonomous and financially independent municipal entity called the Departamento Municipal de Água e Esgotos (DMAE) ([google.co.za/books](http://google.co.za/books)). The decision was taken to afford DMAE the opportunity to obtain a US\$3.15m loan from the Inter-American Development Bank ([www.enwikipedia.org](http://www.enwikipedia.org)).

#### **4.15.1.2 THE BRAZILIAN CONTEXT**

Brazil is a federal country, with 27 states with their own elected governments, and elected municipalities in the cities and towns. The provision of water is shared between the large regional state water companies, and municipalities ([www.enwikipedia.org](http://www.enwikipedia.org)).

Out of 27 state capitals, 25 are served by public companies - 23 regional and two municipal – and two are served by partly privatised companies ([www.enwikipedia.org](http://www.enwikipedia.org)).

#### **4.15.1.3 PERFORMANCE**

The Municipal water supply system provides 99.5% of its population with treated water. The basic price for one kilo litre in the household's category is U\$0, 30, which is one of the cheapest in the country ([www.ourwatercommons.org](http://www.ourwatercommons.org)).

The remaining 0.5% of the population has no access to potable water. These people stay in illegal villages. The DMAE provides water to these villages by water tankers ([www.waterjustice.org](http://www.waterjustice.org)).

In 1990, DMAE rendered sewerage services to 70% of households, and by 2002 it had extended service coverage to 84%. Wastewater treatment increased from 2% in 1990 to 27% in 2009 ([www.enwikipedia.org](http://www.enwikipedia.org)).

#### **4.15.1.4 LABOUR**

In October 2001, DMAE employed 2 484 workers, a low figure which is partly a result of contracting out of works ([www.enwikipedia.org](http://www.enwikipedia.org)).

#### **4.15.1.5 CONTRACTING OUT WORKS**

DMAE contracts out construction and other works through competitive tender. This includes water connection services, and sewage connection services ([www.enwikipedia.org](http://www.enwikipedia.org)). The majority of works contracted out are awarded to Brazilian companies ([www.enwikipedia.org](http://www.enwikipedia.org)).

#### **4.15.1.6 DMAE AS AN AUTONOMOUS MUNICIPAL ORGANISATION**

Despite being wholly owned by the municipality of Porto Alegre, DMAE enjoys operational autonomy and financial independence ([www.enwikipedia.org](http://www.enwikipedia.org)).

As an autonomous public body, it can make its own decisions on how to invest the revenues it collects, and such decisions are not directly subject to interference or deliberation by the municipality. However, the Mayor appoints the General Director of the entity ([www.ourwatercommons.org](http://www.ourwatercommons.org)).

#### **4.15.1.7 FINANCIAL INDEPENDENCE**

DMAE's finances are ring-fenced; therefore it receives no subsidies, and makes no payments to the municipality itself, not even to cross-subsidise other public services ([www.ourwatercommons.org](http://www.ourwatercommons.org); [www.ourwatercommons.org](http://www.ourwatercommons.org)).

DMAE is challenged to be financially self sufficient in order to cover all its expenses from its own income. DMAE produces its own accounts, separate from the municipality ([www.enwikipedia.org](http://www.enwikipedia.org)). As a municipal entity, DMAE enjoys tax-exempt status (([www.enwikipedia.org](http://www.enwikipedia.org))).

#### **4.15.1.8 MANAGEMENT STRUCTURE**

There are three key elements in the management structure of DMAE. First is the general management, headed by the General Director, who is appointed by the Mayor of Porto Alegre, to a four year term ([www.waterjustice.org](http://www.waterjustice.org)). Senior managers are appointed by the director general. All other posts are publicly advertised and selected. All salaries have to be approved by the city council ([www.ourwatercommons.org](http://www.ourwatercommons.org)).

The **Technical Management Council** meets weekly and is responsible for analyzing projects and internal works of the Department, discussing the annual budget and deciding on the priorities. It also provides advice and technical support and information to the Deliberative Council

([www.en.wikipedia.org](http://www.en.wikipedia.org)). The **Deliberative Council** controls and approves all operations and decisions taken by DMAE. This council exercises some oversight and financial management functions. The council is chaired by DMAE's CEO, with power to approve all major decisions adopted by DMAE, as well as to advise on a number of secondary matters.

The Council is constituted by different civil society organisations ranging from the Engineering Society to the Medical Association and Environment and Protection State Association, reflecting different political views and interests in order to introduce a number of checks and balances in DMAE's management ([www.ourwatercommons.org](http://www.ourwatercommons.org)). The Council is in charge of approving works plans, tenders, contracts and agreements entered into by DMAE; water supply and sanitation tariffs; budgetary proposals; annual financial reports; and financial operations ([www.en.wikipedia.org](http://www.en.wikipedia.org)).

In addition to these management structures, DMAE is subject to two further forms of accountability. Firstly, it is accountable to State Government auditors. Secondly, it is expected to reflect the popular will on the allocation and reinvestment of its revenues, as expressed through the Participatory Budget ([www.en.wikipedia.org](http://www.en.wikipedia.org)).

#### **4.15.1.9 PARTICIPATORY BUDGET IN WATER PROVISION**

The Participatory Budget process is a form of direct democracy. It allows citizens to participate in the neighborhood in which they live and choose which of their priorities the municipality should implement ([www.en.wikipedia.org](http://www.en.wikipedia.org)). Citizens meet to vote and decide in which priorities

the available resources should be invested, with each of the short-listed priorities being evaluated on a cost/benefit basis ([www.ourwatercommons.org](http://www.ourwatercommons.org)).

Participation in the Participatory Budget is voluntary and universal. It is a deliberative and transparent process, and decisions made are documented, published and strictly implemented ([www.enwikipedia.org](http://www.enwikipedia.org)).

When demands for water and sanitation are discussed, the Participatory Budget meetings take place under the guidance of DMAE, which explains the technical criteria for the selection and implementation of works. This process exposes DMAE to the criticism and suggestions of the public ([www.ourwatercommons.org](http://www.ourwatercommons.org)).

#### **4.15.1.10 PRICING POLICIES**

Pricing in Porto Alegre, including the pricing of water supply, sanitation and complementary services, is designed to cover all operating costs, investments and capital costs. In order to bring forward resources to develop water and sewage works, DMAE sources long term loans which are fully repaid with tariff resources ([www.enwikipedia.org](http://www.enwikipedia.org)). In 2001, 10% of total bills were uncollected. Most of these were issued either to domestic consumers or the public administration.

DMAE makes every effort to warn the customers who are failing to pay and tries to negotiate payment terms before proceeding with the cut-offs, in order to prevent social or health problems. There is no fund set up to mitigate non-payment of bills ([www.enwikipedia.org](http://www.enwikipedia.org)).

#### **4.15.1.11 ACTUAL PROBLEMS AND FUTURE CHALLENGES**

DMAE and UThukela Water have a constant worry with the maintenance of the financial, economic, technological and social sustainability. Among the projects developed that constitute the Strategically Planning of DMAE and UThukela Water, one can mention the following:

- The Water loss management programme that was created in 1996 by DMAE and in 2009 by UThukela Water. Unaccounted for Water (UWF) in Porto Alegre has been declining, from about 50% in 1991 to about 35% in 2002. The direct opposite is true in the case of UThukela Water, whose water losses are 43%. The company is planning to reduce water losses to 25% by 2016.

#### **4.16 COMPARISON BETWEEN DMAE AND UTHUKELA WATER**

DMEA has a technological development programme, mainly automation of the systems, for reducing operating costs and optimising the water supply and sewerage system ([www.enwikipedia.org](http://www.enwikipedia.org)). UThukela Water is yet to put in such a system. Both entities were established mainly to render water and sanitation services for communities. Financial, economic, technological and social sustainability remain a challenge for both entities. Both entities had problems collecting monies from consumers. This resulted in huge debts sitting in their financial books. It is, however, noted that DMAE has made substantial progress in reducing unaccounted-for water.

In spite of the difficulties, it is believed that DMAE is a good example of how a municipally-owned undertaking may achieve efficiency and outstanding performance without changing its status and ownership. UThukela Water will learn more from DMAE once the model of



governance has been adopted. Transparency, accountability and public participation which, according to the model as discussed in Chapter Seven are cornerstones, appear to be the catalyst for DMAE's success and call for attention to its institutional structure.

#### **4.17 CONCLUSION**

Chapter Four reviewed the historical background to the establishment of municipal entities. The establishment of municipal entities is a response to the adoption of the RDP as well as the White Paper on the Transformation of the Public Service of 1995. These two documents focused on the need for the public service, especially local government, to be more responsive to the needs of the people as well as the need for efficient service delivery. Efficiency and effectiveness of services to the people by municipalities encompasses capability, accountability and purposefulness.

The call for effectiveness and efficiency on the part of municipalities resulted in consideration of the establishment of municipal entities. However, before the establishment of any municipal entity, there was a need to transform the old public sector practices and cultures into a new sector with the focus on service delivery for the people and to the people. Service delivery is the responsibility and function of a municipality; however, the municipality is also free to engage an external service provider if it feels that it is not properly resourced to perform the function and there will be cost benefits. Municipal services partnerships are one way municipalities can mobilise additional resources from public institutions, the private sector, CBOs and NGOs, in order to improve and expand service delivery. Municipal services partnerships are defined as a contractual arrangement with another body for the delivery of

any municipal service, while partnerships are defined as the means whereby a municipality may achieve its objectives by engaging a partner who can provide the capital, expertise and technology which the municipality does not have.

Commonly-known partnerships are Public-Public Partnerships (PUPs); Public-Private Partnership (PPPs), partnerships between organs of the state and CBOs or NGOs and municipalities, and Public Private Partnerships between the municipality and a company in the private sector. Types of contracts include service contracts, management contracts, concessions, lease, build/ own/operate/transfers, full divestiture, NGO/CBO provision and contracting out. External service provision has its own benefits. However, both the service provider and the municipality must have clearly defined functions and responsibilities with a governing body of agreement in place in order to regulate the activities of both the provider and the municipality.

Chapter Four concluded by discussing the establishment and development of UThukela Water (Pty) Ltd and comparing it with DMAE a municipal entity in Porto Alegre, Brazil in South America.

## Chapter 5

### AN EVALUATION OF THE MANAGEMENT OF UTHUKELA WATER (Pty) Ltd

#### 5.1 INTRODUCTION

UThukela Water (Pty) Ltd is the first South African water utility of its kind. It is a municipal entity and a regional water service provider, wholly and exclusively owned by three Water Services Authorities: namely Amajuba, (DC25), UMzinyathi (DC24) and Newcastle municipalities (Perks, 2005: 69).

UThukela Water is a municipal entity jointly formed in terms of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000). The company is expected to supply water and sanitation services to approximately 1.4 million people over an area of 14 000 square kilometres in KwaZulu-Natal (Perks, 2005: 69). UThukela Water (Pty) Ltd has established itself as a leader in the industry in the northern KwaZulu-Natal and a benchmark for the reform of the water sector in the province. The company's head office and scientific services facilities are situated in Newcastle in Northern KwaZulu-Natal (Perks, 2005: 69).

Between 1997 and 2000, all municipalities in the previous UMzinyathi and UThukela regions as well as other organs of civil society (community-based organisations, organized business, non-governmental organisations, agriculture, industry and labour) participated in the UThukela Water Board study. According to Cele (2008:15), funding was made available with the assistance of the then South African Department of Water Affairs and Forestry (DWAF) and the Australian Government (AUSAID). The result of the study was the formation of a water utility

called UThukela Water Partnership (UTWP) in September 2001 (Perks, 2005: 69). This partnership was transformed into a company with limited liabilities in 2003. A 30-year Strategic Plan (SP, 2030) was designed to model various options to better enable the company to effectively execute its mandate (Perks, 2005: 69). According to Perks (2005: 69), UThukela Water (Pty) Ltd commenced business in July 2004 and had a net asset value of R2.5 billion. During the 2005 financial year, it had an operational budget of R152 million, a capital budget of R128 million and a staff complement of 521 people. Each Water Service Authority (WSA) is a shareholder and deploys two representatives to all shareholders meetings (UThukela Water Reports, 2003).

## **5.2 GOVERNANCE AND CONTRACTUAL OBLIGATIONS**

UThukela Water is regulated by the Companies Act (61 of 1973), Local Government Municipal Systems Act 2000 (Act 32 of 2000) and Municipal Finance Management Act 2003 (Act 56 of 2003) (UThukela Water Reports, 2005). Shareholders' representatives are composed of three Municipal Managers and three Mayors from Amajuba, UMzinyathi and Newcastle municipalities. The similarities of contractual obligations with a similar Brazilian municipal entity have been discussed in Chapter Four. The Company is managed and administered under the shareholders' agreement which regulates the relationship among the shareholders. The Water Service Provider Agreement (WSPA) regulates the relationship and service delivery level while the articles of association regulate statutory company matters including shareholding, directors and shareholder's meetings (Cele, 2008).

## **5.3 UTHUKELA WATER'S BUSINESS FOCUS**

UThukela Water's business focus is on the provision of water, wastewater management, and other related environmental services, from water source to customer connection, from sewer connection to waste water treatment plant, to disposal into the environment (Thabethe, 2005). The core business of UThukela Water (Pty) Ltd is in operations. This is made up of Bulk Water, Networks, Sewer Waste Water Treatment Plants, Rudimentary and IC5 (Intelligence Centre to capacitate, communicate, coordinate, control and command operational and maintenance activities) (Wagner, 2003).

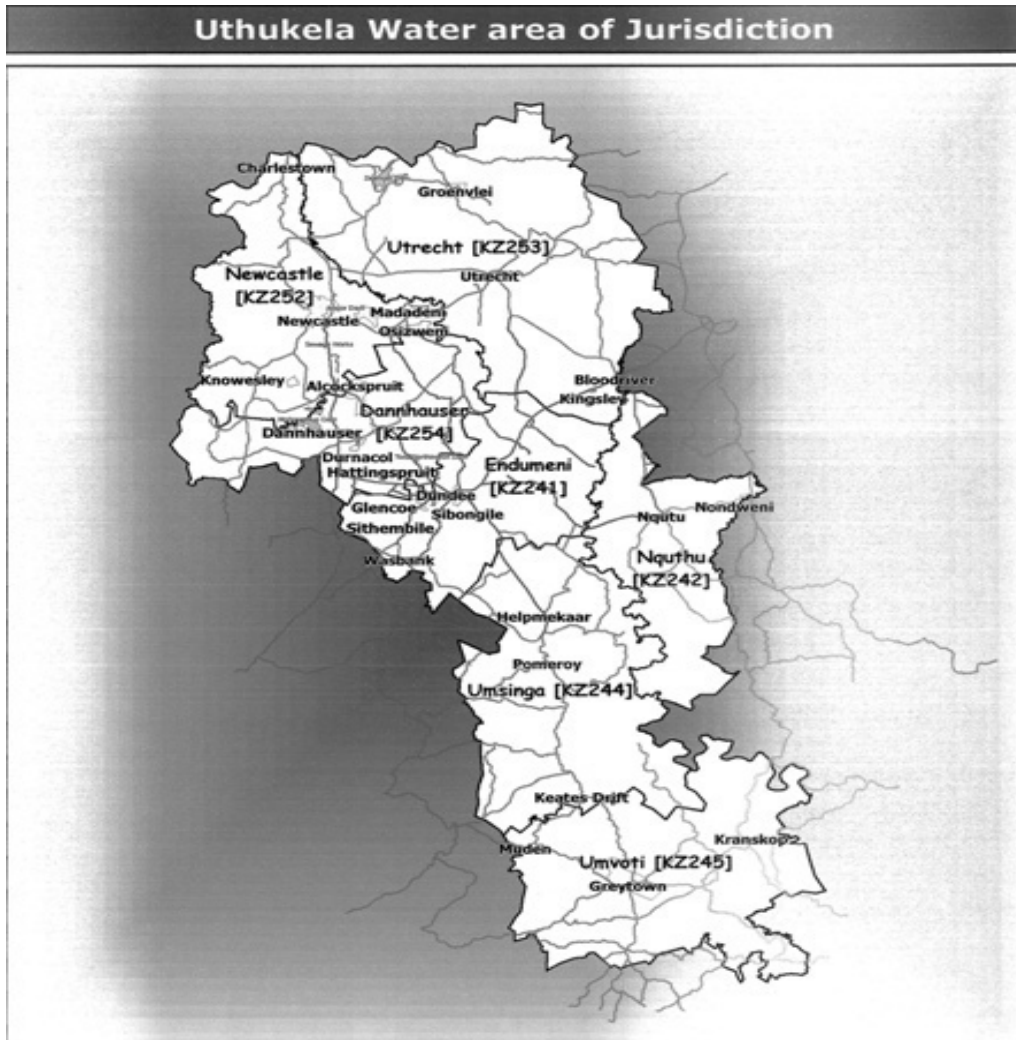
Forty three million kilolitres per year are treated through UThukela Water (Pty) Ltd's systems. At least 17% of the water and waste water treatment assets have exceeded their design life, and will cost at least R450 million to replace (Wagner, 2003). These assets have been evaluated to determine the urgency of capital replacement. Unfortunately the previous water service providers (local municipalities, the Department of Works, Department of Water Affairs and Forestry and District Municipalities) did not allow or make provision for refurbishment and essential maintenance as well as capital funding allocations.

#### **5.4 GEOGRAPHIC AREA OF SUPPLY**

The map of UThukela Water's operational area (Figure 3) illustrates the geographic area of operation of the Company, which is bounded by the municipal boundaries of the shareholder WSAs. The Company intends selling water in bulk to neighboring WSAs to enable the provision of water to communities close to the municipal boundaries. Examples of such cross border water schemes are the EMakhabeleni Water Supply Scheme which is near the border with

uThungulu District Municipality and the Muden Water Supply Scheme near the uMgungundlovu District Municipality.

**Figure 4: UThukela Water Area of jurisdiction**



## 5.5 FOUNDING OBJECTIVES

According to Perks (2006: 69), the Strategic Plan 2030 was proposed to provide accelerated delivery of safe, affordable and adequate water and sanitation services to the people of Amajuba, UMzinyathi and Newcastle municipalities. The region is characterized by a severe

backlog in water and sanitation services and is reported to be one of the poorest regions in KwaZulu-Natal. Perks (2006: 69) maintains that regional fragmentation in the planning of water and sanitation services resulted in the backlog. According to the Strategic Plan 2030, as cited in Perks (2006: 69) there is 53% water and a 70% sanitation backlog. The Strategic Plan 2030 further included the development of a feasibility study which assessed alternative service provision scenarios and concluded that the centralisation of bulk water infrastructure would result in the lowest total cost of ownership over the 30-year period. These projects needed to be funded by either loans, grants or subsidise. As a municipal entity UThukela Water qualified for subsidies.

## 5.6 PRINCIPLES OF PROVIDING SUBSIDIES

The Free Basic Water Implementation Strategy compiled by the then Department of Water Affairs and Forestry (2007: 29) summarises the principles of providing subsidies to water service providers as follows:

- **Primary principles:** Where a Water Services Authority (WSA) is reliant on a Water Services Provider (WSP) to provide services on their behalf, it is important for funds to be transferred to the WSP or credited to consumers. If this is not done the “free basic water” policy will not work, as WSPs will not have sufficient funds to run the system effectively;
- **Exception to the primary principles:** If the WSP is supplying water in an area with a high proportion of larger users it may be possible for viability to be maintained without a transfer of funds from the WSA;

- ***Transfer to WSP or subsidise consumers directly.*** Much depends on the poverty relief option selected;
- ***Payments to bulk WSPs:*** Normally the payment of subsidies to bulk WSPs should be avoided. It is usually preferred to pay the subsidies to the retailer or directly to consumers and they can use this money to pay bulk WSPs (FBW, 2007: 29). However, in situations where the retail WSP is a community-based organisation the municipality may choose to pay bulk WSPs directly. This should be done based on an agreement with the retail WSP on the amount to be paid on their behalf per consumer (FBW, 2007: 29; FBW, 2002);
- ***Payment of support services agents (SSAs):*** Where community-based WSPs are being used, it is appropriate for the WSA to appoint an SSA (FBW, 2002). Under normal circumstances an SSA should be paid by the retail WSP. However, the municipality may choose to pay the SSA an agreed amount on behalf of the WSP (FBW, 2002);
- ***Source of funds for WSPs and SSAs:*** Typically, the source of funds will be from the 'equitable share'. However, local authorities may use other funds if these are available (FBW, 2007: 29);
- ***Assessing the amount:*** The amount of funds transferred must be calculated on a per consumer basis based on an understanding of the costs;



- **Setting incentives:** WSPs can only be subsidized based on a clear set of conditions set into a proper contract which includes incentives for them to perform. These incentives should include:
  - Maintaining or improving the quality of service to consumers according to an agreed measure;
  - Improving coverage; (FBW, 2002) and
- **Setting controls:** Regardless of whether the WSP is being subsidised, the WSA is obliged to regulate the performance of the WSP. However, if a subsidy is being applied, the obligations of the WSA to monitor become more stringent (FBW, 2007).

In relation to the above principles, UThukela Water can only raise loans but does not get direct grants in the form of equitable shares or Municipal Infrastructure Grants. Such grants are channeled through the municipalities from National and Provincial Governments. Municipalities then decide how much should be transferred to the entity. This implies that the entity cannot on its own decide how to subsidise its customers. The decision remains the prerogative of the parent municipalities.

## **5.7 THE CUSTOMER SERVICES FOCUS OF UTHUKELA WATER**

UThukela Water was established as a local democratic unit on behalf of the district municipalities. UThukela Water is mandated to make municipalities more responsive to the needs of the communities by providing essential services like water and sanitation services. By March 2008, 78 new water schemes and sanitation projects were successfully completed and

implemented at UMzinyathi district (Mdletshe, 2009). UMzinyathi and UThukela Water have been able to reduce the backlog in the vastly rural municipality of Msinga despite the legacy of apartheid which cannot be ignored. Operations make up the bulk of UThukela Water's activities and are core to its service provision. The operations of UThukela Water are made up of bulk water, water and reticulation networks and bulk wastewater networks. These networks are within the seven local municipalities of Amajuba and UMzinyathi districts. Operational divisions are not only responsible for providing portable water and sanitation services 24 hours a day to all customers within Amajuba and UMzinyathi districts, but also for treating sewage and industrial effluent in compliance with standards set by the DWAF. UMzinyathi and UThukela Water both acknowledge that there are still noticeable shortfalls in water provision in some areas due to water leakages, water shortages, burst pipes, ageing infrastructure and incorrect billing. UThukela Water's activities involve operating and maintaining all sewers, reticulation and pumps in line with the DWAF's criteria. The entity's customer query recording system shows that UThukela Water resolves 12 000 various queries per month (Thabethe, 2009). While the management of UThukela Water recognises the volume of queries received on a monthly basis, the response times still remain a challenge. The findings of this research show that queries are not efficiently dealt with and therefore there is still a need for improved monitoring and evaluation of the systems and business processes. Most of the work done within the operations is reactive rather than proactive on both sewer and reticulation networks.

As proposed in the new service delivery governance model in Chapter Seven for service delivery at Amajuba and UMzinyathi districts, the focus is on efficiency, effectiveness, as well as a focus on people's needs. The model streamlines the efforts towards efficiency and effectiveness by focusing on the back office operations, front operations, and communications channels of the entity in order to fully support the restructuring and transformation of the Amajuba and UMzinyathi district municipalities and thereby improve service delivery.

According to Van Der Waldt (1997: 88), the crude categories of these initiatives are:

#### **5.7.1 IMPROVING THE BACK OFFICE OPERATIONS OF UTHUKELA WATER**

Any local government service is expected to improve on systems, works processes, and institutional structures that collectively make service delivery possible. UThukela Water is no exception. Van Der Waldt (2004: 90) argues that municipal entities have no choice but to introduce effective performance management systems, revise structures to best support work objectives, re-organize work processes to best utilise staff and minimise inefficiencies, explore the utilisation of appropriate forms of technology, and introduce improved conditions of service for staff. All of these would be examples of back-office operations of the local government including UThukela Water. These operations often constitute the heart of the machinery of service delivery, and their inefficacy can compromise the quality of what the public receives at the end (Van Der Waldt, 2004: 90).

#### **5.7.2 IMPROVING THE FRONT OFFICE OPERATIONS OF UTHUKELA WATER**

**Figure 3: UThukela Water front-office operators**



Front-office operators are the actual interface between government and the public and in many ways represent how the public “experiences” government, (SABC News, 13 September 2009).

The 24-hour call centre of UThukela Water fulfills that function. According to Van Der Walldt (2004: 91) front-office operators know what members of the public actually experience as they interact in day-to-day activities when the public applies for water connections or inquire about their accounts. With regard to UThukela Water, the community gets in touch with the entity in their quest to resolve water and sanitation problems. Images of frustration with unresolved queries, complicated forms to be completed, or inconvenient distances to be traveled to access services, fail the objectives of *Batho Pele*. In view of the above, UThukela Water established a customer services center with a 24-hour call centre which is responsible for capturing and responding to all complaints from the customers serviced by UThukela Water. The performance of the call centre is hampered by a shortage of staff, skilled personnel and

financial resources, which impacts negatively on the procurement of other systems needed to meet the needs of the public. UThukela Water has engaged the services of Further Education and Training Colleges as well as Adult Basic Education and Training to intensify and promote lifelong learning within the organisation. The entity is striving to make sure that training and skills development initiatives respond to the requirements of the districts.

### **5.7.3 IMPROVING INTERNAL COMMUNICATION**

This involves efforts to promote communication within the entity about service delivery, and about the critical role UThukela Water plays in the lives of citizens. The purpose is to inculcate a greater sense of pride, patriotism and morale among employees, and to build a culture of “client service” among them. The IDP provides a platform for interaction among officials, councilors, citizens, the private sector and other role players (Coetzee, 2000: 13). This vehicle is available to the district during the IDP and budget road shows. UThukela Water communicates with its employees through newsletters, memoranda, e-mails, and its website and staff meetings. The public is informed of any development within the organization through radio stations, the website, emails and print media. The Customer Services Division headed by the Customer Services and Public Relations Manager is responsible for this function. Prioritising internal communication as part of the *Batho Pele* strategy helps to promote a sense of belonging, identity, oneness and common purpose within UThukela Water.

Since its establishment in 2004, UThukela Water has been the subject of negative media reports. However, through internal and external communication initiatives, these perceptions

have changed. Van Der Waldt (204: 91) argues that public service delivery depends on the work of the approximately 1.1 million employees from different government departments, including local government. UThukela Water has 564 employees responsible for the provision of water and sanitation services at Amajuba and UMzinyathi district municipalities.

#### **5.7.4 IMPROVING EXTERNAL COMMUNICATION**

The purpose of such communication is to inform and build awareness among citizens as to their rights and reasonable expectations in service delivery (Van Der Waldt, 2004: 89-91). UThukela Water uses a variety of communication tools like public meetings, sending out flyers, and printed messages on water accounts. Municipalities can also use IDPs to facilitate communication. Unfortunately, UThukela Water does not have the privilege of IDP sessions or road shows. However, the districts and local municipalities use these to their full advantage. External communication seeks to inform the public about progress being made by local government to transform service delivery and to mobilise the public to play its role in this process.

#### **5.8 THE MANAGEMENT OF UTHUKELA WATER AND DEVELOPMENT**

Craythorne (2003: 142) describes development as both a process and a stage of growth. Development should be viewed in the light of who it is intended for, where it should be located, and the need according to the subject community (Craythorne, 2003:142). In all efforts development should be sustainable in order for the communities to benefit fully. Sekgobela (2008: 30) describes sustainable development as an ability to meet the present demand without compromising the ability of future generations to meet their needs.

UThukela Water as a municipal entity responds to the demands made by its customers by extending water networks, drilling more boreholes and protecting springs.

### **5.8.1 COST**

The district municipalities had hard choices to make about where to spend their scarce resources, despite the preparation of IDPs which are supposed to inform the Water Services Development Plans. Service delivery is most handicapped by limited funds and shortage of skills and expertise. The Geographic Information System (GIS) is useful tool for UThukela Water to deliver services and plan for the community's future. GIS is mostly used in planning and development.

### **5.8.2 CAPACITY**

According to Craythorne (2003: 165), the municipality must evaluate the capacity of the skills, expertise, material and financial resources that are needed for the provision of the water and sanitation services. One of the limiting factors to service delivery is the shortages of skills within UThukela Water. Under- and- over spending of the budget threaten the performance of the entity. However, the entity has been restructured following intervention by the Minister of the Department of Cooperative Governance and Traditional Affairs.

### **5.8.3 ADMINISTRATION OF UTHUKELA WATER**

The municipality must check the extent to which re-organisation of the administration and the development of human resource capacity could be used to provide service mechanisms (Van Der Waldt, 2007: 53). The restructuring of the entire UThukela Water has been finalised. The new organogram has been finalised and submitted to the Board for approval. The entity's management is aware that there is shortage of skills and personnel which has a direct impact

on poor service delivery. The performance management system for the entire organisation is underway and will be cascaded down to lower individual employees.

#### **5.8.4 IMPACT ON JOB CREATION AND EMPLOYMENT**

UThukela Water in its efforts to stimulate local economic development is expected to examine the impact on development, job creation and employment patterns in the municipal areas.

Bearing in mind that the water industry is labor intensive, it is equally important to balance the realisation of service levels within specified periods with customer expectations. Mdletshe (2007) notes that the local economic development (LED) learnership programme was launched at UMzinyathi district municipality in 2007 after the programme was identified and a needs analysis concluded. UThukela Water and the district are working together to train unemployed youth on water and sanitation-related matters.

#### **5.8.5 ORGANISED LABOUR**

Organised labour is an important stakeholder in the management of UThukela Water. Its constituency's views cannot be ignored and therefore consultation is very important. With regard to the new service agreements, there will be no existing employees unless they have been transferred from the municipality per agreement with the WSA (Craythorne, 2003: 165). UThukela Water took over more than 500 employees from the three WSAs with three different sets of conditions of service. The entity was tasked to systematically standardise these conditions without infringing the rights of the employees. Active organized labour that were the key role players in this regard were South African Municipal Workers Union (SAMWU) and Independent Municipal and Allied Trade Union (IMATU).

#### **5.8.6 WATER PRICING AND TARIFFING**



Water tariffs are prepared and promulgated by the WSAs, while billing and debt collection remain with UThukela Water. The provision of water and sanitation services to consumers is expensive and requires payment to ensure the sustainability of services. The cost of providing free basic water and sanitation is borne by the district municipalities. Many South Africans do not have access to basic services, and many cannot pay for such services. However, those who have access to the services must pay for any consumption in excess of 6 kl per month which is allocated free, mainly to indigent people. Some WSAs allocate free basic water to all citizens within their area of supply (WAS, 2007: 25). Amajuba and UMzinyathi districts provide free basic water to all.

#### **5.8.7 POVERTY AND FREE BASIC WATER**

The World Bank describes South Africa as one of the world's most unequal economies, with 51.2% of annual income going to the richest 10% of the population and less than 3, 9% of the income earned by the poorest 40% (RSA, 2002: 2). This explains the need for further investigations to the possibility of expanding water supply through ground water sources.

According to Adelama and MacDonald (2008:1) groundwater is Africa's most precious natural resource, providing reliable water supplies for more than 100 million people and potentially, millions more. Groundwater has many advantages as a source of supply, particularly where populations are still largely rural and demand is dispersed over large areas. Natural groundwater storage provides a buffer against climatic variability; quality is usually good, and infrastructure is affordable to poor communities (Adelama and MacDonald 2008:1).

Sustainable development of the resource is not an easy task. It depends mainly on an

understanding of groundwater availability in complex environments, and the processes through which groundwater is recharged and renewed (Adelama and Mac Donald 2008:1).

The KwaZulu-Natal Province (including the district municipalities of Amajuba and UMzinyathi through UThukela Water) has been able to reduce water and sanitation backlogs from 2.6 Million to 2.1 million and 3.5 million to 2.7 million respectively despite the challenges (Mabuyakhulu, 2007: 7). Ground water played a pivotal role in this regard especially at Msinga and Nquthu municipal areas.

The South African government has set 6000 litres per month as the target basic level for all households in South Africa. However, it needs to be noted that 25 litres per day per person was not intended to provide for toilet flushing and families affected by HIV/AIDS. It is suggested therefore that where consumer units use flushing toilets, the amount of free basic water per person per day should be increased to between 35 and 40 litres in order to enjoy the benefits intended by free basic water (Umngeni Water, 2005: 1).

## **5.9 CHALLENGES WITH BASIC SERVICES**

The Commonwealth Foundation identified the following case studies of problems with basic services under private provision:

In Papua New Guinea, the Build-Operate-Transfer arrangement protected the private firm from risk and responsibility (Commonwealth Foundation, 2004). In this case, Papua New Guinea is only responsible for bulk water supply and not for reticulation systems. This releases the private provider from the responsibility of checking leaks, illegal connections, and the lack of pressure or water shortages (Commonwealth Foundation, 2004: 23). In contrast, UThukela Water is responsible for both bulk water supply, and the reticulation networks. UThukela Water

remains responsible for leak detection, illegal connections and provision of adequate pressure in the networks. Flaws in the 30-year service contract have been identified to be in favour of the entity at the expense of the parent municipalities. The parent municipalities are responsible for paying for the shortfall if the entity has failed to collect debt from the customers. In simple terms, this means that the entity is not obliged to collect from the customers since there is nothing compelling it to collect. The parent municipalities have challenged UThukela Water management on this issue but they have not been very successful, since their oversight function has been severely compromised.

An investigation by the Ombudsman Commission showed high levels of corruption involving top politicians prior to the contract being awarded to the Papua New Guinea bulk supply utility (Commonwealth Foundation, 2004: 23). Similar irregularities occurred at UThukela Water during the establishment phase where the Managing Director of the establishment team was also the executive Director in the Engineering Division of UThukela Water (UThukela Water Reports, 2006). In addition, evidence shows that there were problems in Papua New Guinea regarding instances of over-charging and bills for the wrong users, unrepaired leaks, and unjustified cut-offs (Commonwealth Foundation, 2004: 23). Similarly UThukela Water inherited incorrect customer data and an incorrect meter reading history which initially resulted in incorrect billing, thus straining relations between the company and the shareholders and the public at large (Thabethe, 2008: 11). In Nelspruit, Silulu-Manzi was apparently able to make impressive improvements at least in part as a result of receiving significant public resources (Commonwealth Foundation, 2004: 23).

### 5.9.1 FINANCIAL CONSTRAINTS AND OTHER CHALLENGES FOR WSAs

The capacity to provide water services effectively and sustainably has become a constraint to service delivery in many areas of KwaZulu-Natal, including Amajuba and UMzinyathi districts' municipal areas. In KwaZulu-Natal, the National Treasury has resorted to funding regional bulk infrastructure in consultation with other water service providing institutions. Municipalities are always blamed for poor service yet according to Higuaras (2008: 137), just 1% of the Gross Domestic Product is being invested and about 5% would have to be invested in water sources and sanitation infrastructure. In particular, WSAs are blamed for poor maintenance of water and sanitation infrastructure. Nevertheless, the fact that WSAs are faced with a number of key challenges is a major concern and cannot be ignored. These can be summarised as follows (cited from UMngeni water documents, 2005: 3):

- **Financial management** – obtaining funding from national and provincial government, and managing associated budgets and expenditure programmes;
- **Human resources** – structures that are bureaucratic and often inefficient with the inability to attract and retain skilled staff;
- **Technical resources** – general lack of functional resources and facilities to ensure that water services remain operational on a sustainable basis;
- **Information management systems** – different standards, data collection and retention techniques and software used by the different authorities result in isolated and often duplicate planning and management being undertaken, and

- **Community involvement and education** – absence of beneficiary participation and community management and training to ensure sustainability (Umngeni, 2005: 3).

Umngeni Water officials argue that among the main reasons for the slow pace of progress in water supply services in the 1990s was the legacy of inadequate investment in resources (financial, technical and human). The legacy of the past practices is haunting municipalities today. According to Umngeni Water officials, the key is to determine how best to use the limited resources to achieve the greatest impact. The simple implication of this fact is that that any initiative to holistically address the backlogs in KwaZulu-Natal requires a large-scale coordinated and integrated approach.

This challenge suggests that a new vehicle for water service provision, which integrates and partners with existing institutions, is necessary. The new vehicle will assist in accelerating water service provision within the region by streamlining activities, especially in accessing the necessary financial requirements, focusing on priority areas and driving delivery.

#### **5.9.2 THE IMPACT OF THE SHORTAGE OF TECHNICAL RESOURCES:**

##### **Figure 5: DELAPIDATED INFRASTRUCTURE**



The problems that UThukela Water, Amajuba and UMzinyathi district municipalities are experiencing are the legacy left by previous councils and municipal staff. Previous councils dating back to 1994 failed to properly address non-payment by beneficiaries. It was in fact a political game to undermine the ruling party whereby the political opposition encouraged people not to pay for services. Subsequently, municipalities lacked the capacity to borrow money in order to fulfill their obligations. The current challenges that municipalities need to address with the current budget cannot address the legacy of 20 to 30 years. This observation was confirmed by the deputy Mayor of Newcastle Local Municipality on June 6 2008. The legacy of almost 30 years of bad maintenance has come back to haunt municipalities. The solution to this legacy will demand a new level of thinking and new solutions. It is for this reason that Parnell *et al* (2002: 1) argue that local government needs to play a leading role to achieve the highly desired objectives of sociological transformation.

Municipalities cannot solve the problems that were created under different circumstances by the theories of the past; they need new thinking and new action. Currently 30% of plants have collapsed due to poor maintenance, 20% of plants need maintenance and 60% of plants have no skilled people operating them, (UThukela Water Reports, 2005). Under-spending remains a critical challenge for the district municipalities. This is mainly due to capacity shortfalls and failure to align the WSDPs with service delivery needs.

In many plants, raw sewage leaks straight into fresh water resources (Thabethe, 2009). Some of the infrastructure is as bad as the towns themselves, completely obsolete, with poor maintenance and replacement programmes. The company plays catch up resulting in a lot of unaccounted-for water (Thabethe, 2009).

### **5.9.3 THE IMPACT OF SHORTAGE OF HUMAN RESOURCES: SHORTAGE OF SKILLS, POOR INFRASTRUCTURE AND POOR SERVICE DELIVERY**

Failure by the district municipalities to provide money for the budget of UThukela Water and a lack of vision by UThukela Water officials to design long-term plans has led to municipalities and the entity being seen as the main culprits for poor service delivery. Under-spending has a direct impact on service delivery. The placement of under qualified or inappropriately trained persons in key positions has resulted in under-spending yet infrastructure is obsolete and dilapidated. Newcastle Municipality, the major shareholder of UThukela Water narrowly escaped losing R30 million in 2009 due to the failure to spend the Municipal Infrastructure Grant (MIG) that was allocated to them, (Thabethe, 2009).

Newcastle, Endumeni and Umvoti Municipalities have put on hold all high-density housing developments until water and sanitation infrastructure has been upgraded. The current infrastructure simply cannot cope with the rate of development. The shortage of skills among municipal staff was echoed by Shiceka, the Chairperson of the Select Committee on Local Government, when he said: “You cannot employ a designated person who is not able to do the job thoroughly”. This leads to an undisciplined atmosphere resulting in complete anarchy and chaos within the organisation (*Newcastle Advertiser*, 6 June 2008).

#### **5.9.4 THE IMPACT OF POOR INFORMATION MANAGEMENT SYSTEMS: CLIMATE CHANGE AND POVERTY**

According to Van Vuuren (2008: 17), climate change has the potential to have a significant impact on the availability of and requirements for water in South Africa.

The district municipalities as well as UThukela Water must actively plan for climate changes that are threatening the availability of water. The fast growth of the economy means an ever-increasing demand for more fresh water and sanitation services. Climate change is not limited to South Africa but is a global crisis. Climate change does not only threaten ecosystems but also societies, and economies with higher risks of drought, heat waves, floods, glaciers melting and rising sea levels (Higuaras, 2008: 117). One of the areas of priority for UThukela Water in terms of climate change is to ensure the provision of water. UThukela Water, like other water utilities in the country, will participate in the implementation of Water for Growth and Development Strategy as rolled out by the South African National Government. The



consequences of climate change can already be noticed across all the continents; however, it is the poorest countries that are at high risk from current trends and probably from those that will occur in the future.

#### **5.9.5 EFFECT OF POPULATION GROWTH AND MIGRATION**

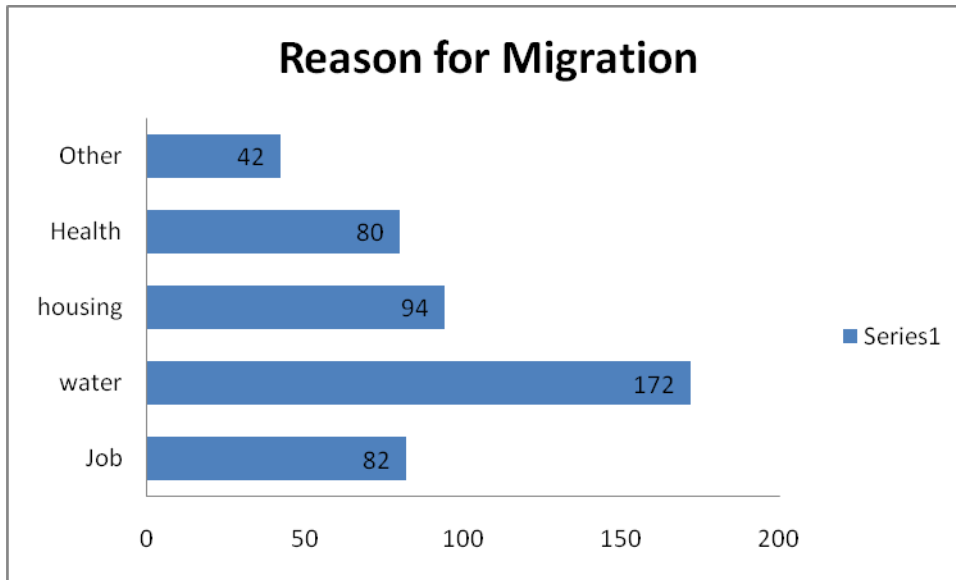
The population in urban areas is growing at a phenomenal rate thus impacting negatively on water availability. Lee (1999:2) views the concern with growing water scarcity as due to the interaction of factors of which the most important are the following:

- The concept of water as a finite and limited resource;
- A tradition of a bureaucratic and centralized approach to water management;
- A concern with the continuing growth of the human population;
- The increasingly widespread economic change and growth in a single global economy that is reflected in the expansion of industrial, urban and irrigation demands for water.

The relationship between water and population according to Lee (1999:2) has been further strengthened by the uncertainties introduced by the possibility of climate change due to global warming.

With more and more people flocking into towns, like Newcastle, Dundee and Greytown water demand is expected to grow. The reasons for migration into Amajuba and UMzinyathi towns are graphically represented as follows:

**Figure 6: Reasons for migration**



Demand is expected to rise particularly from Newcastle, Greytown and Dundee where most economic growth is taking place. According to Van Vuuren (2007: 17), strong growth is expected in the mining sector. Newcastle, Dundee and Emadlangeni (Utrecht) are more likely to experience population growth due to the revival of the mining industry in these areas. This implies that Amajuba and UMzinyathi districts are more challenged to provide sustainable water for the coal mines that are expected to be re-commissioned. This poses a huge challenge to UThukela Water and its parent municipalities for the management of water and sanitation development projects. Backlogs in water and sanitation services are placing unprecedented strains on the financial and administrative capacity of local governments to provide basic social services. Most of Amajuba and UMzinyathi's districts present water requirements are provided by ground and surface water supplies (boreholes, rivers and dams). Generally surface water resources are highly developed throughout the country, with about 320 major dams having a

total capacity of more than 324 000 million cubic metres, which is roughly 66% of the total mean runoff (Van Vuuren, 2007: 17).

In anticipation of the population migration to the towns and cities, UThukela Water and the parent district municipalities must have well developed WSDPs. However, local government often lacks skilled personnel to plan and manage service delivery – especially to the poorer sections of human settlements. The type of experience, knowledge and attitude that engineers, consultants, contractors and municipal functionaries and leaders possess to achieve public goals cannot be compromised (*Asikhulume, Let's Talk*, 2008).

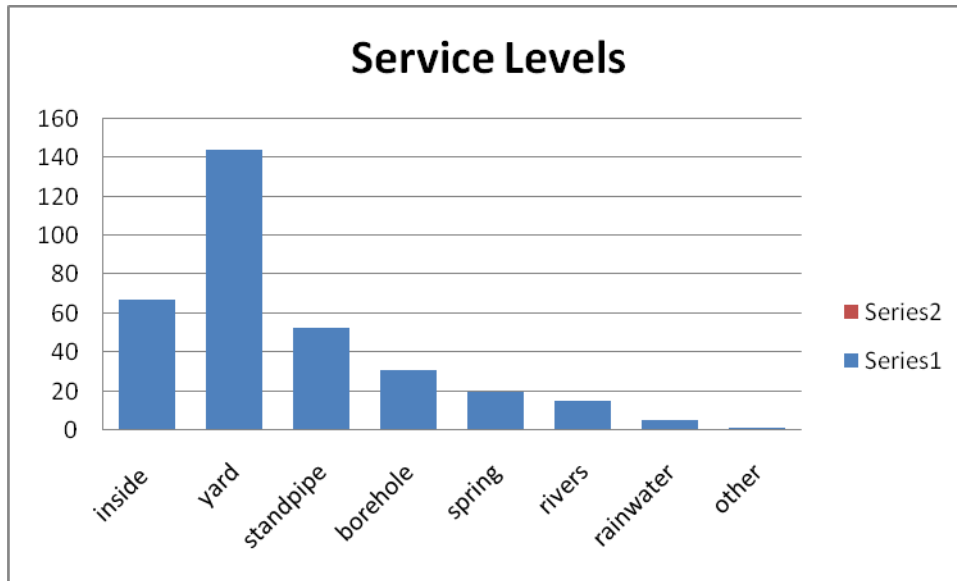
Communities need access to basic services such as water, sewerage and electricity, and these goals can only be achieved if municipal functionaries are professional, competent, responsive and sensitive to people's needs, (Interview with The Mayor of Amajuba, 20 July 2009).

#### **5.9.6 RESPONSES TO PUBLIC DEMANDS**

The responsiveness of public institutions to individual problems, needs and values, as well as those of specific groups, should be increased and secured. According to Bayat *et al* (1994: 34), the historical development of South Africa resulted in imbalances among the various components of the total population. This observation is still evident even though South Africa's democracy is now 15 years. Those in urban areas have always had potable water while those in rural areas are beginning to enjoy consideration. According to Kofi Annan, the former General Secretary of the United Nations, the shortage of clean drinking water and shortages in sanitation were the most serious immediate challenges in the world at the turn of the millennia

(Annan 2000:60). Water supply and sanitation are vital services. While mainly invisible, they form an important part of the socio-economic and technological infrastructure of a community. Effective environmental services are essential to ensure public health, hygiene, the protection of the environment, and sustainable industry (Maki 2008:1). Water supply and sanitation, sewage and waste management are also key issues in environmental history. These environmental services are essential elements in strategies to promote the development of communities. According to Maki (2008:1) these services promise direct and indirect benefits. While the success of urbanization and the modernization of rural area are closely connected, It is also important to find solutions to prevalent environmental problems in both spatial contexts before sustainable development can be successful in the area of service supply and delivery ( Maki 2008:1). Water services authorities are advised and strongly encouraged to consider and prioritise environment during the planning sessions. Maki (2008:1) maintains that the responsible authorities should invest in a water supply and sanitation infrastructure. As mentioned earlier South Africa suffers severe water shortages. Maki (2008:2) argues that some 65 percent of its territory does not receive enough rainfall for successful dry-land farming. The utilization rates for groundwater and surface water are respectively 60 percent and 29 percent of the sustainable maximum (Maki 2008:1). About 20 percent of all the water is derived from groundwater. Wells and boreholes form the backbone of rural water supply. There are more than 225,000 boreholes in the national South African groundwater database, which only reflects a fraction of the total (Maki 2008:2) while there are only 7000 boreholes at Amajuba and UMzinyathi districts. The graphical representation hereunder demonstrates the service levels available to the communities of Amajuba and UMzinyathi district municipalities.

**Figure 7: Service levels**



This graph shows the service levels available to the people of Amajuba and UMzinyathi district municipalities. People from rural areas benefit from standpipes, boreholes, springs, rivers and rain water. Some rural areas are serviced by tanker deliveries which is a very expensive service delivery option.

It is a common expectation from urban residents to expect a tanker to be routed away from its normal delivery in rural areas to offer relief in town if there is a water interruption. Research findings of this study showed that promises made by politicians have resulted in higher aspirations among those who have been relatively underprivileged. This has created more expectations and demands, especially in socio-economic fields such as housing, education water and sanitation provision. It is important for officials to provide a satisfactory response to

these needs and demands (Van Der Waldt, 2007: 114). Unfortunately, such explanations are not as acceptable as the officials would want, given the promises made by the politicians.

### **5.9.7 THE ADMINISTRATION OF LOCAL GOVERNMENT with particular reference to UThukela Water, Amajuba and UMzinyathi District Municipalities.**

South African local government is under increasing pressure to be both productive and more efficient, to achieve not only the greatest degree of economy and efficiency possible but also to secure desired outcomes in respect of social development (Van Der Waldt, 2007)).

Government has to work through municipalities and their entities to target renewal of rural towns and to improve service delivery in these towns. Intergovernmental relations are central to effective governance and sustainable service delivery. UMzinyathi district municipality felt it was necessary to partner with the Independent Development Trust (IDT) to establish a District Co-coordinating Forum (DCF) in the hopes of promoting alignment and co-ordination between themselves and the local municipalities, namely, Msinga, Umvoti, Nquthu and Endumeni and UThukela Water (Mdletshe, 2008). However, both productivity and effectiveness are challenged by poor administration, elements of corruption, and poor work morale and work ethics (Van Der Waldt, 2007: 26). The forum hopes to improve administration and governance within the district and the local municipalities. Van Der Waldt (2007: 26) argues that municipalities should ensure good performance, eliminate corruption and eradicate all forms of political power abuse in order to achieve service delivery objectives. The forum comprises of the mayors of all five municipalities.

## **5.10 GOVERNANCE**

### **5.10.1 MUNICIPAL GOVERNANCE AND SERVICE DELIVERY**

The term governance deals with the processes and systems by which an organization or society operates (Maki, 2008:3). According to Maki (2008:3) the term good governance defines an ideal, which is very difficult to achieve.

In an effort to make governance more understandable Maki (2008:3) summarises some principles that should be included in good governance:

- Institutions should work in an open and transparent manner;
- Institutions should be inclusive and communicative;
- Policies and action must be coherent;
- Governance systems must be equitable;
- Accountability is critical to good governance;
- Governance systems must be efficient; and
- Governance systems must be responsive and sustainable.

In line with the recommended principles by Maki (2008,3), characteristics of good governance are summarised as follows:

#### **5.10.1.2. PARTICIPATION**

According to Maki (2008:3) the key elements of good governance are participatory democracy and transparency. The traditional top-down approach where initiatives came from up and go down in organizations is outdated; now the goal is a bottom-up approach where people and groups at “grass roots” level have a say in decision making. It means that results produced by institutions meet the needs of society while making the best use of available resources.

Participation by citizens is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. The concept of

efficiency in the context of good governance also encompasses the sustainable use of natural resources and the protection of the environment (Maki, 2008:3). It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision-making. Participation needs to be informed and organised. This means freedom of association and expression on the one hand, and an organised civil society on the other hand (Van Der Waldt, 2007: 28).

#### **5.10.1.3 RULE OF LAW**

Van Der Waldt (2007: 40; 2004: 11) states that excellent governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities.

#### **5.10.1.4 TRANSPARENCY**

Munshi (2006: 48) notes that transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. UThukela Water has achieved this through a variety of activities, including media relations, the Internet, publications, services and events (Thabethe, 2009). Transparency also means that enough information is provided and that it is provided in easily understandable forms and media (Munshi, 2006: 48).

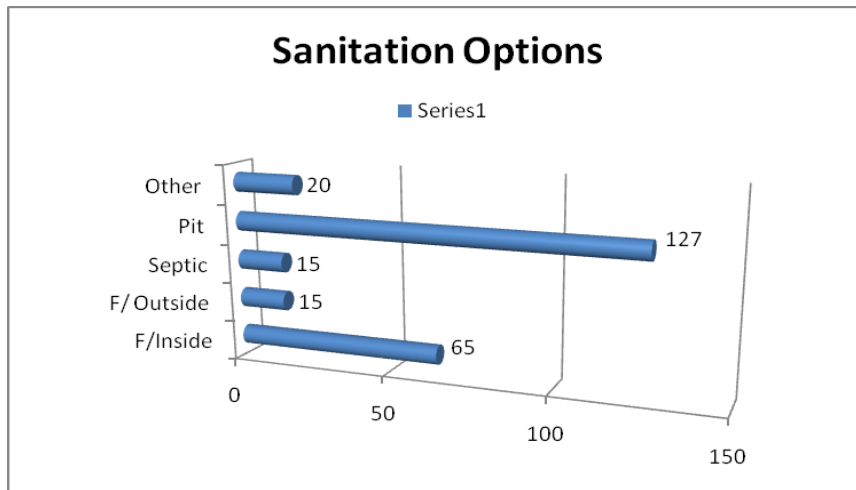
#### **5.10.1.5 RESPONSIVENESS**

Excellent governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe. In relation to UThukela Water's stakeholder relationship, management and public education are important to the successful implementation of UThukela



Water's service delivery projects. UThukela Water and the parent district municipalities are yet to respond to the challenges which the research revealed as shown in the sanitation service options available to citizens. Pit latrines are the most common option available to the citizens. This implies that there is still much to be done by UThukela Water and its parent municipalities with regard to water and sanitation provision. Pit latrines, septic tanks and other (veld and open land defecation) are the options available to rural citizens. In semi-urban areas and townships, the best option available is flushable toilets but outside the main house.

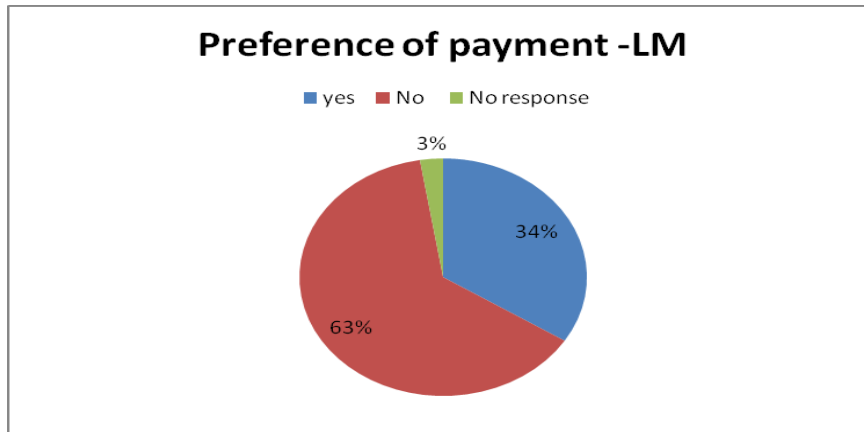
**Figure 8: Sanitation options**



#### **5.10.1.6 CONSENSUS ORIENTATION**

Good governance needs mediation of the different interests in society to reach a broad consensus on what is in the best interests of the whole community and how this can be achieved. Through a variety of interventions, the Customer Services Division of UThukela Water mobilises communities and other stakeholders to enable buy-in and project acceptance while monitoring those relations very closely.

**Figure 9: Preference of payment**



Fair governance also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development.

This can only result from embracing diversity and understanding of the historical, cultural and social contexts of a given society and community (Van Der Waldt, 2007: 26; Van Der Waldt, 2004: 11).

Payment of services is one requirement for sustainable development. Clearly, residents of the districts and customers of UThukela Water do not think that payment for services should be done through local municipalities. Therefore, much still needs to be done to change the mindset of the people. The institutional social development of the district municipalities with their involvement with ward councilors and ward committees ensures that political support is enhanced at project sites. This involvement hopes to reduce the high percentage (63%) of citizens who are resisting paying for services in order to effectively deliver services to the needy people.

#### **5.10.1.7 EQUITY AND INCLUSIVENESS**

A society's well-being depends on ensuring that all its members feel they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, and particularly the most vulnerable, to have opportunities to improve or maintain their well-being. A key responsibility of local government is to ensure that the benefits of economic growth are equitably distributed across society. Maki (2008:3) states that developments in the field of water supply and sanitation management have had a significant impact on the development of the local government strategies in municipalities. It also had a marked effect on the transformation of the economy and society on the local, regional, and national levels.

#### **5. 10.1.8 EFFECTIVENESS AND EFFICIENCY**

According to Munshi (2006: 48), good governance means that processes and institutions yield results that meet the needs of society while making the best use of resources at their disposal.

The concept of efficiency in the context of good governance as cited in Munshi (2006: 48) covers the sustainable use of natural resources and the protection of the environment. Water is a natural resource and therefore supply thereof should be sustainable so that the resource remains available to the next generation. UThukela Water has changed its focus to serving customers, both external and internal (Thabethe, 2009: 12). The approach is intended to increase efficiency and effective use of water by the communities.

The forging of a stronger relationship with external customer groups includes various institutions, such as the WSAs, Provincial Government, the DWA, Department of Agriculture, and Department of Public Works, Department of Cooperative Governance and Traditional

Affairs and various funding agencies. Internally, the customer-focus initiative aims at improving inter-divisional co-ordination and the recognition that the internal service department has customers within the organisation.

#### **5.10.1.9 ACCOUNTABILITY**

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organisations must be accountable to the public and to their stakeholders. UThukela Water is constantly striving to improve relationships and communication with customers to ensure that management of water resources is a partnership (Thabethe, 2008: 12). In the broad sense an organisation is accountable to those who will be affected by its decisions or actions. UThukela Water is committed to ensuring that councilors and other community representatives have access to UThukela Water through the 24-hour call centre and the Internet. Accountability cannot be enforced without transparency and the rule of law (Van Der Waldt, 2004: 12; Munshi, 2006: 48; Van Der Waldt, 2007: 26).

According to Van Der Waldt (2004: 10), it should be clear that good governance is an ideal which is difficult to achieve in its totality. He adds that very few countries and societies have come close to achieving good governance in its totality. Munshi (2006: 48) argues that there can be no democratic governments that are not corrupt and surely there are democracies deeply affected by corruption. However, to ensure sustainable human development, action must be taken to work towards this ideal with the aim of making it a reality. These elements should form the basis for performance improvement.

#### **5.10.2 PUBLIC PARTICIPATION AS A FACTOR OF DEMOCRACY**

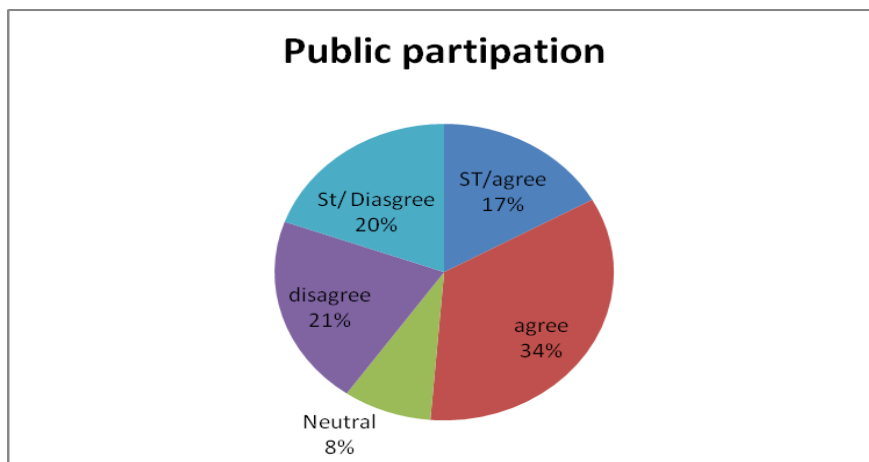
### 5.10.2.1 THE ROLE OF PUBLIC PARTICIPATION

Van Der Waldt (2004: 117) argues that public participation is a strong tool that informs and educates citizens, and therefore enhances the democratisation processes in South Africa.

Participation is a way of receiving information about issues, needs and attitudes and provides affected communities the opportunity to express their views before policy decisions are taken.

Public participation can be in the form of road shows, public meetings or customer surveys. The research at UThukela Water, Amajuba and UMzinyathi district municipalities shows that public participation needs more improvement. Fifty-two percent of respondents believe that consultation does take place, 8% is not sure, and 40% disagree.

**Figure 10: Public participation**



The role of the Customer Services division of UThukela Water is to support service delivery through its two core functions, communications and stakeholder relationship management (Thabethe, 2008: 8). Through participation, UThukela Water has promoted equality, fairness and reasonableness in the allocation and distribution of water and sanitation services.

According to Van Der Waldt (2007:26), public participation also balances the tension between democracy and bureaucracy.

The Customer Services division of UThukela Water has educated citizens to understand the needs and desires of other citizen groups in society and taught citizens to resolve conflict and to promote collective welfare. In so doing, it alleviated the tensions and conflict that could have resulted as people competed for scarce resources. According to Van Der Waldt (2007: 26), participation provides citizens with a source of special insight, information and knowledge that adds to the soundness of government policies. However, Parnell *et al* (2002: 12) suggest that participation should not be seen as a blanket solution for all development issues.

Communications at UThukela Water aim to inform the public and give them confidence in UThukela Water's ability to deliver a service by giving assurance about the water quality, security of supply, UThukela Water's achievements, strategies and programmes for managing the entity's infrastructure as well as informing the public about planned service interruptions (Thabethe, 2009). Participation is as cited in Parnell *et al* (2002: 12) is a political practice that ensures access to relevant information, influence over the allocation of scarce resources, increase in social capital and citizenship.

#### **5.10.2.2      ROLE OF NGOS IN PARTICIPATION**

According to Van Der Waldt (2007: 35), non-profit organisations (NPOs) have learned how to couple civic accountability with assessment of organisational achievement. Van Der Waldt

(2007: 35) concurs that South African NGOs working in the development field have an important educational and watchdog function to perform. According to Mdletshe (2008: 7), the Institutional Social Development component of the districts functions through ward committees, ward councilors, the community-based organizations and non-governmental organisations to facilitate development.

### **5.10.2.3 PARTICIPATION TRENDS IN SOUTH AFRICA**

Despite shortcomings in citizen participation, South Africa has gone a long way in promoting citizen participation in public administration, (Van Der Waldt, 2004: 118). Amajuba and UMzinyathi districts use the IDP process as required by Chapter 5, Sections 28 and 29 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) to communicate with citizens. Through their Institutional Social Development component they can facilitate: the provision of democratic and accountable government to local communities; the provision of services to the communities in a sustainable manner, and the involvement of communities and community organisations in matters of local government (Mdletshe, 2008: 7).

Amongst the many institutional avenues for citizen participation as argued by Meyer *et al* (2000: 47), is the system of public hearings as part of the process of policy-making. Although public administration seems to be genuine in its approach to formulating public policies through public input, the inputs are dominated by consultants, academics, NGOs, technocrats, the new black-élite and white liberals (Van Der Waldt, 2004). Notably the same technocrats and consultancies are the citizens with rights to influence public policy. These groups articulate the needs and values of the broader public. Given the absence of a skilled and assertive

citizenry, however, the broad public will have a less-than-significant impact on public administration (Van Der Waldt, 2004: 118).

#### **5.10.2.4 ENHANCING PARTICIPATION IN GOVERNANCE**

According to Parnell *et al* (2002: 33), in a democratic system the participation of all is not required; rather, its characteristic is its openness to all. This is particularly true during the budget processes of the municipalities. Communities participate in the budget process with little or no input in it at all. According to Van Der Waldt (2004: 119), local government budgets will be approved only if they are based on an IDP. While communities participate in the IDP compilation, less transparency and openness seem to exist before a final document is made available to the public. Local government budgets must reflect the needs of the people and the resources to meet those needs. This statutory requirement places a strong and formal expectation on local authorities to consult with local communities and to reflect community needs in their budgets.

In view of the strategic role of the IDP within local government and the emphasis on citizen participation, Van Der Waldt (2004: 119) recommends that local government draws up a citizen-participation policy plan in order to avoid an *ad hoc* incremental approach to development management. The Customer Charter of UThukela Water spells out clearly:

- Citizen participation procedures;
- How to communicate with Ward Councilors and citizens in a specific community;
- How to encourage and define avenues for citizen participation;

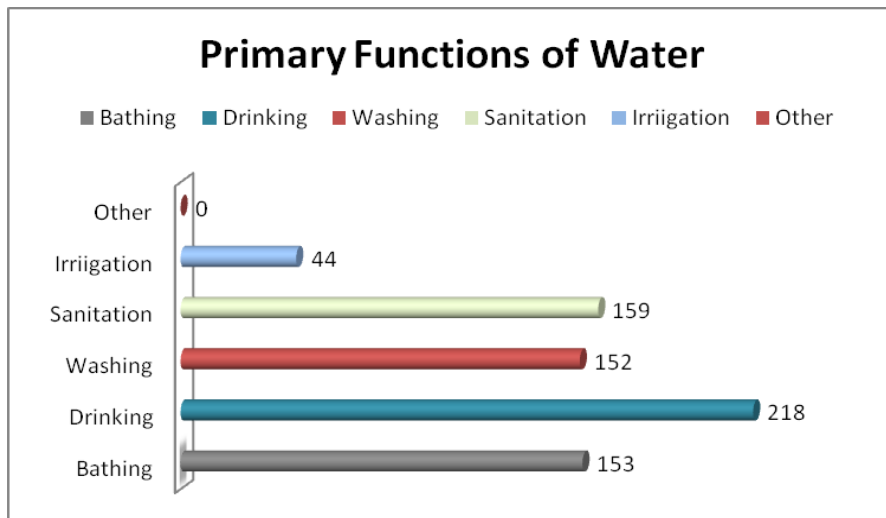


- How and when to provide for public hearings;
- The technical assistance provided to citizens for participation, and
- The procedure to be followed for citizen complaints.

The IDP is thus a communication tool with which the district municipalities connect with their constituencies.

The citizens of Amajuba and UMzinyathi districts expressed their views with regard to the importance of water as follows:

**Figure 11: Primary functions of water**



Democratic institutions such as Amajuba and UMzinyathi district municipalities have a responsibility to ensure that the constitutional rights of their citizens are not compromised.

Water and sanitation services are constitutional rights in South Africa. Clearly water and sanitation ranked very high in the preferences of the citizens of Amajuba and UMzinyathi district municipalities. New water and sanitation infrastructure is required in order to meet the

demands of the communities. However, the two districts, like many in South Africa, are challenged to eradicate corruption. Corruption in the water sector is discussed next.

### **5.11 CORRUPTION IN THE WATER SECTOR**

According to Dikeledi (2008: 5), corruption in the water sector is a root cause and catalyst for the global water crisis that threatens billions of lives and exacerbates environmental degradation. The *Global Report*, Dikeledi (2008: 5) says, highlights that the greatest impact is exacted on the poor and those with the least chance of redress.

The Report calls for action and solutions to clean up the water sector. Dikeledi (2008: 5) maintains: “Water is a resource without substitute. It is paramount to health, food security, energy future and ecosystem... Corruption plagues water management and use in all these areas”.

Higuaras (2008: 140) argues that clear definitions that answer the question “what is water for life?” would help spread the fact that there are many human beings who do not have water to be able to live. Corruption infringes on the prerequisite for the realisation of all other human rights.

According to Dikeledi (2008: 5), the Report is the first of its kind to explore the impact and scope of corruption in different segments of the water sector. It identifies a range of problems, from petty bribery in water delivery to procurement-related looting of irrigation, and from

covering up industrial pollution to manipulation of water management and allocation policies. Policies are guiding tools to control corruption. For instance, in the absence of policies, UThukela Water has been vulnerable to corruption and fraud. However, the entity now has policies and control measures in place to monitor fraudulent acts in procurement and tender processes.

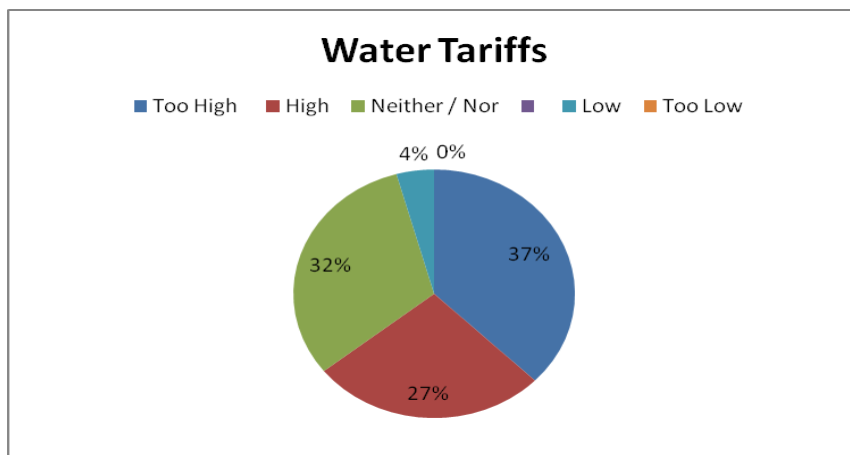
Gesteland (2001: 91) maintains that the guide to negotiating across cultures would be incomplete without a closer look at how to do business successfully where corruption is rife and bribing government officials is an accepted practice. It remains a challenge for the district municipalities to control the appointment of services providers without being prone to bribery. Dikeledi (2008: 6) argues that corruption's impact on water is a fundamental governance problem, which is not sufficiently addressed in many global policy initiatives for environmental sustainability, development, and food and energy security.

According to Dikeledi (2008: 6), the poor carry the greatest burden when it comes to drinking water and sanitation. However, Gesteland (2001: 91) argues that bribery issues are repeatedly mentioned by global management clients and some participants around the world as an issue of concern.

When corruption occurs, the cost of connecting a household to a water network increases by up to 30%, raising the price tag for achieving the Millennium Development Goals for water and sanitation by a staggering US\$48 billion (Dikeledi, 2008: 5). The perception at Amajuba and

UMzinyathi districts unpacked through research is that UThukela Water is rendering services at high cost. In reality, the tariffs are not set by UThukela Water but by the district municipalities. The general perception by 64% of the citizens at Amajuba and UMzinyathi is that tariffs are high. This was echoed by Endumeni Chamber of Business in 2010. It is alleged that tariffs keep on increasing because of the politicians who squandered municipal funds by interfering in the awarding of projects.

**Figure 12: Water tariffs**



Dikeledi (2008: 6) maintains that corruption in drinking water and sanitation emerges at every point along the water delivery chain, from policy design and budgeting to building, maintaining and operating water networks. It drains investment from the sector, increases prices and decreases water supplies (Dikeledi, 2008: 6). Gesteland (2006: 91) states that bribes and corruption are a common problem. Therefore, regardless of how bribes are regarded, most of the business executives who attend negotiating seminars want to know how to avoid them.

### **5.11.1 POSSIBLE CAUSES AND PRESSURE LEADING TO CORRUPTION**

Gesteland (2001: 91) maintains that ethics are cultural variables; hence societies regard bribery as an unethical practice that corrupts both the giver and the recipient of the bribe. The following possible causes lead to corruption:

#### **5.11.1.1 ECONOMIC PRESSURES:**

It is a fact that an individual, who is in financial difficulty or under economic pressure because of hoping for a lifestyle beyond his/her budget, will be more easily tempted by the financial or social gains of corruption. In South African local government, there are individuals who, because of injustices in the past, have been deprived of the decent lifestyle they feel they deserve as soon as possible. According to Van Der Waldt and Du Toit (1999: 49), the implementation of complicated legislation may leave room for unethical and ineffectual conduct.

#### **5.11.1.2 POLITICAL PRESSURE:**

Politics influence individual moral decision-making in various ways. In terms of political corruption among elected officials, their gains primarily influence the political process (Magus *et al.*, 1999: 78). Gesteland (2001: 93) argues that low government salaries combined with bureaucratic red tape account for most illegal payments demanded by officials in so-called corrupt markets. But with bureaucrats, political decisions can also affect their willingness to collaborate with a corrupt system. In South Africa this cuts two ways. According to Van Der Waldt and Du Toit, (1999: 78), on the one hand, bureaucrats who were appointed under the apartheid regime are now experiencing a severe lack of job security because of affirmative action and nepotism. They feel that they are justified in exploiting the system while they still have access to resources. On the other hand, black South Africans have been kept out of senior

positions in local government for so long that some of them feel justified in “taking their turn in riding the gravy train” (Van Der Waldt and Du Toit, 1999). This type of corruption influences the everyday activities of local government. Van Der Waldt and Du Toit (1999: 50) argue that the procedures that need to be followed by officials can at times be in conflict with what officials experience and practice. This calls for proper and clear work flows and procedures that are relevant to specific circumstances. Any deviation from work flows and procedures will be classified as corruption and fraud.

#### **5.11.1.3 SOCIAL PRESSURE:**

Status or influence is valued in all cultural backgrounds. It is a question of improving the position of the individual *versus* other role-players. Van Der Waldt and Du Toit (1999: 50) maintain that people are fallible by nature and are inclined to crave power and money to varying degrees. When the enabling conditions are created, people are likely to be vulnerable to temptation. Management must identify similar situations and by all means reduce them (Van Der Waldt and Du Toit, 1999:50).

#### **5.11.1.4 OCCUPATIONAL OR PROFESSIONAL BACKGROUND:**

An interesting characteristic of the position of many local government employees is people who have a strong professional background in the public sector who then experience a conflict between professional values and the values expected of local government employees (Mavuso *et al.*, 1999: 78-79).

#### **5.11.1.5 ORGANISATIONAL VARIABLES:**

A lack of common moral vision could be attributed to many factors in the South African situation. Even within cultural and religious groups, individuals tend to have different moral

configurations (Van Der Walddt and Du Toit,1999: 79). Van Der Walddt and Du Toit (1999: 49) argue that if control is ineffectual, dishonest officials can exploit the situation for their own gain. Therefore organisational measures should be implemented to provide for accountability.

#### **5.11.1.6 ETHOS OF THE CIVIL SERVICE:**

In a democracy, public servants are in the unique situation of having to uphold two distinct value systems, the bureaucratic ethos and the democratic ethos, which according to Van Der Walddt and Du Toit,(1999), are quite different in nature. The bureaucratic ethos has long been associated with the historical mode of modern public administration. According to Bouman and Elliston (2005: 41), many administrators who are faced with difficult dilemmas persuade themselves that they are not duty bound to look out for the interests of the public beyond that which serves their organization's interests.

Gerstelnd (2001: 100) attributes the value of corrupt countries to the existence of steep organisational hierarchies with wide status differences where lower ranking officials cannot make decisions. They pass the buck to someone who then becomes vulnerable to bribes.

#### **5.11.1.7 NATIONAL HISTORY OF DEALING WITH CORRUPTION:**

Africa has a history of systemic corruption, secrecy and nepotism (Magus *et al.*, 1999: 80). In order to control nepotism, the recruitment policy of UThukela Water controls the appointment of staff. The appointment of an Equity Manager has put more controls in place to ensure that all races are given a fair opportunity of being employed within the organisation. Magus *et al* (1999: 80) note that various theorists have argued that nepotism and secrecy are the result of previous cultural and political practices in operation in traditional political systems.

#### **5.11.1.8 THE NATURE OF THE POSITION HELD BY THE INDIVIDUAL:**

Findings of this research study showed that the more discretion a person has in terms of seniority, the more authority he/she exercises, and the easier it will be for this person to commit some act of corruption. This observation came clear when interviewing members of the rate payers association in Newcastle. Bouman and Elliston (1999: 41) suggest that professionalism offers some hope of leading individual administrators and managers out of the sense of isolation and dependence upon their organisations. Gesteland (2001: 93) states that commercial regulations are written in such a manner as to give bureaucrats discretionary authority to arbitrarily decide on issues for or against the company. Such authority provides officials with a powerful leverage for accepting bribes. In South Africa, local government inherited a system where there was a notorious lack of accountability. Aggravating the situation was the exclusion of many from local government employment. The inferior education and training of black South Africans resulted in the unfortunate reality that many local government employees who are in the system are not sufficiently skilled and experienced to handle their responsibility. It is common knowledge that incompetence tends to breed further corruption. Gesteland (2001: 100) states that local government employees often rely on hearsay or the authority of others when making decisions and thus open themselves to corruption.

#### **5.11.1.9 SALARY:**

Within the market approach it is often argued that market forces tend to control corruption and therefore public officials need to be taken out of that market by paying them enough



(Magus *et al.*, 1999: 83). Magus (1999: 28) argues: "If officials are paid much less than people with similar training elsewhere in the economy, only those willing to accept bribes will be attracted to the public sector". The management of UThukela Water as well as that of the parent district municipalities benchmarked the salaries of the employees of UThukela Water so as to attract the right skills. It is interesting to note the huge differences in the salaries paid by the two different municipalities as compared to the salaries paid by UThukela Water. In an argument against pay-for-ethics, Hood (1995: 197) maintains that opposition parties almost always use incremental payments as a stick with which to beat the ruling party. The public hardly supports such a policy.

#### **5.11.1.10 WORKING CONDITIONS:**

Work pressure, a dangerous working environment, and a lack of job security serve as justification for people to supplement their income.

#### **5.12 BENCHMARKING THE PERFORMANCE OF UTHUKELA WATER GLOBALLY**

Kingdom and Jagannathan (2000) state that benchmarking empowers a broad section of civil society to ask why one service provider has achieved demonstrably better performance than another or why some companies choose to ignore effluent discharge standards. Benchmarking represents an important tool for those developing and implementing water policy (Berg and Corton 2007:1). According to Kingdom and Jagannathan (2000) supported by Berg and Corton (2007:1) mobilizing consumers in this way is likely to compel regulated utilities-whether private or public- to improve performance. These authors argue that performance benchmarking has become standard practice in the regulated utilities of England and Wales-with considerable success. According to Kingdom and Jagannathan (2000) in England and Wales the water and

sewerage companies provide the regulator with indicators of services performance covering water supply including water pressure, and quality of drinking water, as well as sewerage services, customer services, and environmental impact. According to Seidenstat, Haarmeyer and Hakim (2002:115) the regulator developed a benchmarking approach that formed the basis for the regulatory stick to incite companies to seek greater operational efficiencies and to improve standards of service to customers. UThukela Water embraces the demand by the Department of Water Affairs to meet the requirements of the Blue and Green Drop initiative. This is an initiative demanding all water service providers in South Africa to meet water quality standards set by the Department of Water affairs.

In some countries regulators routinely publish indicators of utility service performance through the local media. Exposing the “worse in class” has proven to be a powerful way of pressuring utilities to provide better services to consumers (Kingdom and Jagannathan, 2000). In South Africa the Department of Water Affairs publish the Blue and Green Drop initiative results thereby awarding certificates to the best performing water services authorities or water services providers. By focusing political attention on service quality, benchmarking can also help to shield regulators from political interference. Political interference in privatization was discussed in detail in chapter four subsections 4.4.3. The requirements for effective benchmarking entail choosing indicators that are unambiguous and verifiable, consistent with long term incentives for good performance, and easy for the public to understand (Kingdom and Jagannathan, 2000).

Kingdom and Jagannathan (2000) argue that some of the reasons for failing to monitor performance stem from the legacy of decades of public sector operation of utilities, or from the

presence of vested interests antagonistic to public reporting of performance. The following five barriers to performance monitoring as cited by Kingdom and Jagannathan (2000) are discussed hereunder:

***Insufficient data:*** The performance data of public sector service providers is not closely monitored by national policymakers and donor agencies in a format that identifies the best in the class or the underachievers. Graham (2009:7) argues that the Ontario Municipal Benchmarking Initiative (OMBI) data warehouse is the only source of OMBI data when preparing public reports in Ontario.

***Low consumer expectations.*** In many countries basic services such as water supply and sanitation, have been provided at subsidized prices, and when consumers are not charged economic costs for services, their tolerance for inefficiency and poor service increase. This observation within UThukela Water is true as confirmed by research findings of the study.

***Powerful vested interests.*** In most countries the commercial and industrial elite have strong lobbying powers. Those powers are often used to resist any public reporting system that threatens to expose poor-even illegal-practice and lead to increased costs and adverse public sentiment (Graham, 2009:1).

***Conflicts of interest.*** Many monopoly service providers are either public agencies or parts of local government. They not only provide but also regulate services-supposedly in the best interest of the consumer. Publicly reporting the agency's performance therefore directly reflects on the action, or in action, of the local or national government. So there is a tendency to cover up poor performance.

***Culture of underachievement.*** Pointing the finger at poor performance should be a warning for an institution to do better. In many municipalities poor performance is used to justify demands for more resources. Instead of promoting improved performance, public reporting can open a floodgate of demands for underachievers.

In summary it can be argued that by exposing poor performance public reporting makes service providers more accountable to the public and thus increases their motivation for improvement to the benefit of the end user. According to Seidenstat, Haarmeyer and Hakim (2002:115) government can do more to encourage public performance reporting and to help guide the effective use of scarce resources. “Worst in class” performance must not be seen as a route to additional resource but rather as a clear challenge to do better (Kingdom and Jagannathan, 2000).

### **5.13 CONCLUSION**

Chapter Five explored the evaluation of the management of UThukela Water (Pty) Ltd, which is the first South African water utility of its kind. It is a municipal entity and a regional water service provider, wholly and exclusively owned by the three WSAs, namely Amajuba, (DC25), UMzinyathi (DC 24) and Newcastle municipalities.

UThukela Water’s business focus is the provision of water, waste water and other related environmental services.

The core business is an operation which is made up of bulk water, networks, a waste water treatment plant and rudimentary services. The funding objectives were to provide accelerated

delivery of safe, affordable and adequate water and sanitation services to the people of Amajuba and UMzinyathi district municipalities. The establishment and development of UThukela Water was developmentally-orientated. Development as a function of a municipality is based on IDPs and water services development plans. Any development is influenced by cost, capacity, administration, job creation and employment and organised labour.

UThukela Water operates within the Public Administration and Public Management principles. Therefore the management of UThukela Water in the context of public administration implies that it must promote a superior understanding between itself and the communities it provides services to, as well as encourage responsive public policies to the needs of the people. The performance of UThukela Water is best measured by its responsiveness to individual problems, customer needs and values guided by policies and work procedures. Like all public institutions, UThukela Water is expected to apply good governance principles and uphold the Constitution of the Republic of South Africa.

The chapter concludes by benchmarking the performance of UThukela Water with the other utilities globally. Hence the management of UThukela Water is expected put measures in place to prevent corruption by both officials and politicians. Such measures include elimination of the causes of corruption like economic, political, social, and professional pressure, as well as improved working conditions.

## Chapter 6

### RESEARCH METHODOLOGY AND ANALYSIS

#### 6.1 INTRODUCTION

The province of KwaZulu-Natal (KZN) has experienced a rapid growth in the need for water as a result of the expanding economy, urbanisation, population growth, and the need to meet the Millennium Development Goals. Water is essential for economic development. Hence there is a need for strategies to ensure sustainable development, protection and utilisation of water resources.

It is therefore critical for researchers to look at the possibilities of making water and sanitation service delivery affordable and accessible to the people of the region. It is the researcher's opinion that water should not only be available for human consumption but must also be available for economic growth, whether for small enterprises or for large enterprises such as mines. The researcher aimed to investigate ways and means of making better use of groundwater, the adoption of new technologies for water treatment, improved water conservation and demand management, innovative approaches to reallocation of water, and appropriate technologies for local storage, distribution and pumping.

At the same time, the impact of these new initiatives will be limited and vulnerable if UThukela Water as a municipal entity for water and sanitation provision at Amajuba and UMzinyathi does not strengthen its management of the fundamentals, such as asset management, water conservation and demand management, revenue management, monitoring, regulation, and prevention of water theft through illegal connections. The purpose of this research was to

investigate the role of UThukela Water in the provision of water and sanitation at Amajuba and UMzinyathi district municipalities. The researcher investigated the effect of climate change; population growth; citizens' ability to afford the services; the views of the district municipal officials about the entity; citizens' views about the entity's crisis; preparation of the water services development plans and the need for redress in access to water, and the risks posed by aging, poorly maintained infrastructure and decreasing water quality.

This requires greater investment in people. It requires a better understanding by the parent district municipalities to rebuild the traditional skills base and the further building of new skills sets to manage the new challenges, including water financing, water conservation and groundwater management. Literature reviewed showed that water for growth and development cannot be implemented without water infrastructure. While there is a need for further surface water development, there is also a need to look at other infrastructural approaches, including small dams, rain water harvesting, and maintenance to reduce leaks and losses, and infrastructure for groundwater use. This variety of approaches must align with the needs of the people, including the rural poor, for whom access to water can make a significant difference in quality of life.

All of the above issues must be supported by integrated planning. This means integration between water services and water resources, and integration between water planning and socio-economic planning. One of the research questions aimed to find answers in respect of the role of local municipalities and the citizens in the IDP process. This planning must address

water redress and transformation, more efficient use of water, and environmental protection. Such planning must ensure that government departments, agencies and other spheres of government are integrating water requirements into their planning processes and are not developing stand-alone strategies. Alignment with private sector water needs is also critical, hence the investigation into the role of UThukela Water in water and sanitation provision at Amajuba and UMzinyathi district municipalities.

## **6.2 RESEARCH METHODOLOGY**

Chapter One introduced the research methodology briefly. In this chapter, a more detailed discussion will be presented.

A general method which involved a literature review of the theoretical framework within which this study is focused, was employed. There were fundamentally two types of research that were conducted. These research methods were qualitative, sometimes referred to as phenomenological, and quantitative, also known as positivistic (Hussey *et al*, 1997: 12). The qualitative research is more subjective in nature, with a focus on measuring phenomena. It involves examining and reflecting on perceptions in order to gain an understanding of social and human activities. It is evident in this research that the researcher endeavoured to gain a better understanding of the perceptions by councilors, municipal officials and the rate payers association about UThukela Water. It is explained in section 6.17 of this chapter how the councilors, municipal officials and customers perceive UThukela Water.

The researcher collected and analysed numerical data and applied statistical tests in order to come to conclusions. As alluded to by Nardi (2006: 17) quantitative methods involve writing



questions for surveys and in-depth interviews so did the researcher in this research project. The researcher prepared interviews and research questions (survey questionnaires are attached at the end of the document).

In this study data was collected on water and sanitation provision by UThukela Water as experienced by senior managers of the Water Services Authorities, senior managers of UThukela Water, rate payers associations, councilors, ward committees and the public at large, which constitutes UThukela Water's customers.

### **6.3 LITERATURE REVIEW**

Literature offered the foundation upon which the problem was to be investigated. The literature review included the reading of documented material on how municipal entities provide water and sanitation services in different parts of South Africa and internationally. This material was found in libraries and municipal shelves. The documents included reports, articles, periodicals, books, diaries, biographies, and unpublished material. All information used was acknowledged and referenced accordingly.

Bles and Higson (1995: 23) identify reasons why a literature review is necessary:

- To sharpen and broaden the theoretical framework of the research, that is, to study the different theories related to the topic;
- To acquaint the researcher with the latest developments. The researchers should become familiarised with the problems, hypothesis and results obtained.

The authors also point out the potential dangers of a literature review, including being influenced by what has been written, and accepting what has been proposed without criticism instead of exploring new avenues. Hussey *et al* (1997: 109) outline the importance of the literature review as:

- Improving one's knowledge of the chosen subject area;
- Having an important impact on the research project, and
- Showing one understands of the subject.

The basic aim of the literature review in this study was to be able to apply the theories, strategies, concepts and models contained in established municipal entities and municipalities.

The study was based on desktop research drawn from statistics on the Water Services Development Plans (WSDPs) for the three Water Services Authorities (WSA), who are also the shareholders of UThukela Water. Desktop research further unpacked the backlog to date regarding water and sanitation services in the area of the entity's operations. The literature review aimed at reflecting current ideas, perceptions and experiences with regard to the existence and role of UThukela Water (Pty) Ltd as compared to the Water Boards and other water service providers locally and internationally.

## **6.4 PRIMARY RESEARCH METHODOLOGY**

Suitable techniques for collecting data in a descriptive research study included interviews (face-to-face and telephonic), case studies and questionnaires. All these were employed in this study.

### **6.4.1 QUESTIONNAIRES**

According to Hussey *et al* (1997: 161), a questionnaire can be described as a list of carefully structured questions chosen with a view to eliciting reliable responses from a chosen sample. Questionnaire for this research project are attached as appendix 1, 2 and 3 at the end of the document. An IsiZulu version of the questionnaire for customers and councilors was also prepared in order to make it easy for those who do not understand English to participate in the study with full understanding.

#### **6.4.2 DESIGN OF THE QUESTIONNAIRES**

The empirical study consisted of data collection using a questionnaire survey. In this study, questionnaires were administered over a period of three months. The questionnaire was used to determine the degree of understanding of the role of UThukela Water in the provision of water and sanitation services at Amajuba and UMzinyathi Districts.

The instrument used was aimed to elicit detailed responses on the research topic. The questionnaire was directed at communities, councilors from local municipalities under Amajuba and UMzinyathi districts, rate payers associations, business forum and officials of UThukela Water and District municipalities.

According to Willemse (1990: 9), the following requirements are to be taken into account when one is compiling a questionnaire and the researcher took it into consideration that

- Confidentiality is assured;
- Wherever possible, a choice of answers was given to respondents;

- The questionnaires were well laid out, with adequate space for completion of responses;
- Questions were not offensive or intrusive;
- Questions did not give cause for emotive language or require any calculations; and
- Questions were short and simple.

The researcher noted the above factors when designing the questionnaire to gauge the accessibility and response-rate of the participants.

Since the study aimed at evaluating the provision of water and sanitation by UThukela Water, a set of questionnaires was sent to a specific number of potential respondents in order to be reasonably assured that 100% of them were completed and returned.

#### **6.4.3 RESEARCH STRUCTURE**

This research was structured so that input, opinions and views could be solicited from UThukela Water officials from different service centers such as Strategy and Leadership, Operations, Finance and Human Resources. Input in the form of interviews was also gathered from district municipal officials. The targeted officials were municipal managers, directors of technical services and chief finance officers. Non-governmental organisations, in particular, ratepayers associations were interviewed. Thirty ward councilors were randomly selected to respond to a questionnaire which was aimed at finding solutions to reduce the backlog of water and sanitation in the region and to assess whether under-pricing of water has tended to benefit

consumers with existing water connections to the detriment of those households without services, and whether general subsidies have led to highly inefficient water utilities.

The survey attempted to find out if the services currently being provided are efficient, effective and affordable. The same questionnaire was administered to three hundred and fifty (350) ordinary customers of UThukela Water from ten (10) rural wards of Msinga, Nquthu and Dannhauser local municipalities, and twenty (20) urban wards of Newcastle, Utrecht, Endumeni and Umvoti local municipalities. Twenty-eight (28) questionnaires from thirty (30) councilors were returned. Three hundred and fifteen (315) questionnaires from ordinary UThukela water customers were returned. Thus ninety percent of the respondents in the sample responded.

#### **6.4.4 INTERVIEWS**

Interviews are a technique of collecting data. Face-to-face contact was made with the participants who were asked to answer questions. Hawkins (2003: 234) describes an interview as a formal meeting with someone to ask him or her questions or to obtain information. The researcher successfully probed deeply in order to get a better view of how the municipal officials understood the business of UThukela Water.

A list of questions was formulated in advance for the purpose of this study.

The interview questions for UThukela water officials were structured to examine how the entity is resourced, the extent of co-operation between parent municipalities and the entity, and what plans the entity has in place in the light of the Millennium Development Goals and population growth. The interview questions to municipal officials were aimed at ascertaining

their views and opinions regarding the effectiveness of the entity, governance and oversight functions, the general understanding of the business by officials and strategic plans for the future in terms of meeting Millennium Development Goals and the effect of pricing water incorrectly. The interview with Ratepayers Association aimed to find if they feel that the current backlog of water and sanitation services will be eliminated to meet the Millennium Development Goals, and whether the budget allocated to the entity is sufficient to address the water and sanitation concerns raised by ratepayers.

Three officials from UThukela Water, three officials from Amajuba, one official from Newcastle and the Chairperson of the Ratepayers Association were interviewed. Four technical directors of local municipalities were also interviewed.

## **6.5 EMPIRICAL RESEARCH: SECONDARY**

According to Bles *and* Higson (1997: 99), when researchers gather their own data for the particular purpose of their research, such data is called primary data. Very often, however, researchers have to use data collected by other investigators in connection with other research problems. Hence the researcher in this study used Water Services Development and Integrated Development Plans from various local municipalities and two district municipalities as a springboard for research.

## **6.6 RESEARCH PARTICIPANTS**

An empirical study that involved data collection and analysis was used in order to show and present an accurate assessment of the present situation with regard to the delivery of water

and sanitary services by UThukela Water (Pty) Ltd. Such an assessment was best obtained by soliciting the opinions and perceptions of the shareholders - UMzinyathi, Amajuba and Newcastle municipalities; the local private sector, local communities, outside investors and service providers. According to Graziono *and Raulin* (2004: 141), the more representative the sample, the more confident the researcher can be in generalising the findings. The researcher strived to get responses by conducting interviews. These groups were targeted because they were assumed to be informed and were concerned about the need for sustainable water and sanitation services in the region. They were therefore reliable sources of information for this research. Participants were randomly selected for the study.

## **6.7 TARGET POPULATION**

There are ninety-four (94) wards in seven local municipalities: Newcastle, Utrecht, Dannhauser (Amajuba District), Endumeni, Nquthu, Umvoti and Msinga (UMzinyathi district). These local municipalities were chosen because they fall under the two district municipalities which are the shareholders of UThukela Water (Pty) Ltd. Between these two district municipalities, UMzinyathi is the poorest of the poor, mainly rural and has a high unemployment rate.

## **6.8 SAMPLING**

According to Bergt (2007: 111), the size of the sample affects the potential to make correct inferences. He further maintains that a large sample generates a high statistical power for obtaining significant results, whereas a small sample produces a low statistical power. Willimse (1990: 127) state that in most cases a 10% sample should be enough to control sample errors. They maintain that a minimum of 30 cases is needed for quantitative research. For this study,

the researcher proposed a sample of 10% of the wards falling within the two district municipalities.

A representative sample of 28 was chosen from each of the 94 wards. Thirty ward councilors and 350 community members were surveyed. The response rate was 90%.

## **6.9 SAMPLING STRATEGY**

The researcher used both probability sampling – the use of questionnaires – for the ward councillors and citizens, and non-probability sampling for group interviews with Municipal Managers, Chief Financial Officers, and Chairpersons of Business Forums.

### **6.10 PROBABILITY SAMPLING**

In this study the population of the wards was divided into rural and urban. The percentage of the wards in the samples was equal to the percentage in the total population.

### **6.11 NON PROBABILITY SAMPLING**

For this study the researcher selected officials of the Water Services Authorities who are directly involved with water and sanitation services. These officials were from the Technical Services (3), Finance (3), and Administration (3). A further sample was taken from Local Business Forum, Community-Based Organisations (CBOs), Non- Governmental Organisations (NGOs) and Residents' Associations.

### **6.12 ACCESS TO THE SAMPLES**

The researcher was granted permission by the Managing Director of UThukela Water (Pty) Ltd, as well as the Municipal Managers and the Mayors of the Water Services Authorities to conduct the study. Letters of permission to conduct research from all authorities were shown to local Municipal Managers, Mayors and Councillors if needed before the research commenced.



The researcher utilized the ward councillors as well as ward committees to access the respondents, thereby ensuring a high completion and return rate of the questionnaires. Distribution and collection of questionnaires was done per ward level per local municipality. The researcher personally delivered the questionnaires to the ward councillors. The researcher also collected the questionnaires personally from ward councillors.

### **6.13 DATA COLLECTION INSTRUMENTS**

#### **6.13.1 STATISTICAL APPROACH**

Both descriptive and inferential statistical analysis informed the research study.

Subban (2008: 276) states that the objectives of the survey are to determine the type of statistical techniques to be used. Each question measured some relevant aspect of the survey and each question generated one or more responses to a question.

The choice of the appropriate statistical techniques and the interpretation of the results obtained remained the exclusive responsibility of the researcher.

### **6.14 HYPOTHESIS TEST**

According to Fox & Bayat (2007: 17), the hypothesis is beneficial, as it could enhance the research in the following ways:

- Predicting results forces researchers to consider seriously what the consecutive steps in the research will be, as far as aspects such as data collection, analysis techniques and statistical instruments are concerned;
- It could provide a framework of the eventual written report on the research results, and

- It could supply insight to the readers of the report about researchers' early anticipation of the research results.

Against this background of the significance of hypotheses, the researcher was interested in the outcome of a study on the role of UThukela Water in the provision of water and sanitation services at Amajuba and UMzinyathi districts and therefore used bar graphs as tools to analyse and interpret responses.

### **6.15 ANALYSIS AND BAR GRAPHS**

Bar graphs and pie charts were found suitable to represent the data and provide an important visual display of the responses of the empirical survey (refer to section 6.17 below).

Graphs and charts assisted to communicate information visually, simply and at a glance

<http://www.nces.ed.gov.nceskids>.

A bar chart was used for comparing two or more values. Bar charts were used as a way of summarising a set of categorical data and illustrated the major features of the distribution of the data in a convenient form. It displayed the data using a number of rectangles of the same width, each representing a particular category <http://www.stats.gla.ac.uk> (refer to section 6.17 below).

A pie chart is a circular chart divided into segments. Each segment represented a particular category. The area of each segment was proportional to the number of cases in that category, and together the segments created a full disk or pie chart

<http://www.en.wikipedia.org/wiki/piechart> (refer to section 6.17 below).

## **6.16 LIMITATIONS OF THE STUDY**

The study was limited to the two district municipalities of UMzinyathi and Amajuba.

UMzinyathi is mainly rural and has a high unemployment rate. However, the researcher managed to reach as many participants as possible from the sample group.

A number of factors affected the study, such as the intervention of the provincial MEC, pre-and-post election factors, political instability, and limited functions by local municipalities in respect of water and sanitation services.

### **6.16.1 THE INTERVENTION BY THE MEC**

The intervention by the MEC was interpreted differently by the different WSAs. UMzinyathi was of the opinion that the then Provincial Department of Local Government and Traditional Affairs currently known as the Department of Cooperative Governance and Traditional Affairs (COGTA) is the Water Services Authority and therefore did not want to participate in the study as a Water Service Authority. They however contributed as customers and individuals.

### **6.16.2 PRE-AND POST-ELECTION FACTORS**

The entity is owned by three municipalities. Political power over the administration of the entity plays a very important role. Before the elections politicians were using water and sanitation services as a campaigning tool. Promises were made by Councilors to the public. After the elections the promised service delivery could not be realised and therefore participants regarded the survey questionnaire as a repeat of the empty promises by politicians. Participants refused to participate, stating that the results of survey would not help

them improve their lives and therefore it was just a waste of their time. People from rural areas were hoping that the survey would speed up delivery of water and sanitation services. When the purpose of the survey was explained to them, they decided not to participate.

### **6.16.3 POLITICAL INSTABILITY**

The establishment of UThukela Water by municipalities governed by the Inkatha Freedom Party (IFP) made people to think that UThukela Water was politically aligned to the IFP. Some thought that the entity is African National Congress (ANC)-driven and others thought it is driven by the IFP. The perception that the company is aligned to the ANC was created after the intervention of the KwaZulu-Natal Provincial government's Member of Executive Committee (MEC) from the ruling party. The pre-and-post political election instability in the region, especially in UMzinyathi, created tension. Participants were not keen to get involved. While some completed questionnaires, others withdrew.

### **6.16.4 OFFICIALS FROM LOCAL MUNICIPALITIES**

Officials from local municipalities responded in their capacity as customers of UThukela Water. Water and sanitation services are not a function of local municipalities. However, they do prepare Integrated Development Plans (IDPs) that inform the Water Services Development Plans (WSDP) of the water services authorities. They were able to contribute meaningfully to the study as customers of UThukela Water and explain how their IDPs inform the WSDP. Out of 350 questionnaires distributed, 90% responded.

## 6.17 ANALYSIS AND INTERPRETATION OF RESULTS

UThukela Water is a municipal entity serving two district municipalities. The district municipalities have seven local municipalities between them. There are three local municipalities in Amajuba, though Newcastle is a water service authority on its own. The Amajuba district consists of Newcastle, Emadlangeni and Dannhauser local municipalities with population densities as illustrated on the table. Table 8 shows the population densities of the local municipalities under UMzinyathi district municipality.

**Table 7: Population per local municipality - Amajuba District**

Local municipality	Population	%
<a href="#">Newcastle</a>	332 978	71.14%
<a href="#">Dannhauser</a>	102 786	21.96%
<a href="#">eMadlangeni</a>	32 276	6.90%

**Table 8: Population per local municipality - UMzinyathi District**

Local municipality	Population	%
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Endumeni	51101	11%
Nquthu	145034	31.77%
Msinga	168026	36.81%
Mvoti	92294	20.22%

There are four local municipalities at UMzinyathi. These are Endumeni, Umvoti, Msinga and Nquthu. The last two municipalities are highly populated yet very rural. The questionnaire was standardised to be answered by customers from both rural and urban wards. An *isiZulu* version was prepared to accommodate those who did not understand English.

## 6.17.1 ANALYSIS OF QUESTIONNAIRES

### 6.17.1.1 PROFILES

The dominant age bracket of the customers who responded was 40-49. 57% were females, which indicate how important women are in water and sanitation services. Table 9 below indicates the gender distribution at Amajuba district municipality.

**Table 9: General gender distribution at Amajuba District Municipality**

Gender	Population	%
Female	243 891	52.11%

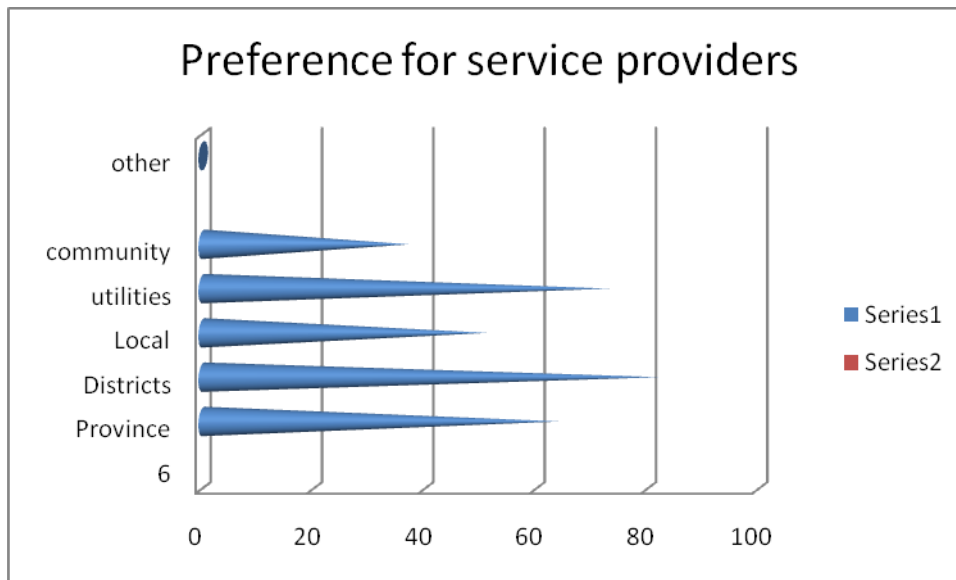
Male	224 149	47.89%
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In rural areas, women and children bear the responsibility of fetching water from boreholes, rivers and standpipes. 54% of the people who completed questionnaires indicated that their income bracket was between R100–R1000. Adequate availability of water can improve the quality of life of these citizens. Time spent walking to fetch water in the streams can be saved and be utilised profitably by children going to school. A follow-up interview showed that the rate of school dropout is high. Children come late to school because they have to fetch water first. Eventually, they drop out. The time an adult women spend collecting water could be more profitably used in gardens and other small businesses like brick making. UThukela Water has committed itself to support community projects although it has capacity constraints.

### **Section A**

Contrary to the preferences of councilors (73% and 80% respectively), ordinary citizens preferred water utilities and district municipalities over local municipalities. The following bar graph illustrates the percentage distribution of the preference by residents for water and sanitation provision.

**Figure 13: Preference for service providers**



All the rural councilors interviewed expressed a preference for water and sanitation services to be provided by local municipalities, even though they did not have the capacity to deliver such services. This was observed for all the rural ward councilors in Dannhauser, Msinga and Nquthu. Rural ward councilors agreed that they do not pay for water and sanitation services and therefore could not comment on the price of water. Given their low educational levels, one could conclude that councilors do not understand what is required for the local municipality to attain the status of water services authority. The same preference for local municipalities as the provider was evident amongst urban ward councilors. When following up on the matter, it was confirmed that councilors use water and sanitation services as a political tool to win voters. The current arrangement weakens their power to control service delivery. Their power to win votes is therefore also compromised.

## Section B

Councilors, the Ratepayers Association and ordinary customers unanimously agreed that water and sanitation services improve people's lives. The primary functions of water are common in



both urban and rural areas. These include drinking, cooking and washing. In rural areas emphasis is placed on irrigation, while in urban areas, the emphasis is on sanitation. 66% of rural areas do not have access to water and sanitation. 43% have water in their yards though they are illegally connected and their consumption patterns range from 0 to 400l per day per household. 47% of respondents were of the opinion that UThukela Water is politically aligned. Following up on this point it appeared that the establishment of the entity was politically driven by the provincial ruling party in 2001, which was also in charge of the parent municipalities of the entity. People believe that water and sanitation projects are rolled out in areas where most of the residents are in line with the political controllers of the WSA.

Residents do not believe that the WSAs are doing everything in their power to improve the lives of the residents.

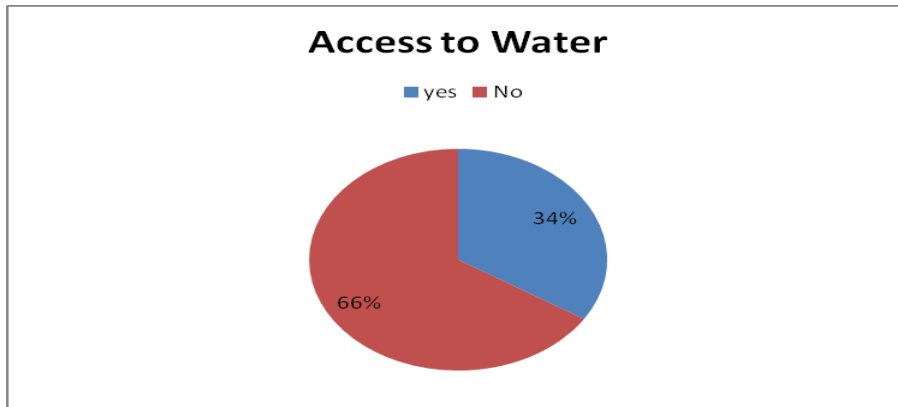
### **Section C**

People from rural areas do not pay for water. Services are paid for through national government's equitable share which is channeled through municipalities. 64% of the urban customers felt that the cost of water and sanitation provision is quite high. All of the rural customers use pit latrines and dongas as a means of sanitation. This method is not recommended as it contributes to illnesses. It is very unlikely that the districts will meet the set targets for the Millennium Development Goals in 2014. Sanitation facilities in rural areas are not the responsibility of UThukela Water. However, since UThukela Water is responsible for water, the long-term plan should cater for a waterborne sewerage system.

### **Section D**

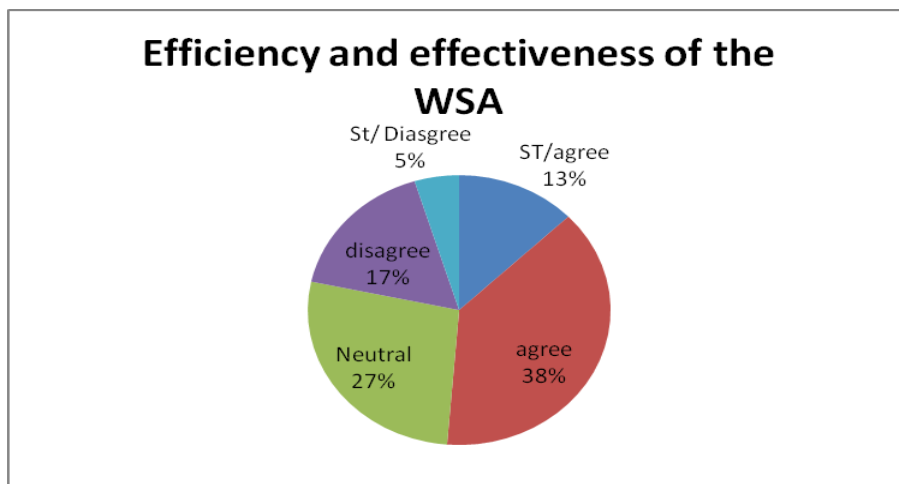
Generally, people do not believe that the WSAs are sensitive to their needs. The following graph illustrates the percentage distribution of people with access to water and those without access to water.

**Figure 14: Access to Water**



The sample in both Amajuba and UMzinyathi districts shows that 66% of respondents do not have access to water. People from rural areas think that WSAs are not really doing enough to attend to their needs. A follow-up interview revealed that WSAs concentrate more on urban areas. The WSAs can easily divert rural water tankers from their routine deliveries to urban areas when the water supply is interrupted in these areas. The WSAs are not believed to be effective and efficient. 56% of the respondents argued that the WSAs do not provide enough services. 35% thought that the districts were not effective and efficient in delivering water and sanitation services.

**Figure 15: Efficiency and effectiveness of the WSAs**



86% of respondents strongly believed that water and sanitation service should not be paid for and that the WSAs should heavily subsidise the poor. Public participation and WSA interaction need to improve drastically. All the councilors interviewed identified themselves as the main contact between the public and the WSA, contrary to what the ordinary citizens think. The public does not believe that the WSAs were doing enough to plan for population growth. Residents suffer more water shortages as more and more houses are built. Without proper planning for population growth demand will always exceed supply.

### **Section E**

88% of respondents believe that the private sector can assist WSAs effectively and efficiently. Water utilities are said to have the capacity to render effective services and it was stated that tariffs can be reduced if services are rendered by water utilities. If the tariffs are lowered, services can become affordable and residents will be encouraged to pay, thereby enhancing the chances of the entity increasing revenue generation.

### **6.17.2 ANALYSIS AND INTERPRETATION OF INTERVIEWS WITH MUNICIPAL AND UTHUKELA**

#### **WATER OFFICIALS**

The Municipal Managers and UThukela water officials agreed that the entity is faced with management constraints though they differ in some respects. UThukela Water has a staff complement of 564 employees, 80% of whom were transferred from Local Municipalities who were the providers before the WSAs. UThukela Water is in the process of restructuring in line with a directive from the provincial government. The service centres are therefore not structured properly to provide the quality of service that is needed to satisfy the customers and the parent municipalities. UThukela Water lacks strategic management capacity. This has resulted in uncoordinated activities, causing unnecessary wastage of scarce resources and under-spending. The lack of support and oversight functions from parent municipalities has led to contradictory policies that defeat national objectives. This relates specifically to halting development at a time when the national target is set to eradicate shacks and poverty.

### **6.17.3 FINDINGS FROM INTERVIEWS WITH UTHUKELA WATER OFFICIALS**

The shareholders require that the entity strictly manage, operate and control water and sanitation functions within the parameters as set out in the Water Services Provider Agreement.

In order to remain solvent, the entity is reliant on the grants and shortfall payments paid by the WSAs to it in terms of the agreement.

- The debtors' book of the entity is largely made up of indigents resulting in poor payment ratios and the entity's inability to collect revenue;
- Many of the debtors' accounts that were transferred to the entity by various WSAs remain in dispute and are not cleared;

- The entity has no other sources of revenue to carry out its obligations in terms of the agreement and is in fact totally reliant on the WSAs for financial support;
- Free basic water and sanitation services are a basic human need and have not been adequately addressed in the agreements;
- The removal of the existing cost allocation model and consequent cross subsidisation of services will result in a shift of costs between the WSAs and this calls for adequate attention;
- The indiscriminate cutting of costs to reduce budget expenditures in an effort to balance the budget will result in a drop off in service levels;
- The existing tariff policies and structures implemented by the WSAs do not adequately address the real problems associated with the need to ensure sustainable and financially viable services; different water standards, different water options; water service levels, and the use of intergovernmental grants to meet basic service needs, and
- The budget is compiled from zero bases and there are instances where costs have been reduced to below previous levels. It is also a fact that the bases from which the budget was originally drawn up was wholly inadequate and did not properly address the development plans encapsulated in the agreements.

#### **6.17.4 FUNCTIONAL CONSTRAINTS**

Vision and mission statements from municipal officials of the same WSA were different. These statements are strategic tools that guide the daily operations of an organisation through short-, medium- and long-term goals to achieve the objectives set by the shareholders. Having

different statements hinders the WSA's ability to deliver appropriate service delivery effectively and efficiently. It was also noted that there was no proper alignment and co-ordination between the WSA's IDP and those of the Local Municipalities. This was contrary to the recommendation by the establishment team that management would have sufficient management capacity at the operational centres. Though the WSAs indicated that they do have WSDPs, they did not know whether these are informed by the Local IDPs and how regularly are they reviewed. This poor alignment aggravates the wastage of scarce resources in the form of the appointment of consultants who become responsible for the compilation of WSDP and lack of supervision thereof.

#### **6.17.5 PROVISIONING**

Both the WSAs and entity officials agreed that service centres are short of resources. This inhibits their service delivery capacity. All agree that the entity's human, financial and technology resources are not sufficient. This has a negative impact on the performance of the entity. The shortage of managerial skills is seen by the WSAs as the main reason for poor, ineffective and inefficient service delivery. This is contrary to the findings made by the establishment team who concluded that sufficient professional resources would be made available to design, specify, procure, instruct, commission and project manage the accelerated infrastructure development programme.

#### **6.17.6 UNFINALISED REFORM**

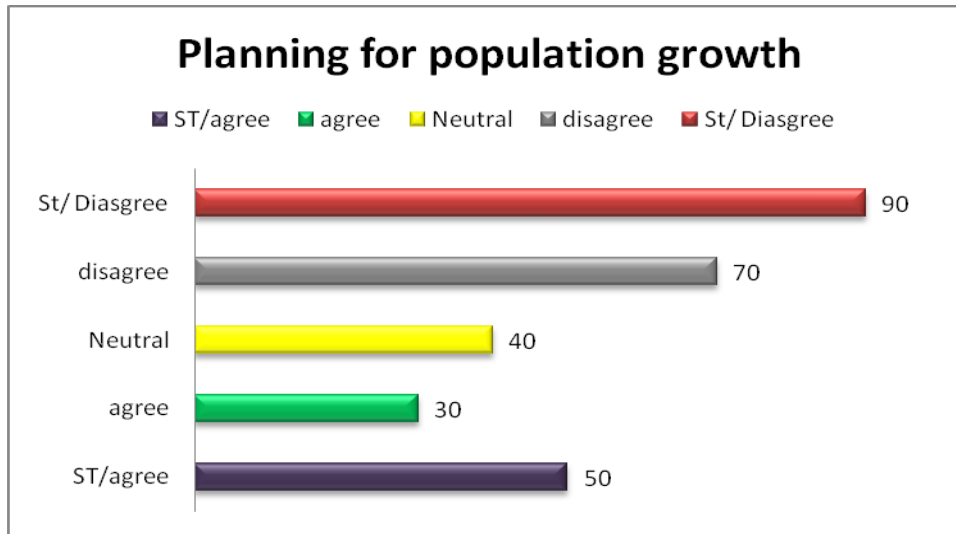
The entity has finalised their restructuring process. However, this structure has not been approved by the Board. Since its establishment in 2004, the Board has been replaced five times. The instability of the Board stemmed from the political instability of the municipalities.

According to the UThukela Water officials, board members were appointed along political lines without real consideration given to the required expertise, qualifications and experience hence the researcher proposed a Policy Board Model of Governance in chapter seven. Two of the WSAs have changed political power and municipal control more than three times since the establishment of the entity, resulting in new boards. In this regard, governance matters were compromised. The current operational structure was last approved by the Board in 2004. The researcher also checked if the WSAs were well-resourced to render an effective and efficient oversight function as expected. It appeared that all the functions were left with the entity's management to manage. Only one technical director from one district municipality liaises with the entity, while the other districts engage the municipal managers, technical directors and the chief finance officers in the oversight function of the entity. One WSA indicated that they have changed the technical directors three times since the establishment of the entity, while the WSA manager is in an acting position.

#### **6.17.7 BALANCING THE NEEDS WITH THE MEANS OF SERVICE DELIVERY**

The existence of any business depends on the acceptance of the product they sell to consumers. The entity is challenged to satisfy those who already have water and sanitation services; those who never had it; those who complain about the high price for water, and those arguing that they are being neglected. Population growth is forcing the WSA and the entity to frequently revisit the Water Services Provider Agreement in order to plan sufficiently. The following graph illustrates how residents perceive district municipalities with regard to planning for population growth.

**Figure 16: Planning for population growth**



Political instability within municipalities, corrupt councilors and officials and a lack of focus defeats the purpose of balancing needs with the means for service delivery. The public and the Ratepayers Association do not think that the districts are doing enough to plan for population growth and the Millennium Development Goals. Local municipalities steam ahead with development in the form of low cost housing without the WSAs planning for water and sanitation needs. The entity finds itself in conflict with the parent municipalities as they have to stop development in anticipation of problems where demand will exceed supply.

#### **6.17.8 PROCESS CONSTRAINTS**

The officials of the entity and the municipalities acknowledged the shortage of processes and procedures through which services must be provided. This compromised service as expected by the consumers. In the eyes of the public, the entity is viewed as ineffective and inefficient. The existing water and waste water infrastructure has exceeded the design life and requires replacement. The engineering functional design, however, assumed at establishment that the existing water and waste water infrastructure could be maintained to continue service at the design capacity.

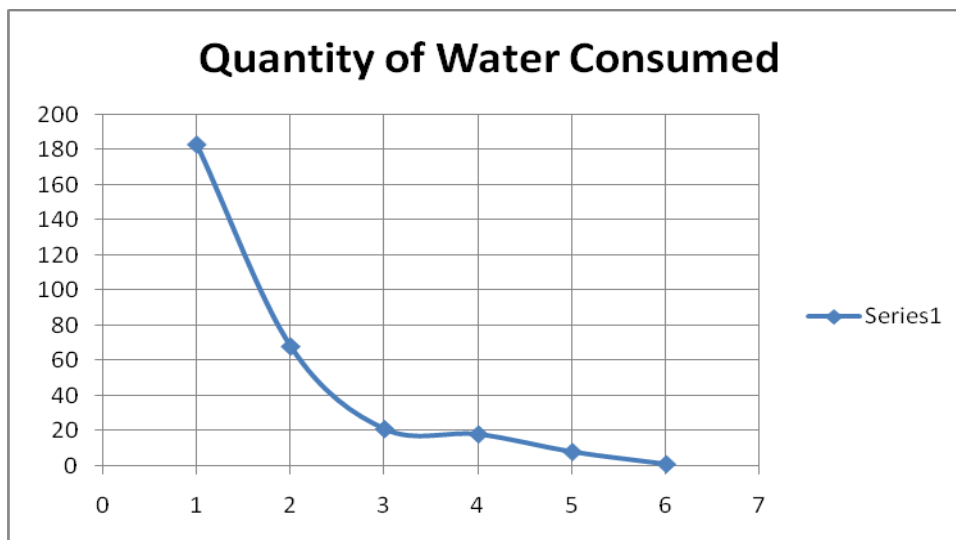


In the area of financial management, ineffective and inefficient financial practices and systems and a lack of appropriately-trained staff have led to ineffective financial accountability and control.

#### **6.17.9 PRICING, SUBSIDIES AND TARIFFS**

The financial unsustainability of UThukela Water is attributed to low collection or under-collection from households. 68% of customers receiving water services are billable customers who were assumed to be in a position to make a 100% payment towards water and sanitation services. However, UThukela Water officials argue that pricing for water subsidies and tariffs are a contributing factor to under-collection. This research project has shown that WSAs do not know exactly how much it costs to produce a kilolitre of water in urban or rural areas. Patterns for water consumption indicate that more people still get water from stand pipes and therefore their consumption should be limited to 200 litres per day. Contrary to the above observation, communities consume more than 400 litres per day as shown by research.

#### **Figure 17: Quantity of water consumed**



The pricing of water is baseless and unfair to the customer and the entity. Over and above this, financial constraints were made more severe by the assumption made at establishment that capital funding will not be borrowed but obtained from donor grants, and no loans will be transferred from WSAs in respect of water cost. It is important to note that the setting of tariffs is a responsibility of the WSA, as stated by the Water Services Act 1997 (Act 108 of 1997). These tariffs have remained unchanged for the past three years while the cost of purifying water has been constantly increasing. Without additional funding, the backlog in respect of safe water at a basic level service (communal tap water within 200 metres) will never stabilise. Clearly the districts are far from meeting this target. Politically it is not viable for the council to increase tariffs but this translates to financial unsustainability of the entity, since the budget is prepared in such a way that tariffs recover the expenses.

All three WSAs within the two districts use the step tariff for consumer billing. However, the step tariff has tended to discourage consumers from using more water, hence water sales have dropped. UThukela Water officials believe and have recommended that consumer billings

should be based on volumetric rates which allow for charging consumers in different income groups. Legitimate and credible billing is dependent on accurate readings from meters. This requires that all billable and non-billable consumers should be metered. But the cost of installing domestic, zone, and settlement meters has increased over the last three years. A sufficient budget must be provided in order to make water affordable to consumers. In the light of the above, UThukela Water has failed to carry out some of its mandate to extend pipelines to people who never had water before and to supply water reliably to those who have it. In some areas where new infrastructure has been rolled out, no budget or an insufficient budget for operation and maintenance has been supplied to the entity.

#### **6.17.10 CUSTOMER GROUPINGS OR CLASSIFICATION**

Interviews and the questionnaires have shown that UThukela water customers are incorrectly classified. Churches, schools, crèches and retirement villages are classified as businesses yet these are non-profit institutions. Schools are known to be high water users and therefore pay at the highest bracket according to the step tariff. Churches are largely low water users and therefore could gain if they were classified as domestic and afforded the 6 kl free. All officials and the Ratepayers Association agreed that businesses, industries and government departments must subsidise domestic consumers. This is in contrast to the findings of the study that was done in Ghana where government departments are subsidised by domestic consumers.

National government approved water legislation that ensured 6kl of water per month free for all indigents customers. This quantity of water was decided without having carefully considered the different diverse cultural habits of the residents of this country, not to mention

the impact of poverty, and HIV/AIDS on affected families. Further confusion and expectation was created through the supply of 6KL of water. Residents thought all water was free and were shocked to receive high bills. Politicians got carried away without having applied their minds carefully and thoroughly to the quantity of 6 Kl. The findings of this study support the study that was conducted in Nelspruit where confusion and expectations were raised among local residents about water being supplied free. Some WSAs like eThekweni Metro have increased their allocation to 9 Kl free while others have restricted the 6 Kl to indigents only and bill anything in excess of 6 Kl.

#### **6.17.11 PERFORMANCE MANAGEMENT**

The performance of UThukela Water has been hampered by the lack of capacity both at higher and lower levels. In many cases, powers have been devolved to lower levels by senior managers without ensuring institutional readiness. This was exacerbated by the fact that senior managers themselves lack capacity. Human resources are still not optimally used, with certain basic administrative, financial and technology systems not in place. The dispute between the entity and the parent municipalities means that the entity cannot advance the country's intended new values and principles. It is recommended that the performance of the entity be measured against the values proposed in the Constitution. The issues and challenges associated with service delivery are:

#### **6.17.12 ROOTING OUT CORRUPTION**

This remains a challenge for the WSAs who provide funding to the entity. The entity is challenged by under-spending. This goes for the WSAs as well. The WSAs must enforce strict oversight.

**6.17.13 PUBLIC RESOURCES** are still not being used optimally.

The entity needs to improve communication and co-ordination between stakeholders and between different levels of the entity. Without communication the parent municipalities will not know what the entity is doing. The constituencies of the municipalities will lose confidence in both organisations if one organisation blames the other on matters that could have been resolved through communication.

#### **6.17.14 DEVELOPMENTAL ORIENTATION**

UThukela Water was established to promote development in the region, hence its vision: “Your partner in growth” - “*Umngani wakho entuthukweni*”. Lack of monitoring and evaluation by the parent municipalities remains a challenge, yet there is a need to assume greater accountability in development and implementation of policies. The objective of the establishment of UThukela Water (Pty) Ltd was to operate largely along business lines. However, as a result of the poor setting up of the company, the financial records showed a significant loss in the first two years of operation. Parent municipalities were burdened with the responsibility of paying shortfalls in cases where the entity could not collect monies from their debtors. As at year 2008 UThukela Water was not financially stable and viable.

#### **6.17.15 EFFICIENCY AND EFFECTIVENESS**

Improvements in addressing efficiency and effectiveness are never enough. The entity cannot be effective and efficient if there are still inequalities of service delivery between rural and urban areas. Inequalities still exist and previously disadvantaged areas remain relatively under-served. Water mains that were laid in Newcastle, Dundee and Greytown date as far back as 1948. This information was established through interviews with the members of the rate payers

association in Dundee and Newcastle. Water mains consist of asbestos cement and many of them have reached the end of their design lives and are beginning to leak and are prone to bursting.

#### **6.17.16 PUBLIC PARTICIPATION AND CONSULTATION**

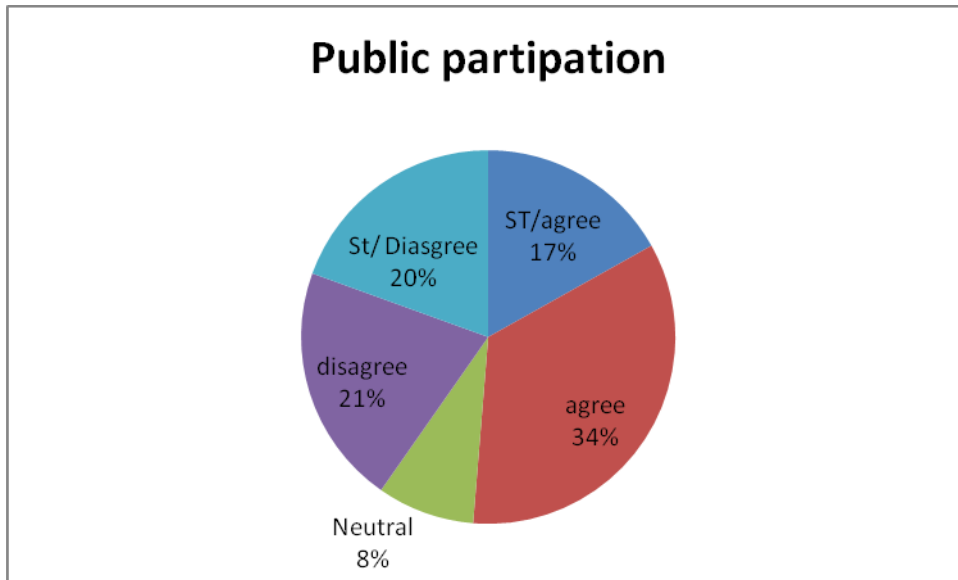
Politicians engage the citizenry in public participation during the elections. Less is being made of participatory techniques after the national and local government elections. The so-called consultation takes place during the IDP process and budget road shows. No input from the citizenry is taken into consideration, hence the bitterness and complete dissatisfaction of the Ratepayers Association with regard to the approval of the Newcastle Local Municipality budget for 2009/2010.

#### **6.17.17 TRANSPARENCY AND BATHO PELE**

The entity must be transparent in its operations. Transparency is slow and is a painstaking process. Both the entity and parent municipalities must be transparent and honest with each other. The implementation of credit control policies is still not being monitored.

Communication and explanation to the public is also lacking. The research showed that public participation is questionable. 41% of the residents disagreed that they are consulted regularly on water and sanitation issues by relevant councilors and the district municipalities. 51% agreed that the district and councilors do consult them.

#### **Figure 18: Public participation**



#### **6.17.18 MAXIMISING HUMAN POTENTIAL**

It has been noted that an effective avenue for second economy participants in Water Resource Management is still a challenge. Water allocation for poverty alleviation is another. Research has also shown that the WSDPs are not consistent with water resources planning.

Performance management systems are of major concern to the entity and parent municipalities. Promotion policies and an effective system are needed for the optimal realisation of performance.

#### **6.17.19 MONITORING AND EVALUATION BY THE PARENT MUNICIPALITIES**

The research showed that the parent municipalities have not been monitoring and evaluating the performance of the entity. This implies that parent municipalities failed to comply with the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), which instructs municipalities to ensure that annual performance objectives and indicators for the municipal entity are

established by agreement with the municipal entity and included in the municipal entity's multiyear business plans in accordance with Section 78 (5) (d) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003). The parent municipalities were further expected to monitor and annually review, as part of the municipal entity's annual budget process as set out in Section 87 of the MFMA, the performance of the municipal entity against the agreed performance objectives and indicators.

#### **6.17.20 WATER SERVICES DEVELOPMENT PLANS**

It appears that while the WSAs acknowledged that it is their responsibility and function to prepare a WSDP, they do not really know what a WSDP entails. Backlogs cannot be reduced in isolation. Amajuba and UMzinyathi need to align WSDPs with service delivery in consultation with local municipalities. Section 13 of the Water Services Act of 1997 states that every WSDP must contain details of the physical attributes of the area to which it applies; the size and distribution of the population within that area; the time frame for the plan, including the implementation programme for the following five years; the number and locations of the people within the area who are not being provided with a basic water supply and basic sanitation, and existing water services.

The most serious issue, among the many matters that water management has to consider, is that of the allocation of water among competing uses and users. Lee (1999:50) maintains that the issue of allocation overshadows all other aspects of water management, including the challenges of managing water quality, controlling flows and all the remaining questions involved in managing water. Unfortunately, the methods used for water allocation are seriously inadequate to achieve an effective, efficient and timely distribution of water among



users (Lee, 1999:50). This failure to allocate water efficiently is the root cause of the widespread perception that water is becoming scarce to the extent that in Greytown, Dundee and Nquthu towns a crisis is looming. The result of the existing degree of inefficiency in water allocation is that it is impossible to know at any place of time whether the use of water is efficient or not and therefore making it extremely important for the water services authorities to consult communities when revising their Water Services Development Plans.

Lee (1999:51) argues that the use of water in agriculture, particularly in irrigation, is inefficient, partly because farmers receive no incentive to be efficient and further, because governments commonly subsidise inefficient agricultural production thus compounding the inefficient use of water. It should be stated that the fact that the use of water in agriculture is generally inefficient does not mean that water use by other sectors is anywhere near the optimum.

There are technological reasons according to Lee (1999:51) which result in other sectors achieving a higher value-added per unit of water used than in agriculture, even in the absence of economic incentives. Well prepared Water Services Development Plans summarises and responds directly to the issues rose by Lee. Well and adequately prepared Water Services Development Plans will address the current water users' needs as discussed below cited from Stone, (2008: 4).

**Table 10: Current water users**

Water users	Current percentage of allocation	Remarks
Agriculture	62%	As the largest consumer of water, the challenge in this sector is to produce more food with the same or less water, enhancing the productivity of water.
Domestic Urban Rural	27% 23% 4%	Population growth will lead to an estimated total of 53 million people by 2025. Growth in urban areas is larger than in rural areas, therefore spatial variances need to be monitored to match future demand with supply.
Industrial	3.5%	
Aforestation	3.0%	Timber-based products make a significant contribution to the economy. Aforestation is on the increase.
Mining	2.5%	Water usage in the mining industry is a major contributor to water-quality problems.
Power generation	2.0%	Eskom has, with some clear directives from DWAF, progressed from highly intensive wet-cooled systems towards very efficient dry-

		cooled systems.
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Source: Stone, 2008: 4

Hereunder is the summary of the interpretation of the above table.

**Rural requirements** represent domestic use and stock watering requirements in rural areas, while **urban requirements** include all water used in urban areas for domestic, industrial, commercial, parks and other communal purposes (Stone, 2008: 4). **Mining and bulk users** represent large mining and industrial users extracting directly from the resource or bulk supply systems, not from municipal systems (DWAF, 2004: 28). The higher portion is allocated to irrigation for agriculture where agricultural irrigation represents more than 60% of the total water requirements in the country. Urban requirements make about 23% and the remaining 15% is shared by the other four sectors (DWAF, 2004: 28). The direct contribution of the agricultural sector to the gross domestic product (GDP) is only about 4.5% (DWAF, 2004: 28). Of this percentage, only an estimated 25-30% is from irrigated agriculture. Therefore, even though irrigation represents about 60% of the total water use, its contribution to the GDP is less than 1.5% (DWAF, 2004: 28).

#### **6.17.21 FAILURES OF WSAs TO PERFORM AN OVERSIGHT ROLE**

The research findings showed that there are capacity shortfalls that are challenging municipalities. This leads to most of the work being done by consultants without proper supervision. WSDPs are prepared by consultants in both Amajuba and UMzinyathi district municipalities. Lack of monitoring and supervision results in wasteful expenditure where projects are left incomplete or poorly performed. The Local Government: Municipal Systems

Act 2000 (Act 32 of 2000) and the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) is the guiding legislation in respect of the oversight role of the WSAs. In terms of Section 93 (c) of the MSA, parent municipalities that have shared control of the municipal entity must enter into a mutual agreement determining and regulating a number of critical issues. In this regard it must be pointed out that no mutual agreement existed between the shareholders from 2004 to 2007. It is for this reason that critical issues like the WSDP, the budget and other tools relating to performance management systems have, to a large extent, been neglected.

#### **6.18 CONCLUSION**

In conclusion, research has shown how important water is to the lives of South Africans. The literature review showed that water is a scarce resource and therefore must be used sparingly and be managed in an integrated manner. This research has shown that residents need to be consulted on water and sanitation matters and therefore water resources development and management should be based on a participatory approach involving all relevant stakeholders.

Research has also shown that women, especially in rural areas, play an important role in the safeguarding and use of water. Water and sanitation projects are a source of employment and therefore water has economic value and should be recognised as an economic good. All efforts and endeavors must be made to make water affordable, able to be accessed equitably by all and taken as a social necessity. Research has shown that water is essential to sustain the lives of all living organisms.

The major challenges facing the entity's performance relate to maladministration, corruption, improving service delivery and developing capable human resources. The entity cannot operate efficiently and effectively if information is not accurate and reliable. The researcher calls for effective monitoring and evaluation of strategies by parent municipalities. The researcher established that billing, pricing, systems performance, and financial systems are challenges, which the entity needs to effectively address. In some areas, the entity is performing poorly due to limited experience and managerial incapacity. However, if the parent municipality can effectively monitor and evaluate the entity's performance, such poor performance can be corrected before further damage is done. Parent municipalities must therefore be competent and able regulators or must seek support from the national and provincial government. Risk is a further challenge facing the performance of the entity. In many instances, municipalities or private-public partnerships are established to shift risk away from the municipality to the partnership or entity. In reality, service provision contracts often protect the entity and risk sits with the municipality. The risk of failure to collect from debtors is absorbed by the municipalities as stated in the WSPA between UThukela Water and the parent municipalities. The entity must be able to attract new investment in services. Incentives like cash contributions during construction periods, and subsidies during operating periods must be made accessible to the entity.

Providing service to the poor is never an easy task, and there is no incentive to the private sector to do this. Poor people are not regarded as profitable. It is for this reason that

government has relied heavily on subsidies and grants to deliver basic infrastructure to indigents. These subsidies and under-pricing of water services has indeed deprived people in rural areas of equitable water and sanitation services. A lot of money is spent on unplanned maintenance due to old and dilapidated infrastructure, instead of rolling out new infrastructure to people who never had the services before.

## **CHAPTER 7**

### **TOWARDS A MODEL FOR THE GOVERNANCE OF UTHUKELA WATER**

#### ***7.1 INTRODUCTION***

There is a need to differentiate the board's role from the manager's role in municipal entities or any organisation. This is due to the fact that many municipal entities or municipalities fail to maintain proper accountability at the highest levels. At times board members experience dissatisfaction over their inability to comply with the expectations of their role, yet consider themselves competent and accomplished individuals (Nathan, 1997). The experience of being ineffective is frustrating and demoralising. UThukela Water (Pty) Ltd is no exception to this phenomenon. It does call for an examination of the role of the board, the relationship between the board and the Managing Director, and the relationship between the board and the community (Nathan, 1997, Carver, 2005). The proposed model of governance seeks to put a high level of trust and confidence in the Managing Director and reducing standing committees, while having more meetings of the full board (Carver, 2005). The model of governance seeks to afford high priority to board development in order to ensure that new members are able to function effectively, and recruitment is an ongoing process. Members will be recruited for their demonstrated commitment to the values and mission of the organisation.

#### **7.2 THE POLICY BOARD MODEL OF GOVERNANCE**

Nathan (1997) and Carver (2005) state that this model shares the view that the job of the board is to establish the guiding principles and policies for the organisation; to delegate responsibility and authority to those who are responsible for enacting the principles and policies; to monitor

compliance with those guiding principles and policies, and to ensure that staff, and board alike are held accountable for their performance.

One of the key functions of UThukela Water is to implement the legislative mandate issued by its shareholders. The mandate entails the provision of potable water in bulk reticulated to municipalities in its service area. In doing so, UThukela Water will contribute to socio-economic development by ensuring that it has adequate infrastructure and that it also provides water at an affordable cost.

Against the backdrop of the mandate to deliver bulk and portable water to communities and recognition of how important it is to living organisms, the following discussion attempts to explain how the governance of UThukela Water and the service delivery model works to ensure that water is accessible to all communities at Amajuba and UMzinyathi district municipalities.

The proposed model of governance of UThukela Water is illustrated and discussed hereunder in conjunction with the service delivery model. The Board of Directors is responsible for governance and strategic planning. The developed model of governance is aimed at improving service delivery and therefore it is in line with the service delivery model. The policy board model of governance as cited in *Umngeni Water Annual Report (2009: 11-16)* is structured around the following:

- The board business cycle;
- Strategy;



- Governance;
- Evaluation;
- Customer Satisfaction;
- Product Quality;
- Stakeholder Relations and Support;
- Infrastructure Stability;
- Water Resource Adequacy;
- Community Sustainability;
- Operational Optimization/Resiliency;
- Employee and Leadership Development, and
- Financial Viability (Umngeni Water Annual Report 2009: 11-16).

### **7.3 THE POLICY BOARD MODEL OF GOVERNANCE AND SERVICE DELIVERY**

#### **7.3.1 BOARD BUSINESS CYCLE**

A Board Plan must be developed and aligned to the legislative mandate of UThukela Water. This both guides the Board on the business it has to discharge and ensures that the Board, as the Accounting Authority, complies with the legislative framework within which the organisation operates (Umngeni Water Annual Report 2009: 11; Nathan, 1997).

#### **7.3.2 STRATEGY**

The organization's strategy must be reviewed annually to ensure that it remains aligned to government's priorities. The strategy review is followed by the Board approving the Five-year Business Plan and reviewing the organisation's Balanced Scorecard (Umngeni Water Annual Report, 2009: 11, Nathan, 1997).

### **7.3.3 COLLABORATIVE GOVERNANCE**

Collaborative governance can be defined as a 'governing arrangement where one or more public agencies directly engage non-state actors in a collective decision-making process that is formal, census-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets' ( Pollitt, 2011: 51).

Collaborative governance arrangements have suggested dealing with complex and interdependent problem domains, in which multiple public and private actors have interest (Pollitt, 2011:9).

These domains are, as seen by Pollitt (2011:51) often fragmented and under-organized, in the sense that there are public and / or private actors who individually attempt to solve certain problems but fail to do so because of resistance or lack of cooperation from other actors.

Collaborative governance arrangements bring a number of these actors together in process of multi-actor decision-making (Pollitt, 2011: 51).

The process of constructing the meaning of issues that is captured by the concept of common understanding is relevant for collaborative governance in many respects. Fragmentation of ideas can form barriers for mutual understanding and can evolve into protracted controversies about 'what the issue is really about' (Pollitt, 2011:52) delaying or impeding effective decision-making. On the other hand, the connection of different ideas into a jointly meaningful story can

generate motivation and commitment for collective action. The call for less technocratic and more integrated approaches in the domain of water governance has according to Pollitt (2011:52) turned collaborative approaches into an attractive prospect for water management. The Board of UThukela Water must remain firm in its obligations in terms of the Water Services Act 1997 (Act 108 of 1997) and Public Finance Management Act, and concur with the principles of the good governance as set out in King II (Nathan, 1997; Umngeni Water Annual Report, 2009: 11). The Chairperson of Umngeni water in their Annual Report (2009: 11) maintains that the Board must be able to exercise its oversight function in line with the Delegation of Authority and hence retain effective control over significant strategic, financial, organizational and legal compliance matters. Progress with the implementation of organisational strategy must be monitored through strategic review sessions (Umngeni Water Annual Report, 2009: 11; [www.datagovernance.com](http://www.datagovernance.com)).

#### **7.3.4 EVALUATION**

According to the chairperson of Umngeni Water in their Annual Report (2009: 11), Board members' performance evaluations must be conducted through a combination of self-assessment and peer review. Both the performance of the Board as well as Board Committees needs to be assessed (Nathan, 1997, Carver, 2005). Based on the findings, an action plan must be developed to enhance Board performance, including formulation of training and development plans for each Board member. Board evaluation reports, action plans and areas identified for further development must be submitted to the minister as per recommendations that will appraise the reports and make recommendations (Umngeni Water Annual Report, 2009: 11).

The new model of governance in conjunction with the service delivery model aimed to improve customer satisfaction, product quality, stakeholder relations and support, infrastructure stability, water resource adequacy, community stability, operational optimisation, employee and leadership deployment and financial viability (Umngeni Water Annual Report, 2009: 11).

### **7.3.5 CUSTOMER SATISFACTION**

UThukela Water has formally contracted with its customers (WSAs/Municipalities) on the agreed services to be provided. Thirty-year signed bulk and portable water supply agreements have been secured with three WSAs (Amajuba, and UMzinyathi districts and Newcastle local municipality). The Chief Executive Officer of Umngeni Water in their Annual Report (2009: 13) asserts that regular engagement with customers ensures that the company continues to remain responsive to customer needs and maintains compliance with water supply agreements.

### **7.3.6 PRODUCT QUALITY**

The company must strive to achieve excellent potable water and wastewater compliance. UThukela Water is proud to be contributing to the Department of Water Affairs' innovative Blue and Green Drop Certification Programme for incentive-based regulation.

### **7.3.7 STAKEHOLDER RELATIONS AND SUPPORT**

UThukela Water must ensure strategic effectiveness by complying with all the requirements of the Executive Authority, all the requirements of National Treasury and the requirements of customers on tariff setting and capital infrastructure development (Carver, 2005). The same view is shared by the Chief Executive Officer of Umngeni Water in their Annual Report (2009: 13).

### **7.3.8 INFRASTRUCTURE STABILITY**

UThukela Water must adopt a regional approach in planning for bulk water supply and ensure that there is strong alignment of the capital infrastructure expenditure programme with the provincial strategies and plans. UThukela Water's water demand projections must be regularly updated based on trends in historical water sales volumes and customer water demand trends. The analysis of bulk infrastructure and water works capacity in relation to demands must demonstrate any infrastructure supply constraints or limitations on future growth to which the company needs to respond.

Proactive planning on infrastructure development and asset maintenance programmes will ensure that UThukela Water remains on track to increase infrastructure stability while increasing operational resiliency (Carver, 2005). In so doing, UThukela Water will be firmly on track towards reducing the vulnerability of communities through the progressive provision of bulk water service (Umngeni Water Annual Report 2009: 13).

#### **7.3.9 WATER RESOURCE ADEQUANCY**

The availability of sustainable water resources is vital to the bulk water service function. As a result, UThukela Water must work in conjunction with the Department of Water Affairs to plan for the necessary water resources in the area of supply.

The organisation must be particularly mindful of the threat that a changing climate could have on water resources in the future (Umngeni Water Annual Report 2009: 14).

#### **7.3.10 COMMUNITY SUSTAINABILITY**

UThukela Water must diversify the capital expenditure programme to ensure that the bulk water expansion efforts are further geared toward addressing backlogs, targeting those communities who still use rivers and streams as their water source (Umngeni Water Annual Report 2009: 14, Carver, 2005).

The company's approach in the provision of water and sanitation services must aim to optimise employment opportunities and provide development opportunities to emerging contractors.

UThukela Water must prioritise conservation of national resources and have in place key environmental sustainability indicators applicable to its water business, and aligned to best practice (Carver, 2005; Umngeni Water Annual Report, 2009: 14). This includes indicators for assessing eco-efficiency, including energy, water and material consumption.

#### **7.3.11 OPERATIONAL OPTIMISATION/RESILIENCY**

UThukela Water must strive to have in place effective and efficient governance and management structures to implement the company's strategy, as well as key systems to ensure operational competence (Carver, 2005). These systems include Water Infrastructure Asset Management Systems; Water Infrastructure Planning Systems; Billing and Metering Systems; Financial and Treasury Systems; Human Resource Systems; Supply Chain Management Systems; Information Management Systems; Governance and Risk Systems, and Corporate Performance and Strategy Systems (Umngeni Water Annual Report, 2009: 15).

#### **7.3.12 EMPLOYEE LEADERSHIP AND DEVELOPMENT**

UThukela Water must endeavor to have a sound human resources strategy with key focus areas to address human resource needs. According to the Chief Executive Officer of Umngeni Water

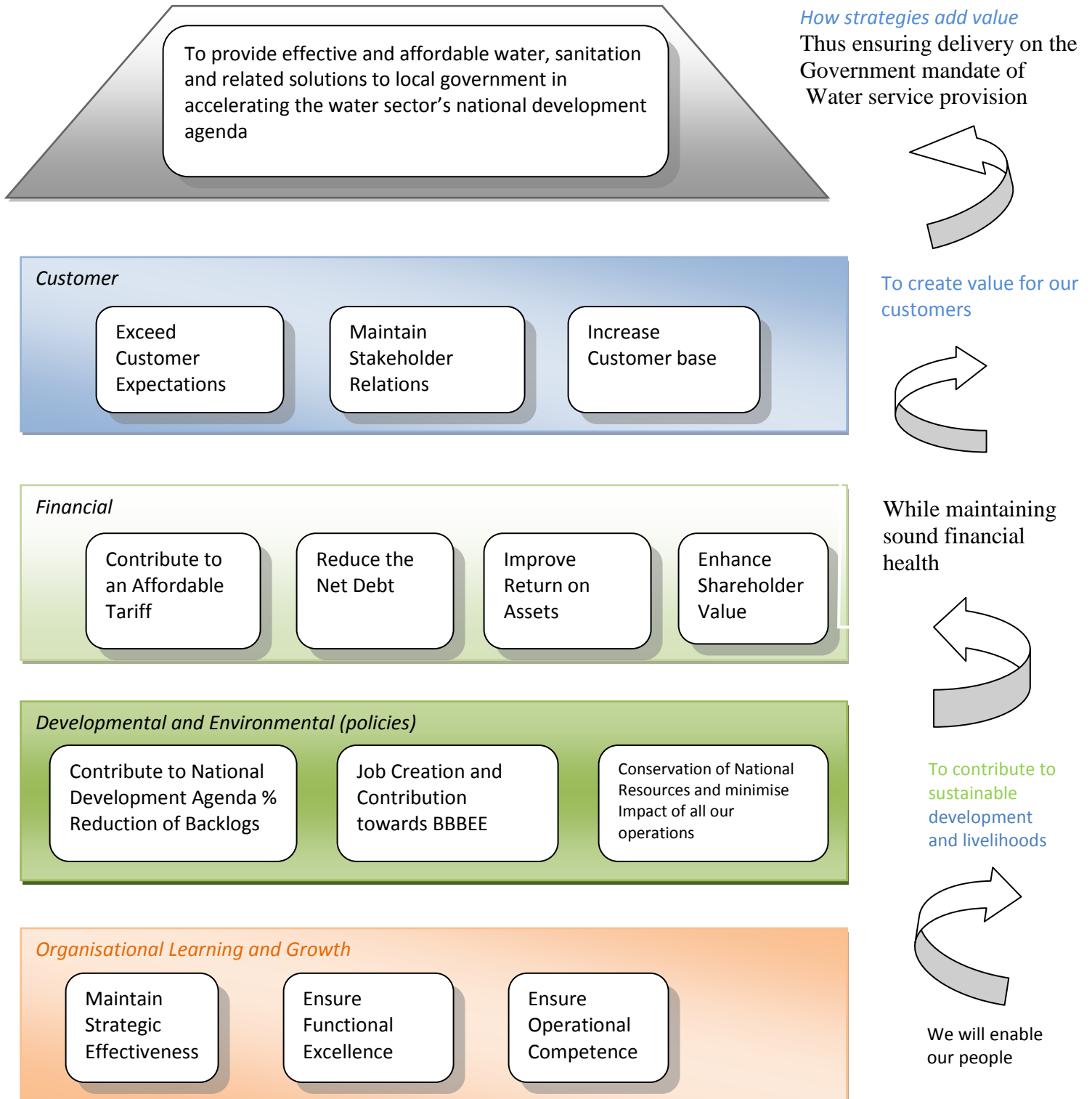
in their Annual Report ( 2009:15-16) the alignment of the policies to human resources strategy, as well as improving the human resources information system, must take priority. Employee and water sector skills development need to be identified as critical to the success of UThukela Water business (Carver, 2005).

### **7.3.13 FINANCIAL VIABILITY**

The company's financial successes need to be improved. Bulk water tariff must be adjusted to increase in comparison with inflation levels (Umngeni Water Annual Report 2009: 15-16).

**Figure 18: UThukela Water’s Governance Model**

The model shows how strategy and strategic objectives add value to deliver on UThukela Water’s mission, as cited in Umngeni Water Annual Report (2009: 26).





## **7.4 THE GUIDELINES AND PRACTICES TOWARDS A MODEL OF GOVERNANCE**

The Strategy and Leadership component of UThukela Water must be responsible for ensuring that UThukela Water abides by these principles. The Managing Director is the custodian of Strategy and Leadership.

### **7.4.1 FORGING PARTNERSHIP WITH SECTORS AND MULTI-STAKEHOLDERS ENGAGEMENT**

Of extreme importance are partnerships that cut across all spheres and sectors of government to address silos that stifle integration and holistic approaches (Mphalala, 2008: 12; [http://en.wikipedia.org/wiki/Corporate\\_governance](http://en.wikipedia.org/wiki/Corporate_governance)). Partnerships with Water Boards can play a vital role in assisting the district municipalities through their entity.

### **7.4.2 UTHUKELA WATER AS AN ENABLER**

Organisations should recognise that they have legal and other obligations to all legitimate stakeholders ([http://www.en.wikipedia.org/wiki/corporate\\_governance](http://www.en.wikipedia.org/wiki/corporate_governance)).

In order to enhance access for the rural and vulnerable communities, UThukela Water has to exploit the power of technology in its operations and solutions (Mphalala, 2008: 12; [http://en.wikipedia.org/wiki/corporate\\_governance](http://en.wikipedia.org/wiki/corporate_governance)).

### **7.4.3 ORIGINALITY**

The Managing Director may ask experts to specify models, to interpret compliance requirements, to design controls ([www.datagovernance.com/gbg-governance-model](http://www.datagovernance.com/gbg-governance-model)).

However, it is also of critical importance that the company be innovative, and avoid duplication and re-inventing of the wheel despite the importance of adaptation for the different environments and replication of innovations. Shortage of workflows, policies and procedures

are good examples where there will be no need to duplicate efforts but rather to customize to suit UThukela Water as and when required (Mphalala, 2008: 12).

#### **7.4.4 KNOWLEDGE SHARING AND LEARNING FOR REPLICATION**

UThukela Water must ensure that resources are not wasted on lessons already learnt and in support of replication where necessary and appropriate. This approach is of vital importance in order to transfer skills between UThukela Water and its parent municipalities.

#### **7.4.5 EMBRACING DIVERSITY**

Mphalala (2008: 12) argues that innovation rarely happens in a homogeneous group. Once a challenge has been identified, there is a need for a forum of experts to be set up around that particular challenge. The forum is fully representative of all sectors, namely, private, academic, NGOs, and public sectors (Mphalala, 2008: 12). Various sectors as cited in Mphalala (2008: 12) appreciate the non-threatening and non-dominating stance and the level of autonomy. Some decisions need to be made at multiple levels. One group may craft a recommendation, and then a higher-level group will make the final decision ([www.datagovernance.com/gbg-governance](http://www.datagovernance.com/gbg-governance) – model). The forum is led by the relevant district with UThukela Water as the main partner, to interrogate the challenge and explore a solution.

#### **7.5 SERVICE DELIVERY MODEL**

Parties involved in governance of any organisation include the regulatory body. In the case of UThukela Water, this body consists of the managing director, the board of directors, management, shareholders and auditors. Other stakeholders who take part include suppliers, employees, creditors, customers and the community at large ([www.enwikipedia.org/wiki/corporate](http://www.enwikipedia.org/wiki/corporate)).

In corporations, the shareholder delegates decision rights to the manager to act in the principal's best interests. This separation of ownership from control implies a loss of effective control by shareholders over managerial decisions ([www.en.wikipedia.org/wiki/corporate](http://www.en.wikipedia.org/wiki/corporate)).

Mphalala (2009: 28) describes service delivery models as innovative ways to focus minds upon service delivery planning, organising and implementation, staffing and appropriate use of technology, controlling partnering arrangements with internal and external stakeholders, organisational design development of work flows and processes and performance management.

Although guiding legislation and regulations that promote flexibility and innovation to deliver public services exist, local governments still struggle to overcome the rigidity and bureaucratic nature of existing delivery models (Mphalala, 2009: 28). This frustrates municipal employees, stifles innovation and ultimately results in public dissatisfaction.

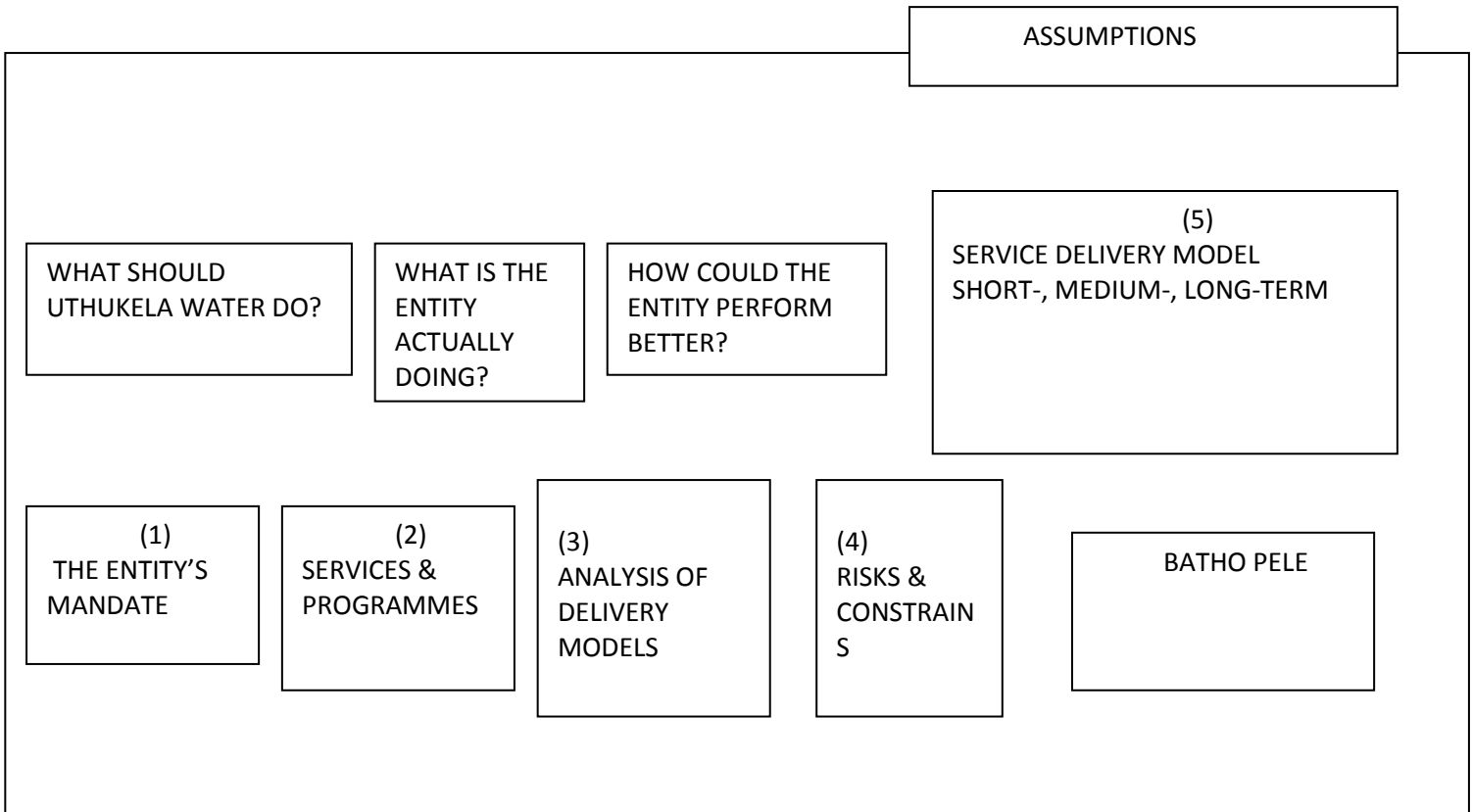
The political expectation requires approaches to service delivery to be reconsidered. Local government faces complex interdependent delivery issues that either lead to unmandated service or limit intergovernmental co-operation. It is common practice to see duplication of services between district and local municipalities. This is not just a problem at Amajuba and UMzinyathi districts. It has been experienced throughout KwaZulu-Natal and indeed South Africa.

An initiative to develop a water and sanitation service delivery model for use by Amajuba and UMzinyathi districts is hereby proposed to address the above challenges. The Service Delivery Model and how it can support local government and UThukela Water management is discussed below.

A framework is developed to systematically take managers and stakeholders through the steps of developing and refining the delivery mechanism. The model is populated with municipal data, results of best practice and industry knowledge. The documented mandates, services and modes of delivery are then discussed with the aim of stimulating innovation and effectiveness. The output is a documented service delivery model. The management bodies of the district municipalities and UThukela Water are encouraged to assess why they deliver services in a specific way and whether alternative approaches could be considered. The assumption made in developing the model as well as the risks associated with the model would also be known and can be managed.

**Figure 19: The Service Delivery Model**

This model as cited from Mphalala (2009: 29) consists of five separate but related phases.



### **7.5.1 CONFIRM MANADATE**

The process as cited in Mphalala (2008: 28) clarifies an entity's mandate as given to it by the parent municipalities, develops the high level services that would need to be provided and documents the high level client expectations. It further requires the formulation of risks and assumptions relevant to the mandates which are then routed to an assumption matrix and risk matrix.

### **7.5.2 DEFINE SERVICES**

Once the mandates have been verified, the service offering requirements go through a process of assessment (Mphalala, 2008: 28). The service offerings are tested against the high level services that were formulated during the mandate analysis stage.

### **7.5.3 ANALYSE METHODS OF SERVICE DELIVERY**

This stage involves testing the method of refined service delivery requirements. Issues relating to technology, human resources and process are considered and an emphasis is placed upon how UThukela Water can perform more efficiently and effectively (Mphalala, 2008: 28-29). Innovation is encouraged, intergovernmental co-operation facilitated and partnering arrangements formulated. Lateral thinking is required to actively consider alternative delivery models for the short-, medium- and long-term (Mphalala, 2008: 28-29). Key inputs in this phase are the testing of methods delivery, organizing and controlling against the assumptions. Importantly, delivery methods are therefore shaped around the practical realities that exist (Mphalala, 2008: 28-29).

### **7.5.4 RISKS AND CONSTRAINTS**

Throughout the process, risks and constraints are identified, formulated and documented (Mphalala, 2008: 29). The board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management performance ([www.en.wikipedia.org/wiki/corporate-governance](http://www.en.wikipedia.org/wiki/corporate-governance)). It needs to be of sufficient size and have an appropriate level of commitment to fulfill its responsibilities and duties. There should also be an appropriate mix of executive and non-executive directors ([www.en.wikipedia.org/wiki/corporate-governance](http://www.en.wikipedia.org/wiki/corporate-governance)).

Once the process is completed, the risks and constraints of the preferred service delivery model will be assessed and corrective action designed (Mphalala, 2008: 29). There must always be checks and balances to keep the entity afloat all the time.

#### **7.5.5 ETHICAL AND RESPONSIBLE PLANNING FOR SERVICE DELIVERY**

Ethical and responsible decision-making is not only important for public relations, but a necessary element in risk management and avoiding lawsuits ([www.en.wikipedia.org/wiki/corporategovernance](http://www.en.wikipedia.org/wiki/corporategovernance)). Organisations should develop a code of conduct for their directors and executives that promote ethical and responsible decision-making. It is important to understand, though, that reliance by a company on the integrity and ethics of individuals is bound to eventual failure ([www.en.wikipedia.org/wiki/corporategovernance](http://www.en.wikipedia.org/wiki/corporategovernance)).

The planning affords UThukela Water managers possibilities to explain and motivate the way in which they deliver their services. The model, according to Mphahlela (2008: 29), is not a solution to all service delivery problems in local government but has the following key benefits:

- Provides clear focus on how municipalities and municipal entities can effectively deliver against mandated responsibilities;
- Focuses upon delivery models that eliminate duplication, inefficiency and waste;
- Confirms the support and input required from other intergovernmental agencies;
- Encourages the elimination of a silo culture;
- Stimulates lateral thinking in terms of “how we can do things differently?”

- Provides an organised framework for setting or monitoring strategy that is understood throughout the organisation;
- Encourages team work and active communication;
- Informs annual operational planning;
- Informs organizational design initiatives, and
- Informs performance measurement requirements from an individual, business unit, department and provincial perspective.

Such a model can significantly assist UThukela Water to deliver services in a new way.

Importantly, the knowledge on how to improve service delivery actually sits with UThukela Water and district municipal officials, and this tool is aimed at supporting and encouraging the use of this potential.

## **7.6 STRATEGIC PARTNERSHIPS WITH PUBLIC UTILITIES**

The public utility is a private business organisation subject to government regulation that provides an essential commodity or service such as water, electricity, transportation or communication to the public (Besseling, 2008: 27). According to Hughes (2003: 97), public utilities provide services considered essential for the economy as a whole. He adds that the essential nature of public utilities means the services they supply are politically sensitive, with great disruption to the private economy and households if supplies are interrupted. Water and sewerage connections are matters of public health and therefore need to be prioritised.



Modern life would seem intolerable without water, electricity or gas. If the service provided by utilities is inadequate in some way, or priced 'unfairly', it can quickly become a political issue regardless of ownership of the industry (Hughes, 2003: 97).

Hughes (2003: 97) argues that many governments have favored outright ownership of public utilities, as a result of political sensitivity and the tendency to natural monopoly. For political reasons, no government could totally dissociate itself from public utilities, although it could use instruments other than ownership (Hughes, 2003: 97). According to Hughes (2003: 97), governments would be likely to maintain fairly tight control through regulation even if utilities were sold to private enterprise.

According to Besseling (2008: 27), the quality of South Africa's drinking water is of the highest standard and this is mostly due to various public utilities in the form of Water Boards.

Water Boards are state-owned, self-funded institutions. They provide a wide range of related water and sanitation services. Some Water Boards only serve one province and others serve up to four provinces. Water Boards play a vital role in South Africa in reducing the backlog of water services. These institutions extract water from dams and purify and supply water in bulk to water service providers. They can also supply water directly to the end users (Besseling, 2008: 27).

The Water Boards are under the direct control of the Department of Water Affairs (DWA). The provision of water has three different capacities: National, Provincial and Local government.

However, local government plays a big role since it is the government closest to the people and is more accessible (Gildenhuys and Knipe, 2000: 78). According to Craythorne (2003), Water Boards are one of the external mechanisms which municipalities can engage to deliver services to the people. South Africa has well-established Water Boards which are also involved in other neighbouring countries to assist in establishing water and sanitation system. Water Boards supply bulk portable water, industrial water and bulk-sanitation services.

The functions and responsibilities of water boards will be discussed hereunder. This discussion seeks to reinforce the need for partnerships between small water utilities with sectors that have experience and capacity in the water sector in order to share resources and knowledge and to avoid duplication of efforts.

#### **7.6.1. FUNCTIONS AND RESPONSIBILITIES OF WATER BOARDS IN SOUTH AFRICA**

The primary activity of these Water Boards is to provide bulk water services to other water services institution within its area (Mhlanga and Walker 2000:7). Other activities of the Water Board as cited by Mhlanga and Walker (2000:7) are to perform other activities if:

- It is not likely to limit the board's capacity;
- Perform its primary function;
- It is not likely to financial prejudice itself;
- It is in accordance with board's policy; and
- It is in the board business plan

According to Mhlanga and Walker (2000:7) the Water Board may also perform the following activities:

- Provide management services, training and other support to water services institutions;
- Provide catchment management services;
- Provide water services in a joint venture with water services authorities; and
- With approval of relevant water services authority act as a water services provider,

Mhlanga and Walker (2000:7) summarise the powers, functions, and duties of the Water

Boards as follows:

- Give priority to its primary function;
- Prepare a policy statement;
- Prepare business plan;
- Enter into written contracts;
- provide bulk water services institutions;
- set conditions for the provision of services including technical standards and tariffing structure;
- use available resources optimally;
- be financial viable;
- promote the efficiency of water services authorities; and
- act in an equitable, transparent and fair manner

## **7.7 ANALYSIS AND INTERPRETATION OF THE WATER BOARDS PROFILES**

The Water Boards have stronger capacities than ordinary WSAs in terms of assets, skills finance and human resources. Water Boards can offer support to municipalities in case they fail to

comply. Partnering with Water Boards can afford weaker districts and small water utilities opportunities to grow in managing projects and expanding their knowledge base. Water Boards are not limited to one province as WSAs would be. Some Water Boards are very robust to an extent that they can operate within four different provinces successfully. This in itself is an indication that working in silos is completely discouraged as suggested in the model. While a Water Board executes its day-to-day functions, it also transfers skills and knowledge to the local communities in the area of supply. Water Boards have a better capacity to extend operations to areas that were never supplied with water before. Water Boards have the capacity to reduce water and sanitation backlogs and therefore the provision of water and sanitation services which are a function of municipalities, can be outsourced to them. While some Water Boards have severe financial constraints, it is inherent that Water Boards eliminate inefficiencies and wastage.

#### **7.8 MONITORING AS A CRITICAL FACTOR OF THE POLICY BOARD MODEL**

Water Boards play a vital role in water demand management. It is therefore, important that revenue and non-revenue water must be metered. This allows for proper and effective accountability regarding water, balancing for the future and planning for water demand management. Thabethe (2009: 11) asserts that households with unrestricted supplies or unrestricted service levels are likely to consume more water. Such consumption is usually unaccounted for and falls outside the budgets of the WSAs. This means that this amount of water is not paid for by the customer. However, the municipality bears the production cost.

According to Thabethe (2009: 5), the installation of meters must at all times be properly communicated to users or else resistance and even vandalism may be experienced that will destroy good intentions. This happened in Johannesburg Water and is also currently being debated in Cape Town.

The model suggests that a problem must be identified first in relation to the mandate that the municipality or the entity has. Thereafter all stakeholders should meet to deliberate on ways and means of finding the solution while looking at possible risks.

#### **7.9 THE POLICY BOARD MODEL AND THE MILLENNIUM DEVELOPMENT GOALS**

The provision of water and sanitation service remains a challenge for UThukela Water and its parent district municipalities. Safe and reliable water and sanitation services for all are one of the leading challenges facing sustainable development in the region and KwaZulu- Natal.

Meyer (2007:8) states that the United Nations Millennium Declaration confirmed the central role of water and sanitation in sustainable development and the major contribution expanded access to safe drinking water and adequate sanitation can make to poverty alleviation.

According to Meyer (2007:8) poverty reduction strategies dominate the existing development agenda. From this perspective, the health and socio-economic benefits of improved access to safe water and adequate sanitation are the most forcing arguments to support the allocation of resources to this goal.

The World Health Organisation states in a report that, in the developing world, poor access to safe water and adequate sanitation continue to be a threat to human health (WHO 2004). In 2000, a significant proportion of the world's population was without access to clean water: 1.1

Billion people were without access to improved water resources, and 2.4 billion people lacked access to improved sanitation (Meyer, 2007:8). In 2003, it was estimated that 1.6 million deaths could be attributed to inadequate water and sanitation, as well as a lack of hygiene; 90 percent of those affected are children, mostly in developing countries (Meyer, 2007:8).

Expanding access to clean water and sanitation would reduce the burden of water-related diseases and would improve the wellbeing of a large part of the world's population. The supply of safe drinking water, and the related provision of adequate sanitation, is important to poverty alleviation and economic growth in the world's poorest countries. Target 10 of Goal 7 commits the signatories to halving, by 2015, the proportion of people worldwide without access to safe drinking water compared to 1990 levels ( Adelama and MacDonald 2008:86). At the World Summit on Sustainable Development in Johannesburg in August 2002, the target of halving the proportion of people worldwide without access to sanitation by 2015 (compared with 1990 levels) was added to existing agreements ( Adelama and MacDonald 2009:86). Whilst the provision of sanitation and clean water is a target in itself, it is integral to the other goals. For example, women and girls are relieved of the burden of collecting water from distant sources, and can devote more time to economic activities or education. Lifting this burden contributes to the empowerment of women. Sanitation and clean water are vital in reducing infant mortality and disease, and improving maternal health and resistance to diseases such as HIV/AIDS, and these outcomes all promote economic development (Adelama and MacDonald 2008:86). Improvement in water and sanitation services is one of the cheapest ways of improving people's health.

A key challenge is to ensure the funding necessary to extend water services to those currently not connected, and to maintain and upgrade the existing infrastructure ([www.worldonline.za](http://www.worldonline.za)). UThukela Water has a responsibility to do specific analysis of current water pricing practices, realistic financing strategies for the districts, applying the OECD Principles on Private Sector Participation in Infrastructure to the water sector, sustainable water use in agriculture, and innovative business models ([www.oecd.org](http://www.oecd.org)). The above discussion enhances the relevance of the Policy Board Model of governance in order to make sure that UThukela Water delivers according to mandate given to it by the shareholders.

## **7.10 CONCLUSION**

Chapter Seven explored a model of governance of UThukela Water in relation to the provision of water and sanitation services. Literature has shown that South Africa is a water scarce country due to a number of factors, including uneven distribution of rainfall, inadequate infrastructure development and inequitable distribution and over-use of available water resources. The relatively abundant resources in KwaZulu-Natal are becoming over-utilised in some areas. It is for this reason that this chapter addressed future water requirements and the sanitation backlog with regard to how UThukela Water manages service delivery to the citizens of Amajuba and UMzinyathi districts. Water management and delivery can only be achieved if the institutions mandated with that responsibility have enough capacity in terms of skills and resources to deliver on their mandate. Water is at the centre of all development that happens in the district and the local municipalities. Local economic development plans and strategies undertaken by district municipalities must be aligned with the availability of water resources through the integration of WSDPs and IDPs. A policy board model of governance is

proposed to address shortages that were noticed and unraveled by the researcher in the current management of UThukela Water. Risks, threats and challenges to water availability can be addressed with the adoption and implementation of the policy board model of governance.



## CHAPTER 8

### GENERAL CONCLUSIONS AND RECOMMENDATIONS

#### 8.1 INTRODUCTION

Countries worldwide are concerned with the provision of water and sanitation services to their people. South Africa is no exception. Due to the rapidly growing water requirements of the KwaZulu-Natal (KZN) province as a result of the expanding economy, urbanisation of the population, improved water supply services and the government's current focus on rural development, water security is critical. Water is essential for economic development and the development of strategies for the sustainable development, protection and utilisation of water resources, all crucial for the future security of water. As it has been noted without being redundant South Africa is a water scarce country. Due to a number of factors, including the uneven distribution of rainfall, inadequate infrastructure development, and inequitable distribution and overuse of available water resources, it is imperative that this scarce commodity be treated with the greatest care. Water management and delivery can only be achieved if the institutions mandated with that responsibility have enough capacity in terms of skills and resources to deliver on their mandate. Capacity varies widely in the water sector, with some institutions able to deal with water services delivery challenges and some not yet able to.

Since water is central to development in the province, it requires that development plans in KZN be undertaken with the availability of water resources in mind. KwaZulu-Natal is characterised by an erratic and variable rainfall pattern which means that some of the formerly dry land crop production areas now require supplementary irrigation to be sustainable. There is

a need to improve the alignment of key government programmes, including water allocation reform, land reform and agrarian reform, to enable access to water to act as an agent for social transformation.

While in some countries the provision of water and sanitation services are regarded as a basic need, in South Africa this is a constitutional right.

## **8.2 GENERAL CONCLUSIONS**

Poor regulatory capacity has certainly contributed to a crisis in the governance regime of UThukela Water. First, local authorities were drawn to the idea of the UThukela Water Partnership because of the promise that the private sector would take the commercial risk through its financial investment. In practice, however, the local authorities are not immune from bearing the financial burden of these commercial risks should the conditions of the service delivery agreement no longer be favourable.

This situation has contributed to a crisis in governance. The Water Services Authorities devolved their responsibilities as a service provider to UThukela Water and performed poorly in their role of being a watchdog. This is primarily illustrated through their failure to take their regulatory role seriously. The WSAs' inability to regulate the entity has meant that the authorities are no more capable than is UThukela Water of dealing with the non-payment problem. Interviews with senior officials and mayors revealed that the WSAs have decided that should UThukela Water fail, it will simply hand the concession to another service provider. The

attitude of the WSAs in abandoning UThukela Water threatens to undermine democratic accountability by district municipalities.

The Newcastle Local Municipality and UMzinyathi district are no longer as keen as they were to take back the water services because of the financial costs of reintegrating the existing labour component of UThukela Water. Like many cash-strapped municipalities across South Africa, the WSAs wanted to wash their hands of the responsibility of water services so that they can focus on other areas of service delivery less challenging than water. The politicians have a scapegoat and all the blame related to water and sanitation failures is apportioned to the entity.

The lessons learnt so far have taught both the parent municipalities and UThukela Water that technical solutions do not solve the political problem of poverty. Payment for services is not simply a technical matter of getting clear bills out to service users and establishing pay point offices for customer care in township areas. Payment for services is a political issue when it comes to the ability of the poor to pay. The history of apartheid and the historically poor service delivery to townships are significant in shaping an understanding of how to resolve the non-payment problem. A starting point is to involve communities more widely in the service delivery process so that they can better understand how service delivery works, what it means to be a responsible “customer” and how to hold their provider accountable. These steps are part of democratising service delivery and must be steered more attentively by the local authority and its political representatives. UThukela Water is believed to be a useful service

delivery alternative in offering much needed financial services and technical expertise, but not if it is undermining the ability of low income communities to access water. Furthermore, the management style of UThukela Water concentrates power and the decision-making processes of water distribution into a ring-fenced business unit. In appraising whether UThukela Water is the appropriate service delivery model for Amajuba and UMzinyathi districts, the evidence suggests that this model is suitable for the delivery of an essential service like water in areas with high levels of poverty and well-suited to deliver bulk water and sanitation.

### **8.3 GENERAL RECOMMENDATIONS**

The proposed broad recommendation is that UThukela Water must be re aligned and reconfigured and therefore a new model of governance requires that the culture of the organization be changed, a new approach to customer relations be adopted, new strategies for water demand management be employed, old infrastructure be rehabilitated, revenue generation be improved, and limitations to higher service levels be reviewed.

#### **8.3.1 RE-ALIGN AND RECONFIGURE UTHUKELA WATER**

The re-alignment affords the sector's independence from political interference and provides the sector the opportunity to grow and identify gaps in capacity. Challenges facing the entity have been discussed, the cost associated with water resources and water services being one. The re-aligned UThukela Water will clearly clarify the roles and responsibilities in terms of relevant legislation. Overlaps in functions between the WSA and the WSP which will be a regional water utility, will be eliminated. The oversight function which was limited to WSA's will be elevated to national level thereby allowing the Minister to perform an oversight

function, intervene as and when necessary and finally eliminate duplication and unnecessary competition among the water institutions. No doubt this will eliminate unnecessary wastage, thus promoting cost savings.

Should UThukela Water be re-configured into this proposed model of a Regional Water Utility it will give effect to regionalization of the management of regional bulk water schemes for the benefit of all stakeholders concerned, while at the same time ensuring a wall-to-wall coverage of provinces and municipalities by an effective, capacitated water services institution. In the area of UThukela Water, the boundary should stretch to Free State, Mpumalanga and KwaZulu-Natal.

The constitution of the board of the Utility must not be political but should be such that it attracts different skills and be fully representative of the region. The shareholders should be National and Provincial governments. In this case it should be the Minister of Water Affairs, and the Ministers of Cooperative Governance and Traditional Affairs of KZN, Free State and Mpumalanga. Ownership of the infrastructure must be taken away from the WSAs and be re-assigned to the utility which will be monitored and overseen by the DWA. It is recommended that the WSA remain responsible for water and sanitation reticulation. Should it happen that the district does not have the capacity to perform, then a separate ring-fenced budget for water and sanitation reticulation must be prepared. UThukela Water and the district municipality will enter into a separate agreement for water and sanitation reticulation. In this case the municipalities will remain in charge and be politically influential to their constituencies.

Therefore the operation of bulk regional portable water supply scheme and bulk sanitation must be a responsibility of UThukela Water.

### **8.3.2 CHANGE THE CULTURE OF THE ORGANISATION**

In order for the entity to be effective and efficient, it must have people with positive attitudes and clearly-defined responsibilities, and have a comprehensive customer data base. The water purification sector is a highly specialised field and therefore requires specialised skills in order for it to deliver services effectively and efficiently. It is therefore important that UThukela Water improve human capacity in the engineering field.

### **8.3.3 MANAGE CUSTOMER RELATIONS EFFECTIVELY**

The entity must be a business that provides its customers with reliable water and sanitation services at affordable rates, is financially sustainable and can be trusted by its customers and stakeholders. In order to achieve this, the entity must be able to offer a 24-hour service call centre and be able to reduce demand and improve reliability; reduce the number of service interruptions; improve customer perceptions; ensure that bills are legitimate; improve payment levels; increase ISO credibility and increase profitability. The possibility of achieving the above is likely if UThukela Water commits its employees to service excellence and technological innovation.

### **8.3.4 IMPOSE EFFECTIVE WATER DEMAND MANAGEMENT STRATEGIES**

Water in South Africa may appear to be in abundance. However, this is a very narrow and naïve way of looking at water. On the contrary, water is a scarce commodity and it is about time the South Africans take water scarcity as a serious concern for future generations. Without water there is no life. Higuaras (2008: 138) is of the opinion that in order to meet water access and

sanitation goals, international aid must be increased by \$0.9 billion per year. He adds that it is important for the existing aid to be redistributed in order to be effective. According to Higuaras (2008: 138), the cost of guaranteeing water and sanitation all over the world is two cents of a dollar per day per person in developed countries.

### **8.3.5 MAKE PROVISION FOR NEW DAMS**

South Africa depends on surface water resources for most of its urban, industrial and irrigation requirements. In general, surface water resources are highly developed over most of the country. About 320 major dams, each with a full supply capacity exceeding 1 million cubic meters, have a total capacity of more than 32 400 million cubic meters, equivalent to 66% of the total mean annual runoff (Rowlston, 2006: 5). Groundwater, while also extensively utilised, particularly in the rural and more urban areas, is limited due to the geology of the country, much of which is hard rock (DWA, 2004: 20). The total mean annual runoff of South Africa under natural (undeveloped) conditions is estimated at a little over 49 000 million m<sup>3</sup>/a of water originating from Lesotho and Swaziland respectively, which naturally drains into South Africa (DWA, 2004: 20).

### **8.3.6 CONTROL BULK WATER EFFECTIVELY**

In areas where the entity is responsible for both bulk supply and reticulation it must proactively control Non-Revenue Water (NRW) by adopting a meter change programme; identifying and managing key accounts; and compiling a plan to deal with illegal connections.

### **8.3.7 REHABILITATE INFRASTRUCTURE**

In view of the fact that UThukela Water inherited ageing infrastructure, most of which has reached the end of its design life it is imperative that the entity implements an active water mains replacement project. The project should include replacement of secondary water reticulation mains with new modified pipes, for instance polyvinyl chloride. This will result in fewer pipes bursting, which has become a norm in recent years, resulting in huge amounts of water being lost.

### **8.3.8 IMPROVE REVENUE GENERATION**

A pro-active entity needs to adopt an enforceable credit control policy and disconnection for non-payment based on accurate meter readings. It must be a politically and publicly-accepted entity that is embraced by all. The entity needs to be able to produce easily-understandable and fair bills; provide easy accessibility to pay point options, and have professional and friendly staff. Metering accuracies and illegal connections are major causes of revenue loss at Amajuba and UMzinyathi. It is recommended that there be a planned meter replacement programme for all meters older than seven years in the ground. Clearly the level of unaccounted for water is relatively high when compared to acceptable benchmarks. This programme will increase revenue and decrease water losses. It is also noted that not all water consuming customers are billed. Revenue generation is very poor due to lack of policies and poor credit control.

UThukela Water can turn this situation around by increasing the number of payment centres and implementing a credit control policy. It is also important the UThukela Water strengthens the management and control of meter readers by setting standards and requirements for them.



This can be achieved if UThukela Water creates an internal meter reading audit section that will physically go out and check the work done by the meter readers.

### **8.3.9 IMPROVE BUSINESS SYSTEMS**

The entity needs to improve business systems by developing trusted management information; employing technically equipped teams to manage pressure reduction, and monitoring critical pressure points and controls of water treatment plant outputs.

### **8.3.10 REMOVE LIMITATIONS**

In order to sustain the provision of yard connections in areas which have been designed for a basic service option only, the infrastructure (including networks, reservoirs and pump stations) would have to be upgraded to more than twice the present capacity to provide a water demand of at least 60 litres per person per day. If the municipalities are considering yard connections for communities they must be restricted to only 25 litres per person per day. This calls for further extension of the basic reticulation network which supplies the present standpipes in accordance with a designed reticulation system to ensure the establishment of a formal network which can sustain yard connections to all customers. The indiscriminate establishment of yard connections in an area which has been designed for a basic level comes at a high risk and may result in:

- The overall failure of the water system because water demand exceeds the capacity of the infrastructure. A typical example of such a failure is where water is not available for some customers or at standpipes which previously received water, because of the uncontrolled use in other areas.

- The establishment of yard connections on an *ad hoc* basis will result in an “informal” and insufficient reticulation network, which in itself will lead to system failure. In order to sustain yard connections, a well-designed formal reticulation network would be necessary. The upgrade of the system demands sufficient funding by the WSA.

#### **8.3.11 INSTALL FLOW RESTRICTORS**

It is recommended that indigent customers have flow restrictions in their supply.

While the availability of options which restrict the flow to consumers is an important attribute of a good free basic water policy, if not properly controlled it can lead to violation of human rights and discrimination between the haves and the have-nots. Flow restrictors allow access to poverty relief consumption levels. It should be noted though that where there is an existing system with a direct connection from the reticulation to the yard, flow limiting becomes extremely difficult. Implementation of an electronic flow restrictor which allows only a fixed amount to be supplied each day may be a solution to this problem. The device is not fool-proof, as it has limited success.

#### **8.3.12 REDUCE COST OF PROVIDING FREE BASIC WATER**

A main component of local free basic water policy is the provision of water as cheap as possible while still maintaining a good quality of service to communities. In order to keep costs down, appropriate design standards must be applied. It should be borne in mind that some areas in South Africa are mountainous and communities are scattered all over the hills, like in the rural areas of UMzinyathi. The cost of producing one kilolitre of water at UMzinyathi varies from R10 to R200.

### **8.3.13 INCREASE WATER RESOURCES**

There are other options and less conventional ways of increasing water supplies in South Africa. These include importation of water from neighboring countries, for example, the Zambezi River; rainfall augmentation by cloud seeding; the shipping of fresh water from the mouths of large rivers, and towing icebergs to South Africa (DWA, 2004: 30). Van Vuuren (2007: 17) warns that these ideas are technically feasible but that there are various issues that need to be considered before implementation. Environmental, political and legal considerations need to be taken into account. It is for this reason that Higuaras, (2008: 179) recommends that nations pay attention to the importance of water in the context of the geopolitics of different regions of the world. Positive change could promote innovation, efficiency and lower prices as well as minimizing the adverse impact of the industry on the environment.

### **8.4.14 EMBARK ON PUBLIC EDUCATION**

Landscape architects and irrigation consultants in the United States agree that the best way to conserve water is to educate the public about good landscape design, since watering lawns and gardens uses up about a third of all residential water (Thabethe, 2008).

In UThukela Water's area of supply people who use more water than a fixed limit should be charged a substantial penalty. This could be put in place pending the finalisation of the uniform credit control policy that will be applicable to three water services authorities. Once this is implemented, offenders will reduce water wastage. Water demand management is as critical in

South Africa as it is in the other parts of the world. Higuaras, (2008: 179) recommends that nations be watchful so that recognition of the economic value of water as a principle can be realized.

#### **8.4 CONCLUSION**

Water is a basic commodity and the parent municipalities should ensure that clean water is easily available to all Amajuba, UMzinyathi and UThukela District citizens. Consumers will naturally react when they realise they are being charged unfairly. The district municipalities should subsidise water for certain groups of people within a certain income range, including residents of urban squatter settlements. Although water is currently piped free to the squatter settlements and rural areas of the districts, this will soon cease and meters will be installed. The parent municipalities should reassess the case of UThukela Water and consider modifying the present contract to the conversion of the entity into a Water Board, or a regional water utility. While the focus in Amajuba and UMzinyathi is about the supply of water to towns, 80% of their population lives in villages, mainly as emerging farmers on their own land. Most of these villages used to have water in abundance underground or in open rivers, creeks and streams. Measures need to be taken to make water accessible to every household. The shift in mindset from free use of water to a user-pay policy is resented by citizens in the rural areas. They will try to find alternative means of accessing water at no significant cost. For instance, water tanks could be installed in all homes and the use of underground water would go a long way to help alleviate the stress on poor families in the towns who cannot afford to pay. However, if the parent municipalities and UThukela Water are serious about alleviating poverty, there needs to

be a concerted effort by all parties to improve people's livelihoods. Together with the provision of clean water, regional education campaigns should be conducted in every ward within the local municipalities about clean water, healthy homes and personal health based on clean water and sanitation services. Holistic health education will go a long way in the fight to improve people's general health and well-being. Partnering with other stakeholders is one of the most important pillars in the service delivery model. Traditional leadership is a very special stakeholder in the provision of water and sanitation services. The Ingonyama Trust owns a substantial portion of the land. According to the people, this means that they own all the resources – rivers, creeks and dams. To secure meaningful participation by civil society in development, the parent municipalities and UThukela Water should make every attempt to include traditional leadership in all their negotiations as major stakeholders in development.

Corruption in the water industry has been cited as a common practice. It should be noted that reforms that allow private companies to contribute are not necessarily bad. However, if this takes place against a background of corruption and profit-making for individuals and corporations, it is at the expense of ordinary people. Reforms can only be instituted if there is a stable and conducive political environment. The current unstable political environment is not conducive to reforms that support private investors. The parent municipalities and UThukela Water cannot start talking about alleviating poverty or other socio-economic problems without political reform. People in the region are experiencing a clash of ideologies, notably between the Inkatha Freedom Party and the African National Congress. In this confused environment, there is political indecisiveness and instability at the local government level. This creates a

situation where corruption and misappropriation thrive. Having deliberated on all possible solutions for the improvement of water and sanitation provision at Amajuba and UMzinyathi districts, the establishment of a regional water utility or Water Board should not be considered to be the only option.

One of the main reasons for the proposed change in governance and the service delivery models is the issue of the perceived poor performance of the entity. The entity's view is that the budget cuts implemented by the shareholders have been too stringent and driven by political and corrupt interest. Political involvement has been excessive (Thabethe 2009).

In the absence of monitoring, regulation, and evaluation by parent municipalities, there will be opinions that the budget approved is sufficient and funds must be managed properly. However, such opinions are not based on a proper study/assessment of costs or a comparison of operating costs for service providers in a similar environment (Cuhna 2009). The impact on operating costs of rolling out infrastructure to the various rural areas that are now being served is grossly underestimated. It is inappropriate to compare the unit costs to the historical costs where the service was being offered to the then-TLCs (Cuhna 2009). The impact of the historical neglect of infrastructure maintenance is also being underestimated.

The only appropriate means to settle this debate is by conducting an objective, professional and independent assessment similar to that laid down in the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) (Cuhna 2009). It is the researcher's view that the argument

about the entity's poor performance should not be divorced from the debate about whether the budget is adequate or not and that such debate should be informed by the current research assessment.

It should also be noted that the challenges faced by the entity as a result of the impact on operating costs of rolling out new rural infrastructure and dealing with decaying infrastructure, are not unique to the UThukela Water. The problem is a countrywide one.

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## APPENDIX ONE

### QUESTIONNAIRE TO UTHUKELA WATER'S OFFICIALS: STRATEGY AND LEADERSHIP, OPERATIONS AND TECHNICAL SERVICES, FINANCE, HUMAN RESOURCES AND INFORMATION TECHNOLOGY

An evaluation of water and sanitation provision by UThukela Water in selected districts of KwaZulu- Natal.

Dear Sir/ Madam

The Strategic Plan (2030) of UThukela Water was proposed to provide an accelerated delivery of safe, affordable and adequate water and sanitation services to the people of Amajuba, Umzinyathi and Newcastle municipalities. The Region is characterized by the severe backlog in water and sanitation services and is reported to be one of the poorest Regions in Kwa-Zulu Natal.

Regional fragmentation in the planning for water and sanitation services shows that there is a massive backlog of water and sanitation provision throughout the Region.

The Strategic Plan (2030) further included the development of a feasibility study which assessed alternative service provision scenarios which concluded that the centralization of bulk water infrastructure would result in the lowest total cost of ownership over the 30 year period.

This survey therefore seeks to examine the role played by uThukela Water (Pty) Ltd in serving the communities and its shareholders. It further seeks to compare uThukela Water (Pty) Ltd services with those of Water Boards and Water Services Utilities in South Africa and internationally.

Furthermore, it proceeds to evaluate the role of uThukela Water (Pty) Ltd in the light of the Millennium Development Goals focussing on the National Strategy for Water Provision, Policy and Governance with an intention to develop a governance model for water and sanitary provision by municipal entities in South Africa in the context of municipal service partnerships.

Please note that this questionnaire has been designed for computer analysis and requires you to respond by placing "X" in the appropriate block or blocks.

In the event where you feel that additional information is necessary for the open ended questions, please use the space provided at the end of the questionnaire.

**The information that you will provide is extremely valuable, and it will be treated in the strictest confidence.**

Should you have any queries or difficulty in answering the questionnaire, please contact me at the following telephone numbers:

Tel Home: 034 310 6655

Work: 034 328 5000

Cell: 082 7888 344

Your cooperation is highly appreciated.

Mr PD Thabethe

Prof P.S. Reddy

\_\_\_\_\_  
Doctoral Candidate

\_\_\_\_\_  
Supervisor

PLEASE COMPLETE THE FOLLOWING DETAILS:

NAME OF RESPONDENT:	
DEPARTMENT:	
QUALIFICATION	
EXPERIENCE	

**SECTION A: PROFILE OF UTHUKELA WATER**

It is important to draw a composite picture of UThukela water and its role in service delivery – provision of water and sanitation services

1. What is the vision of UThukela Water in relation to the provision of water and sanitation to its shareholders and customers?

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2. What is the mission statement of UThukela Water?

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3. What are the set objectives of UThukela Water regarding

<p>a. -----        ----Population growth -----        -----        -----        -----        -----        -----</p>	
<p>b. -----        ----Roll out of infrastructure to those who never had water-----        -----        -----        -----        -----        -----</p>	
<p>c. -----        ----Strengthening partnership with water services authorities-----        -----        -----        -----        -----        -----</p>	

4. Is UThukela Water guided by any legislation that provides direction to their daily activities?

Yes	01
No	02
Comments	

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5. Are there any policy initiatives that have been put in place to address the identified water shortages?

Yes	01
No	02
Comments	

6. What kind of an organizational structure is in place to holistically and effectively address water shortages?

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7. Which functional centers/ service centers /departments are directly involved and responsible for the provision of water and sanitation services to the customers?

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8. Are these centers properly equipped with the following resources:

a. Human resources	Yes	No
b. Financial	Yes	No
c. Technological resources	Yes	No

---Comments-----  
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9. Explain the major constraints experienced by UThukela Water in relation to

<p>a. Financial resources-----        -----        -----        -----        -----        -----        -----        -----        -----</p>	
<p>b. Human resources-----        -----        -----        -----        -----        -----        -----        -----        -----</p>	
<p>c. Technological resources-----        -----        -----        -----        -----        -----        -----        -----</p>	

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10. Which of the following stakeholders play a role in the planning process for water and sanitation services ? You may cross more than one category

a. Members of the public	01
b. Nongovernmental organizations	02
c. Business/ private sector	03
d. Provincial government representatives	04
e. Local government representative	05
f. Other (please specify)	06

11. Does UThukela Water have business and strategic plans?

Yes	01
No	02
Comments	

12. If yes how often are they reviewed

a. Yearly	01
b. Every five years	02
c. Every ten years	03
d. Comment----- ----- ----- -----	

13. How much money in MLn Rands has been budgeted for in the following financial years to provide and manage water and sanitation services in the region?

a. 2004/2005	Over100Mln/200Miln/over300Miln/
b. 2005/2006	Over200Mln/over300Mln/over 400MLn



c. 2006/2007	Over 300MLn/over 400Mln/Over 500MLn
d. 2007/2008	Over400Mln/500Mln/600Mln
e. 2008/2009	Over 500MLn
f. 2009/2010	Over 500Mln

14. What steps have been taken by UThukela Water to make it more accessible to the customers?

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**SECTIONB: UTHUKELA WATER COMPARED TO WATER BOARDS WITH REGARD TO WATER AND SANITATION PROVISION**

1. The staff establishment of the entity matches the needs

Yes	01
No	02
Comments	

2. The board of directors of UThukela Water is/was politically appointed

Yes	01
No	02
Comments	


3. The senior managers of UThukela Water were/ are appointed based on their credentials and experience

Yes
No
Comments

4. UThukela Water have all necessary policies needed to manage a municipal entity

Yes
No
Comments

5. All necessary systems are in place to effectively and efficiently manage the entity

Yes
No
Comments

6. UThukela Water have the support of the national and provincial spheres of government

Yes
No
Comments

7. The national government performs the regulatory and monitoring function over the entity

Yes
No
Comments

8. What kind of research has UThukela water undertaken to provide guidelines and recommendations for the water services authorities to effectively address water and sanitation back logs in the region?

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9. What type of strategic planning has UThukela water initiated to meet the challenges of the Millennium Development Goals?

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10. What lessons can be learnt by UThukela water from South African water Boards in order to effectively provide and manage water and sanitation services to the people?

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11. What lessons can be learnt by UThukela water from other South African water service providers in an attempt to effectively provide and manage water and sanitation services?

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12. What lessons can be learnt by UThukela Water from international Water Services Providers?

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13. What lessons can be learnt by UThukela Water from Local municipalities, Water Services Authorities and the Department of Water Affairs and Forestry as the previous organizations responsible for water and sanitation?

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**SECTION C: GOVERNANANCE MODEL OF MUNICIPAL SERVICE PARTNERSHIPS**

This section attempts to examine the impact of municipal service partnerships in delivering water and sanitation services to the people with a view of enhancing efficiency and effectiveness.

1. Municipal service partnerships are better equipped than WSA department in terms of resources (financial, human, and technical) to provide water and sanitation to the people.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

2. In five to fifteen years time, there is a possibility that water and sanitation services would be provided by municipal entities or private sector.

Yes	01
No	02
Comments	

3. Are there shortcomings in allowing the municipal entity/ private sector to deliver basic services such as water and sanitation to the people?

Yes	01
No	02
Comments	


4. UThukela Water has been the service provider since 2004 in your area. Are you satisfied with the services delivered up to now?

Yes	01
No	02
Comments	

5. The cost of delivering services since the establishment of UThukela Water has decreased.

Yes	01
No	02
Comments	

6. Would you recommend more municipal service partnership for other basic services

Yes	01
No	02
Comments	


7. What policies need to be in place to monitor water and sanitation services provided by the municipal entity?

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8. Does the WSA perform the oversight function in the daily activities of the entity:

Yes	01
No	02
Comments	

9. The budget requested by the entity from the WSA is always enough for water and sanitation needs of the people

Yes	01
No	02
Comments	

10. The budget requested by the entity from the WSA is always not enough for water and sanitation needs of the people and therefore water is available to those who had it before.

Yes	01
No	02
Comments	

11. The WSA approves the budget as compiled by the entity

Yes	01
No	02
Comments	

12. Water and sanitation services cannot be sustained amid economic stagnation which impacts on people's ability to pay for the services.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05





## **APPENDIX 2**

### **QUESTIONARE TO MUNICIPAL OFFICIALS: MUNICIPAL MANAGERS, CHIEF FINANCE OFFICERS, MANAGERS OF TECHNICAL SERVICES**

An evaluation of water and sanitation provision by UThukela Water in selected districts of KwaZulu- Natal.

Dear Sir/ Madam

UThukela Water (Pty) Ltd is the first South African water utility of its kind, which is a municipal entity and a regional water service provider, wholly and exclusively owned by the three Water Services Authorities., namely Amajuba, (DC25), Umzinyathi (DC 24) and Newcastle municipalities. It is a municipal entity jointly formed in terms of the Local Government: Municipal Systems (Act 32 of 2000). The company provides water and sanitation to approximately 1, 4 million people over an area of 14 000 square kilo meters in Kwa Zulu Natal

In terms of corporate governance, the Company is regulated by the Company's Act (61 of 1973), Local Government Municipal Systems Act (32 of 2000) and Municipal Finance Management Act (56 Of 2003). Shareholder's representatives are composed of three Municipal Managers and three Mayors. The Board of Directors consists of six non executive directors (two per each WSA) and three executive directors including the Managing Director. The Company is managed and administrated under the shareholders agreement which regulates the relationship among them.

The questionnaire aims to investigate whether uThukela Water (Pty) Ltd has engaged in strategic planning for population growth in terms of water and sanitation needs and positioned to provide sustainable water for Agriculture and Industry in order to meet the Millennium Development Goals. It further seeks to examine if UThukela Water (Pty) Ltd does have the support of the Provincial and National Governments in discharging its functions and what appropriate strategies can be adopted by the Department of Local Government and Traditional Affairs to ensure this?

Furthermore, this survey attempts to analyse if the services currently provided are efficient, effective and affordable and whether the entity is delivering on the scales of benefit. It will further critically examine and compare the role and modus operandi of uThukela Water (Pty) Ltd to South African Water Boards and other private sector Water Service Providers.

Please note that this questionnaire has been designed for computer analysis and requires you to respond by placing "X" in the appropriate block or blocks.

In the event where you feel that additional information is necessary for the open ended questions, please use the space provided at the end of the questionnaire.

**The information that you will provide is extremely valuable, and it will be treated in the strictest confidence.**

Should you have any queries or difficulty in answering the questionnaire, please contact me at the following telephone numbers:

Tel Home: 034 310 6655

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Your cooperation is highly appreciated.

Mr PD Thabethe

Prof P.S. Reddy

\_\_\_\_\_

\_\_\_\_\_

Doctoral Candidate

Supervisor

\_\_\_\_\_

\_\_\_\_\_

PLEASE COMPLETE THE FOLLOWING DETAILS:

NAME OF RESPONDENT:	
DEPARTMENT:	
QUALIFICATION	
EXPERIENCE	

**SECTION A: PROFILE OF THE WATER SERVICES AUTHORITIES AND LOCAL MUNICIPALITIES**

It is important to draw a composite picture of Water Services Authority and its role in service delivery – provision of water and sanitation services

1. What is the vision of the WSA in relation to the provision of water and sanitation to its customers?

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2. What is the mission statement of the WSA in relation to water and sanitation provision?

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3. What are the set objectives of the WSA regarding water and sanitation provision ?

a.	Long term goals----- ----- ----- ----- ----- -----	
b.	Medium term goals----- ----- ----- ----- ----- -----	
c.	Short term goals ----- -----	

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4. Is the WSA guided by any legislation that provides direction to their daily activities in respect of water and sanitation services?

Yes	01
No	02
Comments	

5. Are there any policy initiatives that have been put in place to address the identified water shortages if there are any?

Yes	01
No	02
Comments	

6. What kind of an organizational structure is in place to holistically and effectively address water shortages?

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 7. Which departments are directly involved and responsible for the provision of water and sanitation services to the customers?  
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8. Are these departments properly equipped with the following resources:

a. Human resources-	Yes	No
b. Financial resources	Yes	NO
c. Technological resources	Yes	No

9. Explain the major constraints experienced by the WSA in relation to

a. Financial resources----- ----- ----- -----	
b. Human resources----- ----- ----- -----	
c. Technological resources----- ----- ----- -----	

10. Which of the following stakeholders play a role in the planning process for water and sanitation services ? You may cross more than one category

a. Members of the public	
b. Nongovernmental organizations	
c. Business/ private sector	

d. Provincial government representatives	
e. Local government representative	
f. Other (please specify)	

11. Does the WSA have business and strategic plans including water services development plans?

Yes	01
No	02
Comments	

12. If yes how often are they reviewed

a. Yearly	01
b. Every five years	02
c. Every ten years	03
d. Comment	04

13. How much money was/ has been budgeted for in the following financial years to provide and manage water and sanitation services within the district?

a. 2004/2005	Over100Mln/200Mln/over300Mln/	
b. 2005/2006	Over200Mln/over300Mln/over 400MLn	
c. 2006/2007	Over 300MLn/over 400Mln/over 500MLn	
d. 2007/2008	Over400Mln/500Mln/600Mln	
e. 2008/2009	Over 500MLn	
f. 2009/2010	Over 500Mln	

14. What steps have been taken by the Water Services Authority to make Water and Sanitation Services more accessible to the customers?

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15. Which of the following stakeholders is mostly impressed with your services ? You may cross more than one category

a. Members of the public	01
b. Nongovernmental organizations	02
c. Business/ private sector	03
d. Provincial government representatives	04
e. Local government representative	05
f. Other (please specify)	06

**SECTION B: STRATEGIC PLANNING FOR SUSTAINABILITY OF WATER SUPPLY AND SANITATION SERVICES**

1. What kind of research has the WSA undertaken to provide guidelines and recommendations for the Council to effectively address water and sanitation back logs in the region?

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2. What type of strategic planning has the WSA initiated to meet the challenges of the Millennium Development Goals

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3. How does the WSA communicate with the local people to ascertain their needs, wants and desires?

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4. How is statistical data collected in order to monitor population growth for future provision of basic services such as water?

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5. The WSA and UThukela Water consider population growth in their planning for sustainable water and sanitation services.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

6. The old infrastructure copes very well with population growth

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

7. How did the outsourcing of water and sanitation services impact on municipal service delivery since the inception of UThukela water?

a. Rural areas	Improved/worse
b. Urban areas	Improved/worse
Comment/ Why	

8. Sustainability of water supply can be achieved if:
- a. If services are taken back to the WSA's

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

9. UThukela Water remains bulk supplier

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

10. Water shortages within the WSA are due to shortages of skilled personnel

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

11. Water shortages within the WSA are due to Old infrastructure

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

12. Water shortages within the WSA are due to Financial constraints

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

13. Rolling out of new infrastructure within the WSA has caused increase in Economic growth

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

14. Rolling out of new infrastructure within the WSA has caused More job opportunities

Yes	01
No	02
Comments	

15. Rolling out of new infrastructure within the WSA has reduced infrastructural pressure

Yes	01
No	02
Comments	

16. The backlog in services such as water and sanitation is set to escalate commensurate with population growth

Yes	01
No	02
Comments	

17. Poor management is the major cause of water shortages and interruptions in the region

Yes	01
No	02
Comments	

18.

**SECTION C: FINANCIAL IMPLICATIONS- EFFICIENCY, EFFECTIVENESS, AND AFFORDABILITY OF WATER AND SANITATION SERVICES**

This section attempts to analyse the impact of the cost of services to the public and how efficient and effective are the services delivered to the people.

How many people do not have access to water in the WSA:

a. 10 000 – 50 000	01
b. 51 000- 100 000	02
c. 101 000- 150 000	03
d. 151 000- 200 000	04
e. 201 000- 250 000	05
f. Over 250 000	06

2. How many people do not have proper sanitation systems?

a. 10 000 – 50 000	01
b. 51 000- 100 000	02
c. 101 000- 150 000	03
d. 151 000- 200 000	04
e. 201 000- 250 000	05
f. Over 250 000	06

3. What time frame is appropriate for the effective and efficient delivery of water and sanitation to those in rural areas?

a. Short term 0-5 year	01
b. Medium term 5 -10 years	02
c. Long term 10 -15 years	03

4. How many queries for the provision of water and sanitation does the department receive per day?

a. 1- 50	01
b. 51- 100	02
c. 101 -150	03
d. 151-200	04
e. 2001 – 250	05

f. Over 251	06
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5. Rank orders the extent to which the following factors have influenced the effective provision of water and sanitation. Use the following scale:

- a. 1 greatest impact
- b. 8 Least impact

i. High population growth rate	01
ii. Lack of finance	02
iii. Shortage of skilled labour	03
iv. Inadequate community involvement	04
v. High construction cost	05
vi. Low payment ratios by customers	06
vii. Corruption by officials	07
viii. Other ( please specify)	08

6. The WSA/ UThukela Water has policies in place that can best address the structural and functional problems associated with the current back log in water and sanitation.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

7. How much money is required to make water and sanitation accessible to those who require it ( never had)

a. R1million – 50 million	01
b. 60million – 100million	02
c. 100million -200 million	03
d. 200million – 300million	04
e. 300 million – 400 million	05
f. Over 400 million	06

8. How much money is required to make water and sanitation sustainable to those who already have

a. R1 million – 50 million	01
b. 60million – 100million	02
c. 100million -200 million	03
d. 200million – 300million	04
e. 300 million – 400 million	05
f. Over 400 million	06

9. How much money has been budgeted for 2009/2010 financial year ( new infrastructure)

a. R1 million – 50 million	01
b. 60million – 100million	02
c. 100million -200 million	03
d. 200million – 300million	04
e. 300 million – 400 million	05
f. Over 400 million	06
g. Comment----- ----- ----- ----- -----	

10. How much money has been budgeted for 2009/2010 financial year ( sustainability of water and sanitation services)

a. R1 million – 50 million	01
b. 60million – 100million	02
c. 100million -200 million	03
d. 200million – 300million	04
e. 300 million – 400 million	05
f. Over 400 million	06
g. Comment----- ----- -----	

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11. How much of this money will, be received from National Government?

a. R1 million – 50 million	01
b. 60million – 100million	02
c. 100million -200 million	03
d. 200million – 300million	04
e. 300 million – 400 million	05
f. Over 400 million	06
g. Comment----- ----- ----- -----	

12. How much of this money will, be received from Provincial Government?

a. R1 million – 50 million	01
b. 60million – 100million	02
c. 100million -200 million	03
d. 200million – 300million	04
e. 300 million – 400 million	05
f. Over 400 million	06
g. Comment----- ----- ----- ----- -----	

13. What is the cost of producing 1 KL of water in Urban areas

a. R1.00 -R2.00	01
b. R2.00-R3.00	02
c. R3.00- R4.00	03
d. R5.00 –R6. 00	04



e. Over R6.00	05
f. Comment----- ----- ----- -----	

14. What is the cost of producing 1 KL of water in rural areas

a. R1.00 -R2.00	01
b. R2.00-R3.00	02
c. R3.00- R4.00	03
d. R5.00 –R6. 00	04
e. Over R6.00	05
f. Comment----- ----- ----- -----	

15. The culture of not paying for services must stop immediately.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	06

16. Revenue collection still remains a major challenge for the entity and the WSA and there is need to impose legal actions to improve sanctions for payments:

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04

Strongly disagree	05
-------------------	----

17. Various strategies can be adopted to assist the indigents to pay for the services. Rank order the extent to which you believe UThukela Water/ WSA can use the following techniques in assisting the indigents. Use the following scale:

1- Most effective in offering assistance

4- Least effective in offering assistance

a. Lower the tariffs	01
b. Subsidies	02
c. Card system	03
d. Other ( please specify)	04

18. Is the government over ambitious in trying to provide water and sanitation to every one in 2014?

Yes	01
No	02
Comments	

19. What are the main obstacles that hamper UThukela Water to provide water and sanitation to its customers both rural and urban?

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**SECTION D: SUPPORT BY NATIONAL AND PROVINCIAL GOVERNMENT**

The theme of this section is to find out if the entity is properly regulated and monitored in order to manage the provision of water and sanitation services within the Amajuba and Umzinyathi district municipalities.

1. There is a need for the department of Water Affairs and forestry to regulate the affairs of UThukela Water

Yes	01
No	02
Comments	

2. The national and provincial government must intervene immediately if necessary

Yes	
No	
Comments	

3. The composition of the Board of UThukela Water should include : ( you may cross X more than one category)

a. Representative from National Government	01
b. Repetitive from Provincial Government	02
c. Representative from Local Government	03
d. Representative from Community Based Organizations	04
e. Representatives from Residents Associations	05
f. Representative from Business/ private sector.	06
g. Other ( please specify)	07

4. The duty of the Board should among other things

a. Strategically review expansion of water and sanitation infrastructure	01
b. Approve budgets in line with Millennium Development Goals	02
c. Promote expansion of infrastructure to rural areas.	03
d. Solicit grants to finance the activities of the entity	04

5. Political interference into the day to day management and operations of the entity is unwarranted.

Yes	01
No	02
Comments	

6. To prevent collapse of services, the National government must:

a. Make grants available to the entity for rolling out new infrastructure	01
b. Make grants available for operations and maintenance of new infrastructure	02
c. Increase equitable share for indigent customers	03
d. Focus more on developing rural areas	04

7. What solutions can you recommend to promote improved service delivery on water and sanitation services

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## APPENDIX 3

### QUESTIONNAIRE TO THE COUNCILLORS AND WARD COMMITTEES

An evaluation of water and sanitation provision by UThukela Water in selected districts of KwaZulu- Natal.

Dear Sir/ Madam

South Africa is a country with the majority of the population living in conditions of deep poverty which translates into inferior access to water and sanitation, particularly for the rural poor who constitute just under half of the black population. Although there is freedom of association as enshrined in the Constitution, vast disparities between the rich and the poor still exists whereby gaps in water consumption are immense. In rural projects, consumption can be in the region of 4l per person per day while urban middle class individuals consume not less than 200l per person per day. The alleged practical difficulties, together with the government policy of commercialization of essential services; its adoption of the user-pay principle; and its promotion of black economic empowerment have, in a complex interacting ways, fully flagged privatization, public private partnerships and outsourcing as partial solutions to water delivery problems.

The aim of this questionnaire is to find solutions to reducing the back log of water and sanitation in the region and to ascertain whether under pricing of water supplies has tended to benefit consumers with existing water connections, to the detriment of those households without services and whether general subsidies have led to highly inefficient water utilities.

Furthermore, this survey attempt to analyze if the services currently being provided are efficient, effective and affordable and investigate whether uThukela Water (Pty) Ltd has engaged in strategic planning for population growth in terms of water and sanitation needs and positioned to provide sustainable water for Agriculture and Industry in order to meet the Millennium Development Goals.

Please note that this questionnaire has been designed for computer analysis and requires you to respond by placing "X "in the appropriate block or blocks.

In the event where you feel that additional information is necessary for the open ended questions, please use the space provided at the end of the questionnaire.

**The information that you will provide is extremely valuable, and it will be treated in the strictest confidence.**

Should you have any queries or difficulty in answering the questionnaire, please contact me at the following telephone numbers:

Tel Home: 034 310 6655

Work: 034 328 5000

Cell: 082 7888 344

Your cooperation is highly appreciated.

Mr PD Thabethe

Prof P.S. Reddy

\_\_\_\_\_  
Doctoral Candidate

\_\_\_\_\_  
Supervisor

PLEASE COMPLETE THE FOLLOWING DETAILS:

NAME OF RESPONDENT:	
DEPARTMENT:	
QUALIFICATION	
EXPERIENCE	

It is necessary to analyse the demographic profile of the local councillors and ward committees in order to put the discussion into perspective.

**Please complete the following details:**

1. Age in years

20-29	30-39	40-49	50-59	60 and over
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2. Gender:

Male	01
Female	02

3. Marital status:

Single	Married	Divorced	Widowed	
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4. Level of education

Primary	01
Secondary	02
Tertiary	03

5. Occupation

.....  
.....  
.....  
.....

6. Income category per month before deductions

R100 –R1000	01
R1001- R3000	02
R3001- R6000	03
R6001- R10000	04
Over R10000	05

7. Number of dependants

.....  
.....  
.....  
.....

**Section A**



**This section attempts to trace and analyze the understanding of the respondents in as far as water and sanitation services are concerned from both rural and urban wards.**

1. Where do you live- urban or rural areas?

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2. When did you start living in this area?

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3. If you are in an urban area why did you move there?

You may cross more than one category.

Job opportunities	01
Provision of water and sanitation services	02
Provision of housing	03
Provision of health services	04
Other (please specify)	05

4. Rate the following needs in terms of its level of importance to you. Use the following:

1 – Extremely important

2- Least important

Water and sanitation	1	2
Employment	1	2
Education	1	2
Health	1	2

5. Does your present salary allow you pay for the services such as

Water and sanitation	Yes	No
Education	Yes	No
Health	Yes	No
Comment----- ----- ----- ----- -----		

6. Which institution do you believe should be responsible for providing water and sanitation services? You may cross more than one category.

Provincial government	01
Local government- district municipalities	02
Local government- local municipalities	03
Private institutions – water utilities	04
Community	05
Other (please specify)	06

## SECTION B: ERADICATION OF BACKLOG IN WATER AND SANITATION SERVICES

This section aims to examine the provision of water and sanitation services by UThukela Water to the people and its effect on the quality of their lives.

1. The provision of clean water and proper sanitation improves the quality of life of the community

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	04

2. What are the primary functions of water in your households? You may cross more than one category.

Bathing	01
Drinking	02
Washing	03
Cooking	04

Sanitation	05
Irrigation	06
Other (please specify)	07

3. Do you have access to water supply in your house?

Yes	01
No	02
Comments	

4. What type of water supply do you have?

Piped water inside the house	01
Piped water on stand in the yard	02
Water from stand pipe 200 m away	03
Water from borehole with hand pump	04
Spring water	05
Water from rivers, dams and streams	06
Rain water collected in drums	07
Other (please specify)	08

5. What quantity of water is required by your household per day?

0-200 L	01
201- 400 L	02
401- 500 L	03
501- 700 L	04
701- 1000 L	05
Over 1000 L	05

6. What do you understand by UThukela Water?

7. Has any water or sanitation project implemented in your area?

Yes	01
No	02
Comments	

8. What type of water or sanitation projects are needed by the local people?

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9. Do you think UThukela Water and the WSA have been fast in meeting the people's needs?

Yes	01
No	02
Comments	

10. What are the successes and failures of UThukela Water and the WSA in relation to the provision of water and sanitation in your area?

Successes
-----------

Failures

SECTION C: IMPACT OF UNDERPRISING OF WATER SUPPLIES TO HOUSEHOLDS WITHOUT SERVICES AND THOSE WITH SERVICES

It is important to understand the feelings for those people already with services versus those who are still waiting. This section attempts to establish how different people in different communities perceive water and sanitation services as delivered by UThukela Water.

1. How do you feel about the price of water?

Too high	01
High	02
Neither high nor low	03
Low	04
Too low	05

2. If water is supplied by your local municipality to your area, would you be prepared to pay for the services?

Yes	01
No	02
Comments	

3. What kind of sanitation system do you have? Tick with an X

Water borne- flush inside	01
Water borne – flush outside	02
Septic/ conservancy	03
Pit latrine	04
Bucket	05
Other (please specify)	06

4. Is your water supply method satisfactory?

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

5. Is your sanitation system acceptable?

Yes	01
No	02

Comments	

6. What do you think must be done to improve both water and sanitation systems?

7. Do people often become ill?

Yes	01
No	02
Comments	

8. What do you think are the reasons of these illnesses? You may cross more than one category

Unclean water	01
Poor sanitation	02
Poverty	03
Other (Please specify)	04

9. What improvements would you like to see in the provision of water and sanitation to the community?

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**SECTION D: PLANNING FOR POPULATION GROWTH AND WATER DEMAND**

The purpose of this section is to critically evaluate the role of local government/ WSA in the provision of water and sanitation services and the constraints they experience in their daily activities.

1. The WSA is there to serve the needs and interest of the local people.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

2. The WSA is efficient and effective in preparing for water and sanitation services.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

3. The WSA is doing its best to ensure that basic services such as water and sanitation is made available to the people.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05



4. Residences should pay for the services rendered by the Water services provider( UThukela Water) on behalf of the WSA

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

5. The Water services provider ( UThukela water) cannot upgrade services because people refuse to pay for them.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

6. The Water Services Authority should assist those who cannot afford to pay for the basic services by subsidizing them as indigents.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

7. There are opportunities for local people to participate in water and sanitation matters affecting them within the WSA.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03

Disagree	04
Strongly disagree	05

8. The WSA should encourage community participation and involvement in rendering water and sanitation services.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

9. There is constant contact between the councillor in charge of this area and the local people.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

10. The WSA and UThukela Water consider population growth in their planning for sustainable water and sanitation services.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

11. The old infrastructure copes very well with population growth

Strongly agree	01
----------------	----

Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

12. How do the local people inform the WSA of their needs, wants and desires?

Councillor	01
Local news paper	02
Rate payers association	03
Political party	04
Never do	05

13. The WSA can learn from people's experiences

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

## **SECTION E: FINANCIAL IMPLICATIONS- EFFICIENCY, EFFECTIVENESS AND AFFORDABILITY OF SERVICES**

1. The private sector should play a significant role in assisting the WSA's in providing water and sanitation services.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03

Disagree	04
Strongly disagree	05

2. The private sector is equipped to deal with basic needs of the people.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

3. The private sector can reduce the water and sanitation tariffs significantly to the benefit of the poor.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

4. The private sector can be more efficient and effective in providing water and sanitation services to the public.

Strongly agree	01
Agree	02
Neither agrees nor disagrees	03
Disagree	04
Strongly disagree	05

## Appendix 3 IsiZulu Version

Dear Sir/ Madam

South Africa is a country with the majority of the population living in conditions of deep poverty which translates into inferior access to water and sanitation, particularly for the rural poor who constitute just under half of the black population. Although there is freedom of association as enshrined in the Constitution, vast disparities between the rich and the poor still exists whereby gaps in water consumption are immense. In rural projects, consumption can be in the region of 4l per person per day while urban middle class individuals consume not less than 200l per person per day. The alleged practical difficulties, together with the government policy of commercialization of essential services; its adoption of the user-pay principle; and its promotion of black economic empowerment have, in a complex interacting ways, fully flagged privatization, public private partnerships and outsourcing as partial solutions to water delivery problems.

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Prof P.S. Reddy

\_\_\_\_\_  
Doctoral Candidate

\_\_\_\_\_  
Supervisor

PLEASE COMPLETE THE FOLLOWING DETAILS:

NAME OF RESPONDENT:	
DEPARTMENT:	
QUALIFICATION	
EXPERIENCE	

It is necessary to analyse the demographic profile of the local councillors and ward committees in order to put the discussion into perspective.

**UYACELWA UKUBA UGCWALISE**

8. Ubudala ngeminyaka

20-29	30-39	40-49	50-59	60 and over
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9. Ubulili:

Isilisa	01
Isifazane	02

10. : isimo sokushada

Auganile/we	Uganile/we	udivozile	washonelwa	
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11. Izinga lemfundo

Primary	01
Secondary	02
Izinga eliphezulu	03

12. Umholo sekuncozulwe konke

R100 –R1000	01
R1001- R3000	02
R3001- R6000	03
R6001- R10000	04
Over R10000	05

### Section A

**Sizamaukuqonda ukuthi wazi kangakanani ngezidingo zokulethwa kwamanzi nokuthuthwa kwendle endaweni oyakhele**

7. Uhlala emakhaya noma emadolobheni

.....

8. Uqale nini ukuhlala lapho

.....

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9. Uma uhlala edolobheni noma elokishini yini eyakusa lapho?

Ungakhetha ngobuningi

Amathuba omsebenzi	01
Ukuba khona kwengqala sizinda yamanzi nokuthuthwa kwendle	02
Ubukhona bezindlu	03
Ukubukhona bezidingo zezempilo	04
Okunye ( chaza)	05

10. Kala ngokusebenzisa lezilinganiso.:

1 – Kubaluleke kakhulu

2- kubalul;eke kancane

Amanzi nokuthuthwa kwendle	1	2
Ukuqashwa	1	2
imfundo	1	2
ezempilo	1	2

11. Does your present salary allow you pay for the services such as

Amanzi nokuthuthwa kwendle	Yebo	Cha
imfundo	Yebo	Ch
ezempilo	Yebo	cha
phawula-----		
-----		
-----		
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-----		

12. Yisiphi isikhungo ocabanga ukuthi kumele siphathe amanzi

Uhulumeni we provinsi	01
Ohulumeni basekhaya – Omasipala amadistricts	02
Ohulumeni basekhaya- omasipala amalokhali	03
Izikhungo ezizimele – amautilities	04
umphakathi	05
Okunye (chaza)	06

**SECTION B: Ukuqedwa kophide osilele kwezokulethwa kwamanzi nokuthuthwa kwendle**

Lemibuzo iphenya ngokulethwa kwezinsiza wuThukela Water nokwenza ngcono izimpilo zabantu

11. Izinsiza zamanzi nokuthuthwa kwendle zenza ngcono izimpilo zabantu

Uvuma nkonomandla	01
uyavuma	02



Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	04

12. Ngokwazi kwakho yimiphi imisebenzi ebalulekile yamanzi

ukugeza	01
ukuphuza	02
ukuwasha	03
ukupheka	04
Ukuthuthwa kwendle	05
ukunisela	06
okunye ( chaza)	07

13. Unawo amanzi endlini yakho

Yebo	01
Cha	02
phawula	

14. Amanzi owathola kwakho ndlelani?

Amanzi odonswe ngepayipi asendlini	01
Amanzi odonswe ngepayipi asegecekeni	02
Amanzi akuwijethi emgwaqeni aqhele ngamamitha awu 200	03
Amanzi asemgonqozweni	04
Amanzi esiphethu	05
Amanzi asemfuleni, enthonjeni edanyini	06
Amanzi emmvula asemadramini	07

Okunye chaza	08
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15. Umthamo wamanzi owasebenzisayo ngosuku?

0-200 L	01
201- 400 L	02
401- 500 L	03
501- 700 L	04
701- 1000 L	05
Over 1000 L	05

16. Kungaba uThukela water luchemile ngokwe politiki

Yebo	
Ch	
phawula	

17. Kungabe akhona amaprojethi ezamanzi nokuthuthwa kwendle asenziwe ngakini?

Yebo	01
Ch	02
phawula	

18. Nhlobo zini zamaprojethi amanzi nokuthuthwa kwendle adingwa wumphakathi wenu

.....

.....

.....

19. Ucabanga ukuthi UThukela nomasipala benze okulindelekile ukuletha izidingo kubantu?

yebo	01
Cha	02
phawula	

SECTION C: umthelela wokubiza ngaphansi kwenani kwamanzi kungqalasizinda.

Kubalulekile ukuqonda ukuthi abantu abasalindele nalabo asebenawo amanzi bazizwa kanjani

10. Ucabangani nge prise yamanzi?

Iphezulu kakhulu	01
Iphezulu	02
Ayikho phezulu ayikho phansi	03
Iphansi	04
Iphansi kakhulu	05

11. Uma amanzi engaphatha ngumasipal wakho ungazimisela ukuwakhokhela

Yebo	01
Cha	02
phawula	

12. Nhlobono yokuthuthwa kwendle onayo ekhaya

Itoyilethe elishawa amanzi endlini	01
Itoyilethe elishawa amanzi phandle	02
Itoyilethe elishawa amanzi emgodini wokuzimbela	03
Ithoyilethe lomgodi	04
Ibhakede	05
Okunye chaza	06

13. Iyakwenelisa lindlela yokuthuthwa kwendle?

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

14. Iiyakwenelisa lindlela ?

Yebo	01
Cha	02
phawula	

15. Ucabanga ukuthi kumele kwenziweni ukuze ukuphucula indlela yokuthuthwa kwendle?

16. Kungenzeka ukuthi abantu bayagula endaweni yenu?

Yebo	01
Cha	02
phawula	

17. Ucabanga ukuthi yini imbangela

Amanzi angcolile	01
Indle engathuthwa	02
Ububha	03
Okunye chaza	04

18. Yibuphi ubungcono ongathathanda ukububona kwezekulethwa kwamanzi

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**SECTION D: Ukuhlelele ukwanda kwabantu nokuphakwa kwamanzi**

Sibphenya ukuthi umaspala no Thukela bakuhlelele yini ukwand kwabantu nokushoda kwamanzi

14. Umasipal ohethe amanzi ukhonela ukubhekela izidingo zabantu

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

15. The WSA is efficient and effective in preparing for water and sanitation services.

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

16. Umasipal ophethe evzamani wenza konke okusemandleni ukuletha izinsiza kubantu

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

17. Izakhamizi kumele zikhokhele amanzi alethwa wu Thukela water egameni likamaspala

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

18. UThukela water alukwazi ukwenza ngcono ingqila sizinda uma lungakhokhelwa

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

19. Umaspal;a ophethe ezamanzi kumele assize labo abahlwempu

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

20. Akhona amathuba okuthi abahlali bazwakalise izimvo zabo mayela mnamanzi nokuthuthwa kwendle

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

21. Umasipala ophethe ezamanzi kumele amaxenxe izakhamizi ukuthi zizibandakanye ezingxoxweni ezipatha amanzi

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

22. Kukhona ukuxhumana phakathi kwe ckhansela nomphakathi

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

23. Umasipala noUThukela Water bakubhelele ukwanda komphakathi nezidingo zamanzi

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

24. Inggala sizinda endala imele ngqo nokwanda komphakathi

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04

Uphika ngokunamandla	05
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25. Abantu bawazisa kanjani umaspala ngezidingo zabo?

ngekhangsela	01
Ngama nyuzi phepha	02
Ngezinhloka zabakhokhi ntela	03
Ngamaqembu ezombusazwe	04
Abayingeni leyo	05

26. Umaspala engafunda kubantu

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

### SECTION E: Umthelelea wokukhokha ekwenzeni ngono ukusebenza

5. Izimboni ezizimele kumele zelekelele umasipal ngokuletha izinsiza kubantu

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

6. Izimboni ezizimele zingakwazi ukuhlinzeka abantu ngezidingo ngqangi

Uvuma ngokunamandla	01
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Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

7. Imboni ezimele ingakwazi ukwehlisa imali ekhokhela amanzi yizakhamizi

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

8. Imboni ezimele ingaletha kangcono izidingo zokulethwa kwamanzi nokuthuthwa kwendle

Uvuma ngokunamandla	01
Uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	05

## APPENDIX 3

Questionnaire to UThukela Water Customers, councilors and ward committees.

### An Evaluation of Water and Sanitation Provision by UThukela Water in Selected Districts of KwaZulu- Natal.

Dear Sir/ Madam

South Africa is a country with the majority of the population living in conditions of deep poverty which translates into inferior access to water and sanitation, particularly for the rural poor who constitute just under half of the black population. Although there is freedom of association as enshrined in the Constitution, vast disparities between the rich and the poor still exists whereby gaps in water consumption are immense. In rural projects, consumption can be in the region of 4l per person per day while urban middle class individuals consume not less than 200l per person per day. The alleged practical difficulties, together with the government policy of commercialization of essential services; its adoption of the user-pay principle; and its promotion of black economic empowerment have, in a complex interacting ways, fully flagged privatization, public private partnerships and outsourcing as partial solutions to water delivery problems.

The aim of this questionnaire is to find solutions to reducing the back log of water and sanitation in the region and to ascertain whether under pricing of water supplies has tended to benefit consumers with existing water connections, to the detriment of those households without services and whether general subsidies have led to highly inefficient water utilities.

Furthermore, this survey attempt to analyze if the services currently being provided are efficient, effective and affordable and investigate whether uThukela Water (Pty) Ltd has engaged in strategic planning for population growth in terms of water and sanitation needs and positioned to provide sustainable water for Agriculture and Industry in order to meet the Millennium Development Goals.

Please note that this questionnaire has been designed for computer analysis and requires you to respond by placing "X "in the appropriate block or blocks.

In the event where you feel that additional information is necessary for the open ended questions, please use the space provided at the end of the questionnaire.

**The information that you will provide is extremely valuable, and it will be treated in the strictest confidence.**

Should you have any queries or difficulty in answering the questionnaire, please contact me at the following telephone numbers:

Tel Home: 034 310 6655

Work: 034 328 5000

Cell: 082 7888 344

Your cooperation is highly appreciated.

Mr PD Thabethe

Prof P.S. Reddy

\_\_\_\_\_

\_\_\_\_\_

Doctoral Candidate

Supervisor

\_\_\_\_\_

\_\_\_\_\_

PLEASE COMPLETE THE FOLLOWING DETAILS:

NAME OF RESPONDENT:	
DEPARTMENT:	
QUALIFICATION	
EXPERIENCE	

It is necessary to analyse the demographic profile of the local councillors and ward committees in order to put the discussion into perspective.

**Please complete the following details:**

1. Ubudala ngeminyaka

20-29	30-39	40-49	50-59	60 and over
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2. Ubulili:

Isilisa	01
isifazane	02

3. : isimo sokushada

Auganile/we	Uganile/we	udivozile	washonelwa	
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4. Izinga lemfundo

Primary	01
Secondary	02
Izinga eliphezulu	03

5. Umsebenzi owenzayo

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6. Umholo sekuncozulwe konke

R100 –R1000	01
R1001- R3000	02
R3001- R6000	03
R6001- R10000	04
Over R10000	05

7. Inani labondliwayo

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**Section A**

**Sizamaukuqonda ukuthi wazi kangakanani ngezidingo zokulethwa kwamanzi nokuthuthwa kwendle endaweni oyakhele**

1. Uhlala emakhaya noma emadolobheni

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2. Uqale nini ukuhlala lapho

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3. Uma uhlala edolobheni noma elokishini yini eyakusa lapho?

Ungakhetha ngobuningi

Amathuba omsebenzi	01
Ukuba khona kwengqala sizinda yamanzi nokuthuthwa kwendle	02
Ubukhona bezindlu	03
Ukbukhona bezidingo zezempiplo	04
Okunye ( chaza)	05

4. Kala ngokusebenzisa lezilinganiso.:

1 – Kubaluleke kakhulu

2- kubalul;eke kancane

Amanzi nokuthuthwa kwendle	1	2
Ukuqashwa	1	2
imfundo	1	2
ezempilo	1	2

5. Does your present salary allow you pay for the services such as

Amanzi nokuthuthwa kwendle	Yebo	Cha
imfundo	Yebo	Ch
ezempilo	Yebo	cha
phawula----- ----- -----		

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6. Yisiphi isikhungo ocabanga ukuthi kumele siphathe amanzi

Uhulumeni we provinsi	01
Ohulumeni basekhaya – Omasipala amadistricts	02
Ohulumeni basekhaya- omasipala amalokhali	03
Izikhungo ezizimele – amautilities	04
umphakathi	05
Okunye (chaza)	06

**SECTION B: Ukuqedwa kophide osilele kwezokulethwa kwamanzi nokuthuthwa kwendle**

Lemibuzo iphenya ngokulethwa kwezinsiza wuThukela Water nokwenza ngcono izimpilo zabantu

1. Izinsiza zamanzi nokuthuthwa kwendle zenza ngcono izimpilo zabantu

Uvuma nkonomandla	01
uyavuma	02
Awuvumi awuphiki	03
Uyaphika	04
Uphika ngokunamandla	04

2. Ngokwazi kwakho yimiphi imisebenzi ebalulekile yamanzi

ukugeza	01
ukuphuza	02
ukuwasha	03
ukupheka	04
Ukuthuthwa kwendle	05
ukunisela	06

okunye ( chaza)	07
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3. Unawo amanzi endlini yakho

Yebo	01
cha	02
phawula	

4. Amanzi owathola kwakho ndlelani?

Amanzi odonswe ngepayipi asendlini	01
Amanzi odonswe ngepayipi asegekeni	02
Amanzi akuwijethi emgwaqeni aqhele ngamamitha awu 200	03
Amanzi asemgonqozweni	04
Amanzi esiphethu	05
Amanzi asemfuleni, enthonjeni edanyini	06
Amanzi emmvula asemadramini	07
Okunye chaza	08

5. Umthamo wamanzi owasebenzisayo ngosuku?

0-200 L	01
201- 400 L	02
401- 500 L	03
501- 700 L	04
701- 1000 L	05
Over 1000 L	05

6. Wazini ngoThukela Water?

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7. Kungaba uThukela water luchemile ngokwe politiki

Yebo
ch
phawula

8. Kungabe akhona amaprojethi ezamanzi nokuthuthwa kwendle asenziwe ngakini?

Yebo	01
Ch	02
phawula	

9. Nhlobo zini zamaprojethi amanzi nokuthuthwa kwendle adingwa wumphakathi wenu

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10. Ucabanga ukuthi UThukela nomasipala benze okulindelekile ukuletha izidingo kubantu?

yebo	01
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cha	02
phawula	

11. Iyiphi impulelelo nokwehluleka ko Thukela Water ekulethweni kwezidingo emphakathini

impumelelo
ukwehluleka

SECTION C: umthelela wokubiza ngaphansi kwenani kwamanzi kungqalasizinda.

Kubalulekile ukuqonda ukuthi abantu abasalindele nalabo asebenawo amanzi bazizwa kanjani

1. Ucabangani nge prise yamanzi?

Iphezulu kakhulu	01
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iphezulu	02
Ayikho phezulu ayikho phansi	03
iphansi	04
Iphansi kakhulu	05

2. Uma amanzi engaphatha ngumasipal wakho ungazimisela ukuwakhokhela

Yebo	01
cha	02
phawula	

3. Nhlobono yokuthuthwa kwendle onayo ekhaya

Itoyilethe elishawa amanzi endlini	01
Itoyilethe elishawa amanzi phandle	02
Itoyilethe elishawa amanzi emgodini wokuzimbela	03
Ithoyilethe lomgodi	04
ibhakede	05
Okunye chaza	06

4. Iyakwenelisa lindlela yokuthuthwa kwendle?

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

5. Iiyakwenelisa lindlela ?

Yebo	01
cha	02
phawula	

6. Ucabanga ukuthi kumele kwenziweni ukuze ukuphucula indlela yokuthuthwa kwendle?
7. Kungenzeka ukuthi abantu bayagula endaweni yenu?

Yebo	01
cha	02
phawula	

8. Ucabanga ukuthi yini imbangela

Amanzi angcolile	01
Indle engathuthwa	02
ububha	03
Okunye chaza	04

9. Yibuphi ubungcono ongathathanda ukububona kwezekulethwa kwamanzi

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**SECTION D: Ukuhlelele ukwanda kwabantu nokuphakwa kwamanzi**

Sibphenya ukuthi umaspala no Thukela bakuhlelele yini ukwand kwabantu nokushoda kwamanzi

1. Umasipal ohethe amanzi ukhonela ukubhekela izidingo zabantu

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

2. The WSA is efficient and effective in preparing for water and sanitation services.

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

3. Umasipal ophethe evzamani wenza konke okusemandleni ukuletha izinsiza kubantu

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

4. Izakhamizi kumele zikhokhele amanzi alethwa wu Thukela water egameni likamaspala

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

5. UThukela water alukwazi ukwenza ngcono ingqila sizinda uma lungakhokhelwa

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

6. Umaspal;a ophethe ezamanzi kumele assize labo abahlwempu

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

7. Akhona amathuba okuthi abahlali bazwakalise izimvo zabo mayela mnamanzi nokuthuthwa kwendle

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

8. Umasipala ophethe ezamanzi kumele amanxenxe izakhamizi ukuthi zizibandakanye ezingxoxweni ezipatha amanzi

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

9. Kukhona ukuxhumana phakathi kwe ckhansela nomphakathi

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

10. Umasipala noUThukela Water bakubhelele ukwanda komphakathi nezidingo zamanzi

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

11. Inggala sizinda endala imele ngqo nokwanda komphakathi

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

12. Abantu bawazisa kanjani umaspala ngezidingo zabo?

ngekhansela	01
Ngama nyuzi phepha	02
Ngezinhlaka zabakhokhi ntela	03
Ngamaqembu ezombusazwe	04
Abayingeni leyo	05

13. Umaspala engafunda kubantu

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

**SECTION E: Umthelelea wokukhokha ekwenzeni ngono ukusebenza**

1. Izimboni ezizimele kumele zelekelele umasipal ngokuletha izinsiza kubantu

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

2. Izimboni ezizimele zingakwazi ukuhlinzeka abantu ngezidingo ngqangi

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03

uyaphika	04
Uphika ngokunamandla	05

3. Imboni ezimele ingakwazi ukwehlisa imali ekhokhela amanzi yizakhamizi

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05

4. Imboni ezimele ingaletha kangcono izidingo zokulethwa kwamanzi nokuthuthwa kwendle

Uvuma ngokunamandla	01
uyavuma	02
Awuvumi awuphiki	03
uyaphika	04
Uphika ngokunamandla	05





Our Ref: 5 Permission to research at UThukela Water

15 November 2008

The Dean

Faculty of Management Studies UKZN- Westville campus

Re: Doctorate in Public Administration: Mr. P.D.Thabethe

: Student no: 204000029

**“An Evaluation of Water and Sanitation provision by UThukela Water in selected districts of KwaZulu- Natal”**

This letter serves to confirm that Mr. P.D. Thabethe, a registered student at KZN, Westville Campus, is authorized to conduct research in the field of Local Government with a focus on water and sanitation services provided by uThukela Water (Pty) Ltd.

This research is a requirement to complete the Doctorate in Public Administration. It is hereby confirmed that Mr. Thabethe has been granted permission to access the Company’s information related to his research that has been deemed in the public domain, in terms of the relevant legislation governing such matters.

Mr. Thabethe has also been permitted to interview relevant officials.

Yours sincerely

Mr. F.M. Cele

Managing Director for and on behalf of uThukela Water (Pty) Ltd.



RESEARCH OFFICE (GOVAN MBEKI CENTRE)  
WESTVILLE CAMPUS  
TELEPHONE: 031 260 3587  
EMAIL: [ximbap@ukzn.ac.za](mailto:ximbap@ukzn.ac.za)



26 January 2011

Mr. PD Thabethe (204000029)  
School of Public Administration

Dear Mr. Thabethe

**PROTOCOL REFERENCE NUMBER: HSS/0775/09D**  
**PROJECT TITLE: An evaluation of Water and Sanitation Provision by UThukela Water in Selected Districts of KwaZulu-Natal.**

**EXPEDITED APPROVAL**

This letter serves to notify you that your application in connection with the above has now been granted full approval following your response to queries raised by the Humanities and Social Sciences Research Ethics Committee.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach/Methods must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Best wishes for the successful completion of your research protocol.

Yours faithfully

.....  
**PROFESSOR STEVEN COLLINGS (CHAIR)**  
**HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE**

cc. Supervisor – Prof. PS Reddy  
cc. Mrs. C Haddon

Postal Address:

Telephone:

Facsimile:

Email:

Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)

Founding Campuses:

■ Edgewood

■ Howard College

■ Medical School

■ Pietermaritzburg

■ Westville

**TO WHOM IT MAY CONCERN**

30 November 2010

This thesis, entitled **An Evaluation of Water and Sanitation Provision by UThukela Water in selected districts of KwaZulu-Natal**, has been edited to ensure technically accurate and contextually appropriate use of language.

In the editing process, attention was given to the following in particular:

- Diction, to ensure correct and effective word choice;
- Grammar (concord and punctuation, to ensure consistency);
- Formatting (numbering, referencing and spacing), and
- Sentence construction (refinement, structure and flow), to avoid redundancy and repetition and in order to sustain a scholarly academic style and argument, for this level of advanced research.

This thesis, which displays in-depth research and analysis, will no doubt contribute to the field of public administration.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'CM Israel', with a stylized flourish underneath.

Dr CM ISRAEL  
BA Hons (UDW) MA (UND) MA (US) PhD (UNH)  
Language Editor

**Supervisors permission to submit for examination**

Date: 01 June 2011

**Student Name:** Prince Dumisani Thabethe

**Student no:** 204000029

**Thesis Title:** An evaluation of water and sanitation provision by UThukela Water in selected districts of KwaZulu-Natal

As the candidate's supervisor I agree/do not agree to the submission of this dissertation for examination.

**Supervisor:** Professor P.S. Reddy

Signature