

Policy Implementation In A Multi-Organisational Context: A Case Study Of The Free Basic  
Water Policy Of Msunduzi Municipality

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**DECLARATION**

I, Portia Nombuso Ngcobo, declare that this dissertation is my own unaided work. All citations, references and borrowed ideas have been duly acknowledged. It is being submitted for the degree of Master of Social Science (Policy and Development Studies) in the College of Humanities, University of KwaZulu-Natal, Pietermaritzburg, South Africa. None of the present work has been submitted previously for any degree or examination in any other University.

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## **ABSTRACT**

Policy implementation is a critical stage in the policymaking process. It is about putting public policy into action. It becomes more challenging to implement policies in a multi-organisational context. This research aims to uncover the different aspects of policy implementation in a multi-organisational context. The Free Basic Water Policy is analysed in particular the financial implication of providing free basic water as a basic service in municipalities. In establishing the distribution of basic services it is important that the understanding of local governance in post-apartheid South Africa is elaborated upon. Hence this study is one of local governance and the financial implications of providing free basic water to local citizens in general and to indigents in particular.

The municipality chosen as a case study is Msunduzi municipality. This municipality has undergone some challenges in terms of their fiscal management. This in turn impacts their ability to deliver basic services. This study argues that policy implementation in a multi-organisational context should look into understanding the structure of an organisation and the processes therein to help explain the challenges that occur in policy implementation.

The main findings of this research were that the structure of organisations depends greatly on the features of the organisational context. It is the organisational environment such as the structures in place, political life and processes that direct organisations. Coordination and cooperation proved to be vital for policy implementation in the context of Msunduzi Municipality, given that there is sharing of resources and information.

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**ABBREVIATIONS/ACRONYMS**

ANC	African National Congress
COGTA	Department of Cooperative Governance and Traditional Affairs
DA	Democratic Alliance
DMM	Deputy Municipal Manager
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
FBS	Free Basic Services
FBW	Free Basic Water
IDP	Integrated Development Plan
IFP	Inkatha Freedom Party
MM	Municipal Manager
PM	Process Manager
TLC	Transitional Local Councils
WSA	Water Service Authority
WSP	Water Service Provider

## CHAPTER 1 INTRODUCTION

### 1.1 Background

The Constitution of the Republic of South Africa (Act 108 of 1996) inaugurated a new system of governance that is decentralised, which recognises the importance of government at local levels. A decentralised system of governance allows for local government to be more responsive and accountable to the people at local levels. Other government legislation such as the Local Government Municipal Structures Act (Act 117 of 1998) recognises local government as a sphere that is important for democracy, development and nation-building in the Republic of South Africa. It is also an essential sphere of government that should encourage public participation and engagement in matters of local government.

It is the Constitution that distinguishes local government as a sphere that is independent and gives it the responsibility to provide basic services to all citizens. But the responsibility of providing basic services, such as water, does not solely depend on local government. There are other agencies either public or private that are involved in the delivery of basic services at different levels of government.

According to the regulatory framework for local government in South Africa, municipalities are expected to carry out their responsibilities, but no specifications are made as to how they should go about carrying out these responsibilities. Hence municipalities implement their policies at the discretion of the municipal council. The aim of this research is to identify and examine how this function is implemented at the Msunduzi Municipality. It will further analyse the challenges in policy implementation that Msunduzi municipality experiences in delivering free basic water to indigent people.

### 1.2 Scope for Study

This is a study of local governance in a South African context. More particularly, it is an analysis of the provision of free basic water because the provision of water as a municipal service is not the same as the provision of other services such as electricity or sanitation. Hero (1986: 662)

states that even in one jurisdiction the distribution of one service is not the same as that of other services.

### **1.3 Theoretical Framework**

According to Hall (cited in Parsons, 1995: 333) a theoretical analysis of institutions/organisations “refer to an analysis of the formal rules, compliance procedures, and operating practices that structure the relationship between individuals and various units of the polity and economy”. It is stated by various authors, including O’Toole (1993), that most failure of policies is attributed to the implementation process. It is for this reason that this research is informed by literature on policy implementation in a multi-organisational context. It is the work of Parsons (1995) and Hill and Hupe (2002) that informs this research on aspects of policy implementation. Parsons (1995: 462) recognizes that “implementation is a study of change, how it is made and induced”. Authors such as Montjoy and O’Toole (1979) and Menzel (1987) show that organisations, not individuals, are responsible for implementing policies. Hence the research gives a brief background to organisational theory. It is in the context of organisations that policy implementation in a multi-organisational context is discussed. O’Toole and Montjoy (1984) recognised that in most cases policy implementation relies on collaboration between two or more organisations, this is referred to as multi-organisational implementation. The idea brought forward by these theorists is that policy implementation tends to be challenging when more than one organisation is involved.

Brinkerhoff and Crosby (2002) show the importance of coordination in cases of multi-organisational policy implementation. They indicate that policy implementation requires some kind of coordination if it is to be successful. Likewise, O’Toole and Montjoy (1984:493) emphasize the importance of coordination and cooperation under conditions which are either ‘pooled, sequential or reciprocal’ that exists in organisations. Schermerhorn (1975) indicates that organisations will be motivated to work together if they face conditions of scarce resources, if cooperation will lead to positive value and if authority enforces coordination.

McLaughlin (1987) also stated that policy implementation is not linear. Challenges that occur are mainly due to scarcity of resources, lack of coordination and cooperation. Policy implementation is therefore not a straight-forward process.

#### **1.4 Research Problem and Objectives**

The provision of municipal services in developing countries is important, however the USAID (2006:1) has reported that such provision of municipal services is inadequate in developing countries because in most cases municipalities are not financed adequately. Many municipalities lack the ability to raise their own revenue and rely on intergovernmental transfers. The financial aspect in municipalities is vital as it determines the functioning of the municipality. This financial aspect of municipal services is mostly about municipal revenue and expenditures. According to USAID (2006) revenue refers to the sources of income that are available to a municipality and expenditure refers to the costs that the municipality incurred during the process of providing services. Normally it is expected that the revenue should be able to cover expenditures.

The objectives of this study are:

1. To give an overview of the regulatory framework for local governance in South Africa.
2. To identify and describe the structural and administrative configuration of the Msunduzi municipality with specific reference to the provision of free basic water.
3. To identify and describe the financial implications of the Free Basic Water policy on the Msunduzi municipality.
4. To consider the organisational challenges associated with the provision of free basic water.

#### **1.5 Research Methodology**

This study has adopted a descriptive research approach. Hero (1986: 659) suggests that such an approach is useful when studying urban service delivery. He indicates that descriptive research can provide knowledge that is revealing and significant about urban bureaucratic decision processes and urban governance in general. Hero (1986: 659) also suggests that the findings of

comprehensive descriptive studies have produced useful knowledge about local governance issues. He also points out that research on local governance and urban services should consider how urban service delivery takes place, who provides these services, and how they are financed (Hero, 1986: 659). This study undertook to do this.

This study started by establishing a conceptual framework for policy implementation analysis. This was done through a literature review of secondary sources on policy analysis. Secondly, a background study on local government in a post-apartheid South Africa was undertaken. This was done by consulting national and local government legislation and policy documents. Thereafter, the respective case study focused on the Msunduzi municipality. Minutes of meetings of the Msunduzi municipality's portfolio committees together with the Msunduzi municipality's Integrated Development Plans (IDPs) and Annual Reports were analysed in order to establish the respective management structures and processes.

## **1.6 Structure of Thesis**

The thesis is divided into five chapters which are distinguished as follows:

**Chapter One:** This is the introduction to the dissertation which explains the background to the study, objectives and introduces the content of the thesis.

### **Chapter Two:** Theoretical Framework

This chapter explains the theoretical framework of policy implementation in a multi-organisational context. It explains the nature of policy implementation and the difficulties that can be encountered when more than one organisation is involved. It elaborates on the importance of resources, cooperation and coordination in the process of implementation as identified by different theorists.

### **Chapter Three:** Local Government in Post-Apartheid South Africa

This chapter explains in more detail the need for, roles and functions of local government in South Africa. It explains the role of local government in basic service delivery. The focus is on the delivery of free basic services, in particular free basic water to indigent households. The chapter also briefly analyses the financial aspect of cost recovery in local government.

**Chapter Four: The Msunduzi Municipality: A Case Study**

This chapter gives insight into the political and administrative configuration of the Msunduzi municipality. The chapter argues that Msunduzi is a municipality where the mandate to deliver basic services to a large community with little resources and lack of financial management is troublesome. This has led to severe implementation challenges, including the municipality being put under provincial administration.

**Chapter Five: Findings and Analysis**

This chapter will present the findings and analysis. It will also conclude the study and reflect on the challenges facing implementation of policy in multi-organisational contexts.

## CHAPTER 2 POLICY IMPLEMENTATION IN AN ORGANISATIONAL CONTEXT

### 2.1 Introduction

The chapter conceptualizes the terms policy and public policy. Then a discussion of the policy process will follow. It will illustrate that the process is complex and, at times, chaotic. The chapter will unpack two contending approaches to policy implementation: the top-down notion of policy implementation and the counter arguments of the bottom-up approach of policy implementation.

The main focus of the chapter is to analyse policy implementation in an organisational setting. It will be argued that public policies are rarely the domain of a single organisation, but take place in multi-organisational contexts.

### 2.2 Public Policy

According to Friend et al (cited in Mtshali, 2006: 12), a policy is a “stance that one articulates which contributes to the context within which a succession of future decisions would be made”. Heclo (cited in Parsons 1995: 13) argues that “to suggest that there is general agreement on anything is to don crimson in the bull-pen, but policy is one term on which there seems to be certain amount of definitional agreement”. According to Heclo (cited in Kay, 2006: 10) “the term policy is usually considered to apply to something bigger than particular decisions but smaller than general social movements. In terms of level analysis, it is a concept placed roughly in the middle range. A second and essential element in most writers’ use of the term is ‘purposiveness’ of some kind”. Anderson (cited in Hill and Hupe, 2002: 5) for example, views policy as “[A] purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern ... Public policies are those policies developed by governmental bodies and officials”. In the above definition it is gathered that policy is about means and ends related to one another (Hill and Hupe, 2002: 5).

Puentes-Markides (2007: 4) highlights three definitions of public policy. According to Cochran and Malone (cited in Puentes-Markides, 2007: 4) public policy involves making of political decisions for implementing programs to achieve societal goals. Secondly Birkland (cited in

Puentes-Markides, 2007: 4) indicates that public policy is “a statement by government of what it intends to do or not to do, such as law, a regulation, a ruling, a decision, an order or a combination of these”. Lastly, Peters (cited in Puentes-Markides, 2007: 4) states that public policy is the “the sum of government activities, whether acting directly or through agents, as it has an influence on the life of citizens”.

Public policies communicate objectives, principles, strategies and rules of decisions used by government administration and legislation (Puentes-Markides, 2007: 11). According to Parsons (1995: 3) the “idea of public policy has to do with the spheres that are designated as ‘public’ as opposed to those which involves the idea of private”. He argues that the idea of public policy presupposes that there is a sphere of life which is not private or purely individual, but held in common. Public policy is a “purposeful, goal-oriented action that is taken by government to deal with societal problems. Public policy involves many participants such as public actors (executive, legislative branch and the courts), private actors such as interest groups and citizens” (Volkomer, 2006).

Despite agreements on the concept of policy, Parsons (1995: 13) notes that there are differences about whether policy is more than intended courses of action. He indicates that a policy may be something that is not intended but carried out in the practice of implementation.

### **2.3 The Policy Cycle**

The policy-making process is often analysed according to the policy cycle model. According to Hill and Hupe (2002: 5) the literature on public policy frequently speak of stages or phases of the policy process. Willard and Creech (2008: 4) state that the general public tends to believe that policy-making is a rational, linear process. This perspective demonstrates that policies develop through a series of consecutive steps and various members of the policy community will be involved in each step (Willard and Creech, 2008: 4). Anderson (cited in Hill and Hupe, 2002: 167) views the policy process as a sequential pattern which involves a number of functional categories of activities that can be analytically distinguished. This framework of policy analysis has been referred to as the “textbook approach” by Nakamura (1987) and as “stages heuristics” by Sabatier (1999) and other writers (Hill and Hupe, 2002: 168).

Some theorists, such as Hill and Hupe (2002), argue that there is a need to impose a conceptual order on the policy process in order to comprehend it. This, they argue, can be done by identifying different stages of the policy process, as stages heuristics. The sequential model of the policy process has been attractive for policy analysts because it enables analysts to assess how political systems respond to policy problems. This model of analysis allows analysts to make links between institutions which otherwise would be studied in a formal legalistic manner. Since the sequential method corresponds to many human and natural processes, it is intuitively appealing for policy analysts (John, 1998: 23). The policy cycle analysis approach is most helpful to journalists, bureaucrats and politicians because of its attractiveness of clarity (John, 1998: 24). Hill and Hupe (2002: 168) argue that the stages heuristics approach supplies analysts and/or participants with insight into their own positions in the process and also provides clues as to how to act. It gives sense, direction and legitimation to the actions that actors at different positions are expected to carry out in the policy process.

According to Sutton (cited in Willard and Creech (2008: 4) there are six stages in the policy making process. These will be briefly discussed, but some reflection on the inherent limitations of each stage will be highlighted:

(i) Problem Recognition.

According to Sutton (cited in Willard and Creech (2008: 4) problem recognition is a stage where problems that may potentially make their way to the public policy agenda are recognized.

(ii) Agenda Setting.

Policy problems that are recognized and deemed worthy of attention are placed on the government's policy-making agenda. The agenda-setting process narrows the set of subjects or problems to the set that actually become the focus of attention. According to Kingdon (1995: 3) the agenda is a list of subjects or problems to which government officials, and people outside government closely associated with those officials, are paying some serious attention at any given time.

### (iii) Policy Formulation.

Once the need for a policy is recognised, and gains agenda status, various policy proposals or alternatives are crafted to address the problem. According to Puentes-Markides (2007: 14), policy formulation refers to the crafting of alternatives or options for dealing with a problem. Howlett and Ramesh (2003) noted that policy formulation is a process of defining, considering, and accepting or rejecting (policy) options. Jans (2007: 16) notes that this stage is technical-rational and it is a competitive stage in the policy-making process.

### (iv) Policy Adoption/ Decision-Making

This is the policy-making stage where an official policy is agreed upon and adopted. During this stage decisions are taken on which policy proposals or alternatives will be put into action. Forester (1984: 23) notes that decisions are considered to be taken in a rational manner. This is referred to as the rational-comprehensive approach. This approach, however, assumes that: decision-makers have a well-defined problem; there is a full array of alternatives to consider; full baseline information is available; there is full knowledge of consequences of alternatives and preferences of citizens; as well as that adequate time, skills and resources are available.

However, Simon and March (cited in Forester, 1984: 24) argue that in reality, decision-makers are faced with ambiguous and poorly defined problems; incomplete information about alternatives; incomplete information about range and content of values and interests. Under these conditions, rationality is limited. This is referred to as bounded rationality. According to Jan (2007: 21) decision-makers ‘do what they can’, and the decision-making process is therefore incremental. Lindblom (1979: 79) argues that incremental decisions are to be preferred as they are less radical and ambitious. It also allows for policy measures to be tested and adjusted as they are implemented. He argues that decision-making occurs “step by step, piecemeal, through trial and error” (Lindblom, 1979: 79).

### (v) Policy Implementation

Once a public policy has been officially agreed upon, it is put into action or implemented. According to Pressman and Wildavsky (1984) implementation requires perfect co-operations. They further argue that careful implementation design is the key to successful policy

implementation. This is often referred to as the top-down approach to implementation (and will be discussed in more detail later in this chapter). Lipsky (1980) on the other hand argues that policy is made as it is being implemented, it is therefore bottom-up. Lipsky (1989: xii) states that decisions of public servants (which he calls street-level bureaucrats), “the routines they establish and the devices they invent to cope with uncertainties and work under pressures, effectively become the public policies they carry out”.

#### (vi) Policy Analysis and Evaluation

The sixth and final stage of the policy-making process is when implemented policy is analysed and evaluated against the initial policy decision. Howlett and Ramesh (2003) argue that policy evaluation is the stage of the policy process at which it is determined how a public policy has actually fared in action. According to Rubin (1995: 29) evaluation is a tool for learning and to enable better management. In most cases evaluation is used to assess what has taken place so that future work can be improved.

The notion of a policy cycle emerges since policy is regarded as a never-ending process, and that policy analysis and evaluation will raise new issues, and the policy cycle starts again.

The policy cycle has been both lauded and criticized by various theorists for how it captures (or fails to capture) the policy-making process. According to John (1998: 23) the policy process is a complex and, at times, a chaotic process. Hogwood and Gunn (cited in John, 1998: 26), for example, argue that policy-making is marked or differentiated by a series of feedbacks and loops. That is, events that occur later on in the sequence can influence decisions made at an earlier stage. This indicates that policy formulation is affected by the earlier attempts to solve problems that are similar and implementation problems cause decision makers to start again and to reformulate the policy (John, 1998: 26).

The chapter now examines the literature on policy implementation, since the study is an analysis of some of the implementation challenges facing the Msunduzi Municipality.

## 2.4 Policy Implementation

Implementation is a “study of change, that is, how change occurs, how it may be induced; it is also a study of the micro-structure of political life, meaning, it looks at how organisations inside and outside the political system conduct their affairs and interact with one another” (Parsons, 1995: 461). Mazmanian and Sabatier (1983: 20-21) define implementation as “the carrying out of a basic policy decision, usually incorporated in a statute but which can also take the form of important executive orders or court decisions. Ideally, that decision identifies the problem(s) to be addressed, stipulates the objective(s) to be pursued, and in a variety of ways, ‘structures’ the implementation process”. Policy implementation is thus about the process of change and putting into action decisions made to address certain problems or issues through policy.

### 2.4.1 The Top-Down Approach to Policy Implementation

The founding fathers of implementation studies as it is acknowledged in most of the policy implementation literature are Pressman and Wildvsky (cited in Hill and Hupe, 2002: 41). Their publication in 1973 (*Implementation: How Great Expectations In Washington Are Dashed In Oakland*) analysed the implementation of a federal state programme for economic development in Oakland (California, USA). It concluded that successful policy implementation depends upon linkages between different organisations and departments at the local level (Hill and Hupe, 2002: 44). The essence of their study was that the mistakes of the National Economic Development Administration would serve as an example to other policy-makers in realising that implementation requires a top-down system of control and communication and resources to do the job, furthermore, to alert decision-makers that they should not promise what they cannot deliver (Parsons, 1995: 464).

Pressman and Wildavsky’s work takes a rational model approach. According to this approach, policy is about setting goals and taking steps towards implementing these. This approach is also referred to as the top-down approach. Implementation research is concerned with what makes the achievement of these goals difficult (Hill and Hupe, 2002: 44). Parsons (1995: 465) refers to the steps that need to be taken in order to achieve the stated policy goals while identifying what makes the achievement ideal type of implementation.

Another influential writer on the top-down approach of implementation is Bardach. In his book, *The Implementation Game* (1977) Bardach (cited in Hill and Hupe, 2002: 48) suggested that implementation processes can be perceived as involving 'games'. Bardach (cited in Parsons, 1995: 470) argues that implementation is a game of "bargaining, persuasion and maneuvering under conditions of uncertainty". Implementation actors are seen as those who are playing to win as much control as possible and trying to achieve their own objectives and goals hence implementation is another form of politics which occurs within the domain of unelected power (Parsons, 1995: 471). He offers two sets of recommendations for those that are in authority or on 'top'. Firstly, that those in authority need to undertake a scenario writing process so as to structure the games in the right way to achieve outcomes that are desired. Secondly, attention needs to be given by those in authority to "fixing the game" (Bardach cited in Hill and Hupe, 2002: 48).

Hogwood and Gunn (cited in Hill and Hupe, 2002: 51) are two other theorists that propose a top-down approach to policy implementation. They provide ten recommendations which, according to them, sets out conditions necessary to realize implementation (Hill and Hupe, 2002: 51). Their recommendations to policy-makers are that they should ensure that:

- i. Circumstances external to the implementing agency do not impose crippling constraints.
- ii. Adequate time and sufficient resources are made available to the programme.
- iii. Not only are there no constraints in terms of overall resources but also that, each stage in the implementation process, the required combination of resources are actually available.
- iv. The policy to be implemented is based upon a valid theory of cause and effect.
- v. The relationship between cause and effect is direct and that there are few, if any, intervening links.

- vi. There is a single implementing agency that need not depend upon other agencies for success, or, if other agencies must be involved, that the dependency relationships are minimal in number and importance.
- vii. There is complete understanding of, and agreement upon the objectives to be achieved, and that these conditions persist throughout the implementation process.
- viii. In moving towards agreed objectives it is possible to specify, in complete detail and perfect sequence, the tasks to be performed by each participant.
- ix. There is perfect communication among, and co-ordination of the various elements involved in the programme.
- x. Those in authority can demand and obtain perfect obedience (Hill and Hupe, 2002: 50-51).

In view of the above assumption, it can be said that “the top-down approach in its application of a rational model is diffused by ideas that implementation is about getting people to do what they are told, and keeping control over a sequence of stages in a system” (Hill and Hupe, 2002: 82). It is also about developing programmes of control which help reduce non-alignment and non-conformity to goals that were set at the policy hypothesis stage (Parsons, 1995: 466).

A critique of the rational model is that it puts too much emphasis on the definition of goals by those at the top, therefore making it a top-down approach and it is criticised for not taking into account the role of other actors in the implementation process (Parsons, 1995: 467). A counter approach to the top-down is that of the bottom-up approach.

#### 2.4.2 The Bottom-Up Approach to Policy Implementation

Lipsky is regarded as one of the bottom-up approach to policy implementation’s biggest advocates. He conducted an analysis of the behaviour of public servants (whom Lipsky calls

street-level bureaucrats) during their implementation of public policy (Hill and Hupe, 2002: 51). Lipsky (1980: xii) found that, due to the limitations of their work environment, street-level bureaucrats have to invent modes of mass processing policies in order for them to deal with the public fairly and successfully. Street-level bureaucrats also face uncertainty about personal resources that are necessary for their jobs and they also have to make decisions about scarce resources under pressure (Lipsky, 1980: 29). The result is that they end up giving in to favouritism, stereotyping and routinising which serves private or agency purposes. The mechanisms they establish and routines they adopt, become the public policy they carry out (Lipsky, 1980: xii). Hill and Hupe (2002: 52) further note that the process of street-level policymaking induces practices that enable officials to cope with the pressures they face.

Implementation to Lipsky is about street-level bureaucrats with service ideals exercising discretion under intolerable pressures. Therefore attempts to control these workers hierarchically will simply increase their tendency to stereotype and disregard the needs of other clients (Hill and Hupe, 2002: 53). Hence there is a need for different approaches to secure accountability of implementers (Hill and Hupe, 2002: 53).

Elmore (cited in Parsons, 1995: 468) argues that policy is best implemented by what he terms the “backward mapping” of problems, and that policy should define success in human or behavioural terms rather than as the completion of a set of hypotheses. He defines backward mapping as “backward reasoning from the individual and organizational choices that are the hub of the problem to which policy is addressed, to the rules, procedures and structures that have the closest proximity to those choices, to the policy instruments available to effect those things and hence to feasible policy objectives” (Elmore, cited in Parsons, 1995: 468). Hill and Hupe (2002: 58) note that the backward mapping approach has been appreciated by other writers not only as a methodology for analysis but as something recommended for policy development in practice.

The bottom-up approach to policy implementation emphasises the significance of the relationship between policy-makers and policy deliverers. The bottom-up model sees the policy process as one that involves negotiations and consensus-building (Parsons, 1995: 469). These processes involve two environments which are (i) the management skills and cultures of the

organisations involved in implementing public policy and (ii) the political environments wherein they operate (Parsons, 1995: 469).

What can be gathered from the above discussion of the two dominant approaches to policy implementation is that top-down approach theorists show themselves in support of a representative regime and the consistent execution of choices made by political leaders (Hill and Hupe, 2002: 173). Furthermore, they view implementation as a matter of assembling action in support of the intentions and orders of political leaders hence their primary focus is on issues of compliance and monitoring (Hill and Hupe, 2002: 173). Contrary to the top-down approach, the bottom-up theorists support policy contribution of actors that is not under the supervision of political principals (Hill and Hupe, 2002: 173). Bottom-up theorists aim to “mobilize the energies of different stakeholders in making sensible choices in concealing problem solving around a complex context-specific and dynamic policy issue” (Hill and Hupe, 2002: 173). Hence their primary focus is on innovation, collaboration and creativity (Hill and Hupe, 2002: 173).

An important aspect of the policy implementation process is that it is complex and highly interactive as Brinkerhoff and Crosby (2002: 6) have mentioned. Similarly this characteristic of policy implementation can be found in the literature on policy networks such as that of Kickert, Klijn and Koppenjan. They state that “policy is made in complex interaction processes between a large number of actors which take place within networks of independent actors” (Kickert et al, 1997: 139). Because of this, policy implementation calls for consensus building, the participation of key stakeholders, conflict resolution, and compromise (Brinkerhoff and Crosby, 2002: 6).

Having discussed the two approaches, this paper now focuses on implementation in a multi-organisational context.

## **2.5 Policy Implementation in a Multi-Organisational Context**

Montjoy and O’Toole (1979: 465) indicate that many studies have highlighted the difficulty of translating public policy into required action. Most of these difficulties occur mainly during the policy implementation stage. Menzel (1987: 3) argues that it is commonly believed that policy failure is mostly a function of implementation failure. Montjoy and O’Toole (1979: 465)

highlight that government programs are often implemented by different organisations and different departments within organisations simultaneously; therefore they conceptualise implementation as an organisational problem. Menzel (1987: 7) indicates that organisations are the primary vehicles through which policies are implemented. Elmore (cited in Menzel, 1987: 7) adds to the above by stating that “understanding organizations is essential to the analysis of implementation...only by understanding how organizations work can we understand how policies are shaped in the process of implementation”. It can be stated therefore that an improved understanding of organisations goes in hand with an improved understanding of implementation.

According to Khalil (1995: 445) organisations can comprise a number of different departments and institutions within one organisation or across different organisations, each of these with their own preferences and objectives. Galaskiewicz (1985: 282) indicates that these are viewed as competitive actors, each striving to achieve their own goals.

Most of the literature on organisations was developed by the ‘classical’ school and had been directed to two areas. The first area is scientific management. In this area, organisation theorists, such as Taylor and Gilbreth, brought much precision into the analysis of management and reorganisation of routine tasks (Tosi, 2009: 93). The second area is the administrative management school of thought. Writers of this school of thought were generally concerned with the most effective way to organise tasks into jobs - jobs into administrative units - these units into larger units, and to minimise the cost of performing these tasks (Tosi, 2009: 93).

March and Simon (cited in Tosi, 2009) argued that the classical organisational theories above were limited. They viewed organisations as a system of interrelated social behaviours of a number of participants. They argue that individuals are faced with two decisions about organisations. The first is the decision to participate and the second is the decision to produce (March and Simon cited in Tosi, 2009: 93). According to March and Simon (cited in Tosi, 2009: 95) the decision to participate is based on a concept of organisation equilibrium, which refers to the balance of payments to members for their continued participation and contribution to the organisation. The decision to produce is a “function of the character of, and the perceived consequences of, the evoked set of alternatives that emerge from the cues perceived from the

environment, both internal and external to the organisation that are then weighed against the individual's goals and values" (March and Simon, cited in Tosi, 2009: 96).

According to Davis and Marquis (2005: 333), March and Simon's theory on organisations had the prospects to establish a single paradigm. The field of organisational analysis could address the problem of understanding organisations in general into "sub-problems amenable to discrete pieces of research which can aggregate back into a grand theory of organizations". Lawrence and Lorsch's work (cited in Davis and Marquis, 2005: 333) prescribes a more contingent model of organisations. The contingency approach to the study of organisations relates structural attributes to various features of organisational context (O'Toole, 1993: 233). It also suggests that "policy objectives are more likely to be achieved if the structures employed for implementation mesh with the policy objectives being sought" (O'Toole, 1993: 232).

According to O'Toole and Montjoy (1984: 492) policy implementation often relies on the collaboration between two or more agencies or organisations. O'Toole (1986) refers to this as multi-organisational implementation. O'Toole and Montjoy (1984: 492) point out that implementation becomes difficult if there are many organisations involved. They argue that organisations are not only required to act but they must do so in a coordinated fashion (O'Toole and Montjoy, 1984: 492). The argument they present is that the more organisations are involved in the implementation of a policy, the less specificity there will be in mandates. As a result of less specificity between organisations, authority is rarely summoned for securing cooperation. "In the absence of any formal authority, it is more likely that there will be little coordinated effort, unless the policy being implemented closely matches the goals of the organizations" (O'Toole and Montjoy, 1984: 492).

O'Toole (1986: 182) notes that implementation in a multi-organisational environment (or multi-organisational implementation) becomes the rule and not the exception in dense policy spaces and for complicated and often cross-cutting public problems. It is also prominent in political systems where power and authority are shared among several institutions and agencies.

Menzel (1987: 7) argues that there can be no single organisational theory that can fully capture the complexity of the policy implementation process. There are distinctive external (or inter-organisational) and internal (or intra-organisational) characteristics that influence policy implementation. Menzel (1987: 8) identifies a number of inter- and intra-organisational characteristics:

- “Organisations are dependent on other organisations for things such as resources, status and authority.
- Organisations are often not self-directed, meaning that decisions and courses of action are mainly determined by the organisational environment.
- Organisations are involved in a constant struggle for autonomy and discretion and they engage in substantial efforts to create or avoid dependency on other organisations”.

Thompson (cited in O’Toole and Montjoy, 1984: 493) develops a typology that aims to explain the interdependencies that exist between organisations. In this respect he identifies three possible types of interdependencies namely (i) pooled, (ii) sequential and (iii) reciprocal. Pooled interdependence happens when organisations involved are asked to provide their own contributions but do not have to deal with one another in doing so (O’Toole and Montjoy, 1984: 493). Sequential interdependence occurs when the output of one organisation is the input of another and reciprocal interdependence occurs if two organisations each possess contingencies for the other (O’Toole and Montjoy, 1984: 493).

Schmidt and Kochan (1977: 220) identify two competing approaches that have emerged in the study of implementation in a multi-organisational environment. They mention the exchange approach and the power-dependency approach which have developed in parallel paths. Sociologists have been very sensitive to the issues of power dependence in organisational transactions which are considered central in the case of resource procurement and allocation (Galaskiewicz, 1985: 282). A prevailing reason for the establishment of multi-organisational relationships has been that of accessing additional materials, products or revenue (Galaskiewicz, 1985: 282).

Thompson's argument emphasises the importance of coordination and cooperation in implementation activities in a multi-organisational environment. O'Toole and Montjoy's (1984: 495) argue that multi-organisational implementation will be difficult due to added constraints and scarcity of cooperation. Specificity of mandates may be lost or absent during implementation and monitoring may also be weak. According to O'Toole and Montjoy (1984: 495) resources that are needed for implementation may be underestimated by policy-makers.

Coordination is a term that is called upon for a solution to implementation problems (Brinkerhoff and Crosby, 2002: 118). "If a policy is uncoordinated this means that its elements are not congruent, or that they do not interact smoothly to produce the desired results" (Brinkerhoff and Crosby, 2002: 118). Policy issues increasingly require certain types of coordination among the relevant actors and the coordination varies in accordance to the type of policy problem being addressed (O'Toole, 1993: 234). Similarly O'Toole and Montjoy (1979: 465) note that mandates that require participation from more than one organisation (or units within different organisations) can create a situation where traditional institutional tools for coordination are no longer controlled by a single actor. O'Toole and Montjoy (1984: 493) discuss the notion of pooled interdependence that occurs when two or more organisations implement the same policy with very little or no coordination. Such arrangements tend to produce disappointing results as none of the organisations spend any resources on coordination efforts, especially if coordination requires one or more organisations to alter their routines (O'Toole and Montjoy, 1984: 493). In situations of sequential interdependence, one of the ways that relationships get established can be through spontaneous coordination. This happens when one unit has an incentive to produce an output for the use by another unit but has no concern as to how this other unit will use that output. In this case, implementation is said to be rapid but the policy-maker will give up much control over the final use of funds (O'Toole and Montjoy, 1984: 494).

Likewise, if there is reciprocal interdependence, organisations may need to mutually adjust their activities in order to align policy implementation with each other, which may raise substantial difficulties for coordination (O'Toole and Montjoy, 1984: 494). Implementation under such circumstances may include uncertainty among organisations. However it may also enable the greatest organisational adaptation to policy (O'Toole and Montjoy, 1984: 495). O'Toole and

Montjoy (1984: 495) caution that reciprocal interdependencies, due to high coordination cost, may cause breakdowns or delays in implementation and that the advantages of this approach may therefore not be well appreciated.

Brinkerhoff and Crosby (2002: 119) note that one way to think about coordination is in terms of three activities namely, (i) information sharing, (ii) resource sharing and (iii) joint action. Information sharing is about communication. It refers to organisations letting others know what they are doing through reports, public hearings, meetings and so on (Brinkerhoff and Crosby, 2002: 119). Resource sharing means that resources controlled by one organisation can be allocated to another for particular reasons. Examples of resource sharing are loans, grants, contracts, knowledge, motivation and commitment and so on (Brinkerhoff and Crosby, 2002: 119). Joint action can involve two or more organisations undertaking some activities together, either sequentially, reciprocally or simultaneously. This could include planning, data gathering or service delivery (Brinkerhoff and Crosby, 2002: 119).

Schermerhorn (1975: 848) identifies three motivators for coordination and cooperation.

(i) Gaining Access to Resources

“Organizations will seek out or be receptive to inter-organizational cooperation when faced with situations of resource scarcity or performance distress” (Schermerhorn, 1975: 848). In other words, organisations will be drawn towards inter-organisational cooperation where there is a need to gain access to unavailable resources or free internal resources for alternative use (Schermerhorn, 1975: 848). In the literature on policy implementation, access to adequate resources has been noted as one of the important factors that contribute to policy success or failure. According to Meter and Van Horn (cited in Menzel, 1987: 5) one of the reasons why policies fail, is the lack of resources. They argue that inadequate resources can hamper implementation and can cause policy failure (Menzel, 1987: 6). It is fairly clear that access to resources is regarded as crucial by various writers for policy implementation. O’Toole and Montjoy (1984: 492) also posit that in the absence of resources very little action can be expected from organisations entrusted with the role of implementation.

### (ii) Cooperation Leading to Positive Value

“Organizations will seek out or be receptive to inter-organizational cooperation when "cooperation" per se takes on a positive value” (Schermerhorn, 1975: 848). According to Schermerhorn (1975: 846) cooperation within and among organisations is increasingly being regarded as beneficial and worth encouraging. Evan and Guetzkow (cited in Schermerhorn, 1975: 846) indicate that value expectancy, (or creating the feeling that cooperation is a good thing to do) may push organisations to undertake cooperative activities. Evan (cited in Schermerhorn, 1975: 846) supposes that the “value factor functions through the cues of positive normative and comparative reference points”. Other writers like Reid (cited in Schermerhorn, 1975: 848) note the value inducement argument by giving the example of the health and welfare case. This is where “organizations could collaborate, for example, to minimize overlap in functions because of the shared commitment to work toward a rational system of community services” (Schermerhorn, 1975: 848-9). Hence extra or additional organisational value inducing the feeling that cooperation is good may motivate organisations to cooperate.

### (iii) Authority Enforcing Coordination

“Organizations will seek out or be receptive to inter-organizational cooperation when a powerful extra-organizational force demands this activity” (Schermerhorn, 1975: 848). Demands from those in authority may also be a potential motivator for cooperation and coordination (Schermerhorn, 1975: 849). Those in power may demand the establishment of formal coordination and cooperation structures.

## **2.6 Conclusion**

In conclusion, this chapter has shown that policy implementation is not a straightforward process. Rather, implementation takes place in a “fluid setting”... its iterative every action leads to something else (McLaughlin, 1987: 174). McLaughlin (1987: 175) has noted that the implementation process continuously creates a new reality and changes the system, creating indirect effects. As a result, policy is transformed and adapts to conditions of the different implementing unit (McLaughlin, 1987: 175). This chapter has argued that an analysis of policy implementation should also be about analysing how organisations are structured, and how/why they interact with one another.

## CHAPTER 3 LOCAL GOVERNANCE IN POST-APARTHEID SOUTH AFRICA

### 3.1 Introduction

This chapter provides a background to local government with specific reference to South Africa. It establishes the legal framework for local government and identifies local government's roles and responsibilities with regards to providing basic services, with specific reference to free basic water.

### 3.2 Local Government in General

According to Kalin (1998: 46) in most instances central government has been unable to provide local citizens with services adequately to enable them to improve their living situations. This is mainly due to geographical and psychological distance of central government from local citizens. Kalin (1998: 47) indicates that the geographical distance causes central government to be unaware of local problems and needs. Kalin (1998: 48) further argues that psychological distance is a reason for failure of central government because the services that central government provides in some instances are not services that are needed immediately by local citizens, hence people do not feel any ownership in the activities or services being provided, but rather services are imposed on local citizens (Kalin, 1998: 48).

In order to address the shortcomings of central government, Kalin (1998: 48) notes that decentralisation has been a response. According to Litvack et al (1998: 4) decentralisation brings in a political and economic transformation of government in any given state. The transformation that occurs enables local demands to be heard and brings the political and economic systems closer to the people. For a clearer understanding of the concept of decentralization Litvack et al (1998: 4) distinguish between deconcentration, devolution and delegation which are types of decentralisation. Deconcentration occurs when central government allocates some of its responsibilities to its other branches without any authority being transferred for the responsibilities allocated (Litvack et al, 1998: 4). Delegation occurs when responsibility for decision-making and administration of public functions is transferred to local government.

Devolution means central government transfers authority for decision-making, finance and management to units of local government (Litvack et al, 1998: 6).

Turner and Hulme (1997: 156) state that decentralisation can be helpful in that it can assist countries to move from being poor to be more developed. These authors cite six benefits of democratic decentralisation namely (i) political education (ii) training in political leadership (iii) political stability (iv) political equality (v) accountability and (vi) responsiveness. The first four points emphasise the importance of political decentralisation. Turner and Hulme (1997: 157) argue that accountability can be improved because local citizens have better proximity to local government and hence they can be able to hold the representatives accountable for the policies and outcomes. Responsiveness can be improved because local government has better knowledge of local needs and can respond to those needs effectively and efficiently.

Diamond (1999: 121) identifies five ways in which local government can enhance democracy. Firstly, democratic values and skills of local citizens are developed through introduction of local government. Secondly, accountability and responsiveness is improved, this enables local government to attend to local concerns and needs. Thirdly, democracy is enhanced as local government provides channels of access to power for groups that were previously marginalised. Fourthly, local government provides a mechanism of checks and balances of power at the centre. Lastly, local government creates opportunities for parties and factions in opposition to exercise some measure of political power (Diamond, 1999: 122).

According to Havenga (2002: 50) local government is important for the process of democratisation and promotes public participation in the decision-making process. In fact, local government is regarded as important to the extent that “political systems are deemed incomplete if local government is absent (Havenga, 2002: 50). It is regarded as the cornerstone in the structure of a democratic political system” (Havenga, 2002: 50). The most ideal type of decentralisation as identified by Turner and Hulme (1997: 159) is devolution which combines the promise of local democracy and technical efficiency. A devolved local government, according to Turner and Hulme (1997: 160) should have the following features:

- i. It should be a local body that is constitutionally separate from central government and responsible for a range of significant local services.
- ii. It should have its own treasury, budget and accounts along with the substantial authority to raise its own revenue.
- iii. It should employ its own competent staff who it can hire, fire and promote.
- iv. It should have a majority elected council, operating on party lines, should decide policy and determine internal procedures.
- v. Central government administration should serve purely as external advisors and inspectors and have no role within the local authority.

According to Havenga (2002: 50), there are two purposes of local government. The first purpose is to “provide administration in the supply of goods and services to local communities. The second purpose is to represent and involve citizens in the identification of public needs and to determine how these local needs can be met” (Havenga, 2002: 50).

Local government can be instrumental in influencing the public to participate in active and political engagements. This further allows people to recognise the usefulness of local government and their role in decision-making (Havenga, 2002: 59). Local government can provide a platform for political leadership to emerge. Havenga (2002: 59) notes that participating in local government politics allows local councillors the opportunity to gain more experience in the political system.

According to the literature on local government, local government is deemed important because it fosters accountability and responsiveness on government representatives at local levels. A decentralised body is “more accessible, more sympathetic and quicker to respond to local needs” (Kalin, 1998: 50). It is more accessible than a very distant central government (Kalin, 1998: 53).

### 3.3 Local Government in South Africa

The White Paper on Local Government (1998: 12) outlines the settlement patterns, trends and racial segregation as a result of local government under apartheid. It is stated that even before apartheid began, there was already segregation which was a policy introduced in the late 1940s. One of the instrumental pieces of apartheid legislation on local government was the Group Areas Act (Act 41 of 1950). This Act imposed residential separation which involved the moving of black people to “own areas” (White Paper on Local Government, 1998: 12). The system used to separate black people from white people in urban areas was the “pass system”. Moreover the Group Areas Act (Act 41 of 1950) ensured that the white areas had enough revenue base, this was ensured by separating townships and industrial and commercial development (White Paper on Local Government, 1998: 12).

According to the White Paper on Local Government (1998: 12) attempts were made to ensure that black residents have their own way to manage their structures in the Bantustans and in townships. The changes that occurred as highlighted in the White Paper on Local Government (1998: 12) were as follows:

- i. “In bantustans, limited local government was established. Traditional leaders were given powers over land allocation and development matters in areas with communally owned land. Some small rural townships (the so-called “R293 towns”) were given their own administrations, but these lacked real powers.
- ii. In the 1960s, “Coloured” and “Indian” management committees were established as advisory bodies to white municipalities.
- iii. The Bantu Affairs Administration Act of 1971 established appointed Administration Boards, which removed responsibility for townships from white municipalities.
- iv. In 1977, Community Councils were introduced. Community Councils were elected bodies, but had no meaningful powers and few resources. They never gained political credibility.
- v. In 1982 Black Local Authorities replaced Community Councils. Black Local Authorities had no significant revenue base, and were seen as politically illegitimate from the start. They were rejected by popular (and sometimes violent) community mobilisation in the mid-1980s”.

The White Paper on Local Government (1998: 12) notes that in white municipal areas there was enough revenue which came from the many economic resources to tax. Financial challenges were eminent among the black municipalities which did not have enough resources to meet local needs of residents (White Paper on Local Government, 1998: 13). As an attempt to increase revenue in black townships, the local authorities increased rent and service charges. Many citizens were not happy about this attempt. According to The White Paper on Local Government (1998: 13) the charges that were going to be exerted on citizens in townships would have never been able to generate a meaningful revenue that was going to provide better service delivery. This resulted in the uprising in the mid-1980s against Black Local Authorities (White Paper on Local Government, 1998: 14)

According to the Department of Foreign Affairs (2004: 8) in the period of 1980s, there was an uprising in Soweto which revealed the anger of many black people against the apartheid system. This uprising was as a result of social and economic conditions in townships and Bantustans (White Paper on Local Government, 1998: 13). By the period of 1983, Coloureds and Indians were given representation in parliament but blacks were still excluded (Department of Foreign Affairs: 2004: 8). By 1989, the government realized that it could not ignore the demands for political rights from blacks (Department of Foreign Affairs: 2004: 8). The crisis brought a collapse of the apartheid local government system and the reform process in national government started in the 1990s (White Paper on Local Government, 1998: 13).

The Local Government Negotiating Forum was the main platform where the national debate took place with regards to the future of local government (White Paper on Local Government, 1998: 13). “This forum framed an agreement on the Finances and Services Writing off Areas to Black Local Authorities and also negotiated the Local Government Transitional Act 209 of 1993” (White Paper on Local Government, 1998: 13).

The local government system under a democratic government is free of racism. This was administered through The Local Government Transition Act (Act 209 of 1993) through the amalgamation of former racially based structures (White Paper on Local Government, 1998: 14). The first democratic elections were held in 1994, where the African National Congress (ANC)

won the elections. Part of the mandate of the ANC was to redress the poverty and inequality of the apartheid regime (Hoffman, 2007: 2).

### **3.4 The Legislative Framework for Local Government in South Africa**

The Constitution of South Africa (Act 108 of 1996) (hereafter referred to as the Constitution) recognizes three distinctive, interdependent and interrelated levels of government namely, national, provincial and local. These three spheres are mandated to act cooperatively in preserving peace, national unity, and indivisibility of the Republic and in securing the well-being of the people (Section 40-41). To ensure good and effective governance in each sphere of government, principles of co-operative government and intergovernmental relations are provided for in Chapter 3 of the Constitution.

Local government in South Africa consists of municipalities, which span the whole of South Africa. According to the Municipal Systems Act (Act 32 of 2000) a municipality is defined as an “organ of the state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Municipal Demarcations Act” (Act 27 of 1998). Section 155 of the Constitution identifies three types of municipalities namely category A, category B and category C municipalities. Category A municipalities has exclusive municipal executive and legislative authority in their municipal area. (These are also referred to as metropolitan municipalities). Category B municipalities (or local municipalities) share executive and legislative authority in its area with Category C (or district municipalities) within whose area it falls. Category C municipalities have executive and legislative municipal authority in an area that excludes more than one municipality. South Africa currently has a total of 284 municipalities grouped in the three categories. Of these municipalities only six are Category A (Tshwane, Durban, Johannesburg, Ekurhuleni, Nelson Mandela, and Cape Town), 231 being Category B and a total of 47 classified as Category C municipalities.

A municipality has overall authority in respect of the local government matters listed in Schedules 4 and 5 of the Constitution (see Appendix 1), and over certain matters assigned to it by national or provincial government.

The Constitution also identifies the roles and functions of local government. According to Section 152 the objectives of local government are as follows:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organizations in the matters of local government.

Municipalities also have a developmental duty. For example, municipalities are instructed to “structure and manage its administration, budgeting and planning processes to give priority to the needs of the community. They must also promote social and economic development of their community” (Section 153-155 of the Constitution).

The White Paper on Local Government (1998: 37) defines developmental local government as “government who is committed to working within the community to find ways to meet their social, economic and material needs and improve the quality of their lives”. Developmental local government must encourage municipalities to address issues of poverty, unemployment and redistribution in their respective areas (DPLG, 2003: 2). The White Paper on Local Government (1998: 38) further states that powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities, in particular meeting the basic needs of the poor and on the growth of local economy.

The Municipal Systems Act (Act 32 of 2000) in chapter 5, Section 23 (1) and (2) encourages for municipal planning to be development oriented. According to the Act, a municipality also enjoys authority over a series of functions and undertakings outlined in the Municipal Systems Act (Act 32 of 2000) such as:

- developing and adopting policies, plans, strategies and programmes, including setting targets for delivery;
- promoting and undertaking development;
- establishing and maintaining an administration;

- administering and regulating its internal affairs and the local government affairs of the local community.

The Municipal Structures Act (Act 117 of 1998) in the Preamble state that local government is important for democracy, development and nation-building in South Africa. Local government is seen as essential for ensuring “sustainable, effective and efficient municipal services, for promoting social and economic development and encouraging a safe and healthy environment by working with communities in building environments and human settlements that are safe to lead and uplift dignified lives” (Preamble, Act 117 of 1998).

### **3.5 Local Government and the Provision of Basic Service**

Local government is expected to provide basic services to the community. According to Hemson (2004: 6) basic services that are to be provided by municipalities include water, sanitation, local roads, stormwater drainage, refuse collection and electricity. The provision of basic services to the poor citizens is both a constitutional and a social necessity for society in the post-apartheid era (Hemson, 2004: 6). This is important for alleviation of poverty and better standards of living. Basic services are defined as “services such as electricity and energy, water and sanitation, refuse and waste removal which are critical to improve the lives of people” (Government Programmes and Policies, n.d).

#### **3.5.1 Basic water**

According to the Water Services Act (Act 108 of 1997) water services refer to “basic water supply and basic sanitation”. The Draft White Paper on Water Services (2002: 2) indicate that water services also include regional water schemes, local water schemes, on-site sanitation and the collection of and treatment of wastewater. Water and wastewater services are regarded as important for businesses and industries, hence proper provision of these services can help promote economic growth and eradication of poverty (Draft White Paper on Water Services, 2002: 2).

According to the Water Services Act (Act 108 of 1997) basic water supply is described as the “prescribed minimum standard of water supply necessary for a reliable supply and sufficient

quality and quantity of water to households, including informal households to support life and personal hygiene”.

The Water Services Act (Act 108 of 1997) recognizes and acknowledges that it is local government that has authority to administer water supply and sanitation services, however all spheres of government have to work together within the limits of physical and financial feasibility, to work towards the objective (Preamble, Act 108 of 1997). The National Water Act (Act 36 of 1998) recognizes that water is a scarce and an unevenly distributed national resource. It further indicates that water belongs to all people and the ultimate aim of management of water resource is to achieve sustainable use of water for the benefit of all users (Preamble, Act 36 of 1998).

### 3.5.2 Free Basic Services

It has been noted that due to high levels of poverty in South Africa, most people (women, children, youth, people with disabilities, chronically ill and the aged) cannot afford to pay for basic services offered by municipalities hence municipalities need to establish a policy that regulates the distribution of services particularly free basic services (Patel, 2009: 14). Free basic services (FBS) “refers to a basket of free services that are linked to an indigent policy which targets the poor in every municipality”. The basket of services includes water, energy and sanitation. These services are capped and provided to people who qualify, based on predetermined criteria, as stipulated in the national indigent policy (DPLG, 2005: 7).

Free basic services are important as they can enable access to basic level of services where individuals cannot afford to pay for services (DPLG, 2005: 6). It is actually government’s commitment to address the needs of the ‘impoverished’ South Africans and to provide them with basic services in trying to ensure that they live a dignified life for themselves (Patel, 2009: 17). The implementation of the FBS falls within intergovernmental system which has a focus of improving capacity, efficiency, effectiveness, sustainability and accountability of the local government sphere (Patel, 2009: 17). The Communication Handbook on FBS notes that the FBS programme should be part of the Integrated Development Plan also known as IDP of a municipality (DPLG, 2005: 12).

A municipality is responsible for tracking and monitoring the effective implementation of FBS (DPLG, 2005: 12). According to Tissington et al (2008: 31) to implement the FBS programme is a challenge since there is still no free basic sanitation policy in place. This is “highly problematic and results in ad hoc and inequitable approach to Free Basic Sanitation at municipal level”. There are many municipalities who have adopted and implemented the Free Basic Water (FBW) policy but municipalities in rural areas and who are under-resourced are still finding it difficult to provide these services (Tissington et al, 2008: 31).

Free basic water (FBW) was the first service to be implemented as part of the Free Basic Services Programme (DPLG, 2005: 7). The regulations in terms of the Water Service Act (Act 108 of 1997) give the right of access of basic water services to all people in South Africa. It is constitutionally a local government’s mandate to deliver water services. A Free Basic Water (FBW) policy must be implemented at the local level but national and provincial government are obligated to provide support to local government (DWAF, 2002: 3). According to the White Paper on Water and Sanitation Policy (DWAF, 1994: 17) basic water supply is defined as:

**“Quantity:** 25 litres per person per day. This is the minimum required for direct consumption, for the preparation of food and for personal hygiene. It is not considered to be adequate for a full, healthy and productive life which is why it is considered as a minimum.

**Cartage:** The maximum distance which a person should have to cart water to their dwelling is 200 m. In steep terrain this distance may have to be reduced to take account of the extra effort required to cart water up steep slopes”.

This is regarded as a minimum guideline each local authority can determine what constitute the “free basic water level” which promotes a healthy living within their socio-economic environment (DWAF, 2006). The provision of such a service was a part of government’s strategy to alleviate poverty in South Africa. It is the former President’s words Mr Thabo Mbeki who stated that “the provision of FBW and electricity will reduce the plight of the poorest” (Mbeki in DWAF, 2002: 3). The implementation of the Free Basic Water as a national strategy started being implemented in phases by the Department of Water and Forestry (DWAF) in February

2001 (DWAF, 2002: 3). But most local authorities started with the implementation of the FBW policy in July 2001. The main targets of the FBW policy are the poor households for whom FBS present a significant poverty alleviation measure (DWAF, 2002: 7).

DWAF (2002: 27) in its Free Basic Water Implementation Strategy defines a number of water supply service levels and the suitability thereof for a free basic water implementation strategy. According to DWAF (2002: 27) having a free basic level of water supply indicates that there is a need to control or measure the free water supplied. Other service level options address this by their nature like the standpipes and flow limiting options and other service levels allow for unrestricted consumption hence they must be metered or measured (DWAF, 2002: 27) (see appendix 2).

The importance of mixed service levels is that it allows for the appropriate service level to be matched to the ability of consumers to pay (DWAF, 2002: 29). Secondly the restriction in the flow of water is regarded as an important attribute in the FBW policy as it allows for people who cannot afford to pay for more water to only get the basic supply, however it is noted that this becomes difficult in cases where there yard connections (DWAF, 2002: 27). Besides the various service levels in which water can be provided, Hall et al (2006: 58) identify three categories for pricing the provision of basic water.

The first option is the rising block tariff. This is where the free basic amount (block) is provided to all users and the next portion of water usage (block) is charged for at increasing rates for more consumption (Hall et al, 2006: 58). This method only works if people have taps and meters and can be billed for consumption. According to DWAF (2002: 31) this method is viable where there is mostly a large number of medium and high income water users to generate the cross-subsidies required.

The second method is the service level targeting. This option ensures that access to water is limited to the free part or portion. The communal tap system is mostly used under the service level targeting and the communal tap should be within 200 meters from every home without

water on site (Hall et al, 2006: 58). Having discussed the above, it is clear that in most cases users of the services must be priced for their consumption levels.

The last method of implementing the free basic water policy is “targeted credits or subsidies” this is mostly used where there are people who are regarded as indigent and they get a subsidy amount credited to their bill each month (Hall et al, 2006: 58). Similarly DWAF (2002: 31) validates the above statement by stating that this method is viable where there are many poor people or those are just above the poverty line of the equitable share. These people are regarded as indigent and the National Framework for Municipal Indigent Policies requires municipalities to adapt an Indigent Policy.

### **3.6 Indigent Policy**

Municipalities are expected to develop an indigent policy in relation to the specific need and financial situation of the municipality (DPLG, 2005: 19). The policy should make reference of the approach it will use for cross subsidisation and pricing of services and should also be developed to conform to the national norms and standards (DPLG, 2005: 38). According to the National Framework for Municipal Indigent Policy, the rationale behind the policy is that of alleviating poverty. The Guideline for Implementation of the National Indigent Policy applies directly to the free basic service programme within municipalities which looks at the provision of free basic water, free basic energy and free basic sanitation. However, as explained earlier, the focus of this paper is on free basic water (DPLG, 2005).

The National Framework for Municipal Indigent Policies (2005: 13) states that “the term ‘indigent’ means lacking the necessities of life”. According to the National Framework for Municipal Indigent Policies (2005: 14) the goods and services that are regarded as basic necessities of life are listed below:

- Sufficient water, Basic sanitation, Refuse removal in denser settlements, Environmental health, Basic energy, Health care, Housing, Food and clothing.

In the absence of these goods and services, one is regarded as indigent.

The DPLG (2005: 15) in the Guidelines for the Implementation of National Indigent Policy by Municipalities indicates that, due to the high levels of unemployment and poverty within municipal areas, there are citizens and households who cannot afford to pay for basic services. These types of citizens or households are referred to as indigent. “Municipalities must develop and adopt an indigent policy which is to ensure that its indigents can have access to the package of services included in the Free Basic Services (FBS) Programme” (DPLG, 2005). According to DPLG (2005) the Guideline for Implementation of the National Indigent Policy applies directly to the free basic service programme within municipalities which looks at the provision of free basic water, free basic energy and free basic sanitation.

The Guidelines for Implementation of the National Indigent Policy (2005) further mentions that the indigent policy must stipulate the strategy a municipality will be using to address poverty. The Indigent Policy must detail the linkages between the various poverty alleviation programmes of the municipality that will result in the indigent moving away from the poverty trap. It should clearly state the amount of a particular service that will be provided and the level of service that will be offered to indigents (DPLG, 2005).

A number of studies have identified certain limitations to the implementation of indigent policies within municipalities. One challenge according to Tissington et al (2008: 34) is that the criteria used to define the poor so that they qualify to be entered as indigents in the indigent register is problematic. This has also been acknowledged by the DPLG (2005) that the thresholds of indigents differ from municipality to municipality and this can create confusion. Recommendations given by Arntz et al (2003: 113) indicate that identification of indigent households should be conducted in collaboration with potential and current beneficiaries of the subsidy. Also community members must be educated about the indigent policy so that they understand it and its implementation (Arntz et al, 2003: 113).

A study conducted in Umgungundlovu, District Municipality, for example, by the Built Environment Support Group with regards to FBS and the indigent policy reflected that majority of the people in the sample studied did not know about the FBS programme or rather 42% was not aware of the indigent support policy (Bailey, 2010: 15).

### **3.7 Conclusion**

This chapter has defined local government as government at local level who has powers and functions that are specific to that sphere. The legislative framework for local government in South Africa identifies local government as an essential sphere of government that must be responsive and accountable to local citizens. The policy framework supports the notion that local government can attend to local needs better than central government because they are closer to the people at local levels.

It was noted that municipalities are responsible for providing basic services and specific to this study, municipalities are responsible for provision of Free Basic Water. According to Heelo (1986) determining the structure of an organisation and its processes enables one to explain some of the challenges which occurs during policy implementation.

The next chapter will explore and analyse how the Msunduzi Municipality has given effect to the Free Basic Water Policy, and it will identify some of the implementation challenges by examining its organisational configuration and processes.

## CHAPTER 4 THE MSUNDUZI MUNICIPALITY

### 4.1 Introduction

This chapter provides a descriptive analysis of the Msunduzi Municipality. It describes the background of Msunduzi Municipality highlighting the three significant periods of demarcation of the municipal area and the implications thereof on basic service delivery at Msunduzi.

The political and administrative configurations of the municipality are described in order to reflect on the municipality's structures of governance with specific reference to those pertaining to the provision of Free Basic Water. This chapter also presents the policy framework for Free Basic Water at Msunduzi. For example it will examine Msunduzi's bylaws such as (i) The Indigence Policy, (ii) The Tariff Policy and (iii) The Credit Control and Debt Collection Policy. The objective is to illustrate the organisational configuration pertaining to the delivery of Free Basic Water. It aims to reveal the bureaucratic design of Msunduzi. This is necessary if one wishes to explore issues around implementation in the organisational environment.

### 4.2 Msunduzi

The Msunduzi Municipality falls under the jurisdiction of the Umgungundlovu District Municipality together with six other municipalities. Msunduzi is formally recognized as a Category B municipality but with aspirant metropolitan status (Piper, 2010: 8). It is in this municipality that the capital city of KwaZulu-Natal, Pietermaritzburg also known as the "City of Choice", is located. According to the 2011 Integrated Development Plan (IDP) of the Msunduzi Municipality, it has a multi-cultural and multi-racial population of over 600,000 people. The 2007 census reported about 134,390 households under the jurisdiction of the Msunduzi Municipality (IDP, 2011: 60).

It is the vision of the municipality to create a "safe, vibrant city in which to live, learn, raise a family, work, play and do business" (IDP, 2011: 4). The city's mission is to "stabilize the affairs of the municipality, and ensure that the municipality functions effectively, and in a sustainable manner in delivering services to the community" (IDP, 2011: 5).

Set strategic objectives include financial viability and management, where the promotion of sound financial management and reporting, effective budgeting and revenue enhancement are at the core (IDP, 2011: 5). Another objective is basic infrastructure delivery and infrastructure development which seeks to improve accessibility and maintenance of habitual settlements and facilities, and provide responsible facilities for the disposal of waste in a manner that is socially and environmentally acceptable (IDP, 2011: 5).

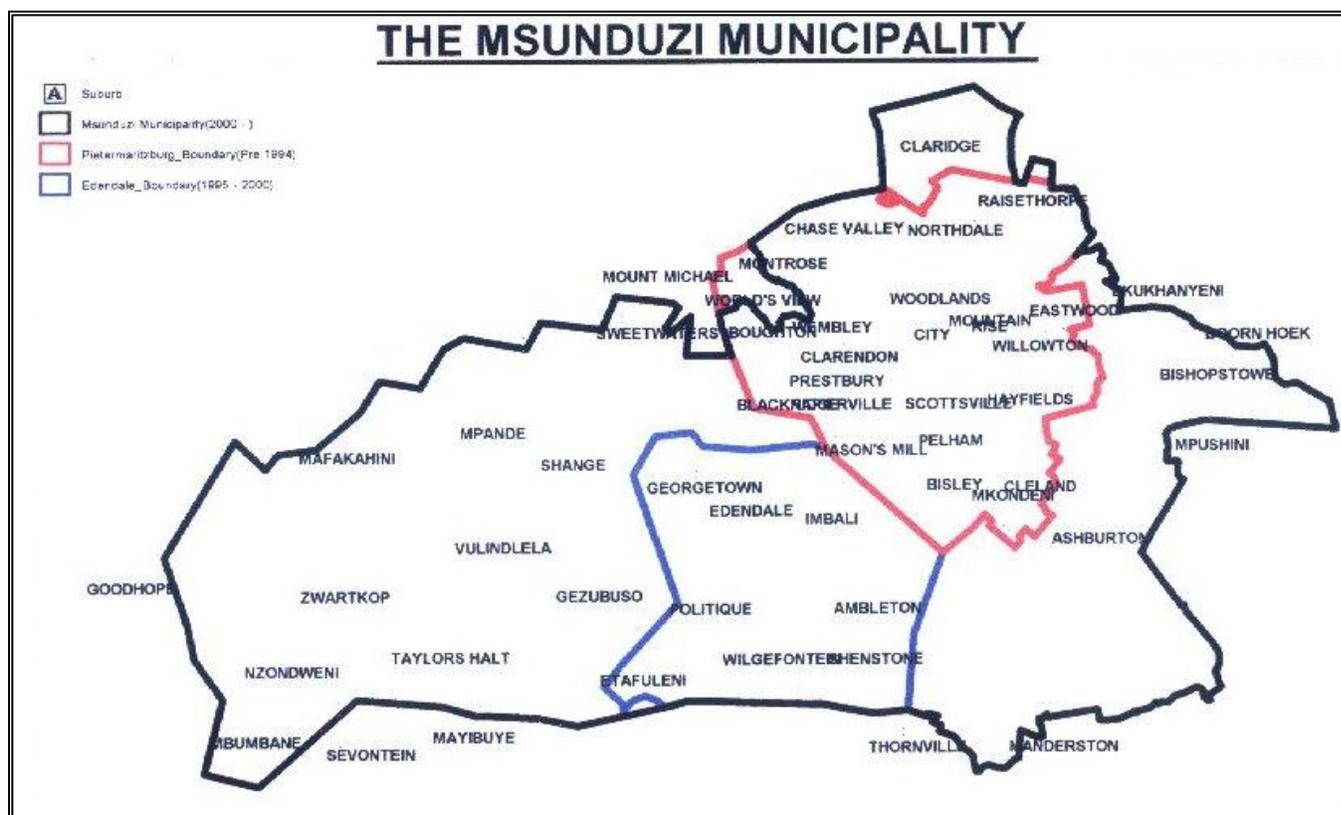
### **4.3 History of the City**

The Msunduzi municipal area has gone through a lot of changes in its administration and physical boundaries. These changes were in line with national and local government transformation processes between the periods of 1994-2000. The objective was to amalgamate the so called 'black areas or townships'. In this regard, there were three significant demarcation periods namely Pre 1994, 1995-2000 and Post 2000.

#### Pre 1994

Figure 4.1 below reflects the changes that have occurred in the Msunduzi Municipality. It outlines that pre 1994, the Municipality only consisted of the areas within the top (red) boundary.

Figure 4.1: Municipal Area Changes



Source: Msunduzi Integrated Development Plan (2002)

Table 4.1 below shows that in 1994 Pietermaritzburg's jurisdiction area was 150 sq km and had a population of 196,590.

Table 4.1: Pietermaritzburg since 1994

1994-2000			
Factor	Pietermaritzburg	Msunduzi	Growth
Area Growth	150 sq km	649 sq km	430%
Population Growth	196,590	523,470	300%

Source: Msunduzi Integrated Development Plan (2002).

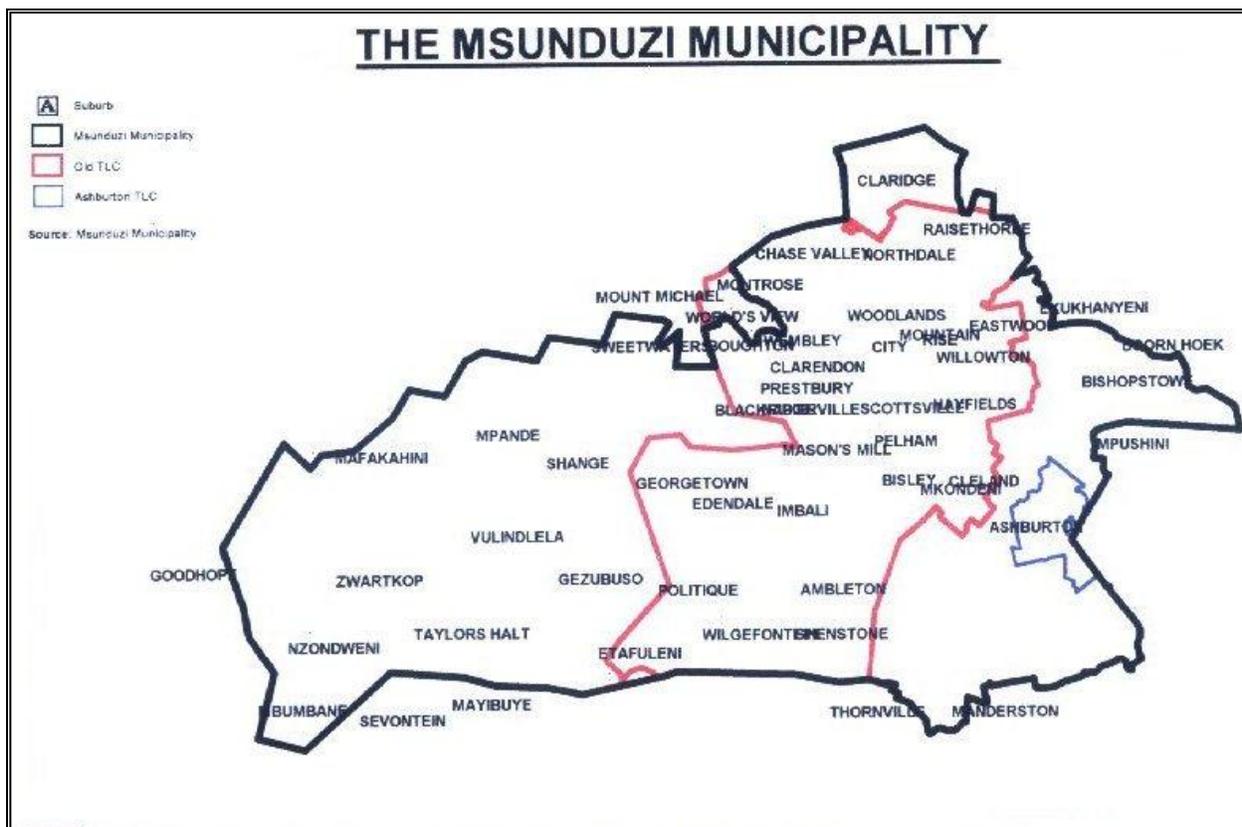
The IDP (2011: 84) notes that prior to 1995 Edendale was a separate administrative entity. Greater Edendale is where most black people were moved to, during apartheid, further away from Central Business District (CBD) where white people resided (IDP, 2011: 84). Prior to 1994

Msunduzi was administered by four separate authorities i.e. the Pietermaritzburg Municipality (in the CBD), the KwaZulu-Natal government (in Vulindlela), the Department of Co-Operation and Development (in Greater Edendale) and the Development and Services Board (in Ashburton and Fox Hill). These areas were planned and operated differently despite the functional and economic interdependence (IDP, 2011: 84).

### 1995-2000

The municipal changes that occurred between 1995-2000 were important for the preparation of the first democratic elections. In 1995, the Pietermaritzburg Transitional Local Council (TLC) was established. At the same time the Greater Edendale area was incorporated with other areas, to the east (IDP, 2011: 84). As a result the jurisdiction area size and population size doubled, as Figure 4.2 illustrates.

Figure: 4.2: The Msunduzi Municipality



Source: Msunduzi Integrated Development Plan 2011

### Post 2000

The final demarcation brought the CBD, the Greater Edendale and the Vulindlela areas together. In 2000, Vulindlela and additional areas to the east and southeast into the city previously administered by separate entities now formed the newly constituted Msunduzi Municipality (IDP, 2000: 84). Table 4.2 below illustrates that the population in Msunduzi Municipality increased significantly from the period of 1994 to the period of 1995-2000. It is also evident that the size of the city doubled from what it was in 1994.

Table: 4.2: Msunduzi Population Growth

Period	Name	Area	Population
Up to 1994	Pietermaritzburg	150 sq km	176,590
1995 to 2000	Pietermaritzburg-Msunduzi TLC	251 sq km	373,910
Since 2000	Msunduzi Municipality	649 sq km	523,470

The 2007 Census reflects that the population of Msunduzi Municipality has been growing at a steady rate of about 1.2% per annum (IDP, 2011: 59).

Piper (2010: 3) notes that nearly 80% of the population in Msunduzi is black African and the majority (of about 90%) speaks isiZulu. The Indian population constitutes the second largest group at about 12% while the white population constitutes 8% and the coloured population being the smallest at 3% (Piper, 2010: 3). Piper (2010: 3) further notes that between 1996 and 2001, about 20% of the white population left Msunduzi.

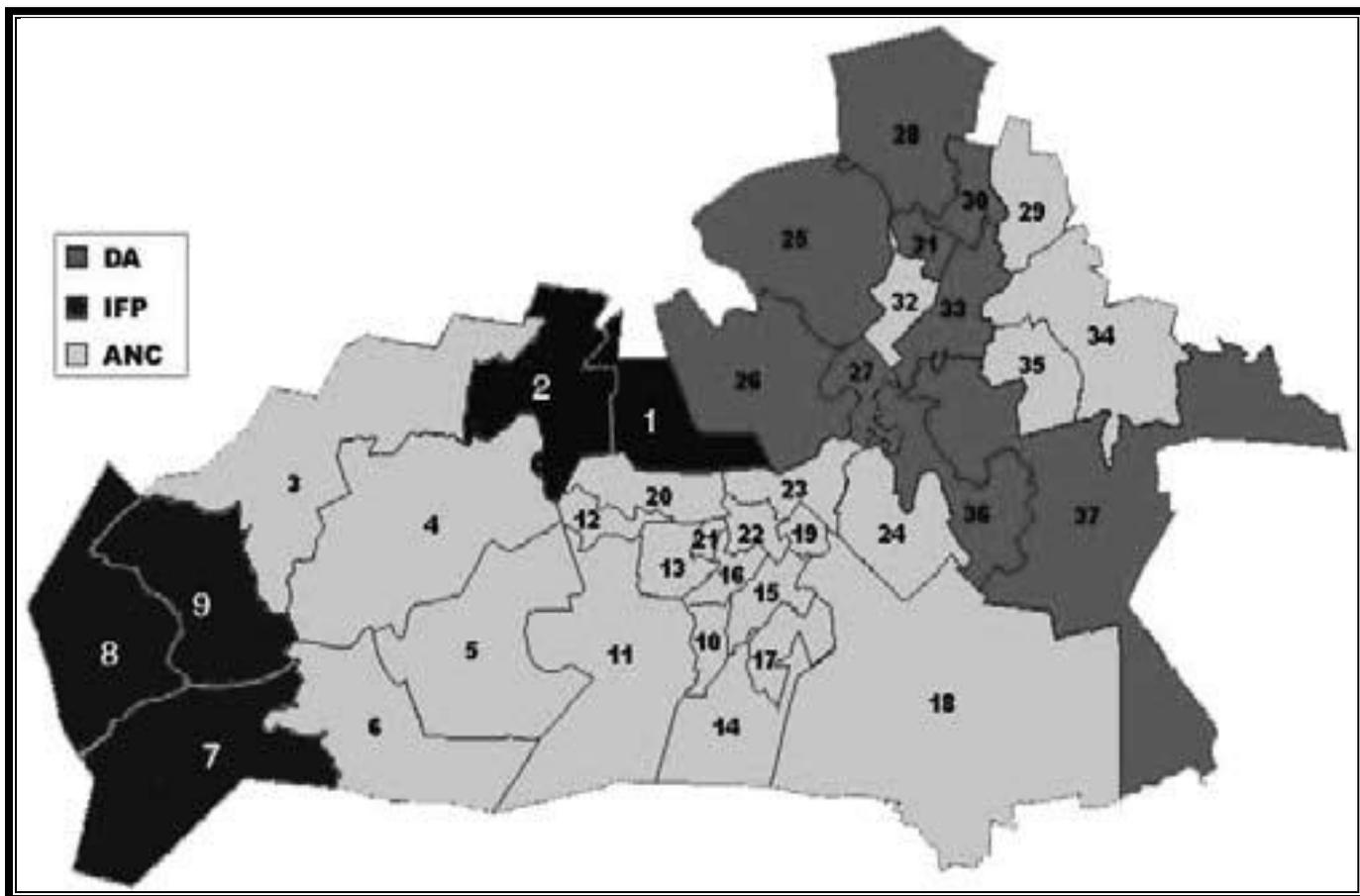
#### **4.4 Political Configuration**

This section looks at the organisational design and structures for implementation within Msunduzi.

## (i) Wards and Political Parties Representation

The Msunduzi municipality has 37 wards (IDP, 2008: 8). Piper (2010: 3) graphically presents Msunduzi and the wards present therein:

Figure 4.3: Msunduzi Municipality wards by Political Parties



Source: Piper, L (2010: 7)

It is noted in Figure 4.3 that the African National Congress (ANC) is the dominant political party as it is concentrated in most wards. The Inkatha Freedom Party (IFP) is the dominant party in only five wards which is the least number of wards compared to the wards occupied by the ANC and the Democratic Alliance (DA).

Table: 4.3: Political Affiliation in the different wards of Msunduzi

Name	Wards	Political affiliation	Socio-economic profile
Vulindlela	1, 2, 7, 8, 9 3,4,5,6	IFP ANC	Historically black African, rural, poorest communities. Very little business or industry
Edendale and Imbali	10, 11, 12, 14, 15, 16, 17, 19, 20, 21, 22, 23	ANC	Historically black African, urban townships, working class and unemployed poor communities. Some business and industry
Pietermaritzburg City Centre	27, 33, parts of 23 & 36	ANC /DA	Historically white, traditional city centre of Pietermaritzburg, mixed residential and business
Suburbs	18, 24, 25, 26, 37, parts of 36	ANC /DA	Historically white suburbs (wealthy areas: Montrose Chase Valley, Scottsville, Hayfields, Wembley), and some business and industry
Woodlands and Eastwood	32, 34	ANC /DA	Historically coloured area, mostly residential, some industrial
The northern areas	28, 29, 30, 31, 35	ANC	Historically Indian areas, mostly residential, some business

Source: Piper, L (2010: 3) Citizenship in Msunduzi: A Survey of three wards. African Centre for Citizenship and Democracy, Cape Town.

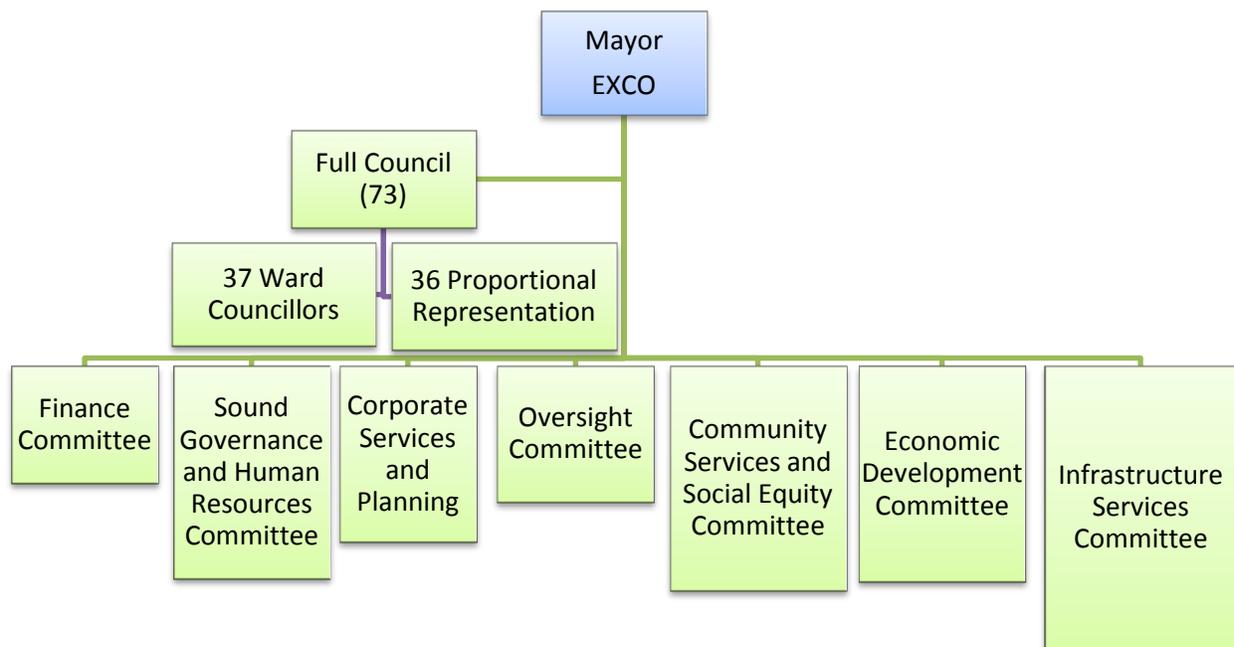
Table 4.3 above gives a brief description of Msunduzi municipality today. It highlights where the different wards are located and the socio-economic position of the areas within Msunduzi. Areas described as historically black are still struggling in terms of socio-economic development as the table reflects that in Vulindlela, there is very little business or industry. Whereas areas that are considered historically white suburbs or white city center are areas that are booming with businesses and industry (Piper, 2010: 3).

Piper (2010: 7) notes that Msunduzi is a long standing African National Congress (ANC) city. In the 2006 local government elections the party won by an astonishing 60% of votes followed by the Inkatha Freedom Party (IFP) which made 17% of votes and the Democratic Alliance (DA) made 15% of votes. Noted by Piper (2010: 7) is that the ANC is mostly found in traditional black townships and urban areas located historically out of the city. According to Piper (2010: 7) the Msunduzi Municipal area has been entangled in the ANC-IFP conflict until 2003 when the ANC was able to win provincial power through floor crossing. The ANC political party was found in the Edendale area and the IFP was more rooted in the Vulindlela Tribal area. This change of power was confirmed in the 2004 provincial elections (Piper, 2010: 7).

(ii) The Council and Executive Committee

Political leadership is represented in the Municipal Council, the Executive committee (EXCO) and the various portfolio committees. Figure 4.4 illustrates the political structures at Msunduzi.

Figure 4.4: Political Governance-Municipal Council



The Msunduzi 2009/2010 Annual Report states that the Municipal Council and the Executive Committee's function is to govern the policy making process and to oversee the implementation process within the council. The Municipal Council (comprised of 73 councillors) votes for a Mayor. The Mayor in turn appoints the Executive Committee.

Table 4.4: Msunduzi Council and Committees

i. Council Details	Number
Mayor	1
Total Number of Councillors	73
Number of Councillors in Executive (EXCO)	10
ii. Ward Detail	Number
Total Number of Wards	37

Source: Msunduzi 2009/2010 Annual Report.

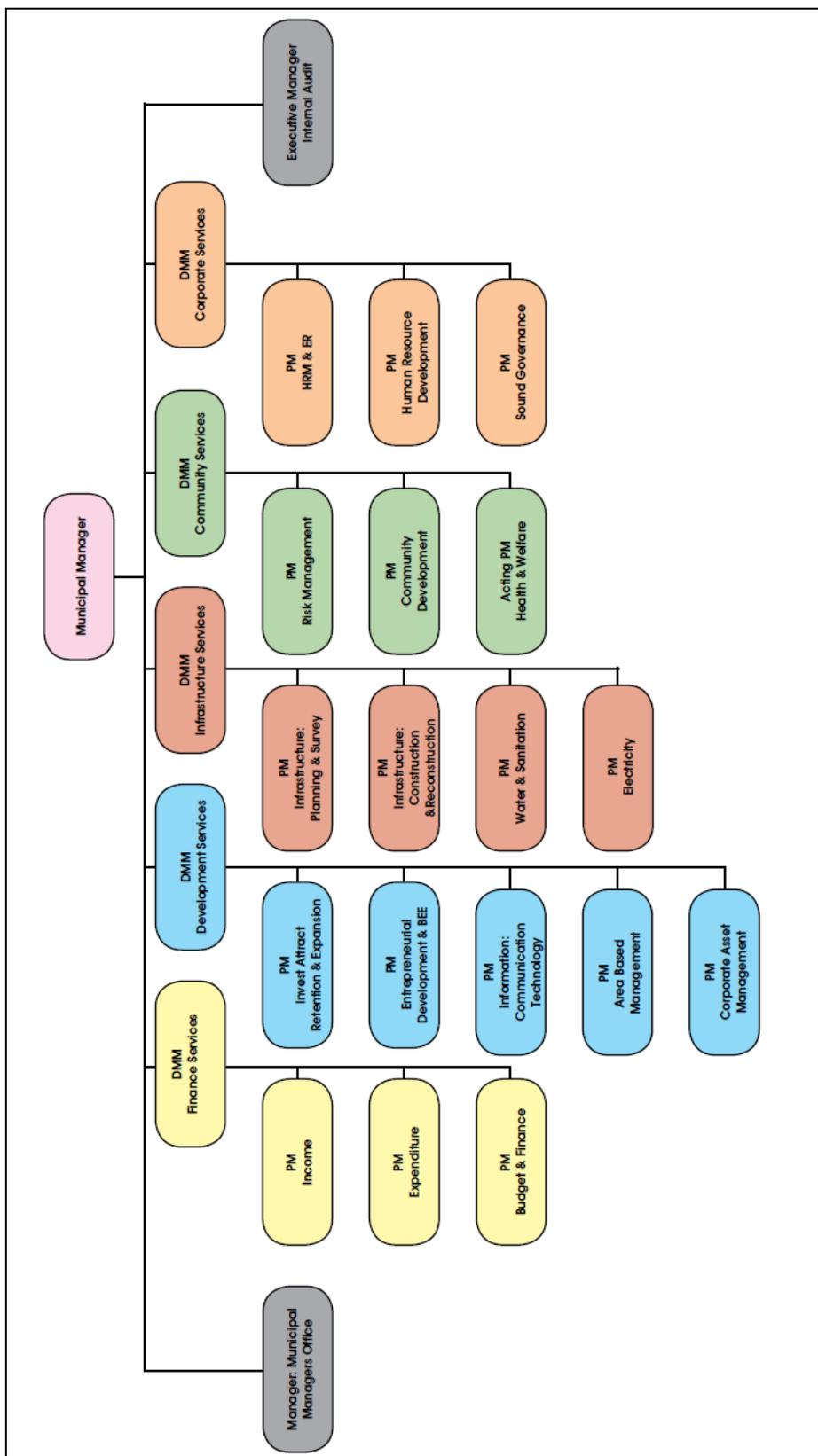
The Executive Committee is involved in the approval of operational matters and is meant to provide assurance to Council that the vision, mission and objectives within the IDP are being met. While the Mayor appoints the Municipal Manager, the Executive Committee appoints senior managers that oversee the administrative functions of the municipality (Msunduzi Annual Report 2009/2010: 11).

## 4.5 Administrative Configuration

### 4.5.1 The Municipal Manager and Administrative Business Units

The Msunduzi Municipality is organised into five distinctive Business Units, each of these are headed by a Deputy Municipal Manager (DMM) who reports to the Municipal Manager.

Figure 4.5: Organogram of the Msunduzi Municipality



(i) Municipal Manager (MM)

The Municipal Manager is a person appointed in terms of Section 82 of the Municipal Structures Act (Act 117 of 1998) and is the head of the administration within a municipality. The Municipal Manager is appointed by the Mayor and is subject to the policy directions of the Municipal Council.

The Duties of a Municipal Manager include:

- a) the formation and development of an economical effective, efficient and accountable administration;
- b) operating in accordance with the municipality's performance management system;
- c) responsive to the needs of the local community to participate in the affairs of the municipality;
- d) the implementation of the municipality's integrated development plan, and the monitoring of progress with implementation of the plan;
- e) the management of the provision of services to the local community in a sustainable and equitable manner (Section 82 of Municipal Structures Act 117 of 1998).

(ii) Deputy Municipal Managers (DMMs)

There are five Deputy Municipal Managers who report directly to the Municipal Manager. There is a DMM for Finance Services who is responsible for all activities relating to finances of the Municipality including budget planning and implementation, financial management and reporting, revenue and debt management. There is a DMM for Corporate Services responsible for municipal sound governance and human resources function of the municipality. Corporate services include, for example, Human Resources Management, Employee Relations, Human Resource Development, Sound Governance, and Legal Services. There is also a DMM for Developmental Services who must ensure sustainable economic development and job creation. Objectives of the developmental services include promotion and attraction of inward investment; promotion of the retention and expansion of local business; promotion of Black Economic Empowerment; establishing a socio-Economic data base and promotion of key sectors within the economy of the city.

The DMM for Community Services must ensure or provide a fire, rescue and aid service. The fifth DMM is Infrastructural Services which is involved in planning, funding, maintenance and development management of the city (Msunduzi Annual Report, 2009/2010: 229-245).

(iii) Process Managers (PM)

Each of the five DMM, oversee the activities of the respective business units. Each of these units are headed by a Process Manager. Under the Finance Services, there are three Process Managers for different finance services namely, Income, Expenditure, and Budgets and Finances. The Developmental Services has five Process Managers each in separate units. The first Process manager looks at Invest, Attract, Retention and Expansion, second is Entrepreneurial development and BEE, and third is Information: Communication Technology. The fourth unit is Area Based Management and the last unit is Corporate Asset Management (Msunduzi Annual Report, 2009/2010: 192).

Infrastructure Services has four Process Managers in the four units. The first unit is Infrastructure planning and Survey. The second unit is Construction and Reconstruction, the third unit is water and sanitation and the last unit is electricity. The Msunduzi Municipality 2009/2010 Annual Report notes that there are three process managers in Community Services who attend to different units. The first unit is Risk Management; the second is Community Development and the last unit is Health and Welfare. Corporate services consist of three Process Managers. One process manager attends to Human Resources Management, the second manager attends to Human Resource Development and the third manager looks at Sound Governance (Msunduzi Annual Report, 2009/2010: 192). It is within this organization structure where policies are created and legitimization of policy is built.

#### 4.5.2 Organisational Configuration for the Provision of Water Services

According to the organizational as depicted in structure Figure 4.5 the responsibility for water falls under the DMM for Infrastructure Services, which in turn is the function of the Process Manager for Water and Sanitation.

(i) Deputy Municipal Manager for Infrastructure Services: Water and Sanitation

The Water and Sanitation unit is responsible for bulk water purchases, water distribution, management, monitoring and control of water. The Msunduzi IDP (2011: 119) notes that water distribution and sanitation management includes aspects of maintenance, planning, networks, connections and sanitation. It is within this unit that policies such as Free Basic Water must be fulfilled, as the policy constituents must benefit from implementation of the policy. According to the Msunduzi Municipality 2009/2010 Annual Report (p.245) the objectives of this unit are to:

- Improve operational effectiveness;
- Improve cost recovery for water;
- Ensure that water quality for all consumers meets and surpasses the minimum standards in the SABS 240;
- Supply all households with a basic water supply and the poor with free basic water supply in accordance with DWAF Strategic Guidelines;
- Reduce water losses aggressively;
- Maintain and improve the existing infrastructure and;
- Ensure that the provision of the water service is sustainable.

The Municipality was designated as the Water Service Authority as from July 2003. This makes the Municipality legally responsible for ensuring that all residents have access to basic water (IDP, 2011: 159). The Msunduzi Municipality is the Water Service Authority (WSA) and Water Service Provider (WSA) for the whole of the Umgungundlovu District area.<sup>1</sup>

The Msunduzi Municipality purchases water from the Water Board Umgeni Water. Umgeni Water provides the municipality with bulk water and the distribution process is managed by the Water and Sanitation Unit. The Umgeni Water 2010/2011 Business Plan suggests that Msunduzi and Ethekewini accounts for approximately 92% of water supplied by Umgeni Water. They are the main drivers of demand within Umgeni Water's operational area.

The IDP (2011: 158) reveals that water is provided at the following service levels:

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<sup>1</sup>With exception of Vulindlela which is supplied by the Umgeni Water Boards.

*Service Level 1*

- i) water of supply from communal standpipes; and
- ii) ventilated improved pit latrine located on each site.

*Service Level 2*

- i) un-metered, fixed quantity water delivery connection to each stand; and
- ii) ventilated improved pit latrine or similar approved on site sanitation system located on each site.

Which service must be provided to consumers at the fees set out in the schedule of fees determined by the Council provided that:

- i) the average water consumption per stand through the unmetered water connection for the zone or group of consumers in the zone does not exceed 6kl over any 30 day period; and
- ii) the Council may adopt any measures necessary to restrict the water flow to service level 2 consumers to 6 kl per month.

*Service Level 3*

Must consist of:

- i) a metered full pressure water connection to each stand; and
- ii) a conventional waterborne drainage installation connected to the Council's sewer.

If a consumer receiving Service Level 2 contravenes condition in sub- paragraph 2(i):

- i) the Council may install a meter in the service pipe on the premises, and
- ii) the fees for the water services must be applied in accordance with section 6.

The level of service to be provided to a community may be established in accordance with the policy or resolution of Council and subject to the conditions determined by Council (IDP, 2011: 158).

According to the Community Survey of 2007 of the 134,390 households (cited in IDP, 2011: 60), the proportion of it that has access to water was as follows:

Table 4.5: Water Access in Msunduzi

Service Level	No. of Households	
Piped water inside the dwelling	79813	59%
Piped water inside the yard	33601	25%
Piped water from access point outside the yard	14688	11%
Borehole	1100	0.82%
Spring	1126	0.84%
Dam/Pool	265	0.20%
River/Stream	1555	1.16%
Water Vendor	733	0.55%
Rain Water Tank	202	0.15%
Other	1308	0.97%

It is evident that most of the households do have access to water inside the dwelling. This indicates an improvement of water accessibility and points to that resources and actions has been mobilized so that people can have water. One of the key challenges facing the Msunduzi Municipality is the extent of their water losses. According to StatsSA (2011) the total water purchase in kl per annum from Water Boards amounts to 61,846,355 kl.

Table 4.6: Water distribution in 2010/2011:

Distribution of water use in kl (2010-30 June 2011)		
a) Unbilled metered units distributed for own use (eg parks and recreation)	5,633,851kl	9,11%
b) Unbilled metered units <sup>2</sup> (total including free basic)	32,943,300kl	53,27%
c) Billed metered units <sup>3</sup> (domestic)	26,699,434kl	43,17%
d) Units lost in distribution (includes illegal connections)	16,883,241kl	27,30%

Source: Statssa (2011)

It can be noted from the above table that there has been a huge amount of water loss and this can be regarded as a huge drawback, in terms of revenue, for the municipality. Of the total water purchase the units that are lost are 27, 3 %, this is a big percentage in water losses. There are a lot of units of water that are unbilled as reflected in the table above. This causes the municipality to lose a lot of water and recover very little from what has been bought (Statssa, 2011).

#### 4.5.3 Organisational Configuration for Financial Services

According to the organisational structure, the responsibility for financial services falls under the Deputy Municipal Manager (DMM) for Financial Services.

##### *Deputy Municipal Manager for Finance Services*

The Finance Services is divided into three departments, each headed by a Process Manager (PM).

##### *i. Process Manager: Income*

The PM for Income is responsible for revenue management, including billing, receipting, and customer care activities that relates to a wide variety of municipal services. The IDP (2011: 118)

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<sup>2</sup>*Unbilled metered consumption*-The volume of metered consumption that is not billed or paid for.

<sup>3</sup>*Billed metered consumption*-The volume of metered consumption which is billed by the WSA and paid for by the customer.

makes mention of the revenue management activities which include debt collection, credit control and rates.

*ii. Process Manager: Expenditure*

The PM for Expenditure is responsible for the administration of payroll management and payment of creditors whilst adhering to budget constraints. The IDP notes that expenditure management includes contract management, remuneration and inventory management (2011: 118).

*iii. Process Manager: Budgets and Finances*

The PM for Budgets and Finances must implement and manage all aspects of the Municipal Finance Management Act (Act 56 of 2003) and other legislation. It also entails establishing budget and tariffs; preparing annual financial statement and management accounting (IDP, 2011: 118).

#### **4.6 The Policy Framework for Indigence and Free Basic Water at Msunduzi**

In this section, a brief discussion of Msunduzi's Indigent Policy (see Appendix 3) will be presented. Thereafter the Tariff Policy (see Appendix 4) will be discussed and lastly the Credit Control and Debt Collection Policy (see Appendix 5) will be discussed. The objective to highlight the municipality's dual responsibility to provide water for free to those regarded as too poor to pay, while collecting service charges from those who can afford it.

*i. The Msunduzi Indigent Policy*

The Msunduzi Indigent Policy is a form of safety net for the poor people. It enable those who cannot afford to pay for basic services such as water and electricity to access these services as according to the conditions set out in this policy. Hence the indigents are the constituents of the FBW Policy in the Msunduzi municipality. The objectives of the Msunduzi Indigent Policy are to "ensure (i) the provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the council and (ii) to provide procedures and guidelines for the subsidization of basic service charges to its indigent households, using the

councils budgetary provisions received from the central Government, according to prescribed policy guidelines” (Msunduzi Indigent Policy, 2011). The Msunduzi Indigent Policy distinguishes between the two types of indigents:

- “Indigents-Automated means Owners and/or occupiers of residential property where the combined municipal value and the land and buildings or the vacant land value of such property is equal to, or less than, the values determined by the resolution of the Council”
- “Indigents-Application means a resident in charge of a household and who is responsible for payment of municipal charges and whose combined household income is equal to or less than the amount as determined by the Council to qualify for indigent status and has made application to the Council and is accepted to be classified as an indigent”

The Msunduzi Annual Report 2009/2010 estimates the number of indigent households to be 3,336 Applied Indigents and 26,833 Automated Indigents. Under automatic qualification as an indigent the following services are provided:

Table 4.7: Indigent-Automated Service Level

Electricity	Free 50 kWh	✓
	Free 20 Amp	✓
Water	Free 6kl Balance at normal R7,93 per kl	✓
Sewerage	Free	✓
Refuse	Free	✓
Rates	Free	✓

The following services are provided under on application as an indigent:

Table: 4.8: Indigent- Application Service Level

Electricity	Free 50kWh Balance at normal	✓
	Free 20 Amp reduced	✓
Water	Free 6kl 7-12 @ R3.23 per kl Balance at normal R7,93 per kl	✓
Sewerage	Reduced tariff	✓
Refuse	Reduced tariff	✓
Rates	Free	✓

Table 4.9: Indigent-Application Service Level

Electricity	Free 50kWh Balance at normal	✓
	Free 20 Amp reduced	✓
Water	Free 6kl 7-12 @ R3.23 per kl Balance at normal R7,93 per kl	✓
Sewerage	Reduced tariff	✓
Refuse	Reduced tariff	✓
Rates	Rebate on approval in more or less than R1640 40% OR income between R1640-R2036=33%	✓

ii. *The Msunduzi Tariff Policy (2011-2012)*

The Tariff Policy spells out the rates at which the municipality charges consumers. The calculation of Tariffs depends on the service being provided (The Msunduzi Tariff Policy, 2011-2012: 3). The Msunduzi Municipality sets out its bylaws of Free Basic Water or FBW in its Tariff Policy. Some of the objectives inscribed in the Tariff Policy of Msunduzi indicate that municipal services should be “sustainable financially, affordable and equitable also the policy needs to consider the needs of the indigent in the application of the tariff policy”.

The Tariff Policy states that the municipality should implement and review its Indigent Policy annually and the extent of subsidization must be disclosed as according to the municipality's Indigent Policy (The Msunduzi Tariff Policy, 2011-2012). It is also stated that the provision of services such as electricity and water will be metered by the municipality and meters will be read every month. Tariffs may be set in a manner to recover full cost of a service being provided or to recover a part of those costs, or to bring about a surplus that can be utilized to subsidize other non-economical services (The Msunduzi Tariff Policy, 2011-2012: 3). The water tariffs are highlighted in Section 9 of the Tariff Policy see.

*iii. The Msunduzi Credit Control and Debt Collection Policy (2011)*

This Policy regulates the collection of monies owed by customers and those who use municipal services. The Credit Control and Debt Collection Policy must be read in conjunction with The Msunduzi Indigent Policy and the Msunduzi Tariff Policy. It determines a framework in which the Municipality can develop an effective procedure to bill and collect revenues (Msunduzi Credit Control and Debt Collection Policy, 2011: 13). The Council produces a monthly bill to consumers for services supplied such as rates, water, electricity, refuse and sanitation. The Municipality has the authority to disconnect or restrict water supply if payments by cheque have been dishonoured by the financial institution.

The three policies outlined above all have an implication in the delivery of FBW and are the guiding policies in rolling out the FBW to indigents. The following section presents the findings, analysis and conclusion to this study.

#### **4.7 Conclusion**

The chapter has identified that the Msunduzi Municipality inherited huge backlogs from the pre-1994 period. It recognizes that the municipality has a huge role to play in delivering basic services to the people, particularly free basic services such as free basic water. This chapter has presented and analysed Msunduzi municipality's political and administrative configuration. It concluded that these configurations affect how policy is implemented at Msunduzi. It has shown

that it is still a challenge to fast-track the delivery of free basic water to indigent individuals as infrastructure deterioration is eminent and water losses cannot be accounted for.

The following chapter provides a more critical analysis of the organisational implementation challenges which this study has identified.

## CHAPTER 5 FINDINGS AND ANALYSIS

### 5.1 Organisational Implementation Challenges

This chapter will identify some of the key issues and challenges experienced at the Msunduzi Municipality with regards to the provision of Free Basic Water to its indigent households. It identifies two main reasons. Firstly, its inheritance of insignificant basic services backlogs and secondly, its organisational configuration.

#### i. Backlogs and deteriorating infrastructure

As it stands, there is still a significant water backlog of 14,063 household water connections in the Vulindlela and Edendale areas (IDP, 2011: 60). Besides the remaining water backlogs, there is a need to renew about 160km of old water pipes. The Msunduzi Municipality Annual Report (2009/2010: 247) notes that the total water losses in kilolitre and rand amounted to 19,233,312kl (valued at R63, 806,000).

#### ii. Water losses and capacity challenges

The local newspaper, *The Witness*, reported in November 2010 that the water losses for the year 2009/2010 amounted to 63% (Shamase, 2010). Of the 63% of water losses, half of this was due to physical water leaks and bursts while the remainder was attributed to illegal connections or unmetered and unregistered connections (Ndaba, 2011). The Auditor General's Report (for the year ended 30 June 2010), raised some critical concerns regarding the extent of the municipalities material losses. It noted that there has been a significant loss in water and electricity mainly due to theft, distribution losses and illegal tampering.

The IDP noted that the municipality is experiencing a severe lack of technical capacity in the Water and Sanitation department. The department only has one engineer and eleven technologists and technicians (IDP, 2011: 158). According to the IDP (2011: 152) within the water and sanitation department there are 388 posts and 119 are vacant. This is one of the underlying causes of slow service delivery to communities or households. If the Water and Sanitation business unit is understaffed this means that their projected targets of providing water

and proper sanitation is hindered or delayed. The Auditor General's (2010/2011) report also identify that R75, 5 million was lost due to water distribution challenges.

iii. Billing and collection problems

Besides problems associated with the provision of water, and the financial costs of water losses, the municipality also suffers from a poor recovery of long standing debts. The Municipality has not enforced adequate credit control procedures and mechanisms in terms of its Credit Control and Debt Collection Policy and in compliance with the Municipal Finance Management Act (Act 56 of 2003) and Municipal Systems Act (Act 32 of 2000) (IDP, 2011:45). Miya (2011) notes that the Msunduzi municipality is owed over R400 million in outstanding payments due in part to problems in its inadequate revenue collecting system.

A combination of the above contributed to the financial crisis of the Msunduzi Municipality, which resulted in the MEC for Co-Operative Governance and Traditional Affairs (COGTA) placing the Msunduzi Municipality under provincial administration in March 2010 (IDP, 2011:14). The MEC established a Provincial Intervention Team to investigate further on the Msunduzi Municipality financial challenges and to establish a turnaround strategy for the municipality.

iv. Unavailable data

The findings of the PIT (reflected in the Quarterly Consolidated Municipal Performance Report for year end 30 June 2011) indicated that it remains unknown how many households are entitled to the Free Basic Water. Similarly no data was available with regards to number of interruptions in the water services and number of households affected by water interruptions. In addition, PIT found that there was a lack of accurate billing information. There was no data available on the quarterly collection rate on billings neither on the percentage growth in revenue collected by the municipality as a percentage of the projected revenue target (COGTA, 2011).

v. Debt/ arrears remaining

With regards to financial viability and financial management, it was found for debt owed over 90 days that 88% was reached in their target of 20. Debtors collected as % of money owed to the municipality was 55.82% out of the target of 95. The results obtained are because of blockages which are indicated as lack of revenue collection (GOGTA, 2011). The budget that the municipality actually spent on capital projects reflected that the target was 50 and the municipality only used 19.91%. Also from the operation budget spent on repairs and maintenance the municipality reflected that from the target of 100% it was only able to spend 1%. The above scenario still resembles a serious case of how finances are used and how water delivery is being conducted.

PIT's findings point to the significance of having structures and practices in place that align and coordinate the activities within an organisation. In this case, between the functions for water delivery and the functions of financial management and cost recovery. The issues identified above span across different departments. This study has identified the water and sanitation, and finance services departments as two of the key departments faced with the challenges identified above.

## CHAPTER 6 CONCLUSION

The Msunduzi Municipality inherited huge water backlogs from the amalgamation processes of pre-1994. As a result of these backlogs the Municipality still faces constraints in delivering water services. The challenges experienced by the municipality in terms of provision of water, including FBW, is not limited to the Water and Sanitation Department or the Finance Services Department. This study has shown that the provision of basic water and free basic water in particular depends upon coordination between the Water and Sanitation Department and the Finance Department.

One of the key findings of this research was that the structure of organisations depend greatly on the features of the organisational context. This statement was highlighted by O'Toole (1993: 233) and has proven to be true in the case of Msunduzi. The context of Msunduzi, namely its historical background, political configuration and administrative configuration, influences how the organisation as a whole is structured and how the different departments implement policies.

It was stated by O'Toole (1993: 232) that for policy objectives to be met, the structures employed for implementation should mesh with the policy objectives being sought. This implies that the organisations at Msunduzi responsible for the delivery of water particularly free basic water, must have objectives that align with the objectives of the policy being sought, (in this case, the Free Basic Water Policy). One could indicate that alignment was lacking at Msunduzi. If the different departments were better aligned, perhaps there would not be so many challenges when it comes to financing the infrastructure needed for delivery of water and for minimising the water losses that have been experienced.

This research stressed the importance of understanding the structure and processes of organisations, the political life and the interactions that take place inside and outside of organisations. Parsons (1995: 461) has argued that the above is essential in policy implementation. Menzel (1987: 8) has pointed out that organisations do not direct themselves but it is the structures and processes in place that determine the organisations. What was gathered from reviewing the organisational configuration for finance services in Msunduzi is that there are no links to other departments. The finance division operates solely by itself. This in a way points

to challenges in the organisation design and modification. Brinkerhoff and Crosby (2002: 28) have highlighted that if organisational design poses a challenge, then policies that stem from such organisations will be hard to coordinate.

One aspect regarded as important in policy implementation is that of cooperation and coordination. O'Toole and Montjoy (1984) have pointed out that if formal authority is absent in organisations then there will be little coordinated effort. In the case of Msunduzi it was found that there was formal structure for coordinating the implementation of the Free Basic Water Policy. Parsons (1995: 21) noted that implementation examines the structure of an organisation looking specifically at the political life, how organisations conduct their affairs and interact with one another. Similarly Menzel (1987: 8) stated that organisations do not direct themselves but it is the organisational environment i.e. structures in place and processes, which direct organisations.

Brinkerhoff and Crosby (2002: 119) noted that information sharing, resource sharing and joint action is critical for better coordination. Resources are an integral part of successful policy implementation. Brinkerhoff and Crosby (2002: 27) add that it is not only lack of financial resources that can hinder implementation but also lack of skilled human resources, technical and material resources. In the case Msunduzi municipality, there was a lack of human resources as there were 119 post not filled out of 388 (IDP, 2011: 151).

The conclusion of this thesis holds that an analysis of how organisations are structured, their interdependencies, and how they engage with one another influences how policy is implemented.

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**APPENDICES**