

UNIVERSITY OF KWAZULU- NATAL

Investigating non-payment of municipal services in eThekweni Municipality

By

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DECLARATION

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DEDICATION

I dedicate this study to my two children, Nkanyiso and Bandile

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I would like to thank the Lord Almighty for giving me the strength and perseverance to complete this study. I would also like to express my sincere gratitude and appreciation to the following people, without whom the study would not have been a success:

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ABSTRACT

The challenge of non-payment for municipal services originated in the apartheid regime prior to 1994, where citizens boycotted paying for services with the intention to overthrow the apartheid government. Non-payment of municipal services was anticipated not to be an issue post 1994 when the democratic government of the ANC took over. However, it has been more than two decades into democracy and yet the challenge of non-payment for municipal services still persists. Have the people become so accustomed to the culture of non-payment that it is difficult to revert into paying? Why is it that municipalities continue to experience increasing consumer debt levels, even in this democratic era? Is there anything that can be done to remedy this situation?

The purpose of the study was to establish the main reasons behind non-payment of municipal services in eThekweni Municipality. It also sought to answer which services are customers likely not to pay for. The study further suggested what strategies can be employed in order to readdress the challenge of non-payment and minimise bad debts in the city. The study utilised the multi-method approach which combined quantitative and qualitative data to ensure depth to the findings. The theoretical and empirical data related to this study were analysed to answer the above questions. The results of the analysis revealed that although some of the reasons for non-payment included unaffordability, incorrect billing, entitlement culture, unsatisfactory service delivery and the unwillingness to pay, it was also noted that the issue of incorrect and estimated billing were the main reasons why the payment rate has declined in eThekweni Municipality. In view of this, it was recommended that the municipality undertakes to improve the quality of its billing systems in order to regain citizens' trust, thus improving the rate of payment.

Key words: municipal services, non-payment service delivery, eThekweni Municipality

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

The South African government is divided into three layers which are the National, Provincial and Local government. Local government which is also known as the municipality, is the one sphere of government that is closest to the people, its main function and key mandate is to provide services to the citizens residing within its area of jurisdiction (Ajam, 2014). The services provided at local government level include water and sanitation, electricity, sewerage disposal and refuse removal. The city of Durban is managed by the local government structure called eThekweni Municipality, which is the basis for this study. The eThekweni Municipality is therefore in existence to make sure that the people of Durban get adequate services and that the city is the most livable city which attracts investment opportunities to grow the economy. Like any other organisation, a municipality requires adequate sources of revenue in order to effectively expedite its duties (Chauke and Sebola, 2016). A municipality derives its revenues from two main sources: grants from the government in the form of equitable shares and income generated from “own sources of revenues”. The municipalities’ own revenues refer to the income generated by municipalities from services which they render and these include the rates, charges for electricity, water, refuse and removals services. South African municipalities have seen a number of municipal failures due to the inability to generate sufficient revenue from own income sources (Botes and Pelsner, 2001). In the context of the above, this study aims to investigate the root causes of non-payment for municipal services by communities, in order to recommend strategies which could help remedy the challenge.

This chapter therefore gives an overview of the study, by highlighting the pertinent issues regarding the study. The background information, the aims and objectives, as well as the significance of the study, are described.

1.2 BACKGROUND OF THE STUDY

The challenge of non-payment of municipal services is not a new phenomenon, it originated from the apartheid regime. Before 1994, citizens would boycott paying for services as a way of protesting against the apartheid government at that time (Johnson (1999)). The issue of boycotting payment was meant to have stopped after 1994 when the ANC took into power. Unfortunately, this did not happen since the problem of non-payment still persists even in the post-apartheid era. Peters and Oldfield (2005) states that the multiple impacts of municipal debt are a cause for concern in South Africa's public finance and intergovernmental fiscal and there is a need for policy makers to have a full understanding of the extent of the debt, its impact, as well as how to manage the challenge of debt and risks associated with it.

The White Paper on Local Government states that for a municipality to be financially viable, it must be able to generate adequate revenues from own sources and ideally, 90% of its operations should be financed from its own sources of finance (Ajam, 2014). The problem of non-payment for municipal services has always been putting a strain on municipalities' ability to raise adequate revenues. When consumers do not pay for services, municipalities would not be able to finance their operations, which often results in lack of or poor service delivery due to insufficient funds. These and other issues have prompted the need for this study, to investigate the effect of non-payment of municipal services on service delivery.

1.3 STATEMENT OF THE PROBLEM

Municipalities are faced with the biggest challenge of non-payment for municipal services by its citizens. This refers to the failure of municipal customers to pay for property rates taxes levied and for services like electricity, water, sewer and refuse removals. Non-payment has been evidenced by the continuing trend of rising debt levels in municipalities. The National Treasury's Section 71 reported that in KwaZulu-Natal, municipal debt grew by a staggering 31 percent in 2014/2015 financial year end. The debt increased from R10.1 billion in 2014 to R13 billion in 2015. EThekweni municipality had the largest amount outstanding debt of R5.5 billion, followed by uMgungundlovu at R2

billion, of which R1.5 billion relates to debt owing to Msunduzi Municipality. Sisonke recorded the lowest amount outstanding debt of R159.3m (National Treasury, 2015).

The White Paper on local government (1998) states that municipalities need to have adequate access to sources of revenues in order to be able to discharge responsibilities assigned to them. It becomes a challenge when customers do not pay for services which the municipality renders, it reduces the municipalities' effectiveness and puts pressure on the municipalities' ability to fund investments in new capital projects, maintain the existing infrastructure, extend free basic services to the poor and improve the overall service delivery levels. When a municipality is unable or becomes ineffective in providing services, it may result in unpleasant living conditions and violent protests. The key mandate of eThekweni Municipality is service delivery and if customers do not pay for services, the municipality would simply not have adequate funds to fulfill its key mandate to the people. In view of this, the study has the following aims and objectives.

1.4 AIM OF THE STUDY

The primary aim of this study is to investigate the reasons behind the non-payment of key municipal services by communities in the eThekweni Municipality. Thus, the study has the following objectives.

1.5 RESEARCH OBJECTIVES

- To identify the reasons for non-payment for key municipal services.
- To identify municipal services where collection of revenues might be a challenge
- To suggest strategies which could improve non-payment of municipal services in eThekweni Municipality

1.6 RESEARCH QUESTIONS

Why are some customers in eThekweni Municipality failing to pay for municipal services rendered by the municipality?

Which services are customers mostly not paying for?

What strategies can the municipality implement in order to remedy the problem of non-payment for municipal services in eThekweni Municipality?

1.7 SIGNIFICANCE OF THE STUDY

The continuing trend of increasing debt levels observed in municipalities over the past years is a cause for concern, if debt continues to escalate, it could result in a negative impact on municipalities. The study is therefore to the benefit of eThekweni Municipality in that it is envisaged that there would be improvement in the payment for services from consumers (after recommendations are implemented). EThekweni Municipality consumers (community) might also benefit because if payment of services improves, that would mean the municipality would have sufficient funds to enable new capital expansion, maintain existing infrastructure and an overall improved service delivery is envisaged.

1.8 OVERVIEW OF METHODOLOGY

The methodology adopted for this research was mixed method approach which consisted both the quantitative and qualitative component. It made use of a survey questionnaire in which the major part was quantitative and the second but smaller part comprised of two open ended questions. While the quantitative component was meant to uncover trends in opinions, and thought and ensuring a higher degree of representativeness, the inclusion of qualitative component was driven by the desire of the researcher to gain an in-depth understanding of the phenomenon at hand and its nuances and subtleties (Bryman, 2006). The questionnaire was carefully structured and handed out to relevant customers as would be explained in chapter three.

The data analysis consisted of descriptive and inferential statistics for the quantitative while thematic content analysis was applied to the ensuing data in order to arrive at the pertinent findings. The research was also grounded in existing literature which served as a secondary source of learning and exploration of the research objectives.

1.9 LIMITATIONS OF THE STUDY

Major limitations to this study were time and data collection for the study. The study was restricted by dissertation submission dates and although the researcher eventually received adequate feedback, it took time to get people who were interested in participating in the research, some questions were not answered according to the instructions. In spite of this, the rate of response was good that the researcher could gather the amount of data necessary for one to make certain conclusions about the phenomenon that this study focuses on.

1.10 DISSERTATION OUTLINE

This report comprises five distinct chapters which give a detailed description of the study. The highlights of each of the chapters are presented below:

Chapter 1 gives a general overview of the report. It outlines the research problem, research question, introduces the background to the issues to be researched in the study and the research methodology applied.

Chapter 2 provides literature underpinning the concept of non-payment for municipal services. It also gives more meaningful insights into the rationale behind the non-payment of service. The chapter also considers the strategies which could be employed by municipalities in their efforts to ensure cost recovery on the services rendered to the public.

Chapter 3 outlines how the researcher went about in the collection of data, the methodology employed to collect and analyse the data and it also explains any limitations and ethical considerations in the study as a whole.

Chapter 4 analyses the results and explains the findings of the study. It also explains how eThekweni Municipality deals with the challenge of non-payment of municipal services.

Chapter 5 gives recommendations on the ways in which the eThekweni Municipality could improve payment of services by customers based on the findings and conclusion.

1.11 SUMMARY

This chapter described the problem statement, the purpose of research, objectives of the research as well as the research question. The methodology followed through the research process was also detailed in this chapter, including the question of data analysis. The chapter that follows presents a review of the relevant literature, in terms of payment and non-payment for key municipal services in eThekweni Municipality.

CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION

The purpose of this chapter is to review existing literature around the issue of non-payment for rates and service charges levied by municipalities. The literature review aims to contextualise the study. The chapter thus provides an overview of local government and its role in society, which includes revenue collection, as well as the challenges that it faces, with regards to non-payment of services by communities and the effects thereof. In that view, the section that follows provides a general overview underpinning the culture of non-payment for municipal services. It also suggests the strategies which can be used to re- address the situation.

2.2. HISTORY OF NON-PAYMENT FOR MUNICIPAL SERVICES

The non-payment for municipal services dates back as far as the 1980s, when the Black communities used the boycotting of payment for services as a political means to confront the apartheid government. During those days, town and city councils were demarcated based on race, with some catering for the Black communities, while others catered for the affluent White communities (Moses, 2002). An integration of the Black and White councils was established, but this resulted in conflict, as the poorer communities felt that the council did not equally represent them because they did not have their interest at heart (Christianson, 1994). This increased the culture of non-payment for municipal services due to dissatisfaction with the poor, or total lack of services in the poorer Black communities, as the government of the day was blamed for racial segregation (Van Schalkwyk, 2012).

However, even after more than 20 years since the first democratic elections, the issue of non-payment still remains a financial threat to municipal operations. On the other hand, the developmental mandate of municipalities includes providing basic needs and services like water, electricity and sanitation to communities, while at the same time promoting

socio-economic development. In order to achieve this, municipalities are compelled to mobilise resources, one way of which is through revenue from the consumers of municipal services. This is also highlighted in the that consumers of municipal services should pay for those services. However, many municipalities are continuously being frustrated by a number of consumers who do not pay for municipal services, for different reasons which range from the inability to pay, dissatisfaction with the services provided, as well as ignorance and opportunism. In this view, the non-payment for municipal services shows a disrespect of government structures and officials. The non-payment for services often forces municipalities to discontinue the provision of the basic services, which is detrimental to the communities. In the same manner, citizens have a constitutional right to basic services like water, sanitation and electricity. In order to attempt answering the key questions and unpacking the reasons for non-payment and effect thereof, it is imperative to first understand the local government and its role in society and in revenue collection.

2.3. UNDERSTANDING LOCAL GOVERNMENT SERVICES

The South African government is divided into three spheres namely the National, Provincial and Local government, which is also referred to as municipalities. A national government is the government, or political authority, responsible for maintaining security and stability in the country, at national level, policies and legislation that govern the country as a whole are set and enforced at this level of government. The second layer of government is the Provincial government. In South Africa, there are nine provinces and each are governed under the law of national and provincial government. The powers of the provincial governments are circumscribed by the national constitution, which limits them to certain listed "functional areas", local government looks after the province as a whole (Ajam, 2014). The local government is the third layer of government and it is the closest sphere to the people. The key functions of municipalities is to distribute basic resources and services which are considered essential to the well-being of citizens residing within its boundaries (Parnell, 2002, Hornby et al., 1995, Theletsane, 2014) defines services as being that which a company or state provides in order to satisfy the needs of the public. Municipality looks at the needs of the people within its jurisdictions

and it aims to provide services which will fulfil the needs of these communities. Municipalities are responsible for the following functions:

- Electricity delivery
- Water for household use
- Sewage and sanitation
- Storm water systems
- Refusal removal
- Firefighting services
- Municipal health services
- Decisions around land use
- Municipal roads
- Municipal public transport
- Street Trading
- Abattoirs and fresh food markets
- Parks and recreational areas
- Libraries and other facilities
- Local tourism.

National or Provincial government can also at times delegate some of their duties to the local government (Gildenhuys, 1997). From the above list of services provided by local authorities, it is clear that municipalities play a crucial role in our society. According to Fourie et al. (2011) municipalities are where service delivery commences. Fourie et al. (2011) further state that local government is about what happens in our homes, streets and in our communities. Local governments are the ones who are contracted with the actual service delivery to the communities hence, the role played by municipalities in the provision of essential services to communities cannot be underestimated and it is also equally important to understand that the provision of these services has costs associated with it. Municipalities need revenues in order to operate and fulfil their constitutional mandate of service delivery.

2.4. MUNICIPAL SOURCES OF REVENUE

Revenue is defined in accounting as income or monies that a business generates from its normal business operations, which is usually income from the sale of goods or rendering of services. Revenues can also be received from other sources such as royalties, grants, interest and other fees (Epstein et al., 2009). Revenues are essential for any business to operate successfully, as no business, irrespective of whether it aims to make a profit or not, can operate without any revenues. Clearly in the case of municipalities revenues are also needed to operate.

In municipalities, revenues are mainly generated from two sources, which the White Paper on Local Government categorises as own revenue and intergovernmental transfers in the form of equitable share. Manyaka (2014) states that revenue management constitutes a key component in financial management and should be given special attention. Bekink (2006) further argues that success in the new local government system is dependent largely on the availability of resources and more so, financial resources. While in the past, things such as disclosures, accountability and credit ratings were traditionally not as much of a concern or strictly applied in the public sector as was done in the private sector. However, in the modern era where the world is evolving and globalization is greatly impacting on how businesses are run, financial management becomes a key component in business management. Scandals such as America's biggest Enron Corp scandal brought about the need for a public sector to be more accountable and this resulted in the establishment of government principles which took the form of legislation (Lubbe and Rossouw, 2005).

2.4.1. Own revenue

Section 229 of the Constitution empowers municipalities to impose rates and taxes on properties and surcharges on fees for services provided by, or on behalf of the municipality (Steytler, 2005). Municipalities charge for services such as, but not limited to electricity, water, refuse removal and sewer, which often constitute the main sources of municipalities' own revenues (Manyaka, 2014). Property rates refers to tax charged on all immovable and visible properties within its area of jurisdictions, the tax is charged

based on the assessed value of each property. Most municipalities, including eThekweni, can only generate rates from properties which are situated mainly in urban or semi-urban areas. Areas in the rural parts of the city are still a challenge when it comes to levying of taxes, and for instance, properties situated in “Ingonyama land” are not taxed and municipalities are losing on an opportunity to generate revenues in these areas. Revenues from rates and services form a major portion of the revenue basket for eThekweni Municipality, comprising 68.9% of total revenue, with electricity charges being the largest revenue source totaling 36.5% (National Treasury, 2015).

2.4.2. Intergovernmental transfers

Intergovernmental transfers refer to a type of revenue that is raised nationally and then shared amongst the national, provincial and local government in the form of equitable share (Malan, 2005). The aim of intergovernmental transfers is to assist in combating poverty and strengthening the municipality’s capacity to deliver services. Grants are aimed at supporting the municipalities in fulfilling their constitutional mandate. Although municipalities receive this form of assistance in the form of grants, it is however important to understand that grants alone cannot sustain the municipality hence, the Constitution of the Republic emphasized the need for municipalities to be self-funding. It is stated in the Constitution that the majority of municipalities’ operating expenses should be funded from own revenue sources.

Bigger municipalities such as eThekweni have in the past been in a position to finance most of its expenses from own revenue sources. However, the increasing thread of non-payment for rates services is a cause for concern. If the escalation of debt and non-payment is left to continue, this could be threatening to the financial viability of the municipality and could result in what is called the “dependency syndrome”. According to Kanyane (2011), “dependency syndrome” refers to a situation where a municipality is not financially self-sufficient and thus, is dependent on government transfers or grants for bailouts, instead of supplementing its own revenues with the grants, the grants become the main source of income. This situation is not desirable as it has the potential of compromising the accountability of municipalities to their citizens.

It can therefore be argued that without adequate revenues from own sources, a municipality will generally struggle in maintaining its sustainability hence, it is crucial that the collection of own revenues is optimized. However, it becomes a challenge when some communities are slow or fail to pay for their service and rates charges. According to Schoeman (2011), one of the greatest challenges facing the local government sector today is the collection of revenue raised for services rendered to various consumers.

2.5. REVENUE PAYMENT

Many South African municipalities are faced with the challenge of service delivery backlog, while on the other hand, they are expected to ensure cost recovery for the services they provide (Alexander, 2010). The fact is that ratepayers who do not pay their bills owe municipalities millions of rands. Chapters 3, 7 and 13 of the Constitution of South Africa (1996) highlight the principles of cooperation and local government finances. Among other things, it is noted that municipalities ought to generate their own income from the services that they render to the public (Koelble et al., 2008). This is also emphasized by (Fjeldstad, 2001) who argued that municipalities' main sources of revenue include the user charges on services, water, sanitation, electricity and property rates. In this view, the municipalities' greatest challenge is the poor and or non-compliance and ineffective revenue collection, especially with regards to water and electricity charges (Fjeldstad, 2004). The situation is aggravated in some municipalities which fail to provide such services like electricity, it becomes difficult for them to enforce charges on the other services.

Africa (2000), The Municipal Systems Act 32 of 2000 highlights that the local government has been mandated with the powers over municipal credit control and the collection of debt. In addition, municipalities have been mandated to disconnect services for those citizens who fail to pay for municipal services over a certain period. The Act thus gives power to municipal authorities to have a solid client management system, as well as to establish credit control and debt collection management policies (Koelble et al., 2008). The Act also allows municipal authorities to adopt policies which enable them to collect revenues from citizens, so that they would be able to discharge their responsibilities of

service provision and infrastructure development. The Act is meant to ensure the effectiveness of municipalities by establishing a framework for municipal planning, performance and effective and efficient use of resources. It also ensures that tariffs and credit control policies are put in place and these policies are considerate of the needs of the poor and promotes both public and local governance participation (Africa, 2000). Section 96 of the Act further compels municipalities to collect all monies due to them (Africa, 2000).

Although the Act supports municipalities in collecting monies due to them, it is worth noting however, that prior to 1994, racially discriminating policies denied the majority of black South Africans their right to citizenship and economic benefits. The majority of Black citizens were alienated into rural and township areas, with little or no quality services, whilst the services in White communities in suburban areas were being exaggerated. The black community in most townships, because of the dissatisfaction with the apartheid government, had already started boycotting payment for government services as a strategy to fight the political exclusions of Blacks. Thus, it can be concluded that the issue of non-payment is historical in South Africa (Lubbe and Rossouw, 2005). It has perpetuated past the apartheid regime and it is clearly no longer about fighting the apartheid government. From the previous section, it is evident that municipal revenues are vital for the sustainability of any municipality and without sufficient revenues, a municipality may collapse and when it collapses, it can have a significantly negative impact on the lives of the communities. Basically, service delivery could come to a “stand still” and it would be difficult for communities to reside in that city. Having said this, it would not make sense for citizens to wish to collapse the municipality. However, it has been noted that the failure of communities to pay for services consumed is creating havoc and can in actual fact cripple the municipality. The next section explores some of the widely stated reasons for non-payment for municipal services.

2.6. REASONS FOR NON-PAYMENT FOR MUNICIPAL SERVICES

2.6.1. Poverty and the inability to pay

It was anticipated that the new South Africa born after 1994 would bring about a reduction in poverty levels and the inequalities which were experienced under the apartheid regime. However, the reality has been disappointing, with income poverty rising after the late 1990s, although there was a small decline in the early 2000s. Generally, there has been an increase in income inequality and a decrease in life expectancy, of which this decline can be explained as being a result of the high levels of unemployment and low demand for unskilled, strong demand for the skilled labour, unequal education system and other factors (Schoeman, 2011).

The most common scenario is that of the rural poor migrating to the urban areas in search of employment. These are some of the people who put pressure on the municipal services, even if they cannot afford to pay for them (Craythorne, 2006). Because the majority of such people engaged in menial and small income paying jobs, the income is too little for them to consider paying for municipal services hence, they rather boycott payment. It is therefore clear that the non-payment for services is more of the inability to pay, rather than the unwillingness to pay or dissatisfaction with the services, which are of secondary significance (Botes and Pelser, 2001). In this regard, poverty stands out as an essential element in the non-payment issue, as people tend to divert their small savings on other basic needs like food and clothing. Therefore, there is a direct relationship between poverty and the ability to pay for municipal services, since the majority of the defaulters simply cannot afford to pay for municipal bills in full. In such cases, municipalities are forced to rely on the faithful rate payers for them to be able to bailout the defaulters.

This view is supported by McDonald & Pape (2002), who highlighted affordability as being the biggest concern when it comes to the payment of bills. McDonald (2002) study revealed that most respondents stated that there was no way they could afford paying for

services matters (McDonald, 2002). It has also been noted by Fankhauser & Tepic (2007), who are of the opinion that the affordability problem may become worse before it can get better. In their study, they suggested that in most countries, about fifty percent of the population lives below the poverty line and accordingly, Manyaka (2014), further states that when citizens are unemployed or have no means of generating income, they are therefore unable to afford to pay for municipal services. This further results in more people who will be classified as indigents, meaning that they are exempted from paying municipal services and the cost associated with provision of such services must be borne by the municipality. In South Africa, the rate of unemployment averaged 25% from 2000 till 2016, this effectively means that out of 36.4 million South Africans of working age, about 5.7 million are unemployed (2020, 2016). If the argument of inability to pay is accepted as the reason for customers defaulting on their municipal bills, then it can be concluded that in order to address the issue of non-payment in municipalities, the government first needs to address the underlying factors, especially unemployment and poverty, as these have the potential of thinning the revenue base and perpetuating the challenge of non-payment, which has a negative impact on municipalities' ability to generate and collect from own sources of revenue.

2.6.2. Entitlement Culture

Another argument which has been put forward on the issue of non-payment is the "entitlement culture". Johnson (1999) argues that the challenge of non-payment in municipalities is a culture of entitlement and dependency, which originated from the apartheid era. Many South African citizens, even those who can afford to pay, are still stuck with the mentality of non-payment, which seems to have started during the apartheid government (Kahn et al., 2011). It is further alleged that people are unwilling to pay because they believe that they are entitled to free municipal services since they fought for it against the apartheid government (Burger, 2009).

Ruiters (1996) survey found that the ANC's (1985) "Let's make South Africa Ungovernable" campaign emphasized the non-payment of service charges and highly contributed to the existing culture of non-payment for municipal services. After the first

democratic elections in 1994, the South African society had so much high expectations from the new government. This saw the citizens expecting the government to provide certain services for free, so as to correct the imbalances of the past in terms of access to adequate health care, employment opportunities, water and sanitation, to mention a few (Miraftab, 2004). Unfortunately, many citizens still have no access to these basic municipal services, a situation which often triggers service delivery protests.

2.6.3. Trust in local government

Many studies have shown that community members do not trust government officials when it comes to service delivery. The sources of distrust include failure to fulfil promises, nepotism, corruption and incompetence, to mention a few. In the South African context, this shows the breaching of the Batho Pele Principles. Scholz and Lubell (1998) noted the existence of trust between citizens, as well as between them and the government, as the foundation for cooperation and therefore, compliance with the country's legislations. Citizens are more likely to trust government institutions if they believe that the taxes that they pay would make the government act in their interest.

Fjeldstad (2004) argues that non-payment is not only related to poverty or the culture of entitlement, he argues that the latter arguments do not explain the variation in compliance on groups with similar characteristics. For instance, it is possible for two citizens to be classified as poor, but one is paying for services, while the other one is not, so how can these variations be addressed if we state poverty as the cause of non-payment? Fjeldstad (2004) states that there is an element of trust which affects people's compliance. He states that there is a relationship between non-payment and whether citizens trust that the municipality would act in their interest. According to Fjeldstad (2004), citizens' compliance to payment for municipal services is affected by three dimensions: citizens have confidence and trust that local government will act in their best interest by using revenues collected to provide the expected services, that it is capable of establishing fair procedures for revenue enforcement and distribution of services and, they also trust that other citizens pay their share for services consumed. Basically, this argues that the willingness to pay for municipal services is determined by the government's capability to

provide services, as well as its preparedness to ensure that the non-compliant citizens comply.

The above argument captures a very crucial point of trust in government or specifically, municipalities, not to abuse revenues collected because it is common sense that people will be discouraged to pay for services when they are of the impression that the revenues are being abused. Why pay my hard-earned cash for someone to unjustly abuse it? In support of this view, Levi (2006) states that people are more likely to cooperate with government when they know that they will get something in return, their confidence is also enhanced when they trust that officials are honest and revenues collected will actually be used for the public's benefits, in a manner that is considered fair and equitable. It can however be debated that what constitutes fairness in the distribution of public goods may vary across society and time. However, the most commonly accepted view is that when widely held expectations are not met by the government, the likelihood of resistance and passiveness in compliance of citizens is high.

2.6.4. Dissatisfaction with service delivery

Another argument by critics of “culture of entitlement” is that resistance to service payment is further perpetuated by the poor service delivery. It is argued that despite the democratic dispensation, people in the historically black and colored areas are still being provided with inferior services, as compared to the historically White areas. As cited by McDonald and Pape (2002), this has been referred by Mashinini (1998) as the “culture of non-servicing”. Many low-income communities lack high quality schools, health care facilities, public transportation, parks and recreation facilities and many other quality goods and services that residents of other neighborhoods take for granted. The argument here is that as long as there is the lack of political will to improve service delivery in Black and Colored townships, citizens will be unwilling to pay. This argument is supported by Glaser and Hildreth (1999) and Raje et al. (2002). It is generally accepted that when customers are not happy with service delivery, the likelihood of compliance, which in this case is payment, is sought to be low.

It should be noted that although the public sector does not aim to make profit, the role of customer satisfaction should be seen as important in the public sector as it is so in the private sector. The role of a customer has received increased attention in the democratic South Africa. Customer satisfaction of all municipal customers should be a central concept in local government, considering its mandate of quality service delivery for all citizens. Customer satisfaction is defined by Matzler et al. (2005) as a pleasant or rather disappointing feeling resulting from a product or services actual performance (outcome) in relation to the customers' expectations.

A number of organisations have identified customer satisfaction as their key strategic goal as it drives business to success (Matzler et al., 2005). This argument goes hand in hand with Bodea and LeBas (2016) argument which infers that trust has an impact on people's compliance to government: when the government or local authority is seen to be providing quality services equitable to all communities, trust in the local government develops, it is more likely to receive cooperation from citizens, in the form of citizens also taking their responsibility of paying for services.

Unwillingness to pay for municipal services indicates deliberate non-paying for some reasons, which has nothing to do with affordability. In the case of unwillingness to pay, even high income households do not commit themselves in paying for municipal services. More often than not, the unwillingness to pay for municipal services is a result of dissatisfaction with the services that are being rendered by the municipalities. In the apartheid era, it was indicated that citizens did not pay for municipal services because they were protesting against the government of the day which was discriminatory. After 1994, people are still not willing to pay due to dissatisfaction with the services provided. Some of the communities feel that the billing system is not fair, which results in them receiving high bills which they cannot afford to pay hence, they just ignore payment.

It can therefore be argued that some people have become used to not paying for services and can no longer change their mindsets hence, they always find something to blame as being their reasons for non-payment for services (Kanyane, 2014). This kind of civil

disengagement has something to do with the quality of the services provided. This means that citizens feel that they cannot pay for poor quality services, for instance, the aged electricity infrastructure often results in power outages which then frustrates the consumers (Fjeldstad and Heggstad, 2012) . For the protesting consumers, the aged infrastructure is a result of mismanagement by the municipal authorities (Alexander, 2010). Ordinary citizens generally believe that municipal officials mismanage municipal funds, which leads the municipalities in financial difficulties and would not be able to maintain and repair broken infrastructure, the result is poor or total lack of service delivery by the municipalities (Akinboade et al., 2013). In addition, some community members feel left out when it comes to decision making processes regarding their welfare, a scenario which also makes them not to trust municipal authorities because of the feeling that their needs are not being prioritised (Craythorne, 2006). In the end, communities engage in the collective power of boycotting payments and their solidarity allows them to flout the law, while at the same time, especially in the poor townships, find survival options like self-connecting those services that would have been disconnected by authorities, getting the services from neighbours, as well as vandalizing prepaid meters by tampering with them (Ruiters, 2007).

2.6.5. Arguments on water as a natural resource which ought to be free

EThekweni Municipality generates most of its revenues from electricity sources. However, collections from water sources seems to be a challenge. According to Treasury (2015), the budget statement for the local government revenue expenditure (3rd quarter) indicated that 25% of EThekweni Municipalities debt was from non-payment of water services and only 12% of arrears related to electricity and the balance of 37% was for non-payment of rates. Generally, when it comes to service payments, people are more willing to pay for access to electricity than access to water and sewerage, even though water is essential to life (Whittington et al., 2009). There is a general feeling that water is a natural resource and a basic need hence, it ought to be provided by government free of charge, unlike electricity which is considered a luxury rather than fundamental resource.

Prior to 1994, most of the water resource were captured by the privileged White minority during the apartheid government (Mehta and Ntshona, 2004). According to Muller (2002), it has been said that in 1994, there was an estimated 15.2 million of people who did not have access to basic water and 20 million lacked basic sanitation, this related mostly to rural communities. Distribution of water was unequal, with the White minority having the majority of access. From 1994, the focus was on issues of equity and rights, with the ANC government attempting to even out the distribution and correcting the imbalances of the apartheid government (Mehta and Ntshona, 2004).

Water is generally accepted as being key in improving human well beings and securing sustainable livelihood, it is a known fact that no human can survive without the consumption of water. The Universal Declaration of Human rights explicitly endorsed the right to water. However, it was only adopted in 2002 by the United Nations Committee on Economic, Social and cultural Rights. The committee defined water as a social and cultural right and not only an economic good. The committee also emphasized the state's legal responsibility in fulfilling the right (Mehta and Ntshona, 2004).

There has been growing arguments with regards to water and sanitation. Finger and Allouche (2002) argue that due to the scarcity of water, it is becoming highly valuable and thus, should be regarded as a commodity that should be managed according to economic principles. The researcher is of the view that water should have a price and the "right price" must be determined by market conditions. The logic behind this argument is that if water is provided for free, it might be wasted or used recklessly and that would put more strain on a resource that is already constrained. However, others argue that water is a fundamental human right which can not only be seen as an economic good, but also essential to human existence and is a fundamental right which must be respected by the state and international development (Bakker, 2008, Organization, 2003).

South Africa is one of the few countries globally, that formally recognises water as a human right. The national water and sanitation policies like the Free Basic Water aim to ensure that affordability is not an inhibiting factor to the right to water. The Constitution of the Republic of South Africa legalises the right to water and so clearly states that every

citizen of the Republic has the right to sufficient water and an environment that is not harmful to health (Africa, 1996). In line with the Constitution, the EThekweni Municipality provides free basic water of 9kl per month to all households, consumption above this level is then charged at an applicable rate. Some citizens fail to understand that as much as there is a constitutional right to water, there is still a need to conserve the water resource and in an attempt to do so, there needs to be a certain level where free water must stop. Mehta and Ntshona (2004) further argue that there is congruity in viewing water as a basic need and as a commodity. This argument further indicates that even if something is a right, there is no denying the need to pay for it, as with food, even though it is a right and essential to human lives, there is still a price attached to it. So, why are people so reluctant to pay for water services? This is the question that this research aims to answer?

It has been said that the willingness to pay for water in households is very low and it is estimated at about 1 to 10% of household spending and usually about 5% of total consumption (Whittington and Choe, 1992). However, other studies have challenged this assumption and contended that willing to pay should be linked to the ability to pay (Reddy, 1999). Expecting local government to provide free water would not be sustainable and would put pressure on the water resource which is fast becoming very scarce in the country. However, having said this, the right to water and healthy living conditions should not be undermined and government should still ensure that policies like Free Basic Water policy allow for adequate access for the poor to clean and safe water.

2.7. IMPROVING PAYMENTS OF SERVICES

It has been noted that the non-payment of municipal services impacts negatively on the municipality's ability to deliver services to residents. The situation further cripples the cash position of municipalities and therefore, their ability to fulfill constitutionally mandated responsibilities; reduces the finance available for the delivery of basic services, infrastructure, maintenance and upgrading; prompts the need for greater cross-subsidization from richer households/ businesses, potentially overburdening the existing base (Peters and Oldfield, 2005). The increasing pressure on the public sector all around

the world from communities and stakeholders to ensure sound financial performance, which minimises bad debts write-offs, requires municipalities to look at best practices on improving the collection of revenues. Municipalities around the globe are making different attempts to improve the collections and enforce payment. A number of attempts have been made to enforce payment for services delivered, for instance, in the United States of America (USA), the challenge of non-payment for parking tickets and library fines has seen a number of local authorities in New York City and Chicago resorting to handing over of debtors to private collection agencies (Chapman et al., 2004). In some instances, this results in consumers being blacklisted and the consequences of this can be far reaching, as even the rate of interest that the customer can demand when applying for finance, i.e. motor vehicle finance or home loan, can be negatively affected and in extreme cases, granting of credit to these consumers can even be declined.

2.7.1. Disconnections

Disconnections have been seen as an effective approach to encourage payment from defaulting consumers. Ruiters (2007) identified four ways in which disconnections can be effected. For instance, cutting off services through removal of cables or pipes, requiring consumers to make outstanding payments before being reconnected, increasing reconnection fees, these are usually so severe that it effectively limits who can afford, so reconnecting and self-disconnecting by means of installing a prepaid meter. According to McDonald and Pape (2002), the prepaid meter represents the ultimate cost recovery mechanisms as consumers pay for services before consumption thereof.

EThekweni Municipality also exercises disconnection practices on non-paying customers. When a customer has been in arrears for more than 45 days after being notified of the arrears in the second bill after arrear bill, the municipality initiates disconnection of services where applicable, “Arrears on rates accounts, services or any other consolidated debt may result in disconnection of any services or withholding use of municipal facilities” (Municipality, 2016/2017). Disconnection or service cut-offs refers to the suspension of service in full or partially. While service cut-offs can be an effective revenue collection mechanism, it has been argued that service cut-offs put pressure and deprives the poor

communities their rights to services when they cannot really afford to pay (McDonald and Pape, 2002).

It should also be noted however, that with other services such as water, municipalities need to exercise caution in cutoffs, as total cut-off of water is not ideal since full disconnection of water may be perceived as an infringement of basic constitutional right and there are also health implications associated with water cuff-offs in communities. The Bill of Rights granted to all South African highlights “The right to have sufficient food and water and to an environment that is not harmful to their health and well-being”, hence, water disconnections are always a challenge. The EThekweni Municipality has opted to restrict water supply to 9kl per day for defaulting customers, instead of going full disconnection, which is only done in instances where a customer has been found tampering after supply was restricted.

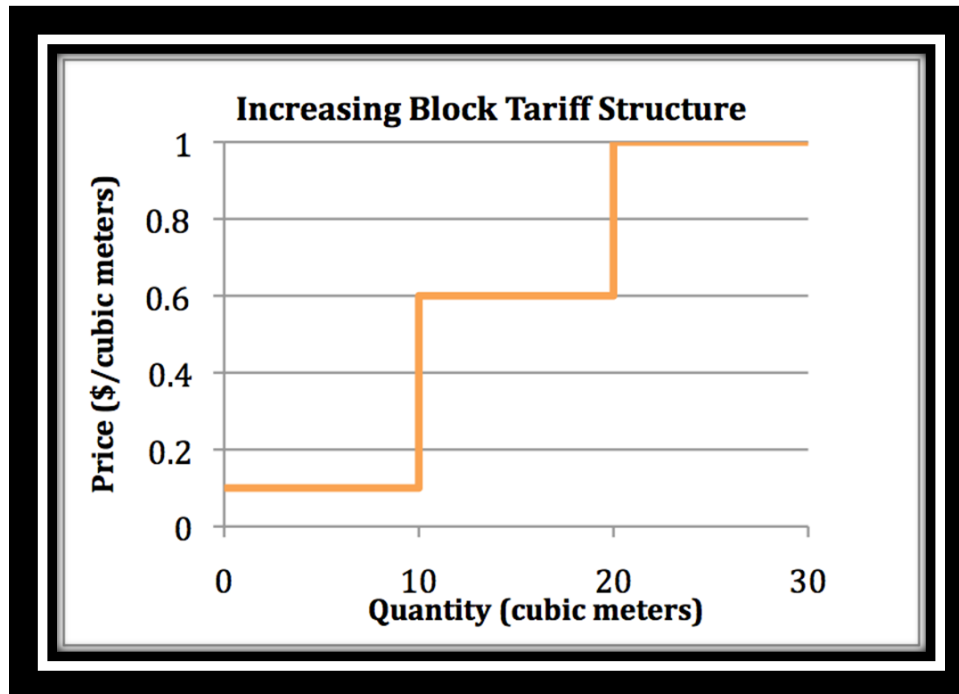
Disconnection or restriction of supply to defaulters is aimed at causing some discomfort in the hope that customers would then eventually come forward and pay. However, it does not always yield the expected results and one of the common reasons for disconnections to be ineffective is the increased number of self-reconnections and tampering. Customers can easily reconnect themselves after disconnections and those who are unable to do so collude with disconnections in exchange for some cash. Disconnections are also immune to political interferences, as some politicians still see protecting offenders as a way for them to gain popularity and thus, maintaining support and votes from communities. It should however be noted that despite the challenges as stated, disconnections are still very much an effective sanction to defaulting customers in EThekweni Municipality.

2.7.2. Cross subsidisation

Another approach to cost recovery is cross-subsidisation, which refers to a situation whereby the wealthier households are subjected or charged higher prices to subsidise poorer households which are usually charged lower prices. This is usually done through the introduction of block tariffs (McDonald and Pape, 2002). The Inclining Block Tariffs

(IBTs) effectively charges per consumption (the higher the consumption, the higher the price to be paid). Figure 2.1 depicts this.

Figure 2.1: Increasing Block Tariff structure



Source: (Whittington et al., 2009) Pg. 132

The diagram shows that with block tariffs, rates per unit of water increases as consumption increases. Low rate up to first block, when consumption increases to second and third block, the rate per unit charged is higher. Block tariffs on water charges have been widely used in countries where water has been historically scarce, for instance, in Spain and the Middle East. Other developing countries have also adopted the use of block tariffs. In South Africa, however, the inclining Block Tariffs (IBTs) was brought about by the noted electricity prices which have been rapidly increasing over the past years. In an attempt to reduce the negative impact of the electricity price increase to poor households, the National Energy Regulator of South Africa (NERSA) approved the block tariffs in 2010, with the primary objective of making electricity consumption more affordable to poor households. In a study conducted by PDG in 2011 it was found that most municipalities were reluctant to apply the IBTs and their arguments were that the

tariffs structure is not really pro-poor as it penalises poor families with large households and/or shared connections, it has an effect of reducing municipal revenues from best residential customers who consume most and are good payers. The implementation of IBTs is complicated and there are constraints in terms of billing on such tariffs, more specifically on prepaid meters. The EThekweni Municipality applies a flat rate per unit of consumption, complimented by a free basic electricity or water for the first 50KWh per month and 9kl of water per day.

2.7.3. Indigent Management

Although the municipality has resolved in line with Section 5(2) of the Municipal Systems Act that consumers must pay for rates and taxes, Section 73(1) also compels the municipality to provide basic needs to the local community and ensure that all members, even those who cannot afford to pay, have access to minimum level of basic municipal services. The Act depicts that the municipalities credit control and tariffs policy should be designed in such a way that it accommodates “indigent” customers. “Indigent” means a customer or any household or category of households, including a child headed household, who or which qualifies for tariff assistance, these are customers who genuinely cannot afford to pay for services due to their circumstances (Botes and Pelsner, 2001). In line with this, EThekweni Municipality offers rates relief on all properties to the value of less than R250000, also in terms of water the first 9kl per day is free and in terms of electricity, the first 50KWh per month is free for all households. Below is a description of some of the approaches that municipalities could employ in order to ensure payment for municipal services by the public.

2.7.4. Collection and maintenance of good quality data

Generally, insufficient information makes collection difficult, hence, it is crucial that upon registration of the customer in the municipal database, all relevant information is collected to assist at the collection stage (Panda, 2002). Things such as identity documents, customers’ address, employment details, next of kin etc., do not only assist at the latter collection stage, but with this information, a municipality is able to do background checks, for instance, on customers’ payment patterns and behaviour and this should enable the

municipality to put customers with appropriate affordability service, depending on the affordability criteria established. For instance, if according to customer profile it is evident that the customer cannot afford to pay, then that customer can be restricted to free basic services to avoid instances where the customer accumulates debt which might not be able to pay at a later stage. Collecting data at customer account set up is not sufficient, the ever-changing data need to be managed regularly.

Upon registration for services in EThekweni Municipality, customers are required to produce things such as identification documents, property details etc. However, this information is not being used to do background checks on customers. Municipalities can start doing background checks upon registration to avoid problems later.

2.7.5. Coercion and tax compliance

It has been argued that some communities fail to pay for municipal services not because they cannot afford, but because they are simply unwilling to pay. In this regard, municipalities are encouraged to force the public. Slemrod and Yitzhaki (2002) indicated a positive relationship between tax compliance and the level of coercion. The classical tax evasion model highlights that if tax authorities increase fines for non-compliance, few people will evade tax payment. It is therefore important to establish effective law enforcement agencies who ensure that those who evade tax obey the law (Fjeldstad, 2001). However, coercion alone cannot effectively make citizens pay for services. In addition to this, penalties should be imposed on those who do not pay taxes, in order for them to comply. The economic theory indicates a positive relationship between tax compliance and the severity of punishment given to those who default. In other words, the more severe the punishment for non-payment, the more the people comply.

2.7.6. Rewarding tax payers

In psychology, it is believed that good behaviour should be rewarded, while bad behaviour should be punished. The argument is that rewarding people results in good positive behaviour. In this view, rewarding the faithful and honest tax payers is an effective mechanism for increasing compliance in tax payment, as it boosts and increases tax

morale (Fjeldstad et al., 2006, Bazart and Pickhardt, 2009). However, Rosen (2004) crowding out theory suggests that rewarding people for good behaviour might result in reduced intrinsic motivation to pay taxes. The argument is that the approach might not even boost the morale of those being rewarded, as they naturally think that it is their right to be rewarded in monetary form for their compliance. In that view, Bazart and Pickhardt (2009) suggest alternative forms of rewards, for instance, giving the faithful tax payers free access to public services like public transport, parks and museums.

2.7.7. Customer profiling and application of risk based processes

This process involves segmenting customers according to their risk profiles (high, medium and low risk) and ensuring that high risk customers are acted upon immediately and sterner actions are taken. For instance, a customer who is known to be a high risk is disconnected on first instance of falling into arrears, but some kind of leniency is applied to low risk and infrequent offenders by first sending a warning letter or courtesy call. Aggressively treating all overdue accounts in the same manner is expensive and unrealistic and could have a negative impact on customers' perception of the municipality (Jansen, 2007). Profiling customers generally motivates frequent payers to continue paying in a quest to maintain their good record if they know that the organisation realizes their loyalty and is lenient on them in times where unforeseen glitches in payment are experienced (Whittle and Foster, 1989).

Currently, eThekweni Municipality does not profile customers, a similar collection process applies to all customers. The process involves courtesy warning message on bill, disconnection of services and ultimately handing over for legal processes, which may ultimately result in sale in execution as the last resort. It has been noted however, that the municipality focuses more on entering into payment arrangement with customers, instead of taking the process through to sale and execution. Unfortunately, in most cases, customers who have already accumulated huge debt are unable to keep up to the monthly repayments, including current usage.

2.7.8. Ability to pay and compliance

This principle suggests that tax payment should be distributed on the basis of how the individual society members are able to pay, that is, the wealthier people with higher incomes should be charged more in terms of taxes, because they do have the means to pay more (Black et al., 2015, Fjeldstad and Rakner, 2003). It has been noted that non-payment for municipal services stems from poverty and unemployment hence, the inability to pay for the high costs of services. If this theory was applied in municipalities, it would mean that for instance, property rates charges should not be based on the value of the property only, but the tax payment should also take into account the ability of the customer to pay the tax charged. Some households have been left with only children as survivors and even though the inherited property provide shelter to the kids, it will not be feasible for children who are unemployed to maintain the rates and services for the property and in some circumstances, the children are forced to give their family home and their legacy due to not being able to service the rates and services debt.

2.7.9. Social influences

Socialization entails a process whereby individuals become integrated within societies or groups by adopting their attitudes and values. Thus, social interaction highly influences individuals' behaviour. In the same way, social influences affect compliance. Banerjee (1992) theoretical analysis suggests that people's behaviour and attitude towards tax compliance are also influenced by the interactions that they do with their social environment. Accordingly, Fjeldstad and Semboja (2001) argue that compliance behaviour and attitudes towards the tax system may be affected by the behaviour of an individual's reference group such as relatives, neighbours and their friends. The implication is that if individuals know of some people, especially who are financially better off than them, but they do not pay for service charges, these individuals are also likely not to pay. In the same manner, the faithful and honesty rate payers might also influence those who do not pay to comply. Thus, individuals in these cases assume the role of "peer pressure", which induces others to either comply or stop paying for services. This theory then suggests that municipalities need to be fair in that service delivery should be equally distributed and collection procedures should be applied consistently across all citizens,

there should not be areas or communities where non-payment is a norm and municipalities are seen not to be taking any actions.

2.7.10. The Responsible citizen

It has been noted that some communities do not pay for municipal services because they feel sidelined when it comes to decision making processes which affect their lives. It has also been noted that if communities are engaged in decision making processes by municipalities, they feel as part of the processes and hence, increase their compliance levels. This is so because if they participate in tax issues and decision making in that regard, they tend to commit themselves to everything that has to do with taxes hence, their tax compliance would increase if they contribute to how the tax system is managed (Fjeldstad, 2001). James and Nobes (2009) noted that citizens' attitudes towards revenue authorities is an important factor which determines their tax compliance. This means that municipal officials should improve on their reputation of fairness by engaging citizens in policy and decision-making processes, in order to enable them to be knowledgeable about the implications of compliance and non-compliance in payment of service charges.

2.7.11. Fiscal exchange

The fiscal exchange concept draws from the theory of exchange which suggests that people are prepared to pay for what they see or what they can use. This implies that citizens can become tax compliant if what the government is doing with the revenues is visible in their eyes. Fjeldstad and Semboja (2001) noted that a tax payer may therefore be seen as exchanging the purchasing power in the market in return for government services, the same way market participants transact at the market. The implication is that the tax payers are likely to willingly comply without coercion if the benefit to be received is higher. The assumption is therefore that tax payers' impression about the tax system highly influences their level of satisfaction with the municipal services and eventually, determines their willingness to pay. Thus, a just tax system implies a high level of compliance, while an inconsistent and unfair tax system might result in non-compliance, resulting in tax evasion.

Unwillingness to pay for municipal services indicates deliberate non-paying for some reasons, which has nothing to do with affordability. In the case of unwillingness to pay, even high income households do not commit themselves to paying for municipal services. More often than not, the unwillingness to pay for municipal services is a result of dissatisfaction with the services that are being rendered by the municipalities. In the apartheid era, it was indicated that citizens did not pay for municipal services because they were protesting against the government of the day which was discriminatory. After 1994, people are still not willing to pay due to dissatisfaction with the services provided. Some of the communities feel that the billing system is not fair, which results in them receiving high bills which they cannot afford to pay hence, they just ignore payment.

It can therefore be argued that some people have become used to not paying for services and can no longer change their mindsets hence, they always find something to blame as being their reasons for non-payment for services (Kanyane, 2014). This kind of civil disengagement has something to do with the quality of the services provided. This means that citizens feel that they cannot pay for poor quality services, for instance, the aged electricity infrastructure often results in power outages which then frustrates the consumers. For the protesting consumers, the aged infrastructure is a result of mismanagement by the municipal authorities (Fjeldstad, 2004). Ordinary citizens generally believe that municipal officials mismanage municipal funds, which leads the municipalities in financial difficulties and would not be able to maintain and repair broken infrastructure. The result is poor or total lack of service delivery by the municipalities. In addition, some community members feel left out when it comes to decision making processes regarding their welfare, a scenario which also makes them not to trust municipal authorities because of the feeling that their needs are not being prioritised (Craythorne, 2006). In the end, communities engage in the collective power of boycotting payments and their solidarity allows them to flout the law, while at the same time, especially in the poor townships, find survival options like self-connecting those services that would have been disconnected by authorities, getting the services from neighbours, as well as vandalizing prepaid meters by tampering with them (Ruiters, 1996).

2.7.12. Make it easy to pay

Generally, customers are most likely to pay when bills are received timeously with actual verifiable meter readings and if the bill is presented in a way that is understandable to the customer for immediate payment. Bills which are estimated and not understood by the customer often delays payment as the customer queries the account. Payment channels which are conveniently accessible at low cost improve customer's likelihood of payment (Jacka and Keller, 2009). Utilities can incentivize low-risk and low-cost channels by waiving deposits for new customers who enroll and through marketing campaigns. There are various channels of paying for municipal services, including debit orders, EFT, direct deposits, in stores, etc. It is however noted that low risk and low-cost channels such as debit orders are not incentivized.

2.7.13. Leverage state laws and local ordinances

Municipalities are empowered by law to collect revenues due to them. The Municipal Systems Act of 2000 clearly states: "A municipality must collect all monies due and payable to it, subject to this Act and any other applicable legislation; and for this purpose, must adopt, maintain and implement a credit control policy which is consistent with its rates and tariff policies and complies with provisions of the Act (Africa, 2000). Most municipalities often experience political pressures when enforcing the policy. Scholz and Lubell (1998) state that the political will of politicians to take strong actions against non-paying offenders is often questionable, as politicians often take decisions to gain popularity and be re-elected and often, the cost of financial sustainability and long-term interest of the organisation is ignored. However, research indicates that consistently applying the policy and publishing the policy which explicitly indicates timelines, cut-off practices experience less political interferences when the municipality wishes to enforce disconnection processed on non-payers. Getting councilors buy-in and involvement in policy decisions can also assist in enabling municipalities to effectively apply the policy.

2.7.14. Legal actions

Legal actions are taken for customer's after all possible avenues to recover the debts have been unsuccessful, the steps include final demands, blacklisting and in extreme cases, the consequences can be far reaching and even end up in sale in execution. Sale in execution refers to instances where a municipality obtains a court order to attach and sell the property to recover the money that is owed to it. (Municipality, 2016/2017).

It is worth mentioning that although legal avenues are available for municipalities to explore, these are not always ideal as the legal processes often drag for years before the matter can be finalized hence, legal processes are the last resort.

2.8. SUMMARY

This chapter has provided literature underpinning the concept of non-payment for municipal services. It was important to do so as this has given insights into the rationale behind the non-payment of services, the action which can be taken by municipalities in their efforts to ensure cost recovery on the services rendered to the public. It has thus been noted that citizens do not pay for municipal services for reasons that range from their inability to do so due to poverty, the feeling of entitlement, dissatisfaction with municipal services, to mention a few. In that view, the next chapter discusses the methodology that was employed in order to answer the research questions.

CHAPTER THREE

METHODOLOGY

3.1. INTRODUCTION

In the previous two chapters, the aim of the study was presented and the related literature was reviewed. This chapter explains the methodology which has been applied in the study in order to achieve the study's objectives and answer the research questions. The aim of the study, as stated previously, was to establish the underlying reasons for non-payment of municipal services and possibly come up with strategies which could help to remedy the situation. The study area comprises the communities residing within the boundaries and are customers of EThekweni Municipality. In order to gain an in-depth understanding into the problem of non-payment and link it to other studies done, literature review relating to the area of interest was conducted. The section that follows describes the research design.

3.2. RESEARCH DESIGN

A research design is a plan for conducting the study which ensures that the researcher maximises control over the factors which could interfere with the validity of findings. Designing or rather planning for the study helps the researcher to plan and implement the study in a way that will assist in obtaining the intended results, thus increasing the chances of obtaining information that could be associated with the real situation (Burns and Grove, 2001).

This study utilised mixed method research in order to utilise the strengths of both qualitative and quantitative research, the questionnaire which was majorly quantitative with an element of qualitative research was utilized to provide the researcher with a broader understanding of the research problem.

A quantitative research is a study that explains a situation or phenomena by collecting numerical data and analyzing it using statistical methods (Creswell, 2013). Furthermore, Cohen et al. (2013) state that a qualitative research employs empirical methods and empirical statements. They describe empirical statements as those statements which describe what is the case in the real world, rather than what ought to be, they further describe empirical evaluations as a form that seeks to determine the degree to which a specific program or policy empirically fulfills or does not fulfill a particular standard. The close-ended questions in the study were aimed at uncovering which of the widely stated reasons for non-payment is actually affecting payment in the case of eThekweni Municipality. The researcher wanted to find out the actual causes of non-payment for municipal services, with specific reference to the communities within the eThekweni Municipality.

On the other hand, a qualitative study is mainly done to understand people's beliefs, opinions and attitudes towards a certain phenomenon (Hancock et al., 1998). The open ended-questions which were qualitative in nature were aimed at further getting people's views on the issue of non-payment. These questions explored citizens' beliefs and opinions on whether services should or should not be paid for, and, if they believe it should be paid for, then, what is it that needs to be done to ensure regular payments and reduce default in payments.

3.3. TARGET POPULATION

The population refers to an aggregate or totality of all the objects, subjects or members that conform to a set of specifications (Ingham-Broomfield, 2014). In this study, the population were citizens of EThekweni Municipality of all races, age groups, socio-economic status who were residential customers of the municipality and specifically those who had fallen into arrears with the payment of their services.

The study targeted consumers who had entered into legal contracts with the municipality for the supply of services in return for payment. However, it had been noted that these customers have not honoured this contract and have fallen into arrears with their

municipal bills. In eThekweni Municipality, there is an approximately three hundred thousand customers who are three months or more in arrears with the bills (Municipality, 2016).

In an ideal situation, it would like to study the whole population to get more accurate results, however, studying the entire population was not feasible for this study, and hence a sampling strategy had to be employed.

3.4. SAMPLE AND SAMPLING STRATEGY

Because some studies, the population may be too large and cannot warrant the inclusion of the entire population, then a smaller group with the required characteristics representative of the entire population is then drawn from the population to perform the study and this technique is called sampling (Creswell, 2013). In this study, the population was too large hence the researcher employed a process of random sampling where customers who visited the credit control section were randomly selected to participate in the survey.

3.5. SAMPLE SIZE

Due to the large size of the population, Slovincs' formula was adopted because of its documented appropriateness for estimating the correct minimum sample size when estimating a population proportion (Ellen, 2012). The assumption is that the even though the population is very large, it has a relatively small variance and a degree of confidence of not less than 90% (Tejada and Punzalan, 2012).

The formula is given as:

$$n = N / (1 + Ne^2)$$

Where:

N is the population to be estimated from, n is the sample size and e is the margin of error.

Applying the formula to the study population of 300000 (which is the approximated population size for the customers in arrears in the municipality) at 90 percent confidence

level yielded a sample size of approximately 100 $[300000 / (1 + 300000 * 0.1 * 0.1)]$ hence, a sample of 110 customers was selected for this study.

3.6. DATA COLLECTION

3.6.1 Primary data

For the purpose of this research, and in order to achieve the researcher's objectives, both primary and secondary data were collected. Primary data were collected by means of a questionnaire survey, which was conducted with customers visiting the credit control department. The credit control section within Treasury cluster in the eThekweni Municipality deals mainly with the collection of arrear debt. The researcher believes that these customers are ideal for the purpose of this research because often, customers who visit the section are already in arrears with their bills for some reason or the other. Administering the questionnaire to these respondents afforded the researcher the opportunity to get the real reasons for non-payment from the actual customers who had defaulted on payment.

3.6.2. Questionnaire Survey

A questionnaire is a research instrument used for gathering information about variables of interest to the researcher when conducting a study (Gillham, 2008). For the purpose of this research, close-ended questions in which a list of predetermined questions were asked. Close-ended questions helped the researcher to easily analyse the responses, they are versatile; surveys can be employed among people of all ages and they are replicated from one subject to another (Kotler, 1994). The last two questions on the questionnaire were open-ended questions which afforded the respondents the opportunity to give their general views on the issue of payment for municipal services. This also allowed the researcher to gain more insights into the people's beliefs and attitudes towards paying for municipal rates and services.

3.6.2.1. Questionnaire development

The questionnaire was developed to address the research's key objectives and answer the research questions. The questionnaire which is attached in the appendix (Annexure B).comprised four sections, the first part aimed at capturing the demographics of the respondents, the second part consisted of fifteen questions which were investigating the research's objectives and answering the key questions, while the third section which consisted of two open ended questions, was aimed at understanding and capturing the respondents' feelings on the whole issue of payment for municipal services, as well as to get their views on how non-payment could be addressed.

3.6.2.2. Questionnaire administration

Hard copies of the questionnaires were left at the reception and they were handed over to customers by the receptionist who had been trained to briefly explain the purpose of the research, a consent letter explaining the purpose of the research was also left at the reception for respondents requiring more information on the research. Respondents were expected to fill the questionnaire and return it to the receptionist, while some customers who were pressed for time opted to take the questionnaire back home to fill and return via email in a form of a scanned copy, these were customers mostly in urban areas who had access to email and computer facilities.

3.6.3. Secondary data

For the purpose of triangulation, secondary data were also obtained, which contributed towards the formation of the background information which was necessary for constructively building the research and thoroughly survey the outcomes. Triangulation helps the researcher to validate the data by looking at it from different angles. Secondary data for this research were mainly sourced from commonly available data on the internet, on the issue of non-payment in municipalities, as well as past research undertaken on this issue in other municipalities. Past research undertaken into the problem of non-payment in other municipalities was used and its context applied and investigated within the eThekweni Municipality.

3.7. PILOT STUDY

A pilot study was undertaken before the data collection process on the first ten customers, where the researcher personally handed the questionnaire to the respondents. The aim was to observe if the respondents had any challenges with regards to answering the questionnaire. There were no major issues observed by the researcher during the pilot study and upon confirmation with the supervisor, the questionnaires were then handed out to more customers when they entered the reception by the receptionist in the department, as it was not necessary for the researcher to personally administer the questionnaire.

3.8. METHOD OF ANALYSIS

Data were analysed using descriptive statistics. Descriptive statistics is defined as ordering and summarizing the data by means of tabulation and graphic representatives and the calculation of descriptive measure (Heiman, 2001). Computers can perform time-consuming and complicated tasks. Data analysis can be difficult without a computer. It is easy to retrieve and analyze information with a computer. The development of easy-to-use statistical software like SPSS changed the way data is analysed, making transformations of variables, creating graphs of distributions of variables, easy and at the click of a button (Green and Salkind, 2010). This research utilised SPSS for the purpose of data analysis.

3.9. ETHICAL CONSIDERATIONS

The academic freedom as stipulated in the Constitution of the Republic of South Africa (Act 108 of 1996) Section 16(1) (d) has been observed with regard to ethical consideration. The research involved three parties namely, the university, the researcher and the municipal customers. The three parties had different roles to play during the process of conducting research and the researcher explained these roles to the parties involved. Barbour (2008) states that the recent developments surrounding research

governance have led to an even greater focus on ethics in research and protecting the rights of the respondents.

The research instrument (questionnaires) used to collect data was designed in such a way that no personal particulars were required. The researcher took cognisance of the fact that when human beings are used in the research, care must be exercised to protect their rights (Herrington et al., 2007). The respondents in the research freely participated and had the option to withdraw at any stage, if they wished to do so without any punitive conditions. Sufficient information was given to the parties involved about the extent of their involvement. The researcher also got the consent of respondents to participate before commencing with the research process.

3.10. VALIDITY AND RELIABILITY

Validity and reliability test are some of the most common approaches for testing the quality and credibility of a research study. While validity refers to the degree of agreement between the claimed measurement and the real world phenomena being measured, reliability refers to the degree to which an assessment tool produces stable and consistent results (Creswell, 2013). Against this background, the quality of this study is ensured using a combination of Cronbach alpha test, pilot testing (both to ensure reliability) and validated questionnaire (to ensure validity) (Bolarinwa, 2015). While the details of the pilot test was reported in section 3.4, the questionnaire used was an adaptation of the instrument used in a previous similar study by (Iita, 2014). Cronbach values of 0.661 and 0.564 were calculated for the negative and the positive questionnaire items respectively. While a value of 0.65-0.8 is considered acceptable for human dimension research under which this study falls (Green et al., 1977, Spector, 1992, Vaske et al., 2017), the low value can be explained as a function of the questionnaire structure rather than an indication of poor reliability and internal consistency. It has been noted that Cronbach alpha computation tends to return low values when the number of items being measured are few and when there is low correlation between the items or when questions directions differs like in this case where some have negative orientation and others have positive one (Tavakol and Dennick, 2011, Vaske et al., 2017). The total questionnaire items are

14 with the negative item which returned the better alpha value being 8 and the positive item being 6. The fact that the questionnaire was based on a previously validated instrument as early mentioned will also lend credence to its quality Details of this test are provided in section 4.2.

3.11. LIMITATION OF THE STUDY

The process of collecting data was a challenge, a lack of cooperation by the respondents, which lead to half-filled questionnaire, was experienced. Some respondents were not interested in filling the open-ended questions thus, their views on the issue could not be captured in their responses.

3.12. SUMMARY

This chapter dealt with the research design that had been followed in this study, addressing the population, sampling procedures, data collection procedures and instruments utilized in data collection. Measures were adhered to in order to enhance the validity and reliability of the research results. Ethical concerns which could have had an impact on the survey were also attended to. The chapter that follows details analyses the findings of the study.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF THE FINDINGS

4.1. INTRODUCTION

This chapter presents the results and discusses the findings obtained from the questionnaires in this study. The results were presented using descriptive statistics in the form of graphs, cross tabulations and other figures for the quantitative data that were collected. Inferential techniques include the use of correlations and chi square test values; which are interpreted using the p-values.

The presentation of data in this chapter begins with an indication of the response rate of the sampled population. Section A is the biographical data of respondents, which was necessary to ascertain whether the respondents were qualified to provide reliable data for the purpose of the study. The study found that all the participants in this study were customers of the municipality and were key in providing relevant data in order to answer the questions asked by this study. Following the biological data were the data which explored the people's attitudes/feelings towards paying for municipal services in the City of eThekweni. In this regard, the findings are made regarding the reasons for non-payment of municipal services and necessary recommendations are presented in the next chapter. The data are then analysed using SPSS version 24.0.

4.2. THE RESPONSE RATE

The questionnaires were distributed to a sample population of customers who had fallen behind with their payments for municipal services. The responses were from the different consumers who had visited the credit control section to seek assistance mostly in terms

of restoring services which had been disconnected due to non-payment. Out of the initial 110 questionnaires handed over to respondents 102 responses were obtained, which gave a 93% response rate. This was important to arrive at the conclusions and make findings that were valid and reliable.

4.3. SECTION ANALYSIS

The section that follows analyses the scoring patterns of the respondents per variable per section. The results are first presented using summarised percentages for the variables that constitute each section. The results are then further analysed according to the importance of the statements.

4.4. Section A: BIOGRAPHICAL DATA

This section summarises the biographical characteristics, as well as the employment status of the respondents.

GENDER

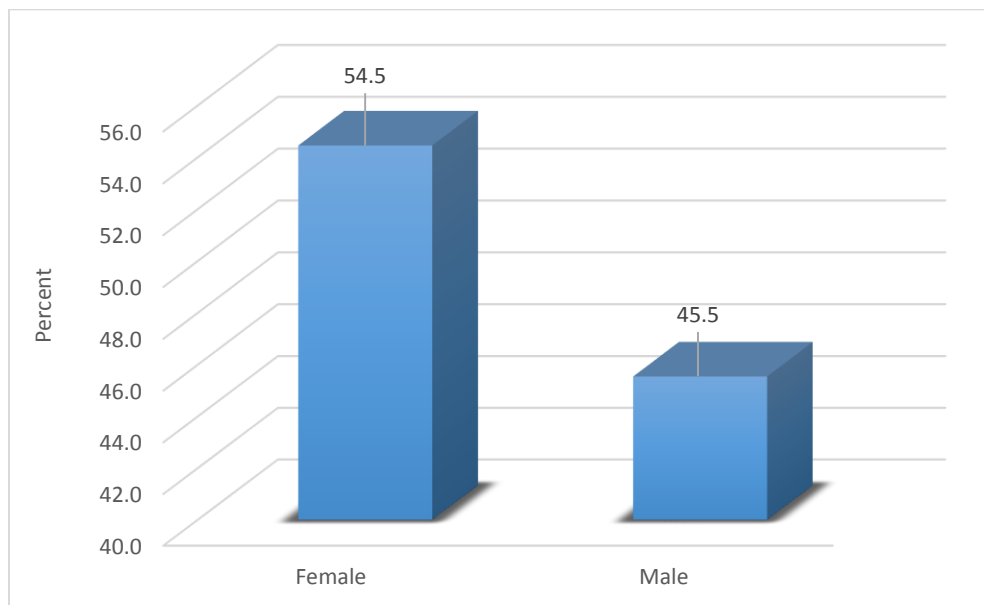


Figure 4.1: Sample Distribution by Gender

Overall, the ratio of males to females is approximately 1:1 (54.5%: 45.5%). The majority of the respondents were female (54.5%), while males constituted 45.5%.

AGE CATEGORY

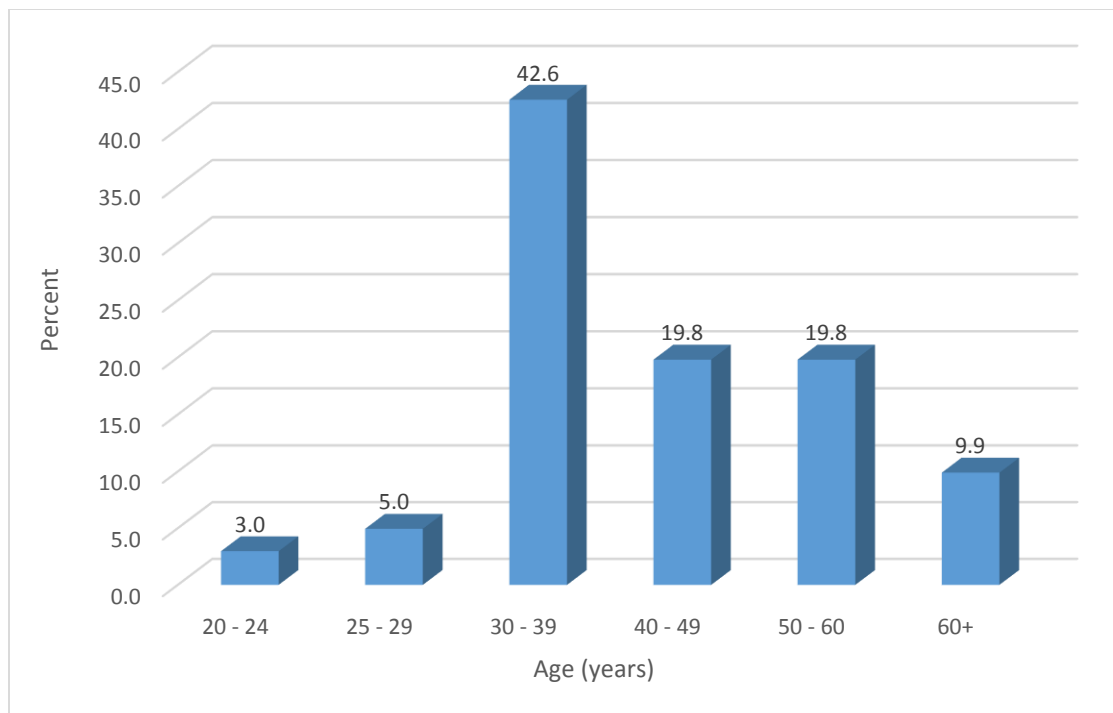


Figure 4.2: Sample Distribution by Age

It is noted from Figure 4.2 that most of the respondents in this study were within the active population group, as about 90% were below the age of 60 and only 9.9% of the respondents were above 60 years of age. The majority of the respondents were between the ages 30-39 (42.6%).

EMPLOYMENT STATUS

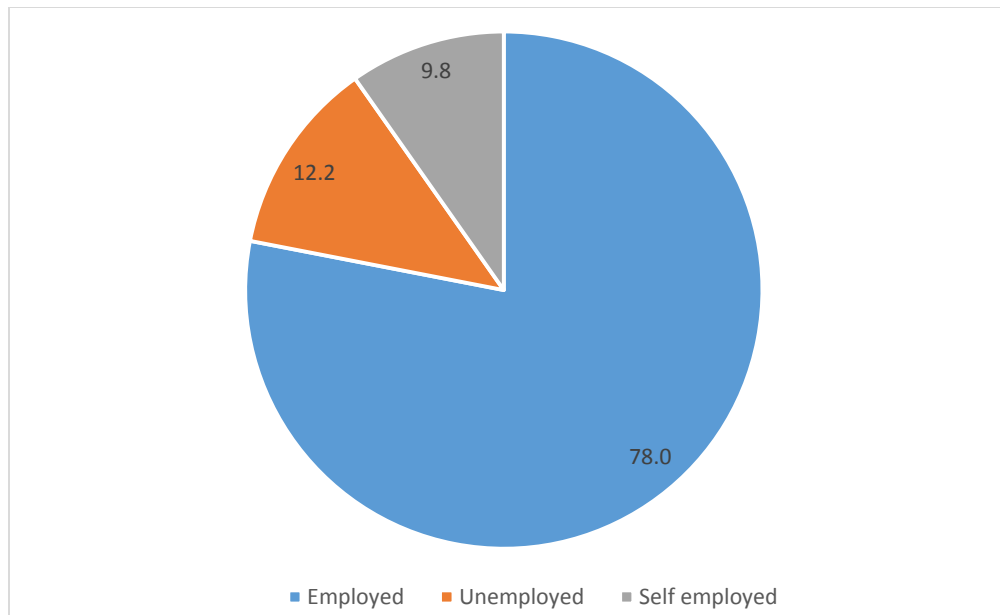


Figure 4.3: Sample Distribution (Employment status)

Figure 4.3 indicates that more than three-quarters (78.0%) of the respondents in this study were employed, a smaller percentage (12.2%) was found to be unemployed, while 9.8% was self-employed.

4.5. SECTION B

This part of the questionnaire sought to establish the possible underlying factors which could be the causes of non-payment for services in the city. The section had a number of questions to establish the respondent's perceptions and experiences on a range of factors which could lead to default in payment. In this section, the questionnaire listed different options from which the respondents were to make their choices. A range of questions were asked to test each possible reason for non-payment. This part of the questionnaire was designed in a quantitative way.

The scoring patterns are summarised as shown in Table 4.1.

Consumers attitudes to paying for municipal services (possible reason for non-payment)						
Questions		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My bills are often incorrect and estimated	B1	10.8	20.6	18.6	24.5	25.5
I receive my statement regularly	B2	6.9	11.8	17.6	37.3	26.5
I can afford rates levied on my property	B3	17.6	22.5	25.5	24.5	9.8
I can afford the electricity charges on current tariffs by the Municipality	B4	27.5	28.4	23.5	16.7	3.9
Water charges levied by the Municipality are affordable	B5	16.7	27.5	26.5	24.5	4.9
I believe irregular and incorrect billing contributes to non-payment	B6	7.8	8.8	12.7	35.3	35.3
Overall I believe that municipality charges are NOT affordable and results in non-payment in non-payment	B7	10.8	14.7	26.5	24.5	23.5
The level of service provided by eThekweni Municipality is poor	B8	13.7	25.5	34.3	19.6	6.9
I know where to pay for my bills and the places are easily accessible to me	B9	2.9	2.0	5.9	38.2	51.0
I do not (or know someone who does not) pay for municipal services because of the poor services rendered.	B10	20.6	27.5	23.5	16.7	11.8
I think Municipal revenues are being used effectively and efficiently to better the lives of citizens in eThekweni Municipality.	B11	17.6	16.7	32.4	23.5	9.8
I believe Municipality should not charge for Water	B12	24.5	32.4	14.7	12.7	15.7
Municipality should not charge property rates	B13	22.5	32.4	18.6	14.7	11.8
Municipality should not charge for electricity	B14	30.4	45.1	14.7	6.9	2.9
I feel that Municipal revenues are not being used efficiently and hence discourages payment for services	B15	14.7	25.5	31.4	12.7	15.7

Table 4.1: Attitudes towards paying for municipal services (Possible reasons for non-payment)

ATTITUDES TOWARDS PAYMENT OF SERVICES

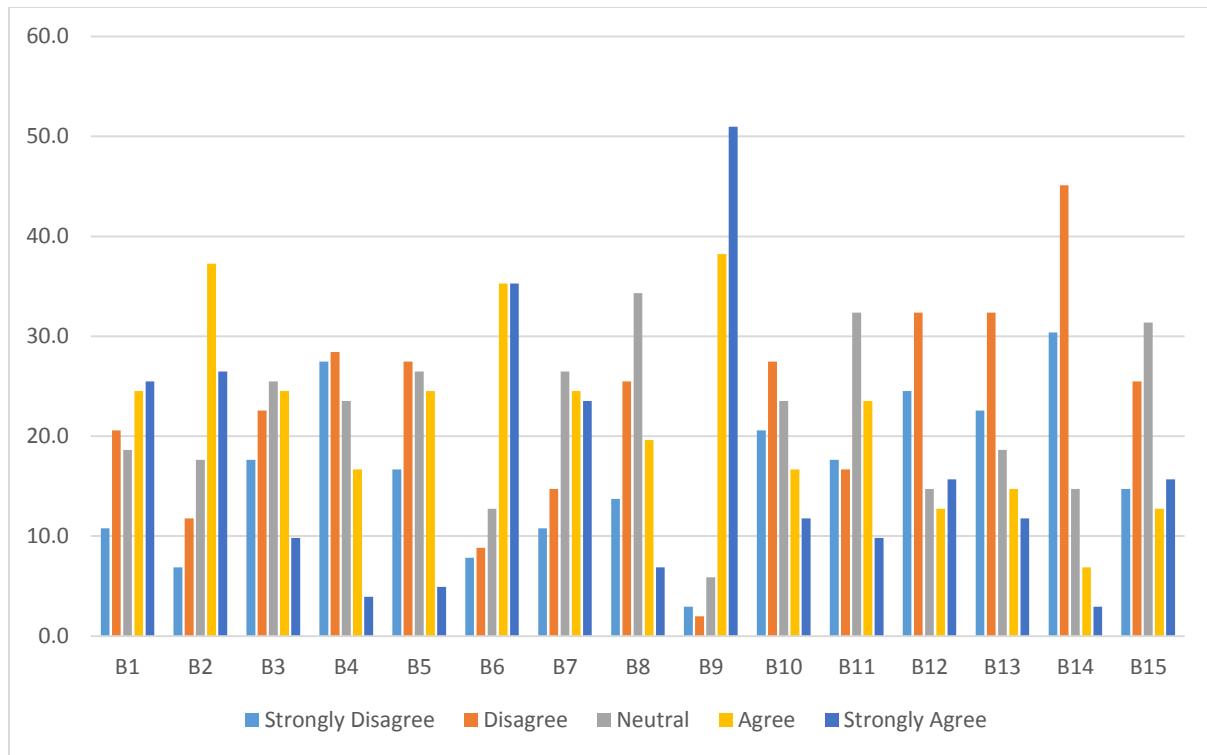


Figure 4.4: Possible reasons for non-payment (Graph)

4.5.1. Affordability

The first set of questions, shown in Figure 4.5. although they were not asked in a chronological order, these set of questions were aimed at testing whether non-payment was due to customers not being able to afford to pay for services (unaffordability) or not.

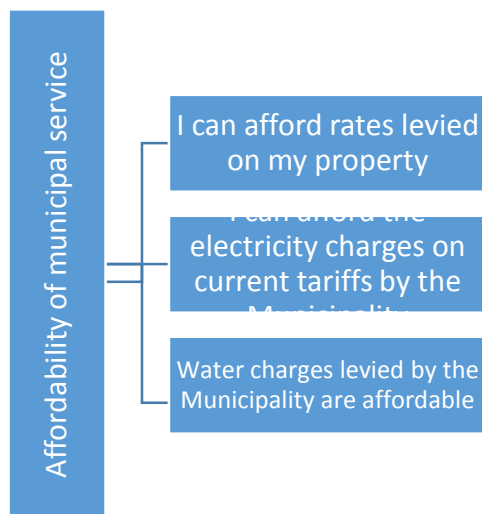


Figure 4.5.: Test for Affordability

Nearly twice as many respondents stated that they could not afford to pay for their utilities. As these are fundamental services, it indicates that irrespective of one's employment status, many respondents still had the challenge of affordability of municipal services. The p-values in the table also indicate that there is a significant difference in opinions regarding the affordability of each services, a question was asked regarding the affordability of each service independantly. With regards to the affordability of electrivity:seventhy five percent (75.%) of the respondents agreed that electricity was unaffordable, on the side of water 56.9% also agreed it was unaffordable and 54.9% also agreed on rate charges being unaffordable.

4.5.2. Billing and payment of services

The set of questions in Figure 4.6 aimed to establish whether the municipality's billing and payment system was encouraging or discouraging payment from the consumers.

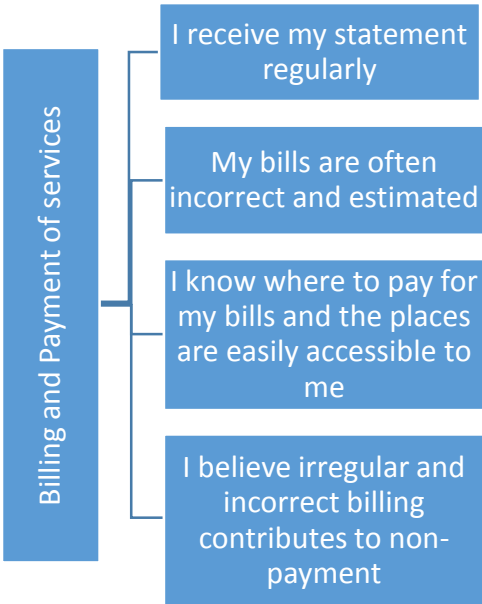


Figure 4.6.: Test for the effectiveness of billing and payment systems

The results revealed that more than half (63.8%) of the respondents stated that they were receiving their bills regularly, 18.6 disagreed to this statement while 17.6% of respondents remained neutral. The questionnaire further asked if respondents knew where to pay after receiving their bills and whether pay points were easily accessible,

the majority (89.2%) stated that pay points were known and easily accessible. The results in this section further revealed that although respondents stated that they were getting their bills and had easy access to pay points, the quality or correctness of bills was unsatisfactory.

When asked about the quality of their bills, fifty percent (50%) percent of the responded agreed that their bills are often incorrect with estimated consumptions instead of actuals and about 31.4% disagreed with the statement, while the other 18.6% neither agreed nor disagreed. Results further revealed that incorrectness and irregular billing contributed a lot to non-payment, since 70.6% of the respondents were in agreement with this statement.

4.5.3. Service Delivery

These set questions aimed to establish the relationship between service delivery, trusting the municipality to effectively manage revenues and payment of services.

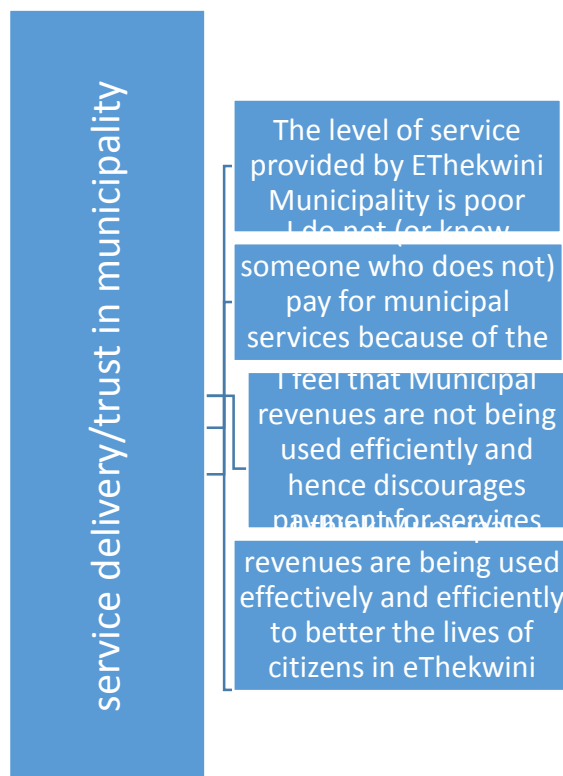


Figure 4.7: Test for Service Delivery

The questions in Figure 4.7 above sought to establish whether poor service delivery was an issue at the eThekweni Municipality and if it was the reason why customers were not paying their bills. Results revealed that (26.5%) of the respondents disagreed with the statement that the municipality provided poor services while (39.2%) agreed and (34.3%) remained neutral in this regard. The questionnaire went on to establish whether the poor service delivery was the reason for non-payment in eThekweni and (28.4%) agreed that they do not pay because they are not satisfied with the level of service delivery, (48%) disagreed with the statement and (23.5%) remained neutral. It was further discovered from the results that respondents (28.4%) were of the opinion that municipal revenues were not used effectively thus discouraged payment, (40.2%) did not agree with the statement and another 31% neither agreed nor disagreed. The results from these sets of questions did not provide conclusive evidence as to whether the lack of or poor service delivery was the reason for non-payment in eThekweni.

4.5.4. Entitlement

The last set of questions tested whether respondents understood the importance or need to pay for each of the municipal services or whether they felt that they were entitled to free services.

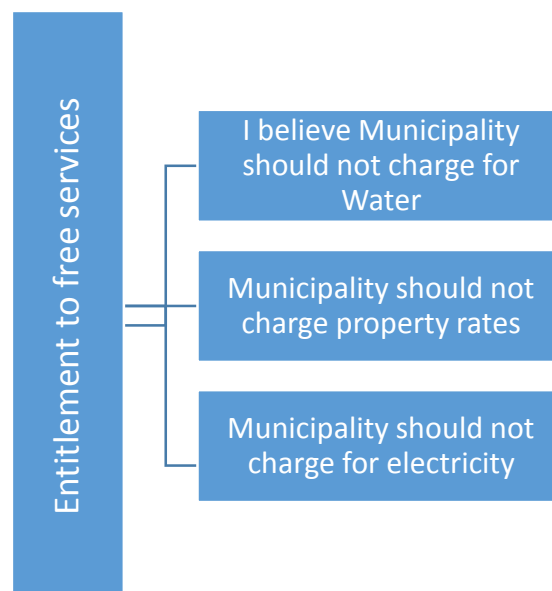


Figure 4.8: Test for Entitlement Culture

When respondents were asked if they believe that water should not be charged for, results revealed that only (28.4%) felt that water should be provided free of charge whereas more than half (56.9%) disagreed and were of the opinion that the municipality must charge for water, and (14.7%) remained neutral. With regards to paying for electricity (75.5%) disagreed that the service should be provided for free and only (9.8%) felt that they were entitled to free electricity and (14.7%) were neutral. Again respondents were asked if they believed that they should be charged rates, (54.9%) agreed that the municipality should charge for rates, (26.5%) were of the opinion that rates should not be charged for and (18.6%) remained neutral. The results from this section provided evidence that the generally the customers in eThekweni understand the need to pay for services instead of receiving them for free.

This section provided more meaningful insights into the customer's general feelings and opinions on the issue of paying for municipal services, which was necessary for the researcher to understand the core reasons for non-payment.

4.6. RELIABILITY STATISTICS

The two most important aspects of precision are **reliability** and **validity**. Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of 0.7 or higher is considered as "acceptable" for a newly developed construct. The table below reflects the Cronbach's alpha score for all the items that constituted the questionnaire.

Section B constituted of negative and positive statements. Reliabilities were obtained for each set separately.

Negative

Reliability Statistics

Cronbach's Alpha	N of Items
0.661	8

Positive

Reliability Statistics

Cronbach's Alpha	N of Items
0.564	6

Table 4.2: Reliability test

The reliability scores exceed or approximate the recommended Cronbach's alpha value. This indicates a degree of acceptable, consistent scoring for these sections of the research.

4.7. TEST OF ASSOCIATIONS

The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with " $p < 0.05$ ". These values are highlighted with a *.

A second Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs columns).

The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association.

The table summarises the results of the chi square tests. (Hypothesis Testing)

There are no biographical factors that impacted on the responses. That is, the biographical variables did not play a role in terms of how respondents scored, as all of the Fisher's p-values are greater than 0.05, the level of significance.

The implication of this is that the significant trends observed in the section analysis were not affected by gender and age. That is, the issues affecting the respondents did not depend on gender and age.

4.8. CORRELATIONS

Bivariate correlation was also performed on the (ordinal) data. The results are found in the appendix.

The results indicate the following patterns.

Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a * or **.

For example, the correlation value between “My bills are often incorrect and estimated” and “Municipality should not charge property rates” is 0.301. This is a directly related proportionality. Respondents indicate that the more incorrect the bills are, the more the municipality should not charge for the rates, and vice versa.

The correlation between: “I feel that municipal revenues are not being used efficiently and hence, discourages payment for services” and “the municipality should not charge for electricity” is 0.312, If the municipality is not using revenues efficiently, then it should not charge for the rates and services.

Negative values imply an inverse relationship. That is, the variables have an opposite effect on each other.

For example, the correlation value between “Water charges levied by the municipality are affordable” and “Overall, I believe that municipality charges are not affordable and results in non-payment in non-payment” is -0.257. That is, the more affordable the water charges are, the less non-payments would occur, and vice versa. This inverse relationship is observed on other services as well and the rates.

Other correlations is where the question “I think municipal revenues are being used effectively and efficiently to better the lives of the citizens in eThekweni Municipality” and I feel that municipal revenues are not being used efficiently and hence, discourages payment for services which is -395, meaning that if the EThekweni municipality is seen to be efficiently utilizing revenues, the less the problem of non- payment would occur.

4.9. SECTION C

Section C in the form of open-ended questions was more qualitative in nature and consisted of two questions which were necessary to answer the research questions and make the necessary recommendations.

4.9.1. What services should not be paid for

The first question required respondents to say which services they felt the municipality should not charge them for? This was to establish the areas where challenges in collection of payment might exist, in order to recommend to the municipality.

What services should not be charged for and why?	Frequency	Percentage
Municipality should not charge for Water	25	26%
Municipality should not charge for Electricity	3	3%
Municipality should not charge for rates	14	15%
Municipality should charge sewer and refuse	12	13%
Municipality should charge for all services but price should be affordable	40	43%
N	94	100%

Table 4.3: Mostly unpaid for service

Out of the 94 respondents to this question, 40 people said the municipality should charge for all services, 25 of them thought that water should not be charged, while 14 said they should not be charged rates, 3 participants said that electricity should be free and 12 said refuse and sewer should not be charged.

In this question, the respondents were also expected to substantiate their answer and for people who believed that:

Water should not be charged for because:

- Water is a natural resource should not be charged for
- Water must not be charged, not everyone can afford it and there is often a problem of leaking pipes which are not fixed.
- Water, and the new system is making water charges high
- Water as some communities are allowed not to pay and misuse while others pay
- Water and refuse collection because we don't have water most of the time
- Water since it is essential and citizens cannot leave without it
- Respondents stated that they did not understand why they needed to pay for water when there is a shortage and nothing is being done about it
- I strongly believe water should be free it is essential to life and people who can't afford (squatters) end up stealing water hence huge debt which will never be recovered
- Most SA people are unemployed and can't afford to pay for water and yet it is essential to survival
- Water, since it is a necessity to live how are poor people expected to pay for water

Electricity should not be charged for because:

- Municipality should not charge for electricity because it is usually estimated
- Electricity should not be charged for as we do not understand criteria used for estimations

Rates should not be charged for because:

- Rates charges are unfairly applied, no compensation for people who keep streets clean
- Rates should not be charged for as other homes are headed by children
- Rates Municipality made a free service promise during elections

- Rates- roads never cleaned and maintained
- Rates should not be so high since government provide subsidies to municipalities
- Rates should not be charged since government does not help in maintaining houses and these charges are too high and could lead to citizens losing their houses
- Rates should not be charged since we are already taxed by government and owners also pay bonds

Other minority percentage (13%) said sewer and refuse should not be charged for “Because they were already paying for rates and water”

The majority of people (40) who believed that the municipality should charge for all services, the major reason pointed out was that “if the services were provided for free, they would be open to abuse and the municipality would not be sustainable”.

4.9.2. Strategies to improve collections

The last question asked the respondents what they thought the municipality should do to encourage payment for municipal services. Out of the 102 respondents who participated in this survey, 80 people answered this question and the common responses were captured and categorised as per below table.

Ensure bills are correct and billed on actuals
Make services affordable and not increase tariffs
Constant monitoring of debt and remind consumers using the sms method
Create awareness on the need to pay
Improve service delivery
Encourage flexible debit order payments
Pensioners and the poor to be charged less
Municipal staff to pride themselves in their jobs and exercise Batho Pele principles
Reward loyal customers
Monitor and promptly disconnect illegal connections which pushes the price of services high due to stealing

Table 4.4: Recommendations to improve payment

From the responses, the highlighted issues in the above table were noted as the main areas in which the municipality can improve on, in order to encourage the payment of services, thus reducing debt levels in eThekweni. The issue of ensuring correct bills which were not estimated was common in most of the responses.

4.10. SUMMARY

This chapter presented the primary data in relation to the questions which were asked by the study. The data were gathered through questionnaires and the results have been presented in graphs and tables for ease of reference. The data presented in this chapter are considered in Chapter 5 to establish its meaning in terms of the literature reviewed in Chapter 2, which is related to the questions asked by the study: What are the reasons for the continued non-payment for municipal services, and another important question on what strategies can the eThekweni Municipality employ in order to deal with the challenge of non-payment? In this exercise, what was important was to establish the extent to which the textual data used in Chapter 2 to make the findings of the questions of the study is consistent with the primary data which have been gathered in this chapter.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1. INTRODUCTION

In the previous chapter, data was presented in relation to the various aspects of the research questions asked in this study. This chapter concludes the study, based on the findings and therefore makes recommendations which are necessary to end this study. The primary aim of the study was to investigate the reasons behind non-payment of municipal services by communities in the eThekweni Municipality. In relation to this, the study asked the following questions:

- Why are some customers in eThekweni Municipality failing to pay for municipal services rendered by the municipality?
- Which services are customers mostly not paying for?
- What strategies can the municipality implement in order to remedy the problem of non-payment for municipal services in eThekweni Municipality?

An attempt was made in Chapter 2 to answer the research questions by means of reviewing the available literature related to the topic. Empirical data were further gathered through the use of questionnaires. As previously stated, the data are analysed in this chapter to determine its consistency with the literature reviewed in Chapter 2 in order to bring this research to its conclusion. In view of that, the next section presents the summary of findings.

5.2. SUMMARY OF FINDINGS

In Chapter 2, the study found that non-payment of municipal services could be attributed to a number of reasons which can be summed up into two mainly: inability to pay and unwillingness to pay. The findings are discussed below, under the sub headings, as part of fulfilling the objectives of the study.

5.2.1. Inability to pay and affordability of services

Inability to pay refers to a situation where people are unable or cannot afford to pay due to adverse socio-economic circumstances, which in most cases are attributed to poverty,

lack of employment and opportunities for self-employment. Basically, the reason for high municipal service debt is simply because the majority of the households with outstanding debts are unable to pay due to unemployment and low-income levels. In South Africa, the problem of unemployment remains a challenge throughout the country. According to Arora and Ricci (2006), although the South African economy has grown since the apartheid era, the country has not done well in keeping up with the increases in labour force.

This finding is in line with literature on cost recovery in South African municipalities, which revealed that unemployment and low income levels affect consumers' ability of paying for service debt (Peters and Oldfield, 2005).

In this study, 78% of the respondents was employed, 9.8% was self-employed and 12.2% was unemployed. It can therefore be concluded from the study that even though most respondents had some form of employment, they were still battling to pay for municipal services. More than half of the respondents stated that the services were unaffordable and they were battling to service their municipal debt. This then suggests that although respondents were mostly employed, their earnings were not adequate, hence, they were faced with a challenge of low income levels, making it difficult for them to service all their needs. This then forces them to prioritise what is sought to be more important and amongst these include food, clothing, school fees, to mention a few. Payment for municipal services is usually at the bottom of the priority list.

The finding of the study may be an indication that the tariffs charged by the municipality make it difficult for an average customer to pay, especially in times where poverty and unemployment are unavoidable. In municipalities such as eThekweni, tariffs on rates and services increase at an average rate of 8% every year. Respondents complained that the charges levied by the municipality were too high and unaffordable.

According to the Constitution of the Republic of South Africa, municipalities are obliged to provide services to the poor, even those who are unable to pay still deserve the basic services. In line with the Constitution, eThekweni Municipality provides free basic services

in the case of water: the first 9 kl of water consumption per month is free and for electricity, a tariff is currently available to indigent customers who consume less than 150 kWh per month where they are eligible to 65 kWh of free electricity on a monthly basis through prepaid metering system. The study revealed that the poor are still forced to consume beyond their means and often find themselves indebted to the municipality for consuming more than they can afford. Here, the risk of the accumulating debt which is irrecoverable is high for the municipality. Maybe in such cases it would be wise that the municipality considers providing a flat rate on customers who are really battling to pay. However, service use will need to be managed accordingly, to avoid misuse.

Although there are people who are genuinely unable to pay, the study further revealed that there is a higher percentage of people who have consciously chosen to withhold payment for a number of reasons, which brings us to the next point of customers who are said to be unwilling to pay.

5.2.2. Unwillingness to pay

Unwillingness to pay refers to a situation where the customers who have the means to pay and can afford to do so, simply do not pay. In Chapter Two, it was found that a number of reasons could cause the unwillingness and these include unsatisfactory billing and payment methods, culture of entitlement, unhappiness with the level of service delivery, lack of trust in local government due to ongoing corruption to mention a few. These are briefly discussed.

5.2.2.1. Billing and payment methods

The findings of the study revealed that the main reason why people in eThekweni choose not to pay for their bills, even though they have the means to do so, is because of incorrect and estimated charges. Although customers receive their bills frequently, the general concern was that the bills received were often incorrect and estimated. It was further established that these incorrect bills were a result of the municipality failing to take meter readings as frequently as they should, which then leads the municipality to bill customers on average estimated consumption for prolonged periods. Charges which are based on

estimated consumption are not always a true reflection of the consumer's actual consumption, which frustrates the consumer who has to pay. It was revealed in another study that incorrect billing decreases public confidence in municipalities, which leads to communities protesting to pay for bills which are deemed to be incorrect and inaccurate (Mazibuko, 2013). When bills are correct and customers are relatively happy with the charges, it reduces the frequency of complaints about high bills and it encourages loyal payers of municipal services to continue paying their dues. This also maintains trust between the consumer and the service provider.

The incorrect and long estimated billing seems to be the biggest problem amongst most of the respondents. It was also noted that the move into the new system by the municipality has made matters worse, as customers were slapped with huge bills, which caused a lot of unhappiness on the part of the respondents. This problem, if not properly managed by the municipality, could see the municipality with an increased challenge of non-payment. It is therefore crucial for the municipality to understand that before they can be able to induce a response from defaulting customers, they need to ensure that they are doing things correctly on their side, eThekweni Municipality has a hard time trying to get the customers to pay and pay on time, so that they cannot afford to give their customers any excuse to delay payments. There is a huge risk of late payment or no payment at all, on poorly processed bills.

5.2.2.2. Entitlement culture

A culture of entitlement was observed in a smaller but significant number of respondents in this study. It can therefore be concluded that from the findings, although most of the customers accepted the responsibility to pay for services and did not feel entitled to free services, there was still a significant percentage (20%) of people who still believed that they are entitled to free municipal services. This was mostly observed in the case of water services, where it was found that some people still believed that water is a natural resource which is essential to human life hence, it should not be paid for. Education is essential in creating awareness in such communities on the need to pay for services. People need to be appropriately educated on the bill of rights which gives every citizen's

the right to “basic” water and sanitation, the key word being basic services and anything above that needs to be paid for. In this view, the municipality needs to make sure that people who do not pay for services consumed are brought to book accordingly, because if this is not done, it might compromise the municipality’s efforts in getting people to pay for services. This is more so as the loyal customers may also be reluctant to pay, as they might feel that they are paying.

5.2.2.3. Service delivery and lack of trust

The findings of the study suggest that the people are not entirely satisfied with the service delivery from eThekweni Municipality. The respondents were more reserved as to agree or disagree on whether they were happy with service delivery and whether they trusted local government to efficiently utilise revenues to improve the life of the citizens. The majority of the respondents neither agreed nor disagreed.

A significant number of respondents cited that the service delivery in the municipal area, especially in the townships and the informal settlement, was poor and non-payment was a result of such poor service delivery. For instance, in this study, more respondents complained that the service delivery, particularly water, was poor and they had been left for days without water supply and therefore how does the municipality expect people to pay their dues when services are poorly delivered? It would generally be unrealistic to expect citizens to pay when they receive sub-standard services from the service provider. The issue of service delivery cannot be taken lightly by the municipality because citizens do not only express their dissatisfaction by boycotting payments, the growing trend of service delivery protests which has hit various areas of the city is evidence that citizens are not happy with the services rendered. In order to avoid the burden of consumer debt, municipalities need to commensurate revenue collection with service delivery to stimulate the culture of payment in communities (Kanyane, 2014).

The notion is that people pay for the services and rates in order to enable the municipality to effectively discharge its mandate of service delivery to communities but when citizens perceive service delivery as not forthcoming it discourages such payment.

The municipality needs to ensure that service delivery is always on par so as to encourage payment, when people realise how their money is being used, it restores their trust in local government and encourages payment. The negative impact on revenues, when citizens start boycotting payments and the municipality further incurs unbudgeted and fruitless expenditures, since the protests often become violent and sometimes results in the destruction of municipalities' infrastructure which is expensive to replace or restore, should be motivation enough for municipalities to ensure efficient service delivery for all.

It was also concluded from the above and respondents' responses on chapter four that most people are likely to pay for all services provided the service delivery is on par, charges are reasonable and correct and also take into consideration the poor communities who are unable to pay.

5.3. RECOMMENDATIONS

The recommendations below suggest strategies which could be employed in order to improve payment of municipal services in eThekweni municipality as part of the research objectives.

5.3.1. Correct Billing

It is recommended that first and foremost, the municipality needs to review its billing system to ensure that regular meter readings are done, preferable on a monthly basis as this would ensure that customers are confident that they are being charged correctly and will be encouraged to pay their bills timeously. Another important aspect which is often neglected, yet it is important in dealing with the challenge of non-payment of municipal services, is proper training of meter readers. The municipality needs to invest in the training of meter readers as this would assist in minimizing incorrect billing, which often leads to the citizens not trusting the integrity of municipalities' billing system.

5.3.2. Database management and modern delivery methods

It is always easier to get payment on a current bill that has just been delivered to the correct person and on time. For the city to ensure that once the bill is generated it reaches the customer fast enough for them to start making payment, it is crucial for the municipality

to have good and regularly updated data base of customer details to ensure that correct customers are billed and that they receive their bills. Also, the city must encourage more modern and cost saving ways of delivering bills, which include emails, social media, e-services and SMS. These are not only cheaper, as compared to the traditional printing and posting, but they are also more reliable methods of delivery.

5.3.3. Affordable tariffs

Further to this, the municipality's tariff structure should be structured in such a way that even the lowest income earning person is able to pay for services. Even though the study found that most of the respondents were employed, it was observed that affordability of services was still an issue, the municipality should therefore engage in active public participation when setting up new tariffs. Customers are likely to pay when they feel they have been properly engaged and they have had a role in setting the tariffs, rather than being imposed with high tariffs which they cannot afford. The more affordable the charges, the less chances that people would default on payments.

5.3.4. Increase payment option

Although most respondents in the study agreed that they were aware of places to make payment and these places were easily accessible, it is worth noting that technology is changing and people's lifestyles are changing too. Hence, it would be for the benefit of organisations such as municipalities to ensure that they adapt to new ways of doing things, which make it easier to satisfy their customers reduce unnecessary costs. This includes introducing card facilities at the municipality's payment offices. The study revealed that the municipality offices operate on a cash only basis payment at the office and it was suggested that the municipality should look into introducing card facilities in the branches for a more convenient and safe way of paying. Other options include cell phone payments/transfers, or credit card machines for payments. Mobile cash offices for remote areas outside the city could be considered on certain days, with prior arrangements.

5.3.5. Educational customer engagements and partnering

For a successful revenue collection, it is important for municipalities to form strong bonds or relationships with its customers and other institutions. In addition, regular meetings, that is, in the different wards, should be held with key stakeholders to sensitise them to the different aspects of the municipalities' operations. On the agenda of such meetings, the roles and responsibilities of both the municipality and the citizens should form part of the key discussions, as well as discussions around the issues and reasons for non-payment of key services in eThekweni, including policies on debt management, reporting leaks and/or water and electricity theft, should be discussed.

5.3.6. Maintain indigent register

From the findings of this study, it was indicated that even though the municipality provided free basic services, this is not always sufficient for families which genuinely cannot afford to pay, that is, large families with no sources of income. It is then suggested that the municipality maintains an indigent register. This can be created by working in conjunction with the relevant departments (social welfare, labour), where a record of all the people identified as indigent is kept and then appropriate policies should be developed to deal with the provision of services to the people where it is known that they are not able to pay. The register can be updated as, and when the people's circumstances change. This would not only assist the poorer, but it would also ensure that the municipality does not accumulate debt which it cannot recover at the end.

5.3.7. Reward good payers

The municipality can ensure continued support and payment from good payers and channel non-payers into becoming good payers as well, by introducing a system that would reward good and frequent paying customers. Rewards points could include free entrances to city's recreational centers e.g. UShaka marine world, travel rewards, shopping discounts, etc. The city can partner with the relevant service providers.

5.4. RECOMMENDATION FOR FUTURE RESEARCH

Given the social and economic significance of this study, it is imperative that a certain dimensions of the issues addressed be investigated in other settings in order for conclusive generalisations to be made. While the current study was conducted in a community that comprises largely of low income earner, it will be worthwhile to repeat the study in communities with average and high income earners within the municipality in order to discern whether the inability to pay influences other reasons that were discovered. It is also important to investigate the impact of the culture of entitlement on payment is restricted to poor and low income communities so that this tendency can be addressed in a more holistic manner asides from the widespread assumption that it is restricted to certain sections of the community.

5.5. CONCLUSION

The main objective of this study was to establish the main reason for non- payment of municipal services by communities in the city of eThekweni. The researcher was concerned with the growing number of people not paying for rates and services such as electricity, water, sewer and refuse. It was discovered from the study that some of the reasons for non-payment were as a result of unaffordability of the charges, incorrect billing, entitlement culture, unsatisfactory service delivery and unwillingness to pay. The study also found that although some of the reasons for non-payment were prevalent in the City of eThekweni, the main issue was that of incorrect and estimated billing, which caused citizens to lose trust in the municipality hence, they delay payment or they do not pay at all.

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ANNEXURE A: PERMISSION TO DO RESEARCH FROM ETHEKWINI MUNICIPALITY



OFFICE OF THE DEPUTY CITY MANAGER Treasury

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PERMISSION TO RESEARCH

This is to certify that Sinenhlanhla Fortunate Danisa (200206330) , who is currently employed as the manager in credit control in the EThekweni Municipality has been granted permission to do research on the topic: "Investigating non-payment in eThekweni Municipality." The research will be done as part of the partial fulfilment of the MBA degree with the University of KwaZulu Natal

Yours Faithfully

Mr Peet Duplessis
Head Revenue Management

ANNEXURE B: QUESTIONNAIRE



UNIVERSITY OF KWAZULU NATAL GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

MBA Research Project

Researcher: Mrs. S.F Danisa (0837930619)

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I, Sinenhlanhla Danisa, an MBA student at the Graduate School of Business and Leadership, of the University of KwaZulu Natal, kindly invite you in a research project entitled: Investigating non-payment of municipal services in EThekweni Municipality. The aim of this study is to understand the root causes for non-payment of services and through your participation I am hoping to make recommendations to remedy the situation and allow the municipality to continue rendering important quality services to the residents of EThekweni.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the research at any time with no negative consequences. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as the participant will be maintained by the Graduate School of Business and Leadership in UKZN. If you have any questions or concerns about completing the questionnaire or about participating in this research, you may contact me or my supervisor at the numbers listed above.

This survey should take you about 10-15 minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's Signature _____ Date _____

A) Please tick appropriate box

Municipal Customer	Yes	NO				
Gender	Female	Male				
Employment status	Employed	Unemployed	Self employed			
Age Group	20-24	25-29	30-39	40-49	50-60	60+

B) Please select the most appropriate answer from the scale of 1 to 5 as follows

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

My bills are often incorrect and estimated	1	2	3	4	5
I receive my statement regularly	1	2	3	4	5
I can afford rates levied on my property	1	2	3	4	5
I can afford the electricity charges on current tariffs by the Municipality	1	2	3	4	5
Water charges levied by the Municipality are affordable	1	2	3	4	5
I believe irregular and incorrect billing contributes to non-payment	1	2	3	4	5
Overall I believe that municipality charges are NOT affordable and results in non-payment in non-payment	1	2	3	4	5
The level of service provided by EThekweni Municipality is poor	1	2	3	4	5
I know where to pay for my bills and the places are easily accessible to me	1	2	3	4	5
I do not (or know someone who does not) pay for municipal services because of the poor services rendered.	1	2	3	4	5

I think Municipal revenues are being used effectively and efficiently to better the lives of citizens in EThekweni Municipality.	1	2	3	4	5
I believe Municipality should not charge for Water	1	2	3	4	5
Municipality should not charge property rates	1	2	3	4	5
Municipality should not charge for electricity	1	2	3	4	5
I feel that Municipal revenues are not being used efficiently and hence discourages payment for services	1	2	3	4	5

C) Please answer the following question

Which services if any do you think the Municipality should not charge for and why?

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What do you think the Municipality should do differently in order to ensure consistent and regular payments for rates and services?

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ANNEXURE C: HYPOTHESIS TESTING

Water charges levied by the Municipality are affordable * Age Group									
Crosstab									
			Age Group						Total
			20 - 24	25 - 29	30 - 39	40 - 49	50 - 60	60+	
Water charges levied by the Municipality are affordable	Strongly Disagree	Count	0	0	8	5	3	1	17
		% within Age Group	0.0%	0.0%	18.6%	25.0%	15.0%	10.0%	16.8%
		% of Total	0.0%	0.0%	7.9%	5.0%	3.0%	1.0%	16.8%
	Disagree	Count	1	2	9	5	5	6	28
		% within Age Group	33.3%	40.0%	20.9%	25.0%	25.0%	60.0%	27.7%
		% of Total	1.0%	2.0%	8.9%	5.0%	5.0%	5.9%	27.7%
	Neutral	Count	1	0	14	4	4	3	26
		% within Age Group	33.3%	0.0%	32.6%	20.0%	20.0%	30.0%	25.7%
		% of Total	1.0%	0.0%	13.9%	4.0%	4.0%	3.0%	25.7%
	Agree	Count	0	3	10	6	6	0	25
		% within Age Group	0.0%	60.0%	23.3%	30.0%	30.0%	0.0%	24.8%
		% of Total	0.0%	3.0%	9.9%	5.9%	5.9%	0.0%	24.8%
	Strongly Agree	Count	1	0	2	0	2	0	5
		% within Age Group	33.3%	0.0%	4.7%	0.0%	10.0%	0.0%	5.0%
		% of Total	1.0%	0.0%	2.0%	0.0%	2.0%	0.0%	5.0%
Total	Count	3	5	43	20	20	10	101	
	% within Age Group	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	3.0%	5.0%	42.6%	19.8%	19.8%	9.9%	100.0%	
Chi-Square Tests									
	Value	df	Significance		Exact Sig. (2-sided)		Exact Sig. (1-sided)		
Pearson Chi-Square	24.000 ^a	20	0.242	.	.	.	.	.
Likelihood Ratio	26.829	20	0.140	.	.	.	.	.
Fisher's Exact Test	20.033			0.334					
Linear-by-Linear Association	1.467	1	0.226	.	.	.	.	.
N of Valid Cases	101								
a. 22 cells (73.3%) have expected count less than 5. The minimum expected count is .14.									
b. Cannot be computed because there is insufficient memory.									

My bills are often incorrect and estimated * Age Group									
Crosstab									
			Age Group					Total	
			20 - 24	25 - 29	30 - 39	40 - 49	50 - 60		60+
My bills are often incorrect	Strongly Disagree	Count	1	1	3	4	2	0	11
		% within Age Group	33.3%	20.0%	7.0%	20.0%	10.0%	0.0%	10.9%
		% of Total	1.0%	1.0%	3.0%	4.0%	2.0%	0.0%	10.9%
	Disagree	Count	2	2	7	3	6	1	21
		% within Age Group	66.7%	40.0%	16.3%	15.0%	30.0%	10.0%	20.8%
		% of Total	2.0%	2.0%	6.9%	3.0%	5.9%	1.0%	20.8%
	Neutral	Count	0	1	7	1	4	5	18
		% within Age Group	0.0%	20.0%	16.3%	5.0%	20.0%	50.0%	17.8%
		% of Total	0.0%	1.0%	6.9%	1.0%	4.0%	5.0%	17.8%
	Agree	Count	0	0	10	8	5	2	25
		% within Age Group	0.0%	0.0%	23.3%	40.0%	25.0%	20.0%	24.8%
		% of Total	0.0%	0.0%	9.9%	7.9%	5.0%	2.0%	24.8%
	Strongly Agree	Count	0	1	16	4	3	2	26
		% within Age Group	0.0%	20.0%	37.2%	20.0%	15.0%	20.0%	25.7%
		% of Total	0.0%	1.0%	15.8%	4.0%	3.0%	2.0%	25.7%
Total	Count	3	5	43	20	20	10	101	
	% within Age Group	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	3.0%	5.0%	42.6%	19.8%	19.8%	9.9%	100.0%	
Chi-Square Tests									
	Value	df	Significance	Exact Sig. (2-sided)	Exact Sig. (1-sided)				
Pearson Chi-Square	27.660 ^a	20	0.118	.	.				
Likelihood Ratio	28.483	20	0.098	.	.				
Fisher's Exact Test	23.747			0.127					
Linear-by-Linear Association	0.110	1	0.740	.	.				
N of Valid Cases	101								
a. 24 cells (80.0%) have expected count less than 5. The minimum expected count is .333.									
b. Cannot be computed because there is insufficient memory.									

ANNEXURE D: CORRELATIONS

Correlations														
	My bills are often incorrect and estimated	I receive my statement regularly	I can afford rates levied on my property	I can afford the electricity charges on current tariffs by the Municipality	Water charges levied by the Municipality are affordable	I believe irregular and incorrect billing contributes to non-payment	Overall I believe that municipality charges are NOT affordable and results in non-payment	The level of service provided by eThekweni Municipality is poor	I know where to pay for my bills and the places are easily accessible to me	I do not (or know someone who does not) pay for municipal services because of the poor services rendered	I think Municipal revenues are being used effectively and efficiently to better the lives of citizens in eThekweni Municipality.	I believe Municipality should not charge for Water	Municipality should not charge property rates	Municipality should not charge for electricity
My bills are often incorrect and estimated	1													
	102													
I receive my statement regularly	-0.142	1												
	0.154													
I can afford rates levied on my property	102	102												
	-0.155	0.127	1											
I can afford the electricity charges on current tariffs by the Municipality	0.120	0.205												
	102	102	102											
	-0.069	0.105	.532**	1										
Water charges levied by the Municipality are affordable	0.490	0.293	0.000											
	102	102	102	102										
	-.326**	0.112	.490**	.522**	1									
I believe irregular and incorrect billing contributes to non-payment	0.001	0.264	0.000	0.000										
	102	102	102	102	102									
	0.092	0.157	0.073	0.067	0.042	1								
Overall I believe that municipality charges are NOT affordable and results in non-payment	0.360	0.115	0.465	0.501	0.678									
	102	102	102	102	102	102								
	0.120	-0.086	-0.148	-0.183	-.257**	0.173	1							
The level of service provided by eThekweni Municipality is poor	0.229	0.391	0.138	0.066	0.009	0.082								
	102	102	102	102	102	102	102							
	0.176	-0.067	-0.112	-0.021	-0.033	0.067	.379**	1						
I know where to pay for my bills and the places are easily accessible to me	0.077	0.501	0.264	0.835	0.742	0.506	0.000							
	102	102	102	102	102	102	102	102						
	0.155	0.098	0.048	0.069	-0.060	.313**	-0.091	-.231*	1					
I do not (or know someone who does not) pay for municipal services because of the poor services rendered.	0.120	0.327	0.629	0.488	0.551	0.001	0.364	0.020						
	102	102	102	102	102	102	102	102	102					
	-0.025	0.063	-0.128	-0.138	-0.118	0.010	0.013	0.071	-0.082	1				
I think Municipal revenues are being used effectively and efficiently to better the lives of citizens in eThekweni Municipality.	0.806	0.531	0.198	0.168	0.239	0.921	0.894	0.480	0.415					
	102	102	102	102	102	102	102	102	102	102				
	-0.156	0.087	0.134	.211*	0.074	-0.142	-0.187	-0.193	-0.037	-0.060	1			
I believe Municipality should not charge for Water	0.118	0.386	0.180	0.033	0.457	0.155	0.060	0.052	0.716	0.552				
	102	102	102	102	102	102	102	102	102	102	102			
	0.178	-0.080	-0.166	-0.117	-0.105	0.063	0.058	0.080	0.073	0.106	-0.037	1		
Municipality should not charge property rates	0.073	0.424	0.095	0.240	0.292	0.529	0.566	0.425	0.465	0.291	0.713			
	102	102	102	102	102	102	102	102	102	102	102	102		
	.301**	-0.052	-0.185	-0.185	-0.155	0.028	0.118	0.164	0.016	0.062	-.287**	.545**	1	
Municipality should not charge for electricity	0.002	0.606	0.063	0.063	0.119	0.780	0.236	0.100	0.871	0.534	0.003	0.000		
	102	102	102	102	102	102	102	102	102	102	102	102	102	
	.212*	-0.129	-0.135	-0.109	-0.165	0.035	0.081	0.057	-0.058	-0.015	-0.165	.482**	.408**	1
I feel that Municipal revenues are not being used efficiently and hence discourages payment for services	0.033	0.195	0.176	0.275	0.097	0.730	0.417	0.572	0.563	0.878	0.098	0.000	0.000	
	102	102	102	102	102	102	102	102	102	102	102	102	102	102
	.341**	-0.078	-0.128	-0.077	-.237*	.196*	.242*	0.188	0.161	0.023	-.395**	0.134	.298**	.312**
	0.000	0.436	0.199	0.444	0.016	0.048	0.014	0.059	0.106	0.815	0.000	0.178	0.002	0.001
	102	102	102	102	102	102	102	102	102	102	102	102	102	102
**. Correlation is significant at the 0.01 level (2-tailed).														
*. Correlation is significant at the 0.05 level (2-tailed).														

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

