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Non-payment of municipal services:
Baseline survey report

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Non-payment of municipal services:
Baseline survey report

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1. Introduction and Background

This paper reports the findings of a national Baseline survey[1]. This is `an attempt to clearly identify, describe and analyze the similarities and/or differences of high-paying and low-paying communities against the background of their spatiality, i.e. whether they are rural or urban. This Baseline survey report tells the story of the gradual unfolding of the socio-economic dynamics of each group of households called clusters. The Baseline survey report gives an overview and situational context against which to interpret the payment or non-payment behavior of households. We trust that this report will contribute to an improved understanding of the socio-economic consequences and policy implications of the non-payment of municipal services in South Africa in order to generate appropriate solutions to this problem.

The findings for the 1599 households are presented below (Details on the sample, questionnaire and survey are captured in the section on research methodology). The number of the question between brackets corresponds with the number of the question in the questionnaire. The questionnaire consists of two sections. Section A captures the socio-economic details of the households while Section B focuses on the payment patterns and payment preferences of households.

The data will be analyzed in terms of the four clusters [1 = Urban Low-paying (ULP)]; [2 = Urban High-paying (UHP)]; [3 = Rural Low-paying (RLP)]; [4 = Rural High-paying (RHP)] according to which the sample was drawn (see section on sampling). This will enable socio-economic comparisons for respondents residing in low-paying and high-paying predominantly African neighborhoods and also across the urban–rural divide. For purposes of data analysis of the baseline survey, the self-reported payment rates of households as reflected in question 35 have been used to conceptualize high-paying and low-paying households. This means that "high-paying households" comprise those respondents who indicated on question 35 that they pay their monthly accounts for services and rates *in full*, while *occasionally*, *partially* and *non-paying* households constitute the sector for "low-paying households". The

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rationale underlying this approach is that by using the *self-reported* payment behavior of households – rather than merely relying on *official records* and thus *assuming* a concentration of either high or low-paying units in a specific cluster – the validity of the unit of analysis (i.e. *bona fide* high or low-paying households) is increased. This approach allows for a more sound data analysis and comparison between clusters, while the impact of interfering variables – i.e. the presence of high-paying households in a low-paying cluster and vice versa - is minimized at the same time. However, using official indicators of payment rates proved of crucial importance in the demarcation of clusters, and greatly enhanced the probability of sufficient representation of both high-paying and low-paying households in the final sample, as is explained in the methodology report dealing with sampling of study sites.

2. Findings

In all four clusters almost twice the number of female respondents compared with male respondents participated in the study. Two possible reasons could explain this over representation of females. Firstly, a larger proportion of males than females is usually employed, and often away from home, causing a higher rate of male absenteeism and therefore an unavailability of males for interviewing purposes. Secondly, the interviewers were instructed to interview the person usually responsible for handling the household finances, which in this case include more female respondents than what would have been the case had heads of households only been targeted as units of observation, as in many other surveys of this kind.

TABLE 1: GENDER DISTRIBUTION PER CLUSTER (Q1)

	ULP		**UHP**		**RLP**		**RHP**	
Gender	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Male	146	35	155	39	155	38	132	35
Female	272	65	240	61	253	62	241	65

TABLE 2: MEAN AGE OF RESPONDENTS PER CLUSTER (Q2)

	ULP	**UHP**	**RLP**	**RHP**
Mean Age	45,8	46,8	47,9	46,4
Standard deviation	13,9	15,3	16,8	15,8

The Urban Low-paying cluster had the lowest mean age (45,8) while the Rural Low-paying cluster's mean age was the highest on 47,9%. However, the age differences

between the four clusters are negligibly small and no meaningful conclusions could be drawn from this data (Table 2).

TABLE 3: LITERACY OF RESPONDENTS PER CLUSTER (Q3 & Q4)

	Ability to read in home language				Ability to read in English			
	ULP	**UHP**	**RLP**	**RHP**	**ULP**	**UHP**	**RLP**	**RHP**
Yes	91,2	88,6	72,4	80,7	76,0	88,6	48,8	57,5
No	8,8	11,4	27,6	19,3	24,0	11,4	51,2	42,5

Educational attainment was incorporated as one of the key indicators of the Human Development Index. Literacy as important aspect of education status can be regarded as an important indicator of development, especially for gauging the capacity of individuals to comprehend written communication such as municipal accounts.

An interesting but expected observation was that low-paying rural clusters have lower literacy levels in terms of home language and English than high-paying rural clusters. Rural clusters have substantially lower literacy levels (in terms of home language and English) when compared with urban clusters. When ability to read in English is compared for the different clusters, larger proportions of respondents in high-paying clusters indicated their ability to read in English than those in low-paying clusters and the urban rural divide is once again prominent. One can derive two conclusions from these findings. Firstly, that non-payment of services could be partially explained by whether people could read and comprehend their municipal accounts. Secondly, one can conclude from this that multi-lingualism is an important issue in the local government sector of South Africa. As expected, each time the ability to read documentation in English was significantly lower for English as for the respondent's home language, except in the case of the Urban High-paying cluster. One could perhaps assume that should accounts therefore be issued in the home languages of people in order that substantially more people will be able to read and understand them, this may subsequently result in a higher payment rate for services.

TABLE 4: HIGHEST EDUCATIONAL QUALIFICATION (Q5)

Highest academic qualification	**ULP**	**UHP**	**RLP**	**RHP**
No education	5,0	11,0	22,2	14,6
Grade 1 – Grade 4	10,7	10,3	15,6	13,0
Grade 5 – Grade 10	47,1	38,3	47,4	46,1
Grade 11 – Grade 12	24,0	28,0	12,9	19,1
Post-matric	13,2	12,5	1,9	7,3

The majority of urban households are functionally literate (84,3%) and (78,8%) respectively for ULP and UHP areas (i.e. have completed five years or more of schooling). This more or less corresponds with the findings in Table 3 indicating approximately 20% plus of households in urban areas to be functionally illiterate in English. The difference between those respondents with a high payment rate and those with a low payment rate in terms of academic qualification for the rural areas was even more contrasting. Almost four times more people in rural high-paying areas have a post-matric qualification compared with rural low-paying areas and almost seven times more people when compared with urban high-paying areas, however, the differentials within the urban clusters are negligibly small.

TABLE 5: LENGTH OF STAY IN NEIGHBORHOOD (Q6.1)

	ULP	**UHP**	**RLP**	**RHP**
Mean	14,3	14,6	12,7	13,1
Standard deviation	12,3	12,7	13,3	14,3

According to Table 5 there is no meaningful difference between the length respondents reside in their specific neighborhood and whether they fall in a high-paying or low-paying urban or rural cluster.

TABLE 6: HOME OWNERSHIP (Q6.2)

	ULP	**UHP**	**RLP**	**RHP**
Yes, own the house	95,9	94,9	96,6	96,2
No, do not own the house	4,1	5,1	3,4	3,8

Table 6 reflects data on home ownership as a proxy of standard of living. One could argue that home ownership normally enhances feelings of self-pride and independence and one could therefore expect a larger proportion of households in high-paying clusters to own their dwellings than is the case in low-paying clusters, assuming that ownership represents a proxy of greater ability-to-pay for services. There is no relationship between home ownership and high/low-paying clusters. In fact for both the high/low-paying clusters a slightly larger proportion of respondents is home-owners compared with high-paying clusters. However, this should be interpreted against the background of large scale public housing delivery during the previous seven years where more than a million fully serviced houses were built in South Africa. Each household with a monthly household income of R1 500 or less

(i.e. the vulnerable/poor section of the population) received a housing subsidy valued at R15 000 on average. Strictly speaking, this large-scale state-subsidized housing drive makes home ownership invalid as proxy of ability-to-pay, because many people obtained houses due to their low living standard and not for their ability to maintain and improve their housing environment.

TABLE 7: HOUSEHOLD DURABLES (Q7)

Number of household durables	ULP	UHP	RLP	RHP
1-3	15,4	13,7	39,4	26,1
4-7	54,7	47,4	51,4	58,6
8-13	29,9	38,9	9,1	15,2

Table 7 reflects the number of durables that each household possesses. Household durables is an important indicator of socio-economic status in the South African context. According to De Wet (2000) the national South African living standard survey (SALDRU-survey) of 1993 established that household assets/durables is a very good measure of socio-economic status and perceived quality of life. One could therefore assume that low-paying communities would have a lower socio-economic status and households in these communities would therefore possess less household durables.

The findings as reflected in Table 7 concur with such an assumption in that there are significant differences between high-paying and low-paying clusters and between urban and rural clusters. The proportion of urban high-paying households with eight or more household durables is four times more than in the case of rural low-paying households. This is clearly an indication that ability-to-pay could be an issue for many households due to the low socio-economic status they occupy.

TABLE 8: AVERAGE HOUSEHOLD SIZE (Q8.3)

ULP	UHP	RLP	RHP
5,0	4,8	4,8	5,0

The differentials for the Baseline survey between the four clusters are negligibly small. No meaningful conclusion could therefore be made from the data in Table 8.

TABLE 9: ADULT: CHILD RATIO PER HOUSEHOLD[2] (Q8.1 & Q8.2)

	ULP	UHP	RLP	RHP
Census 96	1,7	1,8	1,3	1,2
Baseline survey for the same clusters as the census	1,4	1,3	1,2	1,2
Baseline survey clusters according to payment for services	1,4	1,4	1,1	1,3

Due to very marginal differences between the adult:child ratios of the clusters in the Baseline survey one could not indicate any meaningful differences between the low-paying/high-paying clusters and urban/rural clusters of the Baseline survey.

TABLE 10: UNEMPLOYMENT RATE (Q10 & Q11)

Unemployment rate	**ULP**	**UHP**	**RLP**	***RHP***
Narrow definition (excluding discouraged workers)	51,2	45,7	56,6	44,9
Broad definition (including discouraged workers)	52,2	46,3	57,9	45,6

The unemployment rate is calculated as the number of unemployed persons divided by the sum of employed and unemployed persons and expressed as a percentage. Employed persons include all those who work for pay, profit or family gain. There are two definitions of unemployment. According to the **narrow definition of unemployment**, the unemployed includes only those who are willing and able to work and who are actively looking for work. Hence, it excludes persons listed as unemployed who are not actively looking for work. The unemployed also excludes housewives or home-makers, children not yet attending school, pupils and full time students, pensioners and retired persons, disabled persons and those who do not wish to work. In the case of the **broad definition of unemployment**, persons who have become discouraged and who are not actively looking for work but are willing and able to work, are also regarded as unemployed.

For all the observations the findings of the Baseline survey suggested a higher unemployment rate than the national unemployment figure of 34% (broad definition) and 23% (narrow definition) (South Africa Survey, 2000). Since this study focuses on

[2] Census 96 used 18 as the cut-off age while the baseline survey used 16 as the cut-off age for calculating the adult:child ratio – therefore the adult/child ratios are consistently lower for the "baseline survey clusters" than for the "census TLC clusters"

Africans, this simply reflects the extent to which the African population in South Africa carries the largest share of the unemployment burden. The difference between the unemployment rate in low-paying and high-paying clusters is more pronounced in rural than in urban settings. In fact, the differentials in rural clusters range from 11,7 to 12,3. On the other hand, the differentials for urban clusters only range from 5,5 to 5,9. This may imply that poverty gaps and inequality thus affecting ability-to-pay is more of an issue in rural than in urban areas. This is indeed proved in Section B, where the need for job opportunities was emphasized on several occasions, in particular by low-paying households in rural areas.

TABLE 11: MONTHLY HOUSEHOLD EMPLOYMENT INCOME AFTER DEDUCTIONS (Q9)

	ULP	**UHP**	**RLP**	**RHP**
Mean	R 2 250	R 2 279	R 886	R 1 571
Standard deviation	R 2 557	R2 105	R 840	R 1 365
No of households reporting this income category	314	316	264	273
No of households reporting this income category as % of total no of households	74,8%	79,8%	64,4%	73,2%

There is only a marginal difference in the mean monthly income when the households in the ULP and UHP clusters are compared, however substantial differences in monthly household income occur in the rural clusters. The findings according to Table 11 indicate that the monthly take-home income is proportionally more for high-paying rural clusters than for low-paying rural clusters. A larger proportion of households in high-paying clusters receives this take-home income in real terms. This is another indication that non-payment of services may be ascribed more to inability-to-pay in small towns (i.e. rural areas) than in urban places. This is again confirmed in Section B (See tables 51, 56 & 61 for instance).

TABLE 12: BUSINESS ACTIVITIES OPERATING FROM HOME (Q12)

Business activity	ULP		UHP		RLP		RHP	
	N	%	N	%	N	%	N	%
Shebeen	6	6,9	6	10,7 (3)	8	14,5 (2)	5	7,9
Creche	5	5,7	2	3,6	0	0,0	1	1,6
Spaza shop	28	32,1 (1)	11	19,6 (2)	23	41,1 (1)	24	38,1 (1)
Building contractor	2	2,3	1	1,8	3	5,5	3	4,8
Manufacturing building material	1	1,1	1	1,8	0	0,0	1	1,6
Barber/hairdresser	5	5,7	0	0,0	1	1,8	1	1,6
Mechanic/panel beater	2	2,3	2	3,6	3	5,5	6	9,5 (3)
Washing	4	4,6	1	1,8	7	12,7 (3)	0	0,0
Telephones	1	1,1	0	0,0	0	0,0	1	1,6
Welder	3	3,4	1	1,8	1	1,8	1	1,6
Tailor/sewer	8	9,2 (3)	4	7,2	2	3,6	3	4,8
Shoe repairs	1	1,1	1	1,8	0	0,0	1	1,6
Handicraft/hawking	15	17,2 (2)	19	33,9 (1)	7	12,7 (3)	16	25,4 (2)
Other	6	6,9	7	12,5 (3)	0	0,0	0	0,0
Total	87	100[3]	56	100	55	100	63	100
Total of 1st, 2nd and 3rd most reported business activities		58,5		64,2		81,0		73,0

It is evident that the most popular business activities, irrespective of the cluster are spaza shops and handicraft/hawking, and to a lesser extent shebeens, washing and mechanics/panel beating. This finding corresponds largely with findings of a business audit in the Vredefort neighborhoods of Mokwallo and Vredeshoop (Botes & Pelser, 1997). If one takes a closer look at the first, second and third reported business activities it is evident that the informal business sector is more diversified in the urban than in the rural clusters, making the informal business sector of the rural clusters more vulnerable to external shocks and threats resulting in less sustainable livelihoods. However, these informal business activities consisted almost entirely of workers engaged in survivalist activities. A Report on Poverty and Inequality published in 1998 indicated that the most common activities in the informal sector were retail and service-orientated, with a small proportion of informal entrepreneurs engaged in manufacturing activities (May, 2000 & South Africa Survey, 2000).

[3] Due to rounding percentages do no always add-up to 100%

The UHP cluster has a smaller proportion of informal business activities when compared with households of the ULP cluster. This makes sense given the perspective that many view the informal sector as the so-called third sector or invisible economy. However, the opposite picture unfolds for rural clusters, where marginally more business activities are reported for the RHP cluster in comparison with the RLP cluster.

TABLE 13: HOUSEHOLD NON-EMPLOYMENT MONTHLY INCOME (Q13)

Type of non-employment income	**ULP**		**UHP**		**RLP**		**RHP**	
	Mean **®**	**N**	**Mean ®**	**N**	**Mean ®**	**N**	**Mean ®**	**N**
1. Rental income	205	6	157	10	76	8	334	5
2. Pension and provident fund	1948	14	810	13	403	13	1388	14
3. Old age pension	597	102	672	99	650	117	629	101
4. Disability grant	587	30	612	22	598	31	595	20
5. Foster care	196	9	230	1	346	7	312	10
6. Maintenance grant	281	15	329	9	160	10	203	7
7. Care dependence grant	1390	3	667	3	200	2	258	3
8. War veterans' grant	0	0	40	1	0	0	0	0
9. Government workmen's compensation	1000	2	1250	2	0	0	0	0
10. Unemployment insurance fund	575	4	401	1	380	3	277	3
11. Other	192	2	940	6	921	4	1460	1
Total	651	187	633	167	562	195	646	164

Table 13 indicates that the mean non-employment household income for ULP, UHP and RHP clusters differs only marginally. However, the mean non-employment income for households in the RLP cluster is substantially (approximately R89 per month) lower than the other clusters.

TABLE 14: HOUSEHOLD ANNUAL REMITTANCE INCOME (Q16, Q18, Q19)

Type of remittance	**ULP**		**UHP**		**RLP**		**RHP**	
	Mean **®**	**N**	**Mean ®**	**N**	**Mean ®**	**N**	**Mean ®**	**N**
1. Remittance in cash	1602	62	2855	59	1662	79	2005	54
2. Remittance in kind	899	26	1435	22	959	27	783	19
3. Total cash value of remittance[4]	2453	88	5912	60	2419	89	3166	56

In the UHP cluster households receive more than double the annual remittance income (141%) when compared with households in the ULP areas, resulting in a higher living standard with an improved ability-to-pay. The same trend is evident

[4] As calculations are based on mean R-values, *cash values* and *in-kind values* will not always add-up.

when the two rural clusters are compared – households in low-paying clusters receive substantially more annual remittance income (31%) than their high-paying counterparts.

TABLE 15: HOUSEHOLD ANNUAL CONTRIBUTIONS TO PEOPLE LIVING OUTSIDE THE HOUSEHOLD (Q21, Q23)

Type of contribution	ULP		UHP		RLP		RHP	
	Mean **®**	**N**	**Mean ®**	**N**	**Mean ®**	**N**	**Mean ®**	**N**
1. In cash	2115	72	2346	75	1265	48	1791	49
2. In kind	1699	15	1333	11	906	5	1076	10
3. Total cash value of contributions[5]	2435	73	2508	76	1360	48	1937	51

African culture is one of *ubuntu* - sharing and mutual communality. Nowhere in the data is it illustrated better than in the generous contributions that relatively deprived households make to even poorer relatives/household members living outside the household. However, according to the data there is a qualification. *Ubuntu* measured in contributions to other people in need, make up a larger proportion of a low-paying household's expenses than that of a high-paying household's. Table 15 indicates that although the total income of ULP households is much lower than that of UHP households, their (ULP households) annual mean contributions to people living outside the household is almost the same, with the ULP households contributing R73 less per year (2,3%) than households in UHP areas. In the case of the rural clusters people make contributions more in accordance to their annual remittance income, in which case households in the RHP cluster contribute R577 more per year (42%) than those in the RLP cluster.

TABLE 16: AVERAGE MONTHLY HOUSEHOLD EXPENSE PER EXPENSE CATEGORY (Q24)

Expense category	ULP		UHP		RLP		RHP	
	Mean **®**	**Rank -ing**	**Mean ®**	**Rank -ing**	**Mean ®**	**Rank -ing**	**Mean ®**	**Rank -ing**
1. Food	416	2	436	1	277	1	351	1
2. Education	145		147		40		56	
3. Health Care	146		177		64		105	
4. Household Maintenance	222	4	249	3	133	2	163	2
5. Transport	226	3	229	4	89	4	139	4
6. Clothing	191		194		100	3	142	3
7. Rent	663	1	279	2	80		77	
8. Personal items	179		158		81		104	
9. Other[6]	417		364		279		327	
10. Total	1437		1504		690		960	

[5] As calculations are based on mean R-values, *cash values* and *in kind values* will not always add-up.
[6] The *other* category is excluded from the ranking due to its diverse nature.

For all expense categories households in the UHP cluster spent only marginally more than households in ULP clusters, except for the categories rent and personal items where they (UHP households) spent substantially less. However, there are some substantial differences between low-paying and high-paying rural clusters. There are some similarities and differences when comparing the rankings (in terms of rand-value) for the different household expense categories. In three of the four clusters food is ranked as the number one expense (in real terms), followed by rent for the two urban clusters, clothing for the two rural clusters and household maintenance and transport for al four clusters.

TABLE 17: PLACE AND PROPORTION OF HOUSEHOLD EXPENSES (Q25)

	Proportion of income (%)															
	ULP				**UHP**				**RLP**				**RHP**			
Location	25	50	75	100	25	50	75	100	25	50	75	100	25	50	75	100
In the township/neighbor-hood where they live	37[7]	9	4	26	35	9	3	23	36	6	2	20	30	11	1	37
In the same town/city where they live	7	10	35	18	3	11	32	24	2	6	33	31	3	12	28	26
In another town	5	1	1	3	3	0	1	5	2	1	2	3	2	2	2	9

Households were asked where they regularly spend their money. They were also asked to indicate the proportion of their income that they spend per place. Households in ULP areas tend to spend marginally more of their income in the neighborhood where they reside compared with households in UHP areas. Perhaps it is because they (ULP households) are less mobile in terms of access to affordable means of transport. The opposite is true for households in the RLP cluster where they tend to spend less of their income in their immediate vicinity compared with households in the RHP area. Households in RHP areas are also most likely to spend a substantial proportion of their income in another town/city, which may be ascribed to greater mobility due to their improved socio-economic status and to a lack of diversity of local products and services to choose from.

[7] Percentages do not add-up to a 100% due to the different categories respondents opted for.

TABLE 18: AVERAGE MONTHLY HOUSEHOLD SAVINGS (Q26)

Forms of saving	**ULP ®**	**UHP ®**	**RLP ®**	***RHP* ®**
1.Bank & post office	342	328	168	205
2.Policies	295	349	140	312
3.Unit trusts and shares	554	212	0	124
4.Stokvels/ other informal saving associations	145	119	81	98
5.Other	164	88	64	59
6.Total	452 (N=179/42,6%)	422 (N=167/42,1%)	159 (N=114/27,8%)	291 (N=177/47,5%)

The monthly savings of urban households are quite similar. However, big differences occur when the monthly savings of low-paying and high-paying rural households are compared. As expected, low-paying rural households save substantially less per month than high-paying rural households. This is understandable given the difference in socio-economic status of these two groups of households. Not only do low-paying rural households save less in real terms, but also a smaller proportion of RLP households has monthly savings if compared with the other clusters.

TABLE 19: TOTAL HOUSEHOLD MONTHLY INCOME

Income category	**ULP**	**UHP**	**RLP**	***RHP***
R800 and less	36,6 (%)	21,4 (%)	60,8 (%)	36,0 (%)
More than R800	63,4 (%)	78,6 (%)	39,2 (%)	64,0 (%)
Mean total income	R2 031	R2 150	R896	R1 480

Table 19 indicates the total income profile for each cluster. It is clear that there is only a marginal difference between the two urban clusters, while the two rural clusters differ quite considerably, both from one another and from the two urban clusters. However, in terms of the proportion of households that falls under the household poverty line of R800 per month, there is quite a substantial difference between the two urban clusters.

One of the key research questions is to measure the ability-to-pay for services of each household. The poverty distribution based on monthly expenditure, as calculated by Statistics South Africa and the World Bank has been used as a reference index. This means that in order to establish the lower income households in each of the clusters, the calculation was based on a household income poverty line of R800 per month. Table 20 clearly indicates that there are quite a number of households in each cluster falling below the household poverty line. Particularly in the two rural clusters and the

low-paying urban cluster, almost 50% or more of the households indicated an average household expense of R800 and less. It appears that non-payment of services may very well be an economic or developmental problem in rural and urban areas, meaning that a relatively large number of Africans simply lack the necessary income to pay their municipal accounts. This is confirmed by an expression of a general willingness to pay and a strong moral rejection of any customary evasion of payment for services (See table 67 for instance).

TABLE 20: TOTAL HOUSEHOLD MONTHLY EXPENSE

Expense category	**ULP**	**UHP**	**RLP**	***RHP***
R800 and less	43,3%	28,0%	66,8%	51,5%
More than R800	56,4%	72,0%	33,2%	48,5%
Mean total expenditure	R1 462	R1 544	R703	R 982

People often have their own views on whether they consider themselves poor or not in terms of the extent to which their household basic needs are met – therefore the distinction between subjective and objective poverty. Table 21 shows the subjective poverty of the households that had participated in the study.

TABLE 21: HOUSEHOLD CONSUMPTION AND WHETHER IT WAS ADEQUATE TO ADDRESS THE HOUSEHOLD'S NEEDS (Q27)

Evaluation of consumption	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Consumption less than adequate for household's needs	232	55,6	189	47,8	274	67,2	188	50,4
Consumption just adequate for household's needs	64	15,3	88	22,3	42	10,3	93	24,9
Consumption was more than adequate for household's needs	121	29,0	118	29,9	92	22,5	92	24,7

When tables 20 and table 21 are compared, it is clear that the respondents' subjective experience of poverty is even worse than what the household poverty line suggested, meaning that although 45,3% of the ULP households fall below the household poverty line, 55,6 % of the households in the same cluster indicate that their consumption was less than adequate for their household's needs. In terms of the UHP cluster the difference between households in absolute and relative poverty was even bigger. Although only 28% of the households fall below the household poverty line

almost double the number of households in the same cluster experience subjective poverty (47,8%). Another interesting observation is the fact that the poverty distribution is pretty much the same irrespective whether one applies the household expenditure poverty-line of R800 per month (table 20) or a more subjective indicator of poverty (table 21) for the two rural clusters.

TABLE 22: THREE MOST IMPORTANT THINGS THAT HOUSEHOLDS FEEL THEY HAVE TO PAY FOR (Q27.1)

Expense category	**ULP**		**UHP**		**RLP**		***RHP***	
	%	**Rank**	**%**	**Rank**	**%**	**Rank**	%	**Rank**
1. Food	96,2	1	93,7	1	93,2	1	93,6	1
2. Electricity	67,1	2	59,9	2	62,2	2	62,7	2
3. Rent	11,9		6,8		11,7		14,5	
4. Water	39,3	3	53,0	3	48,0	3	50,9	3
5. Transport	8,6		14,9		5,4		7,0	
6. Clothing	10,7		6,1		8,8		8,6	
7. Paying debts	12,9	5	18,2	5	17,1	5	18,8	5
8. School fees	31,2	4	24,7	4	18,0	4	20,6	4
9. Hire and purchasing installments	5,7		5,1		10,0		9,1	
10. Savings/Insurance	2,9		6,1		2,2		2,1	
11. Telephone	5,7		5,1		2,4		3,2	
12. Home improvements	1,7		1,5		2,0		1,6	
13. Burial expenses	4,8		4,3		6,3		3,2	

When asked what the three most important household expenses are, the majority of respondents indicated (in decreasing order of importance) food, electricity, water, school fees and paying debt (see Table 22). There was no significant difference between the four clusters. Findings of a national survey in 1999 also identified food, electricity and water as three of the four expenditure priorities for African neighborhoods. The prioritization of food, electricity and water remained amongst the top four expenditure priorities even when households were asked on what extra spending will be should they earn another R500 a month. Expenditure priorities also did not differ from people living in formal housing versus shack-dwellers (Johnson, 1999:29). It is furthermore significant that as payment priority, electricity is ranked higher than water, since electricity charges is also perceived considerably more affordable than charges for water consumption (see table 61).

TABLE 23: HOUSEHOLD DEBT (Q28.2 & Q28.3)

	ULP R	**UHP R**	**RLP R**	***RHP* R**
Mean total debt	6105	5779	3299	4562
Mean monthly repayment	418	388	274	336

Table 23 indicates that the mean monthly debt repayment amount of ULP households is lower than that of their UHP counterparts. The opposite is true for RLP households, who on average pay R62 per month less on their debts than RHP households.

TABLE 24: ACCESS TO FINANCIAL SERVICES (Q29)

Service	**ULP %**	**UHP %**	**RLP %**	***RHP* %**
1. ATM Card	39,3	51,0	27,2	39,1
2. Savings account bank	37,0	51,5	17,5	37,6
3. Post office savings account	1,8	2,0	1,7	1,7
4. Post office account	0,5	1,0	1,0	1,7
5. Cheque-book	4,3	5,1	0,0	3,6
6. Smart card	3,0	2,5	1,0	0,6

In the urban and rural clusters low-paying households have substantial less access to financial services i.e. bank accounts, ATM cards, etc. (See table 24).

The following comparisons (Table 25 and table 26) focus on the levels of service provision between the four clusters and may be useful in coming to a greater understanding of issues related to non-payment of services.

TABLE 25: ACCESS TO REFUSE DISPOSAL (Q30)

Method of disposal	**ULP %**	**UHP %**	**RLP %**	***RHP* %**
1. Removed by local authority at least once a week	84,9	94,9	87,1	92,4
2. Removed by local authority less often	7,1	6,2	5,2	3,8
3. Communal refuse dump	3,7	1,1	4,0	1,9
4. Own refuse dump	1,8	2,2	5,7	3,7
5. No rubbish disposal	6,1	0,6	2,0	0,9

Table 25 reflects the reported refuse disposal method per cluster. In the high-paying households more people have their refuse collected on a weekly basis by the local authority, while less people have to use a communal or own refuse dump to dispose of their refuse. These two relationships apply to both the urban and rural comparison of low and high-paying groups. The proportion of the African population with no disposable services is substantially higher in low-paying urban areas than in the high-paying urban ones. The trend is the same for the rural comparisons.

TABLE 26: ACCESS TO TELEPHONES (Q31)

Type of telephone access	**ULP %**	**UHP %**	**RLP %**	***RHP* %**
1. In this dwelling/cellular phone	45,6	49,7	20,1	29,6
2. At a neighbor nearby	2,4	1,3	2,7	2,2
3. At a public phone nearby	47,2	43,3	70,8	59,0
4. At another location nearby	0,2	1,5	1,7	1,4
5. At another location not nearby	0,2	0,8	1,2	1,4
6. No access to telephone	1,2	0,5	2,7	3,0
7. Other	3,1	2,9	0,7	3,5

As with many other indicators of socio-economic status, access to a telephone may be considered a good proxy of ability-to-pay for services, given that it reflects the extent to which the particular person or household can afford to pay for telephone calls. According to table 26 in the high-paying clusters, a larger proportion of households has access to an own phone, while a smaller percentage of households only has access to a phone nearby or not near the place of residence. The rural/urban divide was even more distinct than the low-paying high-paying comparison. The differential for the rural comparison is bigger than the urban comparison. Given the results in table 26, there may be some argument for ability-to-pay, as reflected in access to a telephone, being an important determinant of non-payment for services.

TABLE 27: WHETHER HOUSEHOLDS RECEIVE MUNICIPAL ACCOUNTS (Q33)

Receival of account	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Yes	381	91	384	97	364	89	356	96
2. No	38	9	12	3	43	11	16	4
Total	**419**	**100**	**396**	**100**	**407**	**100**	**372**	**100**

For the two low-paying clusters, almost nine out of every ten households receive municipal accounts. There is therefore scope for improvement in this regard, however, the reason why some of the households do not receive accounts may be due to being pre-paid listed clients. The figure for those households receiving accounts is even higher for the two high-paying clusters (97% and 96% respectively).

TABLE 28: WHETHER HOUSEHOLDS RECEIVE SINGLE OR SEPARATE MUNICIPAL ACCOUNTS (Q34)

Type of account	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Separate accounts	114	30	57	15	12	3	35	10
2. Single accounts	267	70	327	85	354	97	322	90
Total	**381**	**100**	**384**	**100**	**366**	**100**	**373**	**100**

It seems that there is a correlation between whether urban households receive a single or a separate account and whether the households are low-/high-paying. In fact, 85% of UHP households receive a single account versus 70% of the ULP households that receive a single account (see table 28). This trend does not apply in the case of the two rural clusters. The fact that higher proportions of rural clusters receive a single account compared with urban clusters, could perhaps be ascribed to the fact that there is a single service provision authority unlike in many urban settlements.

The following questions (Questions 36-41) were only put to households who indicated that they are not paying their full accounts monthly (i.e. "partially, occasionally" and "never" paying households)

TABLE 29: TOTAL MONTHLY ACCOUNT FOR MUNICIPAL SERVICES FOR HOUSEHOLDS PAYING PARTIALLY, OCCASIONALLY OR NEVER (Q36)

	ULP	**RLP**
Mean amount	R280	R189

Table 29 indicates that the total monthly account for municipal services is almost R100 per month less for rural than for urban households. Those respondents who indicated they only pay their accounts partially, also had the opportunity to indicate which part of the account they do pay (Table 30).

TABLE 30: RESPONDENTS' INDICATION OF WHICH PART OF THEIR MUNICIPAL ACCOUNTS THEY DO PAY (Q37)

Part of account	**ULP**		**RLP**	
	N	%	N	%
1. Only water	11	7	18	9
2. Only electricity	7	4	4	2
3. Only property tax	1	1	0	0
4. Only municipal rates	5	3	4	2
5. A combination of the above	134	85	168	87

Since the majority of households receive single accounts, it is understandable that the majority of households in ULP and RLP communities do not pay their entire account.

TABLE 31: RESPONDENTS' MAIN REASONS FOR NOT PAYING THEIR MUNICIPAL ACCOUNTS IN FULL (Q38)

Reasons for non-payment	**ULP**		**RLP**	
	N	%	N	%
1. Unemployed/No income	5	23,8	91	25,8
2. Income too low	14	66,7	222	62,9
3. Culture of non-payment	0	0	8	2,3
4. Dissatisfied with rates policy and actions from municipality	0	0	9	2,5
5. Poor level of service	1	4,8	12	3,4
6. Rates are unaffordable	1	4,8	3	0,8
7. Accounts are wrong	0	0	8	2,3
Total	**21**	**100,0**	**353**	**100,0**

Table 31 is a summary of an open question that clearly indicates that the vast majority of households that do not regularly pay their municipal accounts are due to an inability-to-pay (reasons 1, 2 and 6). For the households in the RLP cluster other reasons such as a culture of non-payment, poor levels of services and dissatisfaction with the actions from the municipality also contributed to a small extent to their non-compliant payment behavior. Put differently, almost 90% of the households in our research indicate an inability-to-pay (due to no income and low income and unemployment) as the main reason for non-payment. This is an indication that the current non-payment problem is neither due to an unwillingness to pay nor to a political entitlement; neither is the main reason for non-payment linked to a lack of performance by local authorities, but to the ability-to-pay notion.

TABLE 32: WHEN RESPONDENTS STOPPED PAYING THEIR MUNICIPAL ACCOUNTS FOR THE FIRST TIME (Q39)

Year	**ULP**		**RLP**	
	N	**%**	**N**	**%**
1. 2000	44	15,8	54	16,9
2. 1999	50	17,9	94	29,7
3. 1998	38	13,6	56	17,5
4. 1997	42	15,1	34	10,6
5. 1996	36	12,9	28	8,7
6. 1995	24	8,6	23	7,2
7. 1994	18	6,5	11	3,4
8. 1990 – 1993	18	6,5	14	3,5
9. 1980s	7	2,6	4	1,2
10. 1960s/1970s	1	0,4	1	0,2
Total	**278**	**100,0**	**319**	**100,0**

The majority of households have fallen in arrears with their municipal accounts during the previous four years. This is interesting since it occurred after the Masakhane campaigns were launched during 1996. There is a difference between households in the ULP and RLP clusters in terms of the year in which they stopped paying their municipal accounts. A larger proportion of households in ULP areas stopped their accounts for the first time between 1990 – 1997, while a larger percentage of households in the RLP cluster stopped their payments from 1998 – 2000 (Table 32). This could well be that smaller TLCs - due to their financial situation - lacked the capacity to pro-actively manage this issue during the last couple of years. Conversely, it could be ascribed to the fact that the socio-economic conditions in the rural areas had deteriorated to such an extent during the last 3 years, that larger proportions of households stopped payment for municipal services.

TABLE 33: WHETHER RESPONDENTS HAVE TAKEN STEPS TO PAY ARREARS (Q40)

Steps taken	**ULP**		**RLP**	
	N	**%**	**N**	**%**
1. Yes	167	55,5	166	46,2
2. No	132	44,5	193	53,8
Total	**299**	**100,0**	**359**	**100,0**

The fact that only one out of every two households has taken steps to pay their arrears is just another confirmation that people have very limited options to take steps due to the poverty cycle in which they are trapped. There is a substantial difference between ULP households and RLP households in terms of steps taken by these households to pay their municipal arrears. Almost 10% more ULP households than RLP households have taken steps to pay their arrears (Table 33).

Table 34 depicts the kind of steps that respondents have taken to settle their municipal arrears. (Note that question 41 was an open-ended question and no opinion-categories were offered to respondents).

TABLE 34: KINDS OF STEPS RESPONDENTS HAVE TAKEN TO PAY ARREARS (Q41)

Kinds of steps taken	**ULP**		**RLP**	
	N	%	N	%
1. Waiting for financial position to improve	16	9,6	16	9,0
2. Arrangements with municipality – pay small part not entire account	134	78,9	135	75,8
3. Nothing at all	7	4,2	12	6,7
4. Entrepreneurial activities to increase income	6	3,6	6	3,4
5. Borrow money from micro-lenders	6	3,6	9	5,1
Total	**154**	**100,0**	**49**	**100,0**

The majority of households in the two low-paying clusters indicated that they had made arrangements with the municipality concerning their arrears. There were no significant differences between the ULP and RLP clusters pertaining to steps taken to settle their arrears.

Only respondents that pay their account every month answered the following 6 questions (Q42-Q47).

TABLE 35: PAYMENT METHOD TO SETTLE ACCOUNTS (Q42)

Payment method	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Cash	177	94,9	359	96,5	141	97,9	325	93,7
2. Debit order	1	0,6	4	1,1	2	1,4	6	1,7
3. Deduction from salary	7	3,9	9	2,4	1	0,7	15	4,3
4. Pre-paid meter	1	0,6	0	0	0	0	1	0,3
Total	**186**	**100,0**	**372**	**100,0**	**144**	**100,0**	**347**	**100,0**

Nine out of ten households prefer cash as payment method to settle their accounts irrespective of the cluster they are from. The second most popular preferred payment method is a deduction from salary.

TABLE 36: CONVENIENCE OF PAYMENT METHOD (Q43)

Convenience	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Yes	180	96,3	356	96,0	142	98,6	336	97,1
2. No	7	3,7	15	4,0	2	1,4	10	2,9
Total	**187**	**100,0**	**371**	**100,0**	**144**	**100,0**	**346**	**100,0**

Almost all households are satisfied with the current payment method they have opted for. There is no difference in level of satisfaction between households across the different clusters.

TABLE 37: ACCURACY OF ACCOUNTS (Q45)

Accuracy level	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
One single account								
1. Yes, account is correct	147	60,7	205	66,6	216	61,2	237	74,5
2. No, account is not correct	62	25,6	69	22,4	82	23,2	61	19,2
3. Uncertain	33	13,6	34	11,0	55	15,6	20	6,3
Total	242	100,0	308	100,0	353	100,0	318	100,0
Account for water								
1. Yes, account is correct	75	59,1	40	63,5	9	52,9	27	55,1
2. No, account is not correct	42	33,1	21	33,3	7	41,2	19	38,8
3. Uncertain	10	7,9	2	3,2	1	5,9	3	6,1
Total	127	100,0	63	100,0	17	100,0	373	100,0
Account for electricity								
1. Yes, account is correct	58	76,3	18	72,0	8	88,9	21	75,0
2. No, account is not correct	11	14,5	5	20,0	1	11,1	4	14,3
3. Uncertain	7	9,2	2	8,0	0	0	3	10,7
Total	76	100,0	25	100,0	9	100,0	28	100,0
Account for municipal rates								
1. Yes, account is correct	95	76,0	35	64,8	9	52,9	24	52,2
2. No, account is not correct	23	18,4	16	29,6	6	35,3	16	34,8
3. Uncertain	7	5,6	3	5,6	2	11,8	6	13,0
Total	125	100,0	54	100,0	17	100,0	46	100,0
Account for property tax								
1. Yes, account is correct	51	82,3	25	73,5	10	90,9	10	62,5
2. No, account is not correct	4	6,3	8	23,5	1	9,9	5	31,3
3. Uncertain	7	11,3	1	2,9	0	0	1	6,3
Total	62	100,0	34	100,0	11	100,0	16	100,0
Account for combination								
1. Yes, account is correct	132	79,5	148	71,8	216	86,7	138	70,7
2. No, account is not correct	26	15,7	34	16,5	28	11,2	51	26,2
3. Uncertain	8	4,8	24	11,7	2	0,8	6	3,1
Total	166	100,0	206	100,0	246	100,0	195	100,0

People's perceptions regarding the correctness of municipal accounts could be a fact that enhances or inhibits payment for services. Respondents were granted the opportunity with an open question (Q46) to justify why they regarded accounts as incorrect. Their responses are reflected in Table 38. There is quite a substantial difference between the proportion of households that indicated that their single accounts, water accounts and municipal rates are correct if compared with other types of accounts i.e. electricity, property tax, etc.. It seems that larger proportions of households that receive single accounts and water accounts holds the perception that their accounts are incorrect than households' views on electricity and other municipal related accounts.

TABLE 38: REASONS THAT RESPONDENTS INDICATED WHY ACCOUNTS ARE NOT CORRECT (Q46)

Reason	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Account does not reflect consumption	73	70,8	68	71,6	44	51,8	51	69,9
2. Service not available	8	7,8	2	2,1	12	14,1	7	9,6
3. Administration of accounts is poor	16	15,6	21	22,1	26	30,6	13	17,8
4. Interest on arrears is too high	6	5,8	4	4,2	3	3,5	2	2,7
Total	**103**	**100,0**	**95**	**100,0**	**85**	**100,0**	**73**	**100,0**

Households from the ULP, UHP and RHP clusters indicated that the two main reasons why they are of the opinion that the accounts are incorrect are because accounts do not reflect consumption and that the administration of accounts is generally poor. Although these two reasons are also cited by households in the RLP cluster, relatively less respondents indicated that accounts do not reflect consumption, whereas a larger proportion of households indicated that accounts are poorly administered. It therefore seems as if better delivery can improve payment for services.

TABLE 39: WHETHER HOUSEHOLDS FIND ACCOUNTS EASY OR DIFFICULT TO UNDERSTAND (Q47)

Understandability of accounts	**ULP**		**UHP**		**RLP**		***RHP***	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
One single account								
1. Easy to understand	159	64,6	235	76,1	255	72,2	265	82,8
2. Difficult to understand	69	28,0	61	19,7	70	19,8	42	13,1
3. Uncertain	58	7,3	13	4,2	28	7,9	13	4,1
Total	246	100,0	309	100,0	353	100,0	320	100,0
Account for water								
1. Easy to understand	89	70,6	45	69,2	10	58,8	29	61,7
2. Difficult to understand	35	27,8	19	29,2	7	41,2	16	34,0
3. Uncertain	2	1,6	1	1,5	0	0	2	4,3
Total	126	100,0	65	100,0	17	100,0	47	100,0
Account for electricity								
1. Easy to understand	57	75,0	21	77,8	8	100,0	23	85,2
2. Difficult to understand	14	18,4	5	18,5	0	0	3	11,1
3. Uncertain	5	6,6	1	3,7	0	0	1	3,7
Total	76	100,0	27	100,0	8	100,0	27	100,0
Account for municipal rates								
1. Easy to understand	96	76,2	42	73,7	11	64,7	33	70,2
2. Difficult to understand	28	22,2	14	24,6	6	35,3	12	25,5
3. Uncertain	2	1,6	1	1,8	0	0	2	4,3
Total	126	100,0	57	100,0	17	100,0	47	100,0
Account for property tax								
1. Easy to understand	53	81,5	31	83,8	10	90,9	12	80,0
2. Difficult to understand	7	10,8	6	16,2	1	9,1	2	13,3
3. Uncertain	5	7,7	0	0	0	0,0	1	6,7
Total	65	100,0	37	100,0	11	100,0	15	100,0
Account for combination								
1. Easy to understand	129	81,1	147	75,8	211	86,9	136	73,8
2. Difficult to understand	26	16,4	34	17,5	29	11,9	48	26,1
3. Uncertain	4	2,5	13	6,7	3	1,2	2	1,1
Total	159	100,0	194	100,0	243	100,0	184	100,0

From the findings in table 39 it is clear that more households in the high-paying clusters that receive a single account find it easy to understand than their counterparts in the low-paying clusters. Perhaps the understandability of accounts is another contributing factor to people's willingness to pay for municipal services, but results for separate types of accounts negate this.

SUMMARY OF MAIN FINDINGS (Questions 1–47)

What follows is a summary table for all the key variables in section A of the questionnaire used in the Baseline survey to compare for high\low-paying clusters and urban\rural clusters.

SUMMARY TABLE OF COMPARISON BETWEEN HIGH/LOW-PAYING AND URBAN/RURAL AREAS

	Substantial difference between high/low-paying and urban/rural clusters			
Socio-economic variable/indicator	**High-paying/Low-paying**		**Urban/Rural**	
	Yes	**No**	**Yes**	**No**
1. Gender		***X***		**X**
2. Age		**X**		**X**
3. Literacy level	**X**		**X**	
4. Educational qualification	**X**		**X**	
5. Home ownership		**X**		**X**
6. Household durables	**X**		**X**	
7. Average household size		**X**		**X**
8. Child ratio	**X**		**X**	
9. Unemployment rate	**X**		**X**	
10. Household employment income	**X (rural)**		**X**	
11. No of business activities	**X (urban)**			**X**
12. Household non-employment income	**X (rural)**			**X**
13. Household remittance income	**X**		**X**	
14. External household contributions	**X (rural)**		**X**	
15. Average household expenses	**X (rural)**		**X**	
16. Average household savings	**X (rural)**		**X**	
17. Total household monthly income	**X (rural)**		**X**	
18. Total household monthly expenses	**X (rural)**		**X**	
19. Subjective evaluation of consumption	**X**		**X**	
20. Prioritization of household expense category		**X**		**X**
21. Household debt	**X**		**X**	
22. Access to financial services	**X**		**X**	
23. Access to refuse removal	**X**		**X**	
24. Access to telephone	**X (rural)**		**X**	

- From the Summary table it is clear that the majority of indicators for socio-economic status and living standard reveal substantial differences between high-paying and low-paying and urban and rural clusters. However, it seems as if the urban/rural comparison has marginally more substantial differences than high and low-paying clusters.

- A second concluding observation is the trend that there are substantially more inequalities in terms of living standard between high and low-paying rural clusters than is the case between the two urban clusters. In eight of the 26 variables in the

equation (See summary table) differences only occur between the two rural clusters, but for the urban clusters the distributions of responses were more or less the same, irrespective of the payment level of the clusters, except for the variable business activities. In terms of subsidy support programs (so-called indigent policy support) this very particular difference in the socio-economic make-up of high-paying rural and low-paying rural areas should be adjusted for accordingly.

The following few questions (Questions 48-52) were only put to respondents who had indicated that they are **not paying** their full accounts monthly (i.e. to "partially, occasionally" and "never"-paying households – see data for question 35). In question 48, respondents were required to indicate what must happen before they will start paying their municipal accounts in full. Their answers appear in table 40 (Note that question 48 was an open-ended question and no opinion-categories were offered to respondents.).

TABLE 40: RESPONDENTS' OPINIONS ON WHAT MUST HAPPEN BEFORE THEY WILL START PAYING THEIR MUNICIPAL ACCOUNTS IN FULL (Q48)

Opinion	ULP		RLP	
	N	%	N	%
1. Must find employment/ get an income	209	73,1	263	75,8
2. Tariffs must be lowered; rates must go down; flat rate	25	8,7	21	6,1
3. Political restitution (Money of old houses during forcible removals must be used to pay)	3	1,0	3	0,9
4. Level of services must improve	10	3,5	17	4,9
5. Administration of accounts must first improve	20	7,0	11	3,2
6. Cut/cancel bad debts and start fresh	11	3,8	16	4,6
7. Can't afford to pay (pensioner)	4	1,4	6	1,7
8. Reduce services to an affordable level	1	0,3	4	1,2
9. Council must consider our grievances and address our needs	3	1,0	6	1,7
Total	**286**	**100**	**347**	**100**

Table 40 clearly indicates that an improvement in their financial situation is a necessary condition for most respondents before they will start paying their municipal accounts in full. An improvement in their economic position, in close association with the notion of affordability of services, therefore seems of predominant importance as precondition for payment (see categories 1 & 2).

TABLE 41: PROPORTION OF RESPONDENTS WHO KNOW HOW MUCH THEY OWE FOR MUNICIPAL SERVICES (Q49)

	ULP		RLP	
Response	**N**	**%**	**N**	**%**
1. Do know how much is owed for municipal services	269	88,5	323	89,7
2. Do not know how much is owed for municipal services	25	8,2	22	6,1
3. Uncertain	10	3,3	15	4,2
Total	**304**	**100**	**360**	**100**

The vast majority of respondents, who do not pay their accounts in full, indicated that they knew how much they owed the municipality for services rendered (table 41).

Respondents were asked to indicate which steps, if any, they were likely to take in case their household is forced by a court of law to start paying their municipal accounts. Table 42 depicts their answers to the question.

TABLE 42: STEPS RESPONDENTS ARE LIKELY TO TAKE IN CASE THEY ARE FORCED BY A COURT OF LAW TO START PAYING THEIR MUNICIPAL ACCOUNTS (Q50)

	ULP		RLP	
Proposed activity	**N**	**%**	**N**	**%**
1. Will need to cut back on other monthly expenses to pay the municipal account	211	69,4	267	74,8
2. Will use money that they have saved in the past to pay for municipal account	34	11,6	28	8,0

Most respondents indicated that they would be compelled to cut back on other monthly expenses in case their household is forced by a court of law to start paying their municipal accounts. This is understandable insofar the poor have less access to saving facilities than the non-poor. Those respondents who indicated that they would have to use their savings in such a case, were asked which savings they would use. Their answers appear in table 43.

TABLE 43: TYPE OF SAVINGS RESPONDENTS WOULD USE IF THEY WERE FORCED TO PAY THEIR MUNICIPAL ACCOUNTS (Q51)

	ULP		RLP	
Savings	**N**	**%**	**N**	**%**
1. Bank and/or Post Office	25	58,1	19	50,0
2. Policies	11	25,6	4	10,5
3. Unit trusts and/or shares	2	4,6	7	18,4
4. Stokvels (or other informal saving associations)	5	11,6	8	21,1
Total[8]	**43**	**100**	**38**	**100**

[8] The frequencies for the different types of savings in table 43 exceed those for the number of respondents who indicated in table 42 that they would have to use their savings. This is because the saving categories in table 43 are not mutually exclusive, in other words a respondent or household may have more than one saving product.

Table 43 shows that respondents' bank and/or Post Office savings, as well as savings in unit trusts and/or shares, will be the first sources of withdrawal should they be forced to make use of savings to pay their municipal accounts. Comparatively, it seems as if respondents would be inclined to avoid making withdrawals from their long-term investments such as policies.

Respondents who indicated on question 50 that they would have to cut back on their monthly expenses if forced by a court of law to pay their municipal accounts (see table 42), were asked on which expenses they are likely to cut back. The data are reflected in table 44.

TABLE 44: EXPENSES RESPONDENTS ARE LIKELY TO CUT BACK ON IF THEY WERE FORCED TO PAY THEIR MUNICIPAL ACCOUNTS (Q52)

Monthly expenses	ULP		RLP	
	N	%	N	%
1. Food (e.g. mealie meal, vegetables, milk, meat, etc.)	155	81,2	198	78,6
2. Education (fees, books, etc.)	15	16,3	45	32,4
3. Health care (doctor, dentist, etc.)	31	34,8	44	37,0
4. Household maintenance (fuel, heating, lighting)	107	75,4	156	79,6
5. Transport	73	65,2	96	69,1
6. Clothing	111	88,1	121	85,8
7. Rent	38	36,2	37	28,5
8. Savings (policies, unit trusts, etc., i.e. reduce weekly or monthly contributions to savings)	30	33,3	57	47,9
9. Telephone/Cell phone	58	61,1	73	57,9
10. Personal items and personal care (e.g. cigarettes, newspapers, hairdressing, etc.)	73	77,7	95	72,0
11. Other (e.g. appliances, furniture, motor vehicle, etc.)	49	80,3	98	72,6

From table 44 it would seem that respondents in rural areas are proportionately more inclined to cut back on education expenses and savings than those in urban areas. In general, however, it can be concluded from the above table that education is one of the items that respondents are least willing to cut back on.

The top three expenses that respondents are likely to cut back on appear in table 44(a) below.

TABLE 44(a): RANKING FOR TOP THREE EXPENSES RESPONDENTS ARE MOST LIKELY TO CUT BACK ON (Q52)

Monthly expenses	ULP Ranking	RLP Ranking
1. Food (e.g. "mealie" meal, vegetables, milk, meat, etc.)	1	1
2. Education (fees, books, etc.)		
3. Health care (doctor, dentist, etc.)		
4. Household maintenance (fuel, heating, lighting)		
5. Transport		
6. Clothing	2	3
7. Rent		
8. Savings (policies, unit trusts, etc., i.e. reduce weekly or monthly contributions to savings)		
9. Telephone/Cell phone		
10. Personal items and personal care (e.g. cigarettes, newspapers, hairdressing, etc.)		
11. Other (e.g. appliances, furniture, motor vehicle, etc.)	3	2

Table 44(a) shows that the monthly expense that respondents are most likely to cut back on is food. Having to cut back on a very basic need such as food, to a certain extent also reflects an inability-to-pay for services. It may be concluded that the largest proportion of the monthly income is spent on food; hence the remainder of the monthly expenditure on other (luxury) items is too little to meet the costs of the municipal account.

All respondents answered the remainder of the questionnaire (question 53-87). Respondents were asked whether the electricity supply to the household had been disconnected in the past twelve months because a result of non-payment of their account(s). The data appear in table 45.

TABLE 45: WHETHER ELECTRICITY SUPPLY TO HOUSEHOLD HAS BEEN DISCONNECTED IN THE PAST TWELVE MONTHS AS A RESULT OF NON-PAYMENT OF SERVICES (Q53)

Response	ULP		UHP		RLP		RHP	
	N	%	N	%	N	%	N	%
Yes, electricity has been disconnected	70	16,7	46	11,8	46	11,6	37	10,4
No, electricity has not been disconnected	346	82,4	345	88,2	349	88,4	320	89,6
Total	**416**	**100**	**391**	**100**	**395**	**100**	**357**	**100**

According to table 45, only a relatively small percentage of all households' electricity supply had been disconnected because of non-payment of municipal accounts. It does strike, however, that a slightly larger proportion of households in low-paying urban areas was subjected to such a punitive measure, compared with households in other clusters.

Those households whose electricity supply had been disconnected (see table 45) were asked whether they had used any alternative sources of power (instead of electricity) during the period of disconnection. Their responses are tabled below.

TABLE 46: WHETHER HOUSEHOLDS USED ALTERNATIVE SOURCES OF POWER DURING THE PERIOD OF DISCONNECTION (Q54)

	ULP		UHP		RLP		RHP	
Response	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Yes, used alternative sources	63	92,6	38	9,6	43	93,5	34	91,9
No, did not use alternative sources	5	7,4	5	1,3	3	6,5	3	8,1
Total	**68**	**100**	**43**	**100**	**46**	**100**	**37**	**100**

Table 46 shows that some 9 out if every 10 households made use of alternative sources of energy during the period of disconnection. The type of alternative sources that were used is listed in table 8 below. It follows from table 8 that most households used combinations of paraffin, gas and candles during the period of disconnection.

TABLE 47: TYPE OF ALTERNATIVE SOURCES OF POWER USED DURING PERIOD OF DISCONNECTION (Q55)

	ULP		UHP		RLP		RHP	
Source of power	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Paraffin	18	27,7	10	27,8	6	13,6	7	20,6
2. Gas	2	3,1	3	8,3	1	2,3	1	23,5
3. Paraffin and candles	23	35,4	8	22,2	15	34,1	11	32,4
4. Combinations of above	22	33,8	15	41,7	22	50,0	15	44,1
Total	**65**	**100**	**36**	**100**	**44**	**100**	**34**	**100**

Respondents were asked what, in their opinion, the Council should do to people who have fallen in arrears with their payments for water and electricity and/or municipal rates and taxes, or stopped paying at all. Respondents suggested a wide range of actions, varying from negotiated actions to punitive actions and even suggestions that no actions at all should be taken. A breakdown of these suggestions is displayed in table 48.

TABLE 48: RESPONDENTS' SUGGESTIONS ON WHAT THE COUNCIL SHOULD DO TO PEOPLE WHO HAVE FALLEN IN ARREARS WITH THEIR PAYMENTS (Q56)

	ULP		UHP		RLP		RHP	
Suggestion	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
A. Negotiated Actions								
1. Reduce rates; Lower tariffs	9	2,2	10	2,6	17	4,3	7	1,9
2. Negotiate arrangements at meetings; allow people to pay any amount they can afford	133	32,2	113	29,4	122	31,0	116	32,2
3. Job creation on part of Council to enable people to earn an income	50	12,1	21	5,5	68	17,3	43	11,9
4. Encourage people to pay by, *inter alia*, writing letters of warning to them	15	3,6	16	4,2	5	1,3	6	1,7
B. Punitive Actions								
1. Disconnect services; Take drastic steps; Take legal action	93	26,5	128	33,1	44	11,2	110	30,6
2. Punish non-payers with an income, but be lenient towards the unemployed; Differentiate between "can pay" and "cannot pay"	5	1,2	8	2,1	6	1,5	7	1,9
C. No Action to be taken								
1. Council must wait; Give people a chance to get jobs or earn money	45	10,9	23	6,0	41	10,4	28	7,8
2. Council must pay for costs; Cancel all debts; Subsidize services	31	7,5	29	7,6	33	8,4	20	5,6
3. Council must not do anything; must not take legal action or stop services	18	4,4	19	4,9	44	11,2	17	4,7
4. Council is on gravy train; misuse money	2	0,5	-	-	2	0,5	-	-
5. Council must improve services	2	0,5	5	1,3	2	0,5	1	0,3
6. Council misled people	2	0,5	1	0,3	-	-	-	-
D. Alternative Actions								
1. Install prepaid systems for all services	1	0,2	2	0,5	-	-	-	-
2. Deduct amount owed from salary	4	1,0	5	1,3	2	0,5	5	1,4
3. Install a flat rate	2	0,5	3	0,8	3	0,8	-	-
4. Give incentives/prizes to encourage people to pay their accounts	1	0,2	1	0,3	-	-	-	-
Total	**413**	**100**	**384**	**100**	**393**	**100**	**360**	**100**

Table 48 shows that the largest proportion of respondents in each cluster (almost 50% in total) opted for negotiated actions to address the problem, while approximately one out of every five respondents – or one in every three in low-paying rural households -

is of the opinion that no actions at all should be taken against non-paying households. Punitive actions against people who have fallen in arrears with their payments were suggested by one third of all high-paying households. It is clear from table 48 that high-paying households are considerably more in favor of the introduction of punitive measures than low-paying respondents, indicating an “us vs. they” situation. Those who are personally unaffected by punitive measures, are much more inclined to suggest “hard actions” than the other way around. In rural areas almost three times as many high-paying households compared with low-paying households opted for punitive measures. Low-paying households are also inclined to emphasize the issue of job creation much more than high-paying households.

When asked to explain their answers (Q57), those respondents in favor of “soft actions”, i.e. negotiated settlements or no actions at all, mostly justified their suggestions in terms of a lack of household income. Such respondents felt that given the high percentage of unemployed or low income households, and a general lack of jobs, other types of (hard) actions are not justifiable. Respondents in rural areas in particular emphasized the necessity of job creation as a prerequisite for paying their municipal accounts.

On the other hand, however, those in favor of punitive measures against non-paying households substantiated the option for “hard actions” mostly by leaning towards the principle of fairness: If households receive services, then they should pay, even if they pay only a little.

Next, respondents were asked what they thought would happen to their township/city or town, as well as to the country at large, if more and more people should stop paying their municipal accounts. The data are presented in table 49.

TABLE 49: RESPONDENTS' PERCEPTIONS OF THE FUTURE OF THEIR TOWNSHIP, NEIGHBORHOOD AND COUNTRY IF MORE AND MORE PEOPLE STOP PAYING THEIR MUNICIPAL ACCOUNTS (Q59, 60, 61)

	ULP		UHP		RLP		RHP	
What will happen to…	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
A. Provision of services in township (Q59)								
1. Services will stop	235	58,0	261	69,6	234	60,0	218	61,2
2. Services will deteriorate	71	17,5	30	8,0	47	12,1	37	10,4
3. Health risk due to lack of services	28	6,9	20	5,3	28	7,2	24	6,7
4. Environmental degradation	18	4,4	24	6,4	35	9,0	34	9,6
5. No development or upgrading of township	25	6,2	16	4,3	19	4,9	28	7,9
6. Nothing; things will go on as usual	10	2,5	16	4,3	15	3,8	8	2,2
7. Crime will increase	12	3,0	3	0,8	9	2,3	3	0,8
8. Municipal workers will not get paid	6	1,5	5	1,3	3	0,8	4	1,1
Total	**405**	**100**	**375**	**100**	**390**	**100**	**356**	**100**
B. The development of your town/city (Q60)								
1. Development will stop	245	59,6	238	63,8	236	59,3	240	67,2
2. Development will deteriorate								
3. Municipal workers will not get paid	81	19,7	57	15,3	50	12,6	46	12,9
4. Crime will increase due to unemployment	-	-	2	0,5	4	1,0	5	1,4
5. Environmental degradation	14	3,4	14	3,8	31	7,8	16	4,5
6. Tourism and economy will collapse	20	4,9	17	4,6	31	7,8	20	5,6
7. Nothing; things will go on as usual	13	3,2	7	1,9	4	1,0	5	1,4
8. Other	31	7,5	36	9,7	37	9,3	22	6,2
	7	1,7	2	0,5	5	1,3	3	0,8
Total	**411**	**100**	**373**	**100**	**398**	**100**	**357**	**100**
C. Development of the country								
1. Development will stop	162	39,8	175	47,6	178	45,4	177	50,1
2. Country will deteriorate and fall into chaos	85	20,9	57	15,5	52	13,3	60	17,0
3. Economy will collapse	46	11,3	58	15,8	38	9,7	48	13,6
4. Increased crime, lawlessness, and corruption								
5. Poverty and unemployment will increase	16	3,9	3	0,8	8	2,0	6	1,7
6. Tourism and foreign investment will cease	19	4,7	19	5,2	25	6,4	22	6,2
7. Nothing; things will go on as usual	32	7,9	12	3,3	44	11,2	13	3,7
8. Other	41	10,1	40	10,9	41	10,5	24	6,8
	6	1,5	4	1,1	6	1,5	3	0,8
Total	**407**	**100**	**368**	**100**	**392**	**100**	**373**	**100**

Table 49 shows that some 8 out of every 10 respondents realize that, if the current trend of non-payment for services is to continue and escalate in the future, a collapse in service delivery and economic degradation will become inevitable (see categories

A and B, items 1 and 2). A concerning trend, however, is the fact that 7-10% of the respondents believe that the development of the country will not be affected and that things will go on as usual, even if more and more people stop paying their municipal accounts. This probably points toward a perception among some respondents that the government will, in some way, always be able to come to the rescue.

Respondents were asked to indicate whether they believe it is fair to expect of households to pay in full for the services and accounts they receive. Table 50 presents the percentages for the different clusters, and only reflects the proportion of respondents who had indicated that it is indeed fair to expect full payment. The percentage in the different columns will therefore not add up to 100.

TABLE 50: PROPORTION OF RESPONDENTS WHO BELIEVE THAT IT IS FAIR TO EXPECT HOUSEHOLDS TO PAY *IN FULL* FOR MUNICIPAL SERVICES AND ACCOUNTS (Q62)

	ULP		**UHP**		**RLP**		**RHP**	
Service	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Water consumption of household	328	78,7	350	88,8	319	77,8	342	92,2
2. Electricity consumption of household	341	85,5	355	95,2	315	86,1	327	98,2
3. Municipal rates (sanitation and refuge removal)	339	80,9	363	92,8	322	78,7	346	94,3
4. Property tax	277	66,7	334	86,1	287	70,5	294	79,7

Respondents in high-paying households are proportionately more inclined to perceive full payment of services and accounts as fair, compared with respondents in low-paying households. In respect of the payment of property tax, there is a substantial difference between the proportion of respondents in the clusters who regard the payment of such accounts as fair: Approximately 8 out of every 10 respondents in high-paying households deem it fair, compared with 7 out of 10 in low-paying households. It can further be concluded that local councils need to embark on educational campaigns in respect of the necessity of property tax payment, in order to address this perception amongst low-paying households in particular. Respondents are also more inclined to deem the paying of electricity consumption as fair, compared with the paying of water consumption, for instance.

Those respondents who said that it is not fair to expect households to pay for (one or more of) the above services, were asked to give a reason for their answer and,

subsequently, to indicate who should then pay for these services. Their responses are listed in tables 51 and 52 respectively.

TABLE 51: REASONS MENTIONED BY RESPONDENTS WHO BELIEVE IT IS NOT FAIR TO PAY *IN FULL* FOR MUNICIPAL SERVICES AND ACCOUNTS (Q63)

	ULP		UHP		RLP		RHP	
Reason	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. People should only pay what they can afford	27	33,8	8	17,8	24	34,8	6	17,6
2. Cost of living is high everywhere; Municipal account is only one of many others to pay	20	25,0	15	33,3	6	8,7	8	23,5
3. The level of service does not justify payment	10	12,5	8	17,8	19	27,5	3	8,8
4. Only people with an income should pay, not the poor or unemployed	7	8,8	6	13,3	11	15,9	1	2,9
5. Water/land is a God-given virtue; it should be for free	10	12,5	6	13,3	8	11,6	11	32,4
6. Land and property owners should *not* pay property tax	4	5,0	2	4,4	-	-	4	11,8
7. Other	2	2,5	-	-	1	1,4	1	2,9
Total	**80**	**100**	**45**	**100**	**69**	**100**	**34**	**100**

Table 51 shows that low-paying households are proportionately much more inclined to cite *affordability* as reason why they believe it is not fair to pay in full for municipal services and accounts (compare categories 1, 2 and 4 for instance). Rural respondents (18,4% in total) are also more inclined than urban respondents (12,8% in total) to deem water as a "gift from God", and hence one that should not be paid for (see item 5).

TABLE 52: RESPONDENTS' PERCEPTIONS ON WHO SHOULD PAY FOR MUNICIPAL SERVICES (Q64)

	ULP		UHP		RLP		RHP	
Response	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Only people who have an income	25	31,3	16	37,2	27	41,5	11	29,7
2. Government/Council	41	51,2	21	48,8	34	52,3	20	54,1
3. Nobody	8	10,0	2	4,7	2	3,1	3	8,1
4. People who do not own land	5	6,3	4	9,3	2	3,1	3	8,1
5. Residents and the Council should share the costs @ 50%	1	1,3	-	-	-	-	-	-
Total	**80**	**100**	**43**	**100**	**65**	**100**	**37**	**100**

Approximately 5 out of every 10 respondents of those who regard the full payment of services as unfair, are of the opinion that government or local council should pay for the services.

Respondents had to indicate whether they believe it is fair to expect people to pay personal tax to the government to finance services such as the construction of roads, schools, hospitals, etc. The data are presented in table 53.

TABLE 53: RESPONDENTS' PERCEPTIONS ON WHETHER THEY BELIEVE IT IS FAIR TO EXPECT PEOPLE TO PAY PERSONAL TAX TO THE GOVERNMENT (Q65)

	ULP		UHP		RLP		RHP	
Response	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Yes, it is fair	340	81,3	349	88,4	348	84,9	349	93,6
No, it is not fair	54	12,9	42	10,6	31	7,6	17	4,6
Uncertain	24	5,7	4	1,0	31	7,6	7	1,9
Total	**418**	**100**	**395**	**100**	**410**	**100**	**373**	**100**

According to table 53, respondents in low-paying households are proportionately less inclined than those of high-paying households to deem the payment of personal tax to the government as fair. In broad terms, the distribution of responses resembles those in respect of the payment of services (see table 50).

Those respondents who said the payment of personal tax is unfair, were granted the opportunity to explain their answer. Table 54 displays their responses.

TABLE 54: RESPONDENTS' EXPLANATIONS FOR REGARDING THE PAYMENT OF PERSONAL TAX AS UNFAIR (Q66)

	ULP		UHP		RLP		RHP	
Explanation	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. There is no improvements in the townships	28	58,3	15	44,1	9	33,3	7	46,7
2. There is sufficient alternative sources of tax income, e.g. businesses	1	2,1	2	5,9	1	3,7	-	-
3. Personal tax is too high	19	39,6	17	50,0	17	63,0	8	53,3
Total	**48**	**100**	**34**	**100**	**27**	**100**	**15**	**100**

Table 54 shows that those respondents who regard the payment of personal tax as unfair, either have a perception of personal tax as being too high, or justify their view in terms of a lack of development in the townships. Notwithstanding this perception of personal tax, most of these respondents – some 7 out of every 10 – believed it is the responsibility of the Government to finance the construction of services such as roads, schools and hospitals (Q67).

Respondents were asked who should deliver the current services in future if, supposing, the Council cannot continue doing so because people are not paying. Table 55 shows that the majority of respondents opted for the government to deliver municipal services.

TABLE 55: RESPONDENTS' OPINION ON WHO SHOULD DELIVER MUNICIPAL SERVICES IN FUTURE IF THE COUNCIL BECOMES UNABLE TO DO SO (Q68)

	ULP		UHP		RLP		RHP	
Opinion	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. The Government	225	58,4	200	55,2	229	58,3	165	47,1
2. Nobody	35	9,1	37	10,2	45	11,5	59	16,9
3. Community-based organizations; Residents themselves	52	13,5	30	8,3	44	11,2	52	14,9
4. Private Sector	36	9,4	50	13,8	20	5,1	34	9,7
5. Construction companies	1	0,3	4	1,1	3	0,8	1	0,3
6. Only the Council can deliver these services	36	9,4	41	11,3	52	13,2	39	11,1
Total	**385**	**100**	**362**	**100**	**393**	**100**	**373**	**100**

Respondents were given the opportunity to indicate which one of three options of paying for municipal services they regard as most fair. The responses appear in table 56.

TABLE 56: RESPONDENTS' OPINION ON WHICH WAY OF PAYING FOR MUNICIPAL SERVICES THEY REGARD AS MOST FAIR (Q69)

	ULP		UHP		RLP		RHP	
Way of paying	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Paying the full costs for consumption and services	193	46,2	219	55,6	152	37,3	186	49,9
2. Paying a flat rate for consumption and services	200	47,8	171	43,4	225	55,1	182	48,8
3. Not paying at all for consumption and services	25	6,0	4	1,0	31	7,6	5	1,3
Total	**418**	**100**	**394**	**100**	**408**	**100**	**373**	**100**

The data in table 56 show the following trends:

- High-paying households are proportionately more in favor of paying the full costs for consumption and services than low-paying households.
- Respondents in rural areas are proportionately more in favor of paying a flat rate than those in urban areas.
- Low-paying households are considerably more in favor of not paying at all for consumption and services than high-paying households.

Respondents were presented with a list of possible punitive measures that may be taken against those members of the community who do not pay their municipal accounts. The proportion of respondents, who indicated that they agree with each of the listed measures, appears in table 57 below.

TABLE 57: RESPONDENTS WHO AGREE WITH POSSIBLE PUNITIVE MEASURES (Q71)

	ULP		UHP		RLP		RHP	
Punitive measure	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Those who do not pay their accounts should be fined in court	86	20,5	130	32,8	36	9,8	105	28,2
2. The names and addresses of those who do not pay their accounts should be published in all the local newspapers	45	10,7	85	21,5	24	5,9	62	16,6
3. The monthly amount owed to the municipality should be deducted from people's salaries.	221	52,7	265	66,9	244	59,5	258	69,2
4. The municipality should have the right to confiscate the property of those who do not pay their dues.	39	9,3	45	11,4	6	1,5	25	6,7
5. The names of people who do not pay their accounts should be put on a list to prevent them from getting credit or loans at banks, etc.	105	25,1	142	35,9	76	18,5	126	33,8
6. The electricity supply to households that do not pay their accounts should be disconnected	192	45,8	246	62,1	157	38,4	228	61,3

The following conclusions are derived from the data in table 57:

- The punitive measure that by far enjoys the most support is the deduction of the monthly amount owed to the municipality from people's salaries. Some 7 out of every 10 respondents of high-paying households opted in favor of this measure, compared with 5 out of 10 in low-paying urban areas and 6 out of 10 in low-paying rural areas. Contrary to this, the confiscation of property of those who decline to pay their dues enjoys very little support.
- Respondents of high-paying households are significantly more in favor of punitive measures than those from low-paying households. For instance, some 6 out of every 10 high-paying households are in favor of disconnecting the electricity to non-paying households, compared with 4 out of every 10 low-paying households that support the same strategy.
- Respondents from urban areas are proportionately more in favor of "hard line" punitive measures than those in rural areas. In turn, respondents in rural areas are

proportionately slightly more in favor of the deduction of any amount owed from people's salaries than those in urban areas.

Likewise, respondents were asked to indicate whether or not a number of possible rewards will encourage them to pay their monthly municipal accounts. Table 58 displays the list of rewards and the proportion of respondents who had indicated that they would be encouraged by the specific reward.

TABLE 58: RESPONDENTS WHO WILL BE ENCOURAGED BY POSSIBLE REWARDS TO PAY THEIR MONTHLY ACCOUNTS (Q72)

Rewards	ULP		UHP		RLP		RHP	
	N	%	N	%	N	%	N	%
1. A lucky draw with a cash bonus	319	76,1	307	77,5	312	76,1	310	83,3
2. High-paying communities should be given preference over low-paying communities when it comes to the building of houses	220	52,5	230	58,1	210	51,2	228	61,1
3. High-paying communities should be given preference over low-paying communities when it comes to other development projects such as clinics, schools, roads, street lighting etc.	230	54,9	239	60,4	209	51,0	238	63,8

According to table 58, most respondents would be encouraged by a lucky draw with a cash bonus to pay their monthly accounts regularly. In fact, some 8 out of every 10 respondents from both low-paying and high-paying households indicated that such a system would encourage them to pay their monthly accounts. When it comes to communities benefiting from high-payment rates, high-paying households are more in favor of such a suggestion than low-paying households.

Respondents were given the opportunity to express their satisfaction with the performance of the government in respect of various aspects in their community. The ratings on a five-point scale (from very satisfied to very dissatisfied) have been grouped together into two categories – satisfied and dissatisfied - to ease interpretation of the data and simplify reading of the table. The data are presented in table 59.

TABLE 59: RESPONDENTS' SATISFACTION/DISSATISFACTION WITH THE PERFORMANCE OF GOVERNMENT ON VARIOUS ASPECTS IN THEIR COMMUNITY (Q73)

Aspect	ULP		UHP		RLP		RHP	
	Satis-fied (%)	Dissa-tisfied (%)	Satis-fied (%)	Dissa-tisfied (%)	Satis-fied (%)	Dissa-tisfied (%)	Satis-fied (%)	Dissa-tisfied (%)
1. Crime Prevention	49,5	47,9	57,1	39,3	66,8	32,0	65,4	31,9
2. School education	79,0	16,4	79,3	17,7	84,1	15,2	76,1	22,8
3. Health care	69,0	16,5	75,5	21,7	70,5	28,5	74,0	23,6
4. Tele-communication	84,8	10,5	89,1	5,8	80,6	13,7	83,9	12,7

Table 59 shows that respondents in urban areas are proportionately less satisfied than those in rural areas when it comes to the performance of the government on crime prevention in their area. One explanation for this might be the fact that crime, in particular violent crime, is usually more associated with urban areas than with rural areas. Urban respondents are accordingly more sensitized than rural respondents when it comes to the issue of crime.

In a follow-up question, respondents were asked to rate the performance of a number of services provided by their local council. As in the case of table 59, the ratings on a five-point scale (from very satisfied to very dissatisfied) have again been grouped together into two categories – satisfied and dissatisfied - to ease interpretation of the data and simplify reading of the table. The data are presented in table 60.

TABLE 60: RESPONDENTS' SATISFACTION/DISSATISFACTION WITH SPECIFIC SERVICES PROVIDED BY THE LOCAL COUNCIL (Q74)

Service in township	ULP		UHP		RLP		RHP	
	Satis-fied (%)	Dissa-tisfied (%)	Satis-fied (%)	Dissa-tisfied (%)	Satis-fied (%)	Dissa-tisfied (%)	Satis-fied (%)	Dissa-tisfied (%)
1. Electricity in the household	85,4	13,1	89,6	9,1	91,6	5,6	87,9	13,6
2. Street lighting	75,2	24,2	84,6	14,4	75,5	21,5	72,9	24,6
3. Quality of roads	49,3	49,3	64,6	32,9	39,4	57,5	53,0	45,7
4. Storm water drainage	62,1	32,4	73,7	23,8	47,5	42,7	65,1	30,8
5. Sewerage	71,0	23,0	84,8	13,9	68,2	24,9	83,4	15,8
6. Refuse removal	83,3	15,7	92,6	6,6	88,0	11,5	89,5	10,0
7. Parks and recreational facilities	34,5	49,4	51,0	37,5	27,1	56,5	30,8	56,5
8. Water supply to the household	83,3	14,6	91,3	8,4	82,1	17,4	89,0	11,1

With the exception of electricity in the household and street lighting (in rural areas only), respondents in low-paying areas were proportionately more dissatisfied with all the other services provided by the local council. In general, respondents seemed mostly dissatisfied with (a lack of) parks and recreational facilities in the townships, the quality of roads, and storm water drainage. On the other hand, the provision of electricity in the household is by far the one service with which most respondents expressed their satisfaction. This is closely followed by refuse removal and water supply to the household. It is therefore concluded that 80%-90% of all households in the four clusters are satisfied with the core services to their households, such as electricity provision, refuse removal and water supply.

Most respondents, who expressed their dissatisfaction with parks or recreational facilities in the townships, did so because these services simply do not exist in the surveyed areas (Q75). Dissatisfaction with the quality of roads was explained in terms of poor or inadequate service when it comes to the maintenance of this facility (Q75).

Table 61 below presents respondents' perceptions on the affordability of municipal charges for services and consumption in their townships. (As in the case of the previous table, the "uncertain"-response category has been omitted to ease the reading of the table).

TABLE 61: RESPONDENTS' PERCEPTIONS ON THE AFFORDABILITY OF MUNICIPAL CHARGES FOR SERVICES AND CONSUMPTION (Q76)

	ULP		**UHP**		**RLP**		**RHP**	
Service in township	**Afford-able (%)**	**Not Affor-dable (%)**	**Affor-dable (%)**	**Not Affor-dable (%)**	**Affor-dable (%)**	**Not Affor-dable (%)**	**Affor-dable (%)**	**Not Affor-dable (%)**
1. Electricity consumption of your household	66,7	27,3	72,4	23,0	69,1	21,1	84,2	12,2
2. Water con-sumption of your household	39,2	49,6	63,3	31,9	32,9	53,9	66,0	32,3
3. Rates and taxes for servi-ces such as street lighting, garbage remo-val, etc.	39,0	49,9	66,3	29,9	37,0	48,3	67,0	28,9

Table 61 shows that municipal charges for **electricity** consumption in the household were generally regarded as affordable by most respondents, although high-paying households were slightly more inclined to view that as affordable than low-paying households. In direct contrast, however, significant smaller proportions of respondents were of the opinion that charges for **water** consumption as well as **rates and taxes** are affordable. Although two thirds of respondents in high-paying areas still deem charges for the latter two services affordable, less than 40% of respondents in low-paying households were of the same opinion. For example, in low-paying rural households only 3 in every 10 respondents believed that charges for water consumption in their townships are affordable. Almost 7 out of every 10 respondents of the same group are, however, of the opinion that charges for electricity consumption are affordable. **This is yet a further indication that non-payment reflects in all likelihood a problem of affordability, rather than one of mere moral unwillingness to pay for services.**

Those respondents who indicated that the municipal charges are not affordable, were subsequently asked to indicate how much they are prepared to pay for the respective services each month. The data are presented in table 62. (Note that only respondents who indicated that the current charges are not affordable, supplied these amounts).

TABLE 62: MONTHLY AMOUNT (MEAN AND MODE) RESPONDENTS ARE WILLING TO PAY FOR SERVICES AND CONSUMPTION (Q77)

	ULP		**UHP**		**RLP**		**RHP**	
Service in township	**Mean ®**	**Mode ®**	**Mean ®**	**Mode ®**	**Mean ®**	**Mode ®**	**Mean ®**	**Mode ®**
1. Electricity consumption of your household	62-00	50-00	69-00	50-00	33-00	10-00	39-00	20-00
2. Water con-sumption of your household	43-00	20-00	52-00	20-00	27-00	20-00	34-00	20-00
3. Rates and taxes for servi-ces such as street lighting, garbage remo-val, etc.	38-00	20-00	38-00	20-00	21-00	10-00	23-00	10-00
Monthly ave-rage for all services	**97-00**	**50-00**	**118-00**	**100-00**	**60-00**	**50-00**	**65-00**	**50-00**

Table 62 shows that monthly amounts that respondents in rural areas are willing to pay for services are on average considerably lower than those for urban areas. It is

also noteworthy that there is a relatively small difference between high-paying and low-paying areas when it comes to the total monthly amount that they are on average willing to pay for municipal services: High-paying households are on average prepared to pay approximately 10%-20% more than low-paying households. This, however, does not apply to charges for rates and taxes: Both high and low-paying households are more or less in agreement on what they are willing to pay for the latter.

Respondents were asked to rate their satisfaction with the performance of their local council over the previous three years. Their responses are presented in table 63.

TABLE 63: RESPONDENTS' SATISFACTION/DISSATISFACTION WITH THE PERFORMANCE OF THEIR LOCAL COUNCIL OVER THE PAST THREE YEARS (Q78)

Response	ULP		UHP		RLP		RHP	
	N	%	N	%	N	%	N	%
Very satisfied	67	16,0	87	22,0	41	10,0	97	26,1
Reasonably satisfied	144	34,3	142	35,9	164	40,0	119	32,0
Somewhat unhappy	59	14,0	25	6,3	31	7,6	25	6,7
Very unhappy	111	26,4	111	28,0	145	35,4	112	30,1
Having mixed feelings	24	5,7	13	3,3	20	4,9	9	2,4
Uncertain	15	3,6	18	4,5	9	2,2	10	2,7
Total	**420**	**100**	**396**	**100**	**410**	**100**	**372**	**100**

Table 63 shows that some 5 out of 10 low-paying households were either very satisfied or reasonably satisfied with the performance of their local council over the previous three years. In the case of high-paying households, the corresponding figure is almost 6 in every 10 households. Respondents in low-paying rural areas were inclined to be somewhat less satisfied with their local council, compared with respondents in high-paying areas.

Asked for the reason(s) for their dissatisfaction or mixed feelings, the majority of respondents complained about poor services and lack of performance on the part of the Council. The responses appear in table 64.

TABLE 64: REASONS WHY RESPONDENTS ARE DISSATISFIED WITH THE PERFORMANCE OF THEIR LOCAL COUNCIL (Q79)

	ULP		UHP		RLP		RHP	
Reason for dissatisfaction	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Services are poor	73	38,6	43	29,9	65	34,0	39	27,7
2. Accounts are not accurate	5	2,6	4	2,8	5	2,6	5	3,5
3. Council does not live up to expectations	103	54,5	78	54,2	104	54,5	86	61,0
4. Corruption in Council	2	1,1	15	10,4	16	8,4	9	6,4
5. Other	6	3,2	4	2,8	1	0,5	2	1,4
Total	**189**	**100**	**144**	**100**	**191**	**100**	**141**	**100**

Table 64 clearly illustrates that some 9 out of every 10 motivations for dissatisfaction with the performance of their local council, relate to poor services or a disillusionment with the performance of the Council (see items 1 and 4). Respondents of low-paying households are proportionately more inclined to cite poor services as reason for their dissatisfaction than their counterparts in high-paying households.

Respondents were given the opportunity to suggest how the debt of their Council should be handled. Their suggestions are listed below.

TABLE 65: RESPONDENTS' SUGGESTIONS ON HOW THE DEBT OF THEIR COUNCIL SHOULD BE HANDLED (Q80)

	ULP		UHP		RLP		RHP	
Suggestion	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Debt should be written off; Let the Government pay	123	32,5	123	33,5	130	34,7	136	38,1
2. Create employment opportunities	45	11,9	38	10,4	59	15,7	33	9,2
3. Force people to pay via drastic actions; legal actions	45	11,9	63	17,2	24	6,4	42	11,8
4. Negotiate again with non-payers	45	11,9	44	12,0	27	7,2	28	7,8
5. People should be employed by/work for Council in return for services	5	1,3	3	0,8	5	1,3	12	3,4
6. Let everyone pay only as much as they can afford; Allow small repayments over a longer period	31	8,2	37	10,1	37	9,9	37	10,4
7. Non-working people should have their debts cancelled	7	1,8	12	3,3	9	2,4	10	2,8
8. Get outside finance (foreign countries; private sector)	56	14,8	24	6,5	58	15,5	26	7,3
9. Other	22	5,8	23	6,3	26	6,9	33	9,2
Total	**379**	**100**	**367**	**100**	**375**	**100**	**373**	**100**

About one in every three respondents in table 65 suggests that the debt of local councils should be written off or taken over by the national government. Considerable larger proportions - twice as large - of respondents in low-paying households than in

high-paying households suggested financial assistance from other countries and/or the private sector to solve the problem of accumulated debt (see item 8). On the other hand, high-paying households in both urban and rural areas were more inclined than low-paying households to suggest "hard actions" - such as legal steps - against non-paying households. The lack of employment opportunities, particularly in rural areas, and consequently an appeal for job opportunities, again featured amongst the suggestions.

Asked what he/she would do to convince people to start paying for their municipal services if he/she were to be a member of the local council, respondents suggested a wide number of strategies. These are listed in table 66 below.

TABLE 66: RESPONDENTS' SUGGESTIONS ON HOW THEY WOULD PERSUADE PEOPLE TO PAY FOR THEIR SERVICES (Q81)

	ULP		UHP		RLP		RHP	
Suggested strategy	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
1. Arrange meetings and discuss alternative ways of payment	75	19,4	71	19,9	82	21,9	66	18,5
2. Improve services – that will encourage people to pay	65	16,8	41	11,5	60	16,0	45	12,6
3. Create employment opportunities so people can pay	64	16,5	32	9,0	65	17,4	49	13,7
4. Write off all debts	3	0,8	2	0,6	7	1,9	6	1,7
5. Allow people to pay only what they can afford; introduce flat rate and reduce rates	38	9,8	33	9,2	51	13,6	46	12,9
6. Disconnect services	19	4,9	15	4,2	7	1,9	24	6,7
7. Educate people on the importance of paying for services	99	25,6	124	34,7	80	21,4	81	22,7
8. Give financial incentives (lucky draws; discounts)	3	0,8	10	2,8	7	1,9	8	2,2
9. Take legal action	8	2,1	11	3,1	2	0,5	5	1,4
10. Deduct monthly amount from salary	2	0,5	3	0,8	1	0,3	4	1,1
11. Subsidize the very poor	6	1,6	10	2,8	6	1,6	6	1,7
12. Other	5	1,3	5	1,4	6	1,6	17	4,8
Total	**387**	**100**	**357**	**100**	**410**	**100**	**357**	**100**

Table 66 proves that the majority of respondents would opt for "soft approaches" to convince people to pay for their municipal services had they been in the position of Councillor (see items 1 and 7 in particular). In fact, "hard strategies" such as those suggested in items 6 and 9, were offered by less than one in every ten respondents.

Respondents were asked to indicate whether they agree or disagree with particular statements pertaining to the payment of municipal accounts. (The extreme option categories on the five-point scale were grouped together for purposes of data interpretation and to simplify the reading of the table. For the same reasons the "uncertain"-option category has been omitted in table 67).

TABLE 67: RESPONDENTS' PERCEPTIONS ON A NUMBER OF POSSIBLE ACTIONS PERTAINING TO THE PAYMENT OF MUNICIPAL ACCOUNTS (Q82)

	ULP		**UHP**		**RLP**		**RHP**	
Statement	**Agree (%)**	**Dis-agree (%)**	**Agree (%)**	**Dis-agree (%)**	**Agree (%)**	**Dis-agree (%)**	**Agree (%)**	**Dis-agree (%)**
1. It is not necessary to pay the municipal account while so many other people are not paying	13,8	81,1	10,4	87,3	10,7	84,7	19,6	79,1
2. Councillor salaries should reflect payment rates in their wards	42,2	45,8	48,0	38,6	55,9	36,3	54,7	33,8
3. I will not pay my municipal account if I know there is a chance that I might get away with it.	16,2	78,0	12,9	79,2	17,3	79,0	14,7	81,3

According to table 67, approximately one in every ten respondents of high-paying households will refrain from paying their municipal accounts if they can get away with it, while the corresponding proportion for low-paying households is slightly higher, but still less than two in every ten. A similar (relatively small) proportion believes that it is not necessary to pay their municipal account while so many other people are not paying. **The perception of a so-called entrenched "culture of non-payment" that dominates explanations for non-payment in some circles can therefore be questioned in the light of these data**. The data in the above table, in other words, do **not** suggest a substantial lack of moral conviction as explanation for the non-payment of services. **In fact, all trends in the data point at a situation where the core issue of non-payment is not one of moral irresponsibility, but rather one of a lack of financial means.**

Respondents in rural areas are proportionately more in favor of the statement that councillor salaries should reflect payment rates in their wards. This further emphasizes the trend that rural households, and low-paying rural households in particular, are proportionately more dissatisfied and disillusioned with the performance of their local councils than households in the other clusters.

Respondents were asked to indicate who, in their opinion, is best equipped to deliver municipal services to the public. Their opinions appear in table 68 below.

TABLE 68: RESPONDENTS' OPINIONS ON WHO IS BEST EQUIPPED TO DELIVER MUNICIPAL SERVICES TO THE PUBLIC (Q83)

	ULP		UHP		RLP		RHP	
Potential service provider	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
The Provincial Government	104	25,0	97	24,6	126	30,9	116	31,5
The Local Council	217	52,2	233	59,0	192	47,1	169	45,9
A private group from outside the township	15	3,6	9	2,3	8	2,0	7	1,9
Private delivery by local residents	32	7,7	18	4,6	24	5,9	19	5,2
Any private group	13	3,1	7	1,8	5	1,2	9	2,4
A partnership between the Provincial Government and the Local Council	22	5,3	16	4,1	34	8,3	32	8,7
A partnership between the Local Council and private group from outside the township	6	1,4	5	1,3	16	3,9	12	3,3
A partnership between the Provincial Government and the Local Council and local residents	-	-	1	0,3	-	-	1	0,3
Other suggestions	7	1,7	9	2,3	3	0,7	3	0,8
Total	**416**	**100**	**395**	**100**	**410**	**100**	**368**	**100**

Table 68 shows that, apart from the Provincial Government and the Local Council, there is very little support amongst respondents for other potential providers of municipal services. It is interesting to note that the proportion of rural respondents who favor the local council as service provider is considerably less than the corresponding proportion in urban areas. Consequently, larger proportions of rural respondents are inclined to favor the Provincial Government as potential service provider as in the case of urban respondents. This again confirms the now established trend of rural respondents being more dissatisfied with and hence critical of their local council than urban respondents. This dissatisfaction and criticism inevitably manifest in a greater skepticism amongst rural respondents towards the ability of their local councils to deliver the necessary services.

Respondents were asked whether or not they are in favor of municipal services being delivered by private contractors. Their opinions appear in table 69.

TABLE 69: WHETHER RESPONDENTS ARE IN FAVOR OF MUNICIPAL SERVICES BEING DELIVERED BY PRIVATE CONTRACTORS, OR NOT (Q84)

	ULP		UHP		RLP		RHP	
Opinion	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
I am in favor of the idea	111	26,6	85	21,5	111	27,1	99	26,6
I am opposed to the idea	270	64,6	285	72,2	247	60,2	253	68,0
I am uncertain/ do not know	37	8,9	25	6,3	52	12,7	20	5,4
Total	**418**	**100**	**396**	**100**	**410**	**100**	**372**	**100**

Table 69 shows that approximately one in every four respondents supports the idea of municipal services being delivered by private contractors. The vast majority, however, remain opposed to the idea, with high-paying households proportionately more opposed to the idea than low-paying households.

Table 70 is self-explanatory and displays the motivation of those who are in favor of or opposed to municipal services being delivered by private contractors. Note that respondents in low-paying households are more inclined to believe that the community would get better service provision should municipal services be delivered by the private sector. At the same time, however, low-paying households are more inclined to see the private sector as unreliable and not trustworthy.

TABLE 70: REASONS WHY RESPONDENTS ARE IN FAVOR OF OR OPPOSED TO THE PRIVATIZATION OF MUNICIPAL SERVICES (Q85)

	ULP		UHP		RLP		RHP	
Reason	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
I am in favour of the idea								
1. Community will get better service provision	68	18,9	37	10,5	45	13,3	41	12,3
2. It will create job opportunities	34	9,4	34	9,6	53	15,7	36	10,8
I am opposed to the idea								
1. Rates will increase	98	27,2	112	31,7	107	31,7	112	33,6
2. Private sector will not meet our needs	74	20,6	66	18,7	61	18,0	61	18,3
3. Private sector is unreliable and not trustworthy	34	9,4	56	15,9	24	7,1	43	12,9
4. Private contractors will terminate services and prosecute people; They will not have mercy	25	6,9	18	5,1	19	5,6	9	2,7
5. Private sector will not create jobs	18	5,0	20	5,7	23	6,8	12	3,6
6. Other	9	2,5	10	2,8	6	1,8	19	5,.7
Total	**360**	**100**	**353**	**100**	**338**	**100**	**333**	**100**

For those respondents who were opposed to the idea of privatization of municipal services (see table 69), the question was asked whether they would be in favor of privatization if their community could share in the profits accrued from the private delivery of services. Their responses are reflected in table 71.

TABLE 71: WHETHER RESPONDENTS WOULD BE IN FAVOR OF THE PRIVATIZATION OF MUNICIPAL SERVICES IF THEIR COMMUNITY COULD SHARE IN THE PROFITS (Q86)

	ULP		UHP		RLP		RHP	
Opinion	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Yes, then I would be in favor of it	38	14,1	43	15,1	29	11,8	54	21,5
No, I will remain opposed to it	223	82,9	236	83,1	212	86,2	192	76,5
I am uncertain/ do not know	8	3,0	5	1,8	5	2,0	5	2,0
Total	**269**	**100**	**284**	**112**	**246**	**100**	**251**	**100**

Respondents were asked whether they think municipal rates would increase, decrease or remain the same as a result of privatization.

TABLE 72: WHETHER RESPONDENTS THINK MUNICIPAL RATES WOULD GO UP, GO DOWN OR REMAIN THE SAME AS A RESULT OF PRIVATIZATION (Q87)

	ULP		UHP		RLP		RHP	
Opinion	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Rates will go up	274	65,7	286	72,4	247	60,4	261	70,0
Rates will go down	66	15,8	33	8,4	67	16,4	47	12,6
Rates will remain the same	30	7,2	33	8,4	24	5,9	41	11,0
I am uncertain/ do not know	47	11,3	43	10,9	71	17,4	24	6,4
Total	**417**	**100**	**395**	**100**	**409**	**100**	**373**	**100**

About two thirds of the respondents were of the opinion that rates will go up as a result of privatization of municipal services. Respondents in high-paying households were more inclined to hold this opinion than those in low-paying households.

3. Baseline survey: summary of main findings and conclusions

- The data point at a number of sharp contrasts between high-paying and low-paying households as far as their perceptions, needs and opinions of services and the payment for services are concerned. These contrasts are in some cases extended to urban and rural areas as well, and are, for instance, further related to differences in perceptions on the performance of local councils over the past three years.
- Reasons for non-payment of municipal services differ substantially between rural and urban places. In many urban places there are significant proportions of households that could pay for services, but opt for free-riding. Most of the data support the notion that the urban/rural divide in terms of poverty levels, living standards and subjective experiences of quality of life are quite different for rural and urban areas [This is also supported by a national survey completed by the Helen Suzman Foundation in 1999 (Johnson, 1999:25)]. Due to this fact that human and economic capital levels are substantially lower for rural than urban areas, it is obvious that **inability-to-pay** for services is more acute **in rural areas** than in urban areas. Non-payment behavior in rural places and small towns coincides more with inability-to-pay than in urban settlements. The majority of African households in small and rural settlements struggle to put bread on the table, due to a low socio-economic status and limited means. The extent of deprivation becomes even bigger taking into consideration that this survey only focused on serviced African neighborhoods (i.e. more formal settlements) and excluded so-called informal settlements and squatter camps where the living standard and ability-to-pay is even lower than what is portrayed in this study. **Strategies to address non-payment should therefore differ between urban and rural places**. Perhaps a more favorable subsidization formula for smaller settlements in terms of indigent support is one way of addressing the existing urban bias.
- Due to the development differences between urban/rural and high/low clusters, and the specific differences between the two rural clusters, a more **differentiated subsidy/indigent policy formula** is proposed (albeit on a conceptual level). We

could refer to it as the X/XY/Y/Z approach, where X/XY/Y/Z[9] represents different types of settlements. This basically entails different indigent support policies and systems designed mainly according to the geographical context and size of a city/town/settlement to facilitate services as public good where needed. Such a differentiated approach also ties in with current thinking on human development and human needs that needs are universal but the same for all communities. Subsequently, what should differ is the way in which these needs are satisfied. Therefore, if households lack the means to sustain a certain level of well-having and well-being due to limited human assets and capacities, then approaches to assist them should be context specific and cater for diversity.

- One of the most important **challenges in improving payment for services is to address the free-rider-syndrome,** i.e. people who are in a position to pay, but opt for non-compliant behavior. In this regard closer cooperation (almost a public-private-partnership) between civil society (community organizations and community leaders), the market (business people/private enterprises) and the state (government officials and councillors) is needed to address the issue in a collaborative, innovative and human-sensitive way. The privatization of (a) credit control and (b) service delivery could also be considered to manage the proportion of households that can afford payment, but opt for non-payment.
- At least 5 out of every 10 households currently not-paying their municipal accounts indicated that they have taken **steps to pay their municipal arrears.** This still leaves ample space to involve the remaining 50% of low/non-paying households through constructive engagement to take individual responsibility for them not-paying their services.
- Approximately 81% of low-paying households mentioned conditions pertaining to their **personal socio-economic situation** as prerequisites for starting to pay their municipal accounts in full. More specifically, these conditions are linked to **finding employment** (74,5% in total) and the **lowering of municipal rates and taxes** (7,3%). Respondents in rural areas in particular emphasized the necessity of job creation as prerequisite for paying their municipal accounts. At the same time, however, almost 8 out of every 10 households indicated that, if the current trend

[9] X = Metropoles/Cities
XY = Secondary Towns
Y = Small towns and "Plattelandse dorpe"
Z = Small villages, rural and deep rural areas

of non- and low-payment is to continue and escalate in future, a collapse in service delivery and economic degradation will become inevitable.

- If forced by a court of law to start paying their municipal accounts, 7 out of every 10 low-paying households indicated that they would be compelled to **cut back on other monthly expenses**. The main monthly expenses that will be forced to undergo cutbacks are **clothing** (87% of low-paying households will be affected), **food** (79,9%), and **household maintenance** such as fuel, heating and lighting (77,5%). Low-paying rural households would also be significantly more inclined than urban households to cut back on **educational expenses**: 32,4% and 16,3% comparatively indicated that they would have to cut back on this expense.
- A slightly larger proportion (16,7%) of low-paying urban households than low-paying rural households (11,6%) had their electricity supply to the household disconnected in the twelve months prior to the survey. Asked to suggest actions by the Council against people who have fallen in arrears with their payments, low-paying households are considerably more in favor of **negotiated settlements** than high-paying households (52% versus 44,7% respectively). At the same time, **punitive actions** enjoy more support amongst high-paying households than amongst low-paying households, although support various considerably for the different types of punitive action. The punitive measure that enjoys by far the most support - 62,1% overall (68,1% amongst high-paying households and 56,1% amongst low-paying households) - is the deduction of the monthly amount owed to the municipality from people's salary. Likewise, approximately 6 out of every 10 high-paying households (61,7%) are in favor of disconnecting the electricity supply to non-paying households, while support for the same measure drops to 4 out of every 10 households (42,1%) amongst low-paying households. Less than 8% of all respondents supported the suggestion of having the property of non-paying households confiscated. Amongst low-paying rural households, almost one in every three households suggested that **no action at all** should be taken against low-paying households, until such households have managed to find employment. On the other hand, those in favor of punitive actions against non-paying households substantiated the option by leaning towards the principle of fairness: If a household receives services, it should pay – even if it pays only a little.

- More than 5 out of 10 high-paying households (52,7%) regard paying the **full costs** as the **most fair** way of paying for municipal services (compared with paying a flat rate or not paying at all), while only 41,7% of low-paying households are of the same opinion. Rural households (52,1%) are proportionately more in favor of paying a flat rate than urban households (45,7%), again probably a reflection of differences in socio-economic positions between the two areas. However, on a different question focusing on a breakdown of services, the support for "full payment" differs substantially for the different services: From as high as 98% for electricity consumption by the household to 67% for property tax. Local councils may therefore consider embarking on educational campaigns in respect of the necessity of property tax payment, in order to address this perception amongst low-paying households in particular. Low-paying households (63,8%) are more inclined than high-paying households (55,7%) to cite reasons pertaining to affordability as justification for their opposition to full payment for services. Asked who should pay for the services they receive, 51,6% of all those who regard full payment as unfair, nominated the government or local council. Likewise, the government has been "appointed" by most respondents (54,7% in total) to deliver municipal services in future if the council becomes unable to do so.
- Most respondents (73,1% in total) generally regard municipal charges for **electricity** consumption in the household as **affordable**. In sharp contrast, however, significant smaller proportions are of the same opinion when it comes to charges for water consumption and rates and taxes. Although two thirds of the respondents in high-paying areas still deem charges for the latter two services affordable, the comparative proportion drops to less than 40% amongst respondents in low-paying households. Monthly amounts that respondents in rural areas are willing to pay for services are on average considerably lower than those for urban areas, again indicating sharp **differences in consumable income** between households in the two areas. It is also noteworthy that there is a relatively small difference between high-paying and low-paying households when it comes to the total monthly amount that they are on average willing to pay for municipal services: High-paying households are on average prepared to pay approximately 10%-20% more than low-paying households. This, however, does not apply to

charges for rates and taxes: Both high and low-paying households have more or less in agreement as to what they are willing to pay for the latter.

- Almost 8 out of every 10 respondents (78,2%) of all households indicated that a lucky draw with a cash incentive would encourage them to pay their monthly accounts regularly. This is definitely something worthwhile of further investigation and implementation.
- Respondents of high-paying households (57,9%) and those in urban areas are inclined to be somewhat more satisfied with the **performance of their local council** over the previous three years compared with those of low-paying households (50,1%) and rural areas. Almost 9 out of every 10 motivations for dissatisfaction relate to poor services or disillusionment with the performance of the council. Subsequently, the proportion of rural respondents who are favoring the local council as the agent "best equipped" to deliver municipal services (46,4%) is considerably less than the corresponding proportion in urban areas (55,5%). This dissatisfaction and criticism inevitably manifests in a greater skepticism amongst rural respondents towards the ability of their local councils to deliver the necessary services. At the same time, however, only one in every four respondents supports the idea of municipal services being delivered by **private contractors**, with high-paying households (70,1%) proportionately more opposed to the idea than low-paying households (62,4%). About two thirds of the respondents are of the opinion that rates will go up as a result of privatization of municipal services. Respondents in high-paying households are more inclined to hold this opinion than those in low-paying households.
- Conclusive finding: Today, unlike 5 to 10 years ago, non-payment is more **an issue of inability-to-pay** than an unwillingness-to-pay. The poverty of many households in low-paying areas makes them unable rather than unwilling to pay. In fact, nine out of every 10 low-paying households gave unemployment or no/too low income as the main reason for their non-payment. **It seems therefore incorrect to refer to a widespread "culture" of non-payment, implying thereby a behavior imbedded in a lack of moral willingness to pay, and/or the absence of a moral consciousness of responsibility and obligation amongst non-paying households.** This conclusion is, amongst others, substantiated by the fact that only 3 in every 20 respondents of low-paying households (and 2 out of

every 20 high-paying households) indicated that they would refrain from paying their municipal accounts if they know there is a chance that they might get away with it. Likewise, 83,1% disagreed with a statement that it is not necessary to pay the municipal account while so many others are not paying. Several trends in the data primarily suggest a **financial inability-to-pay** amongst a considerable proportion of non-paying households, with aspects such as dissatisfaction with services and a lack of a moral responsibility being of secondary importance.

- **Payment or non-payment** of municipal services is very much a **development issue**. As poverty alleviation strategies start improving the well-being of communities, they will gradually starting to pay for services they consume, provided the issue is managed in a sustainable and sensitive way. Therefore, the unintended/latent consequences of the **new development framework** for the local government sector in terms of Land Development Objectives, Integrated Development Planning and Local Economic Development **may enhance payment for services** in both the medium and the long term. There is a definite correlation between level of services in a community and payment for services or at least willingness to pay for services. It seems that in those communities where quality service delivery and the upgrading of current services are visible, there is also a greater willingness to pay for services (This is supported by findings from the Helen Suzman Foundation and case study research in Mangaung – Bloemfontein by the Centre for Development Support).

4. Synoptic overview of the main findings in the baseline survey

- The data support the notion that the urban/rural divide in terms of poverty levels, living standards and subjective experiences of quality of life are quite different for rural and urban areas. **Strategies to address non-payment should therefore differentiate between urban and rural places**.

- Only 42% of low-paying households regard paying the **full costs** as the **most fair** way of paying for municipal services (compared with paying a flat rate or not paying at all), while the corresponding proportion rises to 53% in the case of high-paying households, again probably reflecting differences in household income between the two sectors. Consequently, some 81% of low-paying households mentioned conditions pertaining to their **personal socio-economic situation** as prerequisites for starting to pay their municipal accounts in full.

- Although only 10%-15% of the respondents indicated that they would desist from paying if they could get away with it, this proportion remains substantial, especially if extrapolated to the physical number of households on a national level and the compounded fiscal impact of their action. The data, however, do not support some popular explanations of a widespread **moral irresponsibility,** or the existence of an entrenched culture of entitlement when it comes to non-payment for municipal services.

- The data point at **substantial support for both punitive measures and incentives** as mechanisms to address the problem, and intervention policies should perhaps consider a combination of both. At the same time, **punitive actions** enjoy more support amongst high-paying households than amongst low-paying households, although support varies considerably for the different types of punitive action.

- Approximately 80%-90% of all households in the four clusters are **satisfied with the core services to their households**, i.e. electricity provision, refuse removal and water supply. The **level** of service delivery - at least as far as these core

services are concerned – therefore does not qualify as an explanation for non-payment of services in the four clusters.

- Respondents of high-paying households (57,9%) and those in urban areas are inclined to be somewhat more satisfied with the **performance of their local council** over the previous three years compared with those of low-paying households (50,1%) and rural areas. This dissatisfaction and criticism inevitably manifest in a greater skepticism amongst rural respondents towards the ability of their local councils to deliver the necessary services.

- Conclusive finding: Today, unlike 5 to 10 years ago, non-payment is more **an issue of an ability-to-pay** than an unwillingness-to-pay. The poverty of many households in low-paying areas makes them unable rather than unwilling to pay. **In fact, all trends in the data point at a situation where the core issue of non-payment is not one of moral irresponsibility, but rather one of a lack of financial means.** Several trends in the data primarily suggest a **financial inability-to-pay** amongst a considerable proportion of non-paying households, with aspects such as dissatisfaction with services and a lack of a moral responsibility being of secondary importance.

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