

# Maintaining Water and Sanitation Service Delivery in Rural and Peri-Urban North West Province of South Africa: Governance as Social or Entrepreneurial Responsibility?

*Samson Olaoluwa Faboye, Trynos Gumbo, Kgomotso Jackson Phillip Sebola-Samanyanga*

(Samson Olaoluwa Faboye, University of Johannesburg, John Orr Building, Beit and Siemert Street, 2028. Johannesburg, South Africa, sfaboye@gmail.com)

(Prof Trynos Gumbo, University of Johannesburg, John Orr Building, Beit and Siemert Street, 2028. Johannesburg, South Africa, tgumbo@uj.ac.za)

(Dr Kgomotso Jackson Phillip Sebola-Samanyanga, University of Pretoria, Hatfield, 0028. Pretoria, South Africa, jackson.sebola@up.ac.za)

DOI: 10.48494/REALCORP2024.1050

## 1 ABSTRACT

Globally, the success of municipal governance is measured by effectiveness towards service delivery, which is evident in quality and accessibility by residents. Primarily as a social service, there is a prevalence amongst metropolitan governments globally to impose rates or privatise service delivery. Although a middle-income country, South Africa is considered one of the most socioeconomically unequal societies in the world. To balance the socioeconomic disparities, South African municipal governments provide basic services such as water and sanitation without exerting rates in rural areas and most peri-urban communities. Given recent economic downturns, growing population and increasing urbanisation, among other adverse factors, South African municipalities struggle to ensure efficient service delivery. This article contributes to studies on effective municipal service delivery models. It case studies North West Province of South Africa using qualitative methods involving interviews and desktop reviews of social and market theories. Preliminary findings reveal a dilemma in the iteration of neo-liberalist ideals within the context of welfarist manifestoes and the economic question of profit-making against welfarism. The study recommends regular tax eligibility assessment for residents of periurban areas who are currently outside rate-paying delineated areas. The process of infrastructure development and service delivery requires huge financial resources. Reliable service delivery and quality infrastructure to improve quality of life are the epitome of good governance, ensuring equitable societies and guaranteeing economic growth.

Keywords: Service delivery, infrastructure, municipalities, South Africa, planning

## 2 OVERVIEW

### 2.1 Introduction

Municipalities or local governments have the duty of delivering basic services to their inhabitants (Rosalie et al., 2020). Frost (2014) identifies five fundamental service delivery functions of local governments necessary for proper functional societies. These services are water supply, waste management, transportation, electricity and sanitation. Other services might include security (police services), primary education, health care and food safety inspections. These services may be provided either via a municipal agency or by subcontracting to a third party. What is termed “basic service” are services that guarantee community members' health and safety (RSA, 2010). Nevertheless, municipalities are responsible for ensuring the enhancement and accessibility of services to people, even if they are unable to directly provide such services. Municipalities have the option to transform service delivery process into corporations or delegate the provision of services to other municipalities, organisations, or private firms (Tavares, 2017; Ferry et al., 2018). Financing for the services provided is contingent upon municipalities and may include tax money, fees, grants, and penalties. Municipalities are responsible for overseeing the delivery of services and managing the establishment and modification of fees by the service provider for the municipal service.

The provision of municipal services is crucial in influencing the standard of living of residents (Ilinykh, 2020; Boguş, 2022). Optimal and impactful provision of municipal services is essential for cultivating sustainable urban growth, advancing societal welfare, and guaranteeing economic success. Municipalities often have fiscal limitations, which restrict their capacity to allocate funds towards infrastructure and service delivery enhancements. This is also linked to population growth, which puts pressure on existing infrastructure, such as housing, transportation, and utilities. Financial constraints may undermine the quality and extent of vital services, impacting the overall welfare of metropolitan areas. This contributes to

antiquated infrastructure, inadequately maintained roads, and insufficient public amenities, which impede the delivery of vital services. This study evaluates issues emanating from municipal service delivery provisions in North West Province of South Africa. These issues pose obstacles to efficient service delivery, which raises questions about municipal governance as a social or entrepreneurial responsibility. Municipal services examined in the context of this study are water, sanitation, and transportation.

## 2.2 Study Objective

To examine the implications of service delivery as a social or entrepreneurial responsibility of government.

## 2.3 Methodology

The article is a qualitative study utilising desktop reviews and ten expert interviews conducted between May and October 2022. The role of South African municipal governments in service delivery is examined from the prism of the Austrian school of economics and the political economy through the review of social and market theories. These have extensively studied entrepreneurship and conducted economic analyses of institutions, which form the basis of the literature review, which provides the framework for the analysis of findings and discussion. Also examined are the legal framework documents guiding municipal service delivery in South Africa, such as the Municipal Structures Act 117 of 1998, the Municipal Systems Act of 2000, the Municipal Infrastructure Grant, and the Traditional and Khoi-San Leadership Act 3 of 2019.

## 3 LITERATURE REVIEW

In this study, we examine the role of governments as the umpire for the economy and service delivery through the lenses of the Austrian School of Political Economy. For Austrian political economy scholars, analysis of market inventions by governments is critical to understanding social phenomena (Milonakis and Fine, 2009; Kornberger et al., 2018). According to Mises (1949), the market is a social entity and a cornerstone of society whose outcome results from the people. Moreover, it is acclaimed (ibid) that the market is not defined as a tangible place, an item, or a collective entity. The market is a dynamic system propelled by the interactions of individuals who cooperate within the structure of the division of labour. In Austrian political economy scholarship, the market is a social structure or a spontaneous order that emerges from the acts of people competing for resources and collaborating in providing and distributing products and services (Ikeda, 1994; Jackson, 2019).

The emphasis and essence of the market manifest in capitalist societies, which, according to Lefebvrian analysis, emanates from the space of work and consumption (Moreno, 2014; Cunningham, 2019). In classical economics, Karl Marx, in laying the foundation of central planning, sought to solve the persistent contradictions between the public and private societal spheres (Healey, 2020). In this, he argues, the public sphere (the government) will ultimately get drowned in the bidding of the private sphere bound by competition. As such, the competitive market was to be scrapped to replace controls in the public sphere. Scholars adjudge this utopian framework - a societal framework aimed at perfection, but it might never happen (Lavoie, [1985] 2016).

The private sphere branded by capitalism is driven by maximising profit as the primary aim before considering the service provided. Relatedly, quality service delivery is directly proportional to increased cost. As custodians of the public sphere, governments also regulate the market and the private sphere. Ludwig von Mises developed the notion of interventionism in the 1920s to delineate the amalgamated economic system that arose after World War I (Vahabi and Mohajer, 2020; Kolev, 2021). According to his perspective, interventionism is an intrinsically precarious strategy since it generates fresh disruptions that seem to need other interventions, which, in turn, fail to resolve the issue. The cessation of interventionism leads to socialism, a destiny that can only be rationally averted via a decisive shift towards free markets. Mises cautioned that mixed systems engendered political volatility and economic inertia and substantiated this assertion via a comprehensive framework of interventionism and a meticulous examination of credit expansion, subsidies, welfare, corporatism, and the war economy. Interventionism refers to the practice of a social authority imposing restrictions on the use of means of production by enterprises and owners (Von Mises and Greaves, 2011). Mises regards taxes as a kind of interventionism, especially when employed by governments as a tool for cross-subsidisation or instilling socioeconomic justice.

Social justice, which entails redistributing resources to rectify economic disparities, is often seen as incompatible with a free society that is defined by market institutions and a limited government that promotes norms of equitable conduct (O'Neill, 2020). These claims emerge from the acknowledgement of systemic inequalities that people encounter as a result of the structure or operation of society. Several assessments of underdeveloped economies neglect to include the essential contribution of the “protective tier” of entrepreneurship, which plays a major role in economic activity in the developing world. Entrepreneurship has a vital role in enhancing economic performance when the institutional setting is conducive (Baumol, 1990; Boettke and Coyne, 2003). Entrepreneurs, motivated by the appealing opportunity to increase economic profits, rearrange economic resources to what they see as more significant and efficient objectives. Societies exhibiting a high degree of entrepreneurial activity and low levels of unemployment are more likely to establish a larger number of businesses to capitalise on possible profits in the immediate future (Lucas et al., 2018). Ultimately, nations that own more sophisticated tangible resources and allocate more resources towards human capital will see more economic progress.

#### 4 CONTEXTUAL DISCUSSION

The North West province is located in northern South Africa, next to the Botswana border. The Kalahari Desert borders it to the west, the Gauteng province to the east, and the Free State to the south. The Province spans over 104,882 square kilometres and is inhabited by a population of 3,748,436 people (BPDM, 2021). The majority of the Province is comprised of expansive plains adorned with sporadic vegetation, including trees and grassland. The Vaal River traverses the southern boundary of the Province. Mahikeng, formerly known as Mafikeng, serves as the capital city. The Province comprises 18 Local Municipalities within four district municipalities, namely:

- (1) Ngaka Modiri Molema District Municipality
- (2) Bojanala Platinum District Municipality
- (3) Dr Kenneth Kaunda District Municipality
- (4) Dr Ruth Segomotsi Mompati District Municipality

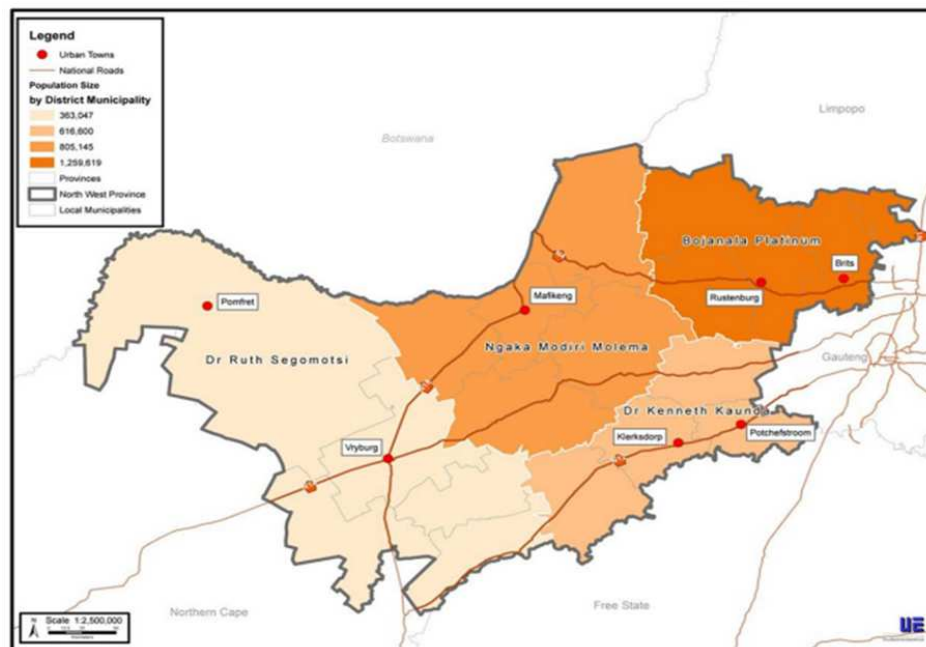


Fig. 1: Map of North West Province Showing the District Municipalities. Source: (Bojanala Platinum District Municipality (BPDM), 2021).

#### 5 LEGAL FRAMEWORKS FOR MUNICIPAL SERVICE DELIVERY IN SOUTH AFRICA

Municipal governments are responsible for service delivery, albeit within the national government’s regulations. This is an enshrined Constitutional provision mandating municipalities to “ensure the provision of services to communities in a sustainable manner,” according to Section 152(a) (b) of the 1996 Constitution (RSA, 1996). There are three delineations for South African municipalities: metropolitan,

district and local municipalities. Also, eight metropolitan municipalities cover the large urban conurbations around South Africa. Other parts of South Africa are delineated into local municipalities, which are further grouped under district municipalities. The rationale for the delineation is to facilitate development and service delivery in rural and grassroots communities. Within the context of this study, there are no metropolitan municipalities in North West Province, implying an overwhelmingly rural and low-intensity urban development.

According to the South African Guide for Municipal Infrastructure Service Delivery, South African municipalities are mandated to provide the ‘most immediate needs’ of society, which should be universally accessible to meet national developmental targets (COGTA, 2010). These services include sanitation, water supply, health centres, roads/stormwater drainage, electricity, solid waste disposal, and sports facilities (ibid). Municipal Systems Act no 32 of 2000 allows municipalities to generate income through taxes, rates and levies (RSA, 2000). As such, maintenance of the infrastructure for basic services comes through tax revenues and rates. In the broader scheme of national strategic planning, South Africa’s municipalities are mandated to produce Integrated Development Plans (IDPs), a five-year tenured strategic planning document. These IDPs are expected to align with current national and provincial strategic plans. Within this strategic planning document, municipalities can access municipal infrastructure grants which would be based on strategic quotas and development benchmarks.

Municipalities are expected to respect the Constitution’s provisions, ensuring that every member of the local community has access to at least the bare minimum of fundamental municipal services, according to section 73(1c) of the Municipal Systems Act No.32 of 2000. Under Section 74(2c) of this Act, “life-line tariffs” for limited service usage are to be imposed to pay for the provision of vital services to low-income households (RSA, 2000). The plan must cover low-income homes that cannot pay for basic sanitation services, per the legislation. For example, the national government established the Free Basic Water Policy in 2001. Due to the water shortages, this strategy advises the government to give 6000 gallons of water (or 25 litres per person) every month (DWAF, 2007). According to the Act, cross-subsidisation must be used to pay for the cost of this service. To address the legacy of apartheid and historical inequalities, the Water Law Review Process, which replaced the “White Paper,” and Sections 24 and 27 of the 1996 Constitution [Act No. 108 of 1996], are being used to cover the costs of poor consumers by the wealthy who frequently consume and occasionally waste enormous amounts of water within municipalities.

## 6 FINDINGS

The Municipal Infrastructure Guide prioritises basic service delivery to rural areas (COGTA, 2010). However, the cost of service delivery to rural areas is often higher than that of urban areas, primarily due to low-income levels. According to the national policy frameworks guiding municipal operations, district municipalities provide water and sanitation services, while local municipalities provide other basic services. However, findings note that most local municipalities lack technical and human resources to administer their functions. In these cases, district municipalities provide capacity support to local municipalities under their jurisdiction. Associatedly, due to sparse infrastructural presence in rural areas, the cost of providing basic bulk infrastructure is usually higher. Inefficiency in municipal service delivery is a noticeable trend amongst municipalities in North West province. It is asserted that there are marked inequalities in service delivery based on the comparison between rural and urban areas within the province. Conversely, with the presence of customary administration within the Province, these form parallel or dualist governance, entrenching a dichotomy between municipal and customary authorities.

Intriguingly, the presence of mining activities and the capacity of customary authorities hosting mining activities to collect royalties from mining companies have financially empowered customary authorities to provide their communities with water supply, roads, stormwater drainage and schools. These are accessed by communal residents free of cost. However, customary authorities lacking mining activities cannot wade into service delivery provisions for their residents. The foray of some customary authorities raises questions about their constitutional roles. Essentially, the Traditional and Khoi-San Leadership Act of 2019 permits customary authorities to enter into developmental agreements with mining firms, corporate agencies, and municipalities (RSA, 2019). Some customary authorities are accused of drafting development plans independent of municipal IDPs, thereby duplicating and making the service delivery efforts of municipal authorities redundant. Nevertheless, the foray of some customary authorities into basic service delivery has

accelerated rural development, highlighting the disparity between rural communities without mineral resource exploration.

Municipal authorities in North West Province are able to exert rates within the urban core or essentially areas without customary land claims. Due to expanding urbanisation and the impact of defunct apartheid land policies, several customary administered lands now lie in periurban locations within the Province. There are noticeable imbalances in service provision between customary and municipal-managed regions, partly linked to tax evasion by residents. It is acclaimed that there is a growing inclination among individuals to live in peri-urban regions under the jurisdiction of customary authorities to evade payment of city rates. This is because customary administered areas (rural and periurban areas) are not subject to charges such as tenement/land use fees and council taxes. In addition, the Municipal councils provide complimentary water and sanitation services to rural and peri-urban regions, often under the authority of traditional authorities. There is a growing trend of individuals choosing to reside in customary administered lands in peri-urban regions to avoid paying local government fees. This leads to an excessive burden on the social infrastructure in these areas.

Furthermore, the absence of municipal rates in customary administered areas, particularly peri-urban areas, significantly contributes to the loss of municipal revenue. Mosiane View is an example of a sprawling settlement in a customary managed territory and a periurban location – a suburb of Mafikeng, the provincial capital of the North West Province, under the Barolong Boo-Ratshidi traditional council. Inhabitants of this area choose to reside in this location to evade municipal taxes and regulations while accessing the amenities and opportunities offered by the Mafikeng metropolitan centre. On the other hand, there is increasing discontent with how municipal services are provided, and the public's level of satisfaction is so low that they do not feel motivated to fulfil their civic duties by paying municipal taxes. In 2021, the inhabitants of this community strongly opposed the efforts made by the Mahikeng Local Municipality to elevate the community's status to that of a township. This would include implementing city regulations in the settlement. The dilemma arises for municipal authorities to win periurban residents' trust to ensure good service delivery from residents' taxes.

## 7 DISCUSSION

Between 2016 and 2019, South Africa's population grew by 5% from 56.02 million to 58.78 million, within a marked rural-urban population drift and sprawling periurban developments, which evidence population growing beyond the provision of basic service delivery (Adom and Simatele, 2022). This impact on rural development means a rapid investment to boost service delivery infrastructure to reverse the emigration trend. The ANC-led national government, through its free basic policy, especially in water supply, aim to entrench social justice to resolve apartheid-inherited socioeconomic disparities. While this strategy of restoring socioeconomic parity has positively impacted rural development, it has created a revenue leech in periurban areas wherein residents depend on municipal services without owing responsibility to pay rates. The concept of social justice in Austrian economics applies to understanding the redistribution strategy and equitable service access in South Africa's municipalities. As with interventionism defined in Austrian economic thought, cross-subsidisation as a water policy socioeconomic equality strategy means the taxation of urban areas to subsidise rural communities' service delivery needs. However, as findings from this study reveal, residents of periurban areas also latch on to the benefit of cross-subsidisation to evade possible council rates. This tacit subversion of free market entrepreneurship makes progress towards good service delivery precarious, affecting the quality of service delivery. Entrepreneurship, despite the penchant for profiteering and subversion for social justice, ensures socioeconomic growth through increased productivity and associated job provision. Rural development programmes that might include cottage industrialization are related to increasing economic productivity and improving residents' socioeconomic welfare. This encourages entrepreneurialism, and there will be a need to implement the imposition of rates as an interventionist measure to control tendencies of excessive profiteering.

## 8 CONCLUSION

The interaction between the provision of service delivery and residents' access to quality service delivery was discussed from the social and market theories framework. The low-intensity urban development in North West Province, coupled with the presence of customary administrative structures, compels the provision of



free water and sanitation services by municipalities and, where possible, by customary authorities. This has entrenched welfarist-socialism with failing quality service delivery as population growth pressures shift to periurban districts. As the provision of service delivery is entrepreneurial, the framework for municipal service delivery has sought to minimise capitalist intent through redistribution. On the other hand, the enhancement of the entrepreneurial capacity of service delivery agencies can be related to economic growth from the generation of funding through rates leading to efficient service delivery and, by extension, the creation of more economic opportunities. From the noted growing trend of rate evasion of periurban residents, there is a need for tax evaluation so that the tax burden for cross-subsidisation is not enforced on just a few residents.

## 9 REFERENCES

- BAUMOL, W.J. Sir John versus the Hicksians, or theorist malgré lui?. *Journal of Economic Literature*, pp.1708-1715. 1990.
- BOETTKE, P.J. and COYNE, C.J. "ENTREPRENEURSHIP AND DEVELOPMENT: CAUSE OR CONSEQUENCE?", Koppl, R., Birner, J. and Kurrild-Klitgaard, P. (Ed.) *Austrian Economics and Entrepreneurial Studies (Advances in Austrian Economics, Vol. 6)*, Emerald Group Publishing Limited: Leeds, pp. 67-87. 2003.
- BOGUŞ, A. High-performance public services: influences and prospects for improving living standards. In *Strategii și politici de management în economia contemporană* (pp. 63-68). 2022.
- BOJANALA PLATINUM DISTRICT MUNICIPALITY (BPDM) '2020/2021 Review IDP'. Rustenburg: Bojanala Platinum District Municipality (BPDM). 2021.
- COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA). *Municipal Infrastructure: An Industry Guide to Infrastructure Service Delivery Levels and Unit Costs*.COGTA. 2010.
- CUNNINGHAM, F. Urban Challenges. In: *The Political Thought of C.B. Macpherson. Critical Political Theory and Radical Practice*. Palgrave Macmillan: Cham. 2019.
- DEPARTMENT OF WATER AFFAIRS AND FORESTRY (DWAF). *Free Basic Water Implementation Strategy 2007: Consolidating and maintaining*. Directorate: Water Services Policy And Strategy. 2007.
- FERRY, L., ANDREWS, R., SKELCHER, C., and WEGOROWSKI, P. New development: Corporatisation of local authorities in England in the wake of austerity 2010–2016. *Public Money & Management*, 38(6), 477-480. 2018.
- FROST, C. Basic Services for All in an Urbanizing World: GOLD III. *Commonwealth Journal of Local Governance*, 15, 178–179. 2014.
- HEALEY, P. *Collaborative planning: Shaping places in fragmented societies*. Bloomsbury Publishing: New York. 2020.
- IKEDA, S. Market process. In P. J. Boettke (Ed.) *The Elgar companion to Austrian economics*. Northampton: Elgar. 1994
- ILINYKH, S.A., TEVLUKOVA, O.U. and ROVBEL, S.V. Living Standards as an Object of Municipal Government: A Study of Objective and Subjective Indicators. *Public Policy and Administration*, 19(2), pp.219-230. 2020.
- JACKSON, W.A., 2019. *Markets: Perspectives from economic and social theory*. Routledge: London and New York. 2019.
- KOLEV, S. When liberty presupposes order: FA Hayek's learning ordoliberalism (No. 21/02). *Freiburger Diskussionspapiere zur Ordnungsökonomik*. 2021.
- KORNBERGER, M., LEIXNERING, S., MEYER, R.E. and HÖLLERER, M.A. Rethinking the sharing economy: The nature and organisation of sharing in the 2015 refugee crisis. *Academy of Management Discoveries*, 4(3), pp.314-335. 2018.
- LAVOIE, D. (1985). Planning and the Radical Perspective. In *National economic planning: What is left?* Mercatus Center at George Mason University: Fairfax. [2016] 1985.
- LUCAS, D.S. Evidence-based policy as public entrepreneurship. *Public Management Review*, 20(11), pp.1602-1622. 2018.
- MILONAKIS, D. and FINE, B. *From political economy to economics: Method, the social and the historical in the evolution of economic theory*. Routledge. London and New York. 2009.
- VON MISES, L. *Human action: A Treatise on Economics*. Regnery. Chicago. 1949.
- VON MISES, L. and GREAVES, B.B. *Interventionism: An economic analysis*. Indianapolis, IN: Liberty Fund. 2011.
- MORENO, L. The urban process under financialised capitalism. *City*, 18(3), pp.244-268. 2014.
- O'NEILL, M. Power, redistribution, and social justice. *Philosophy*, 95(1), pp.63-91. 2020.
- REPUBLIC OF SOUTH AFRICA (RSA). *Constitution of the Republic of South Africa No. 108 of 1996*. 1996.
- REPUBLIC OF SOUTH AFRICA (RSA). *Local Government Municipal Systems Act (32 of 2000)*. Government Gazette of South Africa. 2000.
- REPUBLIC OF SOUTH AFRICA (RSA). *Traditional and Khoi-San Leadership Act 3 of 2019*. South Africa: Government Gazette. Republic of South Africa. 2019.
- ROSALIE, C., SAGUBO, O. S., and BRUTA, R. M. Local Government Unit Basic Services: Implementation and Assessment. *Global Journal of Business and Social Science Review*, 8(1), 49–59. 2020.
- TAVARES, A. F. Ten years after: Revisiting the determinants of the adoption of municipal corporations for local service delivery. *Local Government Studies*, 43(5), 697-706. 2017.
- VAHABI, M. and Mohajer, N. A critical reflection on neoliberalism. *Critique*, 48(4), pp.461-503. 2020.