



**PERCEPTIONS OF THE FINANCIAL SUSTAINABILITY OF AN INDIGENT POLICY
IN A SELECTED MUNICIPALITY IN THE WESTERN CAPE, SOUTH AFRICA**

B

Robert Schultz

Student number: 185005721

Thesis submitted for degree of

Master of Public Administration

in the

Faculty of Business and Management Sciences

at the

Cape Peninsula University of Technology

Supervisor: Professor Rozenda Hendrickse

Cape Town

CPUT copyright information

The dissertation/thesis may not be published either in part (in scholarly, scientific or technical journals), or as a whole (as a monograph), unless permission has been obtained from the University

DECLARATION

I, Robert Schultz, student number 185005721, hereby declare that the content of this dissertation, “Perceptions of the Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa” is my own work. I further declare that the dissertation has not previously been submitted for any academic examination towards any qualification at the Cape Peninsula University of Technology or any other university and that all sources used or quoted during this study have been shown and acknowledged by means of complete Harvard referencing.

Robert Schultz..... Date.....

ABSTRACT

The eradication of poverty is an important priority for the South African government. The Constitution makes provision for vulnerable households. Local government has to formulate policies to address the needs of the poor. Municipalities formulated and adopted Indigent Policies to ensure that poor households have access to essential basic services. This led the researcher to identify what challenges are related to the financial sustainability of the Indigent Policy in its implementation process in the City of Cape Town for the period 2003 to 2016. This study followed a qualitative research approach. Data was collected by conducting in-depth interviews. The selected participants had access to information relevant to the policy. The researcher respected the rights of participants by allowing them the freedom to withdraw at any stage of the research study, ensuring confidentiality, ensuring anonymity, ensuring fair treatment and protecting the participants from any harm and discomfort throughout the research study. The researcher holds that all the respondents are confident that the Indigent Policy is sustainable. However, should it become too expensive for the City of Cape Town, it could result in the budget being reprioritised. It is recommended that the City of Cape Town develops a beneficiary system for qualifying indigents to allow them to receive additional benefits from other facilities such as libraries, swimming pools and the MyCiTi bus services.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to my supervisor Prof. R. Hendrickse, who has monitored my progress and professionally guided me throughout this study; my colleague Mr David Koopman for assisting me with computer skills; my colleague Mr Andre Cornelius for his comments and advice; my colleague Ms Megan Alexander for conducting language editing; and my friend and fellow Master's student, Mr Yasien Ryklief for his collegiality and support.

DEDICATION

This study is dedicated to the following:

To my dear mother, Audrey Anne Schultz, who sadly passed away on 1st June 2017 who showed me courage, determination and perseverance, especially during her last 18 months and to my daughter, Rolinda, for her support and sacrifice during the period of my studies.

The completion of my study would not have been possible without the support from the people as well as the organisations listed below. My sincere gratitude is extended to all.

- Prof. R. Hendrickse from the Cape Peninsula University of Technology who was my supervisor. I would like to thank her for assisting me in achieving my goal and adding to my personal development.
- The City of Cape Town for allowing me to conduct my study at their organisation.
- The participants of my study for sharing their knowledge and experience and sacrificing their valuable time.
- Mr D. F. Waso at the City of Cape Town for sharing information and offering valuable guidance and support throughout the study.
- The library staff at the Cape Peninsula University of Technology who were always willing to assist with finding the required literature.

TABLE OF CONTENTS

1.1. INTRODUCTION.....	1
1.2. BACKGROUND TO RESEARCH PROBLEM	3
1.3. STATEMENT OF THE RESEARCH PROBLEM	4
1.4. RESEARCH OBJECTIVES	5
1.5. RESEARCH QUESTION	5
1.6. SIGNIFICANCE OF STUDY	5
1.7. RESEARCH METHODOLOGY	6
1.7.1. THE CONCEPT OF RESEARCH METHODOLOGY	6
1.7.2. QUALITATIVE RESEARCH.....	6
1.7.3. QUANTITATIVE RESEARCH	6
1.7.4. EMPLOYED RESEARCH METHOD (QUALITATIVE)	7
1.8. DATA COLLECTION	7
1.9. LITERATURE REVIEW.....	8
1.9.1. THEORETICAL REVIEW	8
1.9.2. LEGISLATIVE REVIEW	9
1.10. ETHICS STATEMENT	11
1.11. ORGANISATION OF THE STUDY	12
1.12. CHAPTER SUMMARY	12
2.1 INTRODUCTION.....	14
2.2 THEORETICAL OVERVIEW	14
2.2.1 THE PURPOSE OF THEORETICAL REVIEW.....	14
2.2.2 DEFINITIONS	15
2.3 POLICY AND POLICY EVALUATION.....	17
2.3.1 WHAT IS A POLICY?.....	17

2.3.2 STEPS IN THE POLICY MAKING PROCESS	18
2.3.3 WHAT IS POLICY EVALUATION?.....	19
2.3.4 THE IMPORTANCE OF POLICY EVALUATION	20
2.3.5 THE IMPORTANCE OF THE ROLE OF STAKEHOLDERS IN THE POLICY MAKING PROCESS.....	21
2.4 THEORETICAL DISCUSSIONS OF KEY CONCEPTS	21
2.4.1 BASIC NEEDS OF PEOPLE.....	21
2.4.2 THE ROLE OF GOVERNMENT IN THE ECONOMY	23
2.4.3 BACK TO BASICS.....	24
2.4.4 ESTIMATING A POVERTY LINE.....	25
2.4.5 FISCAL PERFORMANCE AND SUSTAINABILITY IN LOCAL GOVERNMENTS IN SOUTH AFRICA	27
2.4.6 FINANCIAL SUSTAINABILITY IN GENERAL.....	28
2.4.7 NATURE OF INDIGENCE	29
2.4.8 INDIGENT POLICIES: AN INTERNATIONAL PERSPECTIVE	30
2.4.9 RIGHTS AND DEVELOPMENT OF URBAN GOVERNANCE FOR THE SOUTHERN HEMISPHERE	32
2.4.10 PRIVATE SECTOR INVOLVEMENT IN BASIC SERVICE DELIVERY IN SOUTH AFRICA	34
2.4.11 WATER SERVICE DELIVERY	35
2.4.12 CASH AND DEBT MANAGEMENT.....	37
2.4.13 INSTITUTIONAL AND FISCAL CHALLENGES OF URBANISATION.....	38
2.5 LEGISLATIVE REVIEW	38
2.5.1 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA ACT 108 OF 1996	39
2.5.2 THE PUBLIC FINANCIAL MANAGEMENT ACT 1 OF 1999	41
2.5.3 THE DIVISION OF REVENUE BILL.....	41
2.5.4 MUNICIPAL FINANCE MANAGEMENT ACT 53 of 2003	43
2.5.5 MUNICIPAL FINANCE MANAGEMENT ACT Circular No.58.....	43
2.5.6 THE NATIONAL DEVELOPMENT PLAN 2030.....	44
2.5.7 NATIONAL FRAMEWORK FOR MUNICIPAL INDIGENT POLICIES	46
2.5.8 THE MUNICIPAL INDIGENT POLICY	47
2.6 CHAPTER SUMMARY.....	48

3.1 INTRODUCTION	49
3.2 RESEARCH METHODOLOGY	49
3.2.1 SIGNIFICANCE OF UNDERTAKING RESEARCH	49
3.2.2 REASONS TO UNDERTAKE RESEARCH	50
3.2.3 WHAT IS NOT RESEARCH?	51
3.2.4 BASIC TYPES OF RESEARCH	51
3.3 OBJECTIVES OF STUDY	55
3.4 RESEARCH QUESTION	56
3.5 DATA COLLECTION	56
3.6 RELIABILITY AND VALIDITY	57
3.7. IN-DEPTH INTERVIEW	58
3.7.1 INTERVIEW SCHEDULE	59
3.7.2 DESCRIPTION OF HOW INTERVIEW SCHEDULE WAS DRAFTED	59
3.7.3 PRETESTING OF INTERVIEW SCHEDULE	60
3.8. RESEARCH PARTICIPANTS	61
3.9 PURPOSIVE SAMPLING	61
3.10 LIMITATIONS OF THE STUDY	63
3.11 ETHICS	63
3.12 CONSENT FORMS	66
3.13 CHAPTER SUMMARY	67
4.1 INTRODUCTION	68
4.2 DATA ANALYSIS	68
4.3 DATA ANALYSIS STEPS	70
4.4 CONTENT ANALYSIS (DESCRIPTION OF HOW CONTENT WAS ANALYSED FOR THIS STUDY)	70
4.5 PRESENTATION OF RESULTS	71

4.6 NARRATION OF THE FINDINGS	72
4.7 CHAPTER SUMMARY	85
5.1 INTRODUCTION	86
5.2 CONCLUSIONS	86
5.3 RECOMMENDATIONS	87
REFERENCES	89
TABLE 2.1: TYPES OF EVALUATION	104
FIGURE 2.1 POLICY RELATIONSHIP BETWEEN THE THREE SPHERES OF GOVERNMENT	105
ANNEXURE 1: LETTER TO THE CITY OF CAPE TOWN SEEKING APPROVAL	106
ANNEXURE 2: LETTER FROM THE CITY OF CAPE TOWN GRANTING APPROVAL ...	108
ANNEXURE 3: CITY OF CAPE TOWN RESEARCH GUIDELINES	110
ANNEXURE 4: INFORMATION LEAFLET	114
ANNEXURE 5: INTERVIEW SCHEDULE	117
ANNEXURE 6: CONSENT FORM	118
ANNEXURE 7: CERTIFICATION OF LANGUAGE EDITING	120

CHAPTER ONE

GENERAL INTRODUCTION

1.1. INTRODUCTION

Areyeetey, Devarajan, Kanbur and Kasekende (2012:234) state that Sub-Saharan Africa is the only region in the developing world where the proportion of the poor has not declined during the period 1981 and 2005 - the number of the poor has actually increased significantly.

According to Thorton (2015:91), the government is a major stakeholder in the economy of a country. The national, provincial and local governments make up a large share of the economy. The different spheres of government have a role in the economy through the taxes it levies on its citizens and the goods and services the government buys and people it employs.

The eradication of poverty is one of the most important priorities for the government of South Africa (Bhorat, Oosthuizen and van der Westhuizen, 2012:77).

“Due to the level of unemployment and poverty within municipal areas, there are both households and citizens who are unable to access or pay for basic services; this grouping is referred to as the indigent. A municipality, therefore, needs to develop and adopt an Indigent Policy to ensure that the indigent can have access to the package of services included in the free basic services programme” (The Department of Provincial and Local Government, 2006:12).

The aforementioned document further explains that an Indigent Policy will:

- enable municipalities to direct essential service delivery to those who qualify as indigents;
- also define the following:
 - a municipality’s plan of action to deal with poverty;
 - a municipality’s assessment of the indigent;
 - beneficiaries of free basic services;
 - types of services to be delivered;
 - percentage and level of services to be provided to beneficiaries;
 - process flow for the management of the indigent;
 - enhancing stakeholder relationships to potentially move indigent away from poverty;

- the allocation of resources for the implementation and maintenance of the indigent policy;
- the monitoring and evaluation of the indigent service delivery;
- show the indicators for the implementation of the delivery of free basic services;
- evaluate progress made by the municipality against national implementation target dates;
- determine adherence to the municipality's integrated development plan and financial planning instruments;
- acknowledge the specific work environment of the municipality;
- allow municipalities autonomy to plan for free basic services delivery.

In terms of Section 27 of the South African Constitution (1996) (1), hereafter referred to as the Constitution, “everyone has the right to have access to health care services, including reproductive health care; sufficient food and water and social security, including if they are unable to support themselves and their dependants and appropriate social assistance”.

This right to access basic services is protected in Chapter 2 of the Constitution; Section 27(b) of the Bill of Rights. Chapter 7 of the Constitution Section 155 (4) entrusts the local governments and local municipalities with the provision of municipal services in an equitable and sustainable manner as stipulated in the municipal financial acts. Municipalities in South Africa play an important role in providing access to basic services to communities who are unable to pay consistently for the essential services and municipal rates.

The Constitution gives municipalities autonomous powers. Municipalities within the City of Cape Town metropolitan area have rights to govern the communities it serves. The council of the City of Cape Town is elected by the electorate and public officials are responsible for the coordination and implementation of municipal functions approved by the relevant council. In light of the foregoing, the objective of this study was to determine whether or not the Indigent Policy as adopted by the City of Cape Town is financially sustainable.

1.2. BACKGROUND TO RESEARCH PROBLEM

On 27 April 1994, South Africa became a democratic state, underpinned by a new Constitution. According to the 1994 Constitution, each individual has a legal right to have access to basic services. Black, Calitz and Steenekamp (2008:5) state that the constitutional change in South Africa occurred at a time when the roles and functions of different governments were reviewed across the world. Initially growing consensus emerged that developing countries and economies require small deficits as well as lower levels of public debt. There was also a general agreement that fiscal constraints required a thorough revision of the basic functions that government is responsible for.

Visser and Erasmus (2002:2) explain that in a utopian society, sufficient resources should be available to all, unemployment should not exist, and each person would have the means to purchase all they require to satisfy their needs. The supply and demand system of a free market economy would also distribute and allocate the services and functions required by individuals of different communities. Unfortunately, South Africa is not a utopia.

In South Africa, resources are scarce, unemployment is increasing and the supply and demand mechanisms are not sufficient. Government is supposed to intervene to provide services to those individuals who otherwise cannot afford them. Government, therefore, assumes final responsibility for the country's economic well-being on the one hand and the general welfare of society, the poor in particular, on the other hand. The provisions stipulated in each indigent grant should be the best mix of the two focus areas of government, a test that should be conducted on a needs basis as circumstances within the world economy unfolds (Visser and Erasmus, 2002:2).

The City of Cape Town's Indigent Policy (2003:5) was developed as a result of:

- the urgent need to address the high levels of chronic poverty in the city;
- the collaboration of municipalities as a requirement of the developmental local government to determine methods to improve the standard of living of those categorised as poor;
- the constitutional right for free basic service delivery to the poor;
- the absence of an Indigent Policy dealing with the eradication of poverty;
- the implementation of the policy in a socially, financially and environmentally sustainable fashion;

- the importance of unifying an Indigent Policy to a more broad strategy enhancing the delivery of basic services to the poor;
- the rollout of information to relevant departments in the City of Cape Town for planning and budgeting purposes; and
- the use of technologies assisting the City of Cape Town's approach in rendering free basic services to the poor.

In 2002, the City of Cape Town enforced a moratorium for a period of six months dealing with non-payers of services. The moratorium sought clear methods of dealing with offenders. The policy should not just cater for the needs of a particular section of the population, but for all its citizens resulting in inclusivity. Authors of the Indigent Policy have used the term 'poor' as a legitimate jargon due to its acceptable usage in South Africa referring to a particular section of the population who are identified as not being in a position to meet their financial commitments with regards to their basic needs and to pay for the basic services they received (Credit Control and Debt Collection Policy: Indigent Policy, 2003:5).

1.3. STATEMENT OF THE RESEARCH PROBLEM

According to Brink, van der Walt and van Rensburg (2012:61), it is possible that a research problem is formulated from sources other than a problematic situation, such as the researcher's specific interest in a certain topic.

The current global and domestic economic environments are particularly weak amidst a less than desirable economic growth outlook. High unemployment rates in conjunction with the constant increase of various population pressures and influences linked to the youth and equity remain key challenges in the City of Cape Town. Economic development is hampered by skills shortages, the lack of quality education, poor health services and broader other social problems constantly impact and affect the levels of economic development resulting in the difficulty of effectively rendering basic services to the poor (Municipal Economic Review and Outlook, 2015:3).

In light of the above, and in line with Brink, van der Walt and van Rensburg's (2012:61) definition of a research problem, the researcher investigated the quality and performance of the current Indigent Policy in place. The researcher investigated how the policy was implemented for the period until the financial year end 30 June 2016.

The primary findings of the study were submitted to the office of the Director: Budgets for the purpose of determining factual correctness. This was done as it was a requirement stipulated in the research guidelines of the City of Cape Town.

1.4. RESEARCH OBJECTIVES

The research objectives of the study were to:

- determine how the Indigent Policy is implemented in the City of Cape Town;
- describe the impact of urbanisation on financial sustainability of the Indigent Policy;
- identify the sources of revenue funding the Indigent Policy;
- determine the impact of scarce resources on financial sustainability;
- discuss the criteria of financial sustainability listed as:
 - planning, both finance and strategy;
 - broadening of the income base;
 - adequate administration and finance; and
 - income diversification.
- conduct an empirical study into financial sustainability of the Indigent Policy within the City of Cape Town; and
- forward recommendations on how to sustain the Indigent Policy financially.

1.5. RESEARCH QUESTION

What challenges are related to the financial sustainability of the Indigent Policy in its implementation process?

1.6. SIGNIFICANCE OF STUDY

This study investigated the financial situation of the current Indigent Policy at the City of Cape Town and compared it to the pillars of financial sustainability. It highlighted gaps in this knowledge which might hamper financial sustainability for the City of Cape Town. The researcher shared the findings with the Director: Budgets who is responsible for the compilation of the annual budgets. The purpose of the recommendations forwarded is for consideration purposes only.

1.7. RESEARCH METHODOLOGY

1.7.1. CONCEPT RESEARCH METHODOLOGY

Burns and Grove (2001:26) are of the opinion that research methodology is “the application of all steps, strategies and procedures for gathering and analysing data in a research investigation in a logical and systematic way.” This can be defined as the research plan that directs the research. It is made up of sampling methods, data collection methods and analysis, as well as ethical considerations.

Research methodology encapsulates two popular research methodologies which will be discussed below.

1.7.2. QUALITATIVE RESEARCH

A research design “guides the researcher in planning and implementing the study in a way that is most likely to achieve the intended goal” (Burns and Grove, 2001:223). Qualitative research is defined as research that “... produces descriptive data generally the participants own written or spoken words pertaining to their experience or perception” where “... no numbers or counts are assigned to these observations”. In addition “... it allows the researcher to know people personally, to see them as they are and to experience their daily struggles when confronted with real life situations”. This enables the researcher to interpret and describe the actions of people (Brynard and Hanekom, 2006:37).

1.7.3. QUANTITATIVE RESEARCH

Quantitative research is defined as methods such as tests and surveys to describe and explain phenomena. This approach will include methods such as observations, preliminary investigations, quantitative analysis and questionnaires (Bryman, 1984:77).

According to Brynard and Hanekom (2006:37), quantitative research generally is underpinned by the concept as to what should be accepted as reliable knowledge. In addition, experiments and surveys are used to describe and explain occurrences.

Quantitative research is not always good as exploratory tools; they require one to predefine the key concepts within one’s research question. Although this is not always the case, the purpose of

quantitative studies is to generalise the results of the research study to a broader group than the identified sample. Depending on what one wants to measure, it may be useful to seek the literature for available acknowledged validated instruments. All research must be ethically conducted, one must not harm one's participants and a key aspect will be to obtain consent from all participants (Moutinho and Hutcheson, 2011:3).

De Vos, Strydom, Fouche and Delpont (2005:267-268) describe qualitative as well as quantitative research as ambiguous. Quantitative researchers consult their lists of possible designs and select one (or develop one from the methods available), while qualitative researchers almost always design their own as they proceed, using one or more of the available strategies or tools as an aid or guideline.

1.7.4. ADOPTED RESEARCH METHODOLOGY (QUALITATIVE)

This study adopted the qualitative research approach as the researcher aimed to acquire the views and perceptions from the participants regarding the financial sustainability of the Indigent Policy and the provision of free basic services. The researcher decided on this method as the researcher felt that this approach provided the opportunity to interact with individuals who would identify others who offer the opportunity to share their first hand experiences and interpretations of legislation, policies and data that affect the delivery of free basic services as stipulated in the Indigent Policy of the City of Cape Town to the communities within their jurisdiction. The data obtained were interpreted, analysed, concluded and were forwarded together with recommendations to the office of the City Manager at the City of Cape Town for possible interventions.

1.8. DATA COLLECTION

The study collected its data through in-depth interviews. According to Hennink, Hutter and Bailey (2011:109), an in-depth interview is a one-to-one method of data collection that involves an interviewer and an interviewee to discuss specific topics in-depth.

Hennink *et al* (2011:109) further define an in-depth interview as a conversation with a purpose. The researcher's purpose is to gain insight into certain issues using a semi structured interview guide. If conducted well, this can feel like a conversation for the interviewee. An in-depth

interview, however, is not a two-way dialogue, as only the interviewee shares their story and the interviewer's role is to elicit the story.

The researcher selected the following officials below because they have access to relevant information and will be able to answer questions valuable and beneficial to the research:

- Director: Budgets
- Director: Revenue
- Finance Manager: Water Services
- Finance Manager: Electricity Services
- Finance Manager: Solid Waste

1.9. LITERATURE REVIEW

According to Henning (2004:28), the literature review deals with the earliest research first to create a context for research and secondly, to point out the major advances in researching the topic, which is the Perceptions of the financial sustainability of the Indigent Policy implemented by the City of Cape Town. The research study investigated different approaches, proposals and recommendations made by previous researchers in other governmental departments within South Africa. This was done prior to the researcher conducting his study at the City of Cape Town. The rationale was to eliminate any shortcomings experienced by previous researchers. This sentiment is shared by Sirakaya-Turk, Uysal, Hammitt and Vaske (2011:37) arguing that all research projects begin with a literature review which highlights what is currently known and what remains unknown. To identify what is already known helps the researcher to focus on the research topic and may suggest strategies for measuring the topic of the perceptions of financial sustainability of the Indigent Policy implemented by the City of Cape Town.

The literature review will comprise two sections, namely a theoretical and legislative review.

1.9.1. THEORETICAL REVIEW

Du Toit, Knipe, van Niekerk, van der Walt and Dovle (2002:123) explain that finance is the heartbeat of every nation and that without finance, it would be impossible for any government to survive, let alone provide the services that the public require. Every government department or

institution should have funds to provide the necessary services and contribute to the development of the country. Most government institutions do not have the capacity to generate their own funds. They are, therefore, dependent on the central government and the National Revenue Fund. These funds need to be allocated to each department according to its individual needs, as well as the community it serves.

Visser and Erasmus (2002:2-3) explain that the basic needs of people – food, housing, medical care, water and electricity, and protection – are satisfied by various means. These primary needs constitute the lowest levels in the needs hierarchy. In a utopian society unemployment would not exist, sufficient resources would be available to all, and each person would have the means to purchase all that they require to satisfy their needs. The supply and demand mechanism, in a free market economy, would also evenly distribute and allocate the services and functions required by individuals. Unfortunately, ours is not a perfect world. Resources are limited, unemployment is a global concern and the supply and demand mechanism is not sufficient to distribute and allocate scarce resources on a fair and equitable basis. The inability of the supply and demand mechanism to deliver services creates a vacuum which is filled by government. If the government intervenes to provide services and functions to those who cannot otherwise obtain them, it follows that such provisions would be morally rather than economically based.

Similarly, du Toit, Knipe, van Niekerk, van der Walt and Dogle (2002:124) argue that under a pure market system, consumer demands determine the patterns and volume of supply, and the market forces determine price. It is assumed that there is no state intervention in the economy of the country. In practice, however, governments always intervene in the economy.

1.9.2. LEGISLATIVE REVIEW

The Constitution is considered to be the highest form of law of the Republic of South Africa (RSA). RSA was reaffirmed as a constitutional state by the Constitutional Assembly. The country's government is divided into three distinctive spheres namely national government, provincial government and local government. Each sphere of government has a distinctive function to fill (du Toit, Knipe, van Niekerk, van der Walt and Dogle, 2002:127).

Pauw, Woods, van der Linde, Fourie and Visser (2002:254) state that the financial management and administration within municipalities are governed by various forms of policies and legislation.

Pauw *et al* (2002:255-257) further explain that the lowest level of government is adequately catered for in terms of co-operative governance in Chapter 3 of the Constitution. All three spheres of government must be viewed as “distinctive, interdependent and interrelated”.

Sections 214 and 227 in Chapter 13 of the Constitution stipulate that an Act of Parliament must make provisions for the equitable allocation of income raised nationally across all three spheres of government. It should consider all other apportionments to provinces and local government from the national government’s share of that revenue. Such an Act must also indicate the requirements of those apportionments.

The following issues related to local government must be considered and be taken into account (Pauw, Woods, van der Linde, Fourie and Visser, 2002:256):

- the necessity of ensuring that municipalities are in a position, financially, to render basic services and execute the functions entrusted to government by legislation;
- the financial capability and efficiency of municipalities;
- the developmental needs of local government; and
- the commitment of local government, in terms of national legislation.

The Constitution, in terms of Section 215, determines that municipal budgets and its budgetary processes should enhance:

- “transparency;
- accountability; and
- the effective financial management of the economy, debt and the public sector” (South Africa, 1996:111).

The following section of the research study will briefly discuss the contents of the Municipal Finance Management Act 53 of 2003 which partially regulates financial management within local government.

The objective of the Municipal Finance Management Act is to secure comprehensive and maintainable management of the fiscal and financial affairs of municipalities. This is achieved through creating and ensuring transparency, accountability and hierarchy of responsibility in the financial affairs of municipalities. Chapter two of the Municipal Finance Management Act outlines

the role that national and provincial governments play in the handling of municipal budgets by stating that “National Treasury may monitor the budgets of municipalities to establish whether they are consistent with the national government's fiscal and macro-economic policy”. Chapter three of the Municipal Finance Management states that each municipality is required to open at least one bank account that needs to be in the name of the municipality. In accordance with chapter three of this Act and in conjunction with any further requirements that may be set, all monies being paid to the municipality need to be paid into its bank account timeously. Each municipality must, through its council, approve an annual budget for each year prior to the start of that financial year. The budget should include all expenditure including grants (South Africa, 2003: 22-34).

All the above relate to the study as it assisted the researcher to determine the impact of scarce resources on the financial sustainability of the Indigent Policy.

1.10. ETHICS STATEMENT

The researcher respected the rights of participants, as well as the following:

- freedom to withdraw at any stage of the research study;
- confidentiality;
- anonymity;
- fair treatment; and
- protected the participants from any harm and discomfort throughout the research study.

Welman, Kruger and Mitchell (2005:181) caution that ethical behaviour is crucial in all forms of research, as in any other research involving human activity. Specific ethical considerations, related to plagiarism and authenticity in reporting of results, are evident in all research studies. The principles underlying research ethics are universal. In addition, the respect for the rights of all individuals involved in research studies should be issues of concern.

Permission to conduct the research was requested by letter from the City Manager at the City of Cape Town with the undertaking that the respondents' identities would be dealt with confidentially, that their participation is voluntary, they have the right to withdraw at any time and that the City of Cape Town would be informed of the results of the study.

The privacy of participants was protected by informing them about the study in advance, allowing them to choose a suitable place and time to share information. The researcher also ensured participants that their private conduct or thoughts would not be misused to embarrass or humiliate them and that the researcher would only collect data which is absolutely necessary for the purpose of this study.

1.11. ORGANISATION OF THE STUDY

Chapter One: General introduction

Chapter one introduced the study and focusses on the background of the problem, defining the research problem, the objectives of the study, research methodology and an organisation of the study.

Chapter Two: Literature review

Chapter two provided a theoretical and legislative overview as it pertains to the financial sustainability of the Indigent Policy of the City of Cape Town.

Chapter Three: Research methodology

Chapter three explained the research methodology employed in the study. The study followed a qualitative approach, conducting in-depth interviews.

Chapter Four: Data analysis

Chapter four analysed the research data.

Chapter Five: Conclusions and Recommendations

Chapter five concluded the study and forwarded recommendations and conclusions.

1.12. CHAPTER SUMMARY

In chapter one, the researcher introduced the study to the readers by providing a background to the research study, then laid out the objectives of the study after which the research question was posed. Thereafter, the researcher outlined the significance of the study. The goal of this study was to explore the perceptions of the financial sustainability of an Indigent Policy in a selected

municipality in the Western Cape, South Africa. The study attempted to highlight potential gaps in this knowledge which might hamper financial sustainability for the City of Cape Town. This chapter allowed the researcher to formulate a research plan for the study, and thereafter concluded by briefly outlining what each chapter of the research study comprised.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

A detailed literature search was conducted regarding the implementation of Indigent Policies globally as well as locally with specific emphasis on the City of Cape Town. The output of the review was aimed at conceptualising the history and the present status of the Indigent Policy. The study was located within the realm of a public policy evaluation perspective. This chapter provides a comprehensive overview of the literature on the research topic – perceptions of the financial sustainability of an Indigent Policy in a selected municipality in the Western Cape, South Africa. The chapter comprises firstly of a theoretical overview which includes policy evaluation as a field of study in Public Administration, and secondly, a legislative overview of acts and policies governing the implementation of the Indigent Policy in South Africa.

2.2 THEORETICAL OVERVIEW

2.2.1 PURPOSE OF THEORETICAL REVIEW

Willig (2013:72) explains that the researcher should interact with the relevant literature in such a way that the researcher builds a friendship with the literature that is reviewed. Should this type of interaction occur, then it provides the researcher with the original perception or original understanding of the intention of the writer. A relationship with a lesser intensity might not have this desired outcome.

USCLibraries (2017) explain that in order to understand the topic that is being investigated, the research study requires background information applicable to the topic. It also requires contextualisation. It is further suggested that concepts and theories that underpin the study should be discussed.

Furthermore, the purpose of interacting with the literature proves that the researcher:

- has covered all aspects of the research topic;
- has understood the background of related disciplines;
- can intelligently render critique on the related disciplines;
- has interacted in a judgmental way with other important disciplines that are related to the field of study;

- has taken cognisance of literature that offers a different perspective and explanations of the importance of the literature; and
- has maintained a balance between explaining a topic of discussion as well as the support of a definite method (Willig, 2013:72).

According to Henning (2004:28), the literature review deals with the earliest research on the topic firstly to create a context for research itself and secondly, to pinpoint key improvements in researching the topic. The researcher will investigate different approaches, proposals and recommendations made by previous researchers in other governmental departments within South Africa relating to Indigent Policies introduced by other local governments. This will be done prior to the researcher conducting an empirical study at the City of Cape Town. The rationale of the researcher exploring similar research studies is to eradicate any weaknesses experienced by previous researchers. This sentiment is shared by Sirakaya-Turk, Uysal, Hammitt and Vaske (2011:37) who argue that all research projects should start with a literature review which highlights what is presently known and what remains unknown. To identify what is already known will help the researcher to stay focussed on the research topic and may suggest strategies for measuring the financial sustainability of the Indigent Policy implemented by the City of Cape Town.

The next section forwards definitions applicable to the study.

2.2.2 DEFINITIONS

- **Indigent**

The word indigent is used universally to describe a person - or a group of people - who is poor and who is unable to financially sustain themselves resulting in the inability to finance the basic necessities required to survive (a roof over their heads - including access to water and electricity, food and clothing). Although the term indigent is understood universally, the level of support provided to those considered to be indigent in various countries differ from one country to the next. In the United States of America, for example, citizens who are deemed as indigent have a constitutional right to have a public defender or an attorney to defend, represent him or her when required according to the “Constitutional right of counsel for the indigent” (The Free Dictionary, 2017).

Whereas in South Africa, some of the many constitutional rights that citizens, including those deemed as indigent, include:

- “health care services, including reproductive health care;
- sufficient food and water;
- social security, including, if they are unable to support themselves and their dependants, appropriate social assistance;
- the state having to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights; and
- emergency medical treatment” (South Africa, 1996:11).

The preceding pieces of legislation from two different countries as well as the definition of indigent provided, allowed the researcher to assume that indigent is acknowledged internationally.

- **Free Basic Services**

The concept of free basic services as it pertains to this study can be defined as the provision of services such as electricity, water and sanitation, refuse and waste removal. In South Africa these services are provided free of charge (on a capped system that is discussed later in the chapter under the section water service delivery) to those deemed as indigent. The provision of these services was introduced by government in an effort to improve the lives of the indigent due to the inequalities of the past (Education Training Unit, n.d).

Local government and municipalities

A municipality can be defined as a body that oversees the duties and responsibilities of governing a particular region of a country. Internationally countries and its governments are divided into smaller bodies to allow the government to have better control over the services it provides. The smaller bodies are usually closer and more accessible to the people than the bigger bodies. In countries such as the United States of America these smaller bodies are divided into district municipalities while in South Africa the government is divided into three levels of government namely national, provincial and local government. Local government is the sphere which is closest to the people and have the responsibility of administering major city regions. These regions are divided into metropolitan municipalities. South Africa is made up of 278 municipalities: 8

metropolitans, 226 local and 44 district municipalities. All metropolises have a choice to either have a mayoral executive system where the mayor has the authority, or a collective executive committee system (Brand South Africa, 2015).

Chapter 7 of the Constitution explains the various categories of municipalities:

- **“Category A – Metropolitan:** A municipality that has exclusive municipal executive and legislative authority in its area.
- **Category B – Local:** A municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls.
- **Category C – District:** A municipality that has municipal executive and legislative authority in an area that includes more than one municipality” (South Africa, 1996:76).

The next section defines policy, followed by a discussion on policy evaluation.

2.3 POLICY AND POLICY EVALUATION

The study was located within the realm of a public policy evaluation perspective. It is, therefore, important that policy evaluation and the steps that must be followed when doing policy evaluation are understood.

2.3.1 WHAT IS A POLICY?

When discussing the concept of policy evaluation one needs to first determine the definition of a policy. Centers for Disease Control and Prevention (n.d.) regards a policy as a regulation or a law that governs activities in the work environment. Policies are implemented at operational levels. Policy formulation and implementation could be a cost effective method to bring about positive changes within a society. Policies are formulated throughout the various spheres of government, some policies might be applicable to all three spheres whilst some policies may only be applicable at the level at which it was developed. Dictionary.com (2017) defines a policy as an action which is implemented by a government as well as its rulers and leading political parties in an effort achieving the state’s various objectives.

A policy can be defined as a directive that was developed based on either a single or a set of legislation governing a particular aspect of an organisation. Policies are generally developed at an

operational or implementation level of an organisation which is used to influence or guide complex situations in order to guide or improve the performance of the organisation. The successful development and implementation of a policy can be a cost-effective method of creating a positive change within a work environment. Various types of policy exist and depending on the level at which it is developed, it could particularly be applicable to a single department of government or transversally across all spheres. Types of policies include legislative policies which are considered to be laws created by designated legislative bodies, regulatory policies which include aspects such as rules, guiding principles or methods created by agencies with controlling authority for services and organisational policies which comprises of the regulatory practices governing a particular organisation (National Centre for Injury Prevention and Control. n.d.).

The steps in the policy making process are discussed in the following section.

2.3.2 STEPS IN THE POLICY MAKING PROCESS

American Government (2016) identified six steps that should be followed when making a policy. The first step will be to recognise the problem such alleviating poverty. The second step entails drafting an agenda where the problem areas are prioritised. Formulating the policy will be the third step. During the fourth stage the policy will be adopted by the decision makers. The penultimate step will entail implementing the policy by the administrative bodies of an organisation. The final step in the policy making process is evaluating the policy as the policy makers need to determine whether or not the policy had actually achieved the desired outcome.

Reference (2017) agrees that there are several steps in the making of a policy and each step is deemed important. The process should start with the identification of the problem and should continue with policy formulation, policy implementation and should be concluded with the policy evaluation.

Study.com (2017) discussed the policy making process in four steps which differs from the two preceding authors who have both forwarded six steps. The four steps as listed by Study.com (2017) are:

- The identification of the problem;

- The identification of available policy options;
- The selection and implementation of the policy; and
- The evaluation of the policy.

A discussion on policy evaluation follows.

2.3.3 WHAT IS POLICY EVALUATION?

Chron (2017) is of the opinion that policy evaluation forms an integral part of the policy process. A well planned and effectively organised approach to, examining and scrutinising both the legitimacy as well as the intended effects of a policy would assist the organisation to determine if the policy would positively influence the task of the organisation. During each phase of the policy evaluation cycle an organisation should be able to identify aspects that could potentially benefit the company. Policy evaluation assists the organisation to evaluate principles and methods used to study the content as well as the application of a policy. Evaluation is a process through which an organisation develops an understanding of the potential impact of the policy. People of our everyday life (2017) explain policy evaluation as being one of the most remarkable and informative methods that can be used to determine the influences of a particular policy.

Firstly, identify the root cause. An organisation would need to determine the cause that initiated the need for the policy. The evaluation process would allow the organisation to determine if the identified problem has either increased or decreased. The results of the fluctuation or diminishment of the problem would determine if new alterations to the policy are required in order to bring about the desired results. Secondly, establish criteria and scope. Having a clear sense of what it is that needs to be evaluated and how it is going to be assessed would directly influence the type of information obtained regarding the policy. Policies are usually made available for comment prior to its approval. Organisations can decide to either present a summary or a more detailed document to the relevant stakeholders for comment. Both perspectives provide important data that is useful in examining the policy and the possible amendment thereof to best suit the organisation's needs. Thirdly, review overall workings. In addition to reviewing the policy, it is imperative that organisations explore both sides of the coin in terms of what effects the policy will have on the organisation as well as what can affect the policy itself. This includes the evaluation of how the policy will impact on internal and external stakeholders. Fourthly, report results. For the successful

implementation of the policy, it is recommended that after every stage in the evaluation of the policy that there is a reporting process to relevant staff and policy overseers. In this phase of the policy evaluation process organisations usually set milestones (Chron, 2017).

The University of Minnesota (2017) suggests that cognisance should be taken of the various types of policy evaluation prior to conducting a study determining whether or not a policy achieved the desired outcomes.

It is clear that there are different types of policy evaluation. The reader may refer to table 2.1 for the different types of evaluation. The following section will highlight the importance of policy evaluation.

2.3.4 SIGNIFICANCE OF POLICY EVALUATION

Guidestar (2017) holds that organisations which are considered well-run organisations and which have effective programmes in place are those organisations that can illustrate that they have reached the objectives of the various implemented policies. Positive outcomes are a result of effective management and effective management is the result of good decisions that were made by management. For management to make good decisions, management requires quality information. Quality information requires the adequate analysis of the available data.

The African Evaluation Association (2015) has identified the following reasons why the evaluation of a policy is deemed as important as it will:

- set a benchmark for the evaluation at government level;
- act as a guide for government institutions as well as other stakeholders involved in the evaluation process;
- act as a declaration for accountability and sustainability of government;
- serve as a guideline for capacity development;
- highlight evaluation as a prerequisite for development;
- ensure the effective usage of all the resources that a country may offer;
- regulate interventions from civil societies;
- create assurance by the public that government has a system ensuring effective service delivery; and

- ensure accountability for public expenditure.

People.Hofstra.edu (2017) agrees that the effectiveness of a policy must be assessed regularly after implementation and that it should follow certain steps that will ensure that the resources were used effectively. Continuous evaluation of the policy is important.

The next section will discuss the importance that stakeholders play in the policy making process.

2.3.5 SIGNIFICANCE OF THE ROLE OF STAKEHOLDERS IN THE POLICY MAKING PROCESS

Radio Active Waste Management (2015) argues that stakeholder involvement is essential for the successful implementation of a policy. Stakeholders are seen as both a requirement as well a benefit. It is essential that engagement with all relevant stakeholders are carried out throughout the policy making process.

Chron (2017) confirms that stakeholder involvement is crucial during all phases of the policy making processes as stakeholders might have the insight and expertise that will ultimately lead to the successful implementation of the proposed policy. American Academy of Paediatrics (2017) listed the benefits of stakeholder engagement for government as:

- quality decision making;
- enhancing service delivery;
- improving the management of risk;
- streamlining policy processes;
- enhancing community confidence;
- enhancing capacity.

The following section of this research study will discuss in detail what authors and academics have previously written on the implementation of Indigent Policies.

2.4 THEORETICAL DISCUSSIONS OF KEY CONCEPTS

2.4.1 BASIC NEEDS OF PEOPLE

Du Toit, Knipe, van Niekerk, van der Walt and Dovle (2002:123) explain that each nation requires sufficient finances and should the nation not have sufficient finances, then it would be challenging

for any government to function properly and provide the basic services that the communities require. Each government department or institution should have sufficient funds to render the basic services and add to the country's development. Most government departments do not have the capability to generate funds and are, therefore, dependent on higher levels of government and the National Revenue Fund. These funds need to be allocated to each government department according to the individual needs of that department, as well as the community that the department serves. During the recent 2017 budget review it was stated that government is aware that the level of growth in South Africa is not sufficient to eradicate poverty (South Africa, 2017).

Mohr (2015:4) explains that the basic needs of people that are essential for existence include food, housing, medical care, water and electricity and protection. These primary needs are the lowest levels in the needs hierarchy. In a utopian society unemployment would not exist - there will be sufficient resources that would be available to all, and each person would have the ability to purchase all that they require to satisfy their primary needs. The supply and demand mechanism is the foundation in a free market economic system. It would also distribute equally the services and functions that are required by individuals. Unfortunately, the world that we live in is not a perfect world. Resources are scarce, unemployment is a major concern and the supply and demand mechanism of a free market system is not sufficient to distribute the scarce resources on a fair and equitable basis. The inability of the supply and demand mechanism of a free market economic system to deliver services creates a vacuum which is then filled by government. Should the government intervene to provide the essential services and functions to communities and individuals who cannot otherwise obtain them, then it would be morally and not economically based.

Similarly, Mohr (2015:28) argues that under a pure market system, the demands of consumers will determine the characteristics of patterns and volume of supply, and the price thereof is determined by the market forces. Under a pure market system, the assumption is made that there is no state intervention in the economic life of the country. The reality is that governments always have to intervene in the economy and that a pure market economy does not exist. Consumers of services have the freedom to choose what they want to acquire in a pure market system. They are not controlled by a central body but can make rational decisions about the products and services that they wish to acquire through the principle of supply and demand (wiseGeek, 2017).

Mohr (2015: 61-68) defines supply as the quantity of goods and services that are available to be purchased at a certain price during a specific period. Demand is defined as the quantities of goods and services that potential customers are willing as well as able to buy. Unfortunately, in a free market system, there are income, wealth and opportunity inequalities (Economics, 2016).

The aforementioned highlighted the basic needs of people which clearly indicate that government indeed has a crucial role to play in the provision of essential basic services. The researcher, therefore, feels the need to identify the role of government in this regard.

2.4.2 ROLE OF GOVERNMENT IN THE ECONOMY

The lives of citizens in South Africa are affected daily by different laws, rules as well as regulations which are laid down by the three spheres of government such as the norms and standards that govern the rules of the road. Government is an institution that has the authority to set rules for the community it serves (Study.com, 2017).

The three spheres of government also provide services such as water, sewage, electricity as well as education and health services. The citizens and their property are protected by the police force and the defence force. Certain services, for example electricity and water, are normally paid for directly by the users thereof but other services such as the defence must be financed through taxes such as value added tax and income tax (Mohr, 2015:275-277).

This chapter discusses government as a major stakeholder in the economy of the country. BusinessDictionary (2017) explains that the regulatory actions that are taken by government are to influence the actions of individuals, groups as well as organisations regarding their economic matters.

The South African government which is also referred to as the South African public sector, consists of the following:

- National government. This sphere focusses on national related issues such as the defence of the country as well as the relationship that it has with countries internationally.
- Provincial government. This sphere is concerned with provincial issues such as education, housing and health services.

- Local government. This sphere is concerned with municipal issues such as water, electricity, street lighting and traffic control.
- Public corporations. These include enterprises such as Eskom, Rand Water and Transnet (Mohr, 2015:275-277).

Government intervention in this relationship is still a concern due to the following reasons:

- The private sector is in general more efficient;
- The free market system is not in a position to function properly without the different levels of government enforcing rules; and
- The private sector at times does not produce efficient and equitable results (Mohr, 2015:275-277).

The government is considered to be a major player in the economy of South Africa. The involvement of government implies that government encompasses a large portion of all economic activities of the country. The role of government can be portrayed in two ways: the collection of taxes from its citizens, and the goods and services that it provides to its citizens and the staff that it employs (Thornton, 2015: 93-94).

The above section illustrate that the various spheres of government do indeed play a major role in the economy of a country whereby it provides services to its citizens, ensuring the wellbeing of all, especially the poor. To best achieve this goal, the South African government constantly needs to revisit its initiatives to improve service delivery to all. The researcher will now discuss the concept of going “Back to Basics” as introduced at a municipal level in South Africa.

2.4.3 PROVISION OF ESSENTIAL BASIC SERVICES

The provision of the essential basic services such as drinking water, electricity, sanitation and refuse and waste removal is arguably the most fundamental service that local governments provide. These basic services form part of the basic human rights enshrined in the Constitution of South Africa (South Africa, 1996:9).

Since the inception of democracy in South Africa, and the separation of powers that the new South African government adopted post 1994, the local government and its municipalities have been the level of government at which services such as the aforementioned have been delivered. Due to

legislation, policies and mandates such as the National Development Plan that foresee functional municipalities and proficient machinery at a local level that is able to produce safe and economically sustainable communities, the transformation of the local government continues to remain a priority for national government. The goal of government is to modify the functioning of municipalities which would allow it to better serve its communities (South African Government, 2017).

To achieve this, government would need to get the basics right. The responsibility to develop and strengthen the accountability and ability of municipalities lies with the Department of Cooperative Governance. The following criteria are listed as the building blocks to achieve the goal of getting the basics right. Municipalities should develop holistic infrastructure plans, and develop an effective maintenance plan for water and sanitation, electricity and waste management. Municipalities should also provide effectively free basic services and maintain the indigent register (South African Government, 2017).

It is evident from the above that although local government and municipalities have strived over the past twenty three years to improve its service delivery. The need to return to the basics are becoming more necessary. This statement was validated by the then-Minister of Cooperative Governance and Traditional Affairs when he stated that although local governments were performing at a satisfactory rate, officials needed to go back to improving the experience of beneficiaries of basic services. This, in turn, marked the back to basics approach. The minister emphasised that the need for getting the basics right was to ensure that the sphere got bigger things right in the future leading to clean audits and improved service delivery (South African Government News Agency, n.d).

2.4.4 ESTIMATING A POVERTY LINE

The intervention considered to be at the centre of government's goal to improve the welfare of South Africans is the provision of an array of free services to households deemed as poor. The concerning fact however, is that there is no transversal method used across municipalities to identify eligible households for the provision of these services. Since its inception post 1994, the South African government, in conjunction with other stakeholders such as the private sector and civil society, have considered the eradication of poverty as one of its primary concerns. To best

achieve its goal of eradicating poverty, government has designed and implemented various policies such as the Indigent Policy that are focussed on improving the lives of the indigent. However, the question regarding the methods used by municipalities to identify households that are indigent still remains opaque. There is however, an application form for households to complete for their indigent status to be assessed. This process is undertaken in an effort to separate poor households from non-poor households. It should be noted that there is currently no mechanism to assess poverty in South Africa, therefore, policy makers and researchers make use of a variety of unofficial poverty lines such as the three approaches discussed hereafter to assess the depth and severity of the poverty in South Africa (Bhorat, Oosthuizen & van der Westhuizen, 2012:77-91).

The need to develop a poverty line is to determine who is considered poor and who not (World Bank, 2016) is. Three approaches exist to estimate a poverty line. The approaches are the absolute approach, the relative approach and the subjective approach. “The absolute approach to poverty measurement constructs a line that evaluates in monetary terms the goods and services required to meet a set of absolute minimum living standards across various basic needs of individuals and households. The value of an absolute poverty line is fixed in real terms, with the only changes to the monetary value being adjustments to take inflation into account. By contrast, a relative poverty line is not anchored on minimum living standards or basic needs. Instead, it takes into account a given society’s characteristics and attempts to identify those individuals whose standard of living is unacceptably low relative to the rest of society. Such a poverty line begins to measure the ability of households or individuals to engage adequately in their society and is often defined as a proportion of the mean or median income or expenditure. Finally, the subjective approach to poverty measurement relies on individuals’ opinions as to what constitutes the minimum income or expenditure required by a household” (Bhorat *et al.*, 2012: 77-91).

Poverty may be described as a situation in which an individual within a community is lacking basic requirements to uphold a minimum standard of living as a result of the lack of sustainable income (Boundless.com, 2017).

Based on the above, the researcher contends that government needs to develop and introduce a transversal standard to measure poverty to be able to determine the eligibility of households to receive free basic services, as well as to determine the best possible way to finance such services.

2.4.5 FISCAL PERFORMANCE AND SUSTAINABILITY IN LOCAL GOVERNMENTS IN SOUTH AFRICA

This section of the research study will analyse the financial performance and sustainability of local authorities in South Africa in terms of its ability to collect its own revenue from the communities it serves. A conclusion can be made that a large quantity of local authorities cannot finance its current expenditure from funds collected from services provided to the communities it serves. “While close to half of them finance more than 50 percent of their current expenditures from own resources, about one third are largely dependent on grants from upper spheres of government and generate less than 20 percent of current expenditures from own resources. As a whole, the fiscal sustainability of the local government sector, given the current scenario of flows, is a reason for concern. In order to comply with international criteria for solid fiscal performance, a number of municipalities will have to improve their performance with regard to own-revenue collection” (Economic Research Southern Africa, 2011).

The problem seems to be that local authorities depend on grants from provincial and national government to finance both capital and operating expenditures. The history and the politics in South Africa have resulted in the various sustainability levels of the municipalities in South Africa. The discrepancies created by the history of the country made it necessary for government to implement initiatives for local authorities to become more financially independent. By doing so, this will potentially eradicate bad debts (Schoeman, 2011:1).

The following are the most pertinent issues pertaining to fiscal performance and sustainability:

- local authorities are becoming dependant on grants and subsidies from provincial and national government because local authorities lack the ability to generate their own funding and lack the ability to obtain private investment;
- the increasing list and amounts of debtors of monies owed to local authorities;
- the increase of the expenditure budgets by local authorities;
- the decrease of expenditure on repairs and maintenance;
- poor record keeping of transfers to local authorities by provincial and national government;
- lack of effective collaboration which supports economic growth and the eradication of poverty;

- initiatives to improve the capacity of local authorities remain problematic to evaluate;
- the high percentage of the salaries component on the operating budget; and
- poor governance (Schoeman, 2011:3).

Years later, during 2015, the Minister of Cooperative Governance and Traditional Affairs suggested that municipalities should amalgamate in order to deal with the challenges pertaining to fiscal performance and sustainability of municipalities. Issues related to institutional management, financial management, governance as well as service delivery should be addressed (Financial and Fiscal Commission, 2016).

2.4.6 FINANCIAL SUSTAINABILITY IN GENERAL

At the start of the millennium, Leon (2001:14) contended that the definition of the financial sustainability of a non-profit organisation is “... its capacity to obtain revenues in response to a demand, in order to sustain productive processes at a steady or growing rate to produce results and to obtain a surplus”. In addition to this “it must be kept in mind that financial sustainability may be achieved at the project, program or organisational level” and “... ensuring the longevity of the organisation”. The four pillars of financial sustainability are strategic and financial planning, income diversification, sound administration and finance and own income generation.

However, The Hub (2013) defines public sector financial sustainability as the financial capacity of the public sector organ to meet its existing commitments whilst maintaining a level of service and is able to absorb shocks. The public sector must further be confident that they will secure future income whilst maintaining community confidence.

Controller and Auditor-General (2013) raised its concern that the finances of the public sector have become a global concern. It is further claimed that the communities are placing severe pressure on public sector services and that the pressure on government will most likely increase over the years to come. The fundamentals of public sector financial sustainability are:

- to be able to pay the creditors when accounts are due;
- the ability to endure disasters;
- to be able to manage debt; and

- to be able to maintain the confidence of the communities ensuring that the money due to the public sector will be paid.

MissionBox (2017) claim that the most shared challenges to financial sustainability include:

- Governments' dependence on other sources of funding such as government grants and subsidies;
- Governments' inability to provide proper reporting; and
- Governments' inability to adjust effectively to economic changes.

Towards Sustainable Business (2014) argues that there is little reporting done by the public sector on public financial sustainability. The concern is raised about the management of public sector financial sustainability and doubt that the public sector will adopt comprehensive indicators that will measure financial sustainability within the public sector. It is suggested that mandatory reporting is introduced. Rand (2012) warns that it is not sufficient for the public sector to have a policy in place whilst there's not an effective way for testing the financial sustainability of the organisation. According to Community Tool Box (2016), it will take time to develop a plan to test financial sustainability and it is argued that the plan will ensure that the organisation's vision and the mission has been accomplished.

The aforementioned discussed financial sustainability in general. The following section discusses the nature of indigence globally.

2.4.7 NATURE OF INDIGENCE

The term indigent is universally understood and defined in various ways. Mashapha (2015:11) defines indigence as a legal term which is often used to refer to people who are not in a financial position to pay for services. It is further defined by Mashapha (2015:11) as a complicated concept which includes poor people with health concerns, low level of education, limited access to drinking water, poor sanitation facilities, exposure to criminal activities, lack of opportunity to express their opinions and also have lesser chance of improving their standard of living. International countries for example Guinea, Ethiopia, Gambia, Democratic Republic of the Congo, Madagascar, Liberia, Niger, Central African Republic and Burundi experience the above mentioned challenges. The fact is that poor people living in poverty are often excluded from the essential services.

The above definition highlights the fact that people who cannot pay for services themselves are often complacent with what they receive despite its quality and quantity. Many people around the world are defined by the money that they earn (Gazette Review, 2016).

2.4.8 INDIGENT POLICIES: AN INTERNATIONAL PERSPECTIVE

Various strategies and policies for the improvement of the general wellbeing of all communities, specifically the poor, have been introduced in countries such as Guinea, Ethiopia, Gambia, Democratic Republic of the Congo, Madagascar, Liberia, Niger, Central African Republic and Burundi. In order to assist the poor by offering various forms of subsidies, the different levels of government are required to engage in continuous planning for effective and efficient fiscal implementation. There has been an increase in urbanisation coupled with poverty worldwide (Brookings, 2017), which resulted in the need for governments to aid and prioritise the eradication of poverty. The influx of people relocating to urban areas adds to the strain that local authorities have to endure in an effort to meet the growing demands of the people it serves (The Conversation, 2017).

There are various criteria (such as the three approaches discussed earlier in this chapter) used to identify indigents and the methods for the implementation of Indigent Policies are not always effective. Effectiveness in terms of this study can be defined as the ability to identify recipients of subsidies that are deemed poor. Local governments might exclude poor individuals who are entitled to basic services according to the Indigent Policy to benefit from subsidies, and include individuals who are not considered poor (Mashapha, 2015:12).

In Rwanda the focus on indigent is geared at ensuring that all its citizens enjoy the fundamental rights provided for by the Constitution and other applicable international human rights laws namely “the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on Prevention and Punishment of the Crime of Genocide, the International Convention on Civil and Political Rights, the International Convention on Economic, Social and Culture Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the African Charter on Human and People’s Rights, Convention on the Rights of Child, as well as several key Protocols related to those treaties”. The Constitution of Rwanda has dedicated forty one articles to ensuring the fundamentals of human rights. To solidify its commitment to realising

these fundamental human rights it has been stated in the Country's Vision 2020 as well as in the Economic Development Poverty Reduction Strategy which forms the basis for all government policies and programmes. One of the biggest priorities of the government of Rwanda was the provision of health care to its citizens, especially those deemed poor. Rwanda has to date made considerable advancements in guaranteeing maternal assistance and child health, and has seen an improvement in the provision of general health services. The discussion above show the readers that despite the fact that the Rwandan government's focus on indigent is not focussed primarily on the provision of free basics services such as water and electricity as provided by the South African government. The provision of free health care is indeed a similarity (United Nations, 2015).

The United Nations (n.d.) is of the opinion that the majority of poor people who survive on less than \$1.90 a day, are from the Southern Asia and sub-Saharan Africa. Poor people from these two areas make up 70 percent of the total poor people in the world. Some of the lower middle income countries that make up half of the world's poor people include Indonesia, Nigeria, China and India.

When doing research on a country like China, the reader could potentially assume that the focus on the indigent would be totally different due to its' communist nature. This is, however, not the case as one of the main focus areas on indigent for the Chinese government is the provision of living subsidies to students at boarding schools. The provincial governments of China, such as the Hubei provincial government, have upwardly delegated the responsibility of providing a living subsidy for boarding students to the government of the country, who in turn was required to establish both a standard of living as well as a suitable subsidy for indigent boarding students. In addition to the provision of subsidies to the indigent students who were considered to be from families living under the minimum living standard, would also receive their text books free. Those students deemed as indigent in compulsory education in rural areas were also provided with a free nutritious lunch meal (Du & Sun, 2016:88).

The researcher will now focus on the rights and development of urban governance in the southern hemisphere which includes countries with similar poverty lines as South Africa.

2.4.9 RIGHTS AND DEVELOPMENT OF URBAN GOVERNANCE FOR THE SOUTHERN HEMISPHERE

The power of the different levels of governments in places such as urban Africa, Asia and Latin America has reduced in countries that have been considered failures, countries that are often exposed to crises, countries that are considered as developing countries and also where there is an increase of acceptance of the importance of state decentralisation which resulted in the discussion around whether or not governments have the capacity to provide basic services to the aforementioned affected states. This section of the chapter explores the various dimensions of urban governance which include building state capacity to effectively render basic services to all communities by including households that are considered poor. The vision of the various government departments in South Africa should be based on the fact that each individual has the constitutional right to access basic services. However, literature shows that the current state of affairs contradicts this constitutional right of people living in the aforementioned countries (Parnell, 2007:1-3). Ten years later, according to the Daily Maverick (2015), many people still remain poor and are in need of essential basic services despite the efforts made by the South African government to reduce poverty in the country.

This undesired situation is being addressed by human rights initiatives driven by civil societies such as non-governmental organisations and human right activists. This has resulted in a total mind shift by government regarding systems for the management of urban areas. It will, therefore, be critical to introduce essential official changes in the way the cities are managed so that they are in a position to render basic services to all communities including the poor. Africa faces widespread poverty resulting in food insecurity as well as prevalent underdevelopment. The lack of human and economic capacities does not allow the African countries to effectively develop their infrastructure (United Nations, 2014).

The Democratic Alliance (DA) is currently the leading political party in the Western Cape. The DA led City of Cape Town has prioritised the delivery of services to the poor. In order to claim that the DA is catering for all, they need to make sure that poor people have access to essential basic services and other opportunities to improve their wellbeing. Cape Town is an inclusive city that belongs to all of its inhabitants. The DA further commits to extend a helping hand to all those who is in need of essential basic services and who are not in a position to access essential basic

services. Poor individuals who are confined to a particular way of life cannot create opportunities for themselves due to the undesired environments in which they are trapped, resulting in various opportunities being missed which inevitably leads to the cycle of poverty being reborn. The legacy of the past has created many challenges such as unemployment, poverty and spatial planning for all South African cities that resulted in dividing its people according to different race groups and income groups (PoliticsWeb, 2011).

Upon the election of the new democratic South African government in 1994 there was an anticipation of universalism of service delivery to all communities in South Africa without in-depth consideration of what it would entail. However, the success of achieving universalisation is dependent on the expectation of Government's involvement in the process. Technical details are important for the effective implementation of policies at all levels of government. The introduction of a policy without proper research may not be as successful as anticipated if all technical details were not considered (Organisation for Economic Co-operation and Development, 2013).

“Rethinking traditional notions of indigent support, and the associated increase in the role of the local rather than national state, begins with the re-evaluation of the definition of poverty. It is now widely accepted that the experience of poverty is multi-dimensional. Definitions of poverty typically refer to a range of indicators, using composite indices such as the human development index or the city development index. But the inability to access an income remains one of the most obvious expressions of poverty, and means testing is a widespread device for indigent support” (South Africa. Department of Provincial and Local Government, n.d:8). Many people living in the City of Cape Town are working in the informal sector or are involved in seasonal employment. It is, therefore, difficult for the City of Cape Town to use income as a basis for administering indigent grants (South Africa. Department of Provincial and Local Government, n.d:30).

It should be noted that based on the above that the successful implementation of the Indigent Policy is dependent on the involvement of outside stakeholders. The next section discusses the involvement of the private sector in the implementation of the Indigent Policy of the City of Cape Town.

2.4.10 PRIVATE SECTOR INVOLVEMENT IN BASIC SERVICE DELIVERY IN SOUTH AFRICA

The rendering of essential basic services to communities in South Africa has been hampered by non-payment of services. In spite of considerable progress that has been made since 1994, a huge percentage of the population who live in rural and in township areas, still do not have access to essential basic services. For those who do receive the essential basic services in these areas, the quality is often not up to standard. To add to this dilemma, there are bodies such as Rand Water in Gauteng, Umgeni Water in KwaZulu-Natal and Overberg Water in the Western Cape that focus on the regulation of the quality of the drinking water of the communities as well as the waste water standards. These standards imposed present a challenge to the municipalities which may lack the required capital and resources to meet their requirements (South African Government, 2017).

Public services, including the disposal of sewage and the supply of electricity and water, are dependent on large capital investments. These large capital investments and the required expertise are often not found within the municipality and consequently have to be outsourced from private companies. The municipality and the communities are, therefore, dependent on the involvement of various stakeholders which include the private sector. A challenge, however, is that these companies are profit-driven and not always service orientated which results in poor levels of service delivery. Another challenge is that these big organisations are of a monopolistic nature which can hardly be challenged by smaller competitors (Iles, 2005:1).

In support of the views of Iles (2005:1), Science Direct (2010) states that the European Commission in conjunction with the Joint Research Centre, as well as both international and national partners, developed the Water Knowledge Management Platform. This commission sought to provide supporting tools and guidelines for the effective management of water in developing countries. The challenge that developing countries is facing is their dependence on the inclusion and the transfer of technology. For the past five decades there has been a challenge for the emerging countries to develop its own expertise to transfer technology.

It might be possible that communities are concerned whenever the private sector gets involved. Reasons for the concern may include the following:

- the cost of the services may increase;

- the quality of the service may be affected;
- the support structure will not be in place; and
- the decision making will not be open to public scrutiny (Iles, 2005:3).

The privatisation of infrastructure within the public domain has been key in many developing countries. In countries such as Australia, France, the United Kingdom and the United States of America services such as electricity may be owned by the private sector (Public-Private Partnerships Certification Program, 2017).

Depending on the nature of the service, communities may also be concerned about the sustainability of the provision of basic services in the longer term and the impact it would have on the environment. Another concern is that trade unions care for the general welfare of its workforce as trade unions are concerned about possible job losses. The different spheres of government may lose the control over the rendering of the essential services when the private sector gets involved in rendering any of the essential basic services (Iles, 2005:3-4).

Private stakeholders indeed have a role to play in the provision of the delivery of essential services. A discussion on water service delivery and the challenges associated with it, follows.

2.4.11 WATER SERVICE DELIVERY

The delivery of services within South Africa is going through a phase of decentralisation (Sustainable Sanitation and Water Management, 2009). The local government sphere is the closest to the communities and has been tasked by the national government to implement the policies developed at national level, whilst managing and delivering the essential water services to the local communities. Local governments are faced with challenges such as unemployment, high density and crime infected areas as a result of backlogs of the previous administration prior to 1994. The challenges include the quality of service delivery and maintaining the systems in place under severe financial and capacity shortages. Municipalities must recover its expenditure from the community it serves. Communities are unfortunately exposed to various environmental challenges such as job losses, the opportunity for employment, health factors such as HIV/AIDS as well as the constant increase in the cost of living. Since 1994, the system of democracy in South Africa has offered the opportunity to communities to be actively involved in the public sector environment. The community can identify challenges as well as provide possible

recommendations for the effective delivery of services. The policies developed under the previous administration prior 1994 were developed in such a way that essential services were delivered to the communities according to racial demarcation. Black people in South Africa received the most inferior and inequitable services. At times no services at all were rendered to black South Africans. The new administration of South Africa post 1994 sought to rectify the imbalances of the past by creating equality among all races, thus resulting in expectations of fair and equal delivery of services among all. The Constitution adopted in 1996 awarded everyone the right to have access to essential basic services which provided citizens with the insurance of their freedom and their dignity. The Reconstruction and Development Programme (RDP) 1994, has attempted to redress previously skewed service delivery programmes and has recognised the right of each South African to have access to essential services (Smith & Green, 2005).

- **Free basic water**

As of 1 February 2001, the South African government declared that the basic supply of free water would be offered to all households. The primary objective of this offer would be to poor households. This offer would act as a major poverty alleviation tool which would enhance public health. “The volume of water offered through the free basic water policy is recommended as 6 kℓ/6 000 ℓ of potable water per household per month: disaggregated, 6 kℓ per household per month, provides 200ℓ per household per day, or 25 ℓ per person living in an 8-member household per day” (South African Government, 2017).

Based on the preceding section, the argument of Smith and Green (2005) remains valid that “6kℓ per household per month, 200 ℓ per household per day or 25 ℓ per person per day (per 8-member household)” was insufficient and that “access to ‘free water’ was waived and households were expected to pay for their ‘free water’ (albeit at a subsidised rate) and thereafter the full costs (at the standard tariff rate) for additional kℓs consumed”. This study was conducted in the Msunduzi Municipality. It was determined that low income households were indeed using more than the allocated 6kl per month. It was determined that the reason for the usage of more than 6kl per month may be attributed to the following:

- household demographics;
- household size (number of inhabitants);

- age of inhabitants (less probability of water sharing);
- water connection sharing per water meter;
- household members affected by health;
- sizes of geysers and toilet cisterns used; and
- practices affiliated with religious and custom cultures.

2.4.12 CASH AND DEBT MANAGEMENT

Debt management can be defined as the process that assists a debtor to repay or effectively handle their debt in a better manner. With debt management the debtor would potentially have to work with creditors to restructure the debt or to assist the debtor with the management of repayments. In the event that the debtor is unable to manage the debt themselves or in the event that so much debt is owed that outside management becomes necessary, the debtor may appeal to a debt management company for assistance (The Free Dictionary, 2012).

According to The Balance (2017), a requirement for the management of funds is that the request for funds should be evaluated on a continuous basis. The shortage of funds is a contributing factor to the unsustainable delivery of goods and services. The demand for funds should be reconciled to the availability of funds in both the short and longer term. The reason for this is that funding is required for strategic plans and in order to meet the objectives of the strategic plan, income should be raised to finance such plans. Strategic planning has financial implications and should be contained in a flexible cash-flow forecast. In this forecast the cost of expenditure of government programmes are aligned. Reasons that will influence amendments on the cash-flow forecast may include:

- ever changing needs of the communities;
- changes in government's policies;
- natural disasters;
- increase or decrease in the availability of resources:
- rate as well as the pace of economic development;
- levels of unemployment; and
- the level of government debt.

Cash and debt management are indeed crucial for sustainable service delivery.

Sound financial management in local government include:

- effective, efficient and economic usage of all resources;
- effective recordkeeping of all financial affairs;
- the prevention of unauthorised, irregular, fruitless and wasteful expenditure; and
- proper disciplinary actions for any form of misconduct (Corruption watch, 2017).

The institutional and fiscal challenges of urbanisation and the effect that these have on the resources of the three spheres of government were discussed and the study will now proceed with challenges caused by urbanisation.

2.4.13 INSTITUTIONAL AND FISCAL CHALLENGES OF URBANISATION

Urbanisation is experienced globally and is viewed differently from one government to the other. Urbanisation has specific effects on a country and, therefore, it should be factored into the policy development and planning processes of government to ensure the effective management thereof (South Africa. South African Local Government Association, 2011:13). This sentiment is shared by Mohr (2015:291) who states that the growth of the population leads to the demand for public services to increase substantially. The rate of urbanisation aggravates the demand for public services. As people move to the cities, pressure on government spending increases, especially in the spending patterns on services such as roads, sewerage, water and electricity.

Urbanisation definitely increases the demand for public services and cannot be ignored when assessing the sustainability of expenditure programmes. This section now concludes the theoretical overview and the research study will now focus on reviewing legislation and policies relevant to the research topic.

2.5 LEGISLATIVE REVIEW

This section of the research study will focus on the legislative overview which comprises of various Acts and policies that govern indigents in South Africa with specific reference to the Western Cape. The researcher will begin the legislative overview by discussing the relevant sections of the Constitution of the Republic South Africa (Act 108 of 1996) and filter down by discussing the various Acts derived from the Constitution and the policies used to implement these Acts.

2.5.1 CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA 1996

The Constitution is the supreme law of the country. It was devised by the Constitutional Assembly and reaffirms South Africa as a constitutional state. In accordance with Section 40(1) of the Constitution, the government of South Africa is divided into three distinctive spheres and each has a distinctive function to fill (General Council of the Bar of South Africa, 2013).

According to South African Government (2017), the main policy framework for municipal finance in South Africa consists of a range of legislation and policy documents containing the national government's intention regarding the financial management and administration of municipalities.

South Africa (1996:25-26) refers specifically to co-operative government. According to Section 40(1), the three spheres of government – namely the national, provincial and local spheres – must be viewed as distinctive, interdependent and interrelated. Sections 214 and 227 in Chapter 13 of the Constitution stipulate that an Act of Parliament must provide for the equitable division of revenue raised nationally among the three spheres of government. It must take into account any other allocations to provinces, local government or municipalities from the national government's share of that revenue. Such an Act must also indicate the conditions on which those allocations must be made.

Chapter 2 of the Constitution makes provision for the rights to health care, food, water and social security. The government, therefore, has an obligation to its citizens to provide them with their below mentioned Constitutional rights:

- “health care services, including reproductive health care;
- sufficient food and water; and
- appropriate social assistance and social security, including if they are unable to support themselves and their dependants.

The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights. No one may be refused emergency medical treatment” (South Africa, 1996:11).

The Constitution in Chapter 3 explicitly outlines the budget processes of each sphere of government as follows: “National, provincial and municipal budgets and budgetary processes must

promote transparency, accountability and the effective financial management of the economy, debt and the public sector. National legislation must prescribe:

- the form of national, provincial and municipal budgets;
- when national and provincial budgets must be tabled; and
- that budgets in each sphere of government must show the sources of revenue and the way in which proposed expenditure will comply with national legislation.

Budgets in each sphere of government must contain:

- estimates of revenue and expenditure, differentiating between capital and current expenditure;
- proposals for financing any anticipated deficit for the period to which they apply; and
- an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year” (South Africa, 1996:111).

The following issues related to local government must be considered and be taken into account (Pauw, Woods, van der Linde, Fourie and Visser, 2002:256):

- the necessity of ensuring that municipalities are in a position, financially, to provide basic services and perform the functions entrusted to them by legislation;
- the fiscal capacity and efficiency of municipalities;
- the developmental and other needs of local government and municipalities; and
- the obligations of the municipalities, in terms of national legislation.

The Constitution, in terms of Section 215, also determines that municipal budgets and budgetary processes must promote:

- “transparency;
- accountability; and
- the effective financial management of the economy, debt and the public sector”.

All the above relate to the study as it will assist the researcher to determine the impact of scarce resources on the financial sustainability of the Indigent Policy. Various acts were explored in an effort to determine its impact on the provision of free basic services.

2.5.2 PUBLIC FINANCIAL MANAGEMENT ACT 1 OF 1999

The object of the Financial Management Act (PFMA) 1 of 1999 is to ensure transparency, accountability, as well as sound management of the revenue, spending, possessions and obligations of the establishments to which this Act applies. The Act in chapter one makes provisions for the establishment of a National Treasury whose functions and powers are listed below:

- “(a) promote the national government's fiscal policy framework and the co-ordination of macro-economic policy;
- (b) co-ordinate intergovernmental financial and fiscal relations;
- (c) manage the budget preparation process;
- (d) exercise control over
- (e) facilitate the implementation of the annual Division of Revenue Act;
- (f) monitor the implementation of provincial budgets;
- (g) promote and enforce transparency and effective management in respect of revenue expenditure, assets and liabilities of departments, public entities and constitutional institutions; and
- (h) perform the other functions assigned to the National Treasury in terms of this Act” (South Africa, 1999:1-9).

The PFMA is considered to be a key component in the transformation of management of public finances. In order for the main objectives of the Act to be achieved effectively, a new style of working would need to be adopted by stakeholders. This Act clearly highlights the importance of good management and accountability. The hierarchy of accountability is clearly outlined by the division of responsibilities between officials. Financial transformations were initiated after the 1994 elections. The initial phase of the financial transformation started with the introduction of the new intergovernmental system, which obligated all three spheres of government to develop and adopt its own budgets (South Africa, 2000:1).

2.5.3 DIVISION OF REVENUE BILL

The objective of the Act is to provide for the equitable division of revenue raised collectively by national, provincial and local government. The Act also strives to encourage probability and confidence in terms of the allocations given to provinces and municipalities. This is done to ensure that both provinces and municipalities effectively plan their budgets over a multi-year cycle to best

ensure the promotion of synergy between planning and budgeting. The third objective of the Act is to promote transparency and accountability in the resource allocation process (South Africa, 2015:12).

The Division of the Revenue Bill in chapter three outlines the conditional allocations to municipalities as listed below:

“(1) Conditional allocations to municipalities in respect of the 2017/18 financial year from the national government’s share of revenue raised nationally are set out in:

(a) Part B of Schedule 4, specifying allocations to municipalities to supplement the funding of functions funded from municipal budgets;

(b) Part B of Schedule 5, specifying specific-purpose allocations to municipalities;

(c) Part B of Schedule 6, specifying allocations-in-kind to municipalities for designated special programmes; and

(d) Part B of Schedule 7, specifying funds that are not allocated to specific municipalities that may be released to municipalities to fund an immediate response to a disaster.

(2) An envisaged division of conditional allocations to municipalities from the national government’s share of revenue anticipated to be raised nationally for the 2018/19 financial year and the 2019/20 financial year, which is subject to the annual Division of Revenue Acts for those years, is set out in Column B of the Schedules referred to in subsection (1).

(3) If approved by the National Treasury after consultation with the national Department of Transport, allocations for specific transport contracts for capital projects from the envisaged conditional allocations for the Public Transport Network Grant listed in Column B of Part B of Schedule 5, may not be altered downwards in the Division of Revenue Acts for the 2018/19 financial year and 2019/20 financial year.

(4) (a) A municipality may only with the approval of the National Treasury pledge, offer as security or commit to a person or institution any envisaged conditional allocation to the municipality for the 2018/19 financial year and the 2019/20 financial year, for the purpose of securing a loan or any other form of financial or other support from that person or institution.

(b) Before making a decision, the National Treasury must—

(i) notify the relevant transferring officer of the approval sought by a municipality and the transferring officer may submit comment to the National Treasury regarding the approval sought, within five working days after notification or such longer period as the National Treasury may approve; and

(ii) consider any comment so submitted by the transferring officer.

(c) A municipality must report on any project pledged to be partially or fully funded in terms of paragraph (a) in the format and on the dates determined by the National Treasury” (South Africa, 2015 :16).

2.5.4 MUNICIPAL FINANCE MANAGEMENT ACT 53 of 2003

The objective of the Municipal Finance Management Act (MFMA) is mainly to secure comprehensive and maintainable management of the fiscal and financial affairs of municipalities. This is achieved through creating and ensuring transparency, accountability and hierarchy of responsibility in the financial affairs of municipalities. Chapter two of the Municipal Finance Management Act outlines the role that national and provincial government plays in the handling of municipal budgets by stating that “National Treasury may monitor the budgets of municipalities to establish whether they are consistent with the national government's fiscal and macro-economic policy”. Chapter three of the Municipal Finance Management states that each municipality is required to open at least one bank account that needs to be in the name of the municipality. All monies being paid to the municipality need to be paid into its bank account timeously and in accordance to chapter three of this Act in conjunction with any further requirements that may be set. Each municipality must, through its council, approve an annual budget for each year prior to the start of that financial year. The budget should include all expenditure including grants (South Africa, 2003: 22-34)

2.5.5 MUNICIPAL FINANCE MANAGEMENT ACT Circular No.58

Distinguishing between cash and non-cash transfers and grants

Municipalities are entitled to making both cash and non-cash transfers to either organisations or individuals. The researcher will in this section highlight some key aspects that distinguish between

cash and non-cash transfers. It should be noted that “the targeted provision of free basic services to indigent households must be treated as a non-cash transfer and grant” (South Africa, National Treasury, 2011:19).

The cost of free basic services versus the revenue cost of free services

“The estimated cost of free basic services: Covers only the free basic services according to national policy, i.e. 6 kl water, 50 kWh electricity, free sewerage and free weekly refuse removal; must be the actual cost to the municipality and not the revenue cost to the municipality of providing these services. The estimated revenue cost of free services:

Covers all rates rebates, exemptions and discounts given to households and other customer groups either in general or specifically; Covers all free services or service discounts given to households and other customer groups in relation to services for which the municipality normally charges; Must be the revenue cost to the municipality of providing these rebates, discounts and free services” (South Africa, National Treasury, 2011:19).

The Provincial Treasury confirms the above by stating that the projected cost of free basic services only covers free basic services which are in accordance with the national policy and that emphasises that it must be the actual cost to the municipality. The projected revenue cost for free services however caters for all rebates, discounts and exemptions this includes all free services or discounts given to households and customer groups that would normally be charged by the municipality. It should be noted that this does not include the cost of debt write-offs (Western Cape Government, 2013:4).

This information enables the council and municipality to obtain an understanding of the impact that ‘discounts’ and ‘free services’ have on the municipality’s revenues, and thereafter modify its ‘social package’ appropriately, according to the funds allocated to providing free basic services (South Africa, National Treasury, 2011:19).

2.5.6 NATIONAL DEVELOPMENT PLAN 2030

The aim of the National Development Plan (NDP) is to eradicate poverty and to reduce inequality by the year 2030. The South African government aims to achieve the goals of the NDP by ensuring inclusivity of its citizens, thus resulting in the development of the economy, improving the capacity

of the various levels of government whilst promoting partnerships of all key stakeholders throughout society. Notable progress regarding equality and inclusivity has been made in South Africa since 1994 after the end of the apartheid regime. South Africa has managed to develop a democratic as well as a transformative state which is directed at creating an inclusive society by offering equal opportunities to all. The broader communities of South Africa, including those who were previously excluded, have now been given access to essential services resulting in millions of people now having access to services such as education, water, electricity, health care, housing and social security. “To accelerate progress, deepen democracy and build a more inclusive society, South Africa must translate political emancipation into economic wellbeing for all. It is up to all South Africans to fix the future” (South Africa. Department: The Presidency, 2010: 17).

Chapter 2 of the Constitution which outlines the Bill of Rights is the basis for democracy in South Africa. It cherishes the rights of all South African citizens and encourages the “democratic values of human dignity, equality and freedom” (South Africa, 1996:9).

The National Planning Commission set out South Africa’s achievements as well as shortcomings since the year 1994. The Commission identified nine primary challenges:

- high unemployment rate;
- poor quality of education especially for blacks;
- inadequate, poorly maintained infrastructure;
- demographics staggering inclusivity;
- unsustainable usage of resources;
- unsustainable health services;
- poor public service delivery;
- level of corruption; and
- divided societies within South Africa (South Africa. Department: The Presidency, 2010:15).

It can be inferred that there are pieces of legislation governing the supply of free basic services in an effort by the various spheres of government to address the poverty and inequalities created by the history of the country. Policies are derived from legislation and the researcher will now proceed

to explore various policies applicable to the study in an effort to understand the provision of free basic services at the City of Cape Town.

2.5.7 NATIONAL FRAMEWORK FOR MUNICIPAL INDIGENT POLICIES

The purpose of the national municipal Indigent Policy is to serve as a directive whereby the government aims to enhance the standard of living of the indigents and to allow them the opportunity to gain access to the essential basic services. It outlines the national initiative supporting the enhancement of the standard of living of indigents. The policy identifies the need for intersectoral collaboration when implementing indigent processes with emphasises on the involvement of local government. The local sphere of government plays an integral part in rendering services to the indigent as they are the closest level of government to the people in the different communities. To effectively provide the essential basic services, local understanding of the dynamics of the indigent is a requirement. Coordinated collaboration with the higher levels of government is essential. The framework of the Indigent Policy serves as a foundation for delivering free basic services to the indigent, and by doing so promotes the existing Indigent Policies applied by local governments. This directive for the implementation of the Indigent Policy serves as a guideline for local governments to design its own Indigent Policies according to the unique needs of the municipalities but focusses on the rendering of essential basic services such as “Free Basis Water, Free Basic Sanitation, Free Basic Energy/Electricity and Free Basic Refuse Removal” (South Africa. The Department of Provincial and Local Government, 2006:2).

All spheres of government and all government departments both vertically and horizontally must cooperate, assist and support each other ensuring the well-being of all the people of the Republic of South Africa. The actions within the three spheres of government must be coordinated with each other by adhering to agreed procedures (South Africa, 1996:21).

The purpose of the national directive for the Indigent Policies for implementation by the different local governments is a result of a renewed initiative by national government whereby they wish to understand the meaning of an indigent while simultaneously enhancing their access to the basic essential services. The directive further aims to reduce the level of poverty targeting those people deemed as indigent. The two important aspects of this policy are firstly, that it is the basis from which local governments can formulate its own policy dealing with indigents in an effort to render

the essential services to all members of the community and secondly, it outlines the responsibilities local governments are given by the Constitution ensuring that all communities have adequate access to the essential municipal services (South Africa. The Department of Provincial and Local Government, 2006:6).

Figure 2.1 on page 106 explains policy relationship between the three spheres of government.

2.5.8 MUNICIPAL INDIGENT POLICY

The Indigent Policy can be used as a means of guiding Government's initiative to potentially improve the standards of living of indigents and to enhance their access to free basic services. The policy correctly recognises the importance of intergovernmental collaboration to effectively deal with indigents while emphasising the importance on the municipal sphere. This emphasis is to highlight the important position that local government has in the effective and efficient implementation of those considered to be indigent households. The implementation would, therefore, require local initiative and understanding that would be supported by both provincial and national governments (South Africa. Department of Provincial and Local Government, n.d:2).

“The Municipal Indigent Policy Framework was approved by the Social Sector Cluster as part of the social wage package in 2005. Subsequent to that the guidelines for the implementation of the national Indigent Policy by municipalities were approved by MinMec in 2006. The Indigent Policy Framework provides a basis for the provision of Free Basic Services to the indigent, and as such, enhances current Indigent Policies applied by municipalities. The guidelines for implementation of the Indigent Policy provide municipalities with options for the development of their Indigent Policies. The guidelines apply specifically to Free Basic Services programme within municipalities i.e. Free Basis Water, Free Basic Sanitation, Free Basic Energy/Electricity and Free Basic Refuse Removal. Municipalities are expected to customise the guidelines to suit their specific situations” (South Africa. Department of Provincial and Local Government, n.d:2).

The explanations provided above indicate that for national government to effectively implement a policy at a local government level it would need to adopt an intergovernmental approach. Although local government (municipalities) are responsible for providing certain services such as water and

electricity, these functions are still performed in accordance with the provincial and national frameworks (The Education Training Unit, n.d).

2.6 CHAPTER SUMMARY

A detailed literature review was conducted in the field of Public Management and relevant literature was reviewed regarding the implementation of Indigent Policies globally as well as locally with specific emphasis placed on the City of Cape Town.

This chapter has conceptualised the history and the present status of the Indigent Policy. It also provided a comprehensive overview of the research topic which was divided into a theoretical section which reviewed relevant literature pertaining to the topic such as the implementation of indigent internationally and locally. Key concepts pertaining to the research topic were also defined in an effort to educate the reader regarding the topic.

The legislative overview that was conducted discussed the legal aspects of the implementation of the Indigent Policy at a local government level and also briefly discussed what a policy is and what policy evaluation entails. As part of the legislative overview, the researcher discussed relevant legislation and policies to show the reader the efforts that government has made to date to eradicate poverty and to address the needs of its citizens, especially those deemed poor.

The next chapter of the research study elaborates on the research methodology which the researcher used in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Owlcation (2017) explains that research is a tool for building knowledge and that efficient learning will take place amongst all professionals, including students and academics. BusinessDictionary (2017) defines research methodology as the process that is used to collect data and information that will be used to make business decisions. The methodology may include surveys, interviews and publication research. Both present and historical information may be included. Years earlier, Burns and Grove (2001:26) were of the opinion that research methodology is “the application of all steps, strategies and procedures for gathering and analysing data in a research investigation in a logical and systematic way.” This could further be defined as the research plan that directs the research. It is made up of sampling methods, data collection methods and the analysis of the data, as well as ethical considerations.

The purpose of this part of the study is to focus on the research methodology applied in the study. Research methodology encapsulates two popular research methodologies namely qualitative research methodology and quantitative research methodology which will be discussed in detail in this chapter.

The researcher defined research and gave reasons for conducting the research study. The available types of research methodology were discussed. A discussion on the available data collection tools followed and the researcher argued why in-depth interviews were used to collect the data. Significance of ethics, reliability and validity throughout the study were emphasised.

3.2 RESEARCH METHODOLOGY

3.2.1 SIGNIFICANCE OF UNDERTAKING RESEARCH

Alzheimer Europe (2013) holds that research is a necessity because organised and controlled research should enable researchers to test and compare different approaches that are followed, that research should enable researchers to explore different methods that may be utilised and will allow researchers to learn from other researchers and other people’s experiences.

According to Brynard and Hanekom (2010:2), research is always undertaken with a specific objective in mind, inter alia:

- to be in a position to make rational decisions based on facts;
- to be able to determine a work schedule and to ensure that action programmes are directed at reaching the desired outcomes;
- to maximise the usage of all resources;
- to determine the root causes of the problems;
- to discover ways to resolve these problems;
- to become more knowledgeable about particular situations; and
- to be able to adjust the theory to the ever changing environments.

Babbie (2014:96) explains that research is a way or method of explaining things as answers to questions of what, where, when and how, whereas Flick (2011:6) argues that research is a systematic analysis by asking, observing and analysing data. It is clear that by doing research, the researcher will most probably get answers to the problem statement.

3.2.2 AIMS OF A RESEARCH STUDY

The researcher undertook the research to expand knowledge on the financial sustainability of the Indigent Policy at the City of Cape Town. Association for Psychological Science (2016) explains that curiosity is considered a powerful motivator and it will lead researchers to making important findings and to exploring the unknown. National Aeronautics and Space Administration (2013) is of the opinion that people are driven to do research studies into the unknown and to discover new ideas and then push forward again. The University of Rochester (2016) explains that the reason why researchers wish to explore the unknown is that of human compulsion as people are obsessed to gain knowledge.

The above reasons validate the criteria as listed below of De Vos, Strydom, Fouche and Delpont (2002:78-79) as to why the researcher will conduct research. The criteria include when the researcher is:

- curious about the unknown;

- searching for data to explain the unknown;
- in seek of the truth; and
- using the answer of the research to forward recommendations.

3.2.3 WHAT IS NOT RESEARCH?

Brynard and Hanekom (2010:4) caution that certain activities might not be regarded as research at all. These activities might include:

- when the researcher simply compares problems;
- when the researcher merely collects data;
- when the researcher presents organised data;
- when the researcher uses evidence that does not come from collected data;
- when the researcher simply transfer facts;
- when the researcher merely compiles data; and
- when the researcher searches for facts simply to gain more insight.

The University of Washington (2017) explains that research studies that evaluate programmes and policies may be considered research studies.

3.2.4 BASIC TYPES OF RESEARCH

Research can be categorised into basic and applied research according to the research technique that is followed in each study (Readingcraze, 2017).

Brynard and Hanekom (2010:7) explain that basic research is used when theories are developed by testing a certain hypothesis that have been taken whilst applied research is undertaken specifically to solve a certain problem. The results that are obtained in applied research can for that reason be used to solve an immediate problem. Study.com (2017) agrees that applied research is used to answer specific questions and to solve a specific problem whilst basic research is driven by curiosity. This curiosity is driven by a desire to expand knowledge. The real differences between the two types of research are, therefore, what the research findings will be used for and will the research findings be used to solve a specific problem or will it be used to gain insight.

Association for Psychological Science (2016) explains that there are three branches of research methodology. Firstly, a quantitative research methodology that uses numeric data, secondly, a qualitative research methodology that uses data from interviews and observations and thirdly, a mixed method that will include the benefits of both the qualitative research methodology as well as the quantitative research methodology. The next section will define the various forms of research methodology.

3.2.4.1 DEFINITION OF QUALITATIVE RESEARCH METHODOLOGY

Qualitative research refers to research that produces descriptive data, which is generally the participant's own writing or the participant's spoken words pertaining to their own experience or their perception. Usually there are no numbers or accounts that are assigned to these observations. The necessary conditions or qualification for qualitative methodology is the commitment by the researcher to perceive the world from the point of view of the participants. Because of this commitment to see through the eyes of one's participant, close involvement is encouraged (Bryman, 1984:78). It is argued that qualitative researcher has a point of departure in human science as the human being is the object of study (De Vos, Strydom, Fouché, & Delpont, 2002:79). THEORYofKNOWLEDGE.net (2017) explains that the aim of basically all human science studies is to explain human behaviour. The aim includes the formulation of theories. After the formulation of a theory, the researcher will make recommendations. A remedy should be developed to eradicate the problems that were identified in the study.

A research design “guides the researcher in planning and implementing the study in a way that is most likely to achieve the intended goal” (Burns & Grove, 2001:223). Qualitative research is defined as research that “... produces descriptive data generally the participants own written or spoken words pertaining to their experience or perception” where “... no numbers or counts are assigned to these observations”. In addition “... it allows the researcher to know people personally, to see them as they are and to experience their daily struggles when confronted with real life situations”. This enables the researcher to interpret and describe the actions of people (Brynard & Hanekom, 2006:37). SnapSurveys (2017) argues that qualitative research is used by researchers to gain an understanding of fundamental opinions, reasons as well as motivations.

Qualitative Research Consultants Association (2017) explains that qualitative research is a methodology that will use in-depth studies of a small group of people.

3.2.4.2 DEFINITION OF QUANTITATIVE RESEARCH METHODOLOGY

Quantitative research is defined as methods such as tests and surveys that are used to describe and to explain certain phenomena. The quantitative approach will include methods such as observations, preliminary investigations, quantitative analysis as well as questionnaires (University of Southern Californian Libraries, 2017).

According to Brynard and Hanekom (2006:37), quantitative research methodology generally is underpinned by the notion as to what should be recognised as reliable knowledge. In addition, experiments and surveys are used to describe and explain certain occurrences.

Quantitative research methodology is not always a good exploratory tool as it requires the researcher to predefine the key concepts used within the research question. It is argued that this might not always be the case as the purpose of quantitative studies is to simplify the results of the research study to a broader group, the population, and not just the sample that was initially identified. Depending on what the researcher wants to measure in the study, it may be useful for the researcher to seek the available literature for important acknowledged validated instruments. All research studies must be ethically conducted and the researcher may not harm the participants either physically or emotionally. A key aspect will be to obtain consent from all participants (Moutinho & Hutcheson, 2011:3).

De Vos, Strydom, Fouche and Delport (2005:267-268) describe qualitative research methodology as well as quantitative research methodology as confusing. Quantitative researchers consult their lists of possible designs and will then select the most suited methodology or the researcher will develop a new one using the other methods that are available. In contrast, qualitative researchers will almost always design their own tool.

Furthermore quantitative research is associated with analytical research, and its purpose is to attain a universal statement (Mouton, 2007:128). For that reason, in quantitative research methodology, the researcher assigns numbers to observations. By counting or measuring things or objects, data

is produced in a meaningful manner. Quantitative research is underpinned by a distinctive theory as to what should be considered as warrantable knowledge (Bryman, 1984:77).

SKILLSYOU NEED (2017) warns that it is important to take note that the quantitative method of research is not always the most suitable method of conducting research. It is argued that should the researcher wish to understand detailed reasons of a certain phenomenon, then the quantitative method of conducting research may not be very helpful.

It is, therefore, the researcher's understanding that quantitative research is essentially collecting numerical data, in order to explain a particular occurrence, for example, how many males received a Cum Laude qualification at Cape Peninsula University of Technology (CPUT) in comparison to female Cum Laude graduates? What percentage of registered CPUT male and female students enrolled in the B-Tech Part Time course are affiliated with student representative councils?

3.2.4.3 DEFINITION OF MIXED-METHOD RESEARCH METHODOLOGY

The mixed method of research can be described as a method that the researcher will use to collect and analyse the data. It involves mixing methods from both the qualitative and the quantitative data collection methodologies and procedures, for example, using questionnaires and in-depth interviews. By utilising both methods collectively, the researcher will have the advantage of gaining a better understanding of the research study as it eliminates the shortcomings of each methodology if used individually (Library, 2017). Mixed-method research methodology is a growing methodology that uses the advantages of the quantitative and qualitative research methodology within a single research study (Patient-Centered Medical Homes, 2013).

Northwest Nazarene University (2017) caution that the mixed method of research can be problematic as huge amounts of data must be manipulated and reduced. Challenges to be considered are the cost involved, the duration of the study and sample size. The mixed method of research provides a bridge between the quantitative research methodology and the qualitative research methodology.

The researcher discussed the various forms of research methodologies. The study followed a qualitative approach in order to obtain various views, perceptions and interpretations of the participants involved around the financial sustainability of the Indigent Policy and the provision

of free basic services. The researcher decided on this method as the researcher felt that this approach will provide the opportunity to interact with individuals. The individuals might have identified others that would have shared their first hand experiences and interpretations of legislation, policies and data that affect the delivery of free basic services as stipulated in the Indigent Policy of the City of Cape Town to the communities within their jurisdiction.

3.3 OBJECTIVES OF STUDY

To start research without clear objectives, direction and not having a predetermined plan, could prove to be detrimental to the research study. If research is undertaken without proper planning, limited resources such as finances and time could be wasted which could jeopardise this research study. Only by having clear objectives and with proper planning, the researcher will be able to clear milestones for the various deliverables of the research study (Chron, 2017).

According to Research Methodology (2016), the reasoning for the study must be specific as the research study should eliminate a gap in current literature, the research study should solve an existing problem and the research study should add to the personal growth of the researcher.

To keep the reader focussed on the objectives of the study the researcher has listed the objectives below:

- determine how the Indigent Policy is implemented in the City of Cape Town;
- describe the impact of urbanisation on financial sustainability of the Indigent Policy;
- identify the sources of revenue funding the Indigent Policy;
- determine the impact of scarce resources on financial sustainability;
- discuss the criteria of financial sustainability listed as:
 - planning, both finance and strategy;
 - broadening of the income base;
 - adequate administration and finance; and
 - income diversification;
- conduct an empirical study into financial sustainability of the Indigent Policy within the City of Cape Town; and
- forward recommendations on how to sustain the Indigent Policy financially.

The researcher discussed the importance of having clear objectives when conducting research and will now highlight the need for having research questions.

3.4 RESEARCH QUESTION

A research question can be defined as the answerable inquiry to the research topic. According to Study.com (2017), formulating a research question (or research questions) is the first step of a research study. Having a research question formulated, is considered to be the first active step in a research study. “Without a question, you can't have a hypothesis. Without the hypothesis, you won't know how to study what you're interested in.” The research questions guide the research study and it is, therefore, essential that the researcher formulates well-structured research questions.

ENotes (2017) argues that the researcher should select a topic which is of interest to the researcher and should develop questions that will be interesting and challenging to answer. Suny Empire State College (2017) agrees that it is important that the researcher develop questions that the researcher is interested in. The questions should not be too broad neither too narrow. The question should, therefore, be structured in such a way that researcher can do sufficient research on the topic.

Steps that should be considered when writing a research question include emphasising the problem, clearly stating what the researcher wants to determine about the problem, ensuring that the research questions are answerable and ensuring that the research questions are specific and to the point (Research Methodology, 2016).

The researcher has listed the research question of the study for ease of reference to the reader:

What challenges are related to the financial sustainability of the Indigent Policy in its implementation process?

The next section will discuss the data collection process of the study.

3.5 DATA COLLECTION

BusinessDictionary (2017) defines data collection as the collection of data by way of surveys, or from processes that include data capturing and data logging. Techopedia (2017) agrees that data

collection is the process whereby data is gathered and measured that will enable the researcher to answer a specific hypothesis.

Data collection encompasses what method of collecting information that the researchers will use in order to reach the desired quality, reliability and validity of each source used in the study. Qualitative researchers, therefore, identify one or few variables that they intend to study and collect data that are specifically related to those variables. Methods of measuring each of the variables are identified, developed and standardised. Sufficient attention should be placed on the validity and reliability of the applicable measurement instrument. Data are then collected from a predetermined population group, in a manner that is easily converted to numbers. The researcher will need to consider whether or not to cover the whole population. Factors such as accuracy, precision, time as well as available resources will influence the outcome of the research (Mouton, 2007:100).

The researcher collected the data for the study by means of in-depth interviews. According to Hennink, Hutter and Bailey (2011:109), an in-depth interview is a one-to-one method of data collection that involves an interviewer and an interviewee who discuss specific topics in depth, it is a conversation with a purpose. An in-depth interview may be defined as an interview that is loosely structured to allow for freedom to both the interviewer as well as the interviewee, enabling the researcher to explore additional points or to change the direction if required (B2B International, 2017).

The researcher's purpose is to gain insight into certain issues using a semi-structured interview guide. If the interview is conducted well, then it might feel like a conversation for the interviewee. An in-depth interview, however, is not a two-way dialogue, as only the interviewee shares their story and the interviewer's role is to elicit the story (Quality Research International, 2017).

Data collection was discussed in the preceding section and the researcher will now discuss the importance of ensuring reliability and validity of the data used for this research study.

3.6 RELIABILITY AND VALIDITY

According to Statistics How To (2017) there is a subtle difference between reliability and validity. Reliability refers to consistency whilst a test is considered valid should it measure what it was supposed to have measured. Jackson (2008:67-71), indicates that "reliability refers to the

consistency or stability of a measuring instrument.” The research instrument should present the same results each time it is used. If two separate researches uses the same research instrument it should present the same results for each individual tested. An example is a bathroom scale that measures the weight of an individual. It should measure the same way each time it is used thus indicating reliability. Validity, however, is the process of determining whether or not the instrument does indeed measures what it is set out to measure.

The researcher ensured reliability and validity throughout the study by:

- ensuring transparency throughout the research study;
- ensuring that the sources used are adequately referenced;
- by posing uniform questions that were pre-determined to all participants;
- by remaining objective throughout the study; and
- conducting the research study in a professional and ethical manner which includes upholding the rights of all research stakeholders.

The importance of ensuring reliability and validity throughout the research study has been discussed. The researcher will now proceed to discuss in-depth interviews used in this study.

3.7. IN-DEPTH INTERVIEW

Study.com (2017) defines an in-depth interview as an interview where there are neither questions which are specific nor predetermined. The interviewer usually has certain topics that he wishes to cover during the interview process. An in-depth interview should flow like a normal day to day conversation. It tends to be informal as well as open-ended. Similarly, Welman, Kruger and Mitchell (2005:194-201) describe in-depth interviews as informal and it is mainly used when the researcher wishes to research an area of interest in detail. In-depth interviews are also referred to as in-depth interviews. The advantage of in-depth interviews is that it can be used when the researcher wishes to explore an area of concern. The disadvantage, however, is that researchers are directly involved and also in control of the interviewers which may lead to the researchers becoming biased. A further concern is that in-depth interviews may become time consuming and the researcher should make provision for additional resources where applicable.

The researcher decided to use in-depth interviews as a method of acquiring information as Kumar (2007:109) explained that in-depth interview refers to an interview held in a form of a group or a one on one interview. This approach to data collection is extremely useful in situations where either in depth information is needed or little is known about the area. The researcher wants to get the views, the perceptions and interpretations of the participants involved around the study of financial sustainability of the Indigent Policy and the provision of free basic services.

3.7.1 INTERVIEW SCHEDULE

Simply Psychology (2014) explains that interviews differ from questionnaires as interviews involve social interface. Researchers may ask closed ended questions during the interview process or may choose to ask open ended questions which will allow the participants to express themselves in their own words. An interview schedule, which is a list of prepared questions, may be used. It is important that the same questions in the same format are posed to each participant. Interviews may be recorded and the data obtained during each interview may be transcribed. The data collected may be analysed at a later stage.

Interview schedules have different uses. Your Article Library (2016) explains that an interview schedule is a self-reporting method which provides a great deal of flexibility to the interviewer. Questions may be clarified during the interview process. The interviewer will be able to observe and record the participants' behaviour. An interview schedule, which is a data collection tool, has the potential to gather data that is unlikely to be obtained should the researcher use a different method of obtaining data. Some limitations of the interview schedule include the time involved in the interview process, the data that is not standardised and it suffers from preference on the side of the interviewer.

3.7.2 DESCRIPTION OF HOW INTERVIEW SCHEDULE WAS DRAFTED

The interview schedule for this research study was developed using the information gathered in chapter two of this study as a guideline. The theoretical and legislative overview conducted in chapter two has outlined the parameters of this study. The researcher purposely included questions such as “Has the City of Cape Town engaged in any Indigent Policy awareness campaigns? Explain, how, (if yes) and why not (if no)” to allow the research participants to voice their opinion and elaborate on their understanding of indigent. This was done to determine if the current

processes being implemented regarding the indigent are understood by the various units within the City of Cape Town. The interview schedule for this study consists of eleven open ended questions.

Questions listed on the interview schedule were derived from studies that were conducted at other municipalities within South Africa as well as other parts of the world. The researcher formulated the questions that were asked in this study using other studies as a basis. The most frequently asked questions were taken from each study and have been adjusted to suit the needs of this study. The interview schedule compiled by the researcher was sent to the in-house statistician at the Cape Peninsula University of Technology for approval. The statistician reviewed the interview schedule, addressed concerns and provided recommendations. Once the amendments were affected, approval was granted.

3.7.3 PRETESTING OF INTERVIEW SCHEDULE

Writing@CSU (2017) expresses that it will be very difficult to compile a perfect interview schedule without pretesting the formulated questions. In order to determine the effectiveness of the interview schedule, it is recommended that pretesting be conducted in an attempt to identify the strengths and weaknesses. Weaknesses may include unclear questions, irrelevant questions, and incorrect order of questions as well as lengthy questions which may confuse the participants.

To address the concerns of the author above, the researcher conducted two interviews with identified participants who were approached for this specific purpose. The outcome of the pretesting may be summarised as follows:

- the questions posed proved to be relevant;
- the number of questions were deemed appropriate;
- the length of the questions were satisfactory;
- points of clarity could be sufficiently addressed;
- the flow of questions were deemed adequate; and
- the duration of the interview was deemed suitable.

3.8. RESEARCH PARTICIPANTS

Leedy and Ormrod (2014:153) explain that it is quite common in qualitative studies to identify sources that are considered appropriate sources because the data required for the study by the researcher, will be shared by the identified sources. Fink (2014:100) agrees that research studies depend on accurate data and that data should be obtained from credible sources who will share relevant data. This sentiment is also shared by Salmons (2015:116) who argues that it is critical in research studies to select individuals who is in a position to contribute their knowledge and experiences to the research study.

The researcher specifically identified the participants as they were considered to be appropriate sources because they have access to the data which is required in this study. The participants gave their prior willingness to share relevant data, knowledge and experiences. The next section will discuss purposive sampling.

3.9 PURPOSIVE SAMPLING

Welman *et al* (2005:69) explain that purposive sampling is considered to be the most important method of non-probability sampling. It could be argued that when using this sampling method, the researcher depends on the experience, expertise, knowledge and ingenuity of the research participants. The participants identified through purposive sampling are considered to be representative of the population of the study. A concern, however, is that various researchers may use different methods of obtaining the sample, resulting in the difficulty of evaluating whether or not the sample truly represents the entire population.

Statistics How To (2017) refers to purposive sampling as deliberate sampling. The researcher deliberately chose the participants to partake in the research study based on their knowledge and expertise in the field of study.

Morse and Richards (2002:173) defines purposive sampling as the process in which the researcher selects research participants based on their defining characteristics. Researchers should identify participants who possibly possess the required knowledge, experience and expertise. These participants should be willing to share their knowledge and should avail themselves when required to be interviewed.

The researcher decided to use the purposive sampling method while allowing room to use the snowball sampling method. The authors above have warned researchers that they should be cognisant when using the purposive sampling method, as this sampling method may often not be representative of the entire population. The researcher has allowed room for snowball sampling because the initial sample may identify other relevant stakeholders that may add value to the study. The researcher made use of this sampling method as this approach will provide the opportunity to interact with individuals who may identify others who have the opportunity to share their real life experiences and interpretations of legislation, policies and data that affect the delivery of free basic services as stipulated in the Indigent Policy of the City of Cape Town.

The data obtained were interpreted, analysed, concluded and were forwarded, together with recommendations, to the office of the City Manager at the City of Cape Town for possible intervention actions. The researcher has purposely selected the following officials below based on their access to the most recent information and the knowledge they possess on the research topic which will allow them to answer questions valuable and beneficial to the research:

- Director: Budgets

The Director: Budgets is responsible for the holistic multiyear budget compilation process for the City of Cape Town.

- Director: Revenue

The Director: Revenue is responsible for the collection of all monies due to the City of Cape Town.

- Finance Manager: Water Services

The Finance Manager: Water Services is responsible for the financial affairs within Water Services for the City of Cape Town.

- Finance Manager: Electricity Services

The Finance Manager: Electricity Services is responsible for the financial affairs within Electricity Services for the City of Cape Town.

- Finance Manager: Solid Waste

The Finance Manager: Solid Waste is responsible for the financial affairs within Solid Waste for the City of Cape Town.

The researcher has chosen the sample method used in this study and has also identified the sample that will be interviewed for the data collection process which leads the researcher to discuss the limitations of the study.

3.10 LIMITATIONS OF THE STUDY

Laerd.com (2012) explains that research studies may have many possible limitations that may be faced during the research study. It is important to identify these limitations as it may have an impact on the findings of the research and affect the ability to effectively answer the research questions. Limitations are considered in general as influences to the study which the researcher has no control over. These limitations can also be described as shortcomings, influences and conditions that cannot be controlled and that will place a restriction on the methodologies used as well as the conclusions made. A limitation might influence the outcomes of the research study. The researcher should consider any limitations that might affect the study (Baltimore County Public School, n.d.).

The limitations that the researcher were faced with were firstly identifying the correct participants for the sample, secondly setting up the interview sessions due to the demographics of the City of Cape Town, thirdly the workload of the participants that made it difficult to avail themselves for interviews, fourthly the environment of each of the stakeholders that influenced their daily lives and fifthly the bureaucracy of the university and organisation which delayed activities of the research study.

The researcher has listed the limitations of this research study and will now proceed to discuss the ethical considerations of this research study.

3.11 ETHICS

National Institute of Environmental Health Sciences (2016) issued a summary of ethical principles including:

- honesty: the researcher should strive for honesty in all forms of communication including reporting the results, procedures and any publications;
- objectivity: avoid any form of being bias;
- integrity: keep promises;
- carefulness: avoid errors and negligence;
- openness: share result and be open to new ideas;
- respect intellectual property: honour patents;
- confidentiality: the protection of all communications;
- responsible publication and mentoring;
- respect for peers;
- social responsibility, including public education and
- avoiding discrimination against peers and other students.

Research Methodology (2016) articulates that a research study may be destined to fail should ethical considerations not receive the required attention. Researchers are for that reason expected to ensure that:

- no harm comes to each participant;
- participation is voluntary;
- the dignity of each participant is maintained;
- no offensive, discriminatory and unacceptable language is used;
- prior consent is obtained from each participant;
- the privacy of each participant is protected;
- confidentiality of data collected is ensured;
- anonymity of participants is ensured;
- untruthfulness about the objectives and aims of the study is avoided;
- any conflict of interest is reported;
- all forms of communication are open and transparent;
- any form of prejudice is avoided by maintaining objectivity throughout the study and by acknowledging the work of other authors using an acceptable referencing system.

American Speech-Language-Hearing Association (2017) agrees that when involving human subjects, the researcher should always be guided by good practice and human rights principles to ensure protection of participants. Beyond Intractability (2017) explains that examples of abusing people's human rights are that of denying any individual their fundamental moral rights and not respecting their dignity. Some of the ethical responsibilities of researchers are to maintain privacy, acquire informed consent, ensure voluntary participation, protect the identity of participants, and inform participants about what the study is for, how information will be used and whether there is any potential risk expected.

Bickman and Rog (2008:107) explain that ethics is important in every aspect of research whether it is basic research or applied research. When research involves human beings, strict criteria that protect the research participants must be followed. The researcher should note the importance of obtaining voluntary consent from all research participants without any physical persuasion or threats. This voluntary consent from research participants allows the research participants to withdraw from the research study at any point without and repercussions to the individual. In social studies the involvement is about developing a mutual respect relationship between the researcher, research participants and all other stakeholders.

Welman *et al* (2005:181) warn that ethical behaviour is crucial in all forms of research, as in any other research involving human activity. Specific ethical considerations, related to plagiarism and authenticity in reporting of results, are evident in all research studies. The principles underlying research ethics are universal. In addition, the respect for the rights of all individuals involved in research studies should be issues of concern.

Research Methods (2006) agree there are a few key expressions that describe the rights of all the participants that partake in the research study. There are a few standards that the research study must adhere to. These may include:

- the standard of voluntary participation that requires that the participants were not forced into participating in the research;
- the standard of informed consent that the probable participants to the study must be fully informed about the processes of the study as well as the possible risks that may be

experienced during the course of the research study, and thereafter give their consent to partake;

- the standard of participants not being forced into a situation where they are faced with any sort of physical neither psychological harm because they chose to partake in the research;
- the standard of the protection of privacy of the participants where they are guaranteed that their participation will not be made public and will only be shared with the stakeholders involved in the research; and
- the standard of anonymity which implies that the participants will stay anonymous during all the processes of the study.

The researcher respected the rights of participants and respondents by allowing them the freedom to withdraw at any stage of the research study and ensuring them confidentiality, anonymity and fair treatment. The participants were also protected from any harm and discomfort throughout the research study.

Permission to conduct the research was requested by letter from the City Manager at the City of Cape Town with the undertaking that the respondents' identities will be dealt with confidentially, that their participation is voluntary, that they have the right to withdraw at any time and that the City of Cape Town will be informed of the results of the study.

The privacy of participants and respondents was protected by informing them about the study in advance, allowing them to choose a suitable place and time to share information. The researcher also ensured participants that their private conduct or thoughts will not be misused to embarrass or humiliate them and that the researcher will only collect data which is absolutely necessary for the purpose of this study.

3.12 CONSENT FORMS

North Carolina's Urban Research University (2017) explains that informed consent by an individual means that the participant was not bribed, forced or pressured in any way to partake in the study. It is also expected that the researcher presents sufficient information in an understandable language to the participant so that the participant can make an informed decision

as to whether to take part in the study or not. A document containing adequate information about the study must be provided to the potential participant. The researcher should educate the potential participant before involving them.

The researcher has developed consent forms that explained the rights of the participants. The consent forms were presented and discussed with each participant to obtain their commitment to partake in the study. Based on the definition of consent forms provided by the author above, the researcher felt that it was important to ensure that all potential participants were well informed about the study and the rights they would have once agreeing to participate. These rights include the right that the participants may withdraw from the study at any given point.

The next part will conclude this chapter of the study.

3.13 CHAPTER SUMMARY

In this chapter the researcher described the research methodology processes focussing on the various research methodologies, sampling methods and data collection tools. Objectives of the study, the importance of reliability and validity as well as the limitations to the study were also discussed. It was decided that a qualitative approach will be taken and reasons were given. Data was collected by means of individual in-depth interviews. The research study has a specific population target and the interviews were conducted using an interpretational approach when analysing the data.

Chapter 4 provides an analysis of the data that was collected at the City of Cape Town through in-depth interviews.

CHAPTER FOUR

DATA ANALYSIS

4.1 INTRODUCTION

This chapter reports the results and findings of the interviews conducted which explored the financial sustainability on the Indigent Policy at the City of Cape Town. The sample size for the study was five (5) participants as discussed in chapter three. This chapter further forwards the data generated by means of in-depth interviews. The interview schedule consisted of eleven unstructured questions that were used to guide the interview. The participants were purposively selected for the interview based on their knowledge and expertise on the research topic of this study.

The researcher herewith acknowledges that that the views by the research participants are not official City of Cape Town policy but rather their own and for the purposes of this research study only. It is further acknowledged in order to adhere to the prerequisite set by the City of Cape Town, the findings of the research were reviewed for factual corrections by the Director: Budgets before the finalisation and the submission of this thesis. The City of Cape Town gave the researcher permission to conduct interviews for the collection of data and clearly stated that the questions posed in the interview are limited to the implementation of the Indigent Policy and no financial analysis may be undertaken.

When conducting research, the researcher should at all times remain neutral and maintain the highest ethical standards. The researcher will now proceed to discuss a few basic ethical considerations followed by an explanation of how the interview schedule was developed for this study. The researcher will then discuss the concept of data analysis and thereafter proceed to summarise and analyse the results of the data obtained from the in-depth interviews. The data was compared with the literature overview conducted in chapter two in an effort to obtain similarities and/or contradictions.

4.2 DATA ANALYSIS

Data analysis is defined by BusinessDictionary (2017) as the process that the researcher follows when evaluating collected data in a logical and diagnostic manner. It is possible that data is

collected from a range of sources. The data should be studied by the researcher so that the researcher is in a position to make informed conclusions. Study.com (2017) agrees that data analysis comprises of a method followed by researchers whereby data is collected and sorted in such a way that researchers can obtain valuable information. Data may be collected using various different data collection methods. The data collection method used will be determined by the type of research that is being conducted. Observations, interviews and surveys are typical data collection methods.

The University of Georgia in Athens in the United States of America (2012) explains that researchers have difficulty dealing with the challenges when analysing data. Researchers are unfamiliar with the numerous content analysis methods. The challenges experienced include collecting from numerous sources and making sure that all tools are reliable and that information is validated.

BusinessDictionary (2017) defines data analysis as the process of evaluating data using systematic and logical reasoning to scrutinise each component of the data that was collected. Data is a key component of the research and is the process of gathering, reviewing and analysing data in order to formulate conclusions and possible recommendations.

Brynard and Hanekom (2010:60) are of the opinion that the data collection process starts when the researcher engages in a preliminary analysis of the data. The researcher will select what is considered to be reasonable, relevant data and will reject and park data which is considered to be irrelevant to the research study. Upon the completion of the data analysis process, the researcher will conduct an in-depth analysis of data by filtering through the data.

The above approach can be time consuming and the researcher will, therefore, use all information in each interview. Mouton (2007:108) explains that data analysis process and interpretation of data are used to determine patterns or any trends that might be useful when reporting on the findings of the study.

ScienceDirect (2017) explains that the objective of all data analysis is to obtain meaning from the data which is collected from the research and that realistic conclusions are derived. Data analysis should be done in studies that followed both quantitative as well as qualitative research

methodologies. Should a qualitative approach be followed, then the data are embodied in themes and words. National Centre for Biotechnology Information (2015) highlighted the importance that when conducting qualitative research, the researchers should place themselves in the shoes of the participants and see the world from the perspective of the participants. It is extremely important that the researcher remains true to each one of the participants.

4.3 DATA ANALYSIS STEPS

Project Guru (2017) divided content analysis in a qualitative research study into various steps and warned that each step is equally important in the process and that the researcher should follow each step diligently. The steps in the data analysis process are:

- the preparation of the data collected;
- classifying content into different unit of analysis;
- classifying unit of analysis into sub-categories;
- coding the data;
- assess the consistency of coding used;
- interpreting each of the codes; and
- presenting the results under each theme.

Classroom (2017) warns that analysing content can be very time-consuming. It might require the researcher to read the data collected several times keeping in mind what the research is about and what the researcher is trying to establish. It might further require that the researcher split the data into manageable chunks making it easier to examine. It might be useful for the researcher to identify certain key words or phrases that are used by each participant. By doing so, the researcher will be able to interpret the data and report on the findings.

4.4 CONTENT ANALYSIS (DESCRIPTION OF HOW CONTENT WAS ANALYSED FOR THIS STUDY)

The University of Sheffield (2017) explains that large unstructured content maybe reduced to a manageable size through analysing and coding of information. It is a research technique used by researchers in order to make valid conclusions from large amounts of text. By coding text, qualitative data are converted to quantitative data.

The researcher made use of numeric numbers to mark similar answers which were group together in the response section of each question.

4.5 PRESENTATION OF RESULTS

The table below contains the information of the research participants that were identified in chapters one and three of this study. Chapters one and three also discussed how they were chosen and why.

Job title of research participant	Years' experience in government	Interview successfully scheduled and conducted
Director: Budgets	37	Yes
Director: Revenue	37	Yes
Finance Manager: Water Services	27	Yes
Finance Manager: Electricity Services	26	Yes
Finance Manager: Solid Waste	11	Yes

4.6 NARRATION OF THE FINDINGS

The results of the interviews conducted are presented here:

Question 1: What procedures are in place for the implementation of the Indigent Policy at the City of Cape Town?

Response

The City of Cape Town has a Constitutional mandate to provide essential basic services to citizens deemed indigent. The researcher has established that the City of Cape Town is implementing its Constitutional mandate regarding indigents. This statement can be solidified by the fact that the City of Cape Town has developed and implemented the Indigent Policy to give effect to its Constitutional mandate. In order to facilitate the effective implementation, specific measures were put in place. These measures may be categorised under the following points:

- Legislation

During the development and implementation of the Indigent Policy at the City of Cape Town, due cognisance were taken of all relevant legislation such as the Constitution Act 108 of 1996, the Public Financial Management Act 1 of 1999 and the Municipal Finance Management Act 53 of 2003.

- Budgetary process

The City of Cape Town incorporated the requirements of the Indigent Policy into the annual budgetary process. This provision is also catered for on the multiyear budgets.

- Public participation and effective communication

Public participation was deemed as a necessity for the effective implementation of the Indigent Policy.

- Electronic information systems

The City of Cape Town has developed information systems such as SAP that is strategically utilised in order to facilitate the various Indigent Policy processes such as but not restricted to:

- the compilation of the annual budgets; and
 - the identification of indigents through the property valuation process.
- Information sessions and awareness campaigns

Staff from the City of Cape Town attend numerous information sessions including open days and community engagement meetings in an effort to create awareness regarding the Indigent Policy. Example of the type of information provided could be the criteria used to determine whether or not a citizen qualifies for the benefits of the Indigent Policy.

- Application process

The Indigent Policy requires citizens to apply for the benefits of the Indigent Policy if the joint income of the household does not exceed the amount of R3 500 per month. A different approach is followed for household with a valuation of the property not exceeding R300 000.

Interpretation

The researcher's logic for posing this particular question was to determine the level of awareness that the research participants had regarding the research topic. The researcher envisaged that due to the structure of the City of Cape Town and the various services provided to those deemed as indigent, each participant would highlight unique procedures used to implement the Indigent Policy.

All of the respondents agreed that public participation is important during the budgetary processes. The respondents further agreed that communication is a fundamental requirement for the successful implementation of the Indigent Policy at the City of Cape Town. Other common procedures included the development of information systems that was unique to the services being provided to the indigent and the application process linked to it.

The Constitution of the Republic of South Africa Act 108 of 1996 maintains that the state must make use of its resources to provide its citizens with access to services and appropriate social

assistance (South Africa, 1996:12). The researcher has ascertained that the City of Cape Town has indeed endeavoured to fulfil its obligation to assist the citizens that are deemed indigent. This indeed proves that what the research participants have alluded to, is confirmed by literature.

Question 2: What methods are used by the City of Cape Town to identify indigents?

Response

Upon interviewing the participants of the study, the researcher has determined that specific criteria exist to identify indigents. The City of Cape Town makes use of two methods that can be described as the targeted method which is based on joint household income not exceeding R3 500 per month and the valuation of the property method in which a properties valuation does not exceed R300 000. The criteria used to identify indigents for these two methods does allow for exception to the rule for example where households who have a joint income of more than R3 500 but owns a property that's valuation is less than R300 000, will still receive some benefits.

An application process is applicable for all those households with a joint household income of less than R3 500 per month. Data sets for rates rebates are automatically implemented for properties valued at less than R300 000. All of the participants were in agreement that two methods exist to identify indigent at the City of Cape Town.

Interpretation

The researcher was curious to determine what methods the City of Cape Town uses to identify indigents. This curiosity led the researcher to posing the aforementioned question. It was determined that only two methods exist to identify indigent beneficiaries within the City of Cape Town. The two methods described above are the targeted method and the valuation of property method. This allows the City of Cape Town to effectively monitor and evaluate the amount of indigent beneficiaries. This information is important for the budgeting processes and also used for trend analysis and budget forecasting. The major difference between the two methods is that the initial method requires those considered as indigent to physically apply for the benefits while the latter automatically calculates and awards the qualifying citizens the benefits.

City of Cape Town (2017) indicated that a person applying for indigent relief based on joint household income, should do so by following the approved processes. The processes followed by the City of Cape Town staff are in line with current literature.

Question 3: Has the City of Cape Town engaged in any Indigent Policy awareness campaigns? Explain, how, (if yes) and why not (if no).

Response

The respondent's feedback indicated that each of the line functions all have unique mandates regarding creating awareness of the Indigent Policy. The City of Cape Town engages in awareness programmes to promote the Indigent Policy through the following channels:

- Public participation during the budgetary processes (pre and post formulation of annual budgets);
- Presentations by staff of the City of Cape Town at sub council and ward committee meetings;
- Media releases through the political offices including newspaper and radio;
- Pamphlets which are distributed with the municipal monthly accounts;
- Notices at libraries; and circulars.

Interpretation

Respondents are all in agreement that the City of Cape Town engages in Indigent Policy awareness programmes listed above. These programmes may differ from one line function to the next based on their individual mandates. The researcher has ascertained via the interviews conducted that the awareness programmes listed above are implemented for the sole purpose of raising awareness regarding the Indigent Policy. This enables the City of Cape Town to reach as many eligible citizens as possible. There are, however, very specific types of programmes linked to each line function based on its mandate. For example, the Directorate: Revenue will solely be responsible for ensuring that information pamphlets are included with the monthly municipal account sent to the users of municipal services.

The importance of creating awareness regarding policies should not be underestimated. In situations where resources are scarce and poverty prevails, awareness should be prioritised (Science Direct, 2013).

The researcher is of the opinion that the City of Cape Town understands the importance of awareness programmes and actively engages in efforts to create the required awareness.

Question 4: How does the City of Cape Town monitor the indigent register?

Response

All respondents agreed that the monitoring of the indigent register at the City of Cape Town is monitored on a monthly basis by Corporate Revenue. The researcher was informed that the register is not merely monitored but also updated on a monthly basis. It was further established that the approval granted by the City of Cape Town, is valid for a period not exceeding twelve months. The researcher established that the indigent register only consists of citizens that has applied and has been deemed indigent based on the fact that they combined household income did not exceed R3 500 per month. The quantity of beneficiaries that does not appear on the register, outweighs the quantity of beneficiaries that qualified through the application process. Beneficiaries are required to re-apply on an annual basis and will automatically be disqualified should they fail to re-apply. Beneficiaries are notified three months prior to the end of the twelve-month cycle which allows the beneficiary to prepare relevant documents required for the application. This process allows the City of Cape Town to continuously monitor and evaluate the amount of applications.

Interpretation

Based on the feedback received from the research participants, it can be deduced that the register does not include the citizens (beneficiaries) who automatically qualifies due to the valuation of their property. It is evident that those citizens deemed indigent through the application process will be entitled to the indigent benefits for a maximum period of twelve months and would thereafter need to reapply for the following year. The twelve-month cycle is not restricted to a specific starting date for example applicants are not restricted to apply only in January. This for that reason requires the City of Cape Town to monitor the register on a monthly basis. The researcher is of the opinion that the reason for the annual application may be due to the fact that circumstances in an

indigent's household may change favourably, resulting in the combined household income exceeding the maximum amount of R3 500 per month, which would inevitably influence the eligibility of the household.

It is imperative for any organisation to implement registers when dealing with applicants. These registers can then be used as a tool to improve service delivery. Once registers are implemented it is important to constantly update it as managers will use these registers as a basis for the effective and efficient monitoring and evaluation of the programme (South Africa. The Presidency Department of Performance Monitoring and Evaluation, 2013:11).

The researcher has established that the City of Cape Town implemented and updates the indigent register on a monthly basis. It has further been established that the citizens who appear on the indigent register are reminded to re-apply well in advance in order to ensure that they continue to receive the indigent benefits.

Question 5: What are the legal implications of the application process?

Response

All participants agreed that there are legal implications for falsifying information during the application process.

It was determined by the researcher that it is incumbent for applicants who do not automatically qualify to complete an application form to be considered indigent. This application form must be signed by the applicant and have all supporting documents attached and, therefore, becomes a legal and binding document. The City of Cape Town expects that the citizens applying for indigent status are responsible citizens who are truthful in their applications. However, should the City of Cape Town establish that an applicant has falsified information on the application form, then all benefits will automatically be stopped. The applicant will be excluded from indigent status. Should the applicant be removed from the indigent register, the status of the applicant would change to someone who is eligible to pay for services received. All benefits are calculated in monetary value and reclaimed from the applicant. In the extreme cases, on merit, the City of Cape Town has the right to peruse criminal charges.

Interpretation

The application process for those who wish to be deemed indigent is a fairly structured and organised process. It requires applicants to produce relevant documentation and in the absence of these documents, the policy allows applicants to obtain affidavits confirming their information. There are, however, implications for falsifying information produced on application forms. These implications range from the minimum penalty of the applicant's indigent status being revoked to a more severe penalty such as criminal charges being laid against the applicant.

The South African Labour Guide (2017) is of the opinion that the following are examples of types of dishonesty:

- falsification of information on applications;
- providing false references;
- lying about reasons for unemployment;
- lying about personal details; and
- withholding relevant information such as a criminal record.

The researcher has established that the City of Cape Town has implemented fair processes to deal with cases in which applications were falsified. Through these processes the City of Cape Town ensures that only those citizens who are eligible receive the benefits of the Indigent Policy.

Question 6: How does the City of Cape Town ensure that the application and verification processes are transparent?

Response

All participants agreed that the application and verification process should be transparent. The City of Cape Town strives to ensure that the application and verification processes are transparent through the following:

- through public participation, citizens are provided the opportunity to forward any concerns and suggestions that they may have with regards to the Indigent Policy.
- enforcing Batho Pele principles.

The Batho Pele principles were introduced to improve the quality of service delivery by the government to its citizens and are listed below:

- consultation;
- service standards;
- access;
- courtesy;
- information;
- openness and transparency;
- redress;
- value for money;
- encouraging innovation and rewarding excellence;
- customer impact; and
- leadership and strategic direction (South Africa. The Department of Community Safety and Liaison, 2011:1).

Interpretation

Although participants were knowledgeable about the process, three of the respondents directed the researcher to the Director: Revenue as it is their core function. It was determined by the researcher that the application and verification process should be transparent. When dealing with citizens, government officials should always maintain the highest form of courtesy and portray good service standards, customer care and leadership skills. The officials at the City of Cape Town, as is the case with all government departments, are encouraged to uphold the Batho Pele principles and are guided by the notion of putting the needs of the citizens first.

Black, Calitz and Steenekamp (2015:369) explain that transparency means to be open to the public regarding the functions of government. It is perceived that openness and transparency may enhance the credibility of policies.

Question 7: Which measures are implemented to ensure the successful operation of the Indigent Policy at the City of Cape Town?

Response

The respondents were all able to provide feedback regarding the specific measures which are implemented in order to ensure the successful operation of the Indigent Policy. The researcher observed that respondents do not all have the same measures in place to ensure the successful implementation of the Indigent Policy at the City of Cape Town. The reason for the differences may be a result of the particular mandates of each department. The various measures highlighted by the respondents are listed below:

- corporate budgets in conjunction with line departments ensures multiyear budgetary processes;
- though the introduction of water management devices;
- employment of competent and trained staff;
- continuous monitoring and evaluation of the beneficiaries; and
- through the introduction of pre-paid meters.

Interpretation

It was noted that the participants highlighted specific measures linked to each line function. As an example water management devices are installed on the premises of citizens deemed indigent in an effort to reduce debt for the City of Cape Town whilst offering the indigent the opportunity to manage its' own water consumption. With the installation of this device, the indigent may save money. It was further noted that through effective records management, information regarding successful indigent households are fed into information systems. These systems are used by the City of Cape Town for the effective monitoring and evaluation of indigents through the property valuation method verses the joint household income method.

Ehlers and Lazenby (2010:137) argue that ongoing observation through monitoring is essential for detecting changes in trends of programmes. It is, therefore, evident that the City of Cape Town has mechanisms in place for the monitoring of the Indigent Policy.

Question 8: What staff training and development programmes are in place at the City of Cape Town ensuring successful implementation of the Indigent Policy?

Response

Respondents were all able to successfully identify training mechanisms currently in place at the City of Cape Town which deals with the Indigent Policy. These training and development platforms include:

- on the job training;
- regular communication to call centre staff;
- idiots guide available to all staff;
- procedures are regularly updated on the intranet;
- annual workshops; and
- practical assessments are conducted twice a year for revenue staff dealing with the Indigent Policy.

Interpretation

The researcher has established that the City of Cape Town constantly offers various forms of training and development to its staff to ensure the successful implementation of the Indigent Policy. It was further established that interventions exist dealing with staff that are not able to adequately answer pertinent questions relating to the Indigent Policy and also staff that do not follow proper protocol.

In the event that employees show a form of weakness while performing their duty, the employer should introduce a training programme which will allow the employee to acquire the required skills needed (Chron, 2017).

The researcher found that the City of Cape Town indeed has various platforms that may be utilised in the event that a specific staff member fails to meet the minimum requirement dealing with the Indigent Policy. It was further established that the employer will not hesitate to immediately address any concerns in this regard.

Question 9: How many indigents were approved during the financial year ending 30 June 2016?

Response

Four of the five respondents referred the researcher to the Director: Revenue to provide the accurate figure as at 30 June 2016. The reason for this referral was largely depended on the fact that the Director: Revenue was directly responsible for the monitoring of the indigent register. It was determined from the indigent register that the total amount of indigents as at 30 June 2016 equated to 2004. Furthermore, the number of beneficiaries through the valuation process amounted to 146 000.

Interpretation

The reader should be reminded that the indigent register only caters for the citizens who has a combined household income of less than R3 500 per month. Only those who have applied will appear on the indigent register. The citizens who received benefits through the valuation process do not appear on the indigent register.

Question 10: Which measures are in place to ensure that the City of Cape Town's implementation of its Indigent Policy is financially sustainable?

Response

The financial sustainability of the Indigent Policy remains a complex situation. It requires constant effective and efficient trend analysis and long term budgetary processes. Budgets are compiled in conjunction with line departments ensuring balanced budgets for a three year period. These long term budgetary processes may include business plans, investment programmes as well as transversal programmes. Measures include:

- the Budget Steering Committee is holistically responsible for the evaluation of tariffs based on the input from the line departments;
- multiyear budget processes;
- trend analysis of previous years;

- effective debt management;
- limit the intake of indigents through the method of valuation of properties and through the method of income assessments of households;
- beneficiaries' indigent status restricted to a twelve month period; and
- City of Cape Town strives to collect 95% of anticipated income.

Interpretation

The researcher is of the opinion that all of the respondents are confident that the Indigent Policy is sustainable. This is evident based on the fact that sufficient budget allocations have been made. However, should it become too expensive for the City of Cape Town to maintain the Indigent Policy, it could result in the budget of some other services such as libraries being reprioritised.

A point of concern was raised by one of the respondents pertaining to the decline in sales of electricity due to the use of alternate energy sources such as gas and solar heating. The decline of sales will result in a reduction of much needed income for the City of Cape Town.

As discussed in chapter two of this research study the, fundamentals of public sector financial sustainability are:

- to be able to pay the creditors when accounts are due;
- the ability to endure disasters;
- to be able to manage debt; and
- to be able to maintain the confidence of the communities ensuring that the money due to the public sector is paid (Controller and Auditor-General, 2013).

The researcher has established that the City of Cape Town is in a fortunate position to collect to generate its own funds through tariffs and rates. The debt collection ratio of 95% is a positive reflection of the willingness and ability of its citizens to pay as well as the City of Cape Town to collect. Furthermore the City of Cape Town has received unqualified audit reports reflecting good financial management and processes.

Question 11: What are the contingency plans of the City of Cape Town in the event that the number of indigents increases substantially in the short, medium and longer terms?

Response

All participants indicated that the City of Cape Town does indeed have contingency plans in place to cater for an influx of indigent applications and that there are various intervention strategies in place.

The various interventions are categorised below:

- **Short term**
 - Through the annual budget process;
 - The City of Cape Town monitors the register on a regular basis in order to intervene if needed;
 - Testing and analysing of systems;
 - Good financial planning; and
 - Refine budgets and review affordability.
- **Medium to long term**
 - that the City of Cape Town collects its own funds;
 - that the City of Cape Town receives its fair share of equitable funding from national and provincial governments;
 - interventions introduced to limit the impact of sustainability through debt collection, installation of prepaid meters and the eradication of illegal connections;
 - financial planning and modelling; and
 - effective and efficient debt control and collection.

Interpretation

The researcher determined that the City of Cape Town does indeed have contingency plans in place to absorb the influx of indigents on both a short as well as a medium to long terms basis.

It was, however, mentioned that the possibility exist that the number of people currently making use of the benefits as offered in the Indigent Policy are low. The City of Cape Town, therefore,

encourages citizens who deem themselves as indigents to apply as all the respondents has said that they want to help the people that needs help with access to the essential services.

SuccessStory.com (2017) listed the importance of having a contingency plan in an organisation as:

- improving public relations;
- reducing the level of uncertainty;
- ensures business continuity;
- increases credibility; and
- prevents panic.

It is evident that the City of Cape Town has contingency plans in place to deal with the possibility of a substantial increase in indigent applications on both the short and medium to long term.

4.7 CHAPTER SUMMARY

This chapter explained the purpose of the interview schedule and consent form, the processes that were followed whilst compiling the forms and gave reasons for the importance of ethical conduct during these processes. The concept of data analysis was discussed.

The researcher has summarised the responses posed to the five (5) participants during the in-depth interview sessions. The findings were compared with theory as discussed in chapter 2 in an effort to obtain similarities as well as any contradictions in an effort that richer conclusions are achieved. The results were analysed and were presented per question. The study's conclusions and recommendations will follow in Chapter 5.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This research study focussed on determining the perceptions of the sustainability of the Indigent Policy at the City of Cape Town. This chapter concludes the research study, including the final phase of the study, and forwards formulated recommendations supporting the financial sustainability of the Indigent Policy at the City of Cape Town. Recommendations have been made available to the City of Cape Town and the municipality could possibly use them for programme intervention or improvement.

5.2 CONCLUSIONS

In chapter one, the researcher introduced the study to the readers by providing a background to the research study, then laid out the objectives of the study after which the research question was posed. Thereafter, the researcher outlined the significance of the study. The goal of this study was to explore the perceptions of the financial sustainability of an Indigent Policy in a selected municipality in the Western Cape, South Africa. The study attempted to highlight potential gaps in this knowledge which might hamper financial sustainability for the City of Cape Town. This chapter allowed the researcher to formulate a research plan for the study, thereafter concluded by briefly outlining what each chapter of the research study comprised.

A detailed literature review was conducted in chapter two in the field of Public Management. Relevant literature was reviewed regarding the implementation of Indigent Policies internationally and locally with specific emphasis placed on the City of Cape Town. Chapter two has conceptualised the history as well as the present status of the Indigent Policy. It provided a comprehensive overview of the research topic which was divided into a theoretical and legislative overview. Key concepts pertaining to the research topic were defined in an effort to educate the reader regarding the topic. The legislative overview discussed the legal aspects of the implementation of the Indigent Policy at a local government level to show the reader the efforts that government has made to date to eradicate poverty and to address the needs of its citizens, especially those deemed as poor. The theoretical overview focussed on determining what previous

researchers have written on the topic in an effort to both obtain as much information regarding the topic as well as assist with the formulation of a constructive interview schedule that was used to collect data from research participants later in the study.

Chapter three described the various research methodologies, sampling methods and data collection tools available to researchers. Objectives of the study, the importance of reliability and validity as well as the limitations of the study were discussed. The researcher then identified the research methodology, data collection tool, research instrument, sampling technique and data analysis technique that was used in this study. A qualitative approach was adopted and the reasons for deciding so were presented. Data was collected by means of individual in-depth interviews. The research study had a specific population target and the interviews that were conducted used an interpretational approach when analysing the data. The participants were purposively selected to partake in the interview process based on their knowledge and experience.

Chapter four explained the purpose of the interview schedule and the use of a consent form, the processes that were followed whilst compiling the forms and gave reasons for the importance of ethical conduct during these processes. The concept of data analysis was discussed. An analysis was prepared of the data that was collected at the City of Cape Town through the in-depth interviews.

The researcher has summarised the responses of the questions posed to the five (5) participants during the in-depth interviews. The findings were compared with theory as discussed in chapter two in an effort to obtain similarities as well as any contradictions. The results were analysed and were presented per question which was asked during the interview process. This exercise was done in an effort to make informed conclusions. Findings are supported by extracts from the transcripts of the interview sessions.

5.3 RECOMMENDATIONS

The following recommendations were forwarded to the City of Cape Town for possible implementation:

- In an attempt to determine the level of awareness regarding the benefits of the Indigent Policy, it is recommended that the Director: Department of Area-based Service Delivery

at the City of Cape Town conduct a door to door survey to assess the level of awareness of the Indigent Policy by citizens. Initiatives such as media releases may not have reached the ears of those citizens living in remote areas and, therefore, after effectively conducting the survey, the City of Cape Town could possibly be in a better position to introduce alternative communication plans such as postings on social media and door to door distribution of information brochures.

- The researcher recommends that the Director: Budgets at the City of Cape Town by introduces budget relocation mechanisms in the event that allocated indigent funds were not all spent for a particular financial year. Such mechanisms could include introducing an economic development initiative within the indigent areas. An example of this initiative could be conducting an entrepreneurial workshop coordinated by the Director: Department of Area-based Service Delivery in an effort to empower indigents.
- The City of Cape Town's Revenue Department in collaboration with the relevant stakeholders such as sub-councils, ward forums and community forums should embark on extensive investigative campaigns in communities ensuring that each household that receives indigent benefits truly qualify. It could be that a citizen who is living in an informal settlement is earning R50 000 per month but due to the value of the property, the person receives indigent benefits. The Director: Revenue at the City of Cape Town could possibly link the benefits of the Indigent Policy to the applicant's identity number and tax number for validation purposes.
- It is recommended that the Director: Revenue in conjunction with the line departments at the City of Cape Town develops a beneficiary system for qualified indigents to allow them to receive additional benefits from other City of Cape Town facilities such as libraries, swimming pools and the MyCiTi bus services.
- The researcher recommends that the Director: Department of Energy: Sustainable Energy Markets at the City of Cape Town researches the effects of alternative energy sources on the delivery of electricity by the City of Cape Town in years to come. This recommendation is based on concerns raised by research participants during the data collection of the study.

REFERENCES

- African Evaluation Association. 2015. *Ten Reasons Why National Evaluation Policy is Important*. <http://www.afrea.org/?page=policyImportance> [27 May 2017].
- Alzheimer Europe. 2013. *Why do we need research?* <http://www.alzheimer-europe.org/Research/Understanding-dementia-research/Participating-in-research/Why-do-we-need-research> [11 June 2017].
- American Academy of Paediatrics. 2017. *Engaging Stakeholders to Influence Policy*. http://www2.aap.org/richmondcenter/pdfs/IntlPresentations/IPA_Proimos.pdf [27 May 2017].
- American Government. 2016. *Policy Making: Political Interactions*. <http://www.ushistory.org/gov/11.asp> [27 May 2017].
- American Speech-Language-Hearing Association. 2017. *Issues in Ethics: Protection of Human Subjects*. <http://www.asha.org/Practice/ethics/Protection-of-Human-Subjects/> [16 June 2017].
- Areyeetey, E., Devarajan, S., Kanbur, R. & Kasekende, L. 2012. *The Oxford Companion to the economics of Africa*. United Kingdom: Oxford University Press.
- Association for Psychological Science. 2016. *Curiosity Leads Us to Seek Out Unpleasant, Even Painful Outcomes*. <http://www.psychologicalscience.org/news/releases/curiosity-leads-us-to-see-out-unpleasant-even-painful-outcomes.html#.WT0e5VWGOM8> [11 June 2017].
- B2B International. 2017. *What is an in-depth interview?* <http://www.b2binternational.com/> [11 June 2017].
- Babbie, E. 2014. *The Basics of Social Research*. Sixth Edition. Canada: Greg Hubit Bookworks.
- Baltimore County Public Schools. n.d. *Planning the Methodology - Limitations and Delimitations*. <http://www.bcps.org/offices/lis/researchcourse/develop.html> [20 May 2017].
- Beyond Intractability. 2017. *Human Rights Violations*. <http://www.beyondintractability.org/essay/human-rights-violations> [18 June 2017].

Bhorat, H., Oosthuizen, M. & van der Westhuizen, C. 2012. *Estimating a poverty line: An application to free basic municipal services in South Africa*. *Development Southern Africa* 29(1): 77-96, March.

Bickman, L. & Rog, D.J. eds., 2008. *The SAGE handbook of applied social research methods*. California: SAGE Publications Inc.

Black, P., Calitz, E. & Steenekamp, T. 2008. *Public Economics*. Cape Town: Oxford University Press Southern Africa (Pty) Ltd.

Black, P., Calitz, E. & Steenekamp, T. 2015. *Public Economics*. Cape Town: Oxford University Press Southern Africa (Pty) Ltd.

Boundless.com. 2017. *Measuring Poverty*.

<http://www.boundless.com/sociology/textbooks/boundless-sociology-textbook/stratification-inequality-and-social-class-in-the-u-s-9/poverty-78/measuring-poverty-463-3312/> [27 May 2017].

Brand South Africa. 2015. *Local Government*.

<http://www.brandsouthafrica.com/governance/government/govlocal> [07 May 2017].

Brink, H.I., van Rensburg, G. & van der Walt, C. 2012. *Fundamentals of Research Methodology for Health Care Professionals*. 3rd Edition. Lansdowne: Juta & Co. Ltd.

Brookings. 2017. *Can rapid urbanisation in Africa reduce poverty? Causes, opportunities, and policy recommendations*. <http://www.brookings.edu/blog/africa-in-focus/2016/09/07/can-rapid-urbanization-in-africa-reduce-poverty-causes-opportunities-and-policy-recommendations/> [07 June 2017].

Bryman, A. 1984. *The debate about quantitative and qualitative research: a question of method or epistemology?* *The British Journal of Sociology* XXXV (1): 77.

Brynard, P.A. & Hanekom, S.X. 2006. *Introduction to Research in management and related fields*. Second Edition. Pretoria: Van Schaik Publishers.

Brynard, P. A. & Hanekom, S. X. 2010. *Introduction to research in management – related fields: Third impression*. Pretoria: Van Schaik Publishers.

Burns, N. & Grove, S.K. 2001. *The practice of nursing research: Conduct, critique, and utilization*. Fourth Edition. W.B. USA: Saunders Company 26; 223.

BusinessDictionary. 2017. *Data analysis*. <http://www.businessdictionary.com/definition/data-analysis.html> [15 June 2017].

BusinessDictionary. 2017. *Data collection*. <http://www.businessdictionary.com/definition/data-collection.html> [11 June 2017].

BusinessDictionary. 2017. *Government Intervention*. <http://www.businessdictionary.com/definition/government-intervention.html> [27 May 2017].

BusinessDictionary. 2017. *Research methodology*. <http://www.businessdictionary.com/definition/research-methodology.html> [11 June 2017].

Centers for Disease Control and Prevention. n.d. *Step by Step – Evaluating Violence and Injury Prevention Policies*. <http://www.cdc.gov/injury/pdfs/policy/Brief%201-a.pdf> [27 May 2017].

Chron. 2017. *Importance of Policy Evaluation*. <http://smallbusiness.chron.com/importance-policy-evaluation-80673.html> [07 April 2017].

Chron. 2017. *Importance of Training and Development in the Workplace*. <http://smallbusiness.chron.com/importance-training-development-workplace-10321.html> [15 July 2017].

Chron. 2017. *The Importance of Clear Objectives, Directions & Project Plans*. <http://smallbusiness.chron.com/importance-clear-objectives-directions-project-plans-32965.html> [20 May 2017].

Chron. 2017. *The Roles of Stakeholders in the Planning Process*. <http://smallbusiness.chron.com/roles-stakeholders-planning-process-32051.html> [27 May 2017].

City of Cape Town. 2003. *Indigent Policy: A Pro-Poor Income Strategy and Implementation Plan for the City of Cape Town*. Pretoria: Government Printer.

City of Cape Town. 2017. *Apply for indigent rates relief*. <http://www.capetown.gov.za/City-Connect/Apply/Financial-relief-and-rebates/Individuals/Apply-for-indigent-rates-relief/Apply%20for%20indigent%20rates%20relief> [21 July 2017].

Classroom. 2017. *How to Do Content Analysis*. <http://classroom.synonym.com/content-analysis-2670.html> [15 June 2017].

Community Tool Box. 2016. *Developing a plan for financial sustainability*. <http://ctb.ku.edu/en/table-of-contents/finances/grants-and-financial-resources/financial-sustainability/main> [30 May 2017].

Controller and Auditor-General. 2013. *Public sector financial sustainability*. <http://www.oag.govt.nz/2013/financial-sustainability/docs/public-sector-financial-sustainability.pdf> [30 May 2017].

Corruption watch. 2017. *Local Government in South Africa – Part 5, Finances*. <http://www.corruptionwatch.org.za/local-government-in-south-africa-part-5-finances/> [05 June 2017].

Daily Maverick. 2015. *South Africa: Where 12 million people live in extreme poverty*. <http://www.dailymaverick.co.za/article/2015-02-03-south-africa-where-12-million-live-in-extreme-poverty/#.WTV2PeuGOM8> [05 June 2017].

De Vos, A. S., Strydom, H., Fouché, C. B. & Delport, C. S. L. 2002. *Research at Grass Roots for the Social Sciences and Human Service Professions*. Second Edition. Pretoria: Van Schaik Publishers.

De Vos, A. S., Strydom, H., Fouche, C. B. & Delport, C.S.L. 2005. *Research at Grass roots for the Social Science and Human Service Professions*. Third edition. Van Schaik Publishers.

Dictionary.com. 2017. *Policy*. <http://www.dictionary.com/browse/policy> [27 May 2017].

Du Toit, D., Knipe, A., Van Niekerk, D., Van der Walt, G. & Doyle, M. 2002. *Service excellence in governance*. Sandown: Heinemann Publishers (Pty) Ltd.

Du, Y & Sun, Z. 2016. *Research on Compulsory Education Financing in China*. Berlin: Springer.

Economic Research Southern Africa. 2011. *Fiscal Performance and Sustainability of Local Government in South Africa – An Empirical Analysis*. <http://econrsa.org/publications/working-papers/fiscal-performance-and-sustainability-local-government-south-africa> [07 June 2017].

Economics. 2016. *Should the government intervene in the economy?* <http://www.economicshelp.org/blog/5735/economics/should-the-government-intervene-in-the-economy/> [07 June 2017].

Education Training Unit. n.d. *Inter-governmental relations and planning in government*. <http://www.etu.org.za/toolbox/docs/govern/inter.html> [03 April 2017].

Ehlers. T. & Lazenby. K. 2010. *Strategic Management*. Pretoria: Van Schaik Publishers.

ENotes. 2017. *How to Write a Research Paper*. <http://www.enotes.com/topics/how-write-research-paper> [11 June 2017].

Financial and Fiscal Commission. 2016. *Financial and Functional Viability, and Sustainability of Municipalities – Beyond the Demarcation Instrument*. http://www.demarcation.org.za/site/wp-content/uploads/2016/07/MUNICIPAL-VIABILITY_FFC.pdf [07 June 2017].

Fink, A. 2014. *Conducting Research Literature Reviews*. California: SAGE Publications Inc.

Flick, U. 2014. *Introducing the Research Methodology*. London: SAGE Publications Inc.

Gazette Review. 2016. *Top 10 Poorest Countries in the World – 2017 List*. <http://gazettereview.com/2016/06/top-10-poorest-countries-world/> [27 May 2017].

General Council of the Bar of South Africa. 2013. *The doctrine of separation of powers*. <http://www.sabar.co.za/law-journals/2013/april/2013-april-vol026-no1-pp37-46.pdf> [05 June 2017].

- Guidestar. 2017. *The Importance of Evaluation*. <http://trust.guidestar.org/the-importance-of-evaluation> [27 May 2017].
- Henning, E. 2004. *Finding your way in qualitative research*. Pretoria: Van Schaik Publishers.
- Hennink, M., Hutter, I. & Bailey, A. 2011. *Qualitative Research Methods*. London: SAGE Publications Inc.
- Iles, K., 2005. *Private sector involvement in basic service delivery: feature*. ESR Review: Economic and Social Rights in South Africa, 6(1), pp.2-5.
- Jackson, S. L. 2008. *Research Methods*. Belmont: Thomson.
- Kumar, R. 2007. *Research methodology: A step-by-step guide for beginners*. Second Edition. London: California.
- Laerd Dissertation. 2012. *Purposive Sampling*. <http://dissertation.laerd.com/purposive-sampling.php> [20 May 2017].
- Leedy, P. D. & Ormrod, J. E. 2014. *Practical Research*. Essex: Pearson Education Ltd.
- Leon, P. 2001. *Four Pillars of Financial Sustainability*. Resources for Success series, 2: 14-18.
- Library. 2017. *Research Methods Information: Mixed Methods Research*. http://apus.libguides.com/research_methods_guide/research_methods_mixed [11 June 2017].
- Mashapha, M.C. 2015. *The Implementation of the Indigent Policy in the City of Tshwane: Challenges and Options*. Unpublished Master's Thesis, North West University, North West.
- MissionBox. 2017. *Financial sustainability: How to meet challenges head-on*. <http://www.missionbox.com/article/49/financial-sustainability-how-to-meet-challenges-head-on> [30 May 2017].
- Mohr, P. 2015. *Economics for South African students*. Pretoria: Van Schaik Publishers.
- Morse, J. M. & Richards, L. 2002. *Readme First for a User's Guide to Qualitative Methods*. London: SAGE Publications Inc.

- Moutinho, L. & Hutcheson, G. 2011. *The Sage Dictionary of Quantitative Management Research*. SAGE Publications Inc.
- Mouton, J. 2001. *How to succeed in your Master's & Doctoral Studies*. Pretoria: Van Schaik Publishers.
- National Aeronautics and Space Administration. 2013. *Why We Explore*.
http://www.nasa.gov/exploration/whyweexplore/why_we_explore_main.html#.WT0hxVWGOM8c [11 June 2017].
- National Centre for Biotechnology Information. 2015. *Qualitative Research: Data Collection, Analysis and Management*. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4485510/> [15 June 2017].
- National Centre for Injury Prevention and Control. n.d. *Evaluating Violence and Injury Prevention Policies*. <http://www.cdc.gov/injury/pdfs/policy/Brief%201-a.pdf> [07 April 2017].
- National Institute of Environmental Health Sciences. 2016. *What is Ethics in Research & Why is it Important?* <http://www.niehs.nih.gov/research/resources/bioethics/whatis/> [11 June 2017].
- National Treasury. 2011. *Municipal Budget Circular for the 2012/13 MTREF*. Pretoria: National Treasury.
- North Carolina's Urban Research University. 2017. *Research & Economic Development*.
<http://research.uncc.edu/departments/office-research-compliance-orc/human-subjects/informed-consent> [16 June 2017].
- Northwest Nazarene University. 2017. *Benefits and Challenges of Mixed methods Research*.
<http://mixed-methods-research-nnu-group-project.wikispaces.com/Benefits+and+Challenges+of+Mixed+Methods+Research> [11 June 2017].
- Organisation for Economic Co-operation and Development. 2013. *The Nature of Policy Change and Implementation: A Review of Different Theoretical Approaches*.

<http://www.oecd.org/edu/ceeri/The%20Nature%20of%20Policy%20Change%20and%20Implementation.pdf> [07 June 2017].

Owlcation. 2017. *Six reasons why research is important*. <http://owlcation.com/misc/Why-Research-is-Important-Within-and-Beyond-the-Academe> [11 June 2017].

Parnell, S. 2007. *Urban governance in the South: the politics of rights and development. A handbook of political geography*. SAGE, London, pp.1857-1876.

Patient-Centered Medical Homes. 2013. *Mixed Methods: Integrating Quantitative and Qualitative Data Collection and Analysis While Studying Patient-Centered Medical Home Models*. <http://pcmh.ahrq.gov/page/mixed-methods-integrating-quantitative-and-qualitative-data-collection-and-analysis-while> [11 June 2017].

Pauw, J. C., Woods, G., Van der Linde, G. J. A., Fourie, D. & Visser, C. B. 2002. *Managing Public Money*. Sandown: Heinemann Publishers (Pty) Ltd.

People of our everyday life. 2017. *How to Evaluate Public Policy*. <http://peopleof.oureverydaylife.com/evaluate-public-policy-11117.html> [27 May 2017].

People.Hofstra.edu. 2017. *The Policy Process*. <http://people.hofstra.edu/geotrans/eng/methods/ch9c2en.html> [27 May 2017].

PoliticsWeb. *How Cape Town Delivers to the Poor*. 2011. <http://www.politicsweb.co.za/party/how-cape-town-delivers-to-the-poor--da> [22 April 2017].

Project Guru. 2017. *8 – Step procedure to conduct qualitative content analysis in a research*. <http://www.projectguru.in/publications/qualitative-content-analysis-research/> [15 June 2017].

Public-Private Partnerships Certification Program. 2017. *Other private involvement in public infrastructure and services*. <http://ppp-certification.com/ppp-certification-guide/24-other-private-involvement-public-infrastructure-and-services> [07 June 2017].

Qualitative Research Consultants Association. 2017. *What is Qualitative Research?* <http://www.qrca.org/?page=whatisqualresearch> [11 June 2017].

- Quality Research International. 2017. *Social Research Glossary*.
<http://www.qualityresearchinternational.com/socialresearch/interview.htm> [11 June 2017].
- Radio Active Waste Management. 2015. *Stakeholder Involvement in Decision Making: A Short Guide to Issues, Approaches and Resources*. <http://www.oecd-nea.org/rwm/pubs/2015/7189-stakeholder-involvement-2015.pdf> [27 May 2017].
- Rand. 2012. *Health and Rand Education*.
http://www.rand.org/content/dam/rand/pubs/research_reports/RR100/RR121/RAND_RR121.pdf
[30 May 2017].
- Readingcraze. 2017. *DIFFERENCE BETWEEN BASIC AND APPLIED RESEARCH*.
<http://readingcraze.com/index.php/difference-basic-applied-research/> [11 June 2017].
- Reference. 2017. *What are the steps involved in the policy-making process?*
<http://www.reference.com/business-finance/steps-involved-policy-making-process-60af83ccf0d802e5> [27 May 2017].
- Research Methodology. 2016. *Ethical Considerations*. <http://research-methodology.net/research-methodology/ethical-considerations/> [15 June 2017].
- Research Methodology. 2016. *Rationale for the Study*. <http://research-methodology.net/research-methodology/rationale-for-the-study/> [11 June 2017].
- Research Methods. 2006. *Ethics in Research*.
<http://www.socialresearchmethods.net/kb/ethics.php> [21 May 2017].
- Salmons, J. 2015. *Qualitative Online Interviews*. California: SAGE Publications Inc.
- Schoeman, N. 2011. *Fiscal Performance and Sustainability of Local Government in South Africa – An Empirical Analysis*. University of Pretoria: Pretoria.
- Science Direct. 2010. *Assessment of open source GIS software for water resources management in developing countries*. <http://www.sciencedirect.com/science/article/pii/S1570644310000511>
[22 April 2017].

Science Direct. 2013. *The Importance of Awareness and Education in Prevention and Control of RHD*. <http://www.sciencedirect.com/science/article/pii/S2211816013001154> [15 July 2017].

Science Direct. 2017. *How to plan and perform a qualitative study using content analysis*. <http://www.sciencedirect.com/science/article/pii/S2352900816000029> [15 June 2017].

Simply Psychology. 2014. *The Interview Method*. <http://www.simplypsychology.org/interviews.html> [16 June 2017].

Sirakaya-Turk, E., Uysal, M., Hammitt, W.E. & Vaske, J.J. 2011. *Research methods for leisure, recreation and Tourism*. Cambridge: Cambridge University Press.

SKILLSYOU NEED. 2017. *Qualitative and quantitative research Methods*. <http://www.skillsyouneed.com/learn/quantitative-and-qualitative.html> [11 June 2017].

Smith. J.A & Green. J.M. 2005. *Water service delivery in Pietermaritzburg: A community perspective*. Water SA (on-line), 31(4). <http://www.wrc.org.za> [22 April 2017].

SnapSurveys. 2017. *What is the difference between Qualitative Research and Quantitative Research?* <http://www.snapsurveys.com/blog/what-is-the-difference-between-qualitative-research-and-quantitative-research/> [11 June 2017].

South Africa. 1996. *The Constitution of the Republic of South Africa Act 108 of 1996*. Pretoria: Government Printer.

South Africa. 1999. *The Financial Management Act 1 of 1999*. Pretoria: Government Printer.

South Africa. 2000. *National Treasury. Guide for Accounting Offices*. Pretoria: Government Printer.

South Africa. 2003. *Municipal Finance Management Act 53 of 2003*. Pretoria: Government Printer.

South Africa. 2006. The Department of Provincial and Local Government. *Municipal Indigent Policies*. Pretoria: Government Printer.

South Africa. 2010. Department: The Presidency. *The National Development Plan*. Pretoria: Government Printer.

South Africa. 2015. *Division of Revenue Act 1 of 2015*. Pretoria: Government Printer.

South Africa. 2017. National Treasury. *Budget review 2017*.

<http://www.treasury.gov.za/documents/national%20budget/2017/review/FullBR.pdf> [07 June 2017].

South Africa. Department of Provincial and Local Government. n.d. National Framework For South Africa.

South Africa. South African Local Government Association. 2011. *Governing Migration & Urbanisation in South African Municipalities*. Pretoria: South African Local Government.

South African Government. 2017. Finance. <http://www.gov.za/about-sa/finance%20> [05 June 2017].

South Africa. The Department of Community Safety and Liaison. 2011. *What is Batho Pele?* Pretoria: Government Printer.

South Africa. The Presidency Department of Performance Monitoring and Evaluation. 2013 *The Role of Monitoring and Evaluation in the Public Service*. Pretoria: Government Printer.

South African Government News Agency. n.d. *Minister: Back to Basics Strategy bearing fruit*. www.sanews.gov.za [07 May 2017].

South African Government. 2017. *How do I access free basic municipal services?* <http://www.gov.za/faq/south-african-citizens/how-do-i-access-free-basic-municipal-services> [22 April 2017].

South African Government. 2017. *National Development Plan*.

<http://www.gov.za/issues/national-development-plan-2030> [07 June 2017].

South African Government. 2017. *Water and sanitation*. <http://www.gov.za/about-sa/water-affairs> [05 June 2017].

Statistics How To. 2017. *Purposive Sampling*. <http://www.statisticshowto.com/purposive-sampling/> [13 June 2017].

Statistics How To. 2017. *Reliability and Validity in research: Definitions, Examples*. <http://www.statisticshowto.com/reliability-validity-definitions-examples/> [11 June 2017].

Study.com. 2017. *Basic Research and Applied research: Definitions and differences*. <http://study.com/academy/lesson/basic-research-and-applied-research-definitions-and-differences.html> [11 June 2017].

Study.com. 2017. *The Public Policy Process: Problem Recognition, Policy Formation & Policy Implementation*. <http://study.com/academy/lesson/the-public-policy-process-problem-recognition-policy-formation-policy-implementation.html> [27 May 2017].

Study.com. 2017. *Unstructured Interview: Definition, Advantages, Disadvantages & Example*. <http://study.com/academy/lesson/unstructured-interview-definition-advantages-disadvantages-example.html> [11 June 2017].

Study.com. 2017. *What is Data Analyses? – Definition & Overview*. <http://study.com/academy/lesson/what-is-data-analysis-definition-overview.html> [15 June 2017].

Study.com. 2017. *What is Government? - Definition, Role & Functions*. <http://study.com/academy/lesson/what-is-government-definition-role-functions.html> [27 May 2017].

Study.com. 2017. *Writing Research Questions: Purpose & Examples*. <http://study.com/academy/lesson/writing-research-questions-purpose-examples.html> [20 May 2017].

SuccessStory.com. 2017. *5 Benefits of Contingency Planning*. <http://successstory.com/inspiration/benefits-of-contingency-planning> [15 July 2017].

Suny Empire State College. 2017. *Developing a Research Question*. <http://www.esc.edu/online-writing-center/resources/research/research-paper-steps/developing-questions/> [11 June 2017].

Sustainable Sanitation and Water Management. 2009. *Decentralised Supply*.

<http://www.sswm.info/es/content/decentralised-supply> [05 June 2017].

Techopedia. 2017. *Data Collection*. <http://www.techopedia.com/definition/30318/data-collection>

[11 June 2017].

The Balance. 2017. *Cash Flow - How It Works to Keep Your Business Afloat*.

<http://www.thebalance.com/cash-flow-how-it-works-to-keep-your-business-afloat-398180> [27 May 2017].

The Conversation. 2017. *The world's urban population is growing – so can cities plan for*

migrants? <http://theconversation.com/the-worlds-urban-population-is-growing-so-how-can-cities-plan-for-migrants-49931> [07 June 2017].

The Free Dictionary. 2012. *Debt Management*. [http://financial-](http://financial-dictionary.thefreedictionary.com/debt+management)

[dictionary.thefreedictionary.com/debt+management](http://financial-dictionary.thefreedictionary.com/debt+management) [11 May 2017].

The Free Dictionary. 2017. *Indigent*. <http://legal-dictionary.thefreedictionary.com/indigent> [07

May 2017].

The Hub by Superu. 2013. *Public sector financial sustainability*.

<http://thehub.superu.govt.nz/project/public-sector-financial-sustainability> [30 May 2017].

The South African Government. 2017. *Back to Basics*. [http://www.gov.za/about-](http://www.gov.za/about-government/government-programmes/back-basics)

[government/government-programmes/back-basics](http://www.gov.za/about-government/government-programmes/back-basics) [07 May 2017].

The South African Labour Guide. 2017. *Disclosure of information at interviews*.

<http://www.labourguide.co.za/general/265-disclosure-of-information-at-interviews> [15 July 2017].

The University of Sheffield. 2017. *Learning and Teaching Services*.

<http://www.sheffield.ac.uk/lets/strategy/resources/evaluate/general/data-analysis/content-analysis> [15 July 2017].

The World Bank. 2016. *Choosing and Estimating a Poverty Line*.
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,,contentMDK:20242879~menuPK:435055~pagePK:148956~piPK:216618~theSitePK:430367,00.html> [27 May 2017].

THEORYofKNOWLEDGE.net. 2017. *What are the aims of the human sciences?*
<http://www.theoryofknowledge.net/areas-of-knowledge/the-human-sciences/what-are-the-aims-of-the-human-sciences/> [11 June 2017].

Thornton, P. 2015. *Economics Demystified*. Harlow: Pearson Education Limited.

Towards Sustainable Business. 2014. *Measurement of sustainability performance in the public sector*. <http://drcaroladams.net/measurement-of-sustainability-performance-in-the-public-sector/> [30 May 2017].

United Nations. 2014. *International decade for Action 'WATER FOR LIFE' 2005 – 2015*.
<http://www.un.org/waterforlifedecade/africa.shtml> [07 June 2017].

United Nations. 2015. *National report submitted in accordance with paragraph 5 of the annex to Human Rights Council resolution 16/21**.
http://lib.ohchr.org/HRBodies/UPR/_layouts/15/WopiFrame.aspx?sourcedoc=/HRBodies/UPR/Documents/Session23/RW/A_HRC_WG.6_23_RWA_1_EN.docx&action=default&DefaultItemOpen=1 [01 June 2017].

United Nations. n.d. *Why it Matters Poverty*. <http://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/1%20Why-it-Matters%20Poverty%202p.pdf> [01 June 2017].

University of Georgia. 2012. *Research & methodology*.
<http://www.terry.uga.edu/management/contentanalysis/research/> [15 June 2017].

University of Minnesota. 2017. *Different Types of Evaluation*. <http://cyfar.org/different-types-evaluation> [27 May 2017].

University of Rochester. 2016. *What drives humans to explore the unknown?*
<http://www.rochester.edu/newscenter/journeys-into-the-unknown-91212/> [11 June 2017].

University of Southern Californian Libraries. 2017. *Research Guides*.

<http://libguides.usc.edu/writingguide/quantitative> [11 June 2017].

University of Washington. 2017. *Is Your Project Considered Research?*

<http://www.washington.edu/research/hsd/do-i-need-irb-review/is-your-project-considered-research/> [11 June 2017].

USCLibraries. 2017. *Research Guides*.

<http://libguides.usc.edu/writingguide/theoreticalframework> [12 June 2017].

Visser, C.B. & Erasmus, P.W. 2002. *The Management of Public Finance*. Cape Town: Oxford University Press Southern Africa.

Welman, C., Kruger, F. & Mitchell, B. 2005. *Research Methodology*. Cape Town: Oxford University Press Southern Africa, Cape Town.

Western Cape Government Provincial Treasury. 2015. *Municipal Economic Review and Outlook*. Cape Town. Government Printer.

Western Cape Government. 2013. *Cost and Revenue Cost of Free Basic Services*.

<http://www.westerncape.gov.za/text/2013/August/6.12-cost-and-revenue-cost-of-free-basic-services.pdf> [04 April 2017].

Willig, C. 2013. *Introducing Qualitative Research in Psychology*. New York: Open University Press.

wiseGeek. 2017. *What Is a Pure Market Economy?* <http://www.wisegeek.com/what-is-a-pure-market-economy.htm> [27 May 2017].

Writing@CSU. 2017. *Pretesting the Questionnaire*.

<http://writing.colostate.edu/guides/page.cfm?pageid=1415&guideid=68> [15 July 2017].

Your Article Library. 2016. *Interview Schedule: Meaning, Uses and Limitations*.

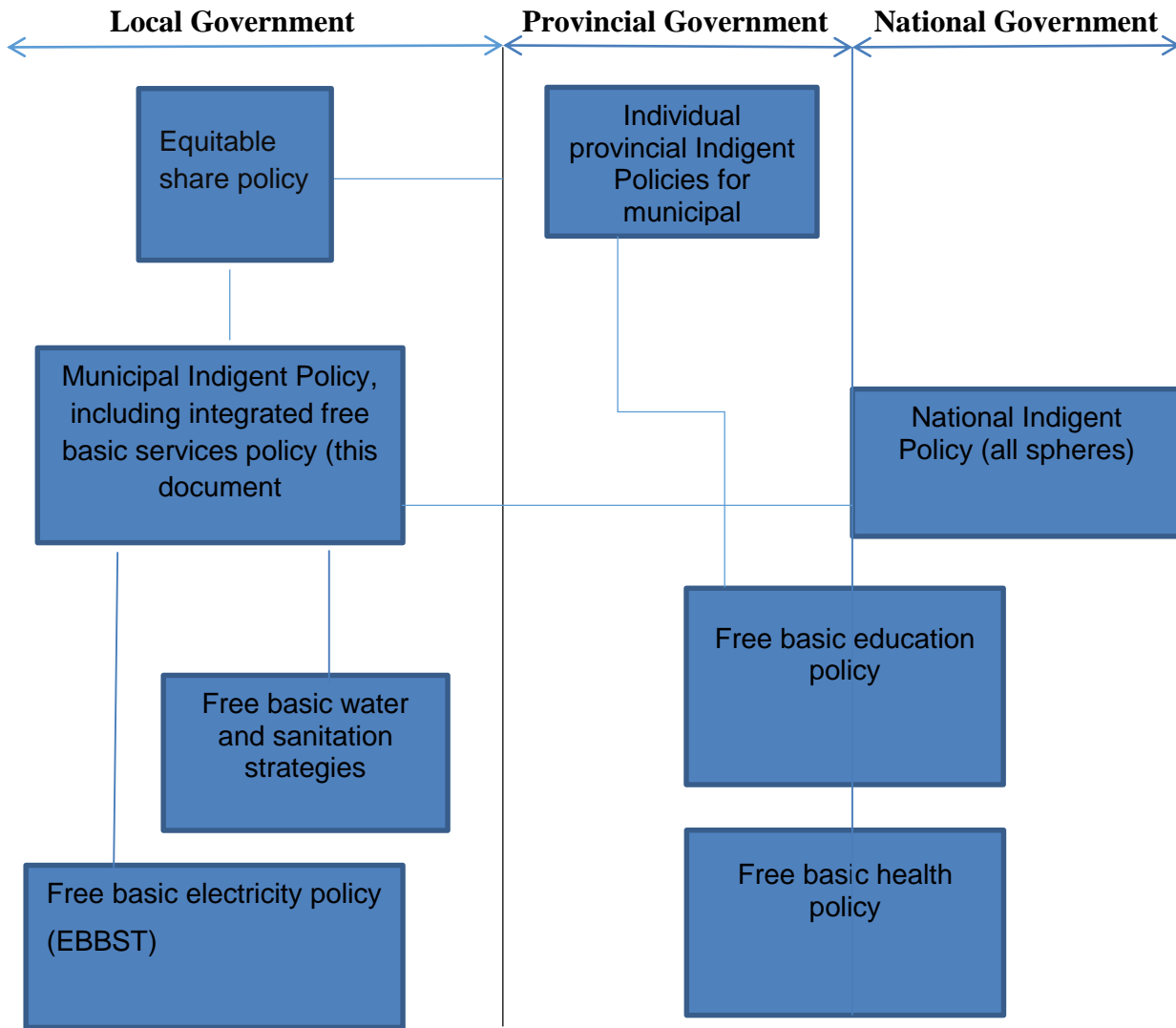
<http://www.yourarticlelibrary.com/education/guidance-in-schools/interview-schedule-meaning-uses-and-limitations/63699/> [16 June 2017].

TABLE 2.1: TYPES OF EVALUATION

	Definition
Formative	Evaluates a policy during its formulation stage and assists with identifying potential challenges.
Summative	Is used to determine the effectiveness of the policy and it is conducted after the policy was formulated.
Process	It is used to determine whether the objectives and strategies were implemented as initially planned and is focussed on the implementation phase.
Outcomes	It is used to determine if there are any changes in the outcomes in the short and long term.
Impact	It is used to determine the sustainability of the impact of the policy on the longer term.

(University of Minnesota, 2017)

FIGURE 2.1 POLICY RELATIONSHIP BETWEEN THE THREE SPHERES OF GOVERNMENT



South Africa. The Department of Provincial and Local Government (2006:7).

ANNEXURE 1: LETTER TO THE CITY OF CAPE TOWN SEEKING APPROVAL



Faculty of Business and Management Sciences
School of Commerce, Management and Governmental Studies
Department of Public Administration and Governance

Prof Rozenda Hendrickse
Dept of Public Administration and Governance
Faculty of Business and Management Sciences
Cape Peninsula University of Technology
Cape Town Campus
Keizersgracht Street
CAPE TOWN, 8000
Tel: 021 – 460 3929
Email: hendrickser@cput.ac.za

23 May 2017
Office of the City Manager
5th Floor
Civic Centre
12 Hertzog Boulevard
CAPE TOWN
8000

Dear Sir/Madam

APPLICATION FOR ETHICAL CLEARANCE TO CONDUCT RESEARCH MASTER OF PUBLIC ADMINISTRATION (MPA)

Mr Robert Schultz is a registered MPA candidate at the above-mentioned institution. He is currently conducting research towards this degree and has selected your organisation as a case study. We wish to request that ethical clearance be granted to him to undertake this research endeavour.

The study will investigate the financial sustainability of the Indigent Policy instituted by your municipality.

The research objectives of the study are to:

- determine how the Indigent Policy is implemented in the City of Cape Town;
- identify the sources of revenue funding the Indigent Policy;
- determine the impact of scarce resources on financial sustainability; and
- forward recommendations on how to sustain the Indigent Policy financially.

All information is purely for academic purposes.

The research will take the form of interviews which will be conducted with key personnel at the City of Cape Town. It is envisaged that the interviews will be conducted during July 2017, provided that the potential participants agree. The duration of each interview should not exceed 30 minutes. The purposely selected participants are: the Director: Budgets; Director: Revenue; Director: Inter Service Liaison; Finance Manager: Water Services; Finance Manager: Electricity Services and Finance Manager: Solid Waste.

Attached hereto please find a copy of documentary proof of Mr Schultz's current registration at CPUT, his approved research proposal, and the ethics certificate issued by the Faculty of Business and Management Sciences at CPUT.

If you require any further information, please do not hesitate to contact me. See contact information above.

We wish to thank you in anticipation for your favourable consideration of this request.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rozenda Hendrickse', written over a faint rectangular stamp.

PROF ROZENDA HENDRICKSE

RESEARCH SUPERVISOR

ANNEXURE 2: LETTER FROM THE CITY OF CAPE TOWN GRANTING APPROVAL



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Date: 13 JUNE 2017
 TO: EXECUTIVE DIRECTOR: DIRECTORATE OF THE MAYOR
 REF: DOM843

Research Approval Request

in terms of the City of Cape Town System of Delegations (March 2017) - Part 29, No 1-Subsection 4 and 5

"Research:

- (4) To consider any request for the commissioning of an organisational wide research report in the City and approve or refuse such a request
- (5) To grant authority to external parties that wish to conduct research within the City of Cape Town and publish the results thereof"

The Executive Director: Directorate of the Mayor is hereby requested to consider the request received from

Name: Mr Robert Schultz
 Designation: Masters candidate
 Affiliation: Cape Peninsula University of Technology, Faculty of Business and Management Science
 Research Title: Perceptions of the Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa"

Taking into account the recommendations below (see Annexure for detailed review):

Recommendation
 That the CCT via the Executive Director: Directorate of the Mayor grants permission to **Mr Robert Schultz, Masters candidate at the Cape Peninsula University of Technology** to conduct research in the City of Cape Town subject to following conditions:

- The relevant line management authority (i.e. Executive Directors and Directors) for CCT Director: Budgets; Director: Revenue; Director: Inter Service Liaison; and the Finance Managers for Water Services, Electricity Services and Solid Waste - being contacted and informed by the researcher of the planned research;
- The willingness and/or availability of individual staff members to participate in a voluntary capacity in the research;
- Above mentioned staff members agreeing to have their interviews used for the purposes of the Masters research;
- A clear acknowledgement in the report that the views of the above mentioned staff members are not official CCT policy;
- The main findings of the research should be reviewed for factual correctness by the Director of Budgets or Revenue or his or her nominated official before finalisation in the thesis and submission;
- That the title of the research paper be reconsidered and changed to reflect the subjectivity of the research and the research title adjusted to: "Perceptions of the Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa";
- Permission is limited to interviews on the implementation of the indigent policy and no financial analysis will be undertaken;
- Use of the City's logo or brand is not permitted;
- Submission of the completed research report to the Office of the Executive Director: Directorate of the Mayor and the Research Branch; Department of Organisational Policy and Planning, Directorate of the Mayor within 3 months of completion of the report and research; and
- Permission being obtained from the ED: Directorate of the Mayor to publish the study.

Approved Comment: _____
 Not Approved Comment: _____

*Supported
 C.W. - Director: DPP
 M. Schreger - Research
 Manager
 13/6/17*

Ready

 Craig Kesson - Executive Director: Directorate of the Mayor

13/6/2017

 Date

Princ. Ready
 CIVIC CENTRE IZIKO LEBENKONZO ZOLUNTU BURGERSENTRUM
 12 HERTZOG BOULEVARD CAPE TOWN 8001 PRIVATE BAG X9181 CAPE TOWN 8000
 www.capetown.gov.za

Making progress possible. Together.

DIRECTORATE OF THE MAYOR
OFFICE OF THE EXECUTIVE DIRECTOR
DOM 984
13 JUN 2017
Time:..... 11:00
Name:.....
Signature:.....

ANNEXURE 3: CITY OF CAPE TOWN RESEARCH GUIDELINES

Research Branch
Department of Organisational Policy & Planning
12 June 2017

Reviewer – Adrian Paulsen

Review of research request submitted by Mr R Schultz in his capacity as Masters candidate at the Cape Peninsula University of Technology (Cape Town Campus) (CPUT)

A. Overview

Mr R Schultz is a Masters student in the Faculty of Business and Management Science completing a degree of Public Administration at the Cape Peninsula University of Technology (Cape Town campus).

Submitted:

- Letter from supervisor (Professor Rozenda Hendrickse), dated 23 May 2017, confirming details of Mr R Schultz's study, registration as Masters student, research requirements, research objectives and methodology
- Proof of registration for 2017
- Ethical clearance signed by Dr Micheal Darko, Office of the Chairperson Research Ethics Committee, Faculty of Business and Management Sciences indicating that the candidate has received ethical clearance for the study and is registered for the degree in question
- Research proposal – outlining the topic, background to the research problem, statement of the research topic, research objectives, research questions, research methodology, data collection, literature review and ethics statement
- A draft interview schedule

Research title:

The proposed research is titled "Perceptions of the Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa"

Research Problem and questions

The research is concerned with identifying the challenges related to the maintenance of the indigent policy of the City of Cape Town, explore what options are available to sustain the implementation of the City's indigent policy, as well as how financial sustainability of the indigent policy can be ensured by the City of Cape Town.

The research seeks to ascertain:

- What are the challenges related to the maintenance of the indigent policy of the City of Cape Town?
- What options are available to sustain the implementation of the indigent policy of the City of Cape Town?
- How can financial sustainability of the indigent policy be ensured by the City of Cape Town?

The research objectives are to determine:

- how the indigent policy is implemented in the City of Cape Town;
- describe the impact of urbanisation on financial sustainability of the indigent policy;
- identify the sources of revenue funding the indigent policy;
- determine the impact of scarce resources on financial sustainability;
- discuss/review the criteria of financial sustainability listed as:
 - planning, both finance and strategy;
 - broadening of the income base;
 - adequate administration and finance; and
 - income diversification.
- conduct an empirical study into financial sustainability of the indigent policy within the City of Cape Town; and
- forward recommendations on how to sustain the indigent policy financially.

Research philosophy and methodology:

The research intends to investigate the quality and performance of the current indigent policy in place. The researcher will investigate how the policy was implemented for the period until the financial year end 30

June 2016. The researcher has framed the research through both a theoretical and legislative review which forms the framework for the research.

Research methodology and design:

The researcher will employ a qualitative approach with a view to access the views, perceptions and interpretations of the participants involved around the financial sustainability of the indigent policy and the provision of free basic services. The data obtained will then be analysed and interpreted.

The researcher would seek to undertake the interviews with key informants within the City who work in the Finance Directorate and others involved with finance matters in selected City departments (i.e. electricity, water services and solid waste).

The researcher proposes to forward to the Office of the City Manager the final conclusions and recommendations of the study, for consideration.

Sampling, data collection, and data management:

Sampling:

The sampling technique proposed is purposive. The researcher will approach and interview 6 City officials working within or related to financial institutions and departments within the City. Interviews are requested with respondents who hold the following functions:

1. Director: Budgets;
2. Director: Revenue;
3. Director: Inter Service Liaison;
4. Finance Manager: Water Services;
5. Finance Manager: Electricity Services and
6. Finance Manager: Solid Waste.

The researcher hopes that interviews with these individuals will assist with identifying additional potential respondents – to a maximum of 3 – who would be able to share first hand experiences and interpretations of legislation, policies and factors that affect the delivery of free basic services to the communities within their jurisdiction. The researcher is expected to complete a total of 9 interviews.

Each interview is estimated to last 30 minutes.

Data collection

Data collection will be by way of in-depth interviews. The researcher identified 6 City officials working within or related to financial functions and/or departments within the City - listed above. The researcher wants to interview these City officials as he believes they hold the relevant positions and knowledge to answer his research objectives.

Data management

The researcher will provide all interviewees with informed consent forms. Interviewees will also be able to see interview questions beforehand.

Research completion timeframes:

The researcher intends to undertake data collection from the 10th to the 14th of July 2017.

B. CCT Review of Proposal:

The research topic "Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa" is a topic of interest to the City. The researcher proposes to study how the Indigent Policy was implemented for the period until financial year end of June 2016 and this could shed some light on the process within the City and how well it is implemented, which could lead to improvements within the process through retrospection.

Approval criteria (in terms of draft CCT Internal Administration guidelines):

- Research documentation – Complete
- Request is in CCT scope and powers – Yes, pertaining directly to the functions of selected City officials
- Request in line with organisational policies – Yes
- Of potential benefit to City – Yes, the research would shed light on the implementation of the City's Indigent Policy within the City and potentially lead to a dialogue about improving the process and implementation of the policy.
- The research proposal is considered and sound from a research perspective.
- Impact on staff time – Should be negligible, the researcher has indicated that interviews shouldn't take more than 30 minutes. The researcher will conduct a semi-structured interview and will hand out the interview questions beforehand. Six functions are listed for in-depth interviewing – and allowance made for an additional 3 respondents to be identified per snowball sampling method.
- Exposure to risks and reputation impact: Impact is not unreasonable – as it may involve interviews with a maximum of 9 people for 30 minutes each. The researcher will provide the participants with informed consent forms and the interviews schedules will be shared ahead of the study. The researcher will also provide full confidentiality to all participants who partake in the study and they will have the option to withdraw their participation from the study at any time. The research topic anonymises the research setting, and a further limitation can be placed on the use of the City's logo or brand in the research report.

Recommendations:

That the CCT via the ED, Directorate of the Mayor grants permission to Mr Robert Schultz to conduct research subject to the following conditions:

- The relevant line management authority (i.e. Executive Directors and Directors) for CCT Director: Budgets; Director: Revenue; Director: Inter Service Liaison; and the Finance Managers for Water Services, Electricity Services and Solid Waste being contacted and informed by the researcher of the planned research;
- The willingness and/or availability of individual staff members to participate in a voluntary capacity in the research;
- Above mentioned staff members agreeing to have their interviews used for the purposes of the Masters research;
- A clear acknowledgement in the report that the views of the above mentioned staff members are not official CCT policy;
- The main findings of the research should be reviewed for factual correctness by the Director of Budgets or Revenue or his or her nominated official before finalisation in the thesis and submission;
- That the title of the research paper be reconsidered and changed to reflect the subjectivity of the research, and the research title adjusted to: "*Perceptions of the Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa*";
- Permission is limited to interviews on the implementation of the indigent policy and no financial analysis will be undertaken;
- Use of the City's logo or brand is not permitted;
- Submission of the completed research report to the Office of the Executive Director, Directorate of the Mayor and the Research Branch, Department of Organisational Policy and Planning, Directorate of the Mayor within 3 months of completion of the report and research; and
- Permission being obtained from the ED, Directorate of the Mayor to publish the study.

----- Original message -----

From: Dominique Francois Waso <Dominique.Waso@capetown.gov.za>

Date: 15/08/2017 13:01 (GMT+02:00)

To: Robert Schultz <SCHULTZR@cput.ac.za>

Subject: RE: Opvolg: Thesis R Schultz

Hallo

Gaan goed dankie.

Ja nee, reen is nodig en goed. En die ou wat wil kla moet maar kla, want wind kan hy nie drink of in bad nie.

Skuus, ek moes al terug gekom het na jou toe.

Die dokument het ek deurgelees en ek is tevrede met wat jy weergee en kan bevestig dat dit na my mening korrek is.

Groete eers

Dominique F Waso
Head : Revenue Budget
7th Floor, Civic Centre
Cape Town

Tel. 021 400 1879
Fax. 086 202 8246

[CITYweb](#)
[MySite](#)

ANNEXURE 4: INFORMATION LEAFLET



PARTICIPANT INFORMATION LEAFLET

Study title: Perceptions of the Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa.

Researcher: Mr Robert Schultz

Department of Public Administration and Governance, Faculty of Business and Management Sciences, Cape Peninsula University of Technology, Cape Town

Telephone number: 021 – 460 4212

Email address: schultzr@cput.ac.za

Ethics reference number and contact information for the CPUT Research Ethics Committee:

Clearance certificate number: 2017FBREC441

Dr Micheal Darko, Office of the Chairperson Research Ethics Committee, Faculty of Business and Management Sciences, P O Box 1906, Bellville, 7535, South Africa, Tel: 021-460 3534, Email: Secretary: Ms Nosiviwe Majamani majamanin@cput.ac.za

You are invited to take part in a research study carried out at the City of Cape Town. Before you decide whether or not you wish to take part, you should read the information provided below carefully and, if you wish, discuss it with me. Take time to ask questions – do not feel rushed or under pressure to make a quick decision.

You should clearly understand the risks and benefits of taking part in this study so that you can make a decision that is right for you. This process is known as 'Informed Consent'.

You do not have to take part in this study and a decision not to take part will not affect you in any way.

You can change your mind about taking part in the study at any time. Even if the study has started, you can still opt out. You do not have to give us a reason.

Why is this study being done?

The rationale for this research is to determine how the Indigent Policy was implemented at the City of Cape Town and conduct an empirical study into financial sustainability thereof. The researcher is keen to investigate the quality and performance of the current Indigent Policy in place.

Why am I being asked to take part?

The researcher has purposely selected the Director: Budgets; Director: Revenue; Finance Manager: Water Services; Finance Manager: Electricity Services and Finance Manager: Solid Waste because they have access to the most recent information relating to the Indigent Policy and will be able to answer questions that will be valuable and beneficial to the research.

How will the study be carried out?

The data collection for the study will take the form of in-depth interviews.

When will this study take place?

The study will take place as soon as ethical clearance is acquired from CPUT and consent received from the City of Cape Town to conduct the research.

Where will this study take place?

The study will take place at the City of Cape Town, at a venue still to be determined.

How many people will be taking part in this study?

The participants are: the Director: Budgets; Director: Revenue; Finance Manager: Water Services; Finance Manager: Electricity Services; and Finance Manager: Solid Waste.

What will happen to me if I agree to take part?

You will be required to participate in a discussion on predetermined topics pertaining to financial sustainability of the Indigent Policy. It is hoped that the discussion will not be more than 2 hours long. The interviews will be audio-recorded.

What are the risks?

There will be no risks associated with the study.

Is the study confidential?

Confidentiality will not be breached. The information received during the project will only be used for research purposes and will not be released for any academic-related assessments, student evaluations and/or disciplinary purposes.

Where can I get further information?

If you need any further information now or at any time in the future, please contact me. See contact information provided above.

ANNEXURE 5: INTERVIEW SCHEDULE

PERCEPTIONS OF THE FINANCIAL SUSTAINABILITY OF AN INDIGENT POLICY IN A SELECTED MUNICIPALITY IN THE WESTERN CAPE, SOUTH AFRICA

All information herewith will be treated according to the researcher's ethic statement.

Question 1: What procedures are in place for the implementation of the Indigent Policy at the City of Cape Town?

Question 2: What methods does the City of Cape Town use to identify indigents?

Question 3: Has the City of Cape Town engaged in any Indigent Policy awareness campaigns? Explain, how, (if yes) and why not (if no).

Question 4: How does the City of Cape Town monitor the indigent register?

Question 5: What are the legal implications of the application process?

Question 6: How does the City of Cape Town ensure that the application and verification processes are transparent?

Question 7: Which measures are implemented to ensure the successful operation of the Indigent Policy at the City of Cape Town?

Question 8: What staff training and development programmes are in place at the City of Cape Town ensuring successful implementation of the Indigent Policy?

Question 9: How many indigents were approved during the financial year ending 30 June 2016?

Question 10: Which measures are in place to ensure that the City of Cape Town's implementation of its Indigent Policy is financially sustainable?

Question 11: What are the contingency plans of the City of Cape Town in the event that the number of indigents increases substantially in the short, medium and longer terms?

ANNEXURE 6: CONSENT FORM

Consent for participation in a research interview on “Perceptions of the Financial Sustainability of an Indigent Policy in a Selected Municipality in the Western Cape, South Africa.”

I agree to participate in a research project led by Mr Robert Schultz from Cape Peninsula University of Technology (CPUT). The purpose of this document is to specify the terms of my participation in the project through being interviewed.

1. I have been given sufficient information about this research project. The purpose of my participation as an interviewee in this project has been explained to me and is clear.
2. My participation as an interviewee in this project is voluntary. There is no explicit coercion whatsoever to participate.
3. Participation involves being interviewed by the researcher from CPUT Master’s degree: Public Administration. The interview will be approximately 30 minutes. I allow the researcher to take written notes during the interview. I also may allow the recording by audio tape of the interview. It is clear to me that in case I do not want the interview to be taped I am at any point of time fully entitled to withdraw from participation.
4. I have the right not to answer any of the questions. If I feel uncomfortable in any way during the interview session, I have the right to withdraw from the interview.
5. I have been given the explicit guarantees that, if I wish so, the researcher will not identify me by name or function in any reports using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure. In all cases subsequent uses of records and data will be subject to standard data use policies at CPUT.
6. I have been given the guarantee that this research project has been reviewed and approved by CPUT. For research problems or any other question regarding the research project, the CPUT Ethics Committee may be contacted.
7. I have read and understood the points and statements of this form. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.
8. I have been given a copy of this consent form co-signed by the interviewer.

.....
Participant's signature

.....
Date

.....
Researcher's signature

.....
Date

(For further information, please contact Mr Robert Schultz at 021 460 4212 or 0827755592)

ANNEXURE 7: CERTIFICATION OF LANGUAGE EDITING

47 Quintus Way
CONSTANTIA
7806

28 August 2017

CERTIFICATION OF LANGUAGE EDITING

This letter serves as confirmation that I have undertaken language editing of the Master's thesis titled *Perceptions of the financial sustainability of an indigent policy in a selected municipality in the Western Cape, South Africa* compiled by the researcher, Mr Robert Schultz. The focus was on improving the document in areas related to language and minimally addresses issues concerning the overall structure, content and referencing. Language areas include:

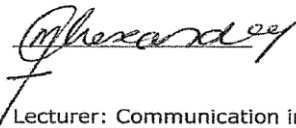
- Grammar
- Punctuation
- Style
- Spelling
- Standardisation of terms
- Clarity
- Fluency
- Word choice
- General readability
- Logic
- Coherence

I have indicated all deviations from convention in English language usage and made alternate suggestions to better convey the researcher's intended message.

Thank you.

Yours faithfully

Megan Alexander



Lecturer: Communication in English (CPUT)
MPhil: Linguistics: 2nd Language Studies
083 6011 596
meganalexander@mweb.co.za