



POLYTECHNIC OF NAMIBIA

HAROLD PUPKEWITZ GRADUATE SCHOOL OF BUSINESS

Evaluating reasons for non-payment of key services in Oshakati town, Namibia

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Master in Leadership and Change Management in the Harold Pupkewitz
Graduate School of Business at the Polytechnic of Namibia.

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DECLARATION

I Werner Iita hereby declare that this thesis is my own unaided work. Any assistance that I have received has been duly acknowledged in the thesis.

It is submitted in partial fulfillment of the requirements for the degree of Master of Leadership and Change Management at the Polytechnic of Namibia. It has not submitted before for any degree or examination at this or any other institution of Higher Learning.

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List of Acronyms

AIDS	:	acquired immune deficiency syndrome
ATMS	:	automated teller machines
GIS	:	geographical information systems
HIV	:	human immunodeficiency virus
JICA	:	Japanese International Co-operation Agency
SERVQUAL	:	service quality

ABSTRACT

Local authorities face a general problem of having huge debts. This suggests that self-generated revenue is no longer sufficient for municipalities to undertake their service delivery activities. This study addressed three research questions. What are the possible reasons why some consumers are failing to pay for services? What are the contributing factors for non-payment of services on service delivery? What strategies exist to encourage and maintain the payment for services? The study used a multi-method that combined quantitative and qualitative data so that there would be depth to the findings. The major findings of the research were as follows. There is a performance gap between the expectations of the customers and the service delivery by municipality on problems pertaining to refuse collection, customer service and attending to storm water drainage systems. This indicated poor service delivery. The recommendations included a practical approach is needed to deal with floods rather than wait for floods to take place and become reactive. Furthermore, there is a great need to employ chartered accountants to manage financial statements. Disconnections for revenue collections should be a last resort and should be used as a tactic. Outsourcing complicated debts should be encouraged. Revenue collection strategies should be set in place to serve as a revenue collection guide.

CHAPTER ONE

General background

1.1 Introduction

The function of local authorities (LAs) is vast and includes the maintenance, construction and improvements of public roads; collection of refuse removal; cleaning of pavements and control of the pollution and causing public a nuisance. However, with non-payment by residents such service delivery could be compromised since finance is the life blood needed to provide quality services to the public. Contrarily the development of a town highly depends on its revenue base.

1.2 Background to the study

A culture of non-payment of municipal services by society members is prevalent in Namibia. Municipal cost recovery efforts in SADC have led to civil unrest particularly among underprivileged people despairing for services which they cannot afford. McDonald (2002: p.17) states "The problem is so colossal in SADC that people in South Africa were on strike to remonstrate cost recovery and similar privatization"

A fundamental effort of the Namibian government is that of service delivery. According to the Namibian Constitution, Article 111, local authorities are required to administer the affairs of local authorities by providing services to

the communities in a sustainable manner. The constitution of Namibia articulates that every citizen is entitled to better service. Namibia has concentrated on the effective and proficiency delivery of services to the citizens. The rural and urban people have been deprived of essential services such as water and sanitation, housing, electricity and health facilities.

Local government is the lowest sphere of government structure of the Republic of Namibia and consists of different categories of municipalities. It is the scope of government which is at the heart of the people. Local government councillors are elected by residents to represent them and to be accountable for ensuring that services are delivered to the community. The constitution states that municipalities have responsibilities to ensure that all citizens are furnished with services to meet their basic needs. They provide services through the use of their own financial resources. Municipalities may also outsource the provision of a service. This means they can choose to hire someone else to deliver certain services.

Muvhangu (2011: p.2) states “Municipality must make sure that people in their areas have at least the fundamental services they need”. There are a many services which they provide, and the essential ones are:

- Water supply
 - Sewage collection and disposal
 - Refuse removal
 - Health services
-

- Electricity supply
- Roads and storm water drainage
- Parks and recreation

These services have an undeviating and instantaneous effect on the quality of lives of the people. For example, if the water that is delivered is of a pitiable quality or refuse is not collected regularly this would result in insalubrious and dangerous living environments which would be unhealthy and unsafe. Poor services can also make it problematic to lure business or industry to an area and limit job opportunities for residents.

There are a number of factors which can be reckoned before deciding on service delivery options and these entail:

- **Capacity building**

It is possible for a LA to improve its ability to deliver services effectively and efficiently by improving the skills of its workforce. Also, better communication between a local council and residents could help a council to govern the needs of the society as well as ascertain whether these are being met. Enhanced financial planning could assist a local council to find the best possible ways to use available funds. Better technical skills could enhance the delivery of a particular municipal service (Fjeldstad & Semboja, 2001).

- **Corporatization**

In some scenarios, a municipality can improve the delivery of services by corporatizing them. This would involve creating a municipal company that would do the service. The appointed company would be accountable for its performance to the municipal (local) council. In such a scenario, the council would appoint a board to superintend the work of the company management. Such a company would be able to function more independently than a municipal department whilst acting under the overall control and supervision of the municipal council. Since the company would be independent, means it would to be free to experiment with new techniques by providing better services at lower costs (Mattes, Davids & Africa, 2000).

- **Municipal service partnerships**

There are situations where a municipality might decide to consider an alternative to providing a service directly. For example, it may be more effective to hire someone else to provide a service. Reasons for choosing this route include the fact that other municipalities, community-based organizations, or private corporations, might have better assets and management dexterity to furnish the service than the municipality itself.

- **Service level**

The most essential factor for any municipality to consider is the level at which the service is furnished. The optimal level of a precise service is mainly influenced by affordability as well as community needs. If a municipality

furnishes a service at a higher level, this means the service will surge, and so will the price that the municipality charges its customers. Municipalities depend on income received from customers so if the costs are too high and communities are unable to pay then the municipality would lose money and will also not be able to continue providing the service.

- **Cost recovery**

Municipalities need to recover their costs for providing services so that they can remain viable. Costs recovery refers to the process by which the service provider recovers all or a preponderance of the costs associated with providing a service (operating costs, maintenance costs and infrastructure costs, for example). The difference between public and private service providers resides in income generation. Private corporations expect to engender a surplus above the actual costs of supplying a service: they need to be profitable to meet their shareholders' expectations. Public companies on the other hand, are not usually under pressure to generate a profit (McDonald, 2002).

The major financial problem in many municipalities in Namibia is insufficient collection of service charges due to prevalent non-payment. The predominant view is that non-compliance is caused by a deficiency. However, huge variance in compliance exists both within underprivileged communities and between communities with similar socio-economic characteristics. How can these differences be elucidated? Moreover, what factors govern citizens' compliance? This study argues that non-payment is related to not only the inability to pay or a culture of entitlement, but also to whether residents perceive the local government to be acting in their best interests.

Respective municipalities in both in Namibia and South Africa have responded to the non-payments crisis by making the following attempts to address the situation a harsh policy of disconnecting services. Recent research undertaken in South Africa estimates that at many people have experienced

either water or electricity disconnection since 1994 due to implementation of these harsh measures. The poor are responding through new social movements. For example, in the form of the Anti-Privatization Forum or Soweto Electricity Crisis Committee. These movements have challenged the South African government in its free market and privatization stance on the provision of basic services. In Namibia, the establishments of Namwater and Nampower as parastatals companies were received with mixed feelings.

1.3 Problem statement

The general challenges facing local authorities are as follows. Delivering basic services, expanding and maintaining infrastructure, and managing the physical environment. The wider socio-economic challenges encapsulate poor service delivery, rapid urbanization, high unemployment, and inadequate economic growth, which constrains municipality. The municipality should address the problems of poor households by delivering housing for all citizens, especially poor people as they are the most affected. Citizens should pay for the services so that they can either continue to receive them or face not receiving such services. Oshakati customers in the financial year of 2012/2013 owed N\$ 45 950 367 for rates and services. Municipalities are negatively affected by an ongoing increase in debtors. The trend of increases in municipality debt is disturbing in SADC. For example, Pietermaritzburg municipality was owed an amount of R243 million in service charges.

Broadly, the challenges facing local government include basic services; expanding and maintaining infrastructure; and managing the physical

environment. The wide socio-economic context of these challenges includes among others:

- rapid urbanization
- rising unemployment
- limited economic growth.

Muvhangu (2011: p.2) affirms that some reasons for this under-funding are associated with poor governance, lack of capacity, and mismanagement. Oshakati municipality is no exception in this regard. This needs to address by the following questions in this study. What are the reasons of non-payment of key municipal services? What best practices can be used by the Oshakati Town Council to improve revenue collection? What strategies exist to encourage regular payments? Do clients receive their water statements on time?

The reasons and causes of non-payment in municipalities have been the focus of different studies (Botes & Pelser, 2001; Booysen, 2001; Muvhangu 2011; Burger, 2001; Fjeldstad, 2004). Most of these studies were undertaken in the early to mid- 2000s which means more recent changes in the LAs' sphere warrant a thorough and updated investigation of the factors that drive this non-payment. The major findings of these studies highlight reasons for rising SADC consumer debt for services. Examples of the reasons of rising debt for services include, inter alia:

- ❖ Payment of interest for long outstanding debts for services, which then leads to increasing the total amount owed to municipalities
- ❖ Poverty is a cause of incapacity to pay

- ❖ Insufficient policies and procedures to collect consumer debt
- ❖ Insufficient political will to advocate debt collection
- ❖ Customers' dissatisfaction with the level of service from municipalities and the notion that their accounts are not accurate
- ❖ Unreliable postal services which means service delivery accounts are not delivered timeously to customers

1.4 Significance of the study

The study has been conducted in SADC by different academia (Muvhangu, 2011; Burger, 2001; Fjeldstad, 2004). Mavhungu focused on the reasons for non-payment by communities in Vhembe District Municipality. In this study the discourse concentrates on the reasons for non-payment for communities in Oshakati municipality and will furnish knowledge on how to arrest the problem in Namibia.

This study illustrates in a variety ways how the Oshakati Town Council could benefit from the research. It is envisaged that after implementation of the recommendations, there should be an improvement in payment for services by residents. An improvement in revenue collection would benefit the communities since the municipality would be able to implement other projects for the residents. The study will also contribute to the body of learning by providing knowledge and strategies to arrest the problems.

The policymakers and staff may then understand the reasons of non-payment and how to manage the related challenges in which the council could improve their revenue enhancement and collection strategies. To date no study has addressed the reasons of non-payment, but the local authority is rapidly moving towards urbanization. The main challenge faced by an urbanized society is the provision of quality services to the public. Against this backdrop, it is deemed necessary to get a clear picture of what local municipalities' challenges are in terms of non-payments of key services.

1.5 Aim and objectives of the study

The overarching aim of this study is to determine the reasons for the non-payment of key services for municipal services in Oshakati. Specifically, the study examines the current reasons of non-payment of services.

1.5.1 Objectives

- To identify the reasons for non-payment of key services in Oshakati.
 - To assess the possible reasons why some consumers fail to pay for services.
 - To determine the contributing factors for non-payment of services on service delivery.
 - To determine what strategies exist to encourage and maintain the payment for service.
-

- To assess whether all money paid to Oshakati is used to deliver services as prescribed by the Local Authority Act (Act 23 of 1992).

1.6 Research questions

There is a main research question as well as subsidiary questions.

1.6.1 The main question

- What are the reasons for the non-payment of key services by many of the Oshakati residents?

1.6.2 Subsidiary research questions

- What are the possible reasons why some consumers are failing to pay for services?
- What are the contributing factors for non-payment of services on service delivery?
- What strategies exist to encourage and maintain the payment for services?
- Does the money paid to Oshakati Town Council used to deliver services -as prescribed by LA's Act (Act, 23 of 1992),

1.7 Scope of the study

At present, there are 54 local authorities in Namibia. Due to resources and time constraints it would be difficult to study all challenges faced by all of them in terms of non-payment of key services. Hence to make the study manageable, the study focuses only on Oshakati town.

1.8 Limitations

- The study was conducted within the ambits of three essential limitations: financial restraints; time constraints; and lack of participants.
- This study was undertaken without the researcher having funds to finance all the activities of study such as transport fees to access research sites and purchasing of the required stationery and materials.
- Secondly, there were time constraints (Maree, 2007). The researcher had limited time to study and to search for information due to being a full time employed.
- Thirdly, there was no guarantee that the required number of participants, as per the sample size identified, would be met. Appointments had to make with both groups of participants, namely staff and community members. This meant there were no guarantees of the availability of all participants. The other possible limitation is that the collected data pertain to Oshakati town thus it limits the researcher in being able to generalize the findings to the rest of Namibia.

1.9 Delimitations

- Only data applicable to relevant information was considered.
 - Interviews were limited to top management and other staff members of the Oshakati Town Council.
-

1.10 Overview of chapters

Chapter one provided the background to study, the problem statement, the significance of study, research questions, aim and objectives of study, scope of study, limitations and delimitations.

Chapter two presents a review of the related literature relating to payments and non-payment of municipal services. Chapter three focuses on research design and methodology in the collection of data and analysis of the findings. Chapter four covers data presentation and statistical analyses of the results. Chapter five presents a discussion and analysis of the findings. Chapter six consists of the conclusion. Recommendations for further research are made and, where applicable, future policy and payments of municipality services, are proposed.

1.11 Conclusion

In this chapter the background of the study, as well as the main research problem, were presented. The main concerns of the study of non-payment of services by Oshakati residents are presented. The main research questions at addressing the reasons behind the non-payment of services by the residents are mapped out. The significance of this research is presented. An overview of each chapter of the study is presented. The next chapter presents a review of relevant

literature in terms of payments and non-payments of municipal services. The reviewed literature is contextualized in terms of the Oshakati municipal services.

CHAPTER TWO

Literature review

2.1 Introduction

In the previous chapter the problem statement, the significance of study, research questions, aims and objectives were discussed. In this chapter a review of related literature is presented to contextualize the aims and objectives of this study. Payment and non-payment of municipal services are discussed in terms of available literature. This chapter covers an analysis of literature on the evaluation of non-payment of services at the Oshakati Town Council. The theories of service delivery and cash management, the role of local authorities (LAs), best practice of revenue collection, and existing strategies to encourage payment are discussed. This discussion leads to conceptualizing a theoretical framework. The purpose of the literature review is to position the study to existing discourse around the problems of payment and related management problems in municipalities. It also helps to identify any gaps that are may be in the literature and in so doing underscores the significance of the need for the study in terms of how it might contribute to filling such gaps.

The municipalities are recognized in terms of the Namibian Constitution, Chapter 12, Article 111, which deals with, a selection of councils to manage the affairs of (LAs; the technique of electing persons to LAs; methods of raising revenue and any other matters dealing with or subsidiary to the supervision and functioning of LAs.

According to Ismail *et al.* (1997) municipalities have been in existence since the early days. Municipalities provide different basic services for the citizens in the area of their respective jurisdiction. Also according to Fourie and Opperman (2007) municipalities are where service delivery commences. They further state that an LA is about what happens in our homes, streets, and in our communities. This implies that LAs are the ones who contract with the actual service delivery to the communities.

Johnson (1999, p.1) states that the phenomenon of non-payment clearly undermines not only local government structures, but also the entire capacity of the national government to deliver change at the local government sphere. All developmental programmes ultimately rely on the support and coordination that local government structures and staff of local government can provide. Quoted in Kromberg (1995, p.1), the former President of South Africa, Nelson Mandela states that “non-payment today hurts those who have nothing and who are waiting for houses, electricity and sewerage”. He further elaborates that this consequently hurts neighbours who must carry the unfair burden of extra charges that municipalities might impose onto them. Many LAs state that the fundamental reason for this is only the poverty of their constituents which means that they are unable, rather than unwilling, to pay for services. This view is supported in the findings of the baseline survey by Botes and Pelsner (2001, p.60). From the different studies conducted on non-payment for services, it appears that the central point lies in the multifaceted problems adjoining ‘the entitlement culture’ and even the ‘culture of non-payment’ (Moses, 2002) and (Johnson, 1999) however, argues that the culture of non-payment exists in LAs.

In order for this study to investigate the reasons for the non-payment of key services in Oshakati it is necessary to first summarize the key services delivered by municipalities worldwide. Added to this is a discussion on the strategies that municipalities in general make use of, in order to encourage residents' payment for service. This leads to the question what are the best practices in terms of revenue collection for services at the different levels of government and the reasons of non-payments of key services rendered by the municipalities.

2.2 The key services provided by municipalities

According to Gildenhuis (1997, p.9) LAs must carry out specifically related functions to achieve their goals and objectives. He refers to two groups of functions: line function, and staff functions, respectively. Gildenhuis is of the opinion that specific activities need to be undertaken by a LA in order for it to provide services. He classifies the line functions of municipal services and identifies activities that have to be undertaken to provide such services. These are as follows.

❖ **Control and protection services: These services may include some of the following activities**

- Security services that may include activities such as guarding all property of the local government, security control at entrances to public municipal buildings, training of guards and dogs, caring for guard dogs and maintaining electronic control systems;
- Social welfare services, such as ambulance services, which include transporting patients by ambulances, maintaining ambulance vehicles and in-service training of paramedical staff;
- Social activities that may include provision and maintenance of libraries, and art galleries and organization of art exhibitions;
- Housing development activities to ensure that there is township establishment for the provision of stand, erection of low cost housing, maintenance and renting of municipal housing, allocation and sale of low cost housing and any other related activity.

❖ **Economic infrastructure services include the following activities**

- Abattoirs: slaughtering of animals; inspection of meat and provision and maintenance of abattoir facilities, destroying and contaminated carcasses and meat;
 - Electricity supply: supplying streetlights, provision and maintenance of electricity supply network and inspection of electrical wiring of buildings.
 - Sewerage disposal activities: constructions of and maintenance of sewerage systems, and supply of sewerage connections to premises of residents.
-

- Roads and storm water drainage: constructions and maintenance of local roads streets, paved sidewalks, erection and maintenance of traffic and marks;
- Water supply construction and maintenance of bulk water supply, construction and maintenance of reticulation networks, supplying water connections to consumers;
- Solid waste removal: regular collection and removal of solid waste, recycling of solid waste, supplying solid waste containers (bins and plastic bags), collection and removal of garden refuse.

Gildenhuys (1997) adds the following function services that need to be provided by LAs and the practical activities involved to rendering such supporting services.

- Financing services include the revenue collection, credit control, preparation of operating and capital budgets, maintaining records of municipal assets and expenditure administration;
- Auditing involves the appropriation audit (referred as budget control), performance auditing and computer training;
- Judicial services means rendering legal advice, debt collection drafting by-laws and regulations and preparing contract;
- Secretarial services means providing secretarial services to the mayor and other political office-bearers, preparing the agenda for council and committee meetings, maintaining minutes of the council;

- Human resources services involves recruiting of personnel, placing and orientation of new employees, job evaluation, maintaining personnel records and personnel development;
- Resource supply services covers issuing of stock, inventory management, purchasing and storing stock, calling for public tenders and quotations;
- Economic development services include the accelerated development, development of tourist attractions, marketing of the municipality for economic development, establishing industrial, trade and residential townships;
- Town planning services should include preparing development frameworks and structure plans, land use zoning schemes and zoning maps, applications for removal of restrictions and applications for the subdivision of land.

Hornby (2005, p.1335) describes a service as being that which a state or private company provides to satisfy public needs, such as water supply and electricity. Section 30, subsection 1, paragraph (c) (n) (u), sub-paragraph (ii) of Act 23 of Local Authority Act, (Act 23 of 1992) states that a LA shall have the power to provide, maintain and take services to such residents for the removal destruction or disposal , rubbish, carcasses of dead animals and all refuse. It is further stated that to beautify and secure the neatness of its area, including the planting, trimming or removal of trees shall be exercised by LAs. An LA shall determine by notice in the Gazette, the charges, fees and other money payable in respect of any service, amenity or facility including the levy of interest rate on unpaid debts in respect of such charges, fees or other moneys to ensure the

provision of services to communities in a sustainable manner. Sustainability in this regard refers to the continued provision of adequate services that maintain the general welfare of the communities. Gildenhuis (1997, p.16) states that in order for a LA to fulfill its functions it has to render line function services to the public.

The above key services indicate that LAs inclusive Oshakati Town Council play a crucial role in the process of service delivery to the public. However, the provisions of these services are associated with costs, a problem that has been exacerbated by the fact that some communities have been slow in paying for their services (Sowetan, 1998). Mabotja (2002) argues in urban areas, there is a general belief that local governments have enough funds with which to render free services and that even in instances where municipalities do not have the financial ability to deliver; some people are under the impression that the local government is unwilling to do so.

In Namibia, there are two main service providers for electricity and supplying of water to municipalities. These are the Nampower and Namwater, respectively. Local authorities are important as they function at grass roots level and are directly involved with communities. They are however, weakened by their association with communities as their incomes are based on the rates and other service charges that they levy in return for the services that they provide. Should residents or communities not pay for their services then municipalities

would be forced to stop providing services. Such a step would be to the detriment of the communities.

Since non-payment of municipal services is not something new, the next section focuses on existing strategies to encourage payment for municipal services so as to lead to a reduction in non-payment.

2.3 Existing strategies to encourage the payment for services

Different attempts have been made to enforce payment for services delivered. In the United States of America (USA) non-payment of, for example, parking tickets and library fines, have prompted different LAs in New York and Chicago to hand over their debt collection services to private collection agencies. In some instances, this could result in consumers being blacklisted. The effects can be far reaching, and even affect the interest rate a consumer can demand when applying for a home loan or vehicle financing (Spencer, 2006).

Another tool that can be used to encourage payment is the cutting off or disconnection of services. The use of such a strategy is however, politically contentious. Total cut-offs are not possible because certain services, such as water and electricity for hospitals and police stations, are considered as a basic human right (McDonald, 2002). According to Ruiters (2002) there are four types of permanent cut-offs. For example, shutting off services through removal of cables and pipes; increasing reconnection fees, which are usually, so severe that they effectively limit who can afford to reconnect; requiring residents to pay off

outstanding payments before being able to reconnect, and self-disconnecting by a prepaid meter. Prepaid meters present the ultimate cost recovery mechanism because the service is paid for prior to using it. In essence, it represents an effective means of preventing defaulting on payments.

One method of cost recovery is to apply the principle of cross-subsidisation whereby wealthier households are charged higher tariffs to subsidise services to poorer households. A commonly used strategy for facilitating services to poorer households is cross subsidisation using block tariffs (McDonald, 2002). Many people were and still are under the impression that improvements in their lives and the development of services can be obtained through coercive bargaining tactics, such as boycotts. This situation has led to the problems that are encountered today (Christianson, 1994), as well as the consequent inheritance of the result of years of developmental neglect in townships, combined with a culture of payment evasion. Getting communities to pay for services is characterised by a number of interrelated problems. The next section provides the best practice of revenue collection for non-payment at different governments.

2.4 The best practice of revenue collection for services at different levels of government

Many local government authorities have reformed their revenue collection systems in recent years in order to add to their revenue. According to Parkin (1995) revenue refers to the total amount of money attained by the company from goods and services retailed. In the context of this study, it is an income collected by local governments from sources within their jurisdiction. In order to maximize collection's legislation should be enacted to permit collections to do the following.

- Create a legal framework allowing for administrative wage garnishment.
 - Access towns' databases that contain demographic information, which will assist departments or partner collection agencies in locating and contacting debtors.
 - Proceed with litigation and judgment on accounts that meet specified criteria.
-

Knowing detailed characteristics, such as types of debt and ages of the debt, will allow towns to prioritize the workflow thereby increasing the efficacy of debt collection efforts and performance. For example, if a local government knows that 50% of the non-payment in their records is more than 10 years old then this should lead to an entity that concentrates its efforts on collecting more current debt which should result in a statistically improved rate of collection. It is also advisable that municipalities should begin internal collection efforts as early as possible in the non-payment life cycle. Reason being that it is a well-known fact in the debt collections' industry that the 'newer' the debt the more likely it will be collected.

It is important for an LA or local government to consider planning ahead if it decides to contract with a collection partner. Ideally non-paid accounts should be given to a partner after 60-90 days following default of payments. Outsourcing these collection efforts has an added benefit of allowing a department or agency to focus on more complex cases or other vital department objectives.

A contingency fee collections contract is an ideal design to employ since there is shared success and alignment of goals. The contract allows for limited up-front costs to the organization and allows collection partners to align their pricing with the interests of the town. It is a win-win for both parties when additional revenue is collected. Local authorities should however, not rely on the lowest bid vendors to keep their overheads low. The reason being that in order to keep costs low such vendors will usually expend minimal effort collecting

outstanding debts on behalf of the service provider. This translates into fewer collection tools/efforts being used resulting in fewer account resolutions thus lower revenue coming into the council or agency, and an increased potential for non-compliance or other service risks.

Assess a reasonable penalty to collect on due debt obligations. This 'yardstick' serves as a built-in way to improve voluntary compliance as future tax 'delinquents' will cost repeat offenders more down the road. Allow debtors to spread their payment over different months instead of forcing them to come up with a single payment which could be beyond their means. For example, a debtor is often more likely to succeed in pay a debt if allowed to pay in monthly of N\$100 a month for twelve months instead of being required to pay a lump sum of N\$ 2000 by a specific date. The latter approach could increase the likelihood of non-payments among consumers. Often the additional costs associated with a payment plan are offset by a small convenience fee assessed on the taxpayer's account.

Allow online and/or phone payments as they create a convenient time for consumers to make payment thus increasing the chance of payment been made. Payments done at the premises of an LA, for example, are associated with high costs.

The researcher will investigate whether Oshakati Town Council is using the above worldwide best practice for collection of revenue in order to discourage non-payment.

The next section deals with principles and approaches to service delivery for municipalities.

2.5 Principles and approaches to service delivery

In providing these principles and approaches, the Local Authorities White Paper (1998, pp.93-100) states that the affordability of services should be taken into account as below:

- Accessibility of services. The White Paper indicates that accessibility of services does not only refer to making services available but also to make services easy and convenient to use.
- Affordability of services which according to the Local Authorities White Paper (1998), means that affordability is closely linked to the availability. In a wider sense even when service infrastructure is in place, services will remain inaccessible unless they are financially affordable to LAs.

The following should be considered to ensure affordability of services.

- Recognizing appropriate service levels because service levels, which are too high, may economically unsustainable and jeopardize continued service provision.
 - Cross-subsidization within and between services (between low and high income users and between commercial and residential users).
 - Accountability for services. On this point it is argued that whichever mechanism may be used by LAs to deliver services, the LA councils
-

remain accountable for ensuring the provision of quality services that are affordable and accessible.

- Value for money: this principle requires that the best possible uses be made of public resources to ensure universal access to affordable and sustainable services.

The above principles indicate that the process for the delivery of services is not just a process. Local authorities should consider certain principles as their guidelines to ensure effective and efficient service delivery. For example, a public-public partnership or a public-private joint venture. According to the Local Authorities White Paper (1998, p.97), LAs are beginning to discover groundbreaking strategic alliance agreements such as partnering with the post office for the collection of revenue and contracting out certain services by entering into an agreement with specialist private companies to provide services. This means that when services are contracted out these can range from specific aspects of particular service to the introduction of competitive tendering for the delivery of most aspects of service. The White Paper further argues that where services are contracted out then LAs should protect standards and promote quality through tender evaluation processes, contract specifications and monitoring and techniques compliance.

In an attempt to answer the problem of non-payment the next sub-section covers service delivery designs.

2.5 Service delivery designs

2.5.1 The transaction relationship design

Hermon (2010) states “When a customer patronizes a business, such as a municipality, the customer does not give much thought to his or her relationship with the market”. The customer goes about collecting the needed products, paying for them and then departing. Figure 2.1 below illustrates the transaction relationship design which shows a simple transaction for service payment by the customer. The municipality provides an exchange for payment by the customer. Each exchange takes place on a transaction by transaction basis.

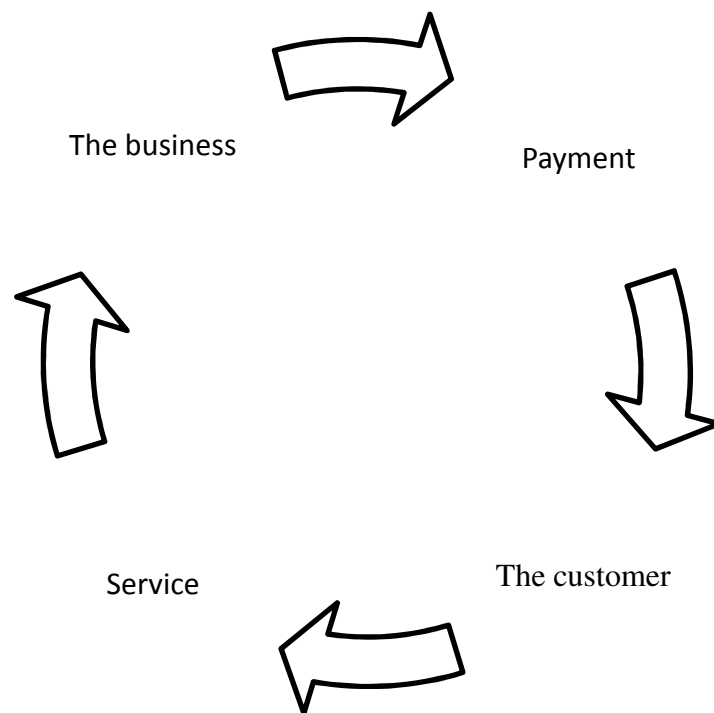


Figure 2.1: Source Hermon (2010): The transaction service design

2.5.2 A satisfaction customer based design

An obligation to meeting and exceeding customer expectations should be backed by a guarantee. The satisfaction survey is a periodic or perhaps annual

invitation to attend to customers asking them to report on how the municipality is delivering services. Customers need value for money for the services if there is no value for money customers will refrain paying for services. The service development reporting form or comment sheet can be completed by customers or staff at any time throughout the year. Figure 2.2 presents such a design.

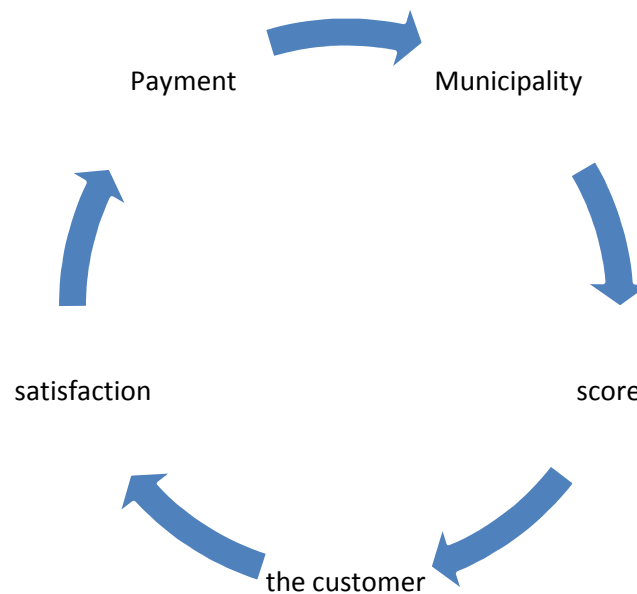


Figure 2:2 Source Hermon P (2010), Satisfaction design. A customer based design: Washington American Library Association.

The importance to engage the customer for service delivery to be improved is illustrated in this design. It is feasible to build a much more unequivocal and reciprocally engaging relationship between the customer and the business. In this design, the business sets specific expectations for service delivery in the mind of the customer and asks the customer in return to rate how the business is doing. By winning over the customer, relationship is improved.

The business provides a significant set of expectations from customer back-up with a satisfaction guarantee. When customer are not satisfied in most cases they will try to refrain from getting repeat business and will also abscond in paying for services.

Reasons of non-payment for municipalities in particular are presented below.

2.5.3 Servqual

According to Parassuram, Berry and Zeithalm (1988), Servqual is delineated as a multi-item scale that was developed to assess customers' views of service quality in the service and retail business. Servqual is applicable to retail and banking services that pertain to the public. A disparity between customer understandings and expectations, in terms of Servqual, is taken to be a service gap in delivering service for a variety of service qualities. The latter qualities refer to tangibles, reliability, responsiveness, assurance and empathy, average service quality gaps scores. The difference between an average understanding score and an expectation score are computed for the dimensions of tangibility, reliability, responsiveness, assurance and empathy.

The service quality design is presented below.

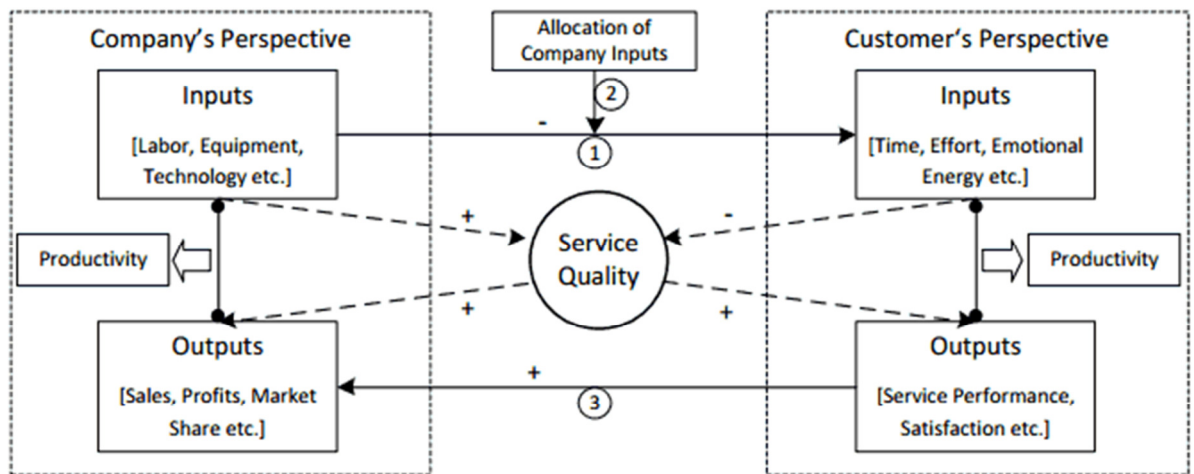


Figure 2.3 Source Parasuraman (2002:2010) Service productivity

The most conspicuous feature in this design is an explicit distinction between the service provider and the service customer and their relevant sets of inputs and outputs. From the service provider understands inputs can be labor, equipment or technology which can be transformed into sales, profits or market share.

In an effort to study the service gap, Dash and Kumar (2007) highlighted that customers' expectations surpassed their expectations taking into account the diverse dimensions service quality. If a positive gap exists the customers would be apt to comment positively about the service. On the divergent, a negative quality gap would result in customers being belligerent and possibly switching to other service providers. They would have negative comments about the provider or would just decrease the usage of the service.

Quality management is the creation of a culture of assurance to identifying and meeting customer necessities all the way through the whole

organization, contained by available resources. Performance is recurrently gauged against customer prospects and satisfaction. Singapore was the first public service to initiate work development teams developed from quality control circles. These teams permit groups of staff of any grade from the same work area to meet repeatedly to discuss candidly and sincerely hindrances to quality and to offer sensible solutions for service development. All new candidates in the Singapore public service are routinely assigned to work improvement team. Incumbent staffs who are affiliates of any such team either form new teams or are drafted into existing teams.

Tangibility variable

The tangibility dimension of the Servqual customer understanding tool is comprised of the first four questions which assess council understandings of the tangible appearance aspects (equipment, materials, physical facility and employees). When looking at each of the four factors making up the tangibility dimension of customer satisfaction, the expectations of the Oregon drug company expectations exceed their understandings in the area of modern looking equipment (gap score – $P-E = -.21$) and in visually appealing materials (gap score – $P-E = -.22$). Understandings exceed expectations in the areas of visually appealing facilities (gap score – $P-E = .12$) and professional appearance of employees (gap score – $P-E = .53$). The average un-weighted gap score ($P-E$) for the tangibility dimension of customer satisfaction is .05. When applying the tangibility weight score of 8.11 to the gap score, the weighted gap score jumps to .44 (Gibson, 2009).

Reliability variable

Gronroos (1990), Parasuraman et al. (1985, 1988) and Zeithaml et al. (1990) developed a multi-item scale (SERVQUAL) where they integrated the most important of the criteria contributing to the formation of customer understandings of service and which signal quality to the customer. These are: reliability - reflecting the technical quality of the outcome of the service encounter, i.e. what is received by the customer; and tangibles, responsiveness, assurance and empathy - reflecting the functional quality of the process itself, i.e. how the service is provided. Quantification is obtained by measuring expectations and understandings of performance for each one of these dimensions (Cronin and Taylor, 1992; Parasuraman et al., 1988; 1991; Zeithaml et al., 1990). SERVQUAL was deemed "to be applicable to retail and business services and relevant for banking service.

Assurance variable

This is a variable for courtesy which is demonstrated by employees when they exercise good customer care. Assurance demonstrates a degree of confidence which is exhibited by members of staff when answering questions and dealing with multifarious problems. Confidence is essential as it builds on employee efficacy. It enhances self-belief in providing good customer care. When staff members have a positive assurance variable this motivates them when dealing with customers.

Empathy variable

It occurs when employees put themselves in someone's shoes when handling customer problems instead of sympathizing with clients, employees with empathy variable are able to satisfy the customers. Performance in personal care, understanding customers and convenient in operating hours. Personal care is very essential and providing convenient care becomes problems of paramount importance needs much empathy in handling customers (Gibson, 2009).

2.6 Reasons of non-payment of services at local government level

The most common reason used to describe non-payment appears to be the failure to pay due to poverty (Booyesen, 2001; Botes & Pelser, 2001; Burger 2001). A failure to pay indicates that there is an income level above which people are unable to pay for the delivery of services. According to Milne (2004) there are a range of indicators. For example, consumption-related indicators, such as a percentage of total household expenditure devoted to a commodity or per capita consumption on a commodity, and price – related indicators, such as unit prices paid for a commodity.

McPhail (1993) suggests incorporating assessments of affordability and willingness to pay at the planning stage of public service of goods, such as water if the intention is to recover costs. The information from an

affordability assessment can provide insight into potential service usage patterns and therefore, the tariff to be charged in order to maximize cost recovery.

According to Fjeldstad (2004) non-payment exists both in poor and rich areas. Willingness or unwillingness to pay can stem from dissatisfaction with services delivered by LAs which leads to a cycle of non-payments. As a result, LAs are unable to leverage financial and other resources in order to improve service delivery adequately. Fjeldstad (2004) concurs with the power of citizen understanding, which is linked to the degree of trust that community members have in LAs' leadership. He suggests that there are three dimensions of trust that affect citizen compliance.

The first dimension is that of trust in LAs to act in the interest of residents. In other words whether they believe that the authority spends money on the required services and whether services provided are of an acceptable quality. The second dimension relates to whether citizens believe that the authority will establish fair procedures for collecting revenue and distributing services. The third dimension concerns trust in other citizens to pay their share. The trust of others comes into play in relation to the role of social influences. For example, behavior may be motivated to change if non-payment is met with certain negative social connotations or stigma.

The reverse may also be true that if non-payment is considered the norm, residents may not consider non-compliance a significant problem (Fjeldstad, 2004). Unless consumer non-payment is reversed as a matter of urgency, municipalities will not be able to make inroads into eliminating backlogs in development and service delivery. Furthermore, an umbrella body for business

in South Africa listed the following factors in order of importance as the main reasons driving non-payment of services (Business Unity South Africa Annual Report [BUSA], 2011).

- Irregular billing
- Incorrect billing
- Unhappiness with service
- High tariffs

According to Kromberg (1995, p.32) the main reasons for non-payment of services were:

- Apartheid system
- The non-existence of representative municipalities
- The breakdown in the provision of services
- Communities got away with not paying
- The breakdown in administration.

The above-mentioned reasons have been usurped by other reasons in recent times. The examples are:

1. Dissatisfaction with the quality of services
 2. Poverty and unemployment
 3. The result of HIV/AIDS
 4. The lack of consumer participation and perceived mismanagement of funds.
 5. Social practise
 6. Opportunisms
 7. Political rivalry
-

The above reasons are elaborated in the section that follows.

2.6.1 Dissatisfaction with services as a reason of non-payment

According to Gurr (1970, p.70), the use of non-payment with at least sensible effectiveness will result in dissemination of the system as communities become a formidable force and gain confidence in their power to manipulate local authorities and service providers. This technique has been used repeatedly in South Africa townships under different conditions.

In this regard, Ruiters (2002, p.54) articulates that societies may see disbursement boycotts as a form of collective power; the camaraderie of the community allows people to disregard the law and to explore survivalist options. These options include obtaining services from neighbours, self-connections to services that have been stopped by the local authorities, attempts to slow down meters, and tampering with installed prepaid meters. However, the *Sowetan Sunday World* (2001, p.17) warns that service providers must comprehend that where there is a disbursement there must then be noticeable, prompt service delivery. If those that receive the services do not feel that the services are of a sufficient standard, the residents will continue to withhold payments.

2.6.2 Poverty and unemployment as reasons for non-payment

Poverty and unemployment are major reasons of non-payment of municipal services in Namibia. According to the Namibian Labor Survey 2008, the current unemployment rate is 51.2 percent. Namibia is thus confronted with a situation where municipalities are put under ever accumulative pressure in

view of the fact that poor people migrate from rural to urban areas seeking work, and to advance their living standards Namibian Labor Survey (2008) states “This migration to urban areas has flooded the job market and led to huge scale urban unemployment .” This in turn, puts pressure on municipalities’ infrastructure because the rural immigrants cannot afford to pay for basic services (Craythorne, 2006). Furthermore, as reported in the *Sowetan*, (2001), although there is still a culture of boycotting council payments, people were deprived and could not afford to pay for municipal services. Poverty is then an underlying reason for non-payment. Poverty and unemployment force many people to live below the breadline thus they only have no money to pay for the services that they receive. In a scenario like this, there is a little money left in the households after the families have fed and clothed themselves (*Natal Witness*, 2003).

Poverty is an underpinning factor in the non-payment challenge as many people are compelled to use what little money they have on rudimentary necessities. Hagg (1998, p.8) concludes that poverty is unswervingly related to the capability to pay, but not to the disposition to pay. Skills also influence unemployment: unskilled and semiskilled persons are most severely affected. Retrenchment adds to households’ financial burdens in terms of non-payment of services. Other non-payment contributing factors include high interest rates, the inability to manage household incomes, and incidental unexpected events such as illness, death or HIV/AIDS.

2.6.3 The result of HIV/AIDS as reasons for non-payment of municipal services

According to Pelser and Botes (2002,p.20) empirical evidence and demographic projections, show that the HIV/AIDS pandemic will r create a major shift in income and expenditure patterns in the most seriously affected households. Affected residents or households are likely to redirect expenditures to epidemically related needs such as medication and funeral expenses. The trend in African countries, Namibia included, is that households with AIDS patients spend more money on healthcare compared to households without such patients.

HIV/AIDS related illness, job losses, and death of an economically active adult have a very serious social and economic result for the surviving members of households. The breakdown of family structures is likely to worsen as a result of the epidemic. In many cases houses are run either by single parents or by children. In such scenarios services rendered would be suspended by the municipalities due to non-payment (Rust, 2002). Poor residents bear the highest burden of the disease and experience the greatest negative result; they have the least reserves available to cope with this epidemic (Pelser & Botes, 2002, p.22) These families will not only have to cope with short term expenses as funeral costs, but also long-term consequences due to a loss of income and services that an economically active adult typically provides (Epicentre, 2002). Households with lower levels of assets will find it more difficult to cope with an adult's death than those with higher levels of assets. Epicentre (2002, p.34) also observed that poor residents/households are generally worse off after the loss of a productive

member. The households that are severely affected by HIV/AIDS will be pushed further into poverty and will no longer be able to fulfill their financial obligations to pay for municipal services. Unfortunately, as Rust (2002) points out, no system exists to support HIV/AIDS affected households to enable them to fulfill their financial obligations to service providers. HIV/AIDS not only increase the risk of non-payment to LAs but also lead to ethical difficulties for the municipalities that have to evict potentially impoverished widows/widowers and orphans out of the housing due to non-payment (Quindiem, 2002).

2.6.4. Consumer participation and trust of non-payment of municipal services

Many communities in local authorities in Africa have stopped paying for their services and their municipal rates and taxes in reply to alleged mismanagement of municipal funds by the officials whom they have designated. Imbalanced spending patterns and budgets of municipalities in the past have left many LAs, exclusively those in historically underprivileged areas, with financial difficulties. In many cases, the infrastructure in these areas has shrunk, and service delivery has grounded to a halt (Kromberg, 1995). Moreover, residents are more likely to trust information from community leaders than from the outside (Rust, 2002). Political or civic leaders are able to mobilize communities to stop paying their service charges as a form of political protest (Tomlinson, 1999).

2.6.5 Social practice of non-payment of municipal services

It was expected that the non-payment culture would decline after the political transition to democracy. This did not occur. Some people not only

refuse to pay mortgage bonds or municipal services but, also resist being evicted from their houses when ordered to do so. A culture of non-payment undermines the authority and delivery capacity of the local government (Khan & Ambert, 2003). People in informal settlements are accustomed to municipalities providing services, despite non-payment. A culture of non-payment that is prevalent in the lower groups or informal settlement is a serious problem that needs to be addressed (Johnson, 1999). A culture of non-payment can be exploited by less poor people as a rationalization for not paying their accounts (Schlemmer & Smith, 2001). A high prevalence of non-payment encourages a culture of non-payment even by income groups than can afford to pay. According to Meiring and Parsons (1994, p.32), ineffective public programmes, unresponsive officials and politicians, who are unable to mobilize public contribution and co-operation have also contributed to the culture of the civil apathy ubiquitous in African countries.

2.6.6 Opportunism as a reason of the non-payment of municipal services

According to the *Natal Witness* (2003, p.3), private consumers have also begun to reject the notion that is necessary to pay for municipal services. The reason being that they see others doing so with impunity. For example, a consumer maintained that he would not pay for electricity since municipalities only send bills to those who pay. Those who cannot afford to pay get their services cut off (*The Citizen*, 2002, p.12). There is also an understanding in some communities that the billing systems in their areas were unfair. For example, the Soweto Electricity Crisis Committee in South Africa is of the opinion that ESKOM

discriminates against the poorer residents of Soweto in favor of their richer counterparts in Sandton City.

2.6.7 Political rivalry and public dissatisfaction

Over the past years, Africa has experienced a wave of protest across the continent. Many of these protests have also turned violent. In South Africa, for example, incidents of apparent xenophobia were reported. Foreigners feared the attacks that saw 60 foreigners being killed in 2008; some sought shelter at police stations. In a number of places, the police had to use force to bring stability and restoration of order. Police action included arrests for looting and public violence (Mufamadi, 2002). Reasons for such protests included dissatisfaction with the delivery of basic municipal services such as running water and toilets in informal settlements. The Namibian unemployment rate is 51%, with high levels of poverty, and poor infrastructures. This comes in the wake of political promises during the election period that all or most of these problems would be addressed once the new government is in place (Mufamadi, 2002).

The police need to uphold order and apply the law, but the solution to the challenge does not lie in regulating. What is needed are rapid solutions to the socio-economic conditions that prevail in many communities. Urgent interpositions in relation to the conditions that bedevil the proficient and effective functioning of municipalities' service delivery are crucial. Without this being addressed and implemented means that unrest could lead to the problem of non-payment of municipal services.

2.7 Theoretical framework

A variable is a characteristic or factor that has values that change. (Salkind, 2011, p. 36) articulates “A moderating variable is the second independent variable that is included because researchers believe that it may have a fundamental moderating effect on the correlation between the primary independent variable and dependent variable links.” Figure 2.4 below is a summary of dependent and independent variables pertaining to this study. The dependent variable is the non-payment of services while the independent variables are the reasons for non-payment such as poverty and unemployment, dissatisfaction with services, result of HIV/AIDS, mismanagement, social practise, opportunism, principles and approaches to service delivery, lack of existing strategies to encourage payment and inadequate best practice for revenue collection.

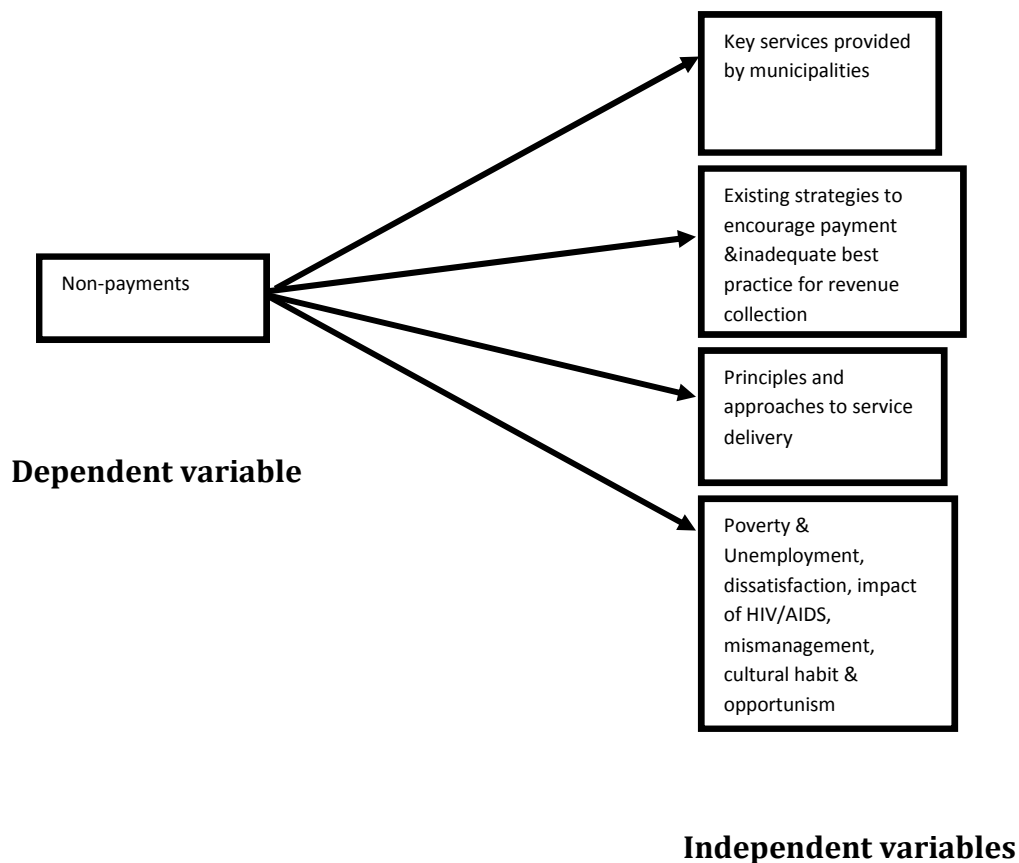


Figure 2.4 Theoretical frameworks

The dependent variables would vary each time the independent variables change. In this study, there are many independent variables which defined whether people do or do not pay for services. This range from the approach of people towards service delivery. Some independent variables can also be defined by other variables. For example, the approach of the communities towards the disbursement of services could be defined by the quality of the service or the degree to which the communities are involved in the management and delivery of service. Occasionally more than one independent variable can generate the same effect on a dependent component.

For example, failure to pay services can be reasoned by many independent variables: the rate literacy and poverty, for example.

2.8 Conclusion

This chapter reviewed related literature on the key services provided by municipalities as well as existing strategies to encourage payment services, and best practice of revenue collection. The literature review included principles and approaches to service delivery, and the reasons of non-payment of municipal services. In light of the above discussion of literature, it is evident that non-payment of service charges is a complex challenge requiring multi-faceted solutions. The literature further revealed that dissatisfaction with the quality of service, poverty, unemployment, HIV/AIDS, lack of trust, social practise, and opportunism are some potential reasons of non-payment of services, especially among poor communities. Addressing these challenges requires not only interventions aimed at promoting greater levels of payment by consumers, but more importantly, improvements to service delivery and processes. The next chapter will unravel the research design and steps taken to do research.

CHAPTER THREE

Research design and methodology

3.1 Introduction

In the preceding chapter we have focused on related literature relating to payments and non-payment of municipal service. In this chapter the researcher will concentrate on data presentation and statistical analysis of results.

The pivotal aim of this study is to evaluate the reasons for non-payment of municipal services in Oshakati town. As discussed in the previous chapter, it is evident that there are different reasons that can be attributed to non-payment of municipal services by consumers and the public in general. Poverty was highlighted as an underlying reason of non-payment since it can affect a LA's ability to deliver services. Poverty as a reason should be interrogated because consumers can plead poverty, whereas they, in fact, are just not willing to pay for services.

Against this setting, it is important to elect the most suitable methodology to unravel these interwoven reasons for non-payment of services in order to possibly reveal the real reasons. By doing this, means that appropriate actions can then be explored to redress the situation. Another aspect that needs to be examined is the involvement and contribution of communities in the management and provision of services. The study examines the degree to which the communities are involved in the service delivery since failure to involve them can breed resistance towards payment of services.

Within this context different aspects of research methodology, research design, sampling procedures, measuring instruments, data collections methods, reliability, validity, treatment of data, as well as ethical considerations, are discussed below. The research method used in order to attain the objectives of the study is discussed. The advantages of undertaking a quantitative and qualitative study are discussed and conclusions drawn in terms of the needs of this study.

3.2 Research design

This is an empirical study which includes descriptive research. Empirical research works by the process of induction (Goddard & Melville, 2001).

Induction is the formulation of general theories from specific observations as opposed to deduction which is the derivation of a new logical truth from existing facts. In this study, only inductions were made from people's responses to why they do not pay for services. The study involved the development of certain theories to describe non-payment for services.

The study involved different types of research, such as descriptive and expository research. (Saunders (2010, p.452) says "descriptive or case study research is a research in which a precise situation is studied either to see if it provides rise to any overall theories or to see if prevailing theories are borne out by an unambiguous situation' In this case, it understands that the reasons why residents do not pay for services rendered by municipalities in Oshakati are

complex. A detailed description of the problem needs to therefore, be undertaken.

Salkind (2010) says “Expository research is based purely on existing information and usually results in a review type of reports”. Reading extensively on the field and then equating, contrasting, analysing and combining all points of view on a particular subject, a researcher can often develop important new insights.

In line with the purpose of the study, the nature of information to be gathered from the respondents included: the best preferred practise in terms of revenue collection; the strategies, which exist, in the municipality to encourage payment for services; and the reasons for non-payment of municipality services.

The researcher set up a complete demarcation of the research problem which entailed a process of setting boundaries. If one does not know the boundaries of what one is working on, there will be no direction to the study. The geographical boundaries of Oshakati Town Council are demarcated in this study. The study’s population comprises those consumers who have legally entered into contracts with the municipality for the supply of municipal services. The process of demarcation involves: determining the scope of the study; what variables are involved; how the research would be pursued; and what practical constraints would be involved. In this case, the problem of non-payment for services is common throughout Namibia. Although the study was carried out in

Oshakati Town it could be argued that despite such a limitation the results could not possibly be applicable throughout the country.

3.3 Sources of information

It is important to find out what other people have discovered about a selected field of study in general and about the topic in particular before commencing research on the topic. Discovering how solutions to related problems in the field were found can be enormously helpful in guiding research into a new problem. Awareness of partial solutions to the problem can save a lot of time. Literature review is often used to describe the process of finding out about previous work done in the area from a range of sources. Research should include two distinct types of literature review: preliminary and full literature reviews. A preliminary literature review allows a researcher to develop a feel for the topic and problems involved. It helps one to understand how the proposed research slots in the existing literature to identify gaps, for example. A preliminary literature review is shallow in nature and only scratches the surface of the subject under discussion.

A full and comprehensive literature exercise was conducted concurrently with the field data collection exercise. There are two sources of information in this study. The first being a review of published and unpublished literature. The second group provides the evidence required by the study to make conclusions. These include human sources and municipal reports.

3.4 Population and samples

Goddard and Melville (2001) maintain that the population is any given group that includes all the potential subjects of the research interest. It is also regarded as a total set from which individuals or units of the study are chosen. In the context of the current study, all the residents of Oshakati town formed the population of the study. In principle, they all had an equal opportunity to participate in the study. According to Goddard and Melville (2001, p.26), it is not possible to study an entire population. For example, someone trying to determine the average length of adult frogs in Namibia would find it impossible to do this by measuring each and every frog in the entire country. In such cases, it is necessary to make general findings based on a study of only a subset of the population. The study's population comprises those consumers who have legally entered into contracts with the municipality for the supply of municipal services.

3.4.1 Sampling procedures

Sampling is the strategies used to choose the sample of participants chosen from the entire population to get the information about the significant group (McMillan & Schumacher, 2001). The sample for this study was randomly chosen from the population of Oshakati town. The type of sampling used is simple random sampling; the advantage is that the researchers first assign numbers to each member of the population. After performing this enumeration, they generate as many unique random numbers as the size of the required sample and the corresponding members of the population become the sample. Stratified random sampling takes place when researchers have prior information

regarding certain characteristics of the population's composition and they want the selection of sample to reflect this.

Probability sampling refers to a sample method whereby every unit in a study population has a chance of being selected. This means that probability mechanisms are used. The benefits of probability being accurately determined means there is no subjective selection of units. Every unit in the population must have a known or greater than zero selection probability. The advantages of probability sampling include avoidance of selection biases, and it permits the precision of estimates to be assessed using only information collected from the selected sample. Since precision can be determined means that probability sampling is a tool for making informed estimates of the likely effect of changes to the aspects of design.

Non-probability is any sampling method where some elements of the study population have no chance of selection. Such sampling means the study population may or may not be accurately represented. The major problem with non-probability sampling is that there is no formal procedure for generalizing from the sample to the population since the researcher cannot determine sampling error. Non-probability sampling has pragmatic advantages, such as saving time and money. Its disadvantages can be reduced by working with homogenous populations or enlarging the sample. Non-probability samples include convenience, quota, purposive, and snowball sampling, respectively.

3.4.2 Sample size

A sample should be large enough to correctly represent the study population. For this study, 100 questionnaires had to be completed by residents. The questionnaires were distributed to twenty (n=20) staff members of Oshakati municipality in revenue, expenditure, budgeting, water and sewerage sections, respectively. One hundred and twenty (n=120) questionnaires were distributed to the communities comprising residents and customers of the municipal services as well as businesses. The questionnaires were either hand delivered or sent electronically. A brief explanation of the aims of the study as well as ethical consideration of confidentiality and the freedom to choose to participate or withdraw from the study, were detailed in the questionnaire. The respondents have to consider 24 closed questions and select their answers on the following scale:: strongly agree = 1; agree = 2; undecided=3; disagree=4; strongly disagree =5. Two additional open questions were added. The respondents could comment or indicate what revenue collection methods they thought the municipality could introduce, and state whether there were residents that knew who do not pay, and furnish reasons for non-payment if known.

3.4.3 Sample bias

Saunders (2011 p 457) delineates “A sample is said to be biased if it represents only a specific subgroup of the population or if particular subgroups are over or under represented in it.” In this study measures were taken to avoid any source of bias, such as choosing only staff members of the municipality of Oshakati randomly. Bias could also be reasoned if a researcher is employed by the municipality or if respondents provide answer they assume a researcher

would like to hear. To reduce bias research assistants at the population level were selected and trained to administer the data collection tools in this study. Furthermore, the researcher avoided making assumptions based on his knowledge of the municipality systems and tried as much as possible to collect data objectively.

3.5 Sampling methods

According to Parker (1994, p.203), random selection is a basic principle used to try to avoid bias in a sample. The three standard random sampling techniques commonly used are:

- Simple random sampling
- Stratified random sampling
- Cluster sampling

In simple random sampling researchers first assign numbers to each member of the population. After performing this enumeration, they generate as many unique random numbers as per the size of the required sample. The corresponding members of the population become the sample. Parker (1994 p 203) states “Stratified random sampling takes place when researchers have prior information regarding certain characteristics of the population’s composition and they want the sample selected to reflect this.” If they were studying housing construction in Namibia for example, and the population of interest were houses in the country, they might know certain rough proportions of housing types: 50% informal, 30% brick, and 20% cement, to list some examples. A

simple random sampling would unlikely arrive at exactly these proportions. In stratified random sampling, researchers use simple random sampling within each group or stratum, ensuring that appropriate numbers are selected from each group so that the overall sample reflects each group in known proportions. In cluster sampling, researchers subdivide the population into subgroups called clusters. They then randomly select a sample of clusters, and then randomly select members of the cluster sample to serve as the population sample.

In this study, two random sampling methods were used: simple and stratified random samples. There are different races and socio-economic groups in the study population as well as the commercial and industrial enterprises. A sampling mechanism should take all these different members of the study population into account. Oshakati Town Council is divided into wards. Once the wards were selected then the population was stratified into different strata before further sampling. The population was stratified into different categories of consumers, such as urban, commerce and industry sectors. Simple random sampling techniques were then used to randomly select members from each stratum.

3.6 Data collection

Instruments commonly used to collect data from people are tests, interviews, questionnaires, checklists observations, focus group discussions, and range of participatory tools. Questionnaires were used to collect data from the

consumers Focus group discussions were conducted with key informants, such as community leaders, and councillors of the Oshakati Town Council. The key informants had particular knowledge and expertise in the subject at hand. Participatory tools were used to review all documents relating to payment for services. Participatory observation served as a major tool for data collection in this study since the researcher works for the Oshakati Town Council. Collected data were captured using the software programme Excel. The capture data were then transported into SPSS, a computer programme for statistical analysis of data.

3.7 Description of measuring instrument

The questions were divided into thematic components.

- Questions 1 to 11 pertain to service delivery.
- Questions 12 to 16 pertain to personal conditions.
- Questions 17 to 20 pertain to attitude.
- Questions 21 to 24 cover opportunism.

The first part comprised questions that related to the overall service delivery rendered by the municipality in terms of non-payment.

The second part of the questionnaire focused on personal conditions in terms of affordability of municipal services. The researcher used the responses in this section to analyse the respondents' personal conditions that contributed to non-payment of municipal services. The third and fourth components

highlighted the attitudes and opportunism statements as variables contributing to non-payment. The results of the components are presented below.

The questionnaire was divided into different sections. The first section provided demographic information on variables of sex and education. Section A comprised Likert variables 1 to 5. In terms of these variables 1 = strongly agree, 2 = agree, 3 = undecided, 4 = disagree, and 5 = strongly disagree. The section on service delivery had 11 questions based on soliciting information on research objective 1 which stipulated recognizing reasons for non-payment. Questions 2, 3, 6, 7, 8 and 9 are germane to answering this research objective. Section B was on personal conditions. In this section questions 12 – 16 were asked to assess possible reasons why some consumers fail to pay for services. Section C of the questionnaire was based on questions 17-20. The main reason for asking participant these questions was to solicit their attitudes.

Section D was on opportunism and was designed to answer research objectives in terms of the contributing factors for non-payment of services on service delivery. Question 25 was used to determine strategies to encourage and maintain payment of services. Knowledge of residents not paying for services was addressed in question 26. The questions in this section were included to obtain qualitative data to add to the realization of the process in terms of possible solutions, for example.

3.8 Ethical consideration

The researcher complied with the ethical considerations required by the Polytechnic of Namibia. Internationally there are four ethical considerations for research and these are as follows.

1. *Autonomy*: In this study the researcher respected the autonomy, rights and dignity of research participants by not writing their names anywhere on the report arising from the study.
 2. *Beneficence*: the research should make a positive contribution towards the welfare of people.
 3. *Non maleficence*: this research did not reason any harm to the research members in particular or other people in general or the environment in general.
 4. *Justice*: the benefits and risks of this study need to be fairly distributed among people. This will be done through sharing findings with members, presenting the findings at national, regional, and international conferences, and publishing articles from the report in widely accepted journals.
-

3.9 Informed consent

Informed consent was obtained from potential respondents prior to them completing the questionnaire, for example. Only information that was relevant and necessary was collected. Such consent was obtained as follows.

- It was given without direct/indirect coercion or undue inducement.
- Prospective respondents were informed of the details of the intended research.
- The researcher ensured that prospective respondents understood the meaning of informed consent and what information would be collected.
- The researcher answered any question about the research and participation therein.
- It was given before the research commenced.

The researcher was concerned particularly about the rights of and interests of vulnerable participants, such as children (persons under the age of 18 years), the aged, pregnant women, people with mental deficiency, prisoners, students and persons in dependent relationships, the disabled, ethnic people and indigents.

3.10 Conclusion

This chapter covers the research methodology used in this study. It focuses on data collection in terms of the problem statement as well as collection, capturing and analysis of data. Sampling is addressed within the

context of this study. Research ethics is discussed including informed consent.

The next chapter covers the findings and analysis.

CHAPTER FOUR

Findings and data analysis

4.1 Introduction

This chapter presents the results of the questionnaires and structured interviews. The results of the questions are sequentially presented. Inferential statistics is a set of methods that are used to draw conclusions or inferences about characteristics of population-based on data from a sample. This section presents empirical findings on reasons for non-payment at Oshakati Town Council' service delivery. All data presented is primary data collected for this study unless otherwise acknowledged.

4.2 Demographics of the sample and response rate

A sample of 120 of respondents was targeted. However, the response rate was 83.33% as only 100 completed questionnaires were received. A high response rate of 83.33% is good since it provides enough data to analyse. The section on general information (Annexure 1) included gender and educational qualifications. This information was required for analysis of the demographics of the respondents as presented in Table 4.1.

Table 4.1 Demographic information

Respondents	N=100	%	
Female	58	58	
Male	42	42	
Level of education			
General Education	60	60	
Bachelors	25	25	
Masters	10	10	
Doctorates	5	5	

The respondents comprised 58 females and 42 males. There were significant differences of educational qualifications of the respondents: 60% had obtained a general education qualification; 25% had obtained Bachelor's degrees, 10% had obtained postgraduate Masters Degrees; and 5% had obtained Doctoral degrees.

4.3 Descriptive statistics

Descriptive statistics describes the variables used in this study. The characteristics of the random variables are enumerated. The variables used in the research were one to twenty four questions. The descriptive statistics used in the table 4.2 was to measure the mean, standard deviation, kurtosis, minimum, maximum and variance. The data analyzed in the study was comprised of multivariate which is a measurement made on the many variables in the study. The measures of central tendency encapsulate the mean. While measures of

dispersion consisted of the standard deviation. The mean for the level of the agreement was as follows:

Strongly agree (1) 38.40,

Agree (2) 51.04,

Undecided (3) 4.56

Disagree (4) 1.12 and

Strongly disagree (5) 0.44.

The overall highest mean is 51.04 which denote that many participants agree with the four main variables that are, the service delivery, personal conditions, attitudes and opportunism are the reasons for nonpayment of municipal services.

The standard deviation is a measure of variability of sample data; it shows how data is dispersed from the central tendency. Chebyshev rule articulates the lesser the standard deviation the greater the percentage measures are close to the mean. The standard deviation for all variables on reasons for non-payment was as follows strongly agree 21.04, agree 20.12, undecided 5.54, disagree 1,83 and strong disagree 1.04 (see Table 4.2). The lowest standard deviation is 1.04 which means that the greater percentage measures are close to the mean.

Kurtosis is the standardized fourth population moment about the mean. Positive kurtosis indicates heavy tails and peaks whereas negative kurtosis delineates light tails and flatness. The role of kurtosis in this multivariate analysis is a measure of departures from normality, robustness and outliers. Kurtosis can depict as follows:

$$\beta = \frac{E(X-\mu)^4}{(E(X-\mu)^2)^2} = \frac{\mu^4}{\sigma^4}$$

The kurtosis for the main four variables were as following strongly agree is -15, agree -53, undecided 3.94, disagree 7.96 and strongly disagree 16.12.

This means that variables of strongly agree and agree are negative which shows light tails and flatness whereas variables of undecided, disagree, and strongly disagree which are positive reflects heavy tails and peaks.

The skewness of agree, and strongly agree statistical data, is the majority of the participants while the undecided, disagree and strongly disagree show the minority. The majority of respondents (82 %) indicated refuse collection is a main challenge which contributes to reasons for non-payment.

Table 4.2 Summary of all variables on reasons for non-payment (Q1-Q24)

	1.00	2.00	3.00	4.00	5.00
Q1	20.00	71.00	5.00	4.00	0.00
Q2	30.00	68.00	2.00	0.00	0.00
Q3	27.00	70.00	1.00	2.00	0.00
Q4	29.00	67.00	4.00	0.00	1.00
Q5	39.00	56.00	0.00	0.00	1.00
Q6	35.00	51.00	12.00	1.00	1.00
Q7	26.00	60.00	12.00	2.00	0.00
Q8	82.00	8.00	8.00	1.00	1.00
Q9	55.00	43.00	1.00	0.00	1.00
Q10	78.00	21.00	1.00	0.00	0.00
Q11	77.00	20.00	2.00	1.00	0.00
Q12	24.00	73.00	2.00	1.00	0.00
Q13	11.00	48.00	23.00	8.00	0.00
Q14	62.00	36.00	1.00	1.00	0.00

Q15	58.00	41.00	1.00	1.00	0.00
Q16	27.00	71.00	1.00	1.00	0.00
Q17	42.00	53.00	4.00	1.00	0.00
Q18	40.00	56.00	4.00	0.00	0.00
Q19	33.00	67.00	0.00	0.00	0.00
Q20	16.00	60.00	11.00	7.00	6.00
Q21	44.00	53.00	3.00	0.00	0.00
Q22	34.00	65.00	0.00	0.00	1.00
Q23	52.00	47.00	1.00	0.00	0.00
Q24	18.00	69.00	12.00	1.00	0.00
Grand total sum	960.00	1276.00	114.00	28.00	11.00
Mean	38.40	51.04	4.56	1.12	0.44
Minimum	1.00	2.00	0.00	0.00	0.00
Maximum	82.00	73.00	23.00	8.00	5.00
StdDev	21.07	20.12	5.54	1.83	1.04
Kurtosis	-0.15	0.53	3.94	7.96	16.12
Variance	443.92	404.62	30.67	3.36	1.09

4.4 Service delivery

Table: 4.3. Service delivery respondents' results in %

QUESTIONS (Q)					
1	20	71	5	4	0
2	30	68	2	0	0
3	27	70	1	2	0
4	29	67	4	0	1
5	39	56	0	0	1
6	35	51	12	1	1
7	26	60	12	2	0
8	82	8	8	1	1
9	55	43	1	0	1
10	78	21	1	0	0
11	77	20	2	1	0

The key findings on service delivery in question one (Q1) were that 71% of the respondents stated that the level of service provision rendered by municipality contributes to non-payment. Twenty percent strongly agreed that the level of service provision rendered by municipality contributes to non-payment; five percent were undecided; four percent disagree that the overall level of service provision rendered contributes to non-payment.

Figure 4.1 below illustrates the respondents rating of level of output of the service delivery by the Oshakati Town Council. As stated above 1= strongly agree; 2= agree; 3= undecided; 4= disagree; and 5= strongly disagree.

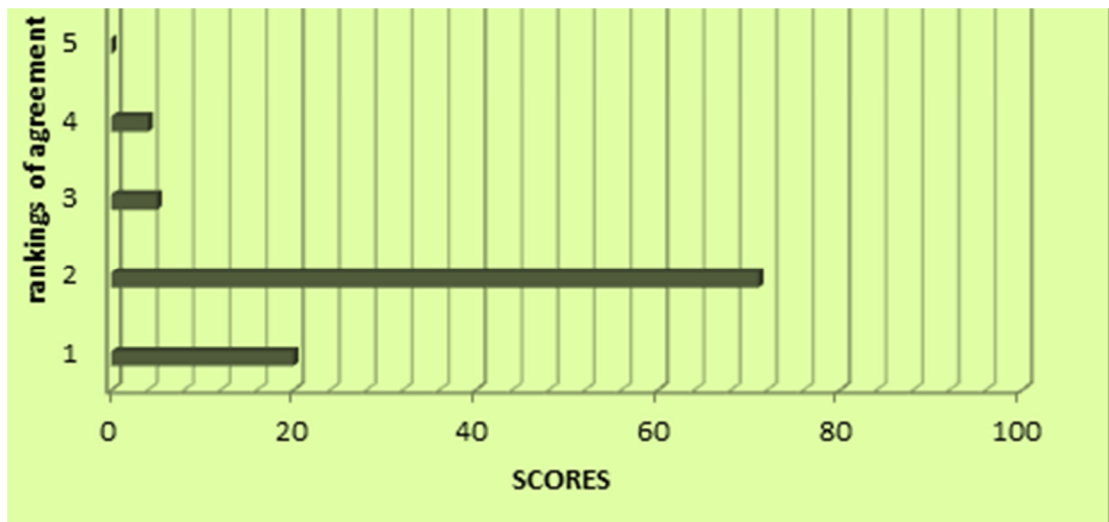


Figure 4.1.Level of service provision rendered by municipality

Question two (Q2) in Table 4.3 shows that sixty-eight per cent (68%) agreed that dissatisfaction with service delivery contributes to non-payment; 30% strongly agreed; and 2% were undecided about the problem.

The analysis of Table 4.3 (Q3) indicates that seventy percent (70%) agreed that block meter reading contributes to non-payment whereas 2% disagreed and 1% percent strongly disagree. If a resident is away from home for a month, for example, the block meter system continues to charge for services so such a person will then be invoiced for services not used. The block meter reading was considered as very bad and was perceived as a method of stealing money from the residents. Why should people continue to pay for services not used?

As illustrate in Q4 sixty-seven percent (67%) agreed that incorrect water billing contributes to non-payment; 29% strongly agreed; 4% were undecided; and only 1% strongly disagreed.

Question five (Q5) in Table 4.3 stipulates that fifty-six percent (56%) agreed that irregular billing drives non-payment of services; 39% strongly agreed; and 1% disagreed with the statement.

However, in Q6 fifty-one percent (51%) agreed that the way bills are sent contributes to no-payment, 35% percent strongly agreed; 12% were undecided; the remaining 2% strongly disagreed with this statement in Q5.

In Q7 sixty percent (60%) agreed that the municipal office, where bills are paid, is not strategically located hence contributes to non-payment. There was strong agreement by 26% regarding this statement. The rest of the respondents (14%) were undecided or in disagreement with the statement.

Interestingly, in Table 4.3 Q8 captured eighty-two percent (82%): the highest percentage of the respondents strongly agreed that poor refuse collection is the reason for non-payment and only 8% strongly agreed. However, 8% were undecided on the matter, and 2% disagreed that poor refuse collection has an result on non-payment.

Question nine (Q9) indicates that fifty-five percent (55%) strongly agreed that bad sewage management is the reason for non-payment at the Oshakati Town Council; and 45% agreed that sewage management is the reason for non-payment. The main advantage of sewage is that it can remove large amounts of waste-water, and it also provides a greater user convenience. The main disadvantages are high capital and operating costs, and the effluent still contains large numbers of bacteria.

In question ten, (Q10) seventy-eight percent (78%) articulated that the lack of proper leakage management contributes to non-payment of municipality bills at Oshakati while 21% agreed that the leakage management must be reinforced so that people can start paying for the bills. Only one percent of the respondents indicated that there is no need to address leakage management.

Seventy-seven percent (77%) indicated that they were not happy with the way the municipality manages floods while 20% agreed that this is a major reason for non-payment. Seventy-seven percent (77%) emphasized that mismanagement of people during floods leads to non-payment of bills. Oshakati is a town which is subject to episodic and continuing flash flooding hazards.

4.5 Personal conditions (B)

Table 4.4 Personal conditions

QUESTIONS (Q)					
12	24	73	2	1	0
13	11	48	23	8	0
14	62	36	1	1	0
15	58	41	1	0	0
16	27	71	1	1	0

As illustrated above in Q12 seventy-three percent (73%) of those surveyed indicated that the affordability of municipal services contributes to non-payment of services. On the other hand, 24% strongly agreed that affordability can contribute to non-payment. When the default rate is high this means that consumers are unwilling to pay for the services. Forty-eight percent (48%) in Q13 agreed that the community engagement is essential in the

payment of services in Oshakati. Twenty-three percent (23%) were undecided as to whether community engagement in decision-making reduces non-payment.

As depicted in Table 4.4 in Q14 and in Figure 4.2 below, sixty-two percent (62%) strongly agreed that poverty and unemployment are the reasons for non-payment of services at Oshakati municipality. Thirty-six per cent (36%) agreed that abject poverty and unemployment contribute to non-payment (see Figure 4.2 below).

Poverty in many homes in low paying areas means the residents are unable, rather than unwilling, to pay for services. In particular helplessness to pay seems to be more critical in the rural town areas than in urban settings. This is not surprising as it is a constant finding in other African countries (Fjeldstad & Semboja, 2011). Poverty is a major challenge in the municipalities in Namibia. The problem of free basic services, including education, water and electricity, has consequently also been a major theme in the recent election campaigns. This observation is supported by Johnson (2010) in terms of why a respondent/resident believes people are occasionally not paying for their services: the main reasons given were inability to pay due to unemployment (59%); low salaries 69% and 70% believed the rates were too high.

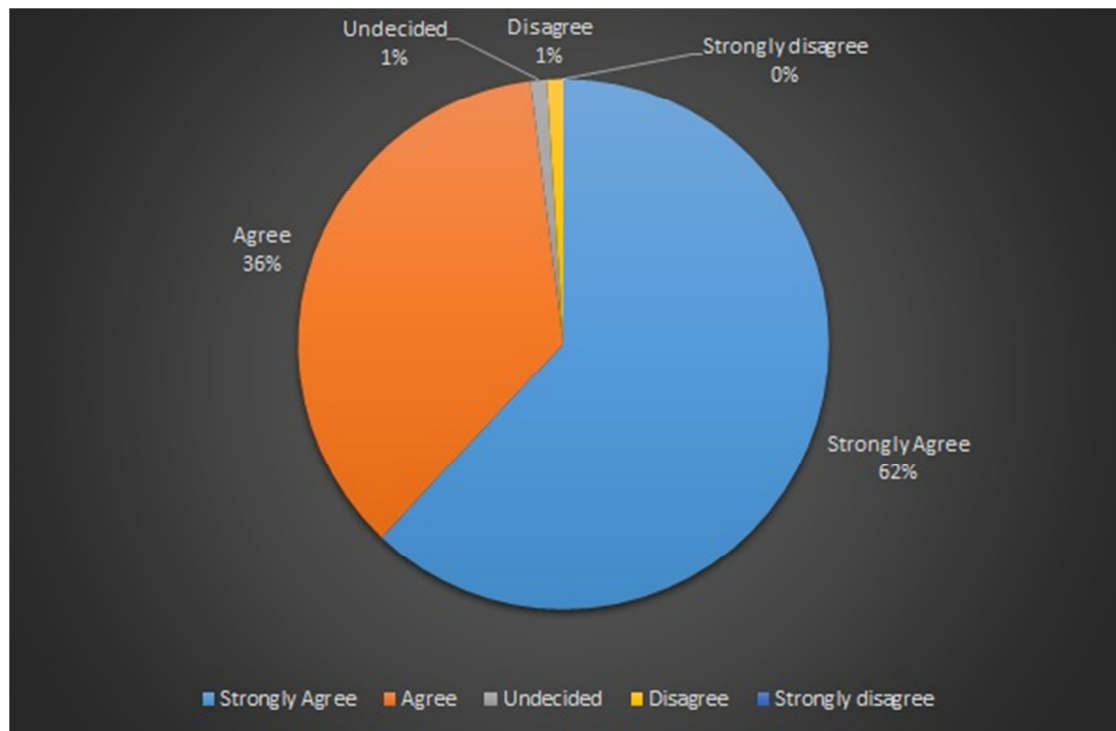


Figure 4. 2 Poverty and unemployment are the reasons for non-payment

Question fifteen (Q15) in Table 4.4 indicates fifty-eight per cent (58%) of the respondents strongly agreed that the price of water services contributes to non-payment; 41% agreed with this statement. When water prices are high then poverty and unemployment rates result on payment. According to the Namibian Statistics (2011) unemployment is 21% which results on people's capacity to pay for services.

Question Q16 in Table 4.4 reveals that twenty-seven percent (27%) of the respondents strongly agreed that the prevalent of HIV/AIDS is the reason for non-payment of services in Oshakati. Seventy-one percent (71%) agreed that the effects of HIV/AIDS are a reason of non-payment within the Oshakati Municipality services (see Figure 4.3 below). Affected residents or households are likely to redirect expenditures to epidemic-related needs, such as medication and funeral expenses. The ways of HIV transmission are limited to unprotected

sex with an infected person. Other modes of transmission include sharing unsterilized used needles or other instruments with an infected person, mother to child transmission, or penetration of infected blood or other body fluids into the bloodstream. Risk taking behaviors is not limited to intravenous drug use and unsafe sexual practices. Risk minimization methods may include the use of condoms, the use of sterilized instruments, abstinence, faithfulness, and post-exposure prophylaxis. Interpersonal skills may include, but are limited to, the ability to insist on protected sex and the ability to talk about HIV / AIDS with potential sexual partners.

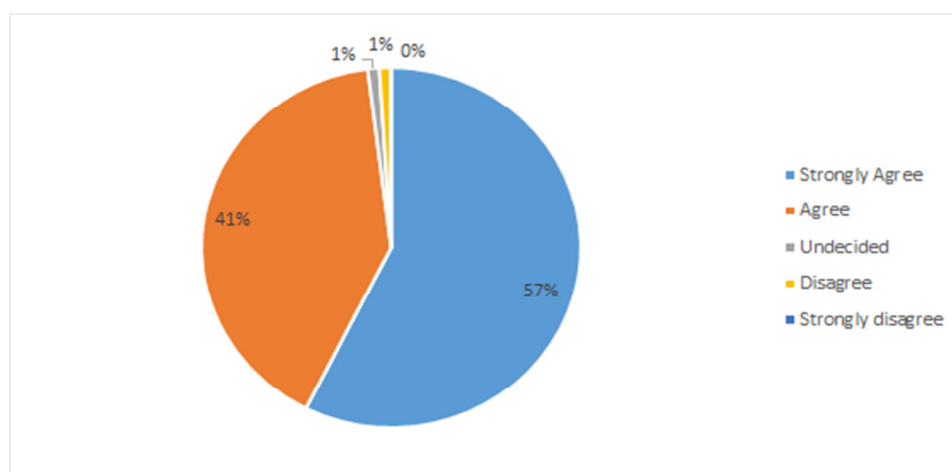


Figure 4.3 HIV/AIDS prevalence is the reason for non-payment of services

4.6 Attitude

Table 4.5 Attitudes

QUESTIONS (Q)					
17	42	53	4	1	0
18	40	56	4	0	0
19	33	67	0	0	0
20	16	60	11	7	6

Attitudes towards persons and causal unit establishments influence each other. An attitude towards an event can modify the attitude towards the person who reasoned the event. If the attitudes towards a person and an event are analogous then the event is easily ascribed to the person. A balanced configuration exists if the attitudes towards the parts of causal units are similar. Attitudes refer to predispositions, or readiness, to respond in a particular way to a person, object, idea, or situation. Attitudes relate only to behaviour directed toward a specific object, person, or situations. Values and attitudes are generally, though not always, in harmony. A manager who values helpful behavior may have a negative attitude towards an unethical co-worker.

The responses to this part of the research tool are presented as follows. In Table 4.5 above Q17 indicates that fifty-three percent (53%) of the respondents agreed that residents have a duty to pay for the services rendered. Forty-two percent (42%) strongly agreed with this statement. Four percent (4%) were undecided as to whether residents have a duty to pay for services.

The results further indicate that fifty-six percent (56%) agreed that residents' ignorance of their duty to pay for services contribute to non-payment; 40% strongly agreed and 4% were undecided. Figure 4.4 depicts these responses.

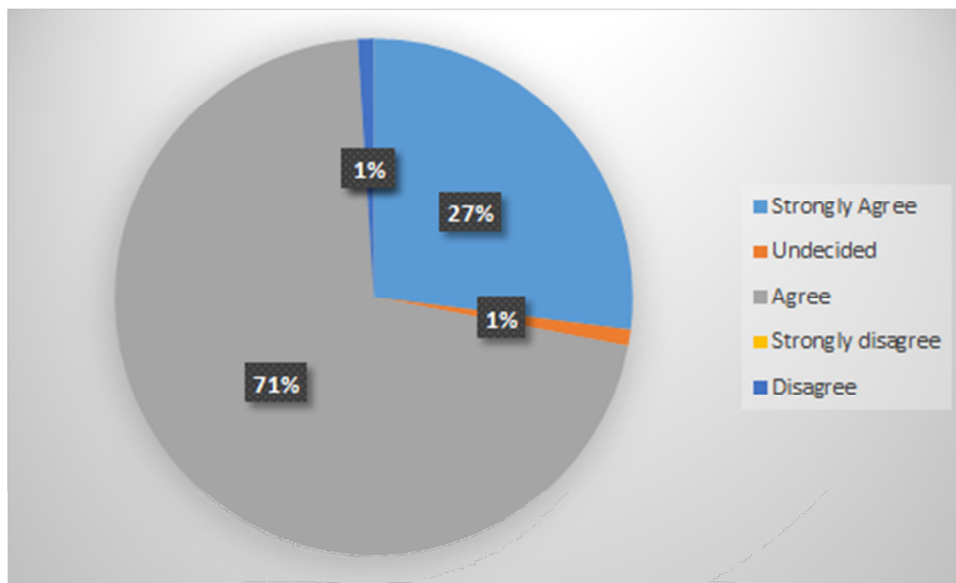


Figure 4. 4 General ignorance to pay contributes to non-payment

Payment for services is included in different legislation and contractual agreements in Namibia. Such information is in the public domain. Remedies for breach of the contract are also available for the public to check. Ignorance of the law is not an excuse for non-payment of services.

The respondents' responses to the question regarding an unwillingness to pay are presented in Figure 4.5 below.

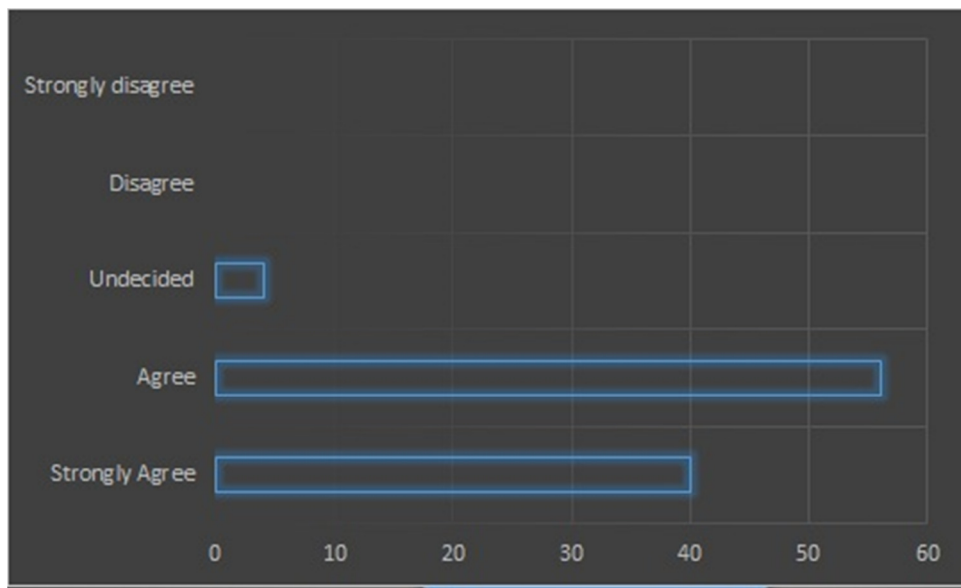


Figure 4.5 Unwillingness to pay for services

Thirty-three percent (33%) of (Q19) strongly agreed that people are reluctant to pay for municipal Oshakati services. Sixty-seven percent (67%) agreed that residences in Oshakati are unwilling to pay for services while (Q20) indicates that 16% strongly agree, 60% agree, 11% remained undecided, 6% disagree, and lastly 7% strongly disagree on the issue.

4.6 Opportunism

Table: 4.6 Opportunism results

QUESTIONS (Q)					
21	44	53	3	0	0
22	34	65	0	0	1
23	52	47	1	0	0
24	18	69	12	1	0

One of the key behavioral variables that drive transaction cost analysis is opportunism. Williamson (1975, p. 6) defines this concept as self-interest seeking guile and provides examples of opportunistic behavior as acts withholding or distorting information and shirking or failing to fulfill promises or obligations. The essence of opportunism is the element of deceit involved (MacNeil, 2012). Fraud is linked to this idea thus staff members should understand how their job procedures are designed to manage fraud risks as well as when non-compliance creates an opportunity for fraud to go undetected. An appropriate system of governance should be the responsibility of the municipality itself. This is essential as service provision becomes more complex in a growing company. Any possible opportunity for fraud needs to be curtailed with checks and balance in place. Table 4.6 above (Q21) indicates that forty-four percent (44%) of the participants strongly agreed that the failure of the municipality to take action against defaulters presents an opportunity for them not to pay. Fifty-three percent (53%) agreed that the failure of the municipality to take action against defaulters contributes to non-payment of services.

An opportunity which is presented to Oshakati residence is the lack of debt collectors in the municipality. Table 4.6 above (Q22) depicts that sixty-five percent (65%) of the respondents agreed that the lack of debt collectors in Oshakati municipality contributes to non-payment; 34% strongly agreed with this problem.

Another presented opportunity is the lack of strategies for managing illegal connections. Fifty-two percent (52%) (Q23) of the respondents strongly agreed that the lack of strategies for managing illegal connections contributes to non-payment. Forty-seven percent (47%) elucidated that the lack of strategies for managing illegal connections contributes to non-payment.

Question 24 included the lack of clear guidelines on revenue collection contributing to non-payment. In Q16 in Table 4.6 it is evident that sixty-nine percent (69%) of the participants agreed that lack of clear guidelines on revenue collection contributes to non-payment. Eighteen percent (18 %) strongly agreed that the deficiency of clear guidelines in revenue collection contributes to non-payment; 12% were however undecided.

4.6.1 Cumulative frequency for lack of clear guidelines on revenue collection contributes to non-payment

Cumulative frequency is used to determine the number of observations which lie above or below a particular value. The cumulative frequency is the aggregate of the frequency on the lack of clear guidelines on revenue collection which contributes to reasons for non-payment. The cumulative frequency is 100 while the valid percent is 16.7. Four different questions on opportunism were analysed. The cumulative frequency on lack of clear guideline on revenue collection was as follows: 33.3, 50.0, 66.7, 83.3, and 100. See Table 4.7 below.

Table 4.7 Cumulative frequency for lack of clear guidelines on revenue collection contributes to non-payment

VAR00024

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	33.3	33.3	33.3
15	1	16.7	16.7	50.0
19	1	16.7	16.7	66.7
6	1	16.7	16.7	83.3
B7	1	16.7	16.7	100.0
Total	6	100.0	100.0	

4.7 Open-ended questions

In question 25 the respondents could propose or introduce the best revenue collection methods for use by the municipality of Oshakati. People's

lifestyles are always changing, and new ways of doing things emerge. This requires a municipality to always be on the lookout on what is happening around and satisfy customers. Most respondents indicated that the council of Oshakati should establish many cash offices situated in all strategic premises. Paying at the bank using ATMs, stop orders, direct debt systems, installation of credit card machine at each office, were some proposals for consideration to improve payment of services.

Mention was also made of using operating mobile cash offices for remote locations, for example, once a week, on prior agreed days.

The majority of the respondent expressed further that improving revenue collection should be part of a partnership with certain people or institutions. Another proposal was holding regular meetings with the key stakeholders to sensitise them on different facets of the LAs' operations. Such meetings could address residents' responsibilities, for example, reporting leaks, water theft and Oshakati policies on debt management.

Occasionally it may be indispensable to outsource some aspects of revenue collection for difficult debtors. The debts should be accurate and there should be a properly written contract with the debt collectors. The contract should include terms, payment methods and methodology. Regular monitoring of debt collection is important to avoid such things as thefts. Feedback/ progress reporting was also highlighted as being very important.

In open Q16 the respondents were asked to state whether they know the reasons for someone who does not pay for municipal services. Most of the respondents indicated that due to poor services, poverty, and unemployment, were some of the non-payment. It was further mentioned that bills were received very late or sometimes no statements were sent to them. Sometimes commitments to other costs, such as medical and school fees, meant lack of funds to pay the municipality.

4.8 Measuring the relationship between variables

The correlation measures the relationship between variables or the strength of the relationship between the variables. The different variables used in the study are as follows: Variables A1 – stood for overall, I understand the level of service provision rendered by municipality contributes to non-payment, Var1- dissatisfaction with service delivery contributes to non-payment, Var3- Block meter readings in flats or business complexes contribute to non-payment, and Var 4 – Incorrect water billing contributes to non-payment.

The degree of correlation between these variables was measured using Pearson as follows:

$$r = \frac{n\sum XY - \sum X \sum Y}{\sqrt{(n\sum X^2 - (\sum X)^2)(n\sum Y^2 - (\sum Y)^2)}}$$

Where X and Y represents pairs of data for two variables X and Y. n= the number of pairs of data used in the analysis. In this study n=25. The correlation coefficient falls between -1 and +1. When $r = +1$ it means that the variables are perfectly positively correlated. When $r = -1$ means that the variables are

perfectly negatively correlated. The variables -521, -464, -272 on Pearson correlation for significance 0.01 two tailed testing depicts that there are perfectly negatively correlated. The variables on service delivery: A1 overall I believe the level of service provision rendered by municipality contributes to non-payment, Variables block meter reading in flats or business complexes contribute to non-payment and variable 0004 which represent incorrect water billing contributes to non-payment all these variables are perfectly negatively correlated. When r is equal to zero it means that the variables are uncorrelated variables 6, 7, 8 and 9 the results are 0 which means these variables are uncorrelated.

Table 4.8 Correlations

		A1	VAR00001	VAR00003	VAR00004
A1	Pearson Correlation	1	-.521**	-.464*	-.272
	Sig. (2-tailed)		.008	.019	.189
	N	25	25	25	25
VAR00001	Pearson Correlation	-.521**	1	-.127	-.519**
	Sig. (2-tailed)	.008		.546	.008
	N	25	25	25	25
VAR00003	Pearson Correlation	-.464*	-.127	1	.211
	Sig. (2-tailed)	.019	.546		.312
	N	25	25	25	25
VAR00004	Pearson Correlation	-.272	-.519**	.211	1
	Sig. (2-tailed)	.189	.008	.312	
	N	25	25	25	25
VAR00006	Pearson Correlation	.a	.a	.a	.a
	Sig. (2-tailed)
	N	0	0	0	0

VAR00005	Pearson Correlation Sig. (2-tailed) N	.a . 0	.a . 0	.a . 0	.a . 0
VAR00007	Pearson Correlation Sig. (2-tailed) N	.a . 0	.a . 0	.a . 0	.a . 0
VAR00008	Pearson Correlation Sig. (2-tailed) N	.a . 0	.a . 0	.a . 0	.a . 0
VAR00009	Pearson Correlation Sig. (2-tailed) N	.a . 0	.a . 0	.a . 0	.a . 0

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

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

a. Cannot be computed because at least one of the variables is constant.

4.9 Conclusion

The results show a substantial percentage of respondents were dissatisfied in terms of the level of service delivery rendered by Oshakati Town Council. There was overall dissatisfaction with services, unhappiness with block meter readings in flats or business complexes, incorrect water billing, irregular billing, poor refuse removal, and methods of sewage and flood management. All of these contribute to non-payment of Oshakati Town Council. There were respondents who agreed that personal conditions, like unaffordability of municipal services, lack of community engagement in decision making, the pricing of water services, poverty and unemployment, reason non-payment to

local authorities. The findings also revealed that ignorance and unwillingness to pay for services contribute to non-payment.

Furthermore, it was also significant to learn that inability to take action against defaulters, and lack of illegal connections procedures and unclear guidelines on revenue collection play a vital role in promoting and attributing to non-payment or arrears of local authorities. Profoundly, this leads to the discussion of findings of the survey in the next chapter.

CHAPTER FIVE

Discussion

5.1 Introduction

In the preceding chapter four the researcher presented findings of the Research. This chapter presents a discussion and analysis of data collected through structured questionnaires and structured interviews. Basic, descriptive, and inferential statistics are used. Basic statistics includes the use of frequency tables, graphic presentations and others. Descriptive statistics includes the use of mean, standard deviation, median, and mode. Inferential statistics is used to draw conclusions or inferences about characteristics of population-based on data from a sample. Empirical findings on reasons for non-payment at Oshakati Town Council are presented. The data presented below is based collected data in this study unless otherwise stated.

5.2 Analysis and discussions

In order to analyse the data the researcher employed SPSS and Excel for purposes of quantitative analysis. When analysing qualitative data QCA2 software was used to help the researcher to categorise data in chunks and categories. The consumers were surveyed concerning reasons for non-payment. The study was undertaken to describe reasons for the non-payment of key services by many of the Oshakati residents. Current reasons of non-payment of services were also examined by answering the below research questions.

1. What are the reasons for the non-payment of municipal key services in Oshakati?
2. What are the possible reasons why some consumers are failing to pay for services?
3. What are the contributing factors for non-payment of services on service delivery?
4. What are the strategies exist to encourage and maintain the payment for services?
5. Does the money paid to Oshakati Town Council used to deliver services as prescribed by LA's Act (Act, 23 of 1992)?

5.3 Research question 1

What are the reasons for non- payment of municipal key services in Oshakati?

5.3.1 Poor service delivery

According to Zeithaml, Berry and Parasuraman (2009) and Parasum and Berry (2010) quality in service delivery has been computed in terms of function of time allocated subtract customer's expectations and this is shown below as:

$$q = \frac{f(T - C)}{C}$$

Where q = quality

T= Time allocated per service

C= Customer expectations of time allocated

Quality service delivery is derived through a non-linear function of the performance gap subtract the normalised difference between the time allocated and customer expectations of time allocated. The function (f) shows the must be, delighters, exceeding expectations (Graham & Walden, 2010), are those services which do not lead to satisfaction when rewarded but cause dissatisfaction when not fulfilled. Delighters on the other hand are desires that create satisfaction when fulfilled but do not represent dissatisfaction when not present. The shape of the relationship is consistent with the tolerance zone for quality.

5.3.2 Refuse collection is the reason for non-payment

In order to scrutinize the reason for non-payment at Oshakati municipality' services the researcher employed seven variables: water service quality; access to services; refuse collection; customer care services; attending to storm water drainage systems; water billing systems; and public relations services .

Refuse collection strategies can employ cost cutting strategies in which publics of all sizes, terrains and climates have efficaciously cut costs and improved service by using the following strategies. Reduce the collection occurrence even in the hottest climates is a growing trend is to eradicate the second municipal solid waste collection day or replace the second collection day with recyclables or yard trimming collection. Figure 5.1 depicts data for refuse collection services.

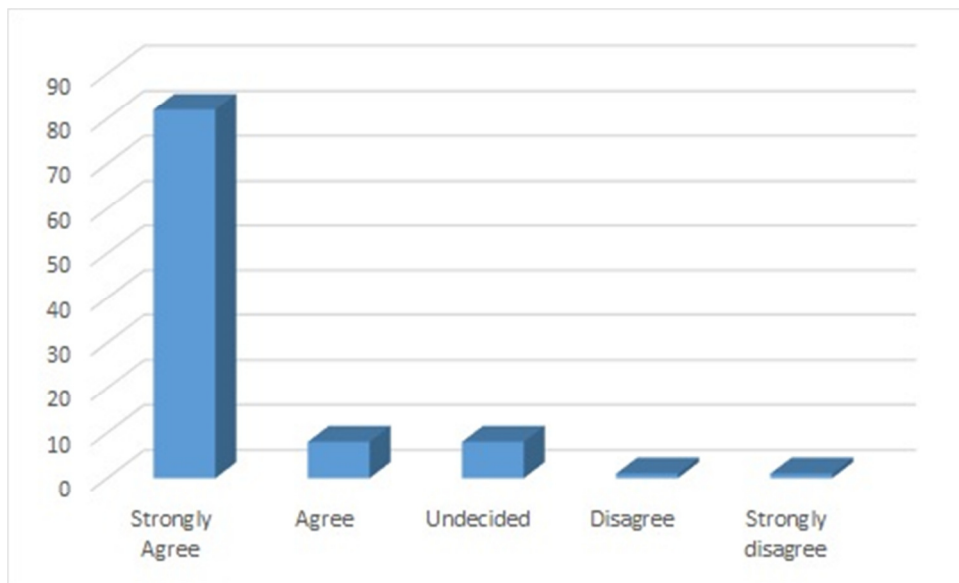


Figure 5.1 Refuse collection service quality contributes to non-payment

Automating collection should be used. This is done through automated or semi-automated collection vehicles to improve proficiency and reduce costs. Both vehicle types reduce labor demand and reduce the risk of worker injury. Increasing employee productivity can be done through a revised organizational structure; Salary scale should be updated and incentives could be offered. This should improve employee morale and productivity. Entering into contractual agreements with private companies for refuse collection is another way of an accumulative efficient cost-effective system of refuse collection. Making collection faster and easier through the use of automated lifting systems necessitates fewer workers, thereby reducing labor costs and workers' compensation claims. The researcher's data of refuse collection frequency in Oshakati is presented in Table 5.1.

Table 5.1 Cumulative frequency for refuse collection

Refuse collection		Frequency	Per cent	Valid per cent	Cumulative Per cent
Valid		1	16.7	16.7	16.7
	1	1	16.7	16.7	33.3
	10	2	33.3	33.3	66.7
	21	1	16.7	16.7	82.3
		1	16.7	16.7	100.0
	Total	6	100.0	100.0	

Waste collection frequency shows 1.0 and 2.0 and the cumulative frequency is 16.7, 33.3, 66.7, 83.3 and 100. Most respondents indicated that the municipality can retain its fortnightly collecting of refuse. Most businesses who have been awarded tenders cannot deliver effectually in refuse collection. Waste collectors visit each individual house to collect debris. In other countries the user pays a fee for this service.

Users bring their garbage to community bins that are placed at fixed points in a vicinity or locality. Users leave their garbage directly outside their homes according to a garbage pick-up schedule set with local authorities. Business hires firms who arrange collection schedules and charges with customers.

Municipalities often license private operators for designate collection areas to bolster collection efficiencies. Privatisation surges the efficacy of many public programmes. Faced with customer demand for cheaper and improved

service, many municipalities subcontract the collection of solid waste and recyclables. A well-designed and prudently managed contract is the key to getting reasonable rates and high quality service. For example, Palm Beach County, Florida, in America, competitively bid collection contracts in 1993, after nearly 30 years of negotiating agreements. The county accomplished a forty percent (40 %) decrease in collection costs per family. For the first time in 20 years annual fees paid by homeowners were reduced. There was a controlled rates increase for the entire period of the contract.

5.3.3 Sewage services management contributes to non-payment

Sewer services include system operation and maintenance, emergency response, construction of new sewer pipes or replacement of sewer pipes within the districts, and complying with regulatory requirements.

The Oshakati Town Council is responsible for paying for its share for sewage treatment and disposal, and construction projects that carry sewage from the council to the waste water treatment plant and construction (see Figure 5.2 below). Proper maintenance of the sewer system helps protect the environment, minimises the chances of sewer backups or service disruptions and minimises overall sewer system costs. Sewer overflows are messy and costly to clean up. They are a source of pollution to surface water that can threaten public health, adversely affect aquatic life, and impair the recreational use.

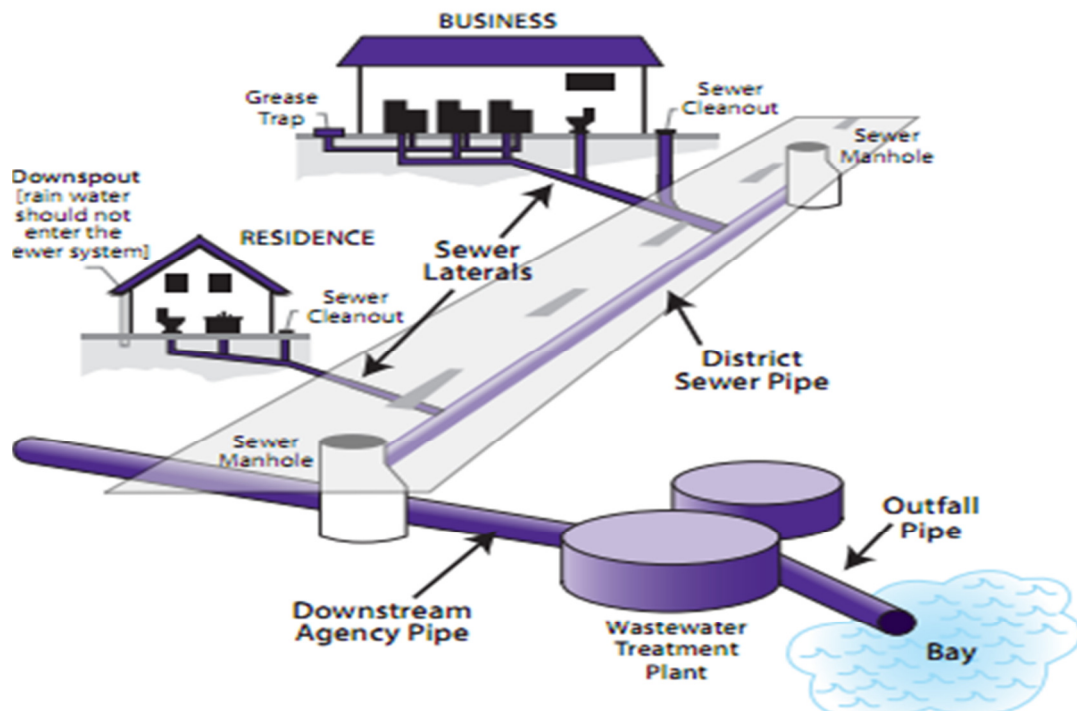


Figure 5.2 Schematic sewer systems. Source Japan International Cooperation Agency (2012)

The data pertaining to sewage management is presented in Figure 5.3.

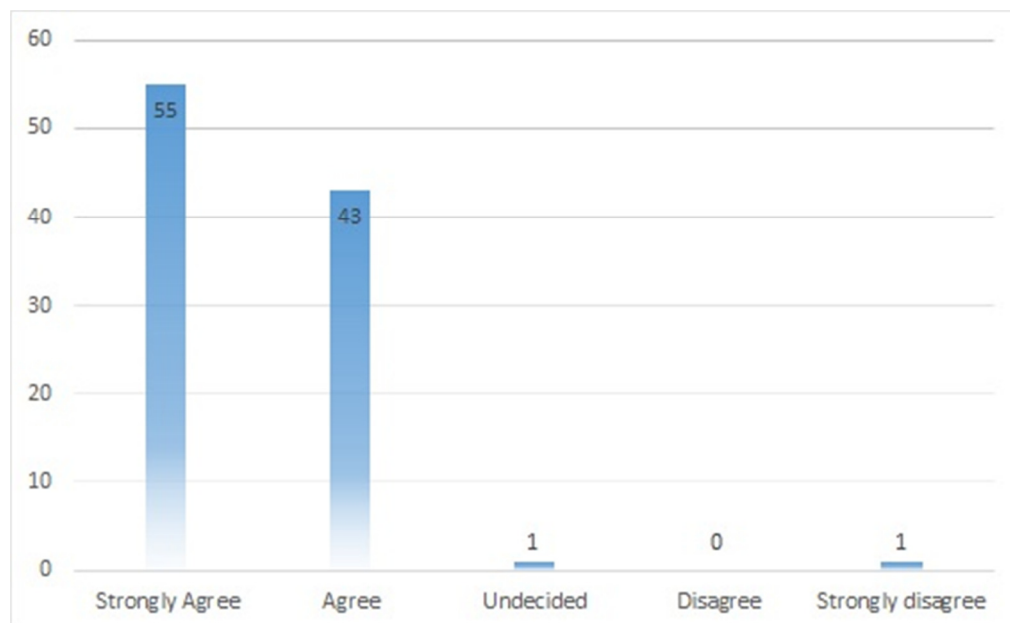


Figure 5.3 Sewage management is the reason for non-payment

Fifty-five percent (55%) of the respondents strongly agreed that bad sewage management is the reason for non-payment at Oshakati Town Council and 45% agreed. Nil were undecided or not in agreement with this statement. The main advantage of sewage is that it can remove large amounts of waste water and it provides greater user convenience. The main disadvantages are high capital and operating costs as well as that the effluent contains large numbers of bacteria. Sometimes the oxidation ponds overflow during the rainy season, resulting in the water being contaminated. These disadvantages contributed to the residents' dissatisfaction with council services thus withheld payment until the situation improves.

5.3.4 Illegal use of water

The researcher observed that reduction of illegal consumption reduces non-revenue water. Reduced operational costs results in less chemical usage and there is electricity optimized production. It means there is more water available for legal consumption. There is increased revenue through the fines levied on the identified illegal consumers. Illegal use of water takes place especially when individuals refuse to pay and they divert to illegal use when the water has been cut off. The following are some of the categories identified on the illegal use of water.

5.3.4.1 Meter bypass

A consumer is a customer with a water meter. So how can the meter be bypassed? A customer can use an alternative pipe placed before the meter. This water may simply bypass the meter to a roof tank or go directly to (i) the house, (ii) the garden, or (iii) a combination of two or three cases. See an illustration of bypassing in Figure 5.4.



Figure 5.4. Technical and Infrastructure Department (2013). Illegal use of water in an Oshakati residence

5.3.4.2 Illegal connection

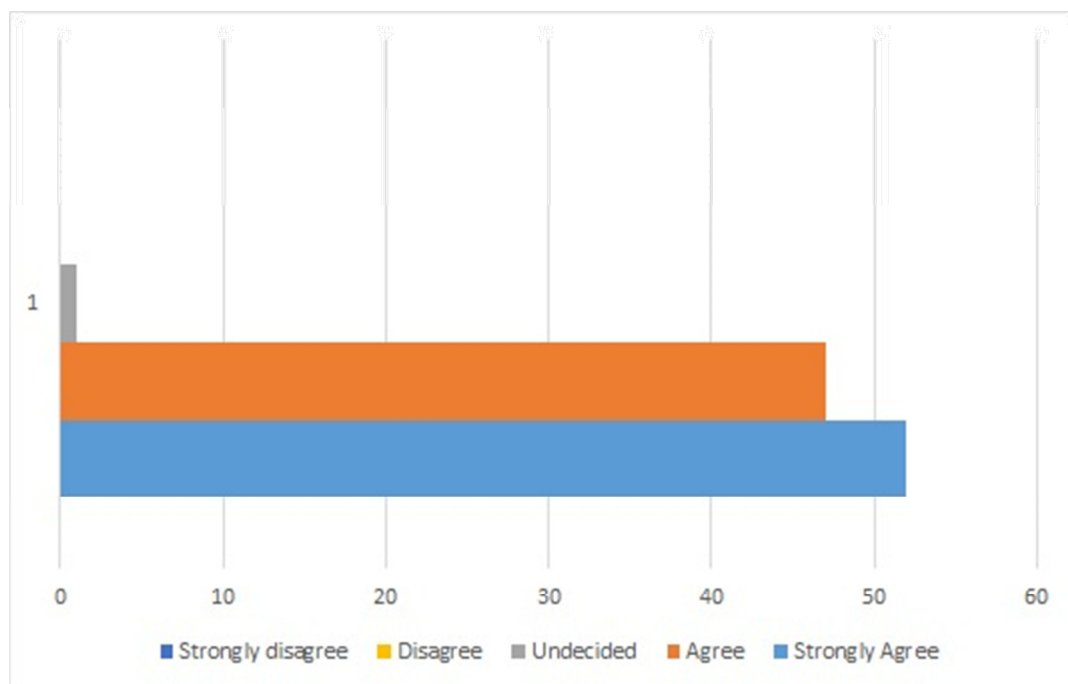


Figure 5.5 Lack of strategies for managing illegal connections contributes to non-payment

As evident in the above 52% of the respondents strongly agreed that a lack of strategies for managing illegal connections contributes to non-payment; 47% agreed with this reason. What is an illegal connection? It is one when a consumer in Oshakati, for example, is not a regular water user but employs another way to connect to a water supply. Such illegal connections are rife and constitute part of the 81% of water losses in Africa. Reconnection made by some of the residents in the Oshakati area after they have been disconnected also is an illegal connection. Figure 5.6 depicts illegal connections.



Figure 5.6 Technical and Infrastructure Department (2013). Illegal connections

5.3.4.3 Fetching before the meter

What does fetching before the meter mean? The customer consumes water that is not metered by closing the stop cork, removing the meter and then connecting a horse pipe to the network and then fetches water. After fetching water the meter is replaced. An example of this is in Figure 5.7.



Figure 5.7 Technical and Infrastructure Department (2013) Fetching before the meter

5.3.4.4 Meter reversal

This refers to when a customer mounts the meter in a reverse order so that it reads backwards to a looked-for reading. The meter is returned to its

correct position after the customer has collected sufficient water. Meter reversal means reversing the meter readings physically. The customer purposely corrupts the meter to affect its efficiency. This may comprise: reducing or distorting mechanical gears; boiling the meter to melt internal components; breaking the meter reading glass initiating impurities, and so on. See an example of this is in the below picture.

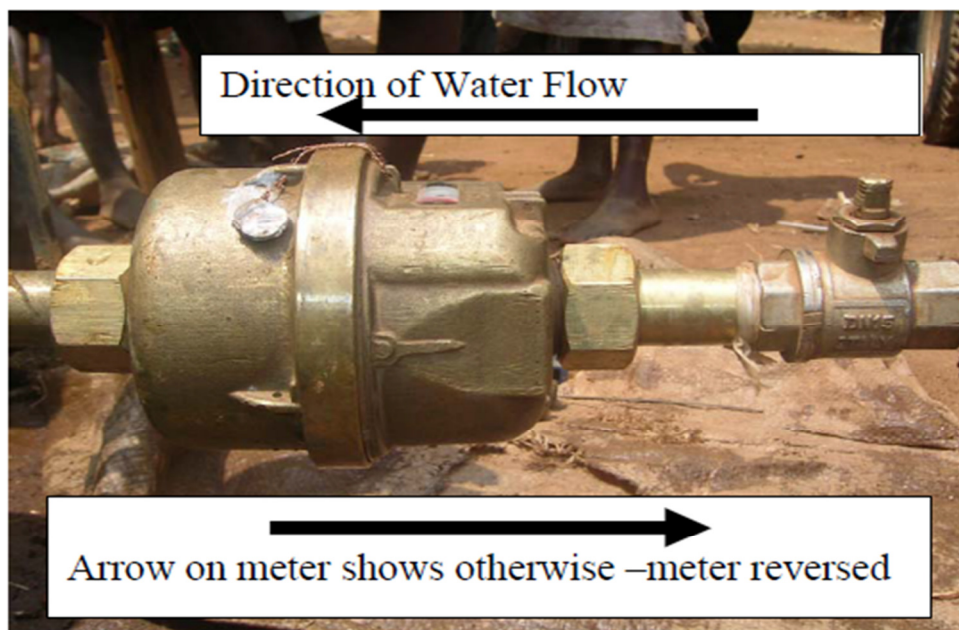


Figure 5.8 Source: Technical and Infrastructure Department (2013). Breaking glasses

5.3.4.5 Incorrect billing system

The researcher observed that billed unmetered consumption is water billed despite the fact that it is not metered. Billed metered consumption is water that has been used and billed for in a month. It is best to always liaise with those in the billing department to acquire this information on a monthly basis. Unbilled metered consumption is water that is not billed but is metered. It could embrace

metered fire hydrants used by a police fire fighting department. It could be metered water supplied to staff houses without billing for usage.

Unbilled unmetered consumption is watered not billed nor is it metered. It is lost during repairs and while effecting new connections. The formulae for computing this is:

water lost through new connections =

(water lost per new connection in litres x number of new connections) .

Municipality metering inaccuracies have two aspects: meter under registration, and under estimation of consumption for unmetered customers.

The findings of the study regarding incorrect billing are presented in Figure 5.9.

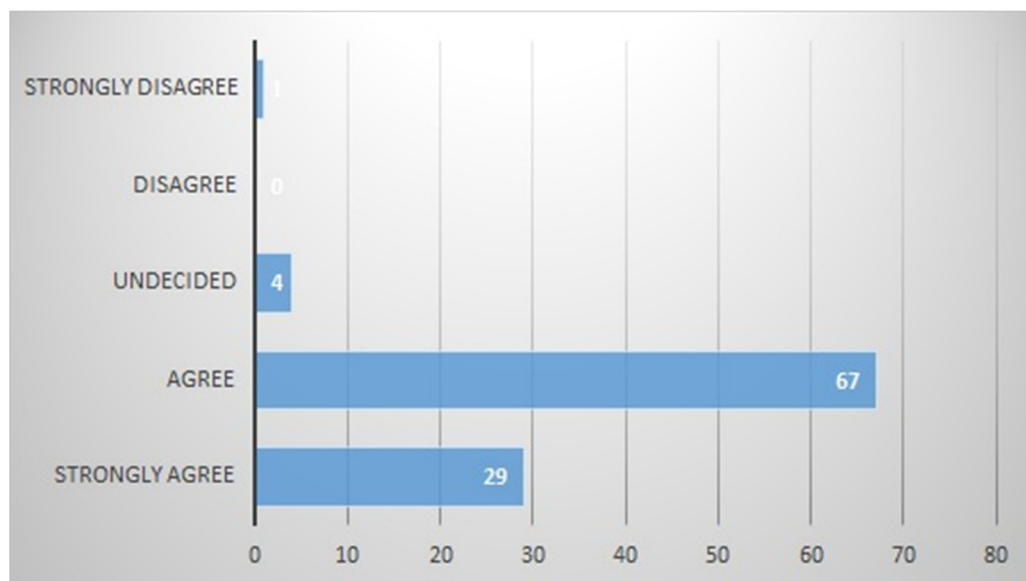


Figure 5.9 Incorrect billing is the reason for non-payment of services in Oshakati.

Sixty-seven percent (67%) of the respondents agreed that incorrect billing is the reason for non-payment of services in Oshakati while 29% strongly agreed. Four percent (4%) were undecided and 1% strongly disagreed.

For example, if a customer is not at home for a month and obviously does not use water the block meter system continues to charge for usage. This means being liable for payment of services not used. Block meter reading was considered to be very bad; it was seen as a method of stealing money from the residents (see Figure 5.10) below. Why should people continue to pay for services not used? All one hundred of the respondents expressed strong sentiments about being asked to pay for services even during flooding periods.

During these periods the residents do not use the services. They were of the opinion that the municipality should work on the draining systems.

5.3.4.6 Block meter reading

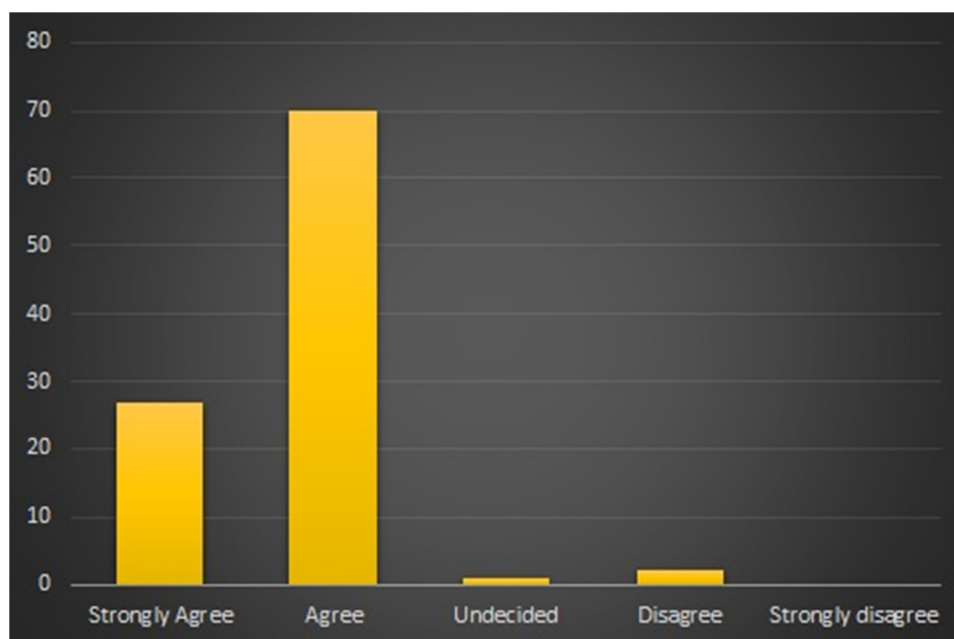


Figure 5.10 Block meter reading is a reason for non-payment

Twenty-seven percent (27%) strongly agreed that block water billing is the reason for non-payment of municipality services in Oshakati; 70% agreed with this reason and 1% were undecided. As evident in the Figure 5.10 only 2% disagreed that block meter reading contributes to non-payment.

The water billing system is atrocious and needs immediate attention because some residents are not happy with it. In view of this, it is important to ask some questions.

- Why is it that customers are not allocated their own individual meters and charged individually when using water services?
- Why should they be charged as a block even though there is a pro-rata allocation of services being consumed?
- Why processing water is bills not done on time.

Furthermore, some residents complained that they do receive their bills. What should be taken into consideration is the high cost of sending bills bearing in mind the amount being charged. This costly method of billing needs immediate attention. Some countries, to keep costs low, use e-billing instead of posting hardcopies. An example of doing so is the Town Council of Lommel in Belgium.

The study explored other non-payment problems to unravel possible reasons why some consumers fail to pay for services. These possible reasons are presented below.

5.4 Research question 2

What are the possible reasons why some consumers are failing to pay for services?

5.4.1 Poverty and unemployment

There are different reasons that could make consumers, and the public in general, fail to pay for services rendered by a government or municipalities. The history of Namibia plays a major role. During the struggle against apartheid, the public adopted a strategy of non-payment for services to fight the system.

Other reasons for failing to pay for services could be related to poverty among the citizens of the district. Poverty can affect the ability of the consumers to pay for services and affect the revenue base of a municipality and its ability to deliver services.

A willingness to pay for services on the part of the consumers' needs to be explored. Consumers may plead poverty when they are in fact just not willing to pay for services. The research tool and methodology in this study, unravelled all these interwoven reasons for not paying for services. The findings reveal the real reasons which mean that action can be taken to redress the situation.

Poverty of many households in low paying areas makes them unable, rather than unwilling, to pay. In particular inability to pay seems to be more acute in the rural town areas rather than in urban settings. This is not surprising and is consistent with findings from other African countries (Fjeldstad &

Semboja, 2011). Poverty is a major problem in municipalities in Namibia. The problem of free basic services including education, water, and electricity has therefore also been a major theme in recent election campaigns. This observation is supported by Johnson (2010) who questioned why residents believe people sometimes do not pay for their services. The main reasons given by the respondents were that 59% named the inability to pay was due to unemployment, low salaries were cited by 69%, and 70% believed the rates were too high.

In this study sixty-two percent (62%) of the respondents strongly agreed that poverty and unemployment contribute to reasons for non-payment of services in Oshakati Town Council. Thirty-six percent (36%) agreed that poverty and unemployment contribute to reasons for non-payment of services. Those who were undecided or disagreed constituted 1% respectively as depicted below.

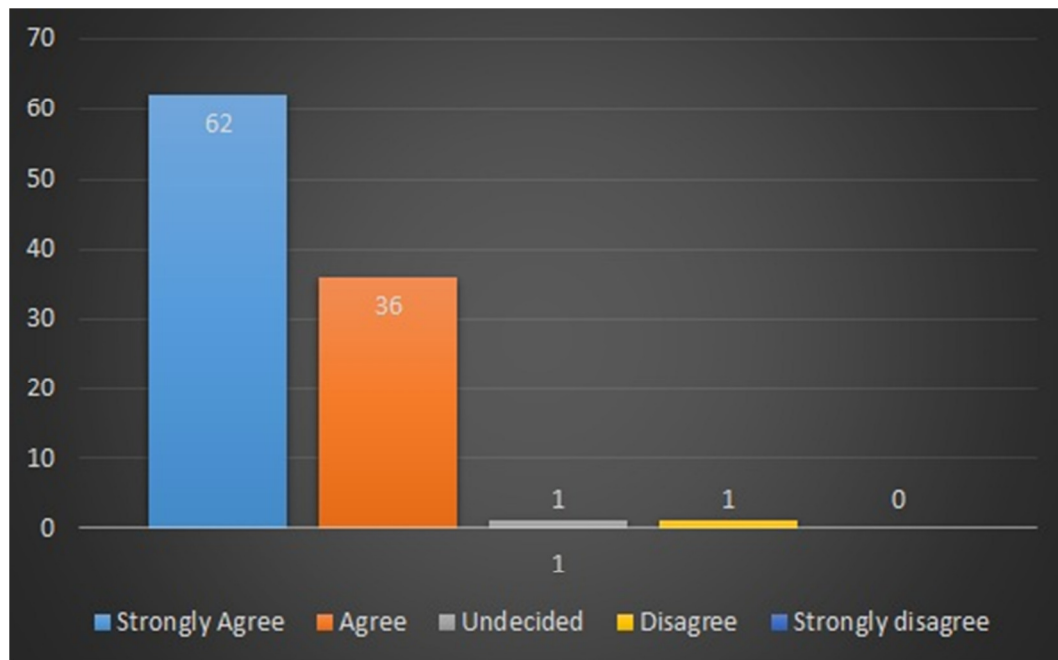


Figure 5.11 Poverty and unemployment contributes to non-payment

Poverty and unemployment are the vicissitudes which reason non-payment of municipal fees in Namibia. According to the statistics the unemployment rate in Namibia is two digits which is a very high figure. The largest populace in Oshakati falls within the low income range. This creates a gloomy picture regarding the financial capabilities of the majority of Namibians to pay for these municipality fees. Drought and increasing inflation have exacerbated the affordability of residence in Oshakati to pay for electricity and water.

People are encouraged by fairly stable prices. When inflation is low then the effects may be beneficial to an economy. Inflation redistributes wealth and the real value of debts and financial assets are eroded by inflation. Wealth is redistributed away from those with net financial assets towards those with debts. The financial costs of unemployment are that the unemployed do not pay

tax in Namibia. They are usually supported by their families. According to the Philips curve unemployment and inflation are linked. Unemployment causes, and increases, crimes that have resulted in the illegal use of water and illegal connections by people trying to eke a living. The majority of cases of the unemployed results in them defaulting to pay for electricity and water. Poverty and unemployment force people to live on or below the poverty datum line. In such scenarios there is no money to pay for the services.

5.4.2 Municipality culture of promoting non-payment of bills

All human beings are all born into a culture and are part of it an early stage in life. Culture remains imperceptible until it is challenged. A different culture may be experienced or the culture is made overt and explicit through the framework of a design (Cameron &Quinn, 1999).

Culture has become a buzz word in recent years and is used by managers and management scholars to mean many dissimilar and sometimes incongruous things (Wilkins, 1983). In terms of this study, it was deemed necessary to have a clear definition of culture in order to contextualize it.

Organizational culture was, according to Mayson (1997), delineated by Marvin Bower of the consulting firm McKinsey as “the way we do things around here”. In terms of this study, such a definition is succinct but it scratches the surface of a profound topic. The definition does not give much imminence into the elements that go into shaping what members of the organization actually do and why they do what they do.

It however, operates as a useful starting point. Organizational culture is indeed rooted in the way things are done in a particular organization. This pattern of the way things are done is what Bower referred to as organizational culture.

The culture of Oshakati about dealing with non-payment has not received much attention. Very little has been done to those who do not pay for services. This therefore, means most people have joined the bandwagon of non-payment because the municipality has not taken any strong measures of collecting the different millions of dollars owed by the public. The culture of the organization has been that of not dealing with any bad apples. The non-payment 'delinquents' have not faced any legal action: cutting off services for non-payment may occur. The findings of this culture of non-payment are presented below.

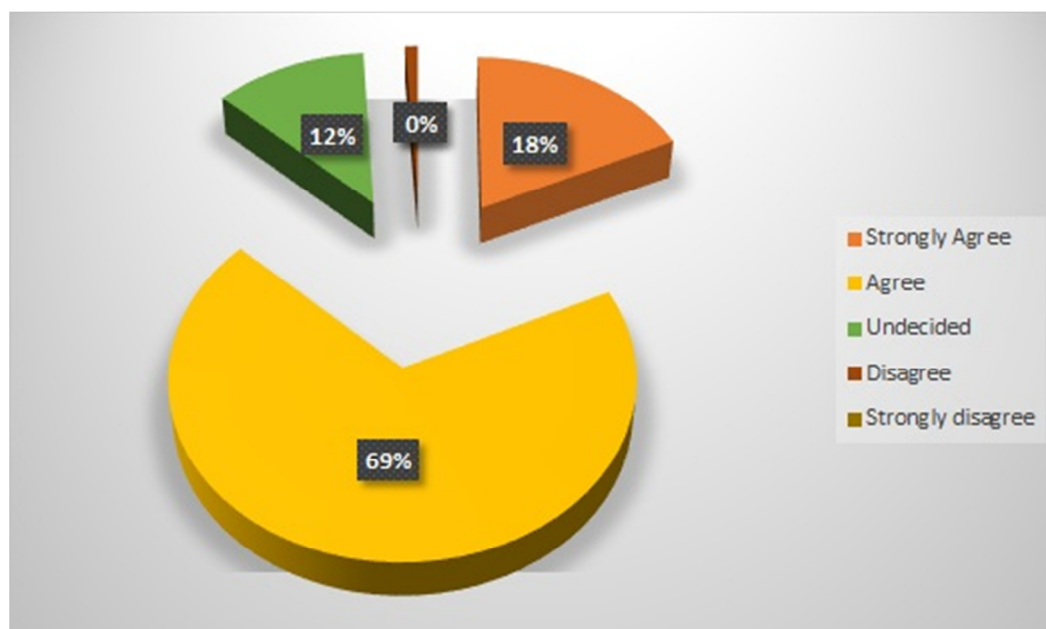


Figure 5.12 Culture practise is a reason for non-payment

Sixty-nine percent (69%) of respondents agreed that a general culture practise has been instilled in them for not paying bills; 18% strongly agreed with this reason for non-payment. According to Moses (2002, p.1), a culture of non-payment evident in South Africa was established in the 1980s. This was at the height of the apartheid era when town and city councils were separated according to race; some catering for the poorer black communities and others catering for more affluent white municipal areas. Lack of resources allocated to black urbanization and the inability of blacks to pay municipal accounts consequently resulted in inadequate provision of services, such as purified water, electricity, and sewerage systems.

The findings in this study show that there is a performance gap between the expectations of the customers and service delivery by the municipality on problems to do with refuse collection, customer service, and attending to sewage management systems. The quality standard Q_S is assumed to be anchored to a fixed professional quality standard (λ) as presented by Harvard Business School Professors Levine, Van Sell and Rubin (2011). The standard adapts with some delays to management's desired quality goals (G) and the municipality's understanding of current quality delivered to the customer (Q_E). The formulae can be applied in this scenario to reflect the performance gap which exists between poor service delivery by the municipality and the expectations of the customers. $Q_S = \lambda + G + Q_E$

A case in point is the South African Batho Pele White Paper on Transforming Public Service Delivery which emphasises putting the customer first. It identified eight principles of customer service.

- i. To recurrently consult with customers
- ii. To lay down service standards
- iii. To increase high contact to services
- iv. To ensure higher levels of good manners
- v. To provide more and better information about services
- vi. To increase openness and transparency about services
- vii. To remedy malfunction and mistakes
- viii. To give the best possible value for money.

Seventy-eight percent (78%) of the respondents stated that they are not happy with the way the municipality managed floods. Most respondents were completely dissatisfied with the Oshakati services and were not happy with availability of shacks for residents who continue to stay in abject poverty. Water security in disasters is the role of participatory governance. Provision of health facilities and camps for people during floods can be temporary measures. A proactive approach is needed to deal with the situation rather than wait for floods to take place and then try to implement emergency planning measures.

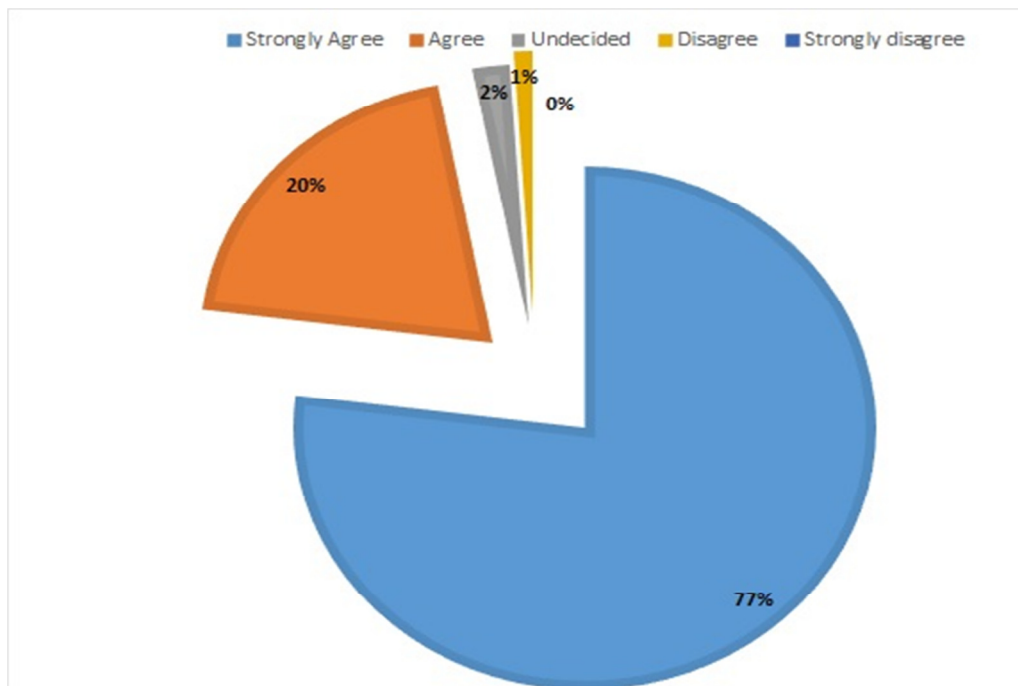


Figure 5.13 Mismanagement during floods leads to non-payment

The pie graph (chart) shows the percentages in terms of the respondents' rating of mismanagement of floods in Oshakati. Most were not happy with the aftermath of service delivery. Seventy-seven percent (77%) indicated that they were not happy with the way the municipality manages floods; 20% agreed that this is a major reason for non-payment. Seventy-seven percent (77%) of them emphasized that mismanagement of people during floods leads to non-payment of bills. Oshakati is a town which is subject to episodic and continuing flash flooding hazards. A city in Tulsa implemented major transformations from hazard victim to hazard management. What is needed to do this is recruitment of people who are specially assigned to deal with floods and a seasonal policy in place for this project. Such strategic policy innovation and social learning must have continual support and participation. A strategic policy innovation support is instrumental in the mitigation of floods and managing them in Oshakati.

There is no single policy to address this problem. The best option would be a national flood insurance programme that could also be used as an alternative approach to managing floods. Multiple decision-makers, conducting technical support, and movement towards economic rationality should be a growing trend in the Oshakati Town Council. The below photograph illustrates the devastating result of floods in 2009.



Figure 5.14 Source: Technical and Infrastructure (2013). Flooding in Oshakati 2009

During the flooding, roads and other traditional access routes are either breached or inundated. Most of the water meters become submerged under the flood water thus meter reading cannot be done. Added to this bursts pipes under the flood water are difficult to detect or not discovered at all. As a result, non-payment of consumers' accounts increases.

Most of the fund is on global municipal competence and resource application. This result in being advantageous for customers is a non-parametric approach is used. When exogenous variables are incorporated then a simple but

rather a problematic two stage approach is ideal: Tobit-regression of the resulting efficiency score on the variables. German studies and Moesen (2009) engaged a one-step stochastic frontier analysis to approximate the global cost efficiency. German municipalities, like the one in Oshakati, offer an expansive multiplicity of municipal governance forms.

5.4.3 Leakage management

As evident in Figure 5.15 78% of the respondents articulated that lack of proper leakage management contributes to non-payment of municipality bills at Oshakati; 21% were in agreement that leakage management must be reinforced so that people can start paying their bills. Only one percent indicated that there is no need to address leakage management.

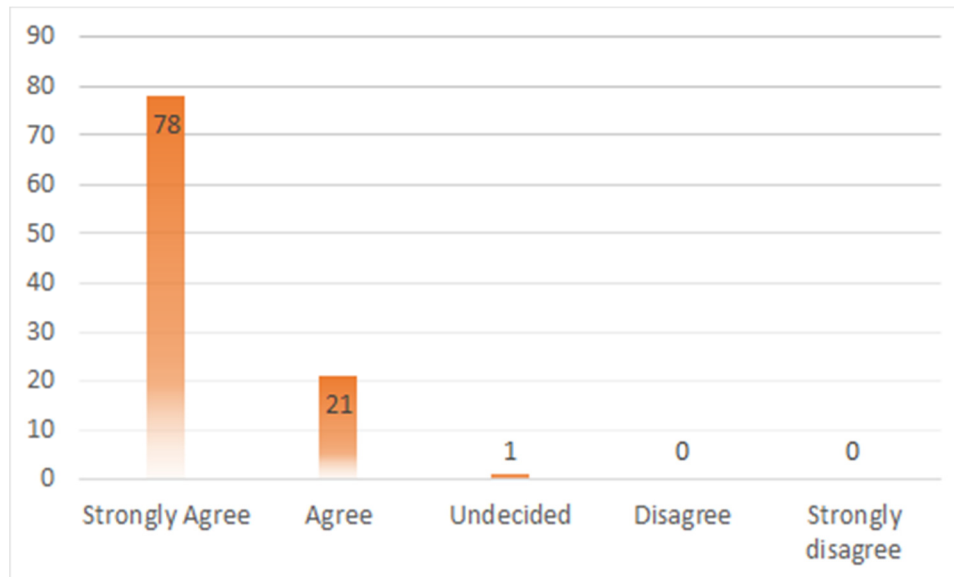


Figure 5.15 Leakage management contributes to non-payment

The volume of the water lost by leakage in Oshakati depends largely on a plethora of factors. For example, the pressure in the network; whether the soil

allows water to be visible at the surface; repair time and how quickly the leakage is repaired; and the size of the leak hole. The latter results on the amount of water lost: small holes let out less water under the same pressure than significant ones. Table 5.2 presents a water and report. Underground leaks are not easily detected by the Oshakati Municipality.

Table 5.2 Source: Finance Department (2013). Water report and leakage report

System Input volume 100%	Authorized consumption 42%	Bill authorized consumption 97.7%	Bill metered consumption 94.7%	Revenue Water 42%
		Unbilled authorized consumption 2.26%	Bill unmetered consumption 5.3 %	
			Unbilled metered consumption 13.7 %	
			Apparent commercial loses 97.7%	
		Leaks 78%		
	Water losses 57.7%	Real physical loses 0.25%	Bursts 22%	Non- revenue water 58%
			Leaks and overflows 0%	

5.5 Research question 3

What are the contributing factors for non-payment of services on service delivery?

5.5.1 Non-payment of services on service delivery

Delaying payments to the Oshakati Town Council by residents' results in the revenue base to decline. As a consequence, no services would be supplied for sustainable, effective and efficient services. According to the Auditing Report of ending 30 June 2012, residents' arrears of more than 120 days amount to 28% of outstanding debt/ arrears. This would result in the town not being in a financial position to honor all its obligations of paying suppliers for goods and services provided to council for local economic development and growth. According to Ismael *et al.* (1997, p.92) main service charges levied by most local authorities are water, cleaning, and sewerage services. However, to sustain such services the basic principle is that the users of services must pay for using such services.

In most instances, payments made to local authorities are not meant to make a profit but rather to cover costs for rendering such services. For example, it is a constitutional obligation to provide water and other pertinent services, like sewage and refuse removal, to residents. The role of Oshakati Town Council is thus to use available limited financial resources at its disposal to deliver services to its community at a cost recovery basis. Developmentally, the lives of the community within Oshakati town in terms of Local Authority Act, (Act 23 of

1992) as amended, are the municipality's duty. Failure of the community to pay for services has a negative result on service delivery. In view of this Oshakati town must be able to generate sufficient revenue from its operation to provide quality services to its residents. This requires risks management as elaborated below.

5.5.2 Debt disadvantage

Paradoxically the expansion of risk management is punctuated by what materializes to be stoppage in management of public utilities. The 2007-2009 financial crisis led regulators and observers to call for corporates to have CEOs dedicated to the enterprise of wide risk management. The need to manage the risk becomes very significant when it has operational, financial, credit, strategic and legal risks involved (see Figure 5.16 below). The financial risk of a municipality increases because the municipality has enormous arrears to be cleared by the customers. The need to manage debts becomes inevitable. Financial risk takes place in most cases when there is long and short term debt.

A good collection policy is imperative to minimize accrual of large amounts of arrears because delinquent accounts become increasingly difficult and costly to collect as time passes. Sales from slow paying customers are subdued by slow collections.

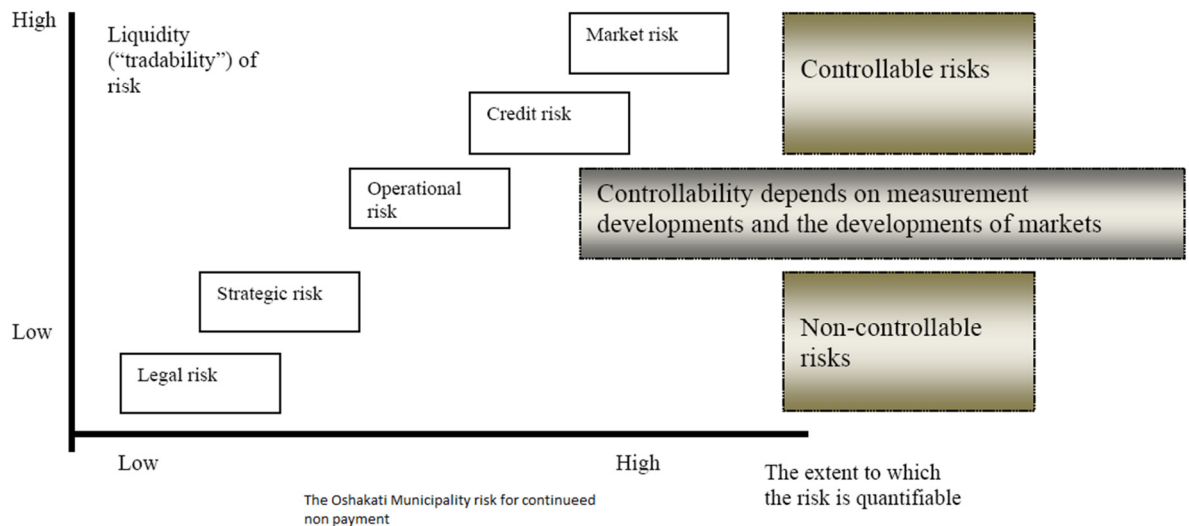


Figure 5.16 Oshakati Municipality risk for non-payment

5.5.3 Evaluating the arrears on NPV approach

Conceding credit can be perceived as an investment decision whereby the municipality was theoretical has invested \$N45, 950,367 which is still in the hands of delinquent customers. A dollar today is not equivalent to a dollar

tomorrow. The NPV formula is $NPV is = \frac{\text{After tax cash h flow}}{WACCI}$

A positive NPV would point out an acceptable decision. The formulae assume that the after-tax cash flow is invariable and continues into perpetuity. The money in arrears could have resulted in improved investments in the stock.

5.6 Research question 4

What are the strategies exist to encourage and maintain the payment for service?

5.6.1 Strategies for revenue collection

Adequate revenue streams are the lifeblood of any utility company in order to effectively follow up consumers. There is a need to closely follow up consumers sometimes on a door-to-door basis. However, the lack of any maps to guide field staff in locating consumers can greatly limit the capacity of the company to effectively follow up its bills. With the implementation of block mapping /GIS, the block maps produced will be handy in facilitating staff in effectively following bills.

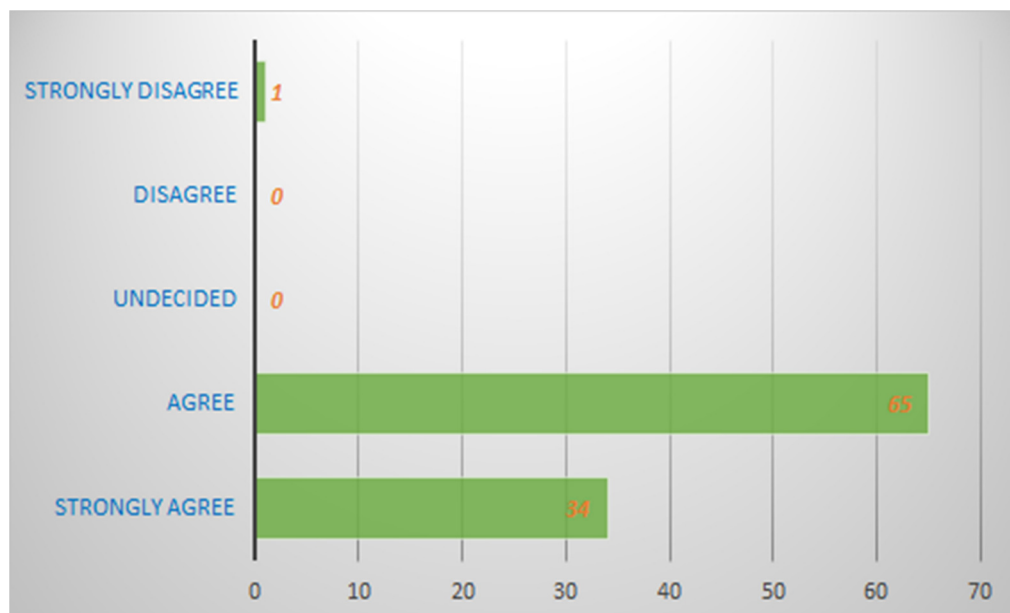


Figure 5.17 Lack of debt collectors

As evident in Figure 5.17 sixty-five percent (65%) of the respondents agreed that the lack of debt collectors contributes to non-payment by the community. Only 1% strongly disagreed there is a need to introduce debt collectors in order to alleviate the problems of non-payment whereas 34% strongly agreed there is a need for such a strategy.

It is always a lot easier to get disbursement for a bill that is current and has been distributed to the right person on time. To attain this situation the following needs to be in place.

- A good all inclusive database allowing for uncomplicated identification and tracking of customers: namely, customer maps.
- Unswerving measurement assessment systems.
- Meters that are well sustained therefore in good operation.
- Dependable and good quality services.

Revenue collection strategies for Oshakati should be implemented and should encapsulate revenue collection policies. These should include (i) meter reading targets that rely on the number of staff available, (ii) deadlines for sampling meter reading precision, and (iii) target times to complete meter readings. For example, meter reading dates could on the 18th and 28th of each month. Set cut off dates for posting meter readings. A date should also be set for posting bill adjustments, and all interrelated checks and balance. Set dates for running bills and supply dates.

Formulate strategies for dynamic debt follow up: for example, door-to-door customer visits. This is done through a territory management concept. The distribution of network zones can be done through zoning, for example, Z1, Z2, Z3, etc.

Enter into debt settlement agreements for customers who, for justifiable reasons, cannot pay their bills in full and monitor the agreements. Engage debtor collectors in the case of defaulters. Charge customers for related interest accrued for non-payment. Empower customers for on-site decisions and handle customers well. Set arrears targets for each staff member, institute weekly monitoring performance report mechanisms, and always give feedback. Give performance based bonus for those staff that collects the most arrears.

5.6.1.1 Increasing payment options

People's life styles are always changing and new ways of doing things emerge on the market. This requires an organization, such as an La, to always be on the lookout on what is happening around it. By doing this, means being able to satisfy customers by adopting always new ways of saving them unnecessary costs. The options could be payment at established cash offices situated in all premises. Payments could be at bank using ATMs. There could be an option of monthly bank account stop orders for customers to pay their water bills. Direct debit systems could also be introduced for payment of services. Other options include cell phone payments/transfers, or credit card machines for payments. Mobile cash offices for remote locations could be considered on prior agreed days.

5.6.1.2 Partnering approaches

The majority of the respondent indicated that for booming revenue collection it is always significant to partner within certain people and institutions to lead to successful revenue collection. In addition regular meetings should be held with the key stakeholders to sensitise them on different aspects of the organisation's operations. Such meetings should include the role and responsibilities of residents reporting leaks and/or water theft. The Oshakati policies on debt management should be part of such meetings. Use an 80/20 Pareto rule by developing relationship with key consumers. Recognise key institutions such as police, courts, and councils, as their services may be needed during revenue collection.

5.6.1.3 Outsourcing revenue collections

Occasionally it may be indispensable to outsource some aspects of revenue collection for difficult debtors. There are many options on the market. For example, factoring of debts, insurance, and use of debit collections. In many developing countries the use of debt collectors is popular. Only outsourcing difficult debts should be encouraged. The debts should be accurate and there should be a properly written contract with the debt collectors. The terms of the agreement should be spelt out as too should payment methods and methodology. Regular monitoring of debt collection is important to avoid such things as thefts. This means progress reporting becomes very important.

5.7 Research question 5

Does all the money paid to Oshakati Town Council being used to deliver services in the best interest of the community in a financially sustainable manner as prescribed by LA's act (Act 23 of 1992) as amended, and other applicable legislation?

Figure 5.18 depicts the arrears for four financial years. In 2008/2009 it was N\$11,656,572.82; in 2009/2010 it was N\$12,752,675.34, in 2010/2011 it was N\$ 15,353,272.34; and in 2011/2012 it was N\$ 6,187,846.77. While the total provision for bad debts for the financial year ended 30 June 2012 stood at N\$12,148,099 (twelve million one hundred and forty eight thousand and ninety nine dollars), (Report of the Auditor General on the Accounts of the Town Council of Oshakati as at 30 June 2012). This paints a gloomy picture in terms of the Oshakati's ability to collect an amount owed by the community.

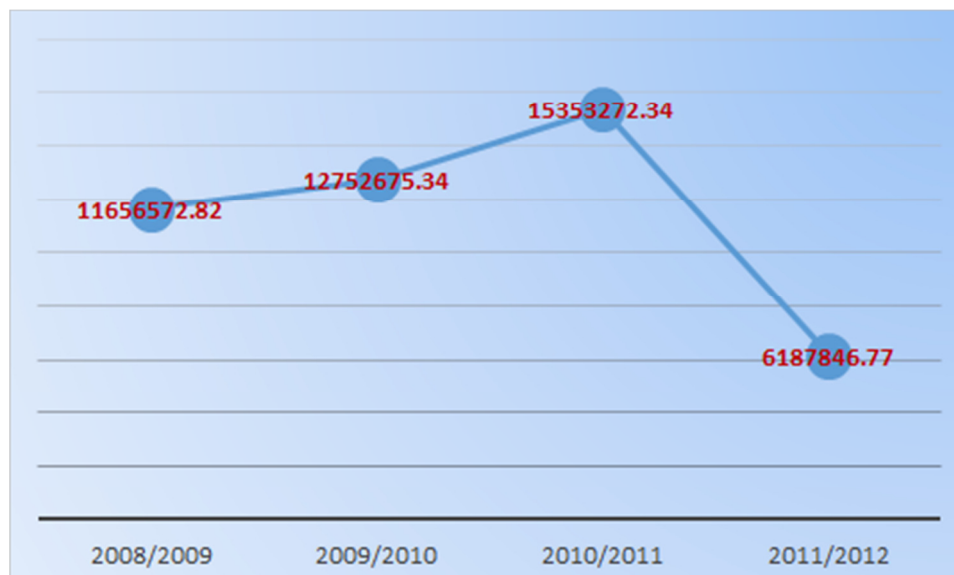


Figure 5.18 Arrears

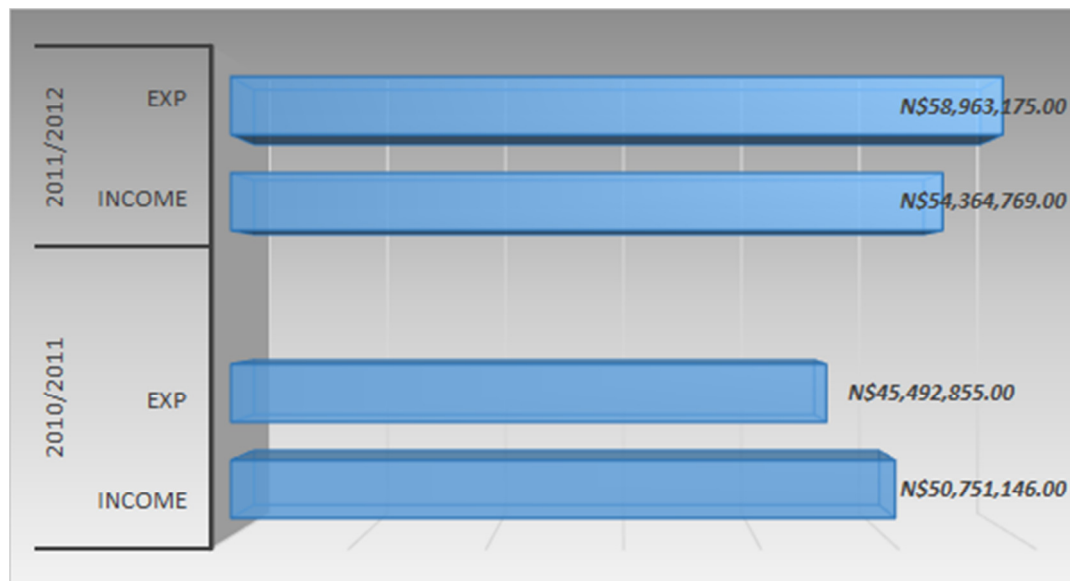


Figure 5.19 Graphic income and expenditure statements

In 2012 the income increased by 7% while expenditure increased by 29% as presented above. This shows laxity by management to control expenditure and this resulted in a net deficit of N\$859,966 in 2012 (Auditing Report of the Auditor General on the Accounts of Oshakati Town Council 30 June 2012).

What is required is measuring what will be expected to be supervised and realized. Without capacity there is no reference to work from. This could lead to operating in the dark. So what is required is ways of establishing references and handling the financial affairs of Oshakati. This can be achieved if the municipality uses ratios. What are ratios? They are fundamentally relationships between two financial balances or financial calculations. These interactions establish references to recognize how well the municipality is at its financial accomplishment. Ratios also broaden the conventional way of gauging financial performance, namely relying on financial statements. By applying ratios to a set of financial statements it is easier to better comprehend financial performance.

Ratio analysis can be used as a technique to analyse financial statement to ascertain their efficiency, liquidity and profitability. The gross profit percentage on bulk purchases was 111.68% in 2012 and 180.41% in 2011; the net surplus % on bulk purchases was 97.9% in 2012 and 163.67 % in 2011. This shows a decrease in profitability compared to prior years.

According to the 2012 Auditor's Report certain scenarios of statistical information were not provided in order to calculate the distribution losses.

Losses could not be defined because the amounts were not documented nor were they available. Compensation payment of N\$1,539,679 was made but no supporting documentation was available. This is a reason for concern regarding the financial accounting and financial management of the accounts. There were unrecorded liabilities of N\$4,603,442, but an approximation can be made

concerning current assets ratio of 2012 $= \frac{\text{current assets}=76,781,921}{\text{current liabilities}=38,220,236} = 2:0$ while for 2011 was $\frac{\text{current assets}=15,790,194}{\text{current liabilities}=35,887,373} = 0:4$ and the industry was 2.0

Of crucial significance to any municipality is its ability to meet day-to-day debts as they fall due. It is not exceptional for a business which on paper is making a profit, to experience harsh liquidity problems. There are two universally used ratios that highlight such a situation: the current ratio, and the acid test ratio. The current ratio measures ability to pay current liabilities with current assets. A municipality prefers a high current ratio, which means the business has adequate current assets to pay current liabilities, plus a cushion. An increasing current ratio from period to the period by and large indicates improvement in financial position.

5.8 Conclusion

The findings show that there is a performance gap between the expectations of the customers and the service delivery by the municipality on problems to do with refuse collection, customer service and sewage services management. This indicated a poor service delivery. The study indicated that illegal water consumption has contributed to non-payments where residents bypass water meters. The usage of block meter system where residents asked to pay for consumption of water used by other consumers is also a non-payment contributing factor.

Moreover, the study found out that poverty and unemployment were unavoidable variables affecting the consumers to pay for services.

The result being both a reduction in the revenue base and its ability to deliver services. The study also revealed that the culture of Oshakati has been that of not dealing with any delinquencies who absconded in payment and neither has legal action been instituted apart from one method used of cutting water for non-payment.

The lack of debt collectors, leakage management, flood management, and indeed lack of strategies for revenue collection, have explicitly been discussed. It was found that all have contributed to non-payment.

CHAPTER 6

Conclusion and recommendations

6.1 Introduction

In the foregoing chapter the researcher concentrated on data analysis and interpretation of findings. This chapter consists of a conclusion and recommendations for further research are made and were applicable, future policy and payments on municipality services. The purpose of this study was to make an evaluation of the reasons for non-payment of key services in Oshakati. This chapter discusses the conclusion by taking into consideration the objectives, the literature review, and the research questions. Recommendations derived from the conclusions are also presented. The objectives were:

1. To identify the reasons for non-payment of key services in Oshakati.
 2. To assess the possible reasons why some consumers fail to pay for services.
 3. To determine the contributing factors for non-payment of services on service delivery.
 4. To determine the strategies exist to encourage and maintain the payment for service.
 5. To assess whether all money paid to Oshakati is used to deliver services as prescribed by the Local Authority Act, (Act 23 of 1992).
-

6.2 Summary of key findings

The major findings of the research were as follows. There is a performance gap between the expectations of the customers and the service delivery by municipality on problems to do with refuse collection, customer service and attending to storm water drainage systems. This indicated poor service delivery.

6.2.1 Refuse collection

Eighty-two percent of the respondents strongly agreed that poor refuse collection is a reason for non-payment. Refuse collection strategies can employ cost cutting measures. Publics of all sizes, terrains and climates, have efficaciously cut costs and improved service by using the following strategies. Reducing collection occurrence even in the hottest climates is a growing trend. This is done to eradicate the second municipal solid waste collection day or replace the second collection day with recyclables or yard trimming collection.

6.2.2 Sewer services

These include system operation and maintenance, emergency response, construction of new sewer pipes or replacement of sewer pipes within the districts and complying with regulatory requirements. The Oshakati Town Council is responsible for paying its share for sewage treatment and disposal, and construction projects that carry sewage from the council to the waste water

treatment plant. The majority of the residents are not happy with the sewage management.

6.2.3 Illegal water consumption

The researcher observed that reduction of illegal consumption reduces non-revenue water and reduces operational costs. Such reduction results in less chemical usage and an improved electricity optimized production. It means that there is more water available for legal consumption. There is increased revenue through the fines levied on the identified illegal consumer. Illegal use of water takes place especially when individuals refuse to pay and they divert to illegal use when their water supply has been cut off.

6.2.4 Incorrect billing

Sixty-seven percent (67%) of the respondents agreed that incorrect billing is the reason for non-payment of services in Oshakati; 29% strongly agreed with this reason; and 4% were undecided.

6.2.5 Financial information

According to the 2012 Auditor's Report statistical information in some areas was not provided in order calculate the distribution losses. This lack of information was because it was not documented and not available.

Compensation payment of N\$ 1,539,679 was made but no supporting

documentation available. This is a reason for concern regarding the financial accounting and financial management of the accounts.

There were unrecorded liabilities of N\$4,603,442, but an approximation can be

made concerning current assets ratio of 2012 $= \frac{\text{current assets}=76781921}{\text{current liabilities}=38220236} = 2:0$

while for 2011 was $\frac{\text{current assets}=15790194}{\text{current liabilities}=35887373} = 0:4$ and the industry is 2.0

6.2.6 Management of flooding

Seventy-seven percent (77%) of the respondents indicated that they were not happy with the way the municipality manages floods. Twenty percent (20%) agreed that this is a major reason for non-payment. Seventy-seven percent (77%) emphasized that mismanagement of people during floods leads to non-payment of bills. Oshakati is a town which is subject to episodic and continuing flash flooding hazards. A city in Tulsa took a major transformation from hazard victim to hazard management.

6.2.7 Management of leakage

Seventy-eight percent of the respondents articulated that lack of proper leakage management contributes to non-payment of municipality bills at Oshakati; 21% agreed that leakage management must be reinforced to ensure that people start paying for services. Only one percent of the respondents indicated that there is no need to address leakage management.

6.2.8 Debt collectors

The majority of respondents, namely 65%, agreed that the lack of debt collectors is contributing to non-payment by the community.

While 34% strongly agreed that there is need to introduce debt collectors in order to alleviate the problems of non-payment. One percent of the respondents disagreed that the municipality should make use of debt collectors as a strategy for revenue collection.

6.3 Recommendations

In order to bring about change in terms of non-payment of services the following should be considered.

6.3.1 Staffing

Some key positions are not occupied especially in the commercial departments; this is more evident in Oshakati. In addition the quality of the incumbent staff needs to be strengthened further by means of tailor-made training programmes, such as customer care, sewage management, and quality service delivery.

6.3.2 Logistics

It is apparent that logistics in Oshakati is inadequate in terms of provision of vehicles, motor bikes, and computers, to complement and reinforce the performance improvement programmes.

6.3.3 Benchmarking

To help the staff appreciate better ways of performing their duties it is recommended that the staff should be given an opportunity to benchmark with other best practise performing utilities in the global village. Exposure to such benchmarking would activate performance.

6.3.4 Metering

Most of the customer accounts in Oshakati are not metered during flooding and are therefore billed on estimates or flat rates. Water production for the town is partially metered, block metered, and in some cases, not metered at all. This makes the computation and management of Oshakati very difficult. This has a negative cascading effect on the performance of the whole organisation. Revenue could be lost through wastage of water by irresponsible customers who are billed on the flat rates method. Block meters would also cause some residents to incur large unnecessary bills. It is ~~thus~~ recommended that consumer meters should be urgently availed to address these challenges.

6.3.5 Leakage detection and pipe tracing equipment

Oshakati lacks leak detection and pipe tracing equipment to facilitate detection of underground leakages and field anomalies. It would therefore be prudent if Oshakati is assisted with leak detection and pipe tracing equipment.

6.3.6 Revenue collection

Adequate revenue streams are the lifeblood of any utility company. The reason being that there is needs to be adequate revenue to effectively follow up consumers; sometimes on a door-to-door basis. However, the lack of any maps to guide field staff in locating consumers can greatly limit the capacity of the company to effectively follow up its bills. So what is needed is the implementation of block mapping /GIS because the block maps produced will be handy in facilitating staff in effectively following up non-payment of bills.

6.3.7 Disconnection of delinquent customers

One line of attack for revenue collection involves disconnection of felonious customers. In most cases, utilities are unable to timely effect disconnections due to lack of availability of manpower to locate the premises and supply points. As a result such customers continue to consume water, accumulate arrears and get away with any payments. Some of those customers are tenants who relocate without making any payments. Eventually the company loses out because such arrears may be completely uncollectable. Block mapping and GIS systems assist in timely responding to delinquent customers.

6.3.8 Revenue collection strategies

It is always a lot easier to get payments for a bill that is current and has been delivered to the right person on time. To achieve this, the following needs to be in place. A good comprehensive database allowing for easy identification and tracking of customers which is called customer maps or GIS. Have in place reliable measurement assessment systems. For example, meters that are well maintained and is fully functional as well as reliable and good quality services.

Revenue collection strategies for Oshakati should be set in place to serve as a revenue collection guide. The strategies should include meter reading targets depending on the number of staff and target times of completing meter reading. Set reading dates for example on the 18th and 28th of each month. Set deadlines for sampling meter reading accuracy. Set deadlines for (i) posting meter readings, (ii) bill adjustments posting and/or any outstanding receipts, and (iii) all related checking by, for example, the 30th of every month. Set dates for running bills and distribution dates. Formulate strategies for vigorous debt follow-up. For example, door-to-door customer visits. This is done through the territory management concept. The distribution of network zones can be done through zoning e.g. Z1, Z2, Z3 and etc.

6.3.9 Partnering approaches

For successful revenue collection it is always important to partner with certain people and institutions. In addition regular meetings should be held with the key stakeholders to sensitise them on different aspects of the organisation's operations. Such meetings to include the role and responsibilities of residents

reporting leaks and/or water theft. The Oshakati policies on debt management should be part of such meetings. Use an 80/20 Pareto rule by developing relationship with key consumers. Recognise key institutions, such as police, courts, and councils, as their services may be needed during revenue collection.

6.3.10 Increase payment options

People's lifestyles are always changing and new ways of doing things emerge on the market. This requires an organisation, such as an LA, to always be on the lookout on what is happening around it. By doing this means being able to satisfy customers by always adopting new ways of saving them unnecessary costs. The options could be payment at established cash offices situated in all premises. Payments could be at bank using ATMs. There could be an option of monthly bank account stop orders for customers to pay their water bills. Direct debit systems could also be introduced for payment of services. Other options include cell phone payments/transfers, or credit card machines for payments. Mobile cash offices for remote locations could be considered on prior agreed days.

6.3.11 Outsourcing revenue collections

Sometimes it may be necessary to outsource some portion of revenue collection for complicated debtors. There are many alternatives on the market such as factoring of debts, insurance, and use of debit collections. In many developing countries the use of debt collectors is fashionable. Outsourcing complicated debts should be encouraged. The debts should be precise and there

should be a properly written contract with the debt collectors that includes terms, payment methods and methodology. Regular monitoring of debt collection is essential to avoid such things as thefts. Progress reporting becomes very important.

6.3.12 Minimizing illegal use of municipality services

Illegal use of water, and/or electricity, denies municipality revenue. All organisations need to put in place strategies to deal with such criminal acts. Disconnect only as a Last resort and as a tactic. Disconnections should not be the first option for revenue collection. Disconnected customer will definitely find illegal means of attaining water. Have informers in different locations to report water thefts. Reward people for reporting water thefts or those users who resort to illegal water connections to reduce their actual metered consumption. A drop in water consumption should be investigated for possible meter bypasses. Heavily punish illegal users who are caught stealing municipality services. Regularly visit disconnected accounts to check for possible illegal use.

6.3.13 Assessing the creditworthiness of the municipality potential customer

The conventional approach to assess the creditworthiness of a potential customer is the use of some of the traditionally 7Cs, namely:

- Character – looking at the enthusiasm of the potential customer to reimburse as shown by his credit track record and background.

- Capacity- the capacity of the customer to pay off debt by a due date as supported by profit history, operational efficiency and management.
- Conditions - the significant political and economic conditions unfolding to the customer's specific line of business or industry in which he/she operates.
- Credit history - the applicant's history of making payment.
- Common sense - the sound judgement of the person scrutinising the credit data.

6.3.14 Training and employing the right people for the job

There is a great need to employ properly qualified chartered accountants to manage the financial statements and carry out financial management systems of municipality. The financial books should be audited on time and accounts published on time. Training must be done to improve service delivery and to inculcate a culture in managing debt collections.

6.3.15 A strategic policy innovation when dealing with disasters

Water security in disasters is the role of participatory governance. What is needed is the provision of health facilities and camps for people during floods. A proactive approach is needed to deal with the situation rather than wait for floods to take place and then try to do emergency planning measures.

Recruitment of people specially assigned to manage floods should be part of a strategic policy to deal with disasters. A strategic disaster policy including social learning must have continuing support and participation. Continuous training programmes must be broadcast on air so that individuals can be educated about how they should deal with floods. A strategic policy innovation support is very instrumental in the mitigation of floods and managing floods in Oshakati. There

is no specific policy that is unequivocally the best approach. A national flood insurance programme could also be used as an alternative approach to managing floods. The Oshakati town needs a hazard reduction strategy. A hazard mitigation plan is one that includes activities to condense or eliminate the long-term risk to people, property, the social substructure, or environments, from hazards and their effects.

6.4 Conclusion

The main objective of the study was to investigate the reasons of non-payment municipal services in Oshakati. The Town Council of Oshakati is experiencing problems with people failing to pay for services rendered to them. Such services include water, refuse removal, sewage, and electricity, for example. This study has revealed some reasons for non-payment of municipal services. Examples of reasons of non-payment are dissatisfaction with services; poverty and unemployment; the result of HIV/AIDS; mismanagement of flooding; social practise people's attitudes; ignorance; unwillingness to pay; and opportunism.

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ANNEXURE 1

Survey questions: An evaluation for the reasons for non-payment of key services in Oshakati.

Survey questions for customers

Introduction

I would like to thank you for taking the time to participate in this survey. This survey is part of my master's research programme which I am completing with the Polytechnic of Namibia. This survey will approximately take you 5 minutes to complete.

Purpose of this study: An evaluation for the reasons of non-payment of key services in Oshakati.

Confidentiality: Be assured that your responses will not be distributed to third parties and no names will be used in the report.

Deadline: December 2013

Questionnaire: Please note that this questionnaire consists of 26 questions.

For any further clarifications or questions, kindly do not hesitate to contact the researcher Werner Lita on 081 1273833

THANK YOU FOR YOUR KIND COOPERATION

Please indicate your consent to participating in this research study by putting an (X) on the box below.

☐

Demographic information

Please provide the following demographic information and tick where appropriate

Sex : Male / Female

Education : General education / Bachelors / Masters / Doctorate

Please indicate by ticking the section that applies your level of agreement with the following statements about payment for services.

1	2	3	4	5
Strongly agree	Agree	Undecided	disagree	Strongly disagree

	(A) Service delivery	1	2	3	4	5
1	Overall, I believe the level of service provision rendered by municipality contributes to non-payment.					
2	Dissatisfaction with service delivery contributes to non-payment.					
3	Block meter readings in flats or business complexes contribute to non-payment					
4	Incorrect water billing contributes to non-payment					

5	Irregular billing drives non-payment of services					
6	The way the bills are sent to you contribute to non-payment					
7	The municipal office where bills are paid is not strategically located to you and contributes to non-payment.					
8	Poor refuse collection services contribute to non-payment.					
9	Sewage services management contributes to non-payment					
10	Leakage's management contributes to non-payment					
11	The way municipality is managing flooding contributes to non-payment.					
	(B) Personal conditions					
12	Overall, I believe the affordability of Municipal services contributes to non-payment					

13	Community engagement in decision making reduces non-payment					
14	Poverty and unemployment is high in Oshakati and therefore contributes to non-payment.					
15	The price of water services contributes to non-payment.					
16	The general prevalence of HIV/AIDS and other chronic diseases contributes to non-payment.					
	(C) Attitude					
17	Overall, I believe that as a resident of Oshakati I have duty to pay for services rendered.					
18	Generally, a resident's ignorance of their duty to pay for services contributes to non-payment.					
19	A general unwillingness to pay for services contributes to non-payment.					
20	A general social practise contributes to non-payment					

	(D) Opportunism					
21	The inability of municipality to take action against defaulters contributes to non-payment.					
22	The lack of debt collector in the municipality contributes to non-payment.					
23	Lack of strategies for managing illegal connections contributes to non-payment.					
24	Lack of clear guidelines on revenue collection contributes to non-payment.					

25. What revenue collection methods should be introduced by municipality?

.....

.....

26. If you or someone you know does not pay for a municipal service then what is the reason for their non-payment?

.....

.....

.....

Thank you very much for completing the questionnaire

ANNEXURE 2

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Confirmation of editing the text of thesis entitled *evaluating the reasons for non-payment of key services in Oshakati town, Namibia*

I, Leonie Munro confirm that I subedited the text of the above thesis.

Note that the final proofreading is the responsibility of the Werner Iita.



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Confirmation of editing added text of thesis entitled *evaluating reasons for non-payment of key services in Oshakati town, Namibia*

I, Leonie Munro of MarLeo's Communication Services, confirm that I subedited the added text of the above thesis at very short notice.

The final proofreading of the thesis is the responsibility of Werner Iita.



MLC Munro