

**INVESTIGATION OF THE REASONS FOR AND IMPACTS OF RISING
HOUSEHOLD CONSUMER DEBT OWED TO MUNICIPALITIES IN
SOUTH AFRICA**

Research dissertation presented in partial fulfilment of the requirements
for the degree of
MSc in Accounting and Financial Management

Griffith College Dublin

Dissertation Supervisor: **Ms Suzanne Burdis**

Student Name: 3133713

06 September 2024

Candidate Declaration

Candidate Name: **Thakane Lekhera**

I certify that the dissertation entitled: **Investigation of the reasons for and impacts of the rising household consumer debt owed to municipalities in South Africa.**

submitted for the degree of: **MSc in Accounting and Financial Management** is the result of the my own work and that where reference is made to the work of others, due acknowledgment is given.

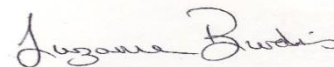
Candidate signature:



Date: September 6th 2024

Supervisor Name: Ms. Suzanne Burdis

Supervisor signature:



Date: September 5th 2024

Dedication

This study is dedicated to my two beautiful daughters, 'Mathabo and Bohlale, for their love and resilience during my academic journey – Thank You!

Acknowledgements

To the Creator of Heaven and Earth - Thank You for wisdom, understanding and knowledge throughout my academic journey!

To my dear parents, Mr. Ernest Lekhera and Mrs. Norah Lekhera – Your survival of severe stroke attacks is the reason I am still pushing ahead, with one mission in mind - to make you proud!

To my academic Supervisor and Lecturer, Ms. Suzanne Burdis – Thank you for your constant support and guidance throughout this journey! You are simply the best!

To all participants – Thank you for all the support as this study would not be possible without you!

To my colleagues, friends, and loved ones – Thank you for your support and words of encouragement throughout this journey! God bless you all!

Abstract

The rising household consumer debt owed to municipalities in South Africa poses a serious threat to the financial stability and service delivery capabilities of local governments. This study delves into the complex issue of municipal consumer debt, focusing on the roles of national and local governments, the necessity of effective collaboration and coordination, and the importance of public trust, accountability, transparency, and balanced budgeting within the framework of fiscal federalism and responsible citizenry.

National government in South Africa is tasked with setting policy and providing financial support, while local governments are responsible for implementing and managing services. The effectiveness of these roles is often hindered by fiscal imbalances, mismanagement, and increasing unpaid consumer debt, all of which jeopardise municipal financial stability.

To address these issues, the study highlights the importance of robust collaboration and coordination between national and local governments. Effective communication and policy alignment are crucial for municipalities to maintain balanced budgets—a practice that ensures financial sustainability by managing revenues and expenditures to prevent deficits. Without balanced budgeting, municipalities will continue to face mounting debt, which undermines their ability to provide essential services.

Rising consumer debt has eroded public trust and confidence in local governments, creating a vicious cycle where poor service delivery discourages citizens from paying for municipal services. Rebuilding this trust requires transparency and accountability in local governance. Municipalities must manage public funds responsibly, align budgets with community needs, and hold officials accountable for financial mismanagement.

The study also explores the theme of fiscal federalism, emphasising the need for a balanced and cooperative relationship between national and local governments in managing public finances. Additionally, it underscores that an informed and engaged citizenry is essential for mitigating the impact of rising consumer debt.

In conclusion, addressing the growing household consumer debt in South Africa necessitates a comprehensive strategy. This includes enhancing financial management practices at the local level, focusing on balanced budgeting, improving transparency and accountability, and fostering better socio-economic conditions to enable citizens to meet their financial obligations. Strengthening intergovernmental collaboration and promoting fiscal responsibility will better equip municipalities to overcome these challenges and ensure the continued delivery of essential services to their communities.

Key terms: Accountability; Budgeting; Collaboration; Government; Local; Municipalities; Public; Transparency, Trust; Service Delivery

Table of Contents

CANDIDATE DECLARATION	II
DEDICATION	III
ACKNOWLEDGEMENTS	IV
ABSTRACT	V
LIST OF TABLES	IX
LIST OF FIGURES.....	IX
1. INTRODUCTION.....	1
1.1 OVERVIEW.....	1
1.2 RESEARCH PROBLEM/PURPOSE	3
1.3 RESEARCH OBJECTIVES.....	3
1.4 SIGNIFICANCE OF THE STUDY.....	5
1.5 CONCLUSION.....	6
1.6 STRUCTURE OF THE STUDY.....	7
2 LITERATURE REVIEW.....	7
2.1 INTRODUCTION.....	8
2.2 THE ROLE OF NATIONAL AND LOCAL GOVERNMENT GLOBALLY	8
2.2.1 National Government: Overview and Functions	9
2.2.2 Local Government: Overview and Functions.....	9
2.3 INTERACTION BETWEEN NATIONAL AND LOCAL GOVERNMENTS.....	10
2.4 THE STRUCTURE OF NATIONAL TO LOCAL GOVERNMENT IN SOUTH AFRICA.....	10
2.4.1 National Government	10
2.4.2 Provincial Government.....	11
2.4.3 Local Government	11
2.5 THE ROLE AND STRUCTURE OF MUNICIPALITIES IN SOUTH AFRICA	12
2.6 BUDGETING PROCESSES AND SOURCES OF FINANCE FOR THE MUNICIPALITIES.....	14
2.6.1 Budget Process and Sources of Finance for South African Municipalities.....	15
2.6.1.1 Budget Preparation and Planning	16
2.6.1.2 Stages of the South African Municipal Budget Process.....	17
2.7 FACTORS INFLUENCING HOUSEHOLD DEBT IN SOUTH AFRICA	19
2.8 CONCEPTUAL FRAMEWORK.....	20
2.9 CONCLUSION.....	21
3 METHODOLOGY AND RESEARCH DESIGN.....	23
3.1 INTRODUCTION.....	23
3.2 RESEARCH PHILOSOPHY.....	23
3.3 RESEARCH APPROACH.....	25
3.4 RESEARCH STRATEGY	25
3.5 RESEARCH CHOICE	26
3.6 TIME HORIZON	27
3.7 DATA COLLECTIONS METHODS.....	29

3.7.1	Primary Data Collection.....	29
3.7.2	Secondary Data Collection.....	31
3.8	DATA ANALYSIS METHODS	31
3.9	ETHICAL CONSIDERATIONS.....	32
3.10	LIMITATIONS.....	32
3.11	CONCLUSION.....	33
4	PRESENTATION AND DISCUSSION OF THE FINDINGS.....	36
4.1	INTRODUCTION.....	36
4.2	ANALYSIS AND DISCUSSION OF FINDINGS.....	36
4.2.1	Group 1 Perspective	38
4.2.1.1	Financial Management.....	38
4.2.1.2	Coordination with National Government	40
4.2.1.3	Service Delivery Challenges.....	42
4.2.1.4	Revenue Generation and Collection	43
4.2.1.5	Debt Management Policies.....	46
4.2.1.6	Recommendations for Policy and Practice	47
4.2.1.7	Summary	48
4.2.2	Group 2 Perspective	49
4.2.2.1	Understanding of Government Responsibilities.....	49
4.2.2.2	Interaction with Local Government	51
4.2.2.3	Impact of household debt – Debt experiences	52
4.2.2.4	Impact of household debt – Service Delivery	53
4.2.2.5	Effectiveness of Government Measures.....	54
4.2.2.6	Recommendations for Improvement.....	55
4.2.2.7	Summary.....	56
4.3	CONCLUSION.....	56
5	CONCLUDING THOUGHTS ON THE CONTRIBUTION OF THIS RESEARCH, ITS LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH.....	57
5.1	INTRODUCTION.....	57
5.2	DISCUSSION OF FINDINGS.....	58
5.2.1	Role and Effectiveness of Local Government	58
5.2.2	Coordination and Collaboration with National and Provincial Government ...	59
5.2.3	Debt Management, Revenue Generation and Collection Processes.....	59
5.2.4	Budgeting Challenges	60
5.2.5	Impact of Household Debt on Service Delivery	60
5.2.6	Service Delivery Challenges.....	61
5.2.7	Challenges in Municipal Accountability and Communication.....	61
5.3	LIMITATIONS OF THE STUDY	62
5.4	RECOMMENDATIONS FOR PRACTICE	63

5.5	RECOMMENDATIONS FOR FUTURE RESEARCH.....	64
5.6	FINAL CONCLUSION AND REFLECTIONS.....	65
REFERENCES		67
APPENDICES.....		A
	Appendix A – Interview Questions	A
	Appendix B – Griffith College Ethical Approval Form	D
	Appendix C – Plain Language Statement	H
	Appendix D – Informed Consent Form	J

List of Tables

Table 1-1 Characteristics of Research Participants.....	36
---	----

List of Figures

Figure 1-1 Municipal Accountability Cycle.....	16
Figure 2-1 Conceptual Framework, developed by the researcher.....	21
Figure 3-1 10 Year Local Government Historical Debt.....	28
Figure 4-1: Saunders' Research Onion, developed by the researcher.....	34

1. Introduction

1.1 Overview

Local government plays a crucial role in ensuring the delivery of essential services that are fundamental to the well-being of communities and the overall functioning of a nation. These services typically include water supply, electricity distribution, waste management, road maintenance, and public transportation, among others. The effective delivery of these services is vital not only for the quality of life of residents but also for the operational efficiency of businesses and the broader economy. Local governments are primarily funded through various sources, including property taxes, service charges, grants from the national government, and borrowing (Lam & Badia, 2023).

The importance of local government services cannot be overstated, as they directly influence social stability, economic growth, and public health. For instance, the failure to provide clean water can lead to health crises, while the lack of reliable electricity can cripple local businesses, leading to unemployment and reduced economic activity. Inadequate service delivery can also erode public trust in government institutions, potentially leading to social unrest (Reddy, 2016). Moreover, when local governments struggle to provide services, this can have a ripple effect on the national economy, as diminished productivity and increased social expenditure can strain national resources (Ledger & Rampedi, 2020).

The challenges faced by local governments are particularly acute, with rising municipal household debt being a significant issue. Municipalities in South Africa are tasked with providing a wide range of services in a context marked by historical inequalities, rapid urbanisation, and widespread poverty (De Visser, 2009). Despite these challenges, the expectation remains that municipalities will deliver essential services effectively and sustainably. However, the rising debt owed to municipalities by households is undermining their ability to fulfil this mandate (Department of National Treasury, 2022).

The problem of municipal debt in South Africa is multifaceted. Many households, particularly in low-income areas, are unable to pay for services due

to economic hardship, leading to substantial arrears (Kleynhans & Coetzee, 2019). According to the recent National Treasury publication reports, municipalities in South Africa were owed a total of R338.2 (\$18.9) billion in consumer debts as at 31 December 2023 (Department of National Treasury, 2024). Of this debt, an amount of R245.8 (\$13.7) billion was attributable to household consumers, R65 (\$3.6) billion to commercial consumers and R22 (\$1.2) billion to organs of state (Department of National Treasury, 2024b). It is to be noted that the overall total debt had risen by 9,3% from the quarter ending 30 October 2023 (Department of National Treasury, 2024), reflecting both an increase in non-payment and a growing reliance on credit by municipalities to fund their operations. This growing debt burden has serious implications for the financial health of municipalities, potentially leading to a decline in service quality and further exacerbating the socio-economic challenges faced by communities (Department of National Treasury, 2020). This study will mainly focus on household consumer debt as the major contributor to the overall debt owed to municipalities in South Africa, as stated above.

The consequences of rising municipal household debt extend beyond the local level. As municipalities become financially strained, they are likely forced to reduce service delivery, impacting not only individual households but also businesses that rely on municipal services to operate (Ledger & Rampedi, 2020). This, in turn, can hinder local economic development, reduce employment opportunities, and increase poverty levels. Furthermore, the national government may need to intervene to bail out struggling municipalities, diverting funds from other critical national priorities.

Thus, understanding the rising municipal household debt in South Africa requires a comprehensive analysis of the socio-economic factors driving this trend, the impact on local government operations, and the broader implications for economic stability and growth. Addressing this issue is critical not only for the sustainability of local governments but also for the well-being of South African communities and the overall health of the national economy.

1.2 Research Problem/Purpose

The 2022 South African State of Local Government Finances and Financial Management Report revealed that municipal infrastructure is dilapidated and reaching the end of its useful life, because of insufficient budgets on repairs and maintenance and asset renewal (Department of National Treasury, 2022). The report further states that municipal infrastructure assets are the drivers of local economic development hence maintenance thereof is crucial to prevent large manufacturing commercial plants closing, resulting in dire impact on the regional economies (Department of National Treasury, 2022).

The efficient functioning of municipalities in South Africa is contingent upon their ability to collect revenue, much of which is derived from municipal rates and service charges. However, in recent years, municipalities across South Africa have been facing an escalating crisis: the rising municipal debt owed to them by residents, businesses, and government departments. This ballooning debt has significantly hampered service delivery, leading to a vicious cycle of service interruptions, further non-payment, and administrative challenges.

The purpose of this study is to critically analyse the causes and effects of household debt on the municipalities in South Africa and provide recommendations for the management of household debt by the municipalities. Therefore, the research question to this study is: What is the impact of household debt owed to municipalities on service delivery in South Africa?

1.3 Research Objectives

Based on the above purpose and research question, the objectives of this study are threefold;

- 1) Critically analyse the impact of debt on municipalities in South Africa and their ability to deliver services;
- 2) Critically analyse the reasons for household debt in the municipalities in South Africa;
- 3) Provide appropriate recommendations for the management of household debt by the municipalities in South Africa.

1.3.1 Critically Analyse the Impact of Debt on Municipalities in South Africa and Their Ability to Deliver Services

The increasing levels of debt within South African municipalities have been identified as a significant barrier to effective service delivery. Research indicates that high levels of debt limit municipalities' financial capacity to maintain and improve essential infrastructure, leading to a decline in service quality and accessibility (Department of National Treasury, 2020). This is particularly concerning given that local governments are mandated to provide essential services such as water, electricity, and sanitation. When municipalities are burdened with debt, they often resort to cutting costs in service delivery or deferring necessary infrastructure investments, which exacerbates service delivery backlogs (Ledger & Rampedi, 2020). By critically analysing the impact of debt on municipalities, this research aims to highlight the correlation between municipal debt levels and the quality of services provided, thereby identifying areas where policy intervention is necessary to mitigate these adverse effects.

1.3.2 Critically Analyse the Reasons for Household Debt in the Municipalities in South Africa

Understanding the underlying causes of household debt in South African municipalities is essential for developing effective strategies to manage and reduce this debt. Economic factors such as high unemployment rates, low household incomes, and the increasing cost of living have been identified as primary drivers of household debt (Stats SA, 2022). Furthermore, issues such as inadequate financial management, poor debt collection practices by municipalities, and a lack of consumer financial literacy also contribute significantly to the accumulation of household debt (Department of Cooperative Governance and Traditional Affairs, 2021). A critical analysis of these factors provides a comprehensive understanding of the systemic issues that lead to household indebtedness and provide a basis for developing targeted interventions that address the root causes of debt accumulation, rather than just its symptoms.

1.3.3 Provide Appropriate Recommendations for the Management of Household Debt by the Municipalities in South Africa

Providing recommendations for the management of household debt by the municipalities, is crucial for improving the financial sustainability of the municipalities and ensuring that they can continue to provide essential services. By developing recommendations based on best practices and evidence from both South Africa and other comparable contexts, this research aims to offer practical solutions that municipalities can implement to reduce household debt and improve service delivery outcomes.

1.4 Significance of the Study

The current state of municipal service delivery in South Africa is marked by significant challenges, including dilapidated infrastructure and poor utility services. These issues have dire consequences for households, businesses, and local economies. The ongoing deterioration of infrastructure, such as roads, water systems, and electricity grids, has resulted in frequent service disruptions, increased maintenance costs, and a decline in the overall quality of life for residents (Department of National Treasury, 2022). For businesses, unreliable utilities, including electricity and water supply, lead to operational inefficiencies, increased costs, and in some cases, business closures, which in turn exacerbates unemployment and economic decline in affected regions (Department of Cooperative Governance and Traditional Affairs, 2021).

The impact on households is particularly severe, with many South Africans facing inconsistent access to basic services, which further deepens poverty and inequality. For example, poor water quality, uncollected waste and interrupted electricity supply hinder daily living and exacerbate health risks, particularly in vulnerable communities (Stats SA, 2022). Additionally, businesses, especially small and medium enterprises (SMEs), are disproportionately affected by the decline in municipal services, as they lack the resources to mitigate the effects of service interruptions through alternative means such as generators or private water supplies (Stats SA, 2022). Some residents on the other hand find themselves having to pay for both municipal services and private alternatives illustrating a "double payment" burden, which directly impacts their disposable income (Financial and Fiscal Commission, 2021).

This study is significant as it aims to provide a comprehensive analysis of the factors contributing to the rising municipal household debt and its subsequent impact on service delivery in South Africa. By identifying the root causes of household debt and evaluating its effects on municipal operations, this research aims to offer insights that can help municipalities and policymakers develop more effective debt management strategies. Such strategies could lead to improved financial health for municipalities, allowing them to invest in critical infrastructure and enhance service delivery, which will ultimately benefit the entire community.

The beneficiaries of this study are multifaceted. Firstly, municipalities will benefit from the identification of effective debt management practices, enabling them to improve their financial sustainability and service delivery capabilities. Secondly, households stand to gain from more reliable and equitable access to essential services, improving their quality of life and economic stability. In addition, households will be more aware of the impact of non-payment of municipal services on the delivery of essential services, through interaction with their local authorities. Thirdly, the policymakers, particularly in the local government sector, will benefit from a more focused interventions and evaluation of existing policies aimed at reducing debt owed to municipalities, fostering workable solutions to the rising household debt owed to municipalities in South Africa.

In a broader sense, this study will contribute to the national dialogue on municipal finance and service delivery in South Africa, providing evidence-based recommendations that can inform policy at both the local and national levels. By addressing the critical issue of municipal household debt, this study will help to ensure that South African municipalities are better equipped to meet the needs of their communities, thereby promoting sustainable development and reducing inequality across the country.

1.5 Conclusion

The rising municipal debt in South Africa is a complex issue with deep systemic issues and significant contemporary implications. This chapter highlights the critical role of local governments in South Africa in providing essential services and the severe challenges they face due to rising household debt. This debt

hampers service delivery, leading to deteriorating infrastructure and negative impacts on communities and local economies. The study aims to analyse the causes and effects of this debt and offer recommendations to improve municipal financial health and service provision. The study is significant for informing policies and practices that promote sustainable development and social equity, ultimately helping municipalities better serve their communities.

This chapter has laid the foundation for a comprehensive examination of the rising municipal household debt in South Africa, setting the stage for the detailed analysis and recommendations that will follow in subsequent chapters.

1.6 Structure of the Study

Chapter 1: This introductory chapter provides background to the study and the problem statement. In this chapter, the purpose of the study as well as objectives of the research are discussed.

Chapter 2: Provides a comprehensive literature review on the subject of municipal consumer debt and allows one to understand the key theoretical reasons for the rising debt owed to municipalities. A review of previous empirical analyses is undertaken, with highlights of some of the key considerations for successful management of municipal consumer debt.

Chapter 3: The research approach and an overview of the research methodology used in gathering data for the purpose of this study is presented and justified.

Chapter 4: The chapter presents, interprets and discusses the findings from the primary research, providing insights from various stakeholders on the municipal consumer debt, with the aim of addressing the research question.

Chapter 5: Concludes the study by providing appropriate recommendations for the management of household debt by the municipalities in South Africa.

2 Literature Review

2.1 Introduction

The purpose of this study is to critically analyse the causes and effects of household debt on the municipalities in South Africa and provide recommendations for the management of household debt by the municipalities. To achieve this, it is important to draw insights on the structures of governments in general. It is also important to understand the theoretical relevance of the literature review in order to gain understanding of the research topic and respond to the research question.

This chapter explores the roles and interactions between national and local governments, both globally and within South Africa. National governments are responsible for policy-making, economic management, and service delivery, while local governments address community-specific needs and infrastructure (Lam & Badia, 2023). The interaction between these levels of government is essential for effective policy implementation and local service provision (Jones & Lawson, 2000)

In South Africa, the government is structured into three spheres: national, provincial, and local, with municipalities being key players in local governance. They are responsible for essential services and development initiatives (Mbatha & Mutereko, 2022). The budgeting process within municipalities involves careful planning and resource allocation, with funding sourced from local taxes, service charges, national grants, and loans (Sebei, 2013). However, factors such as household debt can impact municipal revenue and financial stability (Financial and Fiscal Commission, 2021).

A conceptual framework, including governance structures, budgeting processes, and household debt, is used to guide data collection and analysis, providing insights into the challenges and opportunities within South African local governance. This chapter concludes by identifying the key stakeholders in the budgeting process, the sources of municipal revenue, and the causes and effects of consumer debt on municipal finances.

2.2 The Role of National and Local Government Globally

To meet the needs and desires of the people they represent, governments all over the world work toward particular goals and aims (Khalo & Fourie, 2006).

The administration of public finances and the implementation of measures to enhance efficient financial management are essential to satisfying the expectations of various stakeholders (Slemrod, 2018).

2.2.1 National Government: Overview and Functions

Organisations like the World Bank, International Monetary Fund (IMF), and Organisation for Economic Cooperation and Development (OECD) assert that the roles played by national, subnational, and local governments in influencing public policy, fostering economic growth, and providing services are essential to the operation of modern-day states. The national government typically holds responsibility for overarching policy areas such as national defence, foreign policy, monetary policy, and macroeconomic stability (World Bank, 2022). It also provides a legal and regulatory framework for the country and oversees national infrastructure projects (Grefe, 2005). This is further supported by Lam and Badia (2023) who affirm that national governments are primarily responsible for creating legislation and policies that have country-wide implications (Lam and Badia, 2023). Furthermore, national governments are charged with the responsibility of coordinating and redistributing resources among regions to reduce inequalities and coordinate responses to national crises, such as natural disasters or economic downturns (Grefe, 2005).

National governments are responsible for fiscal policy, including taxes and international borrowing and public spending (Lam & Badia, 2023). In addition to this, they handle fiscal transfers to local governments to support regional development and equalise fiscal capacities (World Bank, 2022). To further support these assertions, Hedger and de Renzio (2010) discuss the importance of strong public financial management (PFM) systems in ensuring effective and accountable use of public resources. They argue that well-functioning PFM systems are crucial for achieving fiscal discipline, strategic allocation of resources, and efficient service delivery. They further highlight that weaknesses in PFM can lead to inefficiencies, corruption, and poor service outcomes, emphasising the need for continuous reforms and improvements in PFM practices to support sustainable development and good governance.

2.2.2 Local Government: Overview and Functions

Local governments are primarily responsible for the delivery of public services that directly impact the daily lives of local citizens, such as education,

healthcare, local transportation, and sanitation (OECD, 2022). They manage and implement policies within their jurisdictions, adapting them to local conditions and needs (World Bank, 2022). Local governments also have the responsibility of engaging with local communities, facilitating public participation and ensuring that services align with local needs (OECD, 2022).

In terms of fiscal management and revenue generation, local governments generate revenue through local taxes, fees, and grants from the national government, so as to effectively manage their fiscus and provide essential services in a sustainable manner (Lam and Badia, 2023). They are responsible for local budgeting and ensuring that expenditures match the priorities of their communities (World Bank, 2022).

2.3 Interaction between National and Local Governments

According to the World Bank's definition, decentralisation refers to the transfer of authority and responsibilities from the national government to local governments. This process aims to bring governance closer to the people, increase accountability, and improve service delivery (World Bank, 2022). Ensuring accountability and transparency in the interaction between national and local governments in the form of clear reporting mechanisms, public participation and effective oversight is essential for good governance (Grefe, 2005).

2.4 The Structure of National to Local Government in South Africa

The governance structure in South Africa is characterised by three interrelated but distinct spheres, namely; national, provincial, and local governments (Government Communication and Information System, 2024). This structure is designed to promote cooperative governance and decentralisation, ensuring effective administration and representation across different levels of society (Government Communication and Information System, 2024).

2.4.1 National Government

According to the South African Constitution, the national government consists of three arms, namely, the executive, legislative and judiciary. The President, who serves as both the head of state and government, leads the national executive. The President is elected by the National Assembly and is responsible for appointing the Deputy President, Ministers, and Deputy Ministers. The

Cabinet, which includes the President, the Deputy President, and Ministers, implements national legislation and develops policies (Constitutional of the Republic of South Africa, 1996).

Parliament is two-tier, consisting of the National Assembly and the National Council of Provinces (NCOP). The National Assembly, comprising 400 members elected by proportional representation, enacts laws and oversees the executive, in accordance with section 46 of the Constitution. The NCOP represents provincial interests and consists of 10 delegates from each of the nine provinces (Constitution of the Republic of South Africa, 1996).

The judiciary is independent and includes the Constitutional Court, which is the highest authority on constitutional matters, the Supreme Court of Appeal, and various High and Magistrates' Courts (Constitution of the Republic of South Africa, 1996).

2.4.2 Provincial Government

According to section 125 of the Constitution, each of the nine provinces is headed by a Premier, elected by the provincial legislature. The Premier appoints an Executive Council, consisting of Members of the Executive Council (MECs), to manage provincial departments and implement provincial policies, per section 132 of the constitution (Constitution of the Republic of South Africa, 1996).

Section 104-105 of the Constitution stipulate that the provincial legislature is one-chambered and responsible for passing laws within its jurisdiction and overseeing the provincial executive. Members are elected via proportional representation (Constitution of the Republic of South Africa, 1996).

2.4.3 Local Government

Local government is divided into three types of municipalities: Metropolitan, Local, and District. Metropolitan municipalities handle all local governance functions within large urban areas. Local municipalities govern smaller towns and rural areas, while District municipalities cover wider regions, providing services across multiple local municipalities (Municipal Structures Act, 1998).

Each municipality is governed by a municipal council, elected by residents to pass local legislation and oversee municipal administration. Metropolitan and

local municipalities are led by mayors, whilst district municipalities are led by the executive mayors, and municipal managers handle administrative duties (Municipal Systems Act, 2000).

In as much as there are three spheres of government in South Africa, the principles of cooperative governance, enshrined in the Constitution, mandate coordination among the three spheres to ensure efficient governance and service delivery (Constitution of the Republic of South Africa, 1996). This structure ensures a balanced distribution of power, allowing for localised decision-making while maintaining national coherence in policy and governance (Government Communication and Information System, 2024).

The Government Finance Statistics (GFS) were implemented at the national and provincial levels of government by the South African National Treasury in 1998, as a signatory to the IMF, who created the GFS in order to offer global standards for comparable fiscal and financial policy data (Department of National Treasury, 2002). Adopting the GFS led to the successful implementation of regulatory reforms at national and provincial departments, thus rolled out some of the concepts to local government (Department of National Treasury, 2002). A regulatory framework that satisfies citizens' desires for increased accountability while simultaneously facilitating the monitoring and assessment of subnational government is mandated under the 1996 Constitution of the Republic of South Africa. As a result, the Constitution's section 216(1) mandates the creation of a National Treasury and specifies additional steps to guarantee accountability and transparency across all spheres of government. The National Treasury has implemented uniform expenditure classifications, International Accounting Standards (Generally Recognised Accounting Practice), Standard Chart of Accounts/General Ledgers, and uniform treasury norms and standards (Municipal Financial Management Act (MFMA), Regulations, Circulars, and Guidelines) in response to this mandate.

2.5 The Role and Structure of municipalities in South Africa

Local government in South Africa underwent significant restructuring following the country's first democratic elections in 1994. Previously, local governments were under the control of provincial governments, leading to varied systems and inconsistent reporting (De Visser, 2009). The 1996 Constitution of the

Republic of South Africa introduced a unified structure, establishing three categories of municipalities: metropolitan or high-capacity (Category A), local or medium-capacity and (Category B), and district or low-capacity (Category C) (Constitution of the Republic of South Africa, 1996). This reform aimed to standardise local governance and enhance accountability.

Municipal leadership also changed, with the municipal manager, appointed by the municipal council, replacing the town clerk as the head of administration. The role of the mayor was expanded to include responsibilities such as budget preparation (De Visser, 2009). The Constitution also mandated municipalities to participate in national and provincial development initiatives while prioritising community needs (Constitution of the Republic of South Africa, 1996).

Further legislation, like the Local Government: Municipal Structures Act of 1998 and the Municipal Finance Management Act (MFMA) of 2003, provided guidelines and modernised financial management within municipalities (Municipal Structures Act, 1998; Department of National Treasury, 2004). Despite these reforms, challenges like poor revenue management and service delivery persist. The Auditor General of South Africa (AGSA), responsible for auditing municipal finances, found significant irregularities in the 2022 assessment, with only 38 out of 257 municipalities receiving clean audits (Consolidated assessment, 2021-22).

The fact that local government evolved as a separate sphere of government with a new focus on development was significant to this change. This mission is outlined in detail in the White Paper on Local Government of March 8, 1998 (White Paper), which serves as the foundation for a local government system dedicated to collaborating with communities to identify sustainable means of addressing their needs and enhancing their quality of life. It also offers methods, such budgeting and the creation of an Integrated Development Plan (IDP), that can help communities become more developmental. The IDP, which is a five-year plan that encompasses the fundamental requirements of local communities, is defined as the municipal strategic plan (White Paper, 1998b). Most importantly, the budget is informed by the IDP as a financial strategy for addressing these needs. As a result, collaboration with various stakeholders is required for the development and implementation of the budget.

2.6 Budgeting Processes and Sources of Finance for the municipalities

In its Public Expenditure Management Handbook, the World Bank states that the calamity to connect policy, planning and budgeting is the most significant source of poor budgeting results in developing countries (World Bank, 1998:31). According to Jones and Lawson (2000), the execution of a Medium-Term Expenditure Framework (MTEF) is progressively being accepted as a proper retort to this problem. Jones and Lawson (2000) assert that budget reform in OECD countries through the Medium-Term Expenditure Framework (MTEF) can help improve budget processes and outcomes through greater:

- clarity of policy objectives;
- predictability in budget allocations;
- comprehensiveness of coverage;
- transparency in the use of resources,

However, Jones and Lawson (2000) assert that experience also demonstrates that the MTEFs are not a universal remedy. They demonstrate that a successful MTEF must be analytical, rather than rigid, meaning that, improving budget outcomes requires a focus on where the real problems lie (Jones & Lawson, 2000). Clossen and Sinn (2003:94) hold a similar view that there is a severe problem of meaning in the phrases used, such as taxes, spending, deficit – what they term "budgetary language".

Tebaldi and Kelly (2012) discuss the impact of economic conditions on local governments, emphasising that local governments are particularly vulnerable to economic downturns. They argue that during periods of economic decline, local governments often experience reduced revenue from taxes and other sources, which can constrain their ability to provide essential services. Additionally, they note that economic conditions can affect the demand for public services, as higher unemployment and financial instability among residents can increase the need for social services while simultaneously reducing the capacity of local governments to fund these services.

2.6.1 Budget Process and Sources of Finance for South African Municipalities

Over the years, the South African government has implemented a number of effective structures that have enhanced accountability. One of these is the Accountability Cycle introduced by the National Treasury aimed at providing oversight with the definitive goal of accomplishing better-quality service delivery, thus the intent of the Municipal Budget and Reporting Regulations (MBRR) published by the Minister of Finance on 17 April 2009 in accordance with section 168 of the MFMA (Department of National Treasury, 2004). The Department of National Treasury (2009) announced the implementation of these MBRR on July 1st, 2009, with the aim of establishing uniform norms and standards for sound financial management by municipalities and municipal entities (Department of National Treasury, 2009). This would guarantee accountability, transparency, and appropriate lines of responsibility in the budgeting and reporting processes that are mandated by the MFMA (Department of National Treasury, 2004).

The MBRR were tested by way of piloting selected municipalities and the issuing of circulars by the National Treasury from 2000 through to 2005 (Department of National Treasury 2009). In December 2005, National Treasury issued MFMA Circular 28 with the aim of providing further guidance on the budget formats as contained in the MBRR (Department of National Treasury 2009). Municipalities and municipal entities were urged to comply with the budget formats; their Councils still had to adopt them. There were consultations, meetings and workshops with different stakeholders at national, provincial and selected municipalities and municipal entities regarding the MBRR and the implementation thereof (Department of National Treasury 2009). The budget formats were tested using the 2007/08 budget information from four municipalities and piloted live by e-Thekweni Metropolitan Municipality for the 2008/09 Budget (Department of National Treasury 2009).

The White Paper on Local Government further provided approaches which should assist municipalities in developing these strategic plans, such as the Integrated Development Planning (IDP) and budgeting. The IDP entails the basic needs of local communities over a five-year period (White Paper, 1998). Most significantly, the IDP informs the budget as a financial plan towards meeting these needs and contains the key performance indicators assessing

performance outcomes monthly, quarterly and annually against desired outcomes and objectives (Khalo & Fourie, 2006). This monitoring and evaluation value chain is called the Accountability Cycle and is outlined in figure 1-1 below:

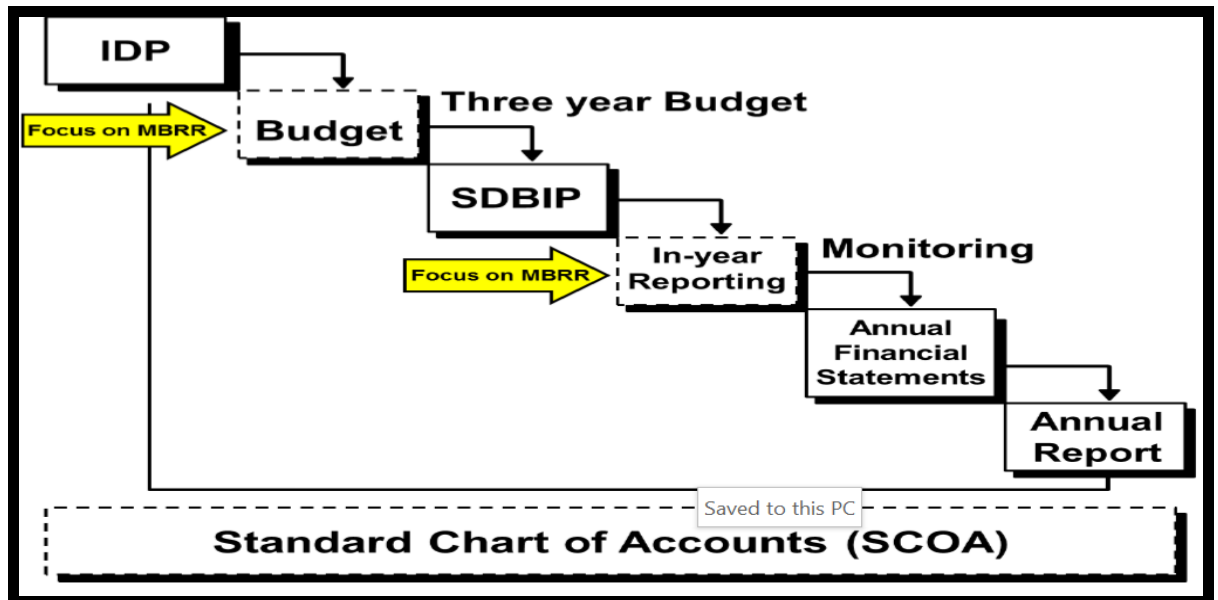


Figure 1-1 Municipal Accountability Cycle

(Source: Department of National Treasury, 2015)

This study seeks to critically analyse the impact of debt on municipalities in South Africa and their ability to deliver services as one of its primary objectives. The budget is considered as an enabler for improved service delivery as was the intent of the MBRR (Department of National Treasury, 2009).

2.6.1.1 Budget Preparation and Planning

As discussed above, the municipal budget process begins with the formulation of the Integrated Development Plan (IDP), which outlines the municipality's strategic vision and priorities for the next five years (Municipal Systems Act, 2000). The IDP serves as the primary tool for aligning municipal planning with budgetary allocations (Sebei, 2013). The municipality then prepares a budget policy statement, which includes the fiscal strategy, revenue projections, expenditure framework, and policy priorities (Department of National Treasury, 2004b). In accordance with MFMA Section 72, a mid-year budget review and performance assessment provides insights into the municipality's financial

health and the effectiveness of its budget execution, allowing adjustments if necessary (Department of National Treasury, 2004a).

2.6.1.2 Stages of the South African Municipal Budget Process

Budget Formulation

a. Draft Budget Compilation

Section 16 of the MFMA outlines the compilation of annual budgets. The Chief Financial Officer (CFO) compiles a draft budget that aligns with the IDP, taking into account revenue forecasts, operating and capital expenditure needs, and funding sources (Department of National Treasury, 2004a).

b. Budget Consultations

The draft budget undergoes internal consultations with various municipal departments and stakeholders to ensure that it addresses service delivery objectives and is realistic (Department of National Treasury, 2004b).

Budget Approval

a. Public Participation

Public participation is a critical step where the draft budget is presented to the community for input and feedback. This process is guided by the principles of transparency and accountability, as stipulated in section 22 of the MFMA (Department of National Treasury, 2004a).

b. Council Approval

Following public consultations, the municipal council reviews the draft budget, IDP and budget related policies, considering any formal local, provincial and national inputs, and makes any necessary revisions before approving the final budget. According to section 24 of the MFMA, the budget must be approved by the Council at least 30 days before the start of the financial year (Department of National Treasury, 2004a).

Budget Implementation

a. Implementation and Monitoring

Once approved, the budget is implemented according to the set plan. The Municipal manager and CFO are responsible for the execution and monitoring of the budget, ensuring that expenditures align with the approved allocations in accordance with section 69 of the MFMA (Department of National Treasury, 2004a).

b. Monthly and Quarterly Reports

Municipalities must submit to the relevant treasuries, monthly and quarterly reports on budget performance, highlighting variances and corrective actions if needed as stated in section 71 of the MFMA (Department of National Treasury, 2004a).

Budget Adjustment and Oversight

a. Adjustment Budget

As per section 28 of the MFMA, if there are significant deviations from the planned budget, an adjustment budget can be prepared and approved to address unforeseen expenditures or changes in revenue (Department of National Treasury, 2004a).

b. Annual Financial Statements and Audit

At the end of the fiscal year, municipalities prepare annual financial statements that are audited by the Auditor-General to ensure accuracy and compliance, as stated in section 126 of the MFMA (Department of National Treasury, 2004a).

c. Oversight Reports

Section 129 of the MFMA states that the Municipal Public Accounts Committee (MPAC) must review the annual financial statements and audit reports, and compile an oversight report with recommendations for improving financial management (Department of National Treasury, 2004a).

This structured process ensures that municipal budgets are prepared, approved, and implemented in a manner that promotes transparency, accountability, and efficient use of public resources, thus the term, Accountability Cycle.

Furthermore, Frank and Fink (2008) state that “budgeting, management accounting, and audited financial statements all serve the larger important public administration issues of accountability and trust in government”. Therefore, the successful implementation of the above accountability cycle is dependent on oversight committees like the Audit Committee and Councils of municipalities, as the latter is responsible for holding the executive and administration accountable for overall performance of municipalities (Sebei, 2013). This is conceded by Frank and Fink, (2008) in the following extract they cite from the World Bank report:

‘Financial accountability is a broad concept which embraces accounting and auditing as fundamental elements of stewardship. Stewardship requires integrity and an attitude of responsiveness and responsibility, which in turn leads to good governance.... Without financial accountability, good governance is impaired.’ (Para. 3).

In addition, Lodge (2003), discusses the concepts of accountability and transparency in local government by emphasising their critical roles in ensuring that public officials are answerable for their actions and that government operations are open to public scrutiny. He argues that accountability and transparency are essential for fostering public trust and ensuring that local governments effectively meet the needs of their communities. Lodge also points out that these principles help prevent corruption, improve decision-making, and enhance the overall effectiveness of governance by making sure that local governments are responsive to the public and that there is a clear understanding of how decisions are made, and resources are used.

2.7 Factors influencing household debt in South Africa

Municipal household debt has emerged as a significant challenge in South Africa, posing threats to the financial sustainability and service delivery capabilities of municipalities (Moloto & Lethoko, 2018). The Financial and Fiscal Commission (FFC) identified the following as some of the reasons for the rising municipal consumer debt:

- The downturn in the economy and the resultant financial strain placed on households;

- The high unemployment rate and the inability of consumers to pay for services;
- Dissatisfaction by consumers on services rendered and a subsequent default on payment out of protest thereof;
- Ineffective municipal billing. Accounts forwarded to residents are incorrect resulting in consumers unwilling to pay exorbitant and incorrect amounts charged by municipalities;
- Poor strategies by municipalities to collect arrear debt. The credit control systems of some municipalities are considered weak;
- The impact of Covid-19 on businesses and households has influenced the collection rates of municipalities and the ability of consumers to pay for services.

(Financial and Fiscal Commission, 2021)

Furthermore, according to Valeta and Walton (2008:373), municipalities' ability to allocate and plan public expenditures in a fair and progressive manner determines whether they will be able to fulfil their constitutional duty in the South African setting.

2.8 Conceptual Framework

According to Oates (1972), the link between citizens and government can be understood through fiscal federation theory. This theory concerns 'the division of revenue collection and expenditure responsibilities among different levels of government.....' (Mantovani *et al.*, 2023). In South Africa, the responsibility of collecting revenue from citizens is entrusted with the local sphere of government as legislated in the Municipal Systems Act, 32 of 2000 (MSA). This was to validate what was clearly outlined by the White Paper on Local Government of 1998, which placed local government at the coalface of service delivery and at the centre of socio-economic transformation. However, in this study it can be argued that the circumstances that existed in 1998 are not pertinent in today's modern world.

Like Oates, many scholars have emphasised the relationship between citizens and government. This was revealed in the theoretical literature reviewed, which

led to the development of a roadmap in the form of a conceptual framework illustrating the research topic in the context of fiscally responsive citizenry. Figure 2-1 depicts the fundamental criteria for data gathering as outlined in the variables and connections specified in the theoretical framework. The picture concludes by illustrating the process by which the data will be analysed to produce pertinent results that aid in addressing the research question:

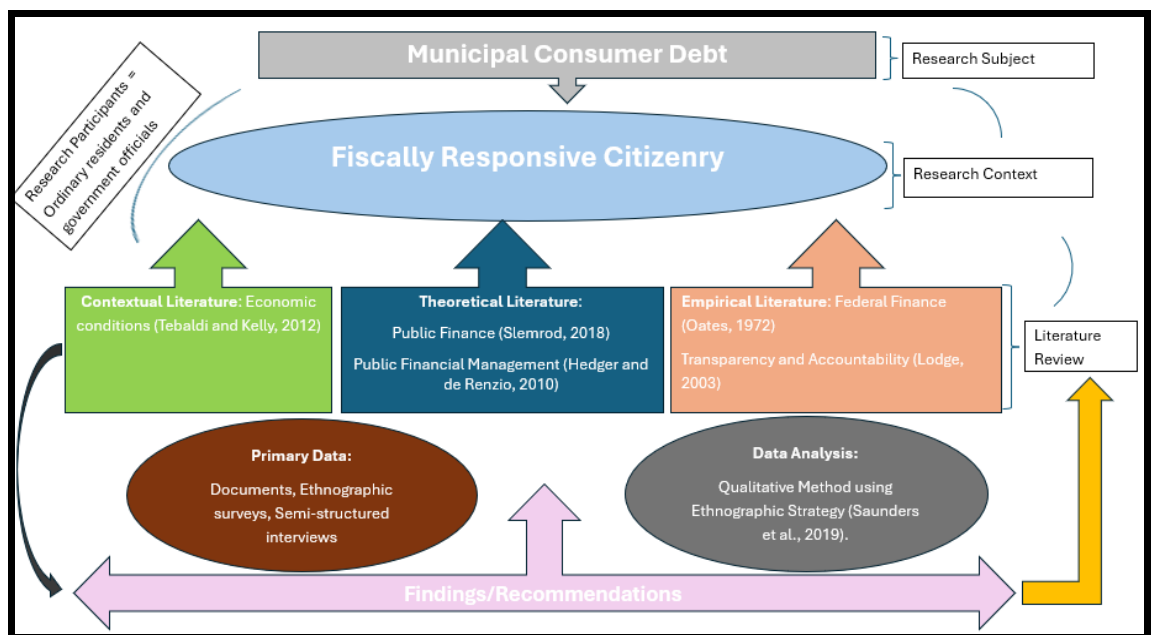


Figure 2-1 Conceptual Framework, developed by the researcher

Furthermore, according to Valeta and Walton (2008), municipalities' ability to allocate and plan public expenditures in a fair and progressive manner determines whether they will be able to fulfil their constitutional duty in the South African setting. To respond to the research question and achieve its objectives, this study focuses on the balanced-budget spending in local revenues within the fiscal federation concept (Oates, 1972:24).

2.9 Conclusion

The rising municipal consumer debt in South Africa is a complex issue resulting from the interaction of governance challenges, fiscal management, and socio-economic conditions. National and local governments share responsibility for managing public funds, but South Africa's unique context complicates these

roles, leaving local municipalities vulnerable to financial mismanagement. Despite key stakeholders in the budget process working to ensure effective financial planning, the persistent rise in consumer debt reveals significant challenges in budget execution and revenue collection.

Municipalities depend on limited revenue sources, which are insufficient to meet demands, and are further strained by factors like unemployment, poverty, inadequate billing systems, and poor debt collection practices. This growing debt undermines municipalities' ability to deliver essential services, threatening their financial stability and public trust in government institutions thus compromising fiscal federation. Addressing this issue requires better financial management, stronger collaboration between government levels, improved revenue collection, and tackling the socio-economic factors contributing to non-payment.

The next chapter discusses the methodology employed to conduct research on the rising municipal debt owed to municipalities in South Africa.

3 Methodology and Research Design

3.1 Introduction

This chapter outlines and justifies the research methodology to be employed to achieve the research objectives, which are to investigate the rising municipal consumer debt owed to municipalities in South Africa, and its impact on service delivery.

The chapter further elaborates on the research design, participant selection, data collection procedures, and the thematic analysis technique to be used to analyse the gathered data, ensuring a rigorous and systematic exploration of the research problem. Saunders *et al.*, (2019) Research Onion provides a systematic framework for this analysis.

3.2 Research Philosophy

A philosophy is, according to many scholars, a scientific approach to the body of knowledge that is grounded in worldviews and presumptions (Saunders *et al.*, 2019:130). Stated differently, one's worldview is reflected in the ontology, epistemology and methodology used for the research (Hope, 2016). Healy and Perry (2000:5) briefly describe ontology as the "reality" explored by researchers and epistemology as the link between that reality and the researcher. Another aspect in conducting research is that the researcher will face axiology, which relates to the values, beliefs, and ethical considerations that shape the research process as well as the researcher's stance towards the topic being studied (Saunders *et al.*, 2019:134).

The chosen research philosophy for this study is interpretivism. Interpretivism is suitable because it allows for a deep understanding of the social phenomena related to municipal debt from the perspectives of various stakeholders (Saunders *et al.*, 2019:145). This approach recognises the complexity of social constructs and seeks to understand the meanings and interpretations that individuals and communities assign to the issue of rising municipal debt (Bryman, 2016:237).

Ontologically and in the context of the rising debt owed to municipalities in South Africa, this means the debt is not merely an objective financial figure, but a phenomenon influenced by the social, economic and political interactions among various stakeholders. It is worth noting that there are multiple realities regarding the debt issue, shaped by the different perspectives of municipal officials, residents, business owners and policymakers. Each group may have different interpretations based on their experiences and contexts (Creswell & Poth, 2016). For example, residents may view the debt as a consequence of poor service delivery and mismanagement, while municipal officials might see it as a result of external economic pressures and insufficient funding. Therefore, the reality of municipal debt is heavily context-dependent, influenced by local economic conditions, governance practices and historical legacies. This means understanding the debt issue requires examining these contextual factors specific to each municipality.

Epistemologically, interpretivism posits that knowledge is subjective and constructed through social interactions (Schwandt, 1994). Knowledge about the rising municipal debt is thus derived from the meanings and interpretations that stakeholders assign to their experiences and observations. Understanding the debt issue involves engaging with stakeholders, listening to their narratives and interpreting their perspectives. This process required building trust and rapport to gain deep insights (Denzin & Lincoln, 2002:7). Moreover, knowledge is context-specific, meaning that the understanding of the municipal debt issue is rooted in the particular social, cultural, and economic contexts of the municipalities selected (Saunders et al., 2019:387). This necessitates a detailed and nuanced approach to data collection and analysis.

With regards to axiological approach, Saunders et al., (2019:132) highlight the significance of pluralists contributing something unique and valuable to business and management research. The issue of municipal consumer debt has been substantially researched; however, it is the researcher's belief that this study would enrich the existing body of knowledge. The researcher recognises that stakeholders may have different priorities and interests regarding the impact of the rising municipal consumer debt on service delivery in South Africa. This study therefore aims to incorporate a range of viewpoints in its

analysis, acknowledging and respecting the value of diverse perspectives in shaping understanding and decision-making.

3.3 Research Approach

An inductive approach will be adopted for this study. Inductive reasoning is appropriate as it facilitates the development of theories based on the observed patterns and data collected during the study (Saunders *et al.*, 2019:51). Given the exploratory nature of the research, this approach enables the generation of insights and theories that can explain the increasing debt owed to municipalities. The study explores the diverse perceptions and interpretations of various stakeholders regarding the causes, impacts and potential solutions to the rising municipal debt. This involves understanding the subjective experiences of those directly affected, such as residents dealing with service delivery challenges and municipal officials managing financial constraints.

The research delves into the unique contextual factors influencing each category of municipalities, recognising that the reality of municipal debt is shaped by the specific social, economic and political environment of each area (Patton, 2014:365).

3.4 Research Strategy

Ethnography strategy will be employed in this study. Saunders *et al.* (2019) describe this as a research strategy that involves the immersive study of people and their cultures within their natural environments (Saunders *et al.*, 2019:200). This research strategy is particularly suited for exploring the complex social, economic and cultural dynamics contributing to the rising municipal consumer debt in South Africa. Likewise, Schensul *et al.* (2013) have contributed significantly to the field of ethnography research strategy and they emphasise that a central principle of this is to immerse oneself in the community or setting being studied. This immersion allows researchers to understand the context deeply, which is crucial for interpreting behaviours, practices, and social interactions accurately (Schensul *et al.*, 2013).

One of the primary objectives of this study, which also serves to respond to the research question, is to critically analyse the impact of debt on municipalities in South Africa and their ability to deliver services. The chosen strategy will enable

the researcher to understand the socio-economic and cultural factors contributing to rising household consumer debt in South African municipalities. The lived experiences and perceptions of residents regarding municipal services and debt will also be explored for deeper understanding and true meaning of the rising household debt.

In terms of the setting, the researcher will select one municipality in each of the categories discussed in chapter 2 of this study. Selecting municipalities with varying levels of consumer debt is essential to understanding the diverse socio-economic factors contributing to this issue. This approach allows for a comprehensive analysis of different debt dynamics and their underlying causes (Saunders *et al.*, 2019:148). In addition, the selected municipalities will be chosen based on the feasibility of gaining access to relevant data and the willingness of local authorities and residents to participate in the study. This practical consideration is important to ensure the successful execution of the research (Yin, 2009:26). Furthermore, the availability of comprehensive financial records and socio-economic data in these municipalities will support a thorough analysis and validation of findings (Saunders *et al.*, 2019:218).

In order to build rapport and establish trust, the research methodology will involve in-depth semi-structured interviews with a range of stakeholders such as ordinary residents, experts in local government finance, municipal and government officials, focusing on reasons for non-payment and perceptions of municipal governance (Saunders *et al.*, 2019:145). The researcher will prepare a set of questions or topics to guide the interview.

3.5 Research Choice

The research will primarily employ qualitative method to gather data. Numerous academics have discussed the merits of both qualitative and quantitative research designs. The two approaches, however, are perceived differently around the world in three different ways: "objectivism (which holds that reality exists independently of consciousness), subjectivism (which holds that subjective experience is essential to any knowledge process), and constructivism (which holds that knowledge is a construction resulting from the interaction between individuals and their social world)" (Gelo *et al.*, 2009:269).

"Qualitative designs require the people most in charge of interpretations to be in the field, making observations, exercising subjective judgement, analysing and synthesising, all the while realising their own consciousness," claim Patton and Appelbaum (2003:68). The researcher was in the field of local government, employed by the South African Local Government Association (SALGA) in the Municipal Finance and Fiscal Policy division. The researcher is also a former official of the Provincial Treasury in the Municipal Finance directorate, as well as a former Finance Intern in one of the district municipalities (Category C) in South Africa. As a result, the researcher has some observations on the research topic. This is imperative as data analysis involves interpreting the meanings and narratives provided by participants, identifying common themes and understanding the complex interplay of factors contributing to the rising debt. This will help construct a holistic understanding of the issue from multiple perspectives (Braun & Clarke, 2006).

The researcher will maintain reflexivity, recognising their own role in the research process and being aware of how their interactions and interpretations influence the knowledge produced. This involves being transparent about the researcher's positionality and potential biases (Saunders *et al.*, 2019:28). For example, to reduce the influence of these biases, the researcher will use multiple data sources (e.g., interviews and document analysis) to cross-verify findings, ensuring that conclusions are not overly dependent on a single source or perspective. The researcher will also involve independent experts to review the research process and findings in order to help identify potential biases that the researcher might not recognise.

3.6 Time Horizon

Investigating the rising municipal consumer debt owed to municipalities in South Africa necessitates an efficient and effective research approach. Utilising a cross-sectional time horizon is particularly appropriate for this study as it is being conducted for a short period of time. According to Saunders *et al.* (2019:212), a cross-sectional study captures data at a single point in time, offering a snapshot of the current situation. Figure 3-1 below provides an overview (snapshot) of historical debt owed to municipalities in South Africa:

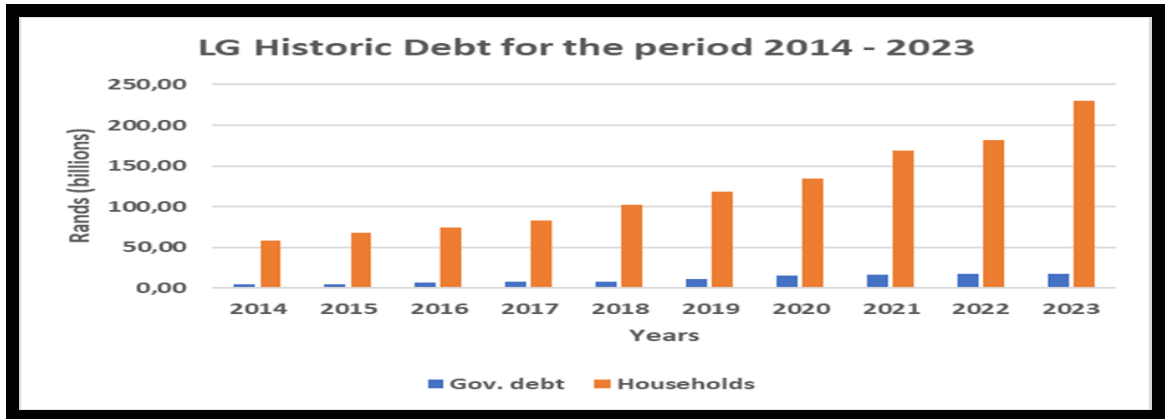


Figure 3-1 10 Year Local Government Historical Debt

(Source: Department of National Treasury, 2023)

This cross-sectional method is advantageous for understanding the immediate scale and characteristics of municipal consumer debt, identifying key correlates and providing timely data for policy formulation. By collecting data at one point in time, the researcher will identify and analyse the various socio-economic, demographic and institutional factors associated with municipal consumer debt. This will help in understanding which factors are most strongly correlated with high debt levels, thus providing a basis for targeted interventions (Bryman, 2016:313).

Saunders et al. (2019:212) note that cross-sectional studies are generally more resource-efficient compared to longitudinal studies. Given the constraints of time, budget and data availability, a cross-sectional design will enable the researcher to gather relevant data quickly and cost-effectively. A cross-sectional approach will allow for a comprehensive analysis without the extensive resources required for tracking changes over a longer period (Creswell & Guetterman, 2021:431).

As illustrated in the figure 3-1 above, cross-sectional studies are valuable for both descriptive and analytical purposes (Saunders et al., 2007:148). They will allow for the description of the extent and distribution of municipal consumer debt and also enable the identification and analysis of various factors associated with high debt levels. This dual capability aligns with Saunders et al (2019:212) emphasis on the utility of cross-sectional designs for describing and analysing complex issues whilst directly influencing policy and practice. Furthermore, in as much as cross-sectional studies provide a snapshot, they can

also serve as a foundation for future longitudinal research (Creswell & Guetterman, 2021:430).

The future longitudinal studies on this particular topic could reveal how periods of economic recession, 'pandemics' or policy reforms aimed at improving debt recovery affect consumer debt patterns. This approach could also allow for the analysis of individual and community-level changes, providing a deeper understanding of the dynamics at play (Saunders et al., 2019:212). Such detailed longitudinal data would be essential for developing effective interventions and policies tailored to mitigate the rising debt issues faced by municipalities, thereby enhancing financial stability and service delivery. Moreover, this comprehensive approach could help to mitigate the influence of transient factors and could provide a more robust understanding of the long-term trends and underlying causes of rising municipal debt (Frees et al., 2014:167; Menard, 2002; Ployhart & Vandenberg, 2010).

3.7 Data Collections Methods

The researcher will travel to South Africa at the end of June 2024 for a period of three weeks. It is during this period that the researcher will have an opportunity to engage with target participants. The researcher will conduct face-to-face interviews with ordinary residents. Due to time constraints, some of the interviews will be conducted virtually through Zoom and Microsoft Teams. The participants will be chosen due to their relationship with local government. This will enable the researcher to document and describe the perspectives expressed on the subject matter.

3.7.1 Primary Data Collection

Semi-structured interviews are the primary qualitative data collection method for this study. Semi-structured interviews allow for flexibility, enabling the researcher to probe deeper into emerging themes while maintaining a consistent framework across interviews (Bryman, 2016:237; Saris, 2014:309).

The study will employ purposive sampling to select participants who are knowledgeable and experienced in municipal finance and consumer debt issues (Saunders et al., 2019:321). Participants include experts in local government finance, municipal and government officials. The perspective of ordinary residents will also be sought in order to understand specific community

dynamics and social practices in relation to municipal consumer debt and service delivery. Purposive sampling is therefore chosen to ensure that the selected participants are those most likely to provide relevant and rich data related to the research question posed by this study and thus meet the research objectives (Patton, 2014:264).

In terms of representation, the researcher will intentionally select one municipality per category of municipalities (Category A-C) to get perspectives of municipal officials in relation to the rising debt. This is what Saunders *et al.*, (2007:143) advise researchers to do if they elect to use ethnographic strategy when conducting research. Ordinary residents of categories A and B will be engaged in order to explore residents' perceptions of local public services and the impact of consumer debt on their daily lives. The researcher believes that ordinary residents who regularly use these services would offer detailed accounts of their experiences and satisfaction levels. Experts in local government finance, municipal and government officials knowledgeable and experienced in municipal finance and consumer debt issues, will also be interviewed. This will enhance the researcher's understanding of underlying factors giving rise to the municipal consumer debt and its impacts (Saunders & Lewis, 2017:146).

An interview guide will be developed to steer the semi-structured interviews, consisting of open-ended questions designed to elicit detailed and nuanced responses. The guide will cover key areas such as the causes of rising municipal consumer debt, the impact of debt on municipal services and potential strategies for debt management and reduction. Each interview will last not less than 45 minutes and will be conducted either face-to-face or via video conferencing platforms, depending on participants' preferences and logistical considerations. Interviews will be audio-recorded with participants' consent to ensure accurate transcription and analysis (Saunders & Lewis, 2017:160-7). The researcher will travel to South Africa during the time the study is conducted in order to conduct face-to-face interviews.

To build rapport and encourage openness, participants will be informed about the study's purpose, the importance of their contributions and the measures taken to ensure confidentiality and anonymity (Saunders *et al.*, 2007:172). In terms of ensuring the trustworthiness of the study, a triangulation strategy will be

employed. Triangulation involves cross-verifying data from multiple sources, such as different participant groups and existing literature, to enhance the credibility of the findings (Saunders *et al.*, 2007:139).

3.7.2 Secondary Data Collection

An evaluation and review of the secondary sources such as scholarly research publications, national and local government legislation, municipal policies and government initiatives will be undertaken. The researcher will make use of documentation such as municipal budgets, audit reports, information on the Department of National Treasury website, media reports and any other useful information to obtain a better understanding of municipal consumer debt in South African context.

3.8 Data Analysis Methods

Qualitative data from interviews will be analysed using thematic analysis to identify key themes and insights related to the causes and impacts of the debt (Braun & Clarke, 2006). Audio recordings of the interviews will be transcribed verbatim. Transcriptions will be checked against the recordings for accuracy and anonymised to protect participants' identities. The data will be stored securely, with access restricted to the research team. Data analysis will follow a thematic approach, as described by Braun and Clarke (2006). Thematic analysis involves identifying, analysing, and reporting patterns (themes) within the data (Braun & Clarke, 2006). The process includes the following steps:

- Familiarisation with the data through repeated reading of transcripts;
- Generating initial codes to label important features of the data;
- Searching for themes by collating codes into potential themes;
- Reviewing themes to ensure they accurately reflect the data;
- Defining and naming themes to capture the essence of each theme; and
- Producing the final report, integrating thematic findings with existing literature.

(Braun & Clarke, 2006)

The use of Microsoft Excel (Excel) will facilitate the organisation and coding of the qualitative data due to its versatile and practical applications, as discussed by Saunders *et al.*, (2019:566). Utilising Excel as a data analysis tool for

investigating the rising municipal consumer debt owed to municipalities in South Africa will allow for systematic organisation of interview transcripts from interactions with municipal officials and consumers.

This structured format is crucial for subsequent analysis and identifying key themes and patterns within the data. Moreover, Excel's coding and categorisation capabilities will enable the efficient management of large volumes of qualitative information, facilitating the identification of underlying causes and trends in consumer debt. The accessibility and user-friendly nature of Excel makes it an ideal choice for the researcher. Additionally, Excel's robust visualisation tools will be employed to create compelling charts and graphs, aiding in the interpretation and communication of research findings to stakeholders. As Saunders *et al.* (2007:408) highlight, the flexibility and widespread availability of Excel supports its use in diverse research contexts, making it a practical and effective tool for analysing the complexities of municipal consumer debt in South Africa.

3.9 Ethical Considerations

Ethical considerations includes informed consent, confidentiality, and reflexivity regarding researcher biases (Saunders *et al.*, 2019:258). Ethical approval will be obtained from Griffith College's Ethics Committee (GCEC). Participants will be informed about the purpose of the study in a letter accompanied by a plain language statement and informed consent will be sought before data collection. When conducting interviews, confidentiality and anonymity of the participants will be maintained to ensure ethical compliance and the researcher will remind participants that they are not obliged to answer questions, therefore they should feel free to stop the researcher at any point to end the interview (Saunders *et al.*, 2007:172). Findings will be reported in accessible language with actionable policy recommendations (Saunders *et al.*, 2019:258). Challenges like gaining trust and accessing sensitive information are addressed by ethical guidelines (Saunders *et al.*, 2019:145).

3.10 Limitations

Potential limitations of the study include the availability and reliability of secondary data, small sample sizes, the potential for response bias in interviews, and the generalisability of the findings given the ethnographic approach.

According to Saunders *et al.*, (2019:216), this study can be considered a mini-ethnographic research project as it is conducted within very specific timeframes, focusing on detailed observations of a very small group. This focus means that the findings may not be easily applicable to other contexts or broader populations (Saunders & Lewis, 2017:140). Due to time constraints, this study will consider 3 municipalities out of 257 municipalities in South Africa. However, the rationale for selecting the 3 municipalities is to consider the 3 categories of municipalities in South Africa in order to have a representation of each category. This is one of the limitations of this study as the sample may not be representative of wider groups. Saunders *et al.* (2019:200) defend this approach by stating that the strength of ethnographic research lies in its depth of understanding and rich, detailed descriptions of the subject matter.

Debt management is a complex global phenomenon faced by many local authorities and this calls for strong institutional frameworks and comprehensive management practices to handle public debt effectively and sustainably (Financial and Fiscal Commission, 2020). While generalisability is limited, Saunders and others suggest focusing on transferability (Saunders *et al.*, 2019:449). This means providing rich, detailed descriptions and contextual information that allow others to determine if the findings may be relevant to other settings. Transferability relies on the reader's judgment rather than broad generalisation by the researcher (Saunders *et al.*, 2019:449). These limitations are therefore addressed by triangulating data sources and methods to enhance the validity and reliability of the findings (Saunders *et al.*, 2007:139).

3.11 Conclusion

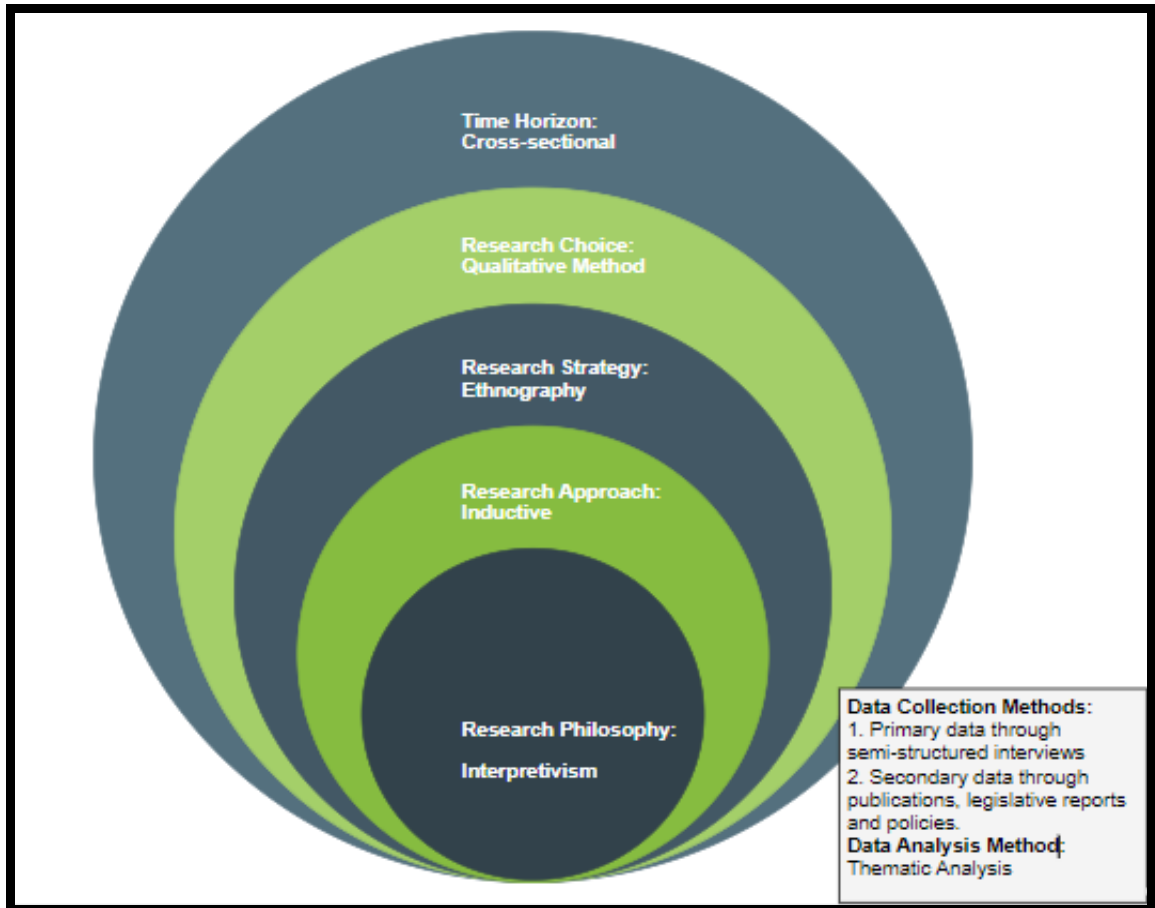


Figure 4-1: Saunders' Research Onion, developed by the researcher

Figure 4-1 concluded this with a pictorial outline of the research methodology for investigating the rising debt owed to municipalities in South Africa and its impact on service delivery. It is structured according to Saunders' Research Onion. Adopting a qualitative research approach allows for a comprehensive understanding of the underlying factors and dynamics contributing to this issue. The interpretivist philosophy underpinning this study emphasises the importance of understanding the subjective experiences and interpretations of various stakeholders, highlighting the complexity of the municipal debt phenomenon.

An inductive approach is chosen to facilitate the development of theories based on observed patterns, aligning with the exploratory nature of the research. The ethnographic strategy, with its immersive and contextual focus, is instrumental in uncovering the socio-economic and cultural factors influencing municipal consumer debt. By engaging with a diverse range of stakeholders through semi-structured interviews and analysing the data using thematic analysis, this study seeks to provide a nuanced understanding of the debt issue.

Ethical considerations are meticulously addressed to ensure the integrity and credibility of the research. While acknowledging potential limitations such as the generalisability of findings and reliance on secondary data, the study will employ triangulation to enhance validity and reliability.

In summary, the methodological framework established in this chapter lays a solid foundation for the subsequent analysis and discussion, aiming to offer actionable insights and recommendations for managing and mitigating the challenges of rising municipal consumer debt in South Africa.

4 Presentation and Discussion of the Findings

4.1 Introduction

This chapter focuses on the empirical investigation into the complex relationship between household debt and municipal service delivery in South Africa, alongside the underlying factors contributing to rising household indebtedness within these municipalities. The research objectives guiding this chapter are threefold: first, to critically analyse the impact of debt on municipalities and their capacity to deliver essential services; second, to explore the reasons for the accumulation of household debt in these regions; and third, to offer informed recommendations for improving the management of household debt by municipalities.

To achieve these objectives, data were collected through qualitative semi-structured interviews conducted both face-to-face and virtually. The participants comprised a diverse group of individuals. Representing the municipalities, the participants included a national government official and local government expert in their capacity as Senior Advisor, a provincial government official in their capacity as former Budget and Revenue Manager and Chief Financial Officer (CFO) of a low-capacity municipality, a municipal official in their capacity as Senior Manager in the finance department of high-capacity municipality, and a municipal official in their capacity as CFO of a medium-capacity. Additionally, three ordinary residents of high-capacity and medium capacity municipalities participated. The insights gained from these interviews provide a comprehensive understanding of the debt-related challenges faced by South African municipalities and inform the subsequent analysis and recommendations.

4.2 Analysis and Discussion of Findings

A set of interview questions was developed for each group of participants, which were divided into government/municipal officials (Group 1) and ordinary residents (Group 2). The table below provides an overview of the participants, their roles, affiliations, and the municipality categories they are associated with, which is essential for understanding the context of this study:

Table 1-1 Characteristics of Research Participants

Group	Participant	Position/Role	Years in local government finance	Affiliation	Municipality Category
Group 1: Government and Municipal Officials	Participant 1	Senior Advisor in government entity and Resident	15	National Government	N/A
	Participant 2	Senior Manager in Finance Department	10	Category A Municipality	Category A
	Participant 3	Chief Financial Officer (CFO)	19	Category B Municipality	Category B
	Participant 4	Former Budget and Revenue Manager and CFO, now Provincial Government Official	5+	Government Official, formerly with Category C Municipality	Category C (Former)
Group 2: Ordinary Residents	Participant 1	Ordinary Resident	N/A	Resident in Category A Municipality	Category A
	Participant 5	Ordinary Resident	N/A	Resident in Category A	Category A

Group	Participant	Position/Role	Years in local government finance	Affiliation	Municipality Category
				Municipality	
	Participant 6	Ordinary Resident	N/A	Resident in Category B Municipality	Category B

4.2.1 Group 1 Perspective

This following set of questions is specifically aimed at Group 1, consisting of government and municipal officials. Their perspectives are critical for understanding the administrative, regulatory, and policy-related aspects of the rising household debt owed to municipalities. By engaging with these stakeholders, the study seeks to explore the internal dynamics, challenges, and strategies employed by municipalities to manage and mitigate the impact of this debt on service delivery and overall municipal operations.

4.2.1.1 Financial Management

Questions:

- a. How does your municipality manage its budget and revenue, especially concerning household debt and unpaid municipal services?
- b. What are the primary challenges your municipality faces in balancing the budget while addressing household debt issues?

Questions a & b aimed to explore how municipalities managed their finances, particularly in relation to the burden of unpaid household debts. Understanding these management practices is crucial as it reveals the financial strategies and constraints faced by municipalities in balancing their budgets. Additionally, it sheds light on the primary challenges they encounter, such as maintaining financial stability while addressing rising household debt.

According to Participant 2, the municipality established processes for managing and collecting debt, which include allowing households a certain period (up to 90 days) before limiting services for non-payment. The process involves sending reminders after 60 days of non-payment and implementing service restrictions if debts remain unpaid. However, the participant highlighted a significant issue: inconsistent implementation of policies....

"I mean, the policy is there. The policy is clear. They have policies in place that say how, what will happen if you do not pay for your services. But at the end of the day, they do not implement that. Like, say, if you don't pay for instance most of the electricity is prepaid now and a larger part of the water as well. So, they have a strategy whereby if you owe a service account, they will take a portion of money every time you buy electricity. But that is something that they implement on this person and that person".

The failure to uniformly enforce these policies undermines their effectiveness, leading to escalating debt levels. The inconsistency in policy implementation echoed findings in the literature, which suggests that ineffective debt collection mechanisms are a common problem in South African municipalities (Khalo and Fourie, 2006). Municipalities often have well-crafted policies, but the lack of capacity or political will to enforce them exacerbates the debt crisis (Mantzaris & Ngcamu, 2020).

Participant 3 on the other hand emphasised the importance of budgeting based on "realistically anticipated cash" and avoiding overcommitting resources...

"for our municipality, we're largely a rural municipality with a high population of indigents. So, we are reliant on grants as approximately 62% of our budget is made up of grant funding. So, in terms of our budget, we do make sure that proper planning is implemented when we are budgeting, we make sure that we only budget for realistically anticipated cash. And in terms of our spending, we do not overspend or overcommit at budget stage".

This cautious approach reflected a broader trend in financially disciplined municipalities, where careful planning was essential to prevent service delivery failures due to budget shortfalls.

However, Participant 3 also highlighted significant challenges, particularly the low collection rates of debtors, which necessitated compromises in budgeting. This indicated a structural issue within the municipality's financial management framework, where the inability to collect sufficient revenue from households directly impacted the scope of internal capital projects. The interview underscored the tension between maintaining financial discipline and addressing the needs of the community, especially in a rural context with high levels of indigence.

With regards to reliance on grant funding in order to balance the budget, Participant 4 echoed the same sentiments as Participant 3....

“Actually, there was no balance (giggles). The municipality was relying on national grants to make ends meet”.

The participant added that in some instances, the municipality was not even able to pay salaries nor third parties. The reliance on national grants, as mentioned by Participants 3 & 4, seem to be a common issue where municipalities depend heavily on equitable share and other grants from the national government to meet their financial obligations (Maher *et al.*, 2022). This dependency appears to create a fragile financial situation, where any delay or reduction in grant allocations can lead to severe disruptions in service delivery.

4.2.1.2 Coordination with National Government

Questions:

- c. How effectively does your municipality coordinate with national government regarding fiscal transfers and financial support for debt management?
- d. What improvements are needed in the interaction between national and local governments to address household debt?

The focus of questions c & d was on the effectiveness of collaboration between local municipalities and the national government, especially regarding financial support and debt management. These questions were important

because they highlighted the extent of coordination and identified areas needing improvement. Understanding these dynamics was essential for assessing how better intergovernmental relations could enhance municipal debt management.

Whilst Participant 2 agreed that there was some level of interaction between the National Treasury and the municipality, this was mainly due to the financial recovery plan that is currently in place...

"How they are managing their debt, I think forms part of the current financial recovery plan that they have, but that is something that is in place at the moment due to the financial strains that the municipality is under".

It is therefore not clear whether had it not been for the existence of the financial recovery plan, if there would still be collaboration between national and the municipality, in this case, a high-capacity municipality.

Participant 3 reiterated the collaboration between the municipality and the Department of Cooperative Governance and Traditional Affairs (CoGTA), in particular. The participant further highlighted that there is plenty of room for improvements, especially with regards to the equitable share formula...

"But in terms of the equitable share and the distribution of the equitable share from a national level to local government, there are various sectors that are saying that the formula should be re-looked at, because the amount allocated for municipalities in terms of what we need to do to provide those services is not sufficient".

The participant critiqued the current formula used to calculate these allocations, suggesting it was outdated and does not adequately reflect the municipality's needs. This critique aligned with broader concerns in South Africa regarding the adequacy of fiscal transfers to municipalities, particularly those serving rural and economically disadvantaged populations (Ruiters & Matji, 2015).

Participant 4's view on the matter was that there seem to be lack of effective coordination between local municipalities and national government, pointing to a critical gap in the governance framework. The participant indicated that while there is compliance with the Municipal Finance Management Act

(MFMA), there is little to no practical support from the national government in managing debt or improving revenue collection...

"They will say if they bail-out one municipality, considering you have 257 municipalities, it won't be sustainable. So in terms of running debt management, they're not per se involved. You would have to struggle on your own in terms of debt management".

This critique is supported by literature that calls for more hands-on support and capacity building from higher levels of government to assist struggling municipalities (Koelble & Siddle, 2014).

4.2.1.3 Service Delivery Challenges

Questions:

- e. How has household debt affected your municipality's ability to deliver essential services (e.g., water, sanitation, infrastructure)?
- f. What specific strategies has your municipality implemented to mitigate the impact of household debt on service delivery?

Questions e & f investigated the impact of household debt on the municipality's ability to provide essential services such as water, sanitation, and infrastructure. They were critical because they assessed the real-world consequences of rising debt on the community and explored what strategies municipalities employ to maintain service delivery despite financial constraints.

On service delivery issues, particularly infrastructure maintenance (e.g., potholes) and waste management, were recurrent themes in the interview with Participant 1. The participant mentioned that while there have been some positive developments, such as the introduction of a new bus rapid transit system, the overall quality of services remained subpar. This contributes to the accumulation of municipal debt, as residents are less inclined to pay for services they perceive as inadequate. This was supported by Participant 2 who indicated that when households do not pay for services, the municipality's ability to deliver these services is hampered. The participant emphasised the importance of maintaining service delivery to ensure that households remain incentivised to pay. This "vicious cycle" is well-documented in the literature,

where poor service delivery leads to reduced willingness to pay, further deteriorating the municipality's financial health (Thusi *et al.*, 2023).

Participant 3 also noted that the municipality's ability to deliver essential services such as refuse collection, and electricity was constrained by the need to budget within the limits of realistically collectible revenue. This situation forced the municipality to limit the scope of its projects, which could exacerbate service delivery challenges in the long term (Department of National Treasury (South Africa), 2022). The participant added:

"We must adopt a long term, sustainable financial framework. There's a lot of things that it says, like making sure that you set your acceptable risk levels as a municipality...and also cut your expenditure and just focus on core priority areas".

The participant's mention of the municipality's long-term financial sustainability strategy, including the cautious use of reserves, indicated a strategic approach to mitigate these challenges. However, the underlying issue remains the insufficient revenue generated from service fees, which ties back to the broader socio-economic conditions in the municipality. Participant 4 held the same view, particularly in the context of water supply...

"The municipality was not even able to pay their bulk services, which is mainly supply of water bulk service to such an extent that the water board decided to restrict the municipality in terms of the supply because in terms of the rules they can supply a specific percentage which is to a maximum of 30%".

The participant's mention of the water board reducing supply to the municipality due to unpaid bulk services illustrated the direct consequences of household debt on essential services. This situation aligned with the findings of Pienaar and Fintel (2015), who argued that non-payment for services such as water can lead to severe restrictions and subsequent public health risks, especially in poorer communities.

4.2.1.4 Revenue Generation and Collection

Questions:

g. How does household debt influence your municipality's revenue collection, particularly from taxes and service fees?

h. What measures are in place to improve revenue collection amidst rising household debt?

Questions g & h delved into how household debt affects the municipality's ability to collect revenue from taxes and service fees, which was vital for sustaining municipal operations. The importance of these questions lay in uncovering the measures municipalities have adopted to boost revenue collection in the face of escalating debt, which was key to understanding the sustainability of municipal finances.

According to Participant 2, there are measures that can be put in place to collect debt, especially from government departments, including withholding grants or financial benefits from government departments to settle their outstanding bills...

"Some of those funds can be withheld to say that because you owe your bills to the municipality, this amount, this percentage of your money will go directly towards settling that bill. And I also think they can come up with a policy that strictly says that as a government, you cannot owe a certain amount of money to the municipality for your services".

The issue of government departments owing money to municipalities is a recurring problem in South Africa. Literature suggests that clearer policies and stricter enforcement mechanisms are needed to ensure timely payment by government entities (Mabunda *et al.*, 2023).

In Participant 3's case, the municipality has implemented a revenue enhancement strategy, focusing on improving billing accuracy, credit control, and indigent management...

"The main strategy that we are dealing with is the revenue enhancement strategy, that is consisting out of various components. Some of the main components there is inclusive of billing to look at your accuracy, completeness of billing, customer information, making sure you get the correct account to the correct person, the reliability of billing and timeliness. We also look at issues of credit control, debt collection,

there would be issues of customer communication, faults reporting, and we will have the indigent management aspect that is forming part of that strategy".

This comprehensive approach is indicative of the municipality's proactive efforts to address the challenges posed by household debt. The strategy's emphasis on customer communication and fault reporting suggests an understanding of the importance of transparency and accountability in municipal governance.

For Participant 4, the municipality established a door-to-door awareness campaign to educate residents about the importance of paying their municipal debts. The municipality also instituted a process called "PERSAL dump". This process involved collaboration with the provincial government to detect people who reside in the municipal area but working in the bigger cities by way of using their identity numbers...

"So, we were basically looking for ID numbers of people that have accounts with us through provincial government".

This approach seems to underscore the importance of collaboration with citizens and other spheres of government for sustainability of municipal finances.

The participant also mentioned a critical point with regards to prepaid electricity...

"um the municipality was uh doing electricity okay, they actually outsourced electricity to an entity of a metro. Okay. So that is giving electricity for all the households so in terms of households I can say 99 percent were on prepaid so we would collect a portion of services for those that we know that will not come and pay we'll collect a portion of services via when you buy electricity. So, for example if I think it was up to 30 percent so if you buy electricity of R100 (\$5,56) you'll only get R60 (\$3,34) and then the R30 (\$1,67) will go and pay off your services".

The participant however indicated that this approach attracted a legal court case, of which the court ruled in favour of the municipality. The approach described in the interview is an example of the innovative strategies

municipalities have had to adopt to address the debt crisis in South Africa. By tying debt repayment to essential services like electricity, municipalities increased the likelihood of recovering owed funds. The legal challenge mentioned indicated the controversial nature of this approach. While it was effective, it may raise ethical concerns about residents' access to electricity and the fairness of withholding a portion of this essential service to settle other debts. The court's support for this strategy could set a precedent for other municipalities facing similar challenges. It highlighted the importance of aligning local debt recovery strategies with national policies to ensure legality and consistency.

4.2.1.5 Debt Management Policies

Questions:

- i. What policies has your municipality adopted to manage and reduce household debt among residents?
- j. How do these policies align with national strategies for debt management?

In terms of adoption of debt management policies, questions i & j focused on the specific policies municipalities have implemented to manage and reduce household debt and how these policies aligned with broader national strategies. These questions were significant as they offered insights into the policy frameworks guiding municipal debt management and how these aligned with or differed from national approaches, providing a basis for evaluating policy effectiveness.

Participant 2 highlighted that the municipality does have debt management policies and further confirmed that the policies were in line with laws and regulations. Contrary to Participant 2, Participant 1 seem to differ with alignment of these policies to laws and regulations, emphasising a significant gap in the legislative and enforcement framework...

"I think for us, as we go further in particular, the fact that payment for municipal services is somewhat an option. You can either pay if you can, or opt not to pay, and then maybe only when you sell the property, you'll be faced with how much you owe on the property. But in comparison to other countries, you find that there are sanctions and penalties for not

paying for municipal services, although that is also met with the responsibility of ensuring efficient delivery of services”.

The current situation, where payment is seen as optional by some residents is a critical issue, as weak enforcement undermines the financial sustainability of municipalities and exacerbates the debt crisis (Kleynhans & Coetzee, 2019).

Participant 3 also discussed specific policies aimed at managing household debt, such as the credit control and debt collection policy, the free basic services and indigent support policy, and the debt incentive policy. These policies align with the Municipal Systems Act, which mandates municipalities to collect debts and manage indigent support (South Africa, 2000). The alignment of local policies with national legislation reflects a legal and administrative framework designed to support municipalities, though the effectiveness of these policies may vary depending on local circumstances. Participant 4 similarly confirmed the existence of revenue and debt policy that was adopted as well as a tariff policy and property rates policy.

4.2.1.6 Recommendations for Policy and Practice

Questions:

- k. What recommendations would you provide to national government to support municipalities in managing household debt effectively?
- l. How can municipalities enhance their fiscal management practices to better address the challenges posed by household debt?

Finally, questions k & l sought to gather practical recommendations for both national and local governments to improve the management of household debt. They were crucial for identifying potential policy interventions and best practices that could strengthen municipal financial health and service delivery, contributing to the overall goal of sustainable municipal governance.

Participant 1 suggested the strengthening of legislation and to impose sanctions for non-payment, which aligns with international best practices, where strict enforcement of municipal service payments is coupled with robust service delivery to ensure compliance (Gumede, 2019). This approach could potentially reduce the rising debt levels and improve the overall financial health of South African municipalities.

Participant 2 was of the opinion that, whilst there is need for better implementation of existing debt collection policies, their effectiveness is largely dependent on the capacity and willingness of municipalities to enforce them. The participant recommended improvement of enforcement mechanisms and possibly revising policies to make non-payment by government departments explicitly impermissible. The literature supports the participant's recommendations, emphasising the need for robust implementation of debt management policies and stronger oversight from national government (Mbatha & Mutereko, 2022). Effective policy implementation is key to addressing the rising municipal debt crisis.

Participant 3 highlighted the fact that there were national initiatives which can be replicated and implemented at local government level. For instance, the same way the South African Revenue Services (SARS) collect taxes on behalf of government, the same can be applied at local government level for collection of outstanding municipal bills, with the assistance of SARS for adoption of best practices and betterment of municipal sustainability. This supports the point of collaboration made earlier by Participants 2 and 4, the latter stating that,

“uh I think mainly collaboration with households themselves, collaboration with businesses, collaboration with the private sectors. So, if you do collaboration with your citizens, then you can realise potential. I think in South African local government we still treat it as a give-away situation. We should get all benefits from government but through collaboration and understanding with people that for them to get water in the pipes there is a pipe that supplies water and there are chemicals needed to clean that water so that they can understand that they should pay for the services. They should look after those services that they are sufficiently being given. So, I think collaboration is the main thing that is needed within all stakeholders that are involved within the local government sphere”.

4.2.1.7 Summary

In summary, the findings from the interview questions posed to Group 1, highlighted the multifaceted challenges faced by South African municipalities in managing household debt and maintaining financial stability. The interviews revealed that while municipalities have established debt management policies

and processes, the inconsistent implementation and enforcement of these policies severely undermines their effectiveness, contributing to escalating debt levels. The overreliance on national grants, particularly in rural municipalities, creates a fragile financial situation where any disruption in grant allocations could lead to service delivery failures and financial instability.

4.2.2 Group 2 Perspective

This set of questions is directed towards Group 2, comprising ordinary residents. Their experiences and perspectives are essential for understanding the direct impact of rising household debt on their daily lives and their ability to access essential municipal services. By engaging with residents, the study aims to uncover the socio-economic challenges they face, their interactions with municipal structures, and their views on the debt situation and its broader implications for their communities.

4.2.2.1 Understanding of Government Responsibilities

Questions:

- a. How do you perceive the roles of national and local governments in managing public services in your community?
- b. In your view, what are the main responsibilities of local government in comparison to national government?

Questions a & b pursued to understand how residents perceive the distinct roles and responsibilities of national and local governments in managing public services. Their importance was embedded in revealing whether there is clarity or confusion among residents about which level of government is responsible for specific services, which can impact trust and accountability in governance. This understanding was vital for assessing how well government roles are communicated and perceived by the public.

Participant 1 clearly defined the distinction between the roles of national, provincial, and local governments, emphasising that local government is primarily responsible for the provision of basic services as mandated by Section 152 of the South African Constitution. The participant mentioned that the services included refuse collection, water supply, and electricity. However, the participant highlighted significant service delivery failures at the local government level, particularly within the category A municipality where they reside...

“For example, in terms of refuse collection, in my home in particular, we have procured the services of a private refuse collector, because the municipality has actually been failing in that area. And as such, this is the money that could actually be redirected to the municipality. But now, we are paying over and above what the municipality should be delivering to a private contractor to ensure that our refuse is collected”.

The need to procure private refuse collection services due to municipal inefficiency is a critical point, indicating a breach in the expected service delivery standards by citizens. This aligned with literature that highlighted the inefficiencies and governance challenges facing South African municipalities, particularly in terms of service delivery (Khalo & Fourie, 2006). The failure to provide basic services not only undermines public trust but also exacerbates the financial strain on residents, who are forced to seek alternative, often more expensive, private services. According to Reddy (2016), effective service delivery is essential for maintaining public trust and ensuring consistent revenue from services.

Participant 5 immediately voiced their frustration with municipal accountability and communication, recounting a prolonged issue with a plumbing leak that went unresolved despite multiple reports...

“I had a leakage, a terrible leakage and you must remember each, and every leakage is a cost to me. It's going to look like I've been wasting water. I reported it at the call centre, I got a reference, I reported it via an email with the same reference number. There was nothing that they did. I got nothing after that. When I went to the municipality, they told me that the systems were down since February until end of November”!

Participant 6 shared the same frustration as participant 5 in so far as communication and accountability, stating that:

“Out of the blue the municipality would just cut water without noticing us and you would find that sometimes this happens during weekends when there are funerals. The other year they cut our water during the month of December, so we spent Christmas season without water. Sometimes they warn us sometimes they don't”.

This highlights a broader issue of bureaucratic inefficiency and lack of responsiveness within South African municipalities (Ragolane, 2024).

4.2.2.2 Interaction with Local Government

Questions:

- a. How frequently do you interact with your municipality for public services or issues related to debt?
- b. What are your expectations from the municipality in terms of debt relief and support services?

On the other hand, questions c & d focused on the frequency and nature of residents' interactions with their municipalities, particularly in relation to public services and debt issues. They were important because they provided insight into the level of engagement between residents and local governments, as well as residents' expectations for debt relief and support services. This information could help assess the accessibility and responsiveness of municipal services.

Participant 1 indicated that they hardly interact with the municipality...

"To be honest, I just pay for services without necessarily interacting with the municipality (laughs). Even with the schedule of public participation meetings, one rarely ever gets that. I'm not sure if it's being advertised on social media, but nothing that is formal communication in terms of where one can participate, even in ward community meetings. Such information is not readily available. So, I would say I do not frequently engage the municipality, except when I have to now pay for services, which I can do online without necessarily going to municipal offices".

Similarly, participant 5 stated that they do not even know who their ward councillor was...

"Well, I'm not sure how this is going to help you or how is it going to appear on your feedback. But the unfortunate part is I don't even know who my ward councillor is. Reason being, there is that what can I say, how can I put it? As South Africa, we have too many political parties. We have too many political parties. Some of the political parties are based on diversity. So, where I am, it's mainly Afrikaans speaking white people. So, what they're looking after is the interest of their own people".

Participant 6 stated that they knew who their ward councillor was, however, they hardly interact with him. The inefficiency of residents' lack of awareness about their ward councillor and local governance structures is indicative of broader disengagement and disillusionment with local government (Khalo and Fourie, 2006). This reflects a disconnect between local government representatives and their constituents, further undermining trust in municipal governance.

4.2.2.3 Impact of household debt – Debt experiences

Questions:

- a. How has household debt affected your daily life and ability to access essential services like healthcare and education?
- b. What are the primary causes of your household debt (e.g., unemployment, high living costs, etc.)?

In order to assess the impact of household debt on daily life and causes of debt, questions e & f were posed. These questions explored the personal impact of household debt on residents, including how it affects their access to essential services like healthcare and education, and the underlying causes of their debt. These questions were critical as they provided a direct link between economic challenges (e.g., unemployment, high living costs) and the daily hardships experienced by residents, offering a human dimension to the issue of municipal debt.

Participant 5 enjoys the privileges of residing in an area where their refuse is collected by organised committee in the suburb should the municipality fail to collect it. On the other hand, participant 6 stated that they would sometimes have to endure the smell coming from uncollected refuse by the municipality as they cannot afford the services of private company nor being looked after by the organised committee like participants 1 and 5. This is a clear imbalance of the quality of life experienced by residents in South Africa, posing "double payment" burden and health risks due to uncollected waste. This situation is reflective of broader issues in South Africa, where the rising cost of living and stagnant income levels have made it difficult for many households to meet their financial obligations, including municipal bills (Financial and Fiscal Commission, 2021).

4.2.2.4 Impact of household debt – Service Delivery

Questions:

- a. Have you noticed any changes in the quality of public services (e.g., water, sanitation, transportation) due to municipal debt issues?
- b. How do household debt issues influence your ability to pay for municipal services (e.g., water bills, property taxes)?

On service delivery challenges, questions g & h investigated whether residents have noticed changes in the quality of public services due to municipal debt and how their own debt issues affected their ability to pay for services. Their importance lay in highlighting the feedback loop between household debt and municipal service delivery—where poor service can exacerbate financial strain, leading to further debt accumulation. This could help identify areas where service delivery and payment systems may need reform.

Participant 1 admitted that many households tend not to prioritise payment of municipal services...

“And, you know, essentially, with regards to payment of municipal services with households, usually, payment for municipal services is not the first on the list, particularly in South Africa, if you were to compare with other countries. So, you'd find that households would prioritise other obligations that they have”.

Participant 5 however indicated that they do pay their municipal services though the municipality is billing them incorrectly due to inefficiencies in their systems. In addition, participant 5 stated with regards to changes in the quality of public services that they saw a lot of improvements towards the elections date this year...

“To be honest with you (sighs), things only started looking better before the elections which were on the 29th of May (2024). So, what I can say is maybe from February coming to May up until now things have improved in my area. The reason being because there were elections, and they wanted us to vote for them. But before that things were horrible, were terrible”!

The resident observed that service delivery in their area improved noticeably in the months leading up to municipal elections. This pattern of temporary

improvements in public services before elections is a common phenomenon in South Africa, often referred to as "electioneering" (Twala, 2014). This behaviour reflects a strategic effort by political leaders to secure votes, rather than a genuine commitment to sustainable service delivery.

Participant 1's assertion that municipal service payments are often deprioritised in favour of more immediate needs like food, education, and health care is critical. This finding is supported by literature that suggests that households tend to prioritise expenditures that provide tangible and immediate benefits over those that are less immediate, such as municipal services (Khalo and Fourie, 2006). The concept of "opportunity cost" is effectively illustrated here, where the value of municipal services is perceived as low, leading to a preference for other expenditures. Participant 6 is a pensioner therefore she had nothing to say on this question.

4.2.2.5 Effectiveness of Government Measures

Questions:

- a. How effective do you find government measures (both national and local) in addressing household debt?
- b. What kind of support would you expect from local government to manage household debt more effectively?

Questions i & j aimed to gauge residents' views on the effectiveness of government measures to address household debt and what kind of support they expected. These responses were vital for evaluating whether current policies and interventions were meeting residents' needs and expectations, which could inform recommendations for more effective strategies.

In terms of the effectiveness of government measures to address household debt, participant 1 emphasised the importance of effective communication, particularly through social media and community engagement, to inform residents about available financial support and debt relief options. This recommendation is in line with studies that have found that transparent and proactive communication can significantly improve public trust and compliance with municipal obligations (Petunia & Selepe, 2020). Participants 5 and 6 did not offer any suggestions for these questions.

4.2.2.6 Recommendations for Improvement

Questions:

- a. What recommendations would you provide to local governments to improve their management of household debt and service delivery?
- b. How can local government better communicate with citizens regarding financial support programs or debt relief options?

Similar to government/municipal officials in group 1 above, suggestions and recommendations were sought from ordinary residents in relation to the management of debt. This was done through questions k & l, which sought residents' recommendations for how local governments could improve their management of household debt and service delivery, as well as how they could better communicate about financial support and debt relief. These questions were crucial as they offered practical, citizen-driven insights into how municipalities can enhance their operations and relationships with the public, contributing to more effective and responsive governance.

Participant 1 offered several recommendations for addressing the rising municipal consumer debt, including the introduction of rebates, tax cuts, and debt write-offs for uncollectable arrears. These suggestions align with practices in other contexts where local governments have implemented similar measures to encourage debt payment and reduce the financial burden on households (Financial and Fiscal Commission, 2020). The idea of writing off debt that is unlikely to be collected, as suggested by the participant, is consistent with the principles of prudent financial management, as it allows municipalities to focus on more recoverable debts.

Participant 5's recommendations focused on improving the professionalism and competence of municipal staff. They argued for "*the right people [to be] put in the right positions,*" emphasizing the importance of qualifications and expertise in municipal management. This aligns with existing literature that identified a lack of capacity and skilled personnel as significant barriers to effective municipal governance in South Africa (Cameron, 2014). The participant's concern about unqualified individuals being placed in critical positions, such as financial management, echoes broader criticisms of cadre deployment and its impact on the efficiency of local government (Cameron, 2014).

Participant 6 was of the view that the only solution to current local government challenges was through voting for a different political party in the upcoming local government elections “*that will listen to us as residents*”. This further points to lack of trust in the leading government in South Africa.

4.2.2.7 Summary

Group 2’s responses to interview questions revealed the residents’ expectations for more effective government interventions to address household debt and improve service delivery. Recommendations such as better communication, professionalising municipal staff, and considering debt relief measures reflect a strong desire for more competent and responsive local governance. The lack of trust in the current political leadership, as expressed by some participants, further underscored the need for systemic reform and a more resident-focused approach to municipal management.

4.3 Conclusion

Overall, this chapter highlighted the critical challenges facing South African municipalities, including issues with communication, accountability, and public service management. It emphasised the need for improved policies, stronger trust, and greater engagement between municipalities and communities. Collaboration among local municipalities, national government, and other stakeholders is crucial, particularly in aligning national strategies with local needs and improving revenue collection.

The study identified systemic financial management issues in municipalities, exacerbated by socio-economic challenges, governance inefficiencies, and weak policy enforcement. Addressing these requires robust policies, political will, and a culture of collaboration and accountability across all levels of government.

5 Concluding Thoughts on the Contribution of this Research, its Limitations and Suggestions for Further Research

5.1 Introduction

This chapter summarises the study with recommendations for the management of household debt by the municipalities in South Africa. It focuses on the verification of the objectives of the study and presents its findings. The study investigated the rising municipal debt owed to municipalities in South Africa, whilst generalising the findings with the support from the review of existing literature.

The objectives of the study were as follows:

1. To critically analyse the impact of debt on municipalities in South Africa and their ability to deliver services.
2. To critically analyse the reasons for household debt in the municipalities in South Africa.

3. To provide appropriate recommendations for the management of household debt by the municipalities in South Africa.

In light of the aforementioned objectives, the study's research question was as follows: What is the impact of municipal consumer debt owed to municipalities on service delivery in South Africa?

The study adopted a qualitative approach to collect data and applied an ethnographic strategy as discussed in chapter 3 of this study. The underlying causes, which included socio-economic difficulties, billing methods, and problems with service delivery, were critically examined through the application of a thematic analysis to official published reports, municipal data, and interviews. The interviews were conducted in a form of semi-structured query.

5.2 Discussion of Findings

5.2.1 Role and Effectiveness of Local Government

The Constitution of the Republic of South Africa (1996) and the White Paper on Local Government (1998) define developmental local government as “one that collaborates with the community it serves to address socio-economic issues and enhance the community's standard of living in an environmentally sustainable manner”. Municipalities are given powers and functions to accomplish this, allowing them to raise money to manage the affairs of the people they represent. The ability of municipalities to raise money varies depending on their classification; that is, the way a Category A municipality meets the requirements of its community is not the same as the way a Category B or C municipality would do the same.

The study discovered that municipalities failed to fulfil the responsibility of providing basic services as mandated by Section 152 of the South African Constitution. This included services such as refuse collection, water supply, and electricity. There were instances where residents had to procure private refuse collection services, water and electricity supply was restricted and leakages not attended to. This was confirmed by the literature that local authority failure to provide basic services not only undermines public trust but also exacerbates

the financial strain on residents, who are forced to seek alternative, often more expensive, private services. The non-collection of refuse also poses serious health risks for those who cannot afford private services.

5.2.2 Coordination and Collaboration with National and Provincial Government

The study discovered that there are interactions between the three spheres of government through different initiatives. Some of these initiatives include management of indigent support and verification of the eligibility indigent register to ensure that municipalities are providing free basic services where they are genuinely needed. Other strategies of collaboration included verification of employment status for the personnel working in government departments in order to tie them to payment of their municipal bills, whilst others were through the financial recovery plan. Although these strategies and initiatives are in place, challenges in ensuring effective collaboration among the stakeholders still exist. For instance, financial recovery plans are intended to stabilise municipal finances, however, their success is contingent on the municipalities' capacity to generate revenue (Financial and Fiscal Commission, 2021). This can hinder the municipalities' ability to manage household debt effectively.

5.2.3 Debt Management, Revenue Generation and Collection Processes

In medium and low-capacity municipalities, the study revealed significant challenges in revenue collection, particularly in rural areas where the demographic makeup includes a high proportion of child-headed households, pensioners, and a transient working population. This aligned with the findings from the literature, which indicated that rural municipalities in South Africa often face difficulties in generating revenue due to low-income levels and the migration of economically active individuals to urban centres (Dollery & Crase, 2006).

Furthermore, the study highlighted a collection rate of below 30%, which is consistent with other studies showing low revenue collection rates in similar municipalities (Koelble and Siddle, 2014). Over-reliance on national grants emerged as one of the challenges faced by municipalities in South Africa. This was mentioned by government/municipal officials in all three categories of

municipalities, solidifying the assertion by Maher *et al.*, (2022) that most municipalities depend heavily on equitable share and other grants from the national government to meet their financial obligations.

5.2.4 Budgeting Challenges

The study noted the difficulty in accurately budgeting revenue from household debt due to uncertainties in debt collection. This was established during engagements with municipal officials that in most municipalities, there were financial recovery plans in place. This means that, if a significant portion of anticipated revenue is based on debt recovery, the municipality would face financial strain when these funds are not realised. This strain would further be compounded by the need to continue providing essential services despite the shortfall in revenue. This challenge was widely recognised in municipal finance literature, where the dependence on uncertain revenue streams from debt recovery was cited as a major risk to financial sustainability (Moloto & Lethoko, 2018).

5.2.5 Impact of Household Debt on Service Delivery

One of the objectives of this study was to critically analyse the reasons for household debt in the municipalities in South Africa. As discussed in 2.3 above, the dependency on grant funding due to low revenue collection rate seems to be one of the reasons. This creates a fragile financial situation, where any delay or reduction in grant allocations can lead to severe disruptions in service delivery. This problem is further documented in the literature, with many scholars arguing that the current intergovernmental fiscal system in South Africa fails to adequately address the disparities between municipalities, particularly those in rural areas (Financial and Fiscal Commission, 2020).

The study also pointed out the substantial impact of unemployment and indigence on household debt. With a large portion of the population classified as indigent, especially in Category B and Category C municipalities, these municipalities rely heavily on equitable share allocations from the National Treasury to service this class of communities. There were critiques of the current formula used to calculate these allocations, suggesting it was outdated and does not adequately reflect the municipalities' needs. This therefore calls for

the review of the equitable share formula to ensure that it adequately addresses the needs of communities.

De-prioritisation of municipal services payment by households in favour of daily basic needs was established as one of the reasons for household debt in the municipalities in South Africa. The concept of "opportunity cost" was recognised during the interview phase and was not covered by the literature in this study.

5.2.6 Service Delivery Challenges

The study highlighted significant disparities in service delivery within different areas of the same municipality. This issue is documented in the literature, with studies showing that service delivery in South African municipalities often varies significantly between affluent and poorer areas. For example, affluent suburbs tend to receive more consistent and timely services, while poorer areas are frequently neglected (Pienaar and Fintel, 2015). This disparity was particularly evident in the views of the participants in this study, especially with maintenance of public infrastructure and responsiveness to service issues, such as plumbing leaks.

The study also touched on the politicisation of service delivery and resource allocation for electoral gain, which raises concerns about the fairness and integrity of municipal governance (Beier, 2023).

5.2.7 Challenges in Municipal Accountability and Communication

The study established that, whilst there were debt management policies in place in some municipalities, these were not uniformly and consistently applied. There seems to be a significant gap between local government actions and citizen expectations regarding accountability, transparency, and communication in the context of debt management. Municipalities appeared to lack adequate mechanisms for transparent decision-making and effective communication, leading to public mistrust and disengagement. Weak accountability structures can contribute to financial mismanagement and higher debt levels. Conversely, municipalities that implement strong transparency, accountability, and communication practices tend to enjoy greater public trust and more effective debt management. This highlighted the importance of improving these areas to better address rising municipal debt

and involvement of citizens in the financial health of their communities. Likewise, engaging citizens in decision-making processes and supporting low-income households through measures like indigent policies can also help mitigate financial pressures and promote payment compliance (Reddy, 2016). This validates Oates' fiscal federation theory as discussed in chapter 2 of this study.

5.3 Limitations of the Study

The major critique of this study lies in the limited sample size and diversity of participants relative to the scope of the research problem. The study accepted the limitations in terms of the target participants because of time constraints and English language barrier for one of the participants who is a pensioner. Due to the researcher having to transcribe into English first, the likelihood is that meanings, feelings and opinions of the participant may not have been translated accurately. In other words, nuance may be lost in translation.

Moreover, there are 257 municipalities in South Africa, consisting of 8 Category A (metro), 205 Category B (local) and 44 Category C (district) municipalities (South African Local Government Association, 2018) . The limitation of using one municipality per category was in terms of the scope of the study. All 257 municipalities were not covered in the study due to limitations imposed by time. The researcher had hoped to interview one resident per category of municipalities, but this was not possible due to time constraints. With only six participants, consisting of four government/municipal officials (with one official also participating as an ordinary resident) and two ordinary residents, making a total of seven views, the study may not have captured the full complexity and variability of the issue of rising municipal consumer debt across the 257 municipalities in South Africa. The small sample size limits the generalisability of the findings, as the experiences and perspectives of the participants may not be representative of the broader population.

Additionally, the disproportionate representation between officials and residents could have skewed the findings, potentially overemphasising the perspectives of those in positions of authority while underrepresenting the voices of ordinary citizens. This narrow scope may also have overlooked

regional differences in the causes and impacts of municipal debt, which could vary significantly across different municipalities.

5.4 Recommendations for Practice

The study concludes with the following recommendations:

1. Policy makers in South Africa should actively promote public-private partnerships (PPPs) to manage municipal debt by leveraging private sector expertise, efficiency, and capital. Developing policy frameworks for municipal services that enable private entities to share financial burdens and risks is crucial. Additionally, establishing transparent and accountable mechanisms will ensure that PPPs contribute to sustainable debt reduction while delivering value to communities. Through such collaboration, municipalities can enhance financial resilience and ensure effective resource use for public benefit.
2. Policy makers must address the “opportunity cost” of lost revenue to alternative service providers by enhancing the competitiveness and efficiency of municipal services. By improving service quality, reliability, and affordability, municipalities can retain and grow their revenue base, thereby reducing the financial impact of lost income. This will help them better manage debt, reinvest in community development, and ultimately improve public trust and service satisfaction.
3. Careful consideration should be afforded by policy makers to review the current equitable share formula to ensure it addresses the needs of local government in South Africa.
4. Better collaboration with national government is required between local municipalities and the national government to effectively manage and reduce municipal consumer debt. Strengthened cooperation can help address the root causes of consumer debt, ensure sustainable service delivery, and improve the financial stability of municipalities.
5. Attention must be given to improving debt collection systems to enhance efficiency and effectiveness of how municipalities recover outstanding consumer debt. This recommendation involves. By improving debt collection practices such as appointing qualified finance officials, upgrading billing systems, adopting modern technologies, and implementing stricter enforcement measures to ensure timely payments,

municipalities can reduce arrears, increase revenue, and better manage their financial resources, which in turn supports sustainable service delivery and reduces the overall debt burden.

6. Municipalities should strive to ensure clear, transparent, and consistent dialogue with the communities they serve. This will assist residents understand their billing, payment responsibilities, and the importance of municipal services. Effective communication can build trust, encourage timely payments, and address concerns, ultimately aiding in reducing consumer debt and improving service delivery.

5.5 Recommendations for Future Research

The following are suggested future research considerations on the topic of rising municipal consumer debt in South Africa:

1. A larger and diverse sample of participants should be involved. This could include officials from various levels of government, a broader cross-section of residents, and stakeholders such as business owners, financial experts, and representatives from civil society organisations. This would enhance the generalisability of the findings and provide a more comprehensive understanding of the issue across different municipalities.
2. Comparative studies across different regions of South Africa can be conducted to explore how regional factors, such as economic conditions, population demographics, and governance practices, impact municipal debt levels. This could help identify specific regional challenges and best practices that could be applied more broadly.
3. Longitudinal studies should be considered to track changes in municipal debt over time. This would provide insights into trends, the effectiveness of debt management strategies, and the long-term impact of policy interventions.
4. Quantitative methods can be incorporated to provide more objective measure of the factors contributing to municipal debt. This could complement qualitative findings and offer more concrete evidence for policy recommendations.
5. A more focused evaluation of the effectiveness of existing policies and interventions aimed at reducing municipal consumer debt be conducted. This could involve case studies of specific municipalities that

have successfully managed their debt and identifying key success factors.

6. Perform a deeper assessment in to the perceptions of residents and other stakeholders regarding the causes and consequences of municipal consumer debt be considered. Understanding public sentiment can inform more effective communication and policy strategies to address the issue.
7. Considerations can be made regarding a multidisciplinary approach, given the complex nature of municipal debt. This approach could integrate perspectives from economics, public administration, sociology, and political science. This could provide a more holistic understanding of the underlying causes and potential solutions.

To enhance the robustness of this study, a broader and more diverse sample, incorporating a larger number of participants from various municipalities and including a balanced mix of stakeholders, would be necessary. Despite these limitations, it is possible that the findings of this study could be generalised to a certain extent, in South African municipal context with the support from a review of existing literature.

5.6 Final Conclusion and Reflections

This study began by exploring the crucial role that national and local governments play globally, with a particular focus on the challenges faced by local governments in South Africa. The problem statement highlighted significant difficulties, such as deteriorating infrastructure and the adverse effects on communities and local economies within these municipalities. The overarching aims of the study were presented, with the goal of addressing the research question. Additionally, the study outlined the significance, as well as theoretical and conceptual frameworks, emphasising the importance of coordination between government and citizens in an accountable and transparent manner. This discussion provided a comprehensive understanding of the budget processes necessary to ensure the delivery of essential services as mandated by the Constitution of the Republic of South Africa.

The study also addressed its limitations and described the methodologies used to meet the research objectives and answer the research question. The research was conducted, and the findings were presented systematically. The results revealed that the growing municipal consumer debt significantly impairs municipalities' ability to maintain service delivery, leading to an erosion of public trust. Furthermore, the study highlighted the need for effective communication between government and citizens to raise awareness about the impact of non-payment for municipal services on overall service delivery.

Through the research process, the researcher has come to understand the complexity of municipal finance, recognising that rising debt levels are shaped by a mix of economic, political, social, and administrative factors. This complexity made finding solutions challenging, as it requires addressing broader governance and social dynamics alongside financial issues. The limitations of this study, including a small sample size and limited geographic scope, challenged the conducting of comprehensive research and underscored the need for more inclusive studies in the future.

Reflecting on my personal biases, I found that engaging with diverse perspectives from municipal officials and residents reshaped my understanding of the issue. The emotional and ethical aspects of the research, especially regarding the residents affected by municipal debt, emphasised the human impact of financial mismanagement. This experience reinforced my commitment to responsible governance, transparency, and accountability, and inspired a renewed sense of responsibility as an academic and professional. It has also motivated me to pursue future studies in public finance and municipal management to improve financial practices and support sustainable development within local governments.

References

- Auditor General (South Africa). (2024) *Consolidated General Report on Local Government Audit Outcomes - MFMA 2021-22*. Available at: <https://www.agsa.co.za/Portals/0/Reports/MFMA/2021-22/Interactive%20MFMA%20report.pdf?ver=2023-06-01-000958-653> (Accessed: 18 June 2024).
- Beier, R. (2023) *Why Low-Income People Leave State Housing in South Africa: Progress, Failure or Temporary Setback?*. DOI: 10.1177/09562478221146395.
- Braun, V. and Clarke, V. (2006) *Using Thematic Analysis in Psychology*. *Qualitative Research in Psychology*, 3(2):77–101. Available at: <https://www.tandfonline.com/doi/abs/10.1191/1478088706qp063oa> (Accessed: 20 July 2024).
- Bryman, A. (2016) *Social Research Methods*. Oxford University Press.
- Cameron, R. (2014) 'Vertical Decentralisation and Urban Service Delivery in South Africa: Does Politics Matter?' *Development Policy Review*, 32(s1), pp. s81–s100. DOI: 10.1111/dpr.12070.
- Crossen, S. and Sinn, H.-W. (2003) *Public Finance and Public Policy in the New Century*. MIT Press.
- Constitutional Court, (South Africa). (1996) *Constitution of the Republic of South Africa*. Available at: <https://www.gov.za/documents/constitution/constitution-republic-south-africa-04-feb-1997> (Accessed: 23 April 2024).
- Creswell, J.W. and Guetterman, T.C. (2021) *Educational Research: Planning, Conducting, and Evaluating Quantitative and Qualitative Research*. sixth edition, global edition. Harlow, England London New York Boston San Francisco Toronto Sydney Dubai Singapore Hong Kong Tokyo Seoul Taipei New Delhi Cape Town São Paulo Mexico City Madrid Amsterdam Munich Paris Milan: Pearson.
- Creswell, J.W. and Poth, C.N. (2016) *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*. SAGE Publications.

De Visser, J. (2009) 'Developmental Local Government in South Africa: Institutional Fault Lines'. *Commonwealth Journal of Local Governance*, pp. 7–25. DOI: 10.5130/cjlg.v0i2.1005.

Denzin, N.K. and Lincoln, Y.S. (2002) *The Qualitative Inquiry Reader*. SAGE.

Department of Cooperative Governance and Traditional Affairs (South Africa). (2021) *DCoG-Annual-Report-202021-FINAL.Pdf*. Available at: https://www.cogta.gov.za/cgta_2016/wp-content/uploads/2022/10/DCoG-Annual-Report-202021-FINAL.pdf (Accessed: 2 September 2024).

Department of National Treasury (South Africa). (2015) *Demystifying Standard Chart of Accounts (mSCOA). Chapter 1: Introduction to Standard Chart of Accounts (mSCOA) [PowerPoint, Updated 8 Mar. 2015]*. Available at: http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/_layouts/mobile/dispform.aspx?List=c6d7f0c9%2D6791%2D4cea%2Da987%2D4a12808486a0&View=c96c9f53%2D8a90%2D4584%2Dbdf6%2De04838d2af6b&RootFolder=%2FRegulationsandGazettes%2FMunicipalRegulationsOnAStandardChartOfAccountsFinal%2FDocuments%2F03%2E%20mSCOA%20Training%2F01%2E%20mSCOA%20ONE%20DAY%20INFORMATION%20SHARING%20SESSIONS&ID=130 (Accessed: 18 June 2024).

Department of National Treasury (South Africa). (2002) *Implementation of BAS (Basic Accounting System) and Reporting in Accordance with PFMA and Government Finance Statistics (GFS) (Practice Note 12 of 2002)*. Available at: <https://www.treasury.gov.za/legislation/pfma/practice%20notes/oag/2002-12%20Practice%20%20Note.pdf> (Accessed: 20 June 2024).

Department of National Treasury (South Africa). (2004a) *Local Government: Municipal Financial Management Act 2003 (Act No. 56 of 2003)*. Available at: <http://mfma.treasury.gov.za/Legislation/MFPFA/Pages/default.aspx> (Accessed: 23 April 2024).

Department of National Treasury (South Africa). (2024) *Local Government Revenue and Expenditure: Second Quarter Local Government Section 71 Report for the Period 1 July 2023 – 31 December 2023 [Media Release, 18 Mar. 2024]*. Available at: http://mfma.treasury.gov.za/Media_Releases/s71/2324/2nd_2324/Documents/P

DF/Media%20Statement%20-%20Section%2071%202nd%20Q%20Section%2071%20Publication%20-%2018%20March%202024.pdf (Accessed: 23 April 2024).

Department of National Treasury (South Africa). (2024b) *Local Government Revenue and Expenditure: Second Quarter Local Government Section 71 Report for the Period 1 July 2023 – 31 December 2023 [Media Release, 18 Mar. 2024]*. Available at:

http://mfma.treasury.gov.za/Media_Releases/s71/2324/2nd_2324/Pages/default.aspx (Accessed: 23 April 2024).

Department of National Treasury (South Africa). (2004b) *MFMA Circular No 10 - Budget Process 2005/06*. Available at:

<http://mfma.treasury.gov.za/Circulars/Pages/Circular10.aspx> (Accessed: 19 June 2024).

Department of National Treasury (South Africa). (2009) *Municipal Budget & Reporting Regulations: National Treasury Briefing, 10 May*. Available at:

<https://pmg.org.za/committee-meeting/9832/> (Accessed: 18 June 2024).

Department of National Treasury (South Africa). (2022) *State of Local Government Finances and Financial Management*. Available at:

http://mfma.treasury.gov.za/Media_Releases/The%20state%20of%20local%20government%20finances/Pages/default.aspx (Accessed: 12 April 2024).

Department of National Treasury (South Africa). (2020) *State of Local Government Finances and Financial Management*. Available at:

https://mfma.treasury.gov.za/Media_Releases/The%20state%20of%20local%20government%20finances/Pages/default.aspx (Accessed: 2 September 2024).

Dollery, B. and Crase, L. (2006) 'A Comparative Perspective on Financial Sustainability in Australian Local Government'.

Financial and Fiscal Commission. (2020) *Better Municipal Debt Management. Main FFC Site*. Available at:

https://www.ffc.co.za/_files/ugd/b8806a_bfd0629710ce4892a952ca5aff4184f5.pdf (Accessed: 23 April 2024).

Financial and Fiscal Commission. (2021) *Municipalities and COVID-19: Impact, Recovery and Opportunities*. Main FFC Site. Available at: https://www.ffc.co.za/_files/ugd/b8806a_6dcb926511bd4d82915ad3e36ba92869.pdf (Accessed: 23 April 2024).

Frank, H.A. and Fink, D.R. (2008) 'Enhancing Accountability: Should Regulations Similar to Sarbanes-Oxley Be Expanded to the Local Sector?' *Journal of Public Budgeting, Accounting & Financial Management*, 20(4), pp. 439–465. DOI: 10.1108/JPBAFM-20-04-2008-B003.

Frees, E.W., Derrig, R.A. and Meyers, G. (2014) *Predictive Modeling Applications in Actuarial Science*. Cambridge University Press.

Gelo, O.C.G., Braakmann, D. and Benetka, G. (2009) 'Quantitative and Qualitative Research: Beyond the Debate'. *Integrative Psychological & Behavioral Science*, 42. DOI: 10.1007/s12124-009-9107-x.

Government Communication and Information System (South Africa). (2024) *Structure and Functions of the South African Government*. Available at: <https://www.gov.za/about-government/government-system/structure-and-functions-south-african-government> (Accessed: 19 June 2024).

Grefe, X. (2005) 'The Instruments of Good Governance'. *OECD Publishing*, pp. 39–88.

Gumede, V. (2019) 'Social Policy in Post-Apartheid South Africa'.

Healy, M. and Perry, C. (2000) 'Comprehensive Criteria to Judge Validity and Reliability of Qualitative Research within the Realism Paradigm'. *Qualitative Market Research: An International Journal*, 3, pp. 118–126. DOI: 10.1108/13522750010333861.

Hedger, E. and de Renzio, P. (2010) *What Do Public Financial Management Assessments Tell Us about PFM Reform?*. Available at: <https://odi.org/en/publications/what-do-public-financial-management-assessments-tell-us-about-pfm-reform/> (Accessed: 24 April 2024).

Hope, S. (2016) 'Bursting Paradigms: A Colour Wheel of Practice-Research: Cultural Trends'. *Cultural Trends*, 25(2), pp. 74–86. DOI: 10.1080/09548963.2016.1171511.

- Jones, S. and Lawson, A. (2000) *OPM Review: Supporting Strategies for Economic and Social Reform- Medium Term Expenditure Frameworks – Panacea or Dangerous Distraction?*. Available at: <https://www.pempal.org/sites/pempal/files/attachments/OPMMTEFReview.pdf> (Accessed: 27 April 2024).
- Khalo, T. and Fourie, D.J. (2006) 'Transforming and Modernising South African Public Financial Management to Accelerate Service Delivery'. *Journal of Public Administration Conference Proceedings*, pp. 131–143.
- Kleynhans, E. and Coetzee, C. (2019) 'Assessment of Financial Conditions of South African Municipalities: A Unique Model for KwaZulu-Natal'. *Southern African Business Review*, 23, p. 25. DOI: 10.25159/1998-8125/4396.
- Koelble, T. and Siddle, A. (2014) 'Institutional Complexity and Unanticipated Consequences: The Failure of Decentralization in South Africa'. *Democratization*, 21. DOI: 10.1080/13510347.2013.784270.
- Lam, W.R. and Badia, M.M. (2023) *Fiscal Policy and the Government Balance Sheet in China*. IMF. Available at: <https://www.imf.org/en/Publications/WP/Issues/2023/08/02/Fiscal-Policy-and-the-Government-Balance-Sheet-in-China-536273> (Accessed: 17 June 2024).
- Ledger, T. and Rampedi, M. (2020) 'A CRITICAL REVIEW OF THE LOCAL GOVERNMENT FISCAL FRAMEWORK'.
- Lodge, M. (2003) *Keeping a Watchful Eye: Doctrines of Accountability and Transparency in the Regulatory State*. Available at: https://www.tcd.ie/policy-institute/publications/workingpapers_library.php (Accessed: 24 April 2024).
- Mabunda, L.T., Mvunabandi, J.D. and Chonco, C.M. (2023) (4) 'Investigating the Effect of Financial Mismanagement on Municipalities Service Delivery: A Case Study of eThekweni Municipality-South Africa'. *Journal of Accounting and Finance in Emerging Economies*, 9(4), pp. 639–654. DOI: 10.26710/jafee.v9i4.2891.
- Maher, C. et al. (2022) *Understanding Municipal Fiscal Health: A Model for Local Governments in the USA*. DOI: 10.4324/9780429270765.

- Mantovani, M. *et al.* (2023) *Fiscal Federalism. Oxford Constitutions*. DOI: 10.1093/law-mpeccol/e287.013.287.
- Mantzaris, E. and Ngcamu, B. (2020) 'Municipal Corruption in the Era of a COVID-19 Pandemic: Four South African Case Studies'. 55, pp. 461–479.
- Mbatha, N. and Mutereko, S. (2022) 'Examining Financial Management of Local Government in South Africa: A Case Study of a Local Municipality in KwaZulu-Natal'. 11, pp. 285–308.
- Menard, S.W. (2002) *Longitudinal Research*. SAGE.
- Moloto, K.A. and Lethoko, M.X. (2018) 'Municipal Financial Viability and Sustainability in South Africa: A Case of Molemole Local Municipality, Limpopo Province, South Africa'. Available at: <http://ulspace.ul.ac.za/handle/10386/2475> (Accessed: 23 April 2024).
- Nowell, L.S. *et al.* (2017) 'Thematic Analysis: Striving to Meet the Trustworthiness Criteria'. *International Journal of Qualitative Methods*, 16(1), p. 1609406917733847. DOI: 10.1177/1609406917733847.
- Oates, W.E. (1972) *Fiscal Federalism*. Harcourt Brace Jovanovich.
- OECD (2022) *OECD Guidelines for Citizen Participation Processes*. OECD DOI: 10.1787/f765caf6-en.
- Patton, E. and Appelbaum, S. (2003) 'The Case for Case Studies in Management Research'. *Management Research News*, 26, pp. 60–71. DOI: 10.1108/01409170310783484.
- Patton, M.Q. (2014) *Qualitative Research & Evaluation Methods: Integrating Theory and Practice*. SAGE Publications.
- Petunia, T. and Selepe, M. (2020) 'Strengthening Policy- and Decision-Making Processes through Community Participation: A Municipal Perspective'. *Africa's Public Service Delivery & Performance Review*, 8. DOI: 10.4102/apsdpr.v8i1.409.
- Picciotto, R. and Wiesner, E. (1996) 'Evaluation and Development: The Institutional Dimension'. *Journal of Economic Literature*, 34(2), pp. 914–914.

- Pienaar, L. and Fintel, D. (2015) 'Hunger in the Former Apartheid Homelands: Determinants of Convergence One Century after the 1913 Land Act'. *Agrekon*, 53, pp. 38–67. DOI: 10.1080/03031853.2014.929014.
- Ployhart, R.E. and Vandenberg, R.J. (2010) *Longitudinal Research: The Theory, Design, and Analysis of Change*. DOI: 10.1177/0149206309352110.
- Ragolane, M. (2024) 'Service Delivery Protests in the South African Government'. *International Journal of Social Science Research and Review*, 7, pp. 54–65. DOI: 10.47814/ijssrr.v7i4.1973.
- Reddy, P. (2016) 'The Politics of Service Delivery in South Africa: The Local Government Sphere in Context'. *The Journal for Transdisciplinary Research in Southern Africa*, 12. DOI: 10.4102/td.v12i1.337.
- Ruiters, C. and Matji, M. (2015) 'Water Institutions and Governance Models for the Funding, Financing and Management of Water Infrastructure in South Africa'. *Water SA*, 41. DOI: 10.4314/wsa.v41i5.09.
- Saris, W.E. (2014) *Design, Evaluation, and Analysis of Questionnaires for Survey Research*. second edition. Hoboken, New Jersey: Wiley.
- Saunders, M. and Lewis, P. (2017) *Doing Research in Business and Management*. Harlow, UNITED KINGDOM: Pearson Education, Limited Available at: <http://ebookcentral.proquest.com/lib/gcd/detail.action?docID=5175031> (Accessed: 26 July 2024).
- Saunders, M.N.K., Lewis, P. and Thornhill, A. (2019) *Research Methods for Business Students*. eighth edition. [Electronic Resource]. Harlow: Pearson Available at: <https://www.vlebooks.com/vleweb/product/openreader?id=Griffith&acclId=9153605&isbn=9781292208794> (Accessed: 28 April 2024).
- Saunders, M.N.K., Lewis, P. and Thornhill, A. (2007) *Research Methods for Business Students*. 4th ed. Harlow: FT Prentice Hall.
- Schensul, S.L., Schensul, J.J. and LeCompte, M.D. (2013) *Initiating Ethnographic Research: A Mixed Methods Approach*. Lanham: AltaMira Press Available at: <https://search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=538581&site=ehost-live> (Accessed: 24 April 2024).

Schwandt, T. (1994) 'Constructivist, Interpretivist Approaches to Human Inquiry'. *Handbook of Qualitative Research Thousand Oaks, California: Sage*.

Sebei, M.T. (2013) 'Integrated Development Planning as a Public Policy Model and Public Participation Tool in Fetakgomo Local Municipality. Pretoria, South Africa: University of Pretoria. [Partial-Dissertation – Masters].' Available at: https://repository.up.ac.za/bitstream/handle/2263/41259/Sebei_Integrated_2014.pdf;jsessionid=83840DA21DE6AEB63B991D4777454194?sequence=3 (Accessed: 23 April 2024).

Slemrod, J. (2018) 'Tax Compliance and Enforcement'. Available at: https://www.nber.org/system/files/working_papers/w24799/w24799.pdf.

South Africa. (1998) *Local Government: Municipal Structures Act 1998 (Act No. 117 of 1998)*. *Government Gazette*. Available at: https://www.gov.za/sites/default/files/gcis_document/201409/a117-980.pdf (Accessed: 18 June 2024).

South Africa. (2000) *Local Government Municipal Systems Act No. 32 of 2000*. *Government Gazette*, 21776:1–132, 14 Nov. Available at: https://cer.org.za/wp-content/uploads/2014/02/32-OF-2000-LOCAL-GOVERNMENT-MUNICIPAL-SYSTEMS-ACT_5-Jul-2011-to-date-1.pdf (Accessed: 19 June 2024).

South Africa. (1998b) 'White Paper on Local Government'. *Government Printers*. Available at: https://www.cogta.gov.za/cgta_2016/wp-content/uploads/2016/06/whitepaper_on_Local-Gov_1998.pdf (Accessed: 23 April 2024).

South African Local Government Association. (2018) *Study on Municipal Demarcation Process and Its Impacts on Good Governance and Financial Sustainability for Local Government*. Available at: <https://www.salga.org.za/Documents/Documents%20and%20Publications/Publications/p20/2018%20Study%20on%20Demarcation%20branded.pdf> (Accessed: 24 August 2024).

Statistics South Africa. (2022) *Non-Financial Census of Municipalities for the Year Ended 30 June 2022. Statistical Release P9115*. Available at: <https://www.statssa.gov.za/publications/P9115/P91152022.pdf> (Accessed: 2 September 2024).

Tebaldi, E. and Kelly, L. (2012) 'Measuring Economic Conditions: An Extension of the Stock/Watson Methodology'. *Applied Economics Letters*, 19(18), pp. 1865–1869. DOI: 10.1080/13504851.2012.669453.

Thusi, X., Selepe, Martinus. and Selepe, M. (2023) 'The Impact of Poor Governance on Public Service Delivery: A Case Study of the South African Local Government.' *International Journal of Social Science Research and Review*, 6, pp. 120–134. DOI: 10.47814/ijssrr.v6i4.993.

Twala, C. (2014) 'The Causes and Socio-Political Impact of the Service Delivery Protests to the South African Citizenry: A Real Public Discourse'. *Journal of Social Sciences*, 39, pp. 159–167. DOI: 10.1080/09718923.2014.11893279.

Valeta, L. and Walton, G.K. (2008) 'Integrated Development Planning and Budgeting at Local Government'. Available at:
<https://repository.up.ac.za/handle/2263/8689> (Accessed: 27 April 2024).

World Bank. (1998) *Public Expenditure Management Handbook. Stand Alone Books*. Available at: <https://elibrary.worldbank.org/doi/pdf/10.1596/0-8213-4297-5> (Accessed: 20 June 2024).

World Bank. (2022) *Strengthening Urban Management and Service Delivery through Performance-Based Fiscal Transfers*. World Bank. Available at:
<https://www.worldbank.org/en/topic/urbandevelopment/brief/strengthening-urban-management-and-service-delivery-through-performance-based-fiscal-transfers> (Accessed: 17 June 2024).

Yin, R.K. (2009) *Case Study Research: Design and Methods*. SAGE.

Appendices

Appendix A – Interview Questions

For Municipalities:

1. Roles and Responsibilities

1.1 Financial Management:

- a. How does your municipality manage its budget and revenue, especially concerning household debt and unpaid municipal services?
- b. What are the primary challenges your municipality faces in balancing the budget while addressing household debt issues?

1.2 Coordination with National Government:

- c. How effectively does your municipality coordinate with national government regarding fiscal transfers and financial support for debt management?
- d. What improvements are needed in the interaction between national and local governments to address household debt?

2. Impact of Household Debt

2.1 Service Delivery Challenges:

- e. How has household debt affected your municipality's ability to deliver essential services (e.g., water, sanitation, infrastructure)?
- f. What specific strategies has your municipality implemented to mitigate the impact of household debt on service delivery?

2.2 Revenue Generation and Collection:

- g. How does household debt influence your municipality's revenue collection, particularly from taxes and service fees?
- h. What measures are in place to improve revenue collection amidst rising household debt?

3. Policy and Recommendations

3.1 Debt Management Policies:

- i. What policies has your municipality adopted to manage and reduce household debt among residents?
- j. How do these policies align with national strategies for debt management?

3.2 Recommendations for Policy and Practice:

- k. What recommendations would you provide to national government to support municipalities in managing household debt effectively?
- l. How can municipalities enhance their fiscal management practices to better address the challenges posed by household debt?

For Ordinary Citizens:

1. Perceptions of Government Roles

1.1 Understanding of Government Responsibilities:

- a. How do you perceive the roles of national and local governments in managing public services in your community?
- b. In your view, what are the main responsibilities of local government in comparison to national government?

1.2 Interaction with Local Government:

- c. How frequently do you interact with your municipality for public services or issues related to debt?
- d. What are your expectations from the municipality in terms of debt relief and support services?

3. Impact of Household Debt

2.1 Debt Experiences:

- e. How has household debt affected your daily life and ability to access essential services like healthcare and education?
- f. What are the primary causes of your household debt (e.g., unemployment, high living costs, etc.)?

2.2 Service Delivery:

- g. Have you noticed any changes in the quality of public services (e.g., water, sanitation, transportation) due to municipal debt issues?
- h. How do household debt issues influence your ability to pay for municipal services (e.g., water bills, property taxes)?

4. Government Support and Recommendations

3.1 Effectiveness of Government Measures:

- i. How effective do you find government measures (both national and local) in addressing household debt?
- j. What kind of support would you expect from local government to manage household debt more effectively?

3.2 Recommendations for Improvement:

- k. What recommendations would you provide to local governments to improve their management of household debt and service delivery?
- l. How can local government better communicate with citizens regarding financial support programs or debt relief options?

Appendix B – Griffith College Ethical Approval Form



Griffith College Ethical Approval Form

This form should be completed by the researcher (with the advice of the Research Supervisor), for all research which involves human participants.

Research Title	Investigation of the reasons for and impacts of the rising household consumer debt owed to municipalities in South Africa
Researcher(s)/Student	Thakane Lekhera (3133713)
Supervisor (where relevant)	Suzanne Burdis
Programme of Study (where relevant)	MSc Accounting and Financial Management

Checklist:

<i>Please attach to all forms:</i>	
Summary of Project Proposal (no more than 500 words)	
Participant Information Sheet	
<i>If applicable, application should also include the following:</i>	
Draft Consent Form	
Draft Research Instrument e.g. survey, interview schedule, focus group questions etc	

Part (a)

		Yes	No	N/A
1	Will you describe the main research procedures to participants?	✓		
2	Will you tell participants that their participation is voluntary?	✓		
3	Will you obtain written consent for participation?	✓		
4	If the research is observational, will you ask participants for their consent to being observed?			✓
5	Is the right to freely withdraw from the research at any time made explicit to participants?	✓		
6	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	✓		
7	Will you debrief participants at the end of their participation?	✓		
8	Will your research involve discussion of topics which the participants might find sensitive?			✓
9	Will financial inducements (other than reasonable expenses or compensation for time) be offered to participants?			✓
10	Will your project involve deliberately misleading participants in any way?			✓
11	Is there any realistic risk of any participants experiencing either physical or psychological distress or discomfort?			✓
12	Does your research involve participants who are particularly vulnerable or who may feel unable to give informed consent e.g.			✓

If you answered YES to any of questions 8 to 13 please complete Part (b) of this form. If there are any other ethical issues that you think the Committee should consider, please explain them in Part Two of this form. It is the researcher's obligation to bring to the attention of the Committee any ethical issues not covered on this form.

Part (b)

For each question 8 to 13 that you answered YES, please give a summary of the issue and action to be taken to address it (no more than 300 words in total):

N/A

Signed (by Researcher):

A handwritten signature in black ink, appearing to read 'A. H. H.', enclosed in a thin black rectangular border.

Date: 12 June 2024

To be completed by the Research Supervisor (in the case of a student application)

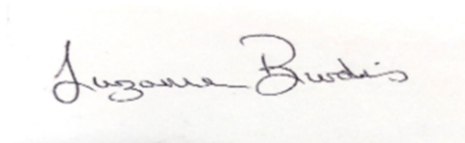
PLEASE TICK ONE

As the Research Supervisor of this research project, I confirm that I believe that all ethical issues relating to research have been dealt with in accordance with the College's policy on research ethics.

The application requires the attention and approval of Griffith College

Ethics Committee. (In general, forms which answer 'yes' to questions 8-13, should be forwarded to Griffith College Ethics Committee).

Comments:



Signed (Supervisor):

Date: June 12th 2024

Appendix C – Plain Language Statement

Plain Language Statement



South Circular Road, Dublin 8,
D08 V04N

Tel: +353 1 415 0400

Web: www.griffith.ie

To whom it may be concerned

PARTICIPATION IN A RESEARCH INTERVIEW

My name is Thakane Lekhera and I am an MSc student at Griffith College Dublin Graduate Business School. This study aims to investigate the rising consumer debt owed to municipalities in South Africa. This study forms part of a dissertation to be submitted in partial fulfilment of the requirements for the degree Master of Science: Accounting and Financial Management at Griffith College Dublin. Researchers in Griffith College are committed to adhering to the highest ethical standards.

Thank you for your willingness to participate in the interview. Your participation is voluntary. You do not have to answer any questions you do not want to answer. If at any time, you do not want to continue with the interview, you may decline. Your time and involvement are profoundly appreciated. The entire interview will take 45 minutes or less. To maintain the essence of your words for the research, I will record the information. At any time, you may request to see or hear the information I collect.

The interview will be conducted in-person or virtually on Zoom, thus recorded and transcribed, however, your name will not be recorded. The interviewer will also take notes. This is done for data analysis. The recording and transcripts will be kept confidential in a

password-protected computer. The transcripts and recordings will be destroyed after three years.

Furthermore, all individual identification will be removed from the hard copy of the transcript. Participant identity and confidentiality will be concealed using coding procedures. Please note that extracts from the interview may be included in the final dissertation report or other later publications. However, under no circumstances will your name or identifying characteristics appear in these writings.

The study was approved by Griffith College's Ethics Committee (GCEC) of Griffith College. The supervisor of the dissertation is Ms. Suzanne Burdis. She can be reached at +353 1 416 3368 (Email address: suzanne.burdis@griffith.ie) for further questions or concerns about the research project.

If participants have concerns about this study and wish to contact an independent person, please contact Dr Garrett Ryan, Griffith College Research Ethics Committee at +353 1 416 3324 (Email address: garrett.ryan@griffith.ie).

Should you wish to ask or add anything in relation to the study, please feel free to do so. Your input is of great value to this research and I appreciate your help in providing this information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thakane Lekhera', with a stylized flourish above the name.

THAKANE LEKHERA

Griffith College Graduate Business School

Griffith College Dublin, Ireland

Appendix D – Informed Consent Form

Informed Consent Form



South Circular Road, Dublin 8, D08
V04N

Tel: +353 1 415 0400
Web: www.griffith.ie

Investigating the rising consumer debt owed to municipalities in South Africa

I, _____, hereby acknowledge that the objective of the research has been fully explained to me and that the information provided will be used in the research report by the researcher. Furthermore, I hereby understand the following:

Please Circle Yes or No for each question

<i>I have read the Plain Language Statement (or had it read to me)</i>	Yes/No
<i>I understand the information provided</i>	Yes/No
<i>I have had an opportunity to ask questions and discuss this study</i>	Yes/No
<i>I have received satisfactory answers to all my questions</i>	Yes/No
<i>I am aware that my interview will be audiotaped</i>	Yes/No
<i>I am aware that my participation research is voluntary</i>	Yes/No
<i>I am aware that confidentiality and anonymity will be maintained</i>	Yes/No
<i>I may withdraw my participation at any stage in the study; and</i>	Yes/No
<i>I have the right not to answer any questions I am not comfortable responding to</i>	Yes/No

I have read and understood the information in this form. My questions and concerns have been answered by the researcher, and I have a copy of this consent form. Therefore, I consent to take part in this research project

Participants Signature: _____

Name in Block Capitals: _____

Witness: _____

Date: _____