

Does access to basic municipal services influence tax compliance behaviour?

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JEL CODES

H71- state of local Taxation, subsidies, and Revenues

H70- State and Local Government; Intergovernmental Relations: General

1. Introduction

It is generally acknowledged that one of the greatest challenges faced by South African municipalities is dealing with service delivery backlogs while at the same time making sure that costs of rendering the services are recovered. This view is highlighted in studies conducted by Alexander (2010), Richards et al (2003) Koeble et al (2008) and Booysen (2007). Most, if not all Municipalities are owed millions by ratepayers who do not honour their bill. According the South African Broadcasting Corporation (SABC) by the end of 2010, “residents of South African towns and cities owed their municipalities R37.7 billion rand” (www.sabc.co.za).

1.1.Characteristics of municipalities in South Africa

The legal basis for local government in South Africa is Chapter 7 of the 1996 Constitution and, also, Chapters 3 and 13, which deal, respectively, with principles of cooperation and local government finances. There are three categories of municipalities in South Africa, namely, metropolitan, district and local municipalities. The district and local governments differ from the metropolitan municipalities in that their approach to delivering services is according to local conditions. Currently there are 231 local councils, 47 district councils and six metropolitan councils, including municipalities that straddle provincial boundaries.

Local governments, both district and local municipalities are given specific powers, by the Constitution of the Republic of South Africa, 1996, (Act 108 of 1996) to perform certain constitutional functions. Municipalities should accordingly execute their obligations within the parameters as laid out in section 2 of the constitution.

Local governments in South Africa receive a portion of their income from transfers from either the national or provincial government. They are also mandated to generate their own revenues from the services they provide to their citizens (Koelble, 2008). A study conducted by Booysen (2001) indicates that huge differences exist between the metropolitan municipalities and rural local municipalities regarding their capacities to roll out necessary infrastructure and in generating their own revenues. Semboja (2001) also notes that in general, the most important sources of revenue are user charges on services, electricity, water and sanitation and property rates.

The biggest financial problem for local municipalities is poor or non-compliance and inefficient collection of revenues, particularly with respect to electricity and water charges (Fjelstad 2004). This problem becomes even more complicated in those municipalities that do not distribute electricity as in the absence of this service, enforcement of other charges is compromised.

The Municipal Systems Act (Act no 32 of 2000) provides local government with the power over municipal credit control and debt collection and also provides municipalities with the power to disconnect services if payment is not received over a prescribed period. This act effectively gives local authorities the power to establish sound customer management systems and to formulate debt collection and credit control and arrears management policies (Koelble, 2008). The Municipal Systems Act also permits these authorities to adopt by-laws to effect the local policies and enables municipalities to collect revenues from the residents in order to carry out the mandate of providing service and building infrastructure.

The Electricity Act and Water services Act 1987 (Act 41 of 1987) and the water services Act (Act 108 of 1997) provide the grounds for municipalities to collect user charges, control debt and disconnect the services where that becomes necessary.

1.2. The Masakhane Campaign

The Masakhane Campaign, meaning “let’s build together”, is part of the broad national strategy to create conditions necessary for the success of service delivery by the government. The campaign was launched by the government in February 1995 (Fjelstad 2003). The overall aim of the campaign was to normalize governance and the provision of basic services at local municipal level. According to Pape and McDonald (www.hsrcpress.co.za) “a key component of operation

Masakhane was urging residents to pay for services such as water, electricity, sewerage and refuse collection". The campaign actually is aimed at mobilizing all sectors of society to be actively involved in redressing imbalances of the past and creating a society characterized by new values and norms, a new consciousness and sense of responsibility among all citizens to transform governance and build a united nation that feels the need to contribute to development (<http://www.anc.org.za/ancdocs/pr/1996/pr1013.html>).

The Masakhane Campaign has a number of objectives including that of stimulating economic development, promoting the resumption of payment of rent, service charges and creating conditions for large scale housing and service infrastructure and local economic development (Fjeldstad, 2004). In the majority of rural local municipalities, the campaign has been considered an instrument for getting people to pay for services which in many cases were either very poor or even non-existent. For this reason, the campaign's successes were only temporary (John, 1999).

There has been an increase in the number of service delivery protests in many municipalities in South Africa. The number of the protest strikes rose sharply from 2004 to 2009 (Alexander 2010, 28). Since, most of these protests were triggered by lack of delivery of municipal services, the question that comes to mind is: Are these residents ready to pay for the services they are demanding be provided? This paper sought answers to this question.

1.3. Problem statement

The study was motivated by the need to identify the factors that determine residents' willingness to pay or reluctance to pay for municipal services in the Thulamela Municipality.

1.4. Research questions

The following research questions were examined in this study:

- I. Is there a relationship between access to clean running water and residents' willingness to pay for municipal services?
- II. Is there a connection between access to refuse removal services and residents' willingness to pay for the services?

- III. Is there a relationship between access to street lighting and residents' willingness to pay for municipal services?
- IV. Is there any association between road maintenance and residents' willingness to pay for services?

1.5. Aims of the study

The main aim of this study is to investigate the causes of non-payment of municipal services by the residents of Thulamela Municipality.

1.6. Objectives of the study

To accomplish the aim of the study, the following objectives were pursued:

- i) To establish the relationship between access to clean running water and residents' willingness to pay by the residents.
- ii) To determine if there is a positive relationship between access to waste removal, street lighting and road maintenance and residents' willingness to pay for services.
- iii) To assess the effectiveness of the Masakhane campaign.

1.7. In pursuit of the achieving the objectives, the following questions were asked:

- (I) Why is there a high rate of non-payment of services in Thulamela Municipality?
- (ii) Is non-payment dependent on access to clean running waters?
- (iii) Is non-payment dependent on access to refuse removal services?

1.8. Hypothesis

The following hypotheses were tested in this study:

- Access to clean running water determines the level of residents' willingness to pay for services.

- There is a positive relationship between access to waste removal services and willingness to pay for municipal services
- There a high positive correlation between street lights and road maintenance and residents' willingness to pay for services.
- The culture of entitlement influences tax compliance behaviour.

1.9. Scope and limitation of the study

The study is limited to the residents of Thulamela Municipality in Limpopo, South Africa.

2. Literature Review

2.1 Theoretical framework of tax compliance

Many researchers in the area of tax compliance such as Slemrod & Yitzhaki (2007); Fjeldstad (2001); Banerjee (1992); (Semboja (2001) and Bazart and Pickhardt (2009) agree that the relationship between the taxpayer and the revenue authority includes, social influences, coercion, fiscal exchange, trust, the sense of ownership of tax policies, entitlement culture and the level of ability of the taxpayer.

2.2. The carrot and stick approach

a) Coercion and tax compliance

In circumstances where the public is not used to paying taxes, and is perceived to be unwilling to comply, it becomes crucial for the government to establish levels of trust through force so that a range of economic, social and political transactions that would otherwise not be possible are created (Fjeldstad 2006). The classical tax evasion model assumes that the taxpayer's behaviour is influenced by a range of factors such as the tax rate determining the benefits of evasion and the probability of detection and the penalty for fraud which determine the cost (Fjelstad 2001).

The implication of the classical model is that in situations where detection is almost certain and penalties for evasion are severe; few people would evade taxes (Semboja, 2001). A survey conducted by Slemrod and Yitzhaki (2007) showed that the majority of theoretical surveys indicate that there is a positive relationship between tax compliance and the level of coercion.

This implies that the higher the fines for non-compliance that the tax authority imposes, the lower will be the temptation for tax evasion, and other things remain constant. According to (Fjeldstad, 2004) it is crucial that a law that is intended to reshape human behaviour should be supported by an effective enforcement agency. To this end, Fjeldstad and Samboja (2001) advocates the establishment of an effective enforcement agency which would provide a basis for a trust relationship between the citizens and the tax authorities by ensuring that tax evaders are made to obey the law. He however, admits that, coercion alone would not sufficiently deter all citizens from breaking the law.

A survey by Scholz (1998) supports the proposition that the credibility of enforcement mechanisms and the penalties imposed on non-taxpayers determine general compliance behaviour. In economic theory, there is a positive relationship between tax compliance and the severity of punishment for the defaulter, that is, the more severe the expected punishment for non-compliance, the higher the level of compliance. This view is supported by Allingham and Sandmo (1972) whose survey showed that there is a direct relationship between the severity of punishment and the level of tax compliance; they found that the more severe the punishment perceived, the higher was the level of compliance.

In Fjelstad (1992) survey on taxation and coercion in Tanzania, he found that although coercive enforcement measures increase tax revenue, for local authorities, the need for using such methods excessively is a reflection of higher level of distrust in the government system and the dissatisfaction with the services.

2.3. Rewarding tax payers

In theory, behaviour can be induced from various approaches, a good behaviour may be rewarded and bad behaviour punished. Psychologists believe that reward leads to better behaviour than punishment. Experiments on the effect of rewarding tax compliance conducted by Fjeldstad, Braathen and Chaligha (2006) and experiments results by Bazart and Pickhardt (2009) suggest that reward could be an effective tool to increase compliance. The experiments showed that compliance increased significantly when individuals that are found to be tax compliant were rewarded for their honesty.

It is important to consider however that, according to the crowding out theory (Rosen, 1999), offering reward for good behaviour may reduce the intrinsic motivation to pay the taxes which should be the goal of tax enforcement strategies. Fjeldstad (1996) suggests that, if reward is received as acknowledgement for being a good taxpayer, the practice could be perceived as supportive and tends to boost and increase tax morale.

The problem of this approach is that monetary reward such as a percentage rebate may tend to be considered a right by those who expect to receive the reward in which case its morale boosting effects might be diminished. Bazart and Pickhardt (2009) further suggest that a preferable type of reward is in non-monetary forms. This can be in form access to public services and utilities such as museums, parks activities, social activities, public transport.

2.4. Ability to pay and compliance

The ability-to-pay principle of taxation requires that the tax burden should be distributed among individuals in society on the basis of their ability to pay the tax, that is, individuals with higher incomes or wealth should be charged higher taxes (Black, Calitz & Associates 2005).

According to this principle, individuals with higher incomes are not charged more taxes not because they receive more public goods and services but because they have the ability to pay more (Fjeldstad 2003). The principle is based on the social sacrifices, which makes it a characteristic of a socialist entitlement. The main disadvantage of this principle is that it diminishes the incentive to work hard as the sizable portion of generated income through hard work will be collected by the government as tax. Franzoni (1999) finds that non-payment of the municipal services is as a result of widespread poverty and the high costs of municipal services to the poor. Fjeldstad (2003) also shows a direct relationship between the ability to pay and the payment of services.

2.5. Entitlement culture

A culture of entitlement is an expression meant to encapsulate the normal norm whereby a society comes to expect the government to provide certain commodities or their access in order to correct inequalities in employment opportunities, access to adequate health care, water and other services. According to Richards, R Tomlison, R, Botes , L and Patel R.(2003) the political

morale at the grass roots level in South Africa was undermined by high expectations of the great changes following the 1994 ANC election victory.

Despite the liberation promises of the ANC in the previous elections and the provision of the Freedom Charter with regard to water and other services, the majority of the population have no access to basic municipal services; service delivery protests across South Africa are testimony to the above.

Critics of the culture of entitlement often believe that the free market in general, or the rewards of personal responsibility, is the most responsible approach to correcting these inequities. In South Africa some researchers see non-payment as a problem that is linked to the culture of entitlement and dependency and is mostly a result of the years of resistance to pay for services in the 1980s as resistance against the apartheid government. A survey by Reuters (1996) concluded that the “Let’s make South Africa Ungovernable” campaign of the ANC in 1985 which led to the non-payment of services charges and monthly rental bills contributed to the current culture on non-payment in the country.

2.6. Social influences terms of trade with municipality

Other social sciences outside economics have offered useful suggestions regarding the factors which may influence taxpayers’ behaviour. To Ehtesham socialization is a process by which an individual becomes integrated into a society or group by adopting its values and attitudes. Sociologists stress that social interactions are important in the formation of tastes and behaviour. A theoretical analysis by Banerjee ((1992) on herd behaviour in economic situation suggests that social influences may affect compliance. The conclusion drawn from Bernerjee’s (1992) analysis is that it is reasonable to assume that human behaviour and attitudes towards tax compliance are likely to be influenced by social interactions as do other forms of behaviour in society.

According to Semboja (200: 23) “compliance behaviour and attitudes towards the tax system may be affected by the behaviour of an individual’s reference group such as relatives, neighbours and their friends”. This implies that if ratepayers know many people, particularly those they respect and who are financially better off but who do not pay service charges, their own commitment to paying service charges will be weakened. The honesty and regular payment by members of a community may play a role of “peer pressure” and may induce others to comply.

2.7. The Responsible citizen Approach

According to Lewis (1995) when individuals participate in decision making processes, they tend to own the decisions and that has the effect of fostering increased level of compliance. This is likely because, as (Fjeldstad 2001) points out, participation in decision making regarding the tax and its structure implies some level of commitment to the situation, and such commitment requires the participants to show consistence between their word and their actions. It may therefore be expected that tax compliance is likely to be higher when the rate payers have a say in how the system should be managed. For instance, the knowledge of how a share of the funds collected would be used to finance local development can improve compliance in the community. A study by Lavoie (2008) suggests that although mobilization of popular support for the government may impose certain social norms to support the government, it can also improve tax compliance. By implication, the lack of support or legitimacy of the tax authorities can diminish the moral justification for compliance.

According to James and Nobes (2000), citizens' attitudes towards the state and the revenue authorities are as important factors in determining tax compliance as their perception of equity. In Levi's view (1988) a state can improve its reputation of fairness by involving citizens in the policy-making process so that they can become aware of the implications of their compliance or non-compliance on service delivery. Non-compliance by municipal officials or a perception that they do not pay for services themselves may also influence non-compliance by the general taxpaying public.

2.8. Fiscal exchange

The concept of fiscal exchange arises from the theory of exchange, which infers that individuals are prepared to pay for what they can see, or use or receive. According to this view, people become tax compliant if they can see what the government is doing with the tax revenues. According to Semboja (2001: 5) "A tax payer may therefore be seen as exchanging the purchasing power in the market in return for government services the same way market participants transact at the market." It therefore follows that the higher the material benefit to be received, the higher the probability that the tax payer will comply willingly and without coercion and the associated costs by the tax authorities. According to this view the tax payers' general

impressions of the tax system determines their level of satisfaction with the government and its services and in turn influences their willingness to pay. Sugden (1984) concludes that if the tax system is perceived as just, compliance will be high, but if the system is considered to be unfair and inconsistent non-compliance will result. Similarly, Etzion (1986) argues that in such circumstances tax evasion may result as the taxpayers register their dissatisfactions with the authorities.

2.9. Trust

Livi (1988) defines trust as “the knowledge that the trusted will have an incentive to do what is in the interest of the truster. Trust is rational, the initial grant of trust depends on one person’s evaluation that another will be trustworthy and its sustainability requires confirmation of that trustworthiness, otherwise the trust will be withdrawn.”

He (Livi) further advocates that the trustworthiness of the state influences its capacity to generate interpersonal trust. Etzion (1986) points out that the major sources of government distrust are promise-breaking, incompetence, corruption or perception that it (corruption) is widespread and the antagonism of government actors towards those they are supposed to serve. In a South African setting this would imply ignorance of the Batho Pele Principles.

Citizens are likely to trust the government only to the extent they believe that it will act in their interests, that its procedures are fair, and that their trust of the state and of others is reciprocated (Levi, 1988).

In economic theory, if the tax payers behave rationally, the perceived qualities of the government does not necessarily influence the level of taxes remitted. The basic behavioural assumption is that people are free riders. For instance (Sugden 1984) implies that no individual would voluntarily pay taxes unless there is a threat of punishment. A number of studies on trust and compliance behaviour reveal an interesting trend that individuals’ willingness to do good for the society is influenced by factors such as the perception that neighbours are tax compliant, they are trustworthy and the government can also be trusted (Allingham and Sandman, 1972).

Scholz (1998) is also supportive of the view that a trust relationship between the citizens themselves and between the citizens and the government can be a basis for social cooperating

and hence voluntary compliance with the laws and regulations of the country. According to Levy (1998) citizens are most likely to trust the government and its institutions if they believe that, once the taxes are paid, the state will act on their interest, and believe that its procedures are reasonable and fair, and most of all, that their trust of the state will be reciprocated. According to Fjeldstad (2004) willingness to pay for service charges voluntarily rests on the existence of the local government's capacity to provide services and its demonstrated readiness to secure the compliance of the otherwise non-compliant.

3. Methodology

For this study a combination of a literature search and questionnaire complemented by a structured interview questionnaire were used to achieve the objectives of the study. Literature research involved a review of relevant literature on the factors that affect compliance with municipal rates charges. A questionnaire was developed and used to capture information on the factors affecting compliance with municipal services charges such as biographical information, ability to pay, level of wealth/ poverty, social influences, perception of fiscal exchange, entitlement culture, and compliance and tax enforcement.

Data was collected from a sample of households in two neighbouring towns, Thohoyandou and Malamule towns and in the rural villages namely, Lamvi Village and Matiyani Village within Thulamela Municipality.

4. Data Analysis

The analysis of relationship between municipal tax compliance and the factors referred to in the paragraph above was done using SPSS statistical package. The respondents' demographic data were also analyzed and the results are shown in figures 1-8 and tables 1-3 below.

4.1. Demographic data

Figure 1: Participants by Municipal area

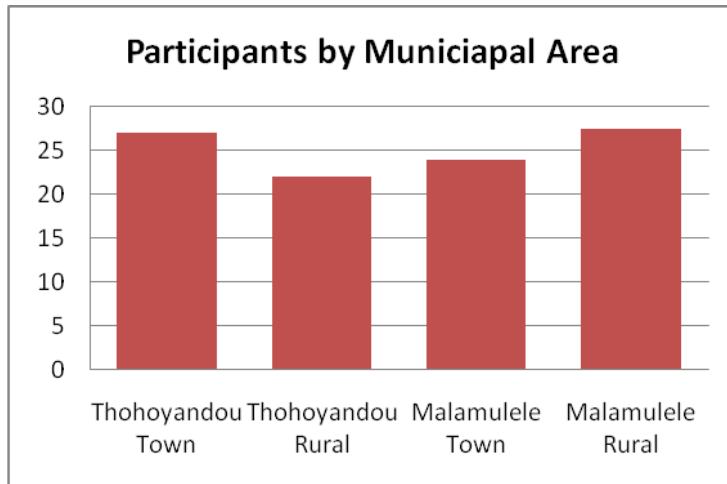


Figure 1

Figure 1 illustrates the demographic distribution of the residents who responded to the survey in the four areas of the municipality. The results indicate that the sample included participants who live in towns and rural areas of the Thulamela Municipality. Forty eight percent of the sample comprised residents of Thohoyandou, Twenty six percent of the participants were from Thohoyandou urban areas, while 21.9% were from the rural areas of the town. The remaining 51.3% of the sample reside in Malamule areas with 23.9% of them living in the town and the remaining 27.4% of the respondents to the questionnaire were from rural areas under Malamulele town.

4.2. Gender distribution of the respondents

Figure 2: Gender distribution of the respondents

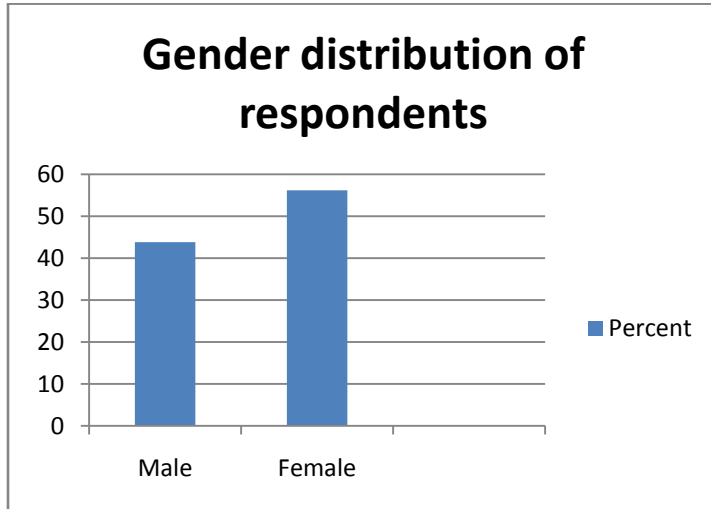


Figure 2

Figure 2 shows that there was a clear majority (12.4%) of women over men. Women comprised 56.2% and the remaining 43.8% of the sample were men.

4.3. Age distribution of the respondents

Figure 3: Age Distribution of respondents

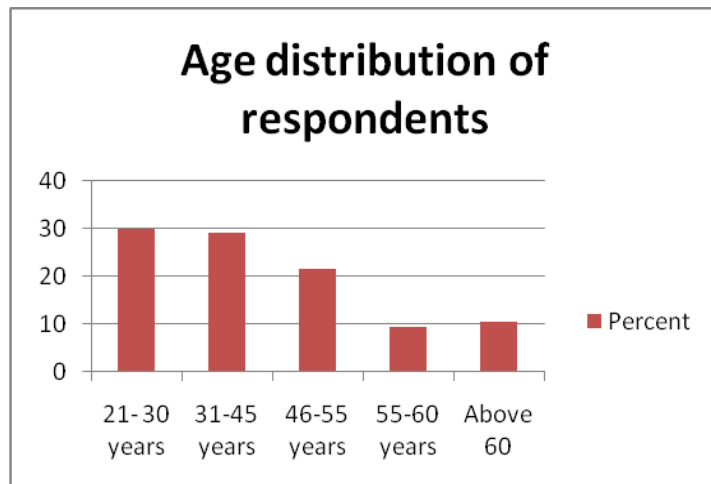


Figure 3

A number of observations can be made from figure 3 above; just under 60% of the respondents were 45 years or younger. Almost 30% (29.9%) of the respondents were below 30 years of age. This age distribution implies that the respondents represent age groups that the municipality is going to be dealing with for quite a long time in the future.

4.4. Tax compliance and perception of access to basic services

4.4.1. Compliance and perceptions of access to clean running water

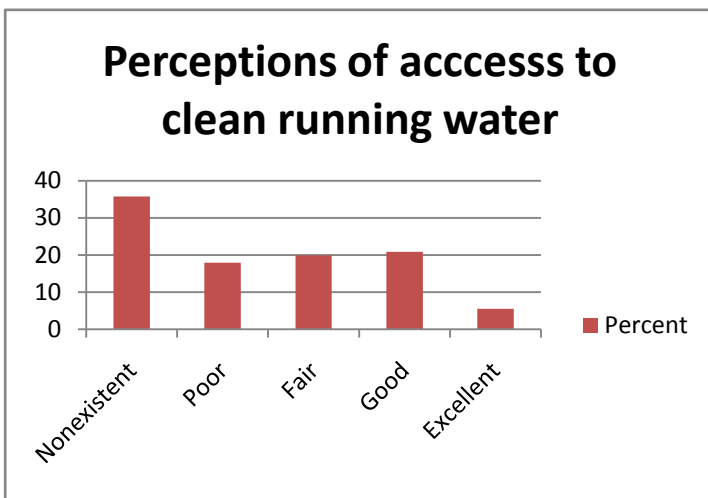


Figure 4

The figure above shows the participants' perception of access to clean running water in their community. Accessibility of clean running water in this survey refers to the piped water that the Municipality is expected to supply to communities in the form of street taps or housed connections. The figure shows that more than a third (35.8%) of the respondents has no access to clean running water at all. Nearly a fifth (17.9%) of the respondents to the survey indicated that water supply is poor, while only 20.9% reported that water supply is good. Only 5.5% of the respondents indicated that the water supply is excellent.

Table 1 Cross tabulation: Tax Compliance and access to clean running water

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	50.608 ^a	8	.000
Likelihood Ratio	53.997	8	.000
Linear-by-Linear Association	5.854	1	.016
N of Valid Cases	201		

a. 2 cells (13.3%) have expected count less than 5. The minimum expected count is 2.08.

The Pearson Chi-Square table above shows the relationship between access to clean running water and residents’ willingness to pay for municipal services. The table indicates that the Chi-Square Test value is highly significant at 0.00. This means that compliance to honour service delivery bills is highly influenced by a family’s access to clean running water. For a higher rate of payment of municipal bills, the cross tabulations results suggest that it would be wise of Thulamela Municipality to prioritize water supply to communities within their jurisdiction.

4.4.2. Perceptions of the respondents on waste removal services

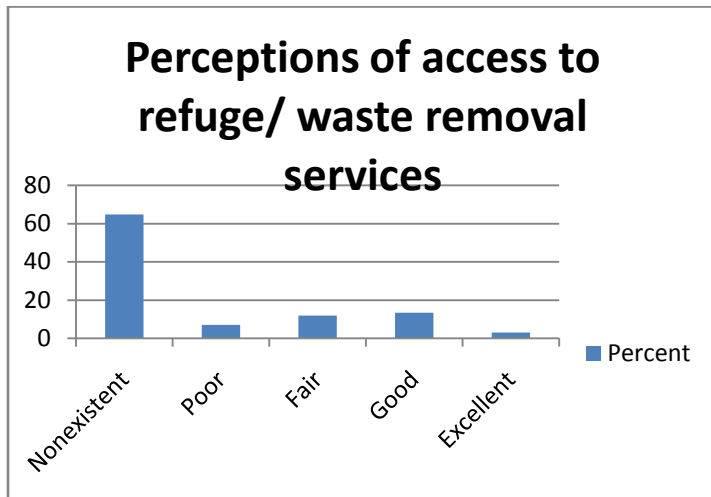


Figure 5

Figure 5 above shows the perception of the respondents on waste removal services. The figure shows that nearly two thirds (64.7%) of the sample indicated that waste removal services were

non-existent in their communities. Just below a fifth (18.9%) of the respondents rated the services as either fair or poor, while 13.4% rated the services as good with only 3.0% rating the service as excellent.

Table 2 Cross tabulation: Tax Compliance and Waste removal

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.698 ^a	8	.000
Likelihood Ratio	50.647	8	.000
Linear-by-Linear Association	3.883	1	.049
N of Valid Cases	201		

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is 1.13.

The Pearson Chi-Square figure above shows the relationship between access to waste removal and residents' willingness to pay for municipal services.

The Chi-Square value on the table is highly significant at 0.00. This implies that there is a direct relationship between residents' access to municipal services and willingness to pay for municipal services. The conclusion that can be drawn from these results is that for improved payment of municipal services, the municipalities should ensure that services are rendered to all communities that are expected to pay for the services. The better and more reliable the waste management service the more likely would be the payment for municipal services.

4.4.3. Perceptions of the respondents to street lighting

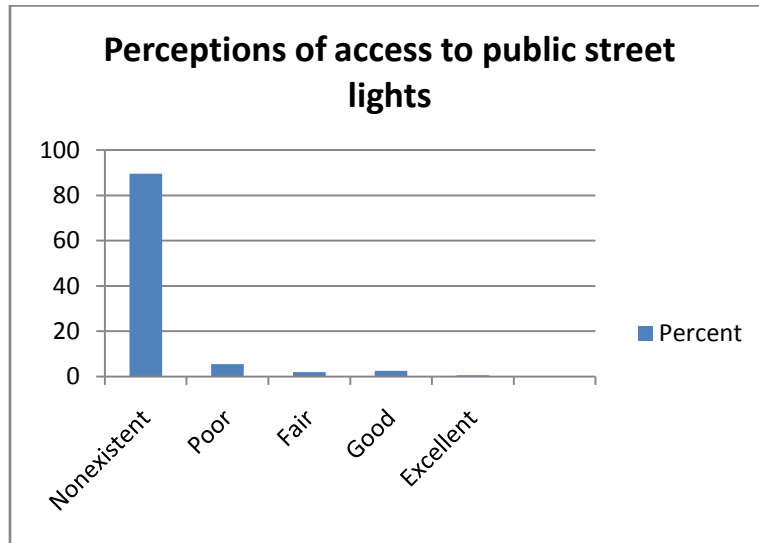


Figure 6

Figure 6 shows how participants in the survey responded to the question on the quality of street lighting in their community. The figure shows that just fewer than 90% of all the respondents (89.6%) indicated that street lighting is non-existent in their community. Less than one percent (0.5%) revealed that street lighting is excellent in their community.

Figure 3 Tax Cross tabulation: Compliance and Street lighting

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.632 ^a	8	.024
Likelihood Ratio	20.244	8	.009
Linear-by-Linear Association	.209	1	.647
N of Valid Cases	201		

a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .19.

The Pearson Chi-Square table above shows the relationship between access to street lighting and the family's willingness to pay for municipal services. The table indicates that the Chi-Square value is highly significant at 0.24. This entails that compliance to honour service delivery bills is highly influenced by a family's access street lighting although the value the community attach to street lighting is less that the value they attach to clean water and waste removal whose significant levels are at 0.00 and 0.00 respectively. A conclusion that could be drawn from these results in relation to the provision of municipal services to communities is that the municipality should prioritise water and refuse removal before street lighting and roads infrastructure.

4.4.4. Perceptions of the respondents on road maintenance

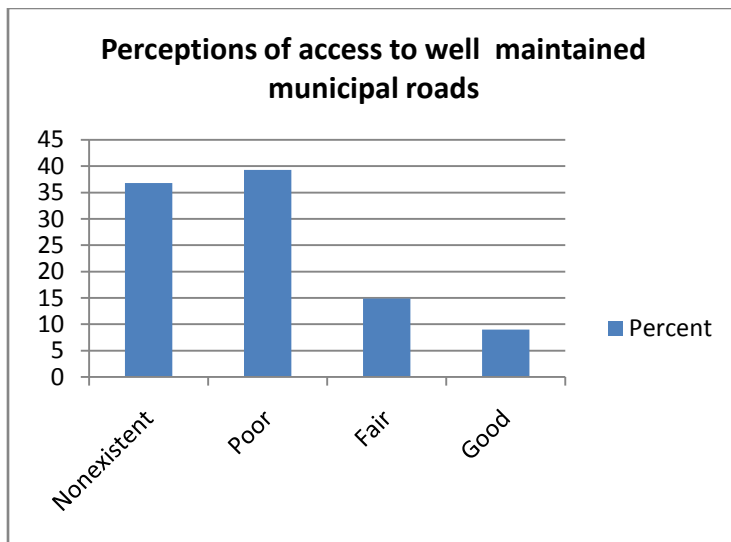


Figure 7

Figure 7 presents results showing the participants' perceptions of access to well maintained road infrastructure. The figure shows that almost 80% (76.1) of all the respondents rated their services as either non-existent or poor while 14.9% rated the services as fair and 9.0% considering it to be good. The Chi-Test for the relationship between road maintenance and residents' willingness to pay for municipal services was not significant. Local governments in South Africa are mandated to generate their own revenue from the services they provide to the residents under their jurisdiction. One would justifiably say that municipalities, including Thulamela, have the right to charge residents for services such as water, electricity sewerage refuse collection. A key

element of the Masakhane Campaign was to urge residents to pay for such services as mentioned above.

In economic theory, the benefit principle suggests that the higher the material benefit to be received, the higher the probability that the tax payer will comply willingly without coercion and the associated enforcement cost to the tax authorities. Fjeldstad (2001) argues that residents would be motivated to pay for services they receive in the form of exchange and would find it difficult to pay bills for services not rendered. According to Sugden (1984) if a tax system is perceived as just, compliance will be higher, but if the system is perceived to be unfair and inconsistent this will most likely result in non-compliance. This view is shared by Etzion (1986) who argues that in such circumstances tax evasion may result as the tax payers register their dissatisfaction with the authorities.

4.4.5. Perceptions of access to water as a constitutional right

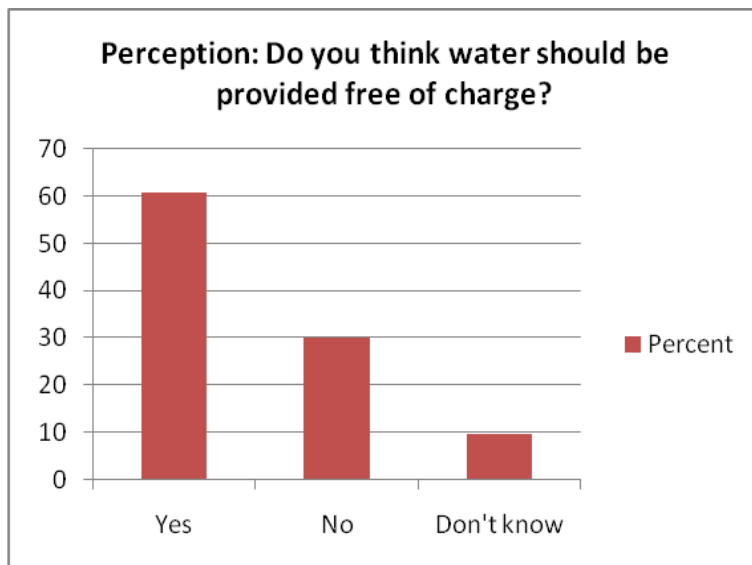


Figure 8

Figure 8 shows that a majority (60.7) % of the respondents to the survey think that municipal services should be provided for free to the residents. Less than a third (29.9%) of the sample were of the view that people should pay for municipal services while the remaining 9.5% of the respondents were not sure if people should pay or if the service should be free of charge.

What can be drawn from the figure above is that the Masakhane Campaign has not succeeded in making residents realize the importance of paying for services they receive.

5. Conclusion and Recommendations

This paper examines how access or perceptions of access to basic services by Thulamela Municipality residents affects their compliance with municipal rates and charges.

An analysis of the data reveals that the majority of the respondents were women, and under 45 years of age. Results also indicate that more than a third (35.8%) of the respondents have no access to clean running water at all. Further, more than 60% (60.7%) of the respondents believe that municipal services should be provided free of charge.

The conclusion that could be drawn from these results is that access or perceptions of access to basic municipal services affect tax compliance behaviour. The Chi-Square results in table 1, suggest that there is a positive relationship between access to clean running water and willingness to pay for municipal services. This suggests that it would be easier to encourage residents to pay for services if they had access to reliable clean running water. Where the services are either not rendered or rendered but are unreliable, the municipal charges could be perceived as unfair and exploitative.

The perception of exploitative relationship which makes the charges seem unfair could promote resistance and increased non-compliance with municipal services charges. For better terms of trade and improved compliance the municipality should provide reliable services and in the right quantities.

Due to the small number of residential areas covered for this study, the results may not be generalized. It is therefore recommended that a more extensive survey should be undertaken to verify if the results shown in this study can be generalized.

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