Factors Impairing the Revenue Collection of Ramotshere Moiloa Local Municipality in the North West Province

T Toute



https://orcid.org/0000-0001-6324-3366

Mini dissertation submitted in *partial* fulfillment of the requirements for the degree *Master of Business Administration* at the North-West University

Supervisor: Prof Ravinder Rena

Date of submission: December 2020

DECLARATION

I, Thapelo Toute, declare that this study titled, *"*Factors impairing the revenue collection of Ramotshere Moiloa Local Municipality in the North West Province*,"* is my own work carried out under the supervision of Prof Ravinder Rena. This mini dissertation has not been submitted for any study or qualification in any institution of higher learning. All sources used in the study have been strictly indicated and acknowledged through references.

Signed: T. Toute Date: December 2020

ACKNOWLEDGMENTS

I am taking this opportunity to give thanks to the Almighty God for gracing this journey of up to completion of the mini dissertation, it wouldn't have been possible without His protection. I would like to express my appreciation to the following people who made the completion of this study possible:

- My supervisor, Professor Ravinder Rena for his patience, input and guidance in completion of this study.
- My colleagues at Ramotshere Moiloa Local Municipality for the opportunity and participation in the study. To management of the Municipality for the approval to use the Municipality for my study.
- Special thanks to my whole family for their support throughout this journey.
- Lastly to my good friend MK Lethoko for the support and words of encouragement, this journey would not have been possible without your support.

Thapelo Toute

Table of Contents

DECLARATION ..... **II**

ACKNOWLEDGMENTS ..... **III**

LIST OF FIGURES ..... **XII**

ABSTRACT… ..... **XIII**

LIST OF ABBREVIATIONS xv

CHAPTER 1: NATURE AND SCOPE OF THE STUDY **1**

1.1 Background to the study 1

1.2 Introduction 2

1.2.1 Overview of RMLM 9

1.3 STATEMENT OF THE PROBLEM 11

1.4 STUDY OBJECTIVES 13

1.4.1 Research Objectives 13

1.4.2 Aim of the Research 14

1.5 RESEARCH QUESTIONS 14

1.6 SCOPE OF THE STUDY 14

1.6.1 Rationale of the study 15

1.6.2 Significance of the study 15

1.7 RESEARCH METHODOLOGY 16

1.7.1 Literature/Theoretical Study 16

1.8 STUDY LIMITATIONS 17

1.9 STUDY LAYOUT 17

1.10 Summary 18

CHAPTER 2: LITERATURE REVIEW 19

2.1 INTRODUCTION 19

2.2 DEFINITION OF CONCEPTS 19

2.3 The Regulatory Framework 21

2.4 Revenue Collection 23

2.4.1 Grants Allocation 25

2.4.2 Own Revenue 26

2.4.3 Intergovernmental Transfers 28

2.5 Challenges Facing Rural Municipalities on Non-collection of Revenue 29

2.6 Strategies on Enhancing the Revenue Collection of Rural Municipalities 33

2.7 Reviews on Global and Regional Studies 35

2.7.1 Global and Regional Perspective 35

2.7.2 Experiences in Canada 35

2.7.3 African Perspective 37

2.7.4 Experiences in Ghana 38

2.7.5 Experiences in Sierra Leone 38

2.7.6 Experiences in Zimbabwe 39

2.8 GAPS IN CURRENT LITERATURE 40

2.9 SUMMARY 40

CHAPTER 3: RESEARCH METHODOLOGY 41

3.1. INTRODUCTION 41

3.2. DESCRIPTION OF RESEARCH DESIGN 41

3.3 POPULATION 44

3.4 SAMPLING 44

3.5 DATA COLLECTION 46

3.5.1 Questionnaires 46

3.5.2 Types of Questions on Questionnaires 48

3.5.3 Validity….. 48

3.5.4 Reliability.. 50

3.5.5 Gathering Documents as Sources of Data 52

3.5.6 Internet Research 53

3.6 DATA ANALYSIS 53

3.7 RESEARCH ETHICS 53

3.8 SUMMARY 54

CHAPTER 4: RESULTS AND DISCUSSTION 55

4.1 INTRODUCTION 55

4.2 GATHERING OF DATA 55

4.2.1 Theoretical Study 55

4.2.2 RMLM Population 56

4.3 SURVEY RESULTS AND DISCUSSIONS 57

4.3.1 SECTION A: Demographic Information 58

4.3.2 Reliability Analysis 60

4.3.3 SECTION B: The Municipal Control Environment 62

4.3.3.1 The Municipality employs a system that continually evaluates the performance of the Key Performance Areas, (KPA's) against their designated Key Performance Indicators, (KPI's). 62

4.3.3.2 The Municipality conducts a regular skills audit for the senior management staff. 63

4.3.3.3 The Municipality conducts a regular skills audit for other employees. 63

4.3.3.4 Every position on the municipal organogram have a comprehensive and complete job description. 63

4.3.3.5 Job descriptions are re-evaluated on a regular basis. 63

4.3.3.6 The Municipality does not struggle in finances to deliver on set targets for the KPA's as set in the Integrated Development Plan. 64

4.3.3.7 The Municipality has enough capacity in human resources to deliver on set targets for the KPA's as set in the Integrated Development Plan. 64

4.3.3.8 The Municipality has enough proper machinery and equipment to deliver on set targets for the KPA's as set in the Integrated Development Plan. 64

4.3.3.9 The Municipality has the Strategic Capacity to deliver on set targets for the KPA's as set in the Integrated Development Plan. 64

4.3.4 SECTION C: THE STRATEGIC PLANNING SESSION (SPS) 66

4.3.4.1 The Municipality, in its Strategic Planning Session identifies potential risks in accomplishing its set objectives. 66

4.3.4.2 Every directorate in the Municipality created a departmental plan to accomplish their KPA's as set in the Strategic Plan. 66

4.3.4.3 The Municipality re-evaluates its business plans timeously. 66

4.3.4.4 The Municipality through its Performance Management System (PMS) engages in performance management for each employee. 67

4.3.4.5 Each individual's performance is linked to a form of compensation. 67

4.3.4.6 The individual's performance is discussed with the individual to specifically identify their strengths and weaknesses. 67

4.3.5 SECTION D: THE CONTROL ACTIVITIES 69

4.3.5.1 The rate of personnel turnover of Senior Management positions in the Municipality is high. 69

4.3.5.2 The Municipality has a policy or procedures in place to timely identify any deviations from the original business plan. 69

4.3.5.3 The Municipality's policies, procedures and practices are reviewed on a regular basis. 70

4.3.5.4 All the policies, procedures and practices used by the Municipality are documented. 70

4.3.5.5 All policies, procedures and practices used by the Municipality are readily available to any employee. 70

4.3.5.6 The applicable policies, procedures and practices are communicated to personnel on a regular basis. 70

4.3.5.7 The Municipality employs real quality evaluating system to determine the level of service they are providing to the community, such as client surveys, complaint monitoring etc. 70

4.3.6 SECTION E: THE SAGE EVOLUTION (SE) SYSTEM 72

4.3.6.1 The Sage Evolution system, currently used by the Municipality can generate relevant reports to the performance of the Municipality. 72

4.3.6.2 The senior management team identifies the reports they need to have generated by the Sage Evolution System to assess effective performance management. 72

4.3.6.3 The Sage Evolution system, currently used by the Municipality can generate relevant financial reports. 73

4.3.6.4 All municipal employees designated to use the Sage Evolution system are trained in operating the system. 73

4.3.6.5 The system is user friendly / easy to use. 73

4.3.6.6 The operating speed of the Sage Evolution is conducive to the employees making use of the system. 73

4.3.7 SECTION F: PERFORMANCE MONITORING 75

4.3.7.1 The Municipality has an Internal Audit directorate 75

4.3.7.2 The Municipality has an Internal Audit committee 75

4.3.7.3 The committee meets on a regular basis 76

4.3.8 SECTION G: INTEGRITY AND ETHICAL VALUES 77

4.3.8.1 The Municipality conveys the message to the staff that integrity and ethical values cannot be compromised, both verbally and with actions. 77

4.3.8.2 The Municipality has a code of ethics that emphasizes the importance of staff acting with integrity in all actions related to their scope of employment. 77

4.3.8.3 The Municipality has a code of business conduct that emphasizes its commitment to fair and honest dealings with customers, suppliers, and or other external parties. 78

4.3.8.4 Newly recruited employees receive a copy of the Municipality's code of ethics and business conduct and are trained as to how these guidelines apply to specific factual situations common to the Municipality's business environment. 78

4.3.8.5 Existing employees are provided with updated copies of the Municipality's code of ethics and code of business conduct at least yearly and receive periodic retraining on the application of these guidelines to the Municipality's business environment. 78

4.3.8.6 Customers, vendors, and other external parties receive a copy of the Municipality's code of business conduct at least yearly and contractual arrangements with these parties include requirements for adherence to the Municipality's code of ethics and code of business conduct. 79

4.3.8.7 HR or hiring department management monitor whether new and existing employees have completed the required training on the codes of ethics and business conduct. 79

4.3.8.8 Allegations of violations of the Municipality's codes of ethics and business conduct are appropriately investigated, and the necessary corrective, disciplinary, and remedial actions happen timely. 79

4.3.9 SECTION H: EFFECTIVE REVENUE COLLECTION 81

4.3.9.1 There are specific constraints contributing to the non-collection of revenue. 81

4.3.9.2 There are mechanisms in place to assist the Municipality to improve its revenue collection. 81

4.3.9.3 There are measures in place to recover revenue in terms of intergovernmental fiscal relations...82

4.3.9.4 Low or non-collection of revenue by the Municipality impacts negatively on service delivery targets. 82

4.3.9.5 The Municipality collects, enough revenue for services rendered to the citizens timeously. 82

4.3.9.6 The Municipality is collecting revenue from its entire revenue base in accordance with the monthly billing. 82

4.3.9.7 The revenue collected by the Municipality is enough to fund internal projects. 83

4.3.9.8 The Municipality continuously improves revenue collection mechanism to meet changing needs and demands of the citizens. 83

4.3.9.9 The Municipality has an indigent policy in place to deal with the socio-economic needs of the citizens to design appropriate service delivery mechanism. 83

4.3.9.10 The Municipality intensifies the effort to improve revenue collection. 83

4.4 DISCUSSION ON THE FINDINGS OF THE RESEARCH..... 86

4.5 SUMMARY 89

CHAPTER FIVE – CONCLUSIONS AND RECOMMENDATIONS..... 90

5.1 INTRODUCTION..... 90

5.2 SUMMARY FINDINGS 90

5.2.1 Literature engagement 92

5.2.2 Answers to the research questions 93

5.3 REALISATION OF THE RESEARCH OBJECTIVES 94

5.3.1 Achieving objectives of the research.....94

5.4 LIMITATIONS OF THE STUDY 97

5.5 CONCLUSIONS 98

5.6 RECOMMENDATIONS 100

5.7 SUMMARY 101

6.1 References..... 102

ANNEXURES ……108

ANNEXURE A – FINAL QUESTIONNAIRE..... 108

LIST OF TABLES

TABLE 4-0:1: CRONBACH'S ALPHA TEST 60
TABLE 4-0:2: RELIABILITY TESTS OF FACTORS 61
TABLE 4-0:3: MUNICIPAL CONTROL ENVIRONMENT 62
TABLE 4-0:4: THE STRATEGIC PLANNING SESSION 66
TABLE 4-0:5: THE CONTROL ACTIVITIES 69
TABLE 4-0:6: THE SAGE EVALUATION SYSTEM 72
TABLE 4-0:7: PERFORMANCE MONITORING 75
TABLE 4-0:8: INTEGRITY AND ETHICAL VALUES 77
TABLE 4-0:9: EFFECTIVE REVENUE COLLECTION 81
TABLE 4-0:10: SPEARMAN'S RANK CORRELATION COEFFICIENT 85

LIST OF FIGURES

FIGURE 1-1: RAMOTSHERE MOILOA AREA MAP 10
FIGURE 4-1: RMLM POPULATION 56
FIGURE 4-2: GENDER OF RESPONDENTS 58
FIGURE 4-3: AGE GROUP OF RESPONDENTS 58
FIGURE 4-4: HOME LANGUAGE 59
FIGURE 4-5: ETHIC GROUP 60
FIGURE 4-6: SUMMARY RESULTS: MUNICIPAL CONTROL ENVIRONMENT 65
FIGURE 4-7: SUMMARY RESULTS: THE STRATEGIC PLANNING SESSION 68
FIGURE 4-8: SUMMARY RESULTS: THE CONTROL ACTIVITIES 71
FIGURE 4-9: SUMMARY RESULTS: THE SAGE EVOLUTION SYSTEM 74
FIGURE 4-10: SUMMARY RESULTS: PERFORMANCE MONITORING 76
FIGURE 4-11: SUMMARY RESULTS: INTEGRITY AND ETHICAL VALUES 80
FIGURE 4-12: SUMMARY RESULTS: EFFECTIVE REVENUE COLLECTION 84

ABSTRACT

Revenue collection in local government is a major driver behind effective service delivery. Ramotshere Moiloa Local Municipality (RMLM), like all other municipalities in South Africa, has been entrusted by the Constitution of the Republic of South Africa with the responsibility of governing the sections of society within the mandated boundaries. Local government exists for the sole mandate of providing public services to the communities they serve and RMLM has been given the responsibility of assisting the local sphere of government in attaining its objectives. It is important that communities in and around the area where RMLM governs be provided quality services that improve the standard of living for the people.

This study investigated the factors impairing revenue collection at RMLM in the Ngaka Modiri Molema District (NMMD). The study aims to find out the key factors that impair the effective collection of revenue in RMLM in the Ngaka Modiri Molema District. The study followed a quantitative approach. The data collected is in numerical form. A self-administered structured questionnaire was used to collect data. Purposive sampling was used to select the participants for the study. Eighty-seven participants took part in the survey. The data were analyzed using statistical techniques to produce means, Cronbach's Alpha, and the Spearman's Rank Correlations.

The key findings for this study reflected that identified factors showed strong internal reliability of more than 0.7 signifying that the factors were measuring the same constructs the same way. The study found that the revenue collected was not enough to meet the financing of effective service delivery, and the Municipality has not improved the revenue collection strategies.

The study recommends RMLM develop a revenue collection policy that spells out the strategies for revenue collection. The existing vacancies for strategic positions central to revenue collection should be filled within the organization.

KEYWORDS: Ramotshere Moiloa Local Municipality; Service delivery; Revenue Collection; Sources of external funding; Intergovernmental transfers; Grants allocation; Local government.

LIST OF ABBREVIATIONS

Abbreviation	Meaning
AFS	Annual Financial Statements
ANC	African National Congress
AR	Annual Report
CoGTA	Cooperative Governance and Traditional Affairs
DORA	Division of Revenue Act
IDP	Integrated Development Plan
INEP	Integrated National Electrification Program
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
NDP	National Development Plan
NMMD	Ngaka Modiri Molema District
NT	National Treasury
RMLM	Ramotshere Moiloa Local Municipality
SE	Sage Evolution
SDBIP	Service Delivery and Budget Implementation Plan

CHAPTER 1: NATURE AND SCOPE OF THE STUDY

1.1 Background to the study

Local government being the lower level of the three spheres in South Africa, has undergone major changes (Hungwe, 2017:235). Section 152 of the Constitution does not only insist on local government rendering basic essential services to the people but to serve as a change agent for the people as well. Bekink (2006:1), sharing the same view, further said that “local government has gone through substantial changes to get to where it is today”. Powell (2009:2) also stated that “more responsibilities have been given to the local government”. Another tool that contributes to bringing change at the local level of government is the Integrated Development Plan (IDP) which has transfigured the planning process for the government as a whole, including being implemented at the local government.

Throughout the period from 1996, the IDP has been an important mechanism for budgeting in municipalities to allow for local government to carry out the objectives and responsibilities of the authorities. This sphere of government now stands independently and focuses on municipalities. Tsatsire (2008:1) also culminates that “the disbanding from the previous centralized government system, municipalities now initiate an autonomous level, implanted in a setting of a conducive functioning liaison amongst the compasses of command”.

The research will focus primarily on one Municipality, situated in the Ngaka Modiri Molema District (NMMD) of the North West Province in South Africa, and is intended at highlighting the gaps or difficulties encountered by this Municipality which leads to failure to collect revenue for services rendered and thus impacts negatively on service delivery commitments.

Municipalities are the fundamental piece of the local government sphere which is mainly answerable for delivering a variety of basic services like water and sanitation, electrification, removal of refuse, shelter, roads, and other essential services to their respective communities. The delivery of services, as is the basic right to residents, remnants the fundamental function of a local authority (Nkuna & Nemutanzhela, 2012).

The overview of IDP in legislation like the Municipal Systems Act (MSA) 32 of 2000 and the Municipal Finance Management Act (MFMA) 56 of 2003, pursued seeing to it that resources, such as budget talks to the integrated development plan doesn't end up as just a wish list, but a true reflection of the Municipality.

1.2 Introduction

Municipalities have at their disposal various sources of funding to finance their budgets and included in them are internally generated funds known as own revenue, grant funding, and loans obtained from registered financial institutions. Municipalities do not always generate their revenue effectively or collect from their debtor's book to improve revenue collection and that impacts negatively on its ability to operate smoothly and deliver services (Mmemezi, 2018:1).

The structure of government in South Africa consists of three different spheres namely, National, Provincial and Local Government. South African municipalities are at an autonomous level of government and their primary mandate is to render basic services to the communities. Being able to carry out this mandate, municipalities are required to have the best network of infrastructure and resources to serve the community (Education and Training Unit). Municipalities are funded through grants to implement newer infrastructure networks and upgrading the existing ones. Own source of funding may not be enough to build capacity by investing in community projects for most municipalities as this requires a big monetary investment.

From the three, that is National, Provincial and Local Government the study will be focusing on the local government sphere. The problem of improving the living standards of ordinary citizens continues due to fast population growth in contrast to the rising unemployment rate. Consequently, unemployment leads to failure to pay for the services rendered by the municipalities. Municipalities can directly support the funding of service delivery through the service charges that are charged to the communities. The most essential capacity for municipalities remains the ability to employ techniques to attain the set objectives by improving the lives of citizens and also to alleviate and eradicate poverty in every little way possible. According to Martinez-Vazquez and Smoke (2011:16), "two aspects are influencing how the local government monies are being spent; being the usage of minimum resources for the greater benefit of residents and the usage of limited resources to deal with the challenges that affect the day to day lives of residents in eradicating poverty".

Alexander (2015:29) states that “unlike national and provincial governments, municipalities have numerous streams of revenue base which are categorized as operational and capital budget financing”. All expenditure incurred as part of service delivery to the public will either be capital or operational, it is after all the mandate of local government to render services to the communities.

As stipulated in the constitution, section 153 (a);

A Municipality must compose and direct its administration, it's budgeting, and planning activities to give preference to the basic needs of the people, as well as promoting the social and economic development of the residents (Constitution of the Republic of South Africa, 1996).

The income streams of local municipalities include amongst others; service charges, rates imposed on property and taxes, development charges on services and traffic fines, and lastly transfers or grants from other governments which include those that are conditional and unconditional. In practice, these two types of transfers are in cash but come with a condition or no condition. Funds for the grants that are conditional will only be used for a specific project. Specified expenditures are earmarked to be achieved through conditional grant transfers and strict spending conditions are imposed on them. A government transfer in a form of equitable share is however free from such conditions except that it is for operational purposes (National Treasury, 2008).

With those revenue sources, municipalities need to fund the expenditures associated with running the organization some of which are operational and some are capital in nature. Ultimately the equitable share remains the biggest trench that municipalities use to sustain the operations of the municipalities where other municipalities like the subject at hand use it to pay for basic operating expenditures. Being able to successfully fund these operations usually becomes difficult for municipalities to handle, and often results in a compromised delivery of services to residents.

Ultimately revenue collection remains important for any organization to sustain itself even though there are factors that contribute to the non-collection that will be investigated in the study (Sebola & Chauke, 2016). Many municipalities are struggling to perform in their efforts to successfully collect revenue and RMLM is no exception in this regard.

National Treasury (2008:57) holds a view that “in the context of municipalities in the country, the primary driver of the existing omission is unemployment and impoverishment”. The guidelines of the equitable share require that funds are allocated among administrative divisions mainly influenced by the affordability of all the households in their authority. Tullock (2018:197) added that “there is a high proportion of expenditure measured to the different revenue sources that rural municipalities generate, this results in a shortfall compared to the income generated due to the lower collection rate. The low levels of revenue collections in rural municipalities are mainly due to lower levels of employment, a limited number of skilled labor which subsequently leads to the lower levels of income per household”.

Every year, municipalities receive their trench of the equitable share as informed by the Division of Revenue Act (DORA) determination from the National Treasury which is informed by the determinations made by the finance minister in his/her budget speech. The Municipality also receives trenches of capital projects grants from the treasury, the Municipality then prepares and its operational plan known as the Service Delivery Budget and Implementation Plan (SDBIP) and a five-year Integrated Development Plan (IDP). All these abovementioned grants are then incorporated into the Municipality’s annual budget. The three documents always need to talk to each other. With the three documents not talking to each other consistently, it becomes difficult to see a true reflection of how the municipal budgets are spent in line with the priority list of the community’s needs as outlined in the IDP.

The three documents in the running of the municipalities remain to be important as it ensures that there is proper planning and equitable shares that are being transferred will not be used for expenses that could be self-funded. Comrie (2013:4) shares the same sentiments and thus added to say “that compliance with the three E’s being Economical, Efficiency, and Effectively is essential when utilizing the limited resources of the state for municipalities to be able to improve their efforts in collecting revenue”.

Another challenge with rural municipalities is the dependency on government grants to carry out their operations, this is even though there is available municipal land and mineral resources to fight poverty. The Local Economic Development (LED) in the Municipality is responsible for affording youth the skills program in preparation working the land. According to Tullock (2018:203), “the majority of municipal income should be expected to come from property rates and services”.

Municipalities need to be at a point where they can be able to sustain themselves apart from the government transfers and subsidies and reduce their major reliance on them. The state is looking into ways of assisting the previously disadvantaged municipalities to be financially viable and sound and subsequently to stop relying more on grants and subsidies and be able to create internal income and effectively lower the dependency on external funding. It has appeared from the research that the revenue collection on rates and taxes from municipalities in the rural areas is met with challenges such as outdated property valuation rolls, interference by politicians, and the reluctance by residents to pay rates commensurate to the value of the property (Habitat, 2013).

The regulation of electricity tariffs by the National Energy Regulator of South Africa (NERSA) also puts a limit on municipalities' ability to collect their revenue, this leads to a loss in income for municipalities. Considering these limitations, the need for municipalities to look for various ways to generate income to better themselves for the provision of services and be in a position to fund their tasks, groundwork, and conservation. Even though tax imposed on properties is thought to be consistent, the same cannot be said for municipalities in the rural geographical locations as a result of the deficiencies in the overall administration of these taxes by local authorities (Habitat, 2013).

The legislative framework regulating the collection of revenue in South African municipalities

The strategy outline for finance in municipalities in South Africa comprises legislation and policy booklets that encompass the government's intentions in respect of financial management and management in municipalities. The ensuing discussion provides a thorough analysis of these legislative and policy frameworks regulating municipal finance regarding sources of municipal revenues.

The Constitution of the Republic of South Africa (1996)

The government of the republic regulates policies that are aimed at explicit objectives and which are intended at endorsing the overall prosperity of humanity. In line with the Constitution of the Republic of South Africa (1996), local authorities must put in place and monitor the performance of their operations as well as the budgetary and preparation strategies to ensure that needs of the community is prioritized accordingly to advocate for socio-economic and development of the residents.

Also, the Constitution regulates how municipalities take part in programs that set the national agenda of government like the National Development Plan (NDP). This is an indication that the Constitution necessitates an accountable way of gathering and spending public money.

According to Manyaka (2014:129) the constitution deals briefly and specifically with the following:-

i. Provincial supervision of local government: Section139 (1)

ii. Principles of municipal financial management and administration: Section195 (1)

iii. Municipality's revenue share raised nationally: Section 214 and 227

iv. Municipal budget, revenue and expenditure: Section 160 (2), 215 and 229

v. The role of the National treasury in controlling municipal finances: Section 216; and

vi. Municipal loans and guarantees: Section 218 and 230.

Municipal Finance Management Act, 56 of 2003

The Municipal Finance Management Act (MFMA) is a constituent of the law for making improvements and conversion (Manyaka, 2014:130). The MFMA affords an underpinning for an arranged and thorough monetary administration values and processes in the local authorities. It outlines the normal practices for the management of finances in local authorities.

The purpose of the MFMA largely involves the following: -

(i) To regulate municipal financial management

(ii) To set requirements for the efficient and effective management of the revenue expenditure, assets and liabilities of municipalities and municipal entities

(iii) To define responsibilities with regards to municipal financial management

(iv) To determine financial management governance framework for municipal entities; and

(v) To put in place a municipal borrowing framework.

Municipal Property Rates Act, 6 of 2004

Municipalities are entitled to enforce their bylaws and impose property rates and tax charges to residents, businesses as well as on farms in the jurisdictions the municipalities operate. These bylaws and charges are consistent with the relevant legislation and the constitution. According to Manyaka (2014:130), the constitution provides for municipalities to enforce rates on property in their jurisdictions, within the prescripts of the law.

Municipalities are therefore anticipated to be financially stable and fully capacitated to attend to the delivery of public services. The local government needs satisfactory admittance to adequate revenue bases. Municipal Property is earmarked to be at the centre of focus when it comes to how municipalities are to embark on a process of revenue collection to realize and perform satisfactorily to the needs of the communities as mandated by the constitution. For collecting revenue for property rates and taxes, the Municipal Property Rates Act (MPRA) is to be promulgated by municipalities through a council resolution

The White Paper on Local Government

Following the adoption of the Constitution was the adoption of the White Paper on Local Government in 1998. It provides for the local government to have four key result areas that include: providing the household services and infrastructure; creating viable and liveable cities which are integrated, rural areas and towns; local economic development; and community redistribution and empowerment.

Municipalities are therefore required to involve the active participation of citizens through allowing them to express their views in the policy development process and them to be consumers and end-users, are expectant of the value of money, responsive and courteous service affordable services participate as partners in mobilizing resources for development.

The Municipal Structures Act (1998)

It was enacted to establish municipalities according to the categories and requirements of the Constitution. Through this Act, municipal categories are allocated appropriate powers and functions. Besides, they are given internal structures and systems to manage them.

Municipal Systems Act 32 of 2000

The Municipal Systems Act (MSA) (2000) was promulgated to spell out the core mechanisms, processes, and principles that enhance the essential aspect of municipal planning, management of performance processes, and delivery of services. For the municipalities to be able to carry out the mandates they need to collect enough revenues for services rendered to consumers. MSA has established a framework that supports, monitors, and sets standards through benchmarking with other government spheres to be progressive in collecting revenues and build a local government that is efficient and at the forefront of development. This makes a Municipality an agency that is capable to integrate with the activities of other government spheres.

In Section 10 of the Act, Municipalities are required to monitor the effectiveness and the impacts of their projects, activities, policies, services, programs, and plans. This, therefore, has led to conducting this research to investigate ways in which collection of revenue can be improved. The study's focus was on a category B Municipality called Ramotshere Moiloa in the North West province. It looks at the factors that impeding revenue collection of the Municipality and how all that affects service delivery.

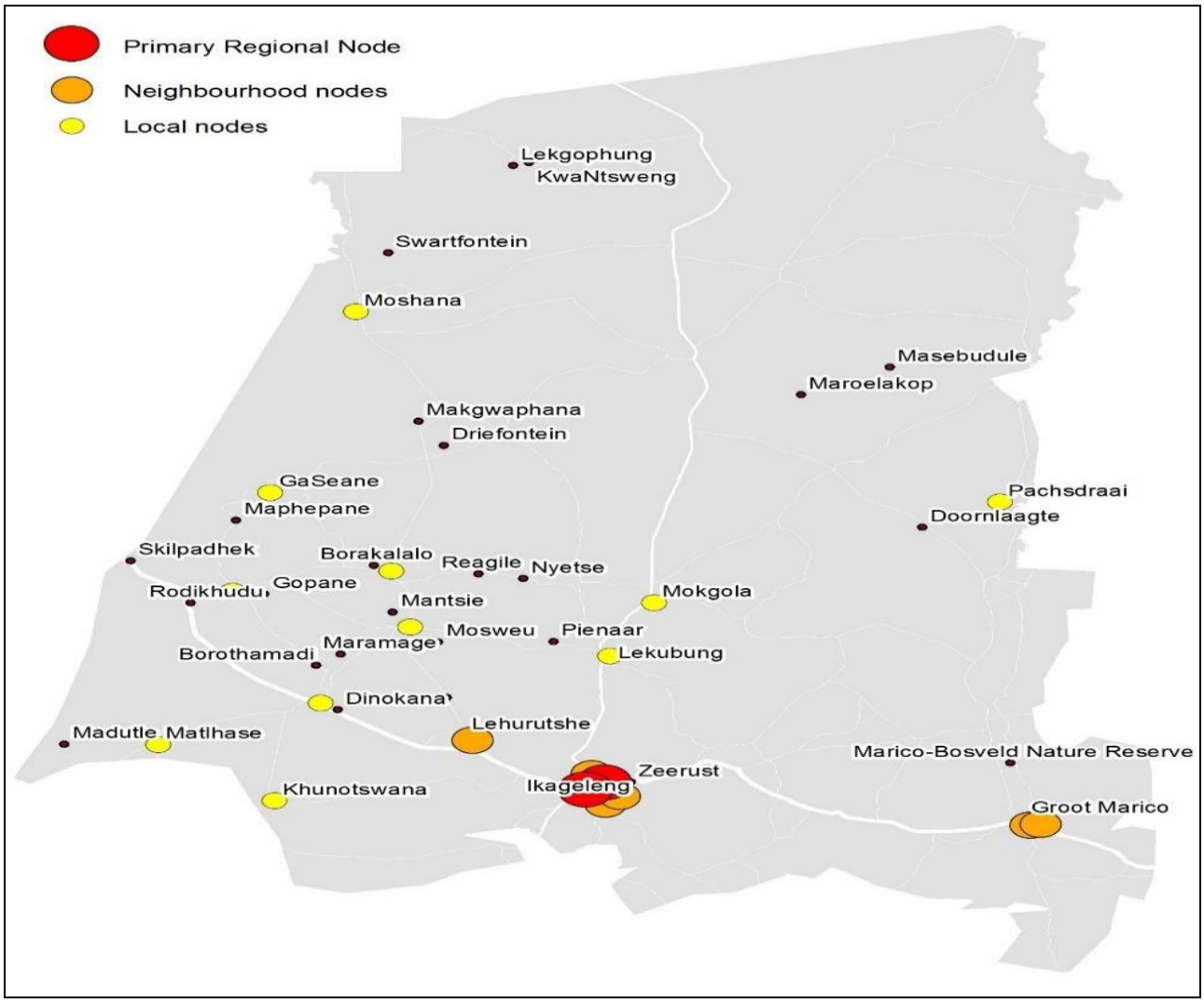
This chapter provides the introduction, the background, the aim of the study, and the problem statement. It is then followed by the research questions, objectives/hypothesis, scope, significance, and limitations of the study then lastly the definition of concepts.

1.2.1 Overview of RMLM

RMLM (RMLM) is an organ of state within the confined compass of administration and was established in terms of Chapter 7 of the Constitution of the Republic of South Africa, 1996. The objectives of RMLM as set in section 152 of the Constitution of the Republic are to deliver a self-governing administration to its residents, provide plain amenities to the people in their jurisdiction in a justifiable way, encourage common and commercial expansion, to advance a nonviolent and vigorous environment and to promote active involvement and collaboration of communal organizations in municipalities.

The Municipality is located in the small town of Zeerust in the Ngaka Modiri Molema District in the North West Province and is a gateway to the neighboring country of Botswana (Ramotshere Moiloa Local Municipality, 2015). Internal funding sources of the Municipality were analyzed and it has realized that the revenues they collect from trading activities were not sufficient for carrying the costs of their services. This has created serious problems for the Municipality as it realized deficits in its 2018/19 budget (Martinez-Vazquez and Smoke (2011:16).

Figure 1-1: Ramotshere Moiloa Area Map



Source: RMLM Spatial Development Framework, 2015

RMLM being the subject of this study falls in the category B of municipalities in the district of Ngaka Modiri Molema in the North West Province. Ramotshere Moiloa is one out of a total of 205 local municipalities in South Africa and is one of the five that fall within the Ngaka Modiri Molema District, namely Mafikeng Local Municipality, Tswaing Local Municipality, Ratlou Local Municipality, and Ditsobotla Local Municipality (South African Local Government Association, 2016). One of RMLM's purposes under the section 152(b) of the Constitution of the Republic of South Africa is "to ensure the provision of services to communities in a sustainable manner" (Constitution of the Republic of South Africa, 1996).

To effectively deliver services, a Municipality is supposed to in line with Section 15 (1) of the Municipal Finance Management Act (MFMA) 56 of 2003 to “approve an annual budget for the Municipality before the start of the budget year”. Section 17(2) of the MFMA 56 of 2003 demands that “an annual budget must generally be divided into a capital and an operating budget under the international best practice, as may be prescribed” (Municipal Finance Management Act, 2003).

The key shareholders in a municipal habitat are the local community, the environment agency, urban and neighborhood bodies, indigenous communal clusters and mediums, the disaster facilities, the security cluster, and other local authorities such as traditional leaders and districts. The head of political administration is the Executive Mayor and the administrative head is the Municipal Manager/Accounting Officer.

This research seeks to establish factors impairing the revenue collection of RMLM in the North West Province, with intend to aid the Municipality in pinpointing any difficulty that avert the provision of quality services to the community. At the center of the Municipality’s inability to deliver services to the community timeously, is the non-effective revenue collection strategy. The findings of this study can also aid and benefit the Municipality by introducing proposed plans of action in resolving the revenue collection problem. The research also sought to recommend future studies on the same topic or concepts in other provinces.

1.3 STATEMENT OF THE PROBLEM

Most municipalities in South Africa fail dismally to fully collect their revenue for services rendered to residents, this could be attributed to the fact that post-apartheid South Africa is confronted with major challenges in ensuring that municipalities provide optimum and specialized services to their citizens (Mathebula, 2014:132). By relying on grant funding, municipalities continue to fail in resolving the issues of income assortment. To enable a council to render services to the people there should be some form of adequate financial resources and less financial reliance on equitable shares. RMLM falls among the municipalities that are highly dependent on the equitable share grant funding to sustain its operations.

According to Manyaka (2014:137), “it is required by law for municipalities to collect revenue for service charges, in analysing the revenue collection trends in municipalities, the indication is that most municipalities do not comply with this requirement.

That affects the cash flow of the Municipality and in turn, the Municipality is unable to meet its financial obligations". Based on the above, the RMLM is not collecting revenue as it needs to be, it should be that it can sustain itself without heavily relying on the equitable share received. The problem arises when the Municipality seeks to close the revenue gap between monthly collection and what is needed to meet the expenses. According to Sebola and Chauke (2016:4), "the problem of municipalities' is the inability to self-sustain is fast growing. Self-sustainability is key for municipalities to maintain the going concern principle, which involves not spending beyond their means".

The research pursued the exploration of the factors impairing the collection of revenue in the RMLM. Despite it being a rural Municipality that is belligerent to effectively accumulate income for services rendered to the public, the Municipality also has a problem of intergovernmental relations when it comes to servicing its debtor's book. "Numerous challenges have erupted but the intergovernmental relations continue to grow poor which can contribute to the unsustainability for municipalities" (Tullock, 2018:198). This channel was established to improve relations amongst the levels of government as well as its entities.

The implications of failing to exhaust all avenues in collecting revenue for services provided to the community are very severe. They amongst others result in poor delivery of services to the public, which in turn might fuel community protests. "Majority of those councils which are mainly reliant on grant funding are unable to successfully carry out their day-to-day operations due to failures of collecting revenue" (Schoeman, 2011:9). That gave birth to the justification that with no sufficient revenue base to collect, municipalities are bound to struggle in self-sustainability. That triggered the necessity for the study of this nature to be conducted at RMLM.

In line with the MFMA Circular No 71: Uniform Financial Ratios and Norms, many municipalities utilize a variety of financial ratios and norms to assess and compare the financial health and performance of their institutions. Municipalities also use different financial ratios and norms to assess their own performance and set benchmarks for improvement to be measured over time. RMLM relied on the collection rate to assess the financial health of the institution where in revenue collection was a reviewed. The ratio indicates the collection rate; i.e. level of payments. It measures increases or decreases in debtors relative to annual billed revenue. Bad debts written-off is taken into consideration in order to determine the real collection rate.

Formula

Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100

Norm

The norm is **95%**

The historical information in the municipal internal reports indicate that the Municipality has been performing poorly and was unable to match the norm as set out by the MFMA Circular No 71 financial ratios and norms.

1.4 STUDY OBJECTIVES

1.4.1 Research Objectives

The objectives of this research are to establish the factors impairing the revenue collection of RMLM in the North West Province, with intend to aid the Municipality in pinpointing any difficulty that averts the provision of quality services to the community. At the centre of the Municipality's inability to deliver services to the community timeously, is the non-effective revenue collection strategy, there is also an indication that local governments collect on average; only a relatively small portion of revenue from their resources and have little or no borrowing power, except in the case of metros (Schoeman, 2011:4).

The main research objectives are as follows:

1. To explore the reasons behind low collection or non-collection of revenue by RMLM.
2. To determine whether intergovernmental fiscal relations is followed by RMLM to exhaust all the avenues for revenue collection.
3. To examine the impact of low or non-collection of revenue on service delivery by RMLM.
4. To establish the factors impairing the revenue collection of RMLM in the North West Province.

1.4.2 Aim of the Research

This study intended to establish the causes distressing the collection of revenue in RMLM, as well as the impact it has on service delivery. It will furthermore assess the negative effect it has on service delivery to propose informed corrective measures for municipalities to overcome these challenges and explore all avenues to collect revenue for the Municipality.

The challenges affecting the collection of revenue in rural municipalities might differ from one Municipality to the other, but it could also be the same as the revenue base will most likely be the same in many. Rural municipalities largely rely on grant funding and are also affected by a high volume of indigent households.

1.5 RESEARCH QUESTIONS

The research was carried out on guidance of the following interrogations:

1. What are the constraints contributing to low collection or non-collection of revenue by RMLM?
2. Are there any mechanisms in place to assist RMLM to improve its revenue collection and recoup in line with intergovernmental fiscal relations?
3. How does low or non-collection of revenue impact the service delivery at RMLM?
4. What are the factors impairing the revenue collection of RMLM in the North West Province?

1.6 SCOPE OF THE STUDY

This research was conducted in RMLM within the Ngaka Modiri Molema District (NMMDM), in the North West Province, South Africa. Municipalities fall under the lower level of government and are the grass-root level of service delivery. The researcher is not aware of other studies of similar nature which may have been conducted in RMLM. The challenges of revenue collection and poor service delivery to the community is not a new phenomenon and this Municipality like many is no different. The study may be explored further by other neighboring municipalities in the process of this research.

This quantitative research approach was followed in this study using RMLM as a subject of investigation. Documentation such as questionnaires, official municipal documents, internal reports, and applicable legislation was sourced, to gather information. Following this approach made it easier to obtain the relevant information which was then be analyzed to formulate findings and recommendations.

The researcher is employed by the Municipality that is used in this study and that makes it convenient to gain entry to internal documentation, legislation, and officials of the Municipality. The researcher enjoyed having direct conduct with the participants who completed the questionnaires to gather data as they are employed by the same organization. A Municipality, being a government institution is highly regulated and as a result, relevant laws on how this space is governed are readily available to the researcher. Also, permission to conduct this research was granted.

1.6.1 Rationale of the study

The analytical role of municipal councils in safeguarding socio-economic development at the service delivery level cannot be overemphasized. The topic of this study is not researched enough and there is no convincing empirical evidence found on revenue collection barriers in RMLM. Lack of controls and procedures in addressing these challenges may impart some evidence why performance in revenue collection is poor in local municipalities.

Currently, the overall performance by local municipalities in South Africa presents a vague picture and leaves so many grey areas. This necessitates and paves way for a verifiable discernment towards the revenue collection challenges in municipalities.

1.6.2 Significance of the study

Literature has highlighted that many rural municipalities all over the world experience difficulties with collecting revenue effectively for services provided to communities. “Many municipalities in developing countries strive to utilize their funding while others in the rural areas do not use them” (Tullock, 2018:202). Government grant dependency by many municipalities needs to be given special attention and more avenues of collecting be explored. In as much as the community is dependent on the Municipality to deliver good quality services, they equally have the responsibility to pay for such services.

The study was intended to introduce new methods that can be adopted and utilized to improve consistency and sustainability in delivering services to residents through improved revenue generation strategies. One is required to look closely to the community's needs when given a responsibility to lead the administration. The findings of this research are bound to be beneficial to the Municipality, the community, and all the stakeholders.

1.7 RESEARCH METHODOLOGY

This research used a positivist paradigm by conducting a quantitative study. A questionnaire was used to collect the data which contained Likert scales-based question items. The respondents showed their responses by ticking in the applicable box. Data were presented in tables and graphs and were discussed to determine their link with the reviewed literature.

The overall form for a quantitative design is based on the scientific method, it utilizes deductive reasoning where the researcher forms a hypothesis, collects data whilst investigating the problem, and then uses the data from the investigation, then after the analysis is made and conclusions are shared to prove the accuracy of the hypothesis.

The researcher followed the same approach in conducting this study, hardcopy and softcopy documents were sourced and were quantified and displayed in a way to allow conventional exploration. In measuring data, the exploration included the examination of the data gathered for research by converting it into notable chronological data.

The collected data were analyzed to determine the mean and Cronbach’s Alpha tests were done to measure the internal reliability of the factors identified for impeding revenue collection.

1.7.1 Literature/Theoretical Study

This study aimed at investigating the factors that impede revenue collection at RMLM to develop ways that improve service delivery at the Municipality. A critical review was conducted on academic studies around revenue collection to provide this research with the theoretical framework. The discussion of the approaches to effective revenue collection is found on the guidance of the South African legal framework, which has been discussed in the introduction.

Similarly, the revenue collection strategies are explained in sub-topics to better provide comprehension of the theory of revenue collection. Also, the empirical studies are reviewed to show the effectiveness or lack of it in the reviewed strategies.

1.8 STUDY LIMITATIONS

The total number of South African municipalities currently is 278 comprising of 226 local municipalities, eight metropolitan and 44 district municipalities. Their main focus is growing the local economies and making available, the infrastructure and deliver services (Local Government, 2019). There is a limitation of scope already in the study because it is conducted in only one Municipality and findings thereof are of only one Municipality's perspective. The scope for future research does exist to explore further the collection of revenue difficulties in South African municipalities.

Future studies may even explore broader contexts because challenges to this problem are not uniform for all the municipalities and other factors such as size, location, local business activities, household income may also come to being.

1.9 STUDY LAYOUT

The study is presented in five sections which are summarized as follows:

Chapter 1: NATURE AND SCOPE OF THE STUDY

In the first chapter of this study, the basic outline of research with the introduction and overview of the Municipality, which is the subject of the research, and the background to the research is presented.

This was then followed by the problem statement and the presentation of the research question, the objectives that the study sought to achieve, and the methodology which was followed in carrying out the study to derive material exploration.

Chapter 2: LITERATURE REVIEW

The second chapter of the study focused on the examination of existing literature which considers an assessment of the impact that municipal revenue collection challenges have on service delivery objectives in RMLM and other municipalities in South Africa. It also focused on the local government's legal framework concerning pay service and the impact brought by indigence.

Chapter 3: RESEARCH METHODOLOGY

The methodology that the study followed conversed in this chapter as well as the data collection method and the exploration format.

Chapter 4: EMPIRICAL STUDY

This section focused on actual research and findings of the examination. The presentation of the findings of the research was also done in this chapter using graphical, pie charts, and table format presentations.

Chapter 5: CONCLUSIONS AND RECOMMENDATIONS

This is the last and final chapter of the research and included in it are the conclusions drawn from the research and recommendations in line with the findings of the research. These discoveries are relevant to the organization chosen as the subject of investigation and may be relevant to other municipalities as well. Recommendations on areas for further future research relating to this research were also made herein.

1.10 Summary

This chapter presented the study by providing the background of the study, the research questions, and the research objectives. The significance of the study was also discussed, the scope and the constraint of the study. It also provided an impression of the research approach and the theoretical review. The following chapter reviewed the literature relevant to revenue collection. It discusses the subtopics, the approaches of revenue collection, sources of revenue, the challenges, and empirical studies from the global, African and Regional perspectives.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Municipalities are recognized in chapter 7 of the constitution of the Republic of South Africa and have the privilege to administer their communities through their elected municipal councils subject to the appropriate legislation of the country (RSA Constitution, 1996). Municipalities have authority over the communities residing in their area of governing. The functions and powers among the three categories of municipalities in South Africa as well as the regulation of their functioning individually and the structuring of their respective political office bearers are defined in the Municipal Structures Act. This chapter looks at the works that have been reviewed for this study. The literature begins with the regulatory framework for revenue collection, the challenges for revenue collection the sources of revenues, and the empirical studies in the global, African and regional perspectives.

2.2 DEFINITION OF CONCEPTS

- **Municipality:** it is the grass root level division of government where government interacts directly with the people by providing services to the communities they serve. It is a sphere of government where administrative and official directive is practiced within the boundaries it governs in (Municipal Systems Act, 2000).

- **Local Government:** This is a level of government with extensive and determined powers designated to it by a higher sphere of government within a specific boundary(Constitution of the Republic of South Africa, 1996).

- **Integrated Development Plan (IDP):** A document that contains the direction which the Municipality will take. It encompasses the plan of action for the Municipality as informed by the inputs of the community they serve, these inputs are obtained through public participations where residents are asked to prioritize their needs according to their importance.

- **Service Delivery and Budget Implementation Plan (SDBIP):** A document that lays out the operational plan of the organization. It details the yearly targets assigned to each senior manager and key activities to achieve same.

- **Municipal Revenue:** Involves all the municipal service charges as well as other potential bases of revenue for the Municipality. This includes other government grants for operations such as the equitable share (Municipal Finance Management Act, 2003).

- **Annual report:** this is a comprehensive overview of the Municipality detailing activities of the preceding year as well as the situation on financials and financial statements. It can be used as tool to reflect the status quo of the organization on execution, performance and monitoring the progress made in relation to the IDP objectives.

- **District Municipality:** refers to a Municipality that has municipal executive and legislative authority in an area that includes more than one Municipality, and which is described in sec 155(1) of Constitution as a category C Municipality (Constitution of the Republic of South Africa, 1996).

- **Resident:** in the context of a Municipality, refers a natural person who is normally a resident in the municipal demarcated area (Municipal Systems Act, 2000).

- **Allocation:** in the context of a municipal habitat, refers to—

(a) a share of the Municipality's local government's equitable share as outlined in section 214(1) *(a)* of the Constitution;

(b) money allocated to a Municipality as outlined in section 214(1) *(c)* of the

Constitution;

(c) money allocated to a Municipality in line with the prescripts of a provincial budget; or

(d) any allocation of finances to a Municipality other than by an organ of state, as well as by another Municipality, otherwise than in compliance with a commercial or other business transaction;(Municipal Finance Management Act, 2003)

- **Category A, B or C Municipality:** refers to a category A, B or C Municipality envisioned in section 155(1) of the Constitution. The constitution introduced three categories of local government:

(a) Single tier category A municipalities

(b) Two-tier local government in category B and C municipalities where a category C Municipality shares jurisdiction with several Category B municipalities

(c) A metropolitan Municipality has exclusive municipal executive and legislative authority in its area.(South African Local Government Association, 2016).

- **Local Municipality:** refers to one of the three levels of government and this level particularly, is closest to the community. Its role is to provide to the community basic services and promote safe and healthy environment and develop the community (Municipal Finance Management Act, 2003).

2.3 The Regulatory Framework

In Chapter 7 of the Constitution of the Republic of South Africa, the determination for the formation of municipalities is made with the sole mandate and the prerogative to govern in communities of their jurisdiction through their elected councils in line with the pertinent legislation governing the country (Constitution of the Republic of South Africa, 1996). Municipalities have an authoritative leg over communities they govern as per the demarcation given by the state. The Municipal Structures Act outlines how the power and functions are shared amongst different categories and the internal functioning of the Municipality regulation how the elected councillors should be structured in those municipalities.

Additionally, the Municipal Systems Act was enacted (Act 32 of 200):

i. To afford for the fundamental values, instruments, and developments that are essential to empower municipalities to interchange gradually to the common and fiscal elevation of local populations and safeguard widespread entree to vital services that are reasonable to all.

ii. To outline the lawful environment of a Municipality as comprising the local community within the community area, working in partnership with the Municipality's political and administrative structures.

iii. To afford for how municipal commands and purposes are implemented and accomplished.

iv. To provide for public involvement; to inaugurate a simple and permitting background for the central developments of preparation, presentation administration, reserve enlistment, and structural variation which reinforce the concept of progressive local government.

v. To deliver a context for local communal running and human resource development; to sanction the unfortunate and guarantee that municipalities put in place service costs and credit control policies that take their wishes into reason by providing a background for the delivery of services, agreements about service delivery and municipal service constituencies.

vi. To provide for credit control and debt collection.

vii. To create a context for backing, observing an ordinary scenery by other scopes of government to gradually build local government into an effective, vanguard development activity capable of assimilating the goings-on of all scopes of government for the total common and fiscal improvement of populations in coherence with their local regular atmosphere.

viii. To afford for authorized difficulties affecting to local government, and to offer for matters secondary thereto, most importantly the Municipal Systems Act provides in its Chapter 5 for the compilation of an integrated development plan by municipalities. There must an alignment of this idea and supplement the idea of other local authorities as well as the objectives, tactics, and activities of the upper domains of administration.

In addition to the legislation mentioned above, the Municipal Finance Management Act (MFMA) was formally proclaimed into law in 2003 to see comprehensive and justifiable administration of public funds in the confined domain of administration is used. The legislation cited above is just some of the few that are key to governing municipalities.

Internal and external reporting, as well as financial management, are important legislative requirements that give an obligation for municipalities to comply with.

Such reports are expected to give an objective and fair representation of the status quo in the organization and thus the need for it to be used extensively in this study. There is enough literature available on other aspects dealing with revenue collection specifically and service delivery in general.

At the centre of the review of the literature was legislation applicable to municipal revenue collection, municipal service delivery, and lack of internally funded projects due to revenue collection failures as well as the municipal habitat.

2.4 Revenue Collection

There are two main sources of revenue to the municipalities that are own internal revenue and government grant funding. When it comes to sources of revenue in a municipal environment, municipalities are constitutionally granted an array of financial apparatus to ensure sustainability. These revenue instruments include property rates, service charges, and other local taxes. The types can be classified into two groups, namely internal and external sources. Examples will be provided below for better understanding.

There are two major types of funding sources namely the internal sources of funding and the external sources of funding (Alexander, 2015:27). The internal sources of funding relate to the revenue for exchange transactions and the external sources of funding are associated with the revenue received in a form of grants. These two forms of funding sources are outlined as below:

External sources:

(i) Grants and subsidies allocated by provincial government

(ii) Grants and appropriations allocated in accordance with the Division of Revenue Act (DORA)

(iii) Donations and public contributions.

Internal sources:

(i) Borrowings (External loans)

(ii) Proceeds from sale of assets.

Property rates and service charges from the community and inter-departmental transfers of grants to local municipalities in the form of a grant from the National Treasury.

Effective revenue collection for municipalities continues to be a mammoth task, it gets even more difficult for rural municipalities. Constant review of internal control systems in the finance department of a Municipality is also one of the most key elements in aiding the strategy to successfully collect revenue. Bird (2013:32) believes that with good effective policies in place, a Municipality should be able to source its revenue.

Contribution and answerability at the confined administration level are superior when there is an adequate distribution of decision-making and not restricted (Shah, 1994). Local administrations are also inclined to being more reactive, as opposed to being proactive to avoid crises and interruption of service delivery.

Pöschl and Weingast (2013:18) added to say "when local governments through municipalities are empowered to have the dependency on their revenue generation as opposed to relying on National government transfers, they become more responsive to the residents and are better placed to provide quality provision of amenities". There is a separation of income streams in local government and it is realized by the two divisions being the local authorities' internally generated income and government grants, both conditional and non-conditional (White Paper on Local Government, 1998).

Although seeking payment for services rendered by municipalities is a legislative requirement, it is imperative to take cognizance of the analysis relating to trends of revenue collection in municipalities across the country shows that many municipalities are not in compliance with this requirement to enable a reasonable amount of current financial obligations to be achieved through internally generated funds (Manyaka, 2014). According to (Manyaka, 2014:11) "research conducted in public administration affirms that supreme municipalities in non-urban areas are struggling to sustain themselves. Gathering of income directly affects the prospects of municipalities sustaining themselves financially".

2.4.1 Grants Allocation

The Division of Revenue Act (DORA) is an act of government controlling the nationwide, provincial, and local government budgets.

It is promulgated every year following the annual budget presented by the finance ministry to make it possible for the facilitation of fair and equitable division of revenue. It primarily controls and determines the allocation of budget to national, provincial, and local government. It further seeks to advances assurance with regards to a fair and just distribution of funds to all the departments in all three levels of government. Lastly, it also seeks to advance liquidity and answerability of how the allocation of funds activity by ensuring that all distributions, except for the schedule 6 divisions, are revealed in the provincial budgets and municipal budgets and that the spending about restricted distributions of grants is accounted for the recipients (Division of Revenue Act, 2016).

Intergovernmental transfers that are issued to municipalities per the DORA either can be classified as unconditional grants or conditional grants. Unconditional grants are transfers that are made to municipalities for either a general-purpose or with no conditions attached thereto. Conditional grants are set aside for unambiguous determination which must be achieved, usually within the financial year that the grant has been issued. To receive a conditional grant, municipalities will usually be required to submit a proper business plan for the project to be undertaken.

Municipalities receiving conditional grants are required to report monthly to the sister departments of Local Government and Treasury, detailing activities of how the grant money was utilized. Different grants are used for different purposes, but conditional grants normally are for funding capital projects in line with the DORA requirements.

Local municipalities are the recipients of conditional grants from the higher spheres of government to fund operations as well as capital projects funding (Division of Revenue Act, 2015). Apart from provisional grants allocated to local municipalities in line with DORA, other types of government grants are also received by municipalities for specific mandates and projects as informed by the need. Loan funding just like conditional grants are both types of external funding sources and specific conditions may be attached to them. The National Treasury has to oversee the process of transferring these grants funding to municipalities.

2.4.2 Own Revenue

According to Manyaka (2014:131) internally generated income is explained as the money or income received by local authorities or any of its delegated entities to do so in areas where service is provided and must be paid. This type of revenue is directly linked to the revenue from exchange transactions.

To put this in simple terms; revenue from the exchange of transactions is the type of income the Municipality generates in exchange for rendering services to the customer. National Treasury (2008) argues that "local authorities are under pressure to be financially sound; this would mean that service charges are followed through the debtors' books and subsequently collect successfully".

Although the government reserves a lawful ground to impose taxes on property, undeveloped or vacant land is not taxable, which prevents the proficient habit thereof (Fjeldstad & Heggstad, 2012). The tax imposed on properties depends on out-of-date valuations that do not include improvements made to the properties. These may include rezoning for some properties where enforcing municipal bylaws will be necessary.

There is a pure demonstration in the application of the rates and taxes in local authorities that developed and semi-developed local authorities are better off than the previously disadvantaged ones in as far as how income is collected. This could be as a result of affordability levels of people living in the cities as compared to the lives of those that are in the rural areas (Manyaka *et al.*, 2013).

Revenue collection is entrenched primarily on the principle of recovering costs for the services rendered, the importance thereof being the ability to collect from customers, fully or in part for rendering services. According to Ruiters (2007:488) "local government through municipalities in South Africa have over the years post-apartheid government resorted to the prepaid metering system, not solely to boost charge rescue, but to minimize interference from politicians and at the same time tutor consumers into captivating proprietorship of their ingestion and see themselves further as consumers than just residents with privileges". The more communities begin to see themselves as part of the collective in helping the municipalities to self-sustain the better for the municipalities.

In as much as the community in a form of customers are obliged to assist this process, municipalities have an even bigger responsibility to safeguard the delivery of quality services to their communities without fail. According to Gideon and Alouis (2013:234) “transparency and accountability as principles that go hand in hand mandates municipal elected councils to be answerable to their constituencies for the policies, actions and use of public funds”.

Municipal service charges constitute a major percentage of income for the Municipality that the local authority can raise from rendering such services in many metropolitan and local authorities in the country (Schoeman, 2011:4). According to Reddy and Maharaj (2008:70) as cited by Tshishonga (2019:161) “the challenge of service delivery is overwhelming seeing that the call for service surpasses the available resources”. The failures by local government to deliver on the command to deliver services has driven the communities to a prevalent disappointment and that leads to a no-confidence attitude (Tshishonga, 2019:161).

Although Fjeldstad and Heggstad (2012:20) argue that “the major economic basis for service charges is not to generate revenue but to promote the fiscal use of resources within the public sector”, this belief is not only critical to guarantee accountability by municipal councils, it also establishes democracy in local government as it has the prospects to empower residents to have a role to play in determining and prioritizing which services are key to them and as a result, paying for them won’t be a problem.

There has been a major outcry when it comes to municipal billing systems across South Africa. Customers are generally not happy with paying their hard-earned money for the services they do not enjoy. Schoeman (2011:8) states that “local authorities in countries such as Tanzania, on average collect only a moderately smaller percentage of income from revenue bases”. This is attributed partly to the abolishment of many income sources and partly due to the increased allocation of grant funding from central to local government.

It, therefore, does not come as a surprise that most rural municipalities depend deeply on intergovernmental transfers as revenue for municipalities. This income service link is an indication that there is a possibility for a robust linkage between the local authority’s income benefits and the provision of services to residents that service their accounts (Kanyane, 2011).

2.4.3 Intergovernmental Transfers

Kahn *et al.* (2016) suggest government grants, for the benefit of local authorities in a form of grants, largely institute a huge and an imperative base of revenue for greatest part of, if not all municipalities in South Africa.

National Treasury (2008:51) states that “this arrangement of allocations is envisioned to help local authorities in fighting deficiencies and improving on their own capacity to render services”. The African National Congress (ANC) as the governing political organization in South Africa conceded that substantial number of municipal councils in the country is still in profound agony and thus categorised by poor service delivery levels. This view is also shared by Kahn *et al.* (2016) when arguing that municipal council’s reliance on grant funding and other transfers as their base of income has gone up intensely in South Africa. An element of the dependency syndrome then emerged from that (White Paper on Local Government, 1998).

The term dependency syndrome is used to refer to the state of affairs where local councils are struggling to remain independent financially, but are rather dependent on national bail outs in the form of intergovernmental transfers (Kanyane, 2011:935). This is a clear indication that municipal budgets are poorly managed and this cast some serious doubts on whether there is a proper alignment of the budget to the IDP and the SDBIP. Even though it is commonly acknowledged that most local authorities are fragile, it is nevertheless worth observing that depending highly on national revenue in a form of grants and transfers has grave bearing on the self-sufficiency of municipalities.

Readings in public administration endorse that the mainstream municipalities in rural sections of South Africa are not self-feasible (Kanyane, 2011:935). Collection of revenue has intense inferences on the fiscal feasibility of municipalities. Whereas revenue collection is a legislative requirement, it is imperative to note that the investigation of the revenue collection inclinations in South African municipalities show that many municipalities fail to comply with the necessities that an equitable amount existing spending be articulated by means of individual funds (Schoeman, 2011). It can, therefore, be contended that short of the satisfactory revenue source from which municipalities might improve its collection, municipalities will generally find it difficult to grow into being self-sustainable. Equally, prime collection of revenue would see an escalation in the financial feasibility of municipalities.

2.5 Challenges Facing Rural Municipalities on Non-collection of Revenue

Of the two categories of revenue, the collection in municipalities continues to be a big challenge where now reliance is more on intergovernmental transfers than generating and collecting revenue for services rendered. Strategies need to be formulated to enhance the assortment of municipal income. A Municipality needs to know the root causes of non-collection of revenue to correct it. (Manyaka, 2014:135) alluded that challenges do exist in municipalities across South Africa majority being the rural ones.

There is an existing and continuous tension between staff that works under credit control and politicians. Rural municipalities are mainly poverty-stricken and politicians on a campaign trail during elections time, commit to some of the demands by communities and such demands have proven to be inconsistent with the applicable laws and policies of the Municipality and this subsequently leads to the tension between officials and politicians.

Challenges in municipalities lie in the following areas which still need strategies to improve the problem areas:

(i) Billing and collection

(ii) Affordability of basic services

(iii) Accurate accounting for indigents

(iv) Municipal power to recover unpaid amounts

(v) Management of debtors

Rural municipalities generally have a very limited base for economic activities and these are mainly situated in areas that were previously known as motherlands where deprived groundwork, unemployment levels, and lack of sector diversity have historical roots (Manyaka, 2014:134). The same sentiments are expressed by (Thornhill, 2009:135) when he states that rural municipalities are expected to function fully and be able to generate their revenue while surrounded by poor people living in villages.

According to (Sikhakane & Reddy, 2011:85), the main difficulty confronting municipal councils is the provision of services accountability that is not fully practiced. Rural municipalities such as RMLM struggle to deliver these services to the community due to amongst others, budget constraint issues.

Failure to successfully collect revenue leads to delays to deliver services to the community through internally generated funding. Delivering services comes with making available the priority list of the residents to improve their standard of living. Key to that is the depiction of an evolving method of confined administration (Tshishonga, 2019:163). It has been an interesting trend to observe that service delivery through community projects is only realized by heavily relying on conditional grants from the upper levels of government, with one such grant being the Municipal Infrastructure Grant (MIG) for internal roads and public facilities as well as the Integrated National Electrification Program (INEP) for electrification of newly developed low-cost housing structures.

According to Sikhakane and Reddy (2011:85), the constant achievements by most municipalities are credited to the commitment displayed by those that are central to the administration and concerned participants in the confined government administration. Involvement in local social equality recognizes public accountability as an important tool. The state has come up with the regulation to certify that those who are participants, as well as the interested parties, carry out their duties respectively in facilitating service delivery efforts. Public accountability remains just rhetoric in most municipal environments that is against the backdrop of all government initiatives to improve governance.

The difficulties range from the ineffective implementation of transformative pieces of legislation and the effects of repressive and rigid apartheid government (Sikhakane & Reddy, 2011). Failure by government officials to deliver on the responsibilities they are entrusted with has a direct link to poor service delivery. It is therefore imperative to understand that most encounters found in municipal councils result in maladministration and poor delivery of services. The element of a phenomenon known as cadre deployment can be attributed to this because having the relevant skills set to perform certain duties is overlooked when people get appointed to these positions.

The risk with the above is that qualifications are usually overlooked in favour of those that are related to politicians and senior staff. Tshishonga (2019:161) also adds on to say that local government is confronted with the challenge of bringing expansion and consensus in this sphere of government by promoting active citizenry involvement. Fragile organizational capability together with an ailing skilled workforce are the reasons councils miscarry to discharge their obligation to providing amenities to the communities successfully.

According to Smit *et al.* (2011), the idea of culpability is political, legal, or professional, require officials to take responsibility for the consequence whether negatively or positively. Corrupt activities such as mismanagement of funds are a reality in municipalities and that leads to poor delivery of services.

Far-reaching research has been conducted and it indicates that local government in South Africa is confronted with many difficulties and lack of funding, human capacity, and land are possessions at the heart of service delivery (Tshishonga, 2019:161). Frail placement of unskilled officials and the devoid of thinking strategically contribute to lower delivery of services.

The council is primarily rural with a high rate of joblessness and most households are unable to pay for their services. There are other avenues that local authorities may resort to, to better the collection rate, amongst others, is the following:

(i) Ensuring that there is metering in all the properties

(ii) Monthly conducting of electricity meter readings

(iii) Prepaid smart metering

(iv) Acceptable delivery for bad debts in the municipal books

A proper management strategy for debtors involves paying detailed attention to the top 100 debtors in the councils' debtors book, a proper follow-up on long outstanding departmental debts, attending to the returned mail by utilizing income clearance certificates when there is a transfer of ownership for property and when it is being sold to guarantee the collection of all outstanding monies.

Debtors should be closely monitored to ensure that tolerable payments are held in reverence of rowdy consumers, emerging consumer awareness by loose act and operative statement as well as the automation of the debt collection processes. The number of debts that municipalities choose to write off as uncollectable impacts the amount of debt older than 90 days in the debtors' age analysis. Municipalities seem to have resistance in writing off debt because there is a discernment that this will send an adverse signal to people concerning the penalties imposed for non-payment.

This is against the backdrop to the fact that all possibilities may have been to collect income may have been fully explored.

According to Bazel and Mintz (2014:27), executive mayors and municipal councillors are confronted with the community that is not willing to pay more for their property rates and taxes as well as for service charges to support funding for infrastructure projects, they have another recourse of seeking funding from higher levels of government. This has been the case with RMLM where NMMDM is a water authority provider and is responsible for the provision of water in and around the villages of RMLM.

This has however resulted in a widespread community protest for the lack of water provision being directed at the local Municipality, despite the district being the one entrusted with the responsibility of providing water to the community. However, the involvement of senior levels of administration in the functions of local Municipalities is not necessarily good policy but can be seen as good politics (Bazel & Mintz, 2014:27). In the South African context, it is known that municipalities are directly accountable to the provincial department of Cooperative Government and Traditional Affairs as well as the Provincial Treasury.

A key monetary encounter in many municipalities around South Africa according to Beyers (2015:122) is an insufficient gathering of revenue for service rendered due to a growing culture of not paying. That, however, it is sensible to undertake that there is an association concerning affordability levels and the willingness to pay. Moreover, given limited resources, it is highly likely that the collection of revenue for rates and taxes improves when the focus is being redirected to the most accessible and better off ratepayers.

Lack of major infrastructure network is generally found in lower scale municipalities with the majority of officials likely to be unskilled, capacity is thereby compromised. That involves understanding of basic functions as set out by treasury such as customer billings for service charges as well as full implementation of the credit-control policy (Beyers, 2015:123). RMLM being a small Municipality in the rural town of Zeerust is confronted with the same challenges of skills capacity or lack of, due to factors such as poverty, unemployment, and lack of access to resources.

Attracting the best-qualified professionals to come work in a small rural town will always prove to be a difficult task. There is again a culture in municipalities where officials cannot divorce party politics from administration.

2.6 Strategies on Enhancing the Revenue Collection of Rural Municipalities

Challenges have been looked at now this section will advise on strategies to the problems identified above, as to how best to optimize the generation of revenue. However, it needs to be noted that the strategies are not extensive and application will differ from one Municipality to the other.

Aggregately the problem remains the non-collection of revenue.

1. **Billing and collection**

   Maintaining an accurate billing system and employing effective strategies to collect is influenced by several aspects. They consist of a correct database of consumers, an efficient metering system on water and electricity consumption, sufficient capacity of staff, and suitable mechanisms for payments of consumers.

2. **Affordability of basic services**

   Regular updating of the indigent register will assist to ensure that all people not paying for services are within the threshold of indigents.

3. **Accurate accounting for indigents**

   The Department of Local Government describes citizens in the rural villages who need basic services but are unable to settle their accounts as indigents. Indigents are exempted from paying fully for basic services rendered to them by their municipalities and the Government thereby subsidizes them monthly. Section 64 of the MFMA highlights that a Municipality needs to ensure that they regularly update their indigent registers to remove those that do not belong in the indigent register (Municipal Finance Management Act, 2003).

4. **Municipal power to recover unpaid amounts**

   In cases of effective liability controlling, the administration has an option to consider the extension of more corrective rescue processes, by taking a separated method to increase the commands of municipalities.

5. **Debtors book Management**

   Every Municipality has different accounting policies which have been approved by their council as municipalities are known to operate autonomously. The difference mainly lies in debtors' write-offs through council resolutions and how they provide for bad debts.

Guidelines can be followed and understood which can assist greatly. According to section 168 of the MFMA, the minister can establish guidelines that apply to municipalities (Municipal Finance Management Act, 2003).

The starting point for municipalities when embarking on the process of uncovering the difficulties they confront due to lower revenue collections emanating from inadequate or lack of revenue source. The national government, therefore, needs to review its allocation of municipal funding to safeguard the commitment in ensuring transparency when taking services to the people.

Promotion of local economic development done with a divergence of sectors upholding local economy in rural municipalities is important. Poverty eradication through the establishment of projects that will result in the creation of employment for the community will assist municipalities to loosen their impending local economic sustainability thus generating improved socio-economic prospects. Equally, this could allow residents to have acceptable access means of survival which in turn could empower them to manage to pay for their municipal services (Gideon & Alouis, 2013:243).

Provision of adequate backing to confined authorities, in the form of capacity and financial assistance, and the financial resources, could help lessen the mounting inclination of rural to metropolitan migration, which hampers the process of distributing and allocating resources to the growing population in the metropolitan areas in the country. The two higher levels of government administrations, therefore, need to provide the required support to mainly rural municipalities for all these to be achieved.

According to Beyers (2015:123) improvement approach has funding effects, except for when it is correctly handled, the principles of leading operations such as unqualified audit opinion are hard to come to being. Most municipalities have a higher rate of vacancies and dysfunctional internal training in key parts such as governance and funding.

RMLM just like many other municipalities in the province relies heavily on the services of consultants to perform duties that staff members have been appointed to do. Skills retention also remains a challenge as no skilled professionals are willing to work in small towns over big cities and it also takes time to fill vacant posts.

2.7 Reviews on Global and Regional Studies

This section is reviewing the literature gathered from other studies which were conducted on revenue collection. These studies have covered the global perspective, African and regional perspectives. These studies are discussed in the following subheadings.

2.7.1 Global and Regional Perspective

In this segment, the study pursued a synoptic collection of income review standards in designated global and regional nations with an outlook to instituting the degree to which they relate with confined municipal income collection methods in South Africa. Each country is governed through its legislations and they all differ from country to country on how their system of government operates.

2.7.2 Experiences in Canada

According to Kitchen (2002:156) the amalgamation of augmented capital accountabilities for cities, lower regional grants, and equivalent escalations in dependency on revenue sources over the previous 12 year period have transformed the financial setting that municipalities operate in. Throughout the same duration, municipalities and metropolitans, and principal states have converted gradually the key role players in the economical universal economy.

This allows for citizens to become active role players in the local economy of the areas they reside in. It gives them a voice and a platform to contribute to the direction in which their lives are taking, led by their local authorities. Spending obligations and sourcing of funds prospects council administrations in Canada are strictly overseen by higher structures administrations' laws and policies (Kitchen, 2002:156). This type of environment renders municipalities the "creatures of the province" and as such is permitted to do what is acceptable by the higher administration.

According to Kitchen and Slack (2003:2216), the sudden importance in the monetary situation of cities in Canadian originates relatively from the recognition that major cities and city-regions are the main drivers of monetary success in this nation and somewhat from the observation that their impending fiscal sustainability is endangered.

For the fact councils are not allowed to budget for operational shortfalls according to Kitchen (2002:160), yearly operational overheads are envisioned to be on par with the yearly income. Council's incomes in Canada comprises of endowments with and without conditions imposed on them and internal sources of funding, containing taxes imposed on properties and service charges, with minor quantities realized from reserves and a sundry gathering of entertainment-related taxes, licenses and authorizations, and levies and penalties imposed on lawbreakers in the jurisdiction of the municipal boundaries. The standard of services delivered has a direct link to how the value of life for residents and impacts on the people's choice of residence and ultimately where the business will be situated.

The standard of the schooling classification, traditional and entertainment areas, infrastructure, societal amenities, and the variety of residential decisions are key determiners (Kitchen, 2002:167). Any community that enjoys the delivery of quality services from its city council is likely to pay for such services as those services improve their quality of life. To flourish fiscally, councils need to have the ability to amass enough income to deliver on their spending commitments (Kitchen, 2002).

This is according to Kitchen (2002:167) is influenced by three factors:

1. **The recurring compassion of municipal backing accountabilities:** is there an alignment on the spending part versus the commercial activities?

2. **The bulk of the local income base and local taxes to keep pace with spending accountabilities:** is the income base enough in the limited tax base to allow incomes to go up and down in line with the spending necessities?

3. **The aptitude of municipalities to device their individual purpose***:* is there enough controlling powers for councils on spending accountabilities and income bases to achieve non-stagnate monetary conditions?

Adams and Maslove (2009:16) state that in the level of government structure higher than the municipal level, finances for municipalities are distributed fundamentally on per-capita, prerogative grounds with a few of minimum alterations to guarantee that the minor constituencies obtain a justified portion. These distributions are going to vary with the new data from the census.

The delivery of resources formed the three categories of funding namely the community works, strategic priorities, and innovations, and further categorized municipal councils into three levels as informed by the unique circumstances of each community as well as the population concentration, the level of development, closeness of communities to developed zones and the importance of internal groundwork (Adams & Maslove, 2009:16).

2.7.3 African Perspective

Sub-Saharan African countries have in the past several decades been growing steadily at an increased rate. They are mainly poverty-stricken counties and have fallen short to successfully maintaining the importance to deliver to their communities the most basic amenities. According to Stren (2014:19), most parts of the African continent are former colonies of Europe and Britain, as such, it is expected that when they gain independence, they also inherit governments with systems and laws that existed to oppress them as opposed to making way for them to co-exist with their former colonizers. Many of these countries as a result rely on international aid from abroad for medical and food relief programs amongst others.

Regardless of developed regions receiving lesser consideration as opposed to other growth significances, funding from the European union foundations to African states has been substantial dating back to the 1970s (Stren, 2014:19). Central to the international aid programs in the metropolitan district over the four previous decades and the success rate brought by foreign aid to address scathing challenges in the African metropolitan districts. Recipient countries for this foreign aid have over the period made notable investigations among the donors, not only based on their success and failures but from the advancement of their priorities.

Fjeldstad (2006:3) state that it is devoid to the exclusion that administrations globally dispense more spending roles to local governments than can be funded from their income bases, the outcomes of this disparity of purposes and funds usually called the ‘upright disparities’ is that municipal councils are commonly reliant on allocations from upper government levels. Various methods to narrow the financial inequalities of lower-level tier exist, to some degree this even results in limitations between areas of authority.

The expansion of the population in Africa has overtaken the local council's ability for adequate service delivery in terms of supervision, organization, and funding. According to Fjeldstad and Heggstad (2012:1), municipal authorities in developed areas are former colonial administrative governments, have not fully seen the restructuring to handle the fast-growing inhabitants. This has led many of these African states to fail in delivering basic services to the communities they serve.

Furthermore, a rising quantity of inhabitants reside in the informal settlements categorized by lacking basic services such as housing, clean water, electricity, sanitation, refuse collection, roads, and transport (Devas, 2003). Thirdly, Brosio (2000:29) states that many local government authorities are financially weak and rely on financial transfers and assistance from the central government. Fjeldstad (2006:1) further states that local government tax administrations are often inefficient and not able to properly account for revenues collected.

2.7.4 Experiences in Ghana

According to Armah (2014:48), the assembly or Municipality identifies the necessity to assemble in-house reserves to upkeep its expansion determinations. To this end, the municipal council has been divided into nine dissections to improve collection efforts, management as well as observation. A couple of income suppliers have also been involved in ensuring that all ratepayers get a hold of.

Municipalities in partnership with private specialists are considering commissioning a program and device income coordination through a long-term technique to improve internal funding. The initiative encompasses the property numbering, street naming, and on record the socio-economic figures on families and households to be electronic for income raising arrangements and the purposes of planning (Armah, 2014:48).

2.7.5 Experiences in Sierra Leone

According to Jibao and Prichard (2013:22), the entire process of municipal property tax reforms in Sierra Leone is accordingly inspiring in various ways, has a relative mix to it. The municipal councils have realized major income advances, but these gains are characterized by differences transversely to four municipalities, notwithstanding having to undergo technically comparable restructuring courses.

This mounting inclination on property tax in Sierra Leone is principally imperative to comprehending municipal income generation, that is the case because this levy is equally the most consistent long-term income base for municipalities and even more theoretically and discreetly challenging to recoup as opposed to other types of taxes. While improvements in generally confined income mobilization continued to be considerable, but unglamorous, the presentation of property tax recouping is more prominent with property tax income swelling intensely through the councils. In 2005 property tax was comparatively unimportant incomplete expressions and was dwarfed by other levies as a share of local government revenue (Jibao & Prichard, 2013:11).

2.7.6 Experiences in Zimbabwe

The confined administration in Zimbabwe according to Gideon and Alouis (2013:238) is compulsory through 58 Rural District Councils and 28 Urban Councils. The former attain their roles, authorities, and duties from the Rural District Councils Act whereas the latter pulls from the Urban Councils Act. Contained in these rural and urban local establishments, there are 6 city councils, 8 town councils, 10 municipal councils, and 4 local boards in downward order of rank, power, control, and funding. Local councils must afford communal amenities, uphold and build numerous substructures in parts below their rule. The payment for these goods and amenities is based on the service being rendered to institute a financial obligation.

The urban Council Act allows for municipalities to assemble funding on their own by ensuring that rates are levied and that there is a review on tariffs imposed by regulations as outlined by the central government. Below is an examination of familiarities in designated municipal authorities (Gideon & Alouis, 2013:238). City councils develop the greater part of their incomes from the rates imposed on properties, proceeds from exchange versions, charges or levies for amenities rendered, registration and licensing of motor vehicles, education, health and road grants. Income is also received from the principal administration in the form of universal and definite reserves in respect of major projects like water and sewerage reticulation, storm water drainage, among others. According to Gideon and Alouis (2013:239) “the council receives payments for charges imposed on hiring of its properties such as the city sports center, the State Lottery and Harare Gardens for social events and functions such as churches, seminars, musical bands and weddings”.

This are some of the well-known effective ways for any government to enhance its revenue collection base as rental predominantly is on a prepaid service. The Municipality also acquires its income in the form of penalties from defaulter's traffic laws and bylaws. Similar to RMLM, the Bulawayo City Council (BCC) mostly make its income from taxes on properties, licenses, user charges and fees, fines, receipts from trading accounts, borrowing and public-private partnerships. However, the public-private partnership route exposed the BCC to overdrafts from commercial banks (Gideon & Alouis, 2013:239).

The accomplishment of corporations is dependent on the structure of contractual provisions as well as how the associated risks are mutual. The BCC also enjoys the monetary welfares of global inter-local-governmental associations. For example, in June 1986, the BCC weaved with the Scottish city of Aberdeen. However the BCC just like other limited establishments in Zimbabwe, is destroyed by the culture of unpaid arrears by state sister departments and private sector corporations (Slack, 2009).

2.8 GAPS IN CURRENT LITERATURE

No literature could be found on the topic chosen for the study and as such this study will be new to RMLM and will lay a foundation for future studies on the same topic. Additionally, further research is necessary to conduct in the data collection stage of this study to aid in coming up with suitable findings.

2.9 SUMMARY

This chapter has outlined fundamental issues of revenue collection within the local government presented in an array of literature by various authors. The chapter described the context of the study which is the RMLM and the various constructs that make up the Municipality. It also provided insight into the types of revenue collection strategies that can be explored in pursuit of improved measures to enhance revenue collection. Although there has been a remarkable breakthrough on the conceptual cognizance of the revenue collection, a question then arises to ask who the role players are and what is expected of them, there is more room for improvement. The rise in comprehending the significance of ensuring that the credit-control policy is fully enforced has not been practically tested in the local government sphere as the revenue enhancement strategy and its committee are still not integrated. The following chapter focuses on the research methods followed in this research.

CHAPTER 3: RESEARCH METHODOLOGY

3.1. INTRODUCTION

This chapter outlines the approach that was followed by the researcher in accomplishing this research and gives credence to each step. The section covers a discussion on the research design, details of the population, sampling techniques strategy, data collection, and ethical issues. The research methodology was deliberated in this chapter. Details relating to the population of the research, the techniques of sampling to be utilized, and the collection of data method as well as the format of analysis were defined.

Research methodology has been defined by Polit and Beck (2010) as a manner of finding, establishing, and exploring data. The research followed the quantitative deductive approach which enables the examination of theories from qualitative data that denotes an exploratory deliberation in the day-to-day life, as such leading the researcher to an envisaged result.

According to Babbie (2013:112), research can be defined as insight and standardized exploration for new and meaningful information on a particular field or industry. It is achieved with the aid of studying, experimenting, observing, exploring, comparing, and reasoning. The previous chapters have identified the key difficulties that exist in RMLM with regards to revenue collection and hence the importance for this study as it sought to detect the factors affecting revenue collection in RMLM.

3.2. DESCRIPTION OF RESEARCH DESIGN

Research design is further explained as the stage of research that takes place at the planning stages of a research project as it is the plan and structure of the considered investigation to acquire remedies to the research questions (Babbie, 2013). It is the blueprint of the entire plan for linking the theoretical research problems to the appropriate experiential exploration. The research design further expresses data is required, what methods are going to be utilized to collect and analyse this data, and how all of these are aimed at addressing the research questions.

Both the data collection, methods, and how these were configured in the research project, need to be the most effective in producing the answers to the research questions (Mmemezi, 2018:23).

The information for this study was based on a survey since its objective is to undertake a broad overview of the population of RMLM who are involved in the administration of the revenue collection in the Municipality. The survey was in the form of self-administered questionnaires submitted to the Accounting Officer (AO), the Chief Financial Officer (CFO), Revenue and Debtors Management Unit, Infrastructure and Technical Directorate as well as Planning and Development Directorate of the Municipality. These employees were carefully selected to form the population as they are central to the day-to-day operations of the Municipality. The day-to-day operations in the context of a Municipality are service delivery, which essentially results in potential areas to collect revenue for services rendered to residents. It is necessary to elicit a response from the municipal staff as they are responsible for the effective operation of the revenue collection.

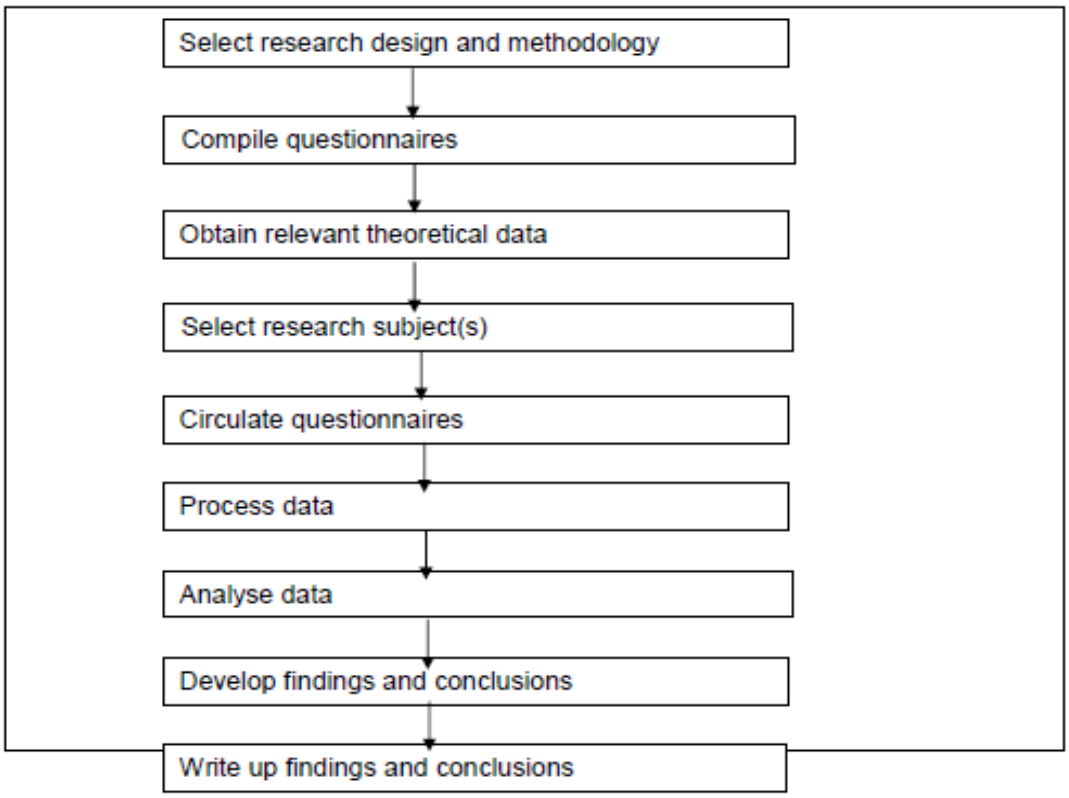
The research relied on the quantitative approach and the theoretical research was also included to complement this type of research approach. According to (Bryman & Bell, 2014:31), quantitative research is a particular approach of research that enlists the numerical data collection, takes into account the relationship between theory and research as deductive, prioritizes a natural science approach generally and particularly positivism, and also adopts and objectivist formation of social reality. Qualitative research, on the contrary, explores the non-numerical data which ordinarily would incorporate words, pictures, and examination of activities.

Furthermore, the quantitative research method is defined as explaining the phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics) Aliaga and Gunderson (2000). Leedy and Ormrod (2013)alluded that quantitative research is focused on hypothesis testing as a result of a theory to measure the size of a phenomenon of interest. Makgatho (2013:9) further supports the view held by (Bryman & Bell, 2014:31) by adding that quantitative research is a correct method of testing the theory in the case of research.

An easier decision was made to follow the quantitative method because the information contained in the RMLM's Annual Reports and General Reports for the 2017/18 and 2018/19 financial years will be analysed. The reports give a summary, analysis, and trends of how the revenue collection has been performing, what is the status quo, and what is the norm as per the National Treasury's financial ratios circular no 71.

The quantitative approach of research was preferred for this research due to its scientific systematic inclination, thus its credibility and impartiality.

Figure 3-1: Study Methodology



Source: (Bryman & Bell, 2014:32)

The study follows the above structure as inspired by Bryman and Bell (2014:32). The figure depicted above is discussed briefly on the step-by-step process to give an insight into what they represent. The above further outlines the process or the approach that was taken in conducting the study. It begins with the step that entails the selection of a research design which has implications for a variety of issues such as the external validity of findings and researchers' ability to attribute causality to their findings.

After that is how the data was collected using a structured questionnaire, how theoretical data was obtained, the selection of the research subjects, circulation of the structured questionnaire, the process data stage which entails preparation of the collected information so that it can be quantified and transformed into data. Following that is the analysis of data where the researcher uses quantitative data analysis techniques to summarize the data collected, to test for relationships between variables, and to develop ways of presenting the results.

The design further moves to develop findings and conclusions where the researcher will consider the relationships between his or her findings and the various questions raised at the beginning of the research. Lastly, the researcher writes up findings and conclusions to enter the public domain as a research report. These results must convince the readers that the research conclusions are important and that the findings are robust, convincing, and valid (Bryman & Bell, 2014:33).

3.3 POPULATION

In the context of this research, the population can be defined as a class of people or things that demonstrate attributes that apply to the conducted research. As the resolve of the research was to uncover the factors impeding the collection of revenue, the population was chosen for sampling in this research was RMLM officials who are involved with the management of meters, billing, collection, credit control policy implementation, indigent registry, traffic fines and reporting for purposes of data collection. The inhabitant is equivalent, not too large, and is concentrated within one Municipality thus enabling ease of access.

The RMLM population figures according to the Census are estimated to be 163 748 in the year 2020. This population has been growing at a rate of over 0.93% per year.

This growth rate has been constant from 2001 through 2011. Graph 4.1 below indicates the projected population growth of the Municipality from 2011 to 2035. The population of the Municipality will grow on average at an annual rate of 0.74% which will amount to 184 867 people living in the municipal area by the year 2035. The projected growth in the population will mean more people requiring more services from the Municipality.

3.4 SAMPLING

Furthermore, only officials within the Municipality in the accounts department have the necessary knowledge to give a meaningful contribution to the study. The research followed a purposive sampling method. According to Bryman and Bell (2014:178), purposive sampling is a non-probability sampling method wherein the sample is selected based on the knowledge the researcher has about the knowledge of the respondent. The sample size used was 103 employees from the total population of 330 employees at RMLM and they are representative of the total population of the Municipality, thus generalizations from the study are made to all RMLM.

The sample comprises employees of the Municipality who are based in the service delivery departments where functions such as the sale of land; water and electricity meter connections; water and electricity meter readings; refuse removal, as well as water and electricity meter disconnections for non-payment of services, are performed. All these factors mentioned above, have a direct impact on the flow of revenue for services rendered. Of these selected participants, 87 respondents made themselves available for the survey giving an 83% response rate.

For the theoretical component of the study, management reports and financial reports of the Municipality were obtained from archived records of the Municipality, current records, as well as the relevant policies, were analyzed for this study. Applicable and relevant legislation and policies, as well as financial data, were obtained from the municipal websites as well as the provincial government and national government websites.

The population from which the sample was drawn includes all organizational members within the RMLM Municipality which equal to a total number of 330 employees. The researcher considered all the ethical issues and ensure that permission to research at the RMLM is sought before any collection of data.

All the participants were informed of their right to confidentiality and were required to sign a consent form to be participants of the study using filling in the questionnaire (Ngobeni, 2018:5). The technique utilized in the research to respond to the questions is quantitative research (Kumar, 2010). The study was done through an administered questionnaire to the employees of RMLM working in Infrastructure, Planning & Development, and Finance. The quantitative or determinable approach method is informed by the rational certainty and measuring of objects that are visible and independent of feelings and opinions (Welman *et al.*, 2005).

According to Bless *et al.* (2006) the determinable research methods, implementation of statistics that measure data are included. The quantitative method has been followed in this research because of its nature in allowing the researcher to explore all avenues that will assist the researcher to address the issues found. Research design is the pattern or direction of the study that outlines the type of study in question and research questions, it looks at independent and dependent variables, data collection methods, and statistical analysis plan (Miller & Yang, 2007).

The employees in the above-mentioned sections will be randomly selected based on the level of seniority. The reason behind this approach of design is to enable the researcher to analyze trends and identify challenges through the methods of data employed in this study. The quantitative approach requires the researcher to be distant and independent from that which is being researched, this is done to minimize the risk of falsifying the observation made in the study. Objectivity is key when data collection methods are being selected and when analyzing the same data during the entire research process.

3.5 DATA COLLECTION

The data collected was done so using a structured questionnaire to ensure attainment of objectives set, which are quantitative using a questionnaire. According to Welman *et al.* (2005), collection of data is the method of turning raw data into simple readable information that will be understood and refined into a final product. Gray (2011) added to say that methods for data collection can be in a systematic form that will be used to obtain information, in the case of this research, a self-administered questionnaire. It is imperative to note that data collection must be systematic to lessen the difficulties in answering the research questions conclusively.

According to Antonius (2012:43), data collection is seen as one of the integral steps in the research process. It amongst others include data collection after the research design outlined. There are various data collection methods such as using the available information, historic information, observations, interviews, administering written questionnaires, group discussions, and projective techniques together with mapping and scaling.

3.5.1 Questionnaires

In line with the chosen quantitative approach, an analysis using questionnaires was conducted with the population. A questionnaire is a compilation of questions that the participant to a survey is expected to answer honestly and often confidentially. The questionnaires were self-administered by the participants and circulated either by email or hand delivery and returned similarly by email or by hand delivery.

The use of questionnaires as a data-gathering tool on the study was chosen for various reasons which include: the convenience in completion for the officials participating in the study as it enabled the participants to answer the questionnaire at own their convenience encouraging participation, furthermore, as questionnaires are prepared such that respondents remain anonymous, it encourages honesty in the responses.

Questionnaires also enable standardization of the questions to the respondents to enable meaningful analysis of responses received and comparison as well as drawing certain conclusions from the responses given. The study was conducted during the 2020 academic year. The questionnaires were used as a means of gathering valuable input to answer the question of what factors affect a Municipality resulting in the non-collection of revenue for services delivered to the community and the effects thereof on service delivery.

With a self-completion questionnaire also referred to as a self-administered questionnaire, according to Bryman and Bell (2014:191), respondents or participants respond to questions by filling in the questionnaire themselves.

The following advantages as outlined by Bryman and Bell (2014:192), for the use of questionnaires instead of interviews exist:

1. Cheaper to administer – There are no cost implications especially when the questionnaires are circulated electronically or if the study sample is not far apart.

2. Quicker to administer – Questionnaires can be distributed simultaneously in bulk especially using means such as email.

3. No variation from the interviewer- the questionnaire remains constant and does not make provision for the risk of improvising that is present during a live interview.

4. Absence of interviewer effect – The absence of an interview removes issues of familiarity or feelings of intimidation fear or loss of objectivity due to the need to please the interviewer or to show a certain bias.

5. Convenience for respondents – self-completion questionnaires bring convenience for respondents because they can complete a questionnaire when they want to and at their own pace.

Officials at various levels within the Municipality in RMLM who are involved with revenue, billing & collection, reporting, and electricity under infrastructure and town planning would be sent the questionnaires for purposes of data collection.

A sample size of 103 employees from a total population size of 330 RMLM employees was selected for this study. Management Reports and Financial Reports of the Municipality will be obtained from archived records of the Municipality.

3.5.2 Types of Questions on Questionnaires

Self-completion questionnaires were administered on the respondents. The questionnaires have absolutely no room for variation of answers as all respondents get the same questions. The type of questions administered through the self-completion questionnaires for this study are mainly closed questions which enables ease of answering for the respondents and for ease of coding. Pre coded questionnaires also provide for comparative analysis. However, a few open questions were also administered in the questionnaire to allow the respondents space to contribute meaningfully to the study.

The respondents were given an option to answer the closed ended questions by rating them using the Likert scale. The respondents had an option to choose an answer on a scale of 1 to 4, with 1 indicating that they strongly disagree, 2 disagree, 3 agree and 4 being strongly agree.

The choice to not have a neutral answer such as do not know was excluded to ensure that respondents committed to an answer rather than having non-committal responses which prevented meaningful analysis.

3.5.3 Validity

Bryman and Bell (2014) described validity as those factors that can threaten the validity so that doubt arises about whether assessment and research claims cannot be trusted. Therefore, validity is when the findings appear to be what they should be. Reliability was defined by these authors as a measure that shows metric or method consistency. More so, reliability is a measure of consistency and uniformity of the responses. Also, reliability and validity measure trustworthiness and quality in quantitative research. This study measures both reliability and validity.

According to Bryman and Bell (2014:25) validity is concerned with the sincerity or coherence of the conclusions generated as an outcome from a piece of research work.

The criterion of measuring the validity of the research work applies primarily to quantitative research and the measures of scientific notion. Measurement of validity addresses the question of whether or not a measure gives a true reflection of the notion that it is supposed to express (Bryman & Bell, 2014). According to Siniscalco and Auriat (2005:76) validity concerns the degree to which a question measures what it was planned to measure and not anything else. Validity deals with the integrity of the conclusions that are drawn and whether or not a measure reflects the concept that is supposed to capture (Bryman & Bell, 2014).

Antonius (2012:43) states that criterion validity assesses if the questionnaire essentially measures the concepts of the study. Siniscalco and Auriat (2005:76) explained that contemporary validity is when one measure is compared to another measure and they are related. For this study, face validity, content validity, and criterion validity will be measured. Validity testing takes four forms which are face validity, content validity, concurrent validity, and criterion validity. Each of them is discussed in the following section. Welman *et al.* (2005) explained these types of validity as follows:

Face Validity

An instrument can measure what it should measure. Face validity was achieved through testing the questionnaire in a pilot study which involved five participants who answered the questions to ensure that it measured what it should measure. Besides, face validity requires that feedback is obtained from the research coordinator and the research supervisor about the questionnaire.

Content Validity

It is described as non-numerical and it entails the subject practitioners in the assessment of the survey items comparing them with standards. Furthermore, through a pilot study, the feedback from the respondents that indicate that they are comfortable answering the questions is a content validity test. This also involves scrutinizing questionnaire items to assess whether the question items in a study are correlating to meet objectives in that study. This provides insight from the research coordinator and research supervisor.

Criterion Validity

It is when consideration is considered that other questions are adopted from other questionnaires of similar studies and are used in the current questionnaire.

3.5.4 Reliability

Reliability is a term used to the question of whether the measure used is sound and consistent. The study must be conducted in such a way that its results can be relied upon and be capable of replication without significant deviation. According to Ngobeni (2018:28) reliability refers to the amount at which a plating process produces compatible outcomes if more than one computation is made. In research, reliability often deals with the quality of the research technique used and identifies whether the performance of the computing instruments is even. To address the question of reliability for this study, the researcher will ensure that participants are treated with the utmost respect and that only relevant questions are asked. It is classified as internal and external validity of the measuring instrument (Mbokane, 2009).

Reliability is the degree of consistency with which the instrument measures an attribute (Polit & Hungler, 1999). It further refers to the extent to which independent administration of the same instrument yields the same results under comparable conditions (Mbokane, 2009). The less variation the instrument produces in repeated measurements of an attribute the higher the reliability. There is also a relationship between reliability and validity. Like validity, reliability has several methods for measuring it. These include parallel reliability, inter-rater reliability, and test-retest reliability. For this study, parallel forms of reliability, test-retest reliability, and inter-rater reliability were measured.

Parallel Reliability

This is described as getting similar or same results from questions which are slightly different. This form of reliability is tested through involving participants taking part in a pilot study to answer a questionnaire from a different study to determine whether same results are obtained.

Test-retest Reliability

This form of reliability explains that respondents are asked to answer the questionnaire items a number of times to find out whether the answers will be the same as those given at the first time.

The participants involved in the pilot study, do not take part in the main study since they were involved in the test-retest. They answer questions at two different times in different contexts to see if the same responses are obtained.

Inter-rater Reliability

This measures the extent to which the respondents answer in the same way given a phenomenon. With this inter-rater form of reliability, the research instrument is assessed by the research coordinator and research supervisor so that they satisfy themselves that the questionnaire is capable of measuring research objectives as well as providing insight into the research questions of a study.

An instrument that is not valid cannot possibly be reliable (Polit & Hungler, 1999). The study focuses on the real-life situation affecting the everyday lives of real people of RMLM. According to Siniscalco and Auriat (2005:78) reliability concerns the consistency of a measure. That is, the tendency to obtain the same results if the measure was to be repeated by using the same subjects under the same conditions.

Factors affecting reliability are impossible to control. These factors according to Kumar (2010:157) are:

i. The wording of questions – a slight ambiguity in the wording can affect the reliability of the research instrument as respondents may interpret questions differently.
ii. The physical setting – in the case of interviews, any change in the physical setting at the time of the repeated interview may affect responses, which may affect reliability.
iii. The mood of the respondents – how a respondent's mood changes after answering questions may affect reliability.
iv. The nature of interaction – the interaction between an interviewer and respondent can affect responses significantly.

3.5.5 Gathering Documents as Sources of Data

Document analysis was utilized as it is also the best approach for this research, as some of the information needed to research this topic is contained in legislation and National Treasury Regulations and Circulars, Municipal policies, Municipal financial reports, Municipal budgets, and the Integrated Development Plan (IDP) was easily accessible to the researcher as he is an employee of the Municipality.

Subordinate figures examination is the exploration of existing figures generated by others. A primary reason for using secondary data is the fact that such data is easily available and replicating it would prove to be unnecessarily burdensome (Bryman & Bell, 2014). The advantage of using these documents is that the study is to a large extent a desktop study. The researcher is not aware of other studies which might have been conducted previously in RMLM that are similar and the documents obtained can be interrogated and analyzed properly.

Information on the Municipality's Revenue reports was obtained using various internal financial reports such as the Billing & Collection and Indigent reports as well as the Debtors Ageing Analysis. The reason for this is that these are the documents that contain details of the municipal revenue streams that the Municipality anticipates collecting from for services rendered in any given financial period as identified in consultation with all the relevant stakeholders. The service charges are billed monthly and account statements are sent to the debtors and the collection rate is therefore measured according to the category of these services.

RMLM's internal reports such as the in-year monitoring report were obtained as these are internal monthly financial management reports that are first presented to Senior Management, then to Portfolio Committees made up of Councilors and officials, and finally to Council for noting and approval. These reports provide more detailed financial information and analysis of income on service charges per category.

The Annual Financial Statements (AFS) of RMLM were also a good source of data because municipal revenue is disclosed in the annual financial statements and because such financial statements are audited, they provide a great source of reliable financial information that can be used for this research.

The Municipality's Annual Reports, other management reports, and minutes of meetings, National Treasury reports, legislation applicable to municipal operations were also obtained for this study.

3.5.6 Internet Research

The internet was also used as a tool to collect data as most legislation, circulars and municipal documents and reports can also be found on Municipality's website, on the National Treasury's website as well as the Municipality's archived records.

3.6 DATA ANALYSIS

The analysis of quantitative data comprises the dissection of data gathered for a study by transforming it into observed numerical data. The collected data were used to determine the mean and Cronbach's Alpha to measure whether the factors identified for impeding revenue collection were measuring the same thing.

It focuses on the description and answering of "what" and "how many" questions about a topic. Quantitative research effectively involves measuring or counting attributes (Mmemezi, 2018:29). Questionnaires were used to gather information for this study. The aim in choosing this component of investigation was that the results of the study would enable the researcher to establish reasons that currently hamper the Municipality in collecting revenue for services rendered to the community efficiently and rapidly. The focus of the study is on the non-collection of revenue for service charges to enable the Municipality to avoid the consequences that follow from the poor collection of revenue on service charges and the effect of such lack of collection on service delivery.

3.7 RESEARCH ETHICS

Mmemezi (2018:30) highlights that in quantitative research, the problem of researcher bias is addressed by both meticulous attention to the separation between the researcher and participants, and a comprehensive attempt not to influence the outcome of the study. In quantitative research, data is gathered first and analyzed at a later stage. Uncompromising ethical principles must be observed in conducting the study to eliminate any potential bias that might be caused by the researcher being an employee of the subject Municipality thus having insiders' insight into the internal operations and challenges of the Municipality.

Ethics in the context of research is behavior that is appropriate about participants and recipients of the resultant work (Saunders *et al.*, 2009). The Municipality was requested and approved for RMLM to be used for this study.

The approved report is attached. Confidentiality of the Municipality has also been respected throughout the study and there is no intention that this study should portray the Municipality in bad taste.

According to Babbie (2013:40) human participants of research should always be treated with respect and not harmed. Harm may include emotional or psychological distress as well as physical harm. Consent to participate in the study was requested and obtained from participants.

The confidentiality of participants was observed at all material times during this study to ensure free and frank responses to the questionnaires that were posed to the participants to make appropriate findings thereon. Participants were not expected to identify themselves by name or to give any personal information that would enable their identification while participating in this study.

Furthermore, respondents were advised in the consent form that they may withdraw consent at any stage during participation without any negative consequences. Ethical clearance for this study was granted by the North West University thus it meets the required ethical standards and this document is attached.

3.8 SUMMARY

This chapter dealt with the research methodology employed in conducting this study. The quantitative research method which forms the basis of this study was dealt with and it is of further importance to note that the population used for this study was not all the RMLM officials but only those officials who were deemed appropriate for this study as they were able to respond and give a meaningful contribution to the study.

CHAPTER 4: RESULTS AND DISCUSSTION

4.1 INTRODUCTION

The earlier section dealt with the research methodology which was used in conducting this study. The study is quantitative and it used the questionnaire to gather data which is analysed through the graphs and tables to determine the means, the correlation, and the Cronbach's Alpha in this chapter. The chapter also discussed the population and the sample size used for this study, indicating that officials from specific Departments within the RMLM were selected as participants to make a meaningful contribution to the study. Therefore, purposive sampling was used. A comprehensive presentation using graphs and tables for these findings is made herein. In discussing the findings, the literature reviewed in chapter 2 was used. The discussions linked the literature to the objectives of this study which were highlighted in chapter 1 in section 1.4.2.

4.2 GATHERING OF DATA

This study used a positivist paradigm by conducting a quantitative study. The data was collected using a questionnaire that contained Likert scale-based question items. The respondents showed their responses by ticking in the applicable box. Data were presented in tables and graphs and were discussed to determine their link with the reviewed literature. With the self-administered questionnaire, respondents answer questions by completing the questionnaire themselves (Bryman & Bell, 2014:191). The self-administered questionnaire for this study followed a very basic approach that involved the researcher handing out questionnaires to colleagues in a work environment and collecting them after they have been completed.

4.2.1 Theoretical Study

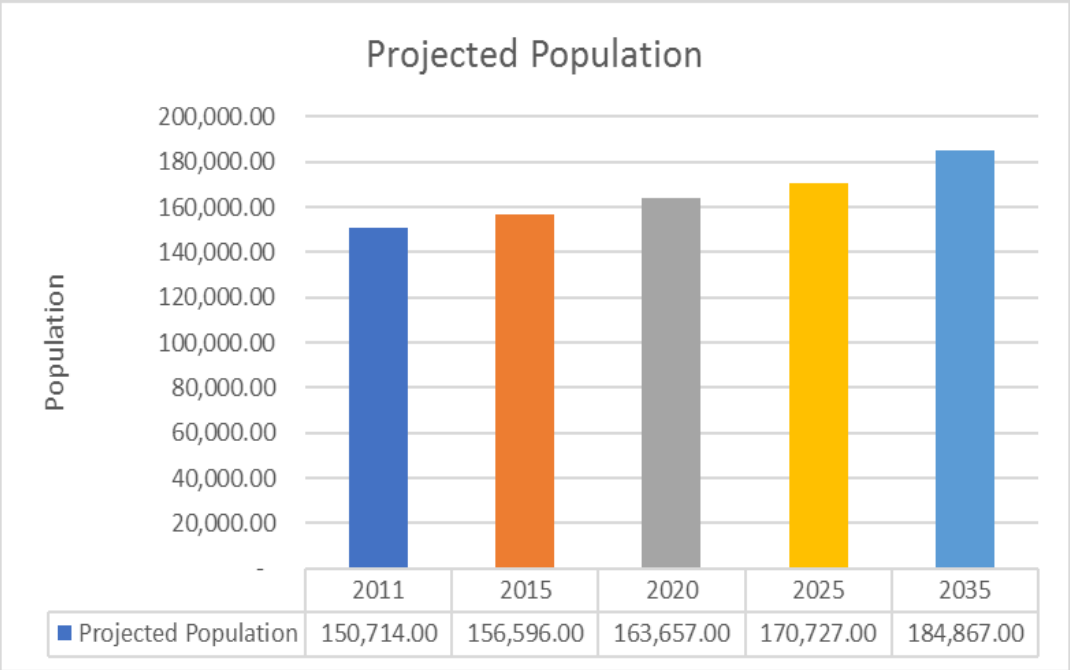
This research was designed to examine the factors that impede revenue collection at RMLM to develop ways that improve service delivery at the Municipality. A critical review was conducted on academic studies focusing on revenue collection to provide this study with a theoretical context. The discussion of the approaches to effective revenue collection relies on the guidance of all relevant legal frameworks previously discussed in the introduction. Also, the empirical studies are reviewed to show the effectiveness or lack of it in the reviewed strategies.

4.2.2 RMLM Population

The Municipality's population figures according to the Census is estimated to be 163 748 in the year 2020. This population has been growing at a rate of over 0.93% per year. This growth rate has been constant from 2001 through 2011. Graph 4.1 below shows the anticipated population growth of the Municipality from 2011 to 2035. The population of the Municipality will grow on average at an annual rate of 0.74% which will amount to 184 867 people living in the municipal area by the year 2035. The projected growth in the population will mean more people requiring more services from the Municipality (Statistics South Africa, 2016).

This increase in population across demographics and taking into account the unemployment rate in the area of Zeerust and across South Africa as a whole, the Municipality is confronted with the risk of having to provide services to an increased number of residents per household as well as an increased number of households most of which will likely be of poor background. This would mean that services continue to be rendered to households where the potential to collect revenue is minimal and as such the number of indigent households will go up.

Figure 4-1: RMLM Population



Source: RMLM Integrated Development Plan, 2017-2022.

Being a predominantly rural Municipality, RMLM does not have a high rate of people willing to move to its town of Zeerust. It is less attractive than some of the major cities in the country and it is not often one finds people looking for opportunities in the area this Municipality is situated. The steady growth in terms of the population in the area requires the Municipality to position itself to cope with the service delivery demands that come with it. The element of indigents also must be factored into these demands that come with the citizenry maturation as the Municipality must deliver those services.

The dominant economic activities in the municipal area are crop and livestock farming and small mining operations of minerals. The service industry is the dominant employer in the Municipality and as a result, there is a need to diversify the economy by investing more in agriculture and manufacturing.

The location of the municipal area is along the border with Botswana and also contributes to the local economy due to cross border trades by the residents of Botswana and travelers passing through the Municipality, especially through the N4 toll road (Ramotshere Moiloa Local Municipality, 2020).

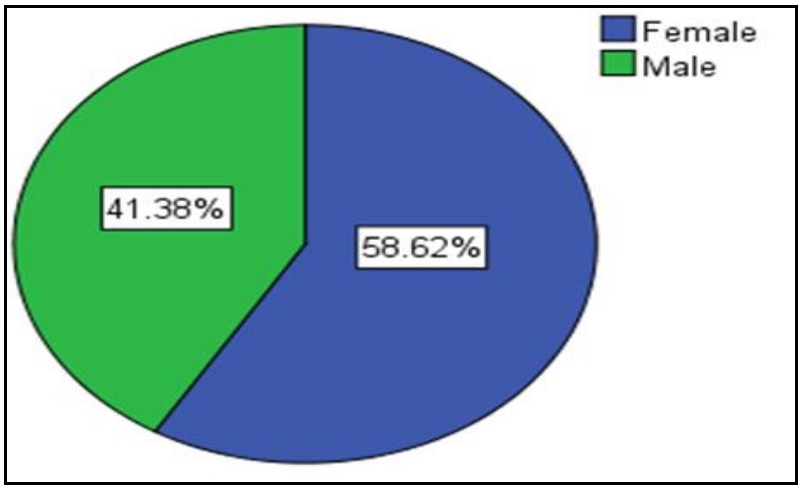
4.3 SURVEY RESULTS AND DISCUSSIONS

This segment investigates crucial findings of the exploration, precisely the factors impeding the revenue collection of RMLM. The outcome is based on the 87 responses obtained from the participating RMLM officials. This is in line with all the locations within the area having consulted all the stakeholders as outline in the Municipal Structures Act (Republic of South Africa, 1998). The survey is made up of close-ended questions where the respondents were asked to mark the most appropriate response to the questions asked amongst the ones the researcher lists as possible answers (Babbie, 2013).

4.3.1 SECTION A: Demographic Information

This section presents the biographical information of the respondents.

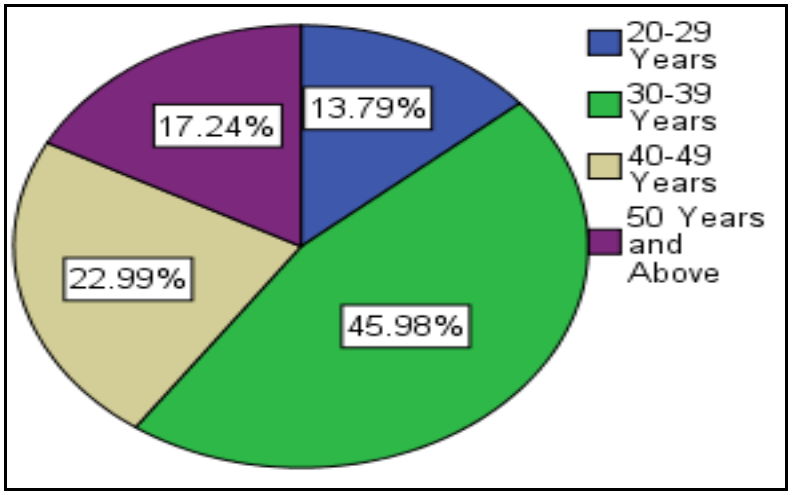
Figure 4-2: Gender of respondents



Source: Primary data

Figure 4.2 is an indication that most of the participants to the study (51) were females that is indicative of the gender constitution about staff composition in the RMLM. The number of male respondents to the study was only 36 of the 87 participants.

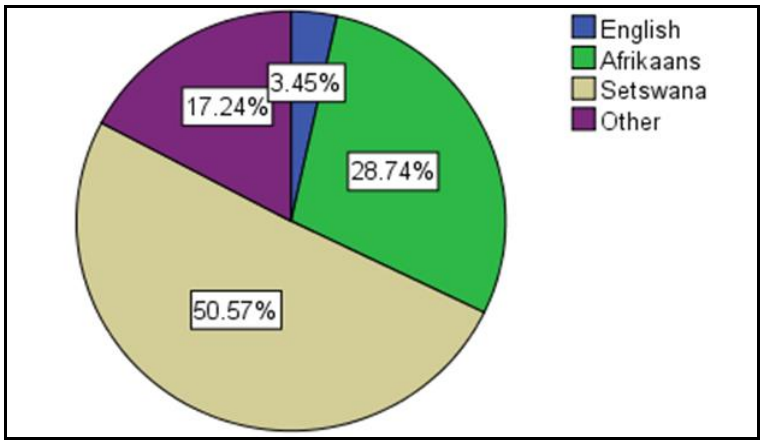
Figure 4-3: Age group of respondents



Source: Primary data

Figure 4.3 is indicative of the fact that the majority of the respondents (46%) are of the age group of between 30 - 39 years, followed by those that are 40-49 years making up (23%). Those who are of the ages of 50 years and above, represent 17%, and lastly 14% of the participants belonging to the age group 20-29 years. This is an indication that those who are in the prime of their careers heeded the call to partake in the study.

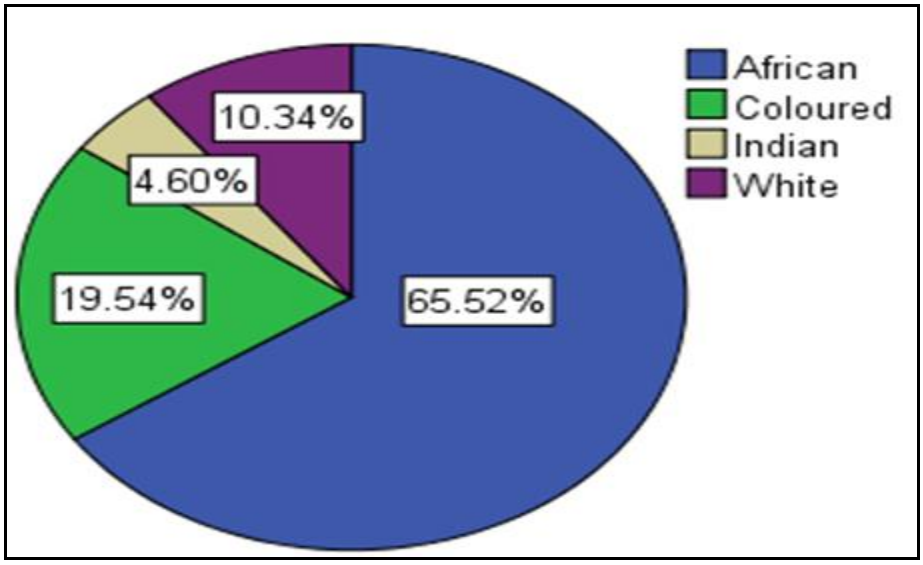
Figure 4-4: Home language



Source: Primary data

It is clear from figure 4.4 above that 51% of the participants speak Setswana as their home language, 29% speak Afrikaans, 17% speak other languages and 3% speak English. A significant percentage (17%) of the respondents speak other languages as opposed to those listed above, this may not necessarily be the correct picture painted here. The municipal environment allows for an environment where political deployment is permitted and that is not unusual.

Figure 4-5: Ethic group



Source: Primary data

The outcome of figure 4.5 is indicative of most of the respondents (66%) being African, 20% are Colored, 10% are white followed by 5% Indian. This paints an accurate picture of the demographics in the jurisdiction in which the Municipality operates from.

4.3.2 Reliability Analysis

Table 4-0:1: Cronbach's Alpha test

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
F.4	11.52	7.136	-.110	.714
F.5	9.38	6.936	-.130	.959

Source: Primary data

The table above shows that two variables from the performance monitoring scale had negative corrected item-total correlation which implies that they jeopardize the reliability of this construct. As such, these are removed from further analysis.

Table 4-0:2: Reliability Tests of Factors

	Cronbach's Alpha	N of Items
Municipal control environment	.859	9
The strategic planning session (SPS)	.818	6
The control activities	.719	7
The Sage Evolution system	.768	6
Performance monitoring	.959	3
Integrity and ethical values	.847	8
Effective revenue collection	.725	10

Source: Primary data

The Cronbach's Alpha values above are all above the cut-off point of 0.7 and this implies that the variables in each of the constructs of the questionnaire are reliable (that is, they measure the same thing). Having confirmed the reliability of the constructs, the responses per construct are presented next.

4.3.3 SECTION B: The Municipal Control Environment

Table 4-0:3: Municipal Control Environment

	Response	Frequencies	Percentage
1	Strongly agree	2	2%
2	Agree	24	28%
3	Disagree	40	46%
4	Strongly disagree	21	24%
	TOTAL	87	100%

Source: Primary data

Section B of the results which deals with the municipal control environment gives an indication of how the respondents reacted to the close-end questions provided in the questionnaire in a form of percentages and a summary of these results follows in the pie chart shown below the table above.

This section of the results was evaluated on the foundation of nine questions as follows:

4.3.3.1 The Municipality employs a system that continually evaluates the performance of the Key Performance Areas, (KPA's) against their designated Key Performance Indicators, (KPI's).

From the chart above based on percentages measuring the results of the questions asked relating to the municipal control environment, 35% of the respondents were not in agreement that there is a structure in existence to assess if Key Performance Indicators (KPIs) are met as provided for in line with the relevant Key Performance Areas (KPAs). This number is closely followed by the 33% who agree that there is such a system, 22% of the respondents disagree and lastly 10% strongly agree that there is such a system in place. This is an indication that overall, respondents do not have confidence in how the affairs of the Municipality are being run.

4.3.3.2 The Municipality conducts a regular skills audit for the senior management staff.

Figure 4.6 stipulates that 37% of the participants firmly disagree as to whether Municipality conducts regular skills audit for the senior management staff, followed by 33% that disagrees, 26% of them agree that skills audit is regularly conducted and only 4% of the respondents strongly agree. This could be as a result of only a smaller percentage of the total staff component being made by senior managers, it might be that majority of the respondents, who are not senior managers are not familiar with this process.

4.3.3.3 The Municipality conducts a regular skills audit for other employees.

It is explicit from figure 4.6 above that most of the participants at 39% strongly disagree that the Municipality conducts regular skills audit for other employees, with 25% disagreeing, followed by those that agree and strongly agree at 18% respectively. The numbers are almost the same for those who are skewed to agreeing and disagreeing, this is an indication that the respondents of the study are between the senior, middle-management, and lower-level employees working in different departments within the Municipality.

4.3.3.4 Every position on the municipal organogram have a comprehensive and complete job description.

From figure 4.6 above, the indication is that 37% of the respondents agree that a comprehensive job description is attached to each position as per the approved organogram, followed closely by those that disagree at 34%. Those that strongly disagree makeup 28% of the respondents and only 1% of the respondents strongly agree. This could be impacted by the fact that employees usually tend to focus only on the job they are employed to do and worry less about others.

4.3.3.5 Job descriptions are re-evaluated on a regular basis.

Indication from figure 4.6 above is that 43% of the respondents disagree that there is a regular re-evaluation of job descriptions, followed by 38% that strongly disagree, 10% strongly agree and lastly 9% of the respondents agree. This is an indication that routine activities carried out on a day-to-day operation of the Municipality might be stagnant.

4.3.3.6 The Municipality does not struggle in finances to deliver on set targets for the KPA's as set in the Integrated Development Plan.

Figure 4.6 indicates that 43% of the respondents disagree that the Municipality does not struggle in finances to achieve their set targets for the Key Performance Areas (KPA's) as outlined in the Integrated Development Plan (IDP), 36% disagrees while 21% agree. This is a clear sign that the collection of revenue for services in the Municipality is indeed a challenge.

4.3.3.7 The Municipality has enough capacity in human resources to deliver on set targets for the KPA's as set in the Integrated Development Plan.

The indication from figure 4.6 above is that 38% of the respondents strongly disagree that the Municipality has enough capacity in human resources to deliver on set targets, followed closely by 31% that disagree as well, whilst 28% of the respondents agree, a mere 3% of the participants are firmly in agreement. This is concerning as it affects the confidence level in the human capacity.

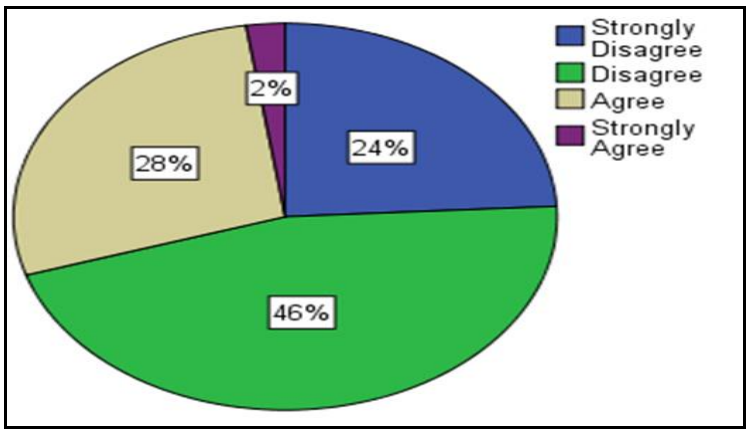
4.3.3.8 The Municipality has enough proper machinery and equipment to deliver on set targets for the KPA's as set in the Integrated Development Plan.

As stipulated in figure 4.6 above, 36% of the participants firmly disagree with the statement that the Municipality has enough machinery and equipment to deliver on set targets, followed by 29% that disagree, 19% agree, and lastly and closely is the 16% that strongly agrees that there is enough capacity. This shows that more still needs to be done to improve on this front which will assist in accelerating service delivery.

4.3.3.9 The Municipality has the Strategic Capacity to deliver on set targets for the KPA's as set in the Integrated Development Plan.

The majority of the respondents as per figure 4.6 above concur that there is a strategic capacity in the Municipality to achieve the set targets, followed by 30% that disagree, 23% strongly disagree and lastly only 10% strongly agree that the Municipality has the capacity. This indicates that the respondents on this one have confidence in the Municipality.

Figure 4-6: Summary Results: Municipal Control Environment



Source: Primary data

Figure 4.7 containing summary outcomes stipulates that 46% of the participants disagree with the statement saying the municipal command environment is intact, 28% agree that the system is in place and that these controls yield positive results, followed closely by 24% that is strongly in disagreement whilst a smaller percentage of the respondents (2%) firmly agree.

4.3.4 SECTION C: THE STRATEGIC PLANNING SESSION (SPS)

Table 4-0:4: The Strategic Planning Session

	Response	Frequencies	Percentage
1	Strongly agree	3	3%
2	Agree	36	41%
3	Disagree	31	36%
4	Strongly disagree	17	20%
	TOTAL	87	100%

Source: Primary data

The strategic Planning Session (SPS) was evaluated on the foundation of six questions.

4.3.4.1 The Municipality, in its Strategic Planning Session identifies potential risks in accomplishing its set objectives.

Figure 4.8 stipulates that 44% of the respondents are of the view each directorate had a model of how their targets were going to be achieved as outlined in the strategic planning session. However, 25% of them are strongly in disagreement that each directorate had a model they followed, 23% of them agree and 8% strongly disagree.

4.3.4.2 Every directorate in the Municipality created a departmental plan to accomplish their KPA's as set in the Strategic Plan.

According to figure 4.8 above, 47% of the participants agree that each directorate within the administration has a departmental plan model they follow in achieving their targets in line with the strategic plan, while 28% disagree. Only 18% strongly disagree followed by 7% that strongly agree.

4.3.4.3 The Municipality re-evaluates its business plans timeously.

Figure 4.8 stipulates that 44% of the respondents disagree that the municipal business plan gets re-evaluated more often, 30% of them firmly disagree while 15% strongly agree and lastly 11% agree with the statement.

4.3.4.4 The Municipality through its Performance Management System (PMS) engages in performance management for each employee.

As outlined in figure 4.8, the indication is that 40% of the respondents firmly disagree that the performance of everyone is discussed with them to precisely to indicate the strong points and the weak points, 24% disagree whilst 21% strongly agree and only 15% agree with the statement.

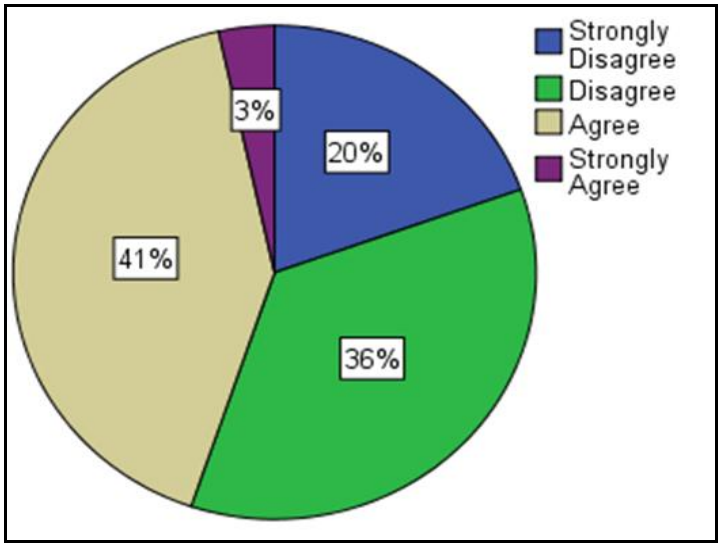
4.3.4.5 Each individual's performance is linked to a form of compensation.

It is well demonstrated in figure 4.8 that 40% of the respondents are strongly in disagreement compensation has a direct link to the performance of everyone, 23% strongly agree that it is, furthermore another 23% disagree and lastly 14% agree with the statement.

4.3.4.6 The individual's performance is discussed with the individual to specifically identify their strengths and weaknesses.

In figure 4.8, the stipulation is that 40% of the respondents strongly do not agree there is a discussion about performance for everyone to indicate exactly their strongest areas and those that can be improved, 29% strongly agree with the statement. 22% of them disagree whilst only 9% agree with the statement.

Figure 4-7: Summary Results: The Strategic Planning Session



Source: Primary data

The indication from the above figure 4.9 containing summary results of the Strategic Planning Session (SPS) section is that overall, 41% of the participants agree with all the statements made about the strategic planning session, 36% disagree whilst 20% strongly disagree and only 3% strongly agree.

4.3.5 SECTION D: THE CONTROL ACTIVITIES

Table 4-0:5: The Control Activities

	Response	Frequencies	Percentage
1	Strongly agree	1	1%
2	Agree	30	35%
3	Disagree	49	56%
4	Strongly disagree	7	8%
	TOTAL	87	100%

Source: Primary data

The section was evaluated on the foundation of seven questions.

4.3.5.1 The rate of personnel turnover of Senior Management positions in the Municipality is high.

In figure 4.10, the indication is that 39% concur that the personnel turnover rate of seniority positions is high, in contrast to the 28% that disagrees whilst 23% strongly disagree and only 10% strongly agree with the statement.

4.3.5.2 The Municipality has a policy or procedures in place to timely identify any deviations from the original business plan.

Figure 4.10 stipulates that 38% of the respondents do not agree that the policy or procedure to implement prompt recognition of deflections from the normal plan of action be adopted by the Municipality, 29% strongly disagree and 25% of them concur with only 8% strongly agree with the statement.

4.3.5.3 The Municipality's policies, procedures and practices are reviewed on a regular basis.

As stipulated from figure 4.10, 41% of the respondents differ that policies, procedures, and practices in the Municipality are reviewed regularly contrast to the 35% that concur, followed by 14% that strongly disagree whilst only 10% of the participants strongly agree with the statement.

4.3.5.4 All the policies, procedures and practices used by the Municipality are documented.

As shown in figure 4.10, 56% of the respondents concur that relevant guidelines in a municipal environment are well-archived contrast to 26% that do not seem to think so. 15% strongly disagree and lastly, only 3% strongly agree with the statement.

4.3.5.5 All policies, procedures and practices used by the Municipality are readily available to any employee.

The stipulation from figure 4.10 is that 44% of the respondents disagree that all the relevant documents relating to the guidelines in a municipal environment are made available to employees when needed, compared to the 33% that concur, 16% strongly differ and only 7% strongly agree.

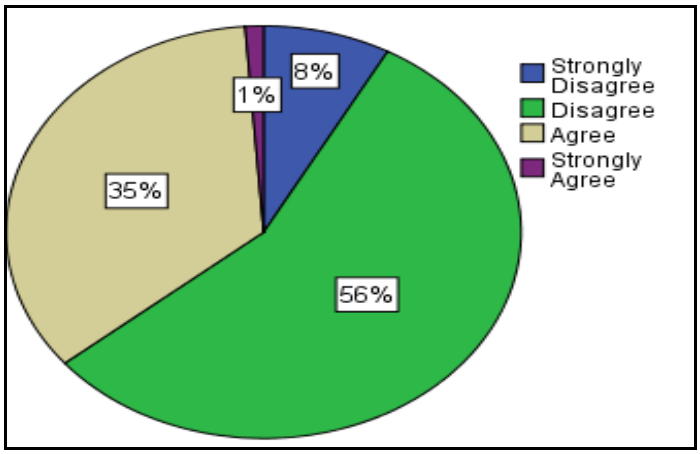
4.3.5.6 The applicable policies, procedures and practices are communicated to personnel on a regular basis.

In figure 4.10 above, 47% of the respondents differ with the statement above, 33% strongly disagree with what the statement is saying, whilst 13% strongly agree and only 7% agree with the statement.

4.3.5.7 The Municipality employs real quality evaluating system to determine the level of service they are providing to the community, such as client surveys, complaint monitoring etc.

As stipulated in figure 4.10, 47% of the respondents disagree with the statement above, 31% of them strongly differ with the statement. A minimum of 13% strongly agree with the statement and lastly, only 9% agree with the statement.

Figure 4-8: Summary Results: The Control Activities



Source: Primary data

The indication from the above figure 4.11 containing summary results of the Control Activities section is that overall, 56% of the participants disagree with all the statements made about the control activities, 35% agree whilst 8% strongly disagree and only 1% strongly agree.

4.3.6 SECTION E: THE SAGE EVOLUTION (SE) SYSTEM

Table 4-0:6: The Sage Evaluation System

	Response	Frequencies	Percentage
1	Strongly agree	1	1%
2	Agree	52	60%
3	Disagree	28	32%
4	Strongly disagree	6	7%
	TOTAL	87	100%

Source: Primary data

The Sage Evolution (SE) system was evaluated on the foundation of six questions.

4.3.6.1 The Sage Evolution system, currently used by the Municipality can generate relevant reports to the performance of the Municipality.

The above figure 4.12 reflects that 34% of the respondents strongly disagree with the statement made above, followed closely by 33% who disagree, whilst 22% agree and 11% strongly agree with the statement. These numbers raise a concern about the effectiveness of the financial system utilized by the Municipality.

4.3.6.2 The senior management team identifies the reports they need to have generated by the Sage Evolution System to assess effective performance management.

In figure 4.12, it is shown that 37% of the respondents disagree with the statement made, relative to the 30% that agree, followed closely by 29% who strongly disagree and lastly only 4% strongly agree. This again is indicative of what might be the underlying challenges relating to the efficiency of the financial system acquired by the Municipality.

4.3.6.3 The Sage Evolution system, currently used by the Municipality can generate relevant financial reports.

The responses from figure 4.12 about the above statement are indicative of the lack of confidence the officials have in the financial system at 33%, it is followed by 29% of those that disagree, then closely after is the 25% who agree and 13% strongly agree with the statement.

4.3.6.4 All municipal employees designated to use the Sage Evolution system are trained in operating the system.

In figure 4.12 above, 39% of the participants disagree that all municipal employees designated to use the Sage Evolution system are trained in operating the system compared to 30% who agree, followed by 21% who strongly disagree and lastly 10% who strongly agree.

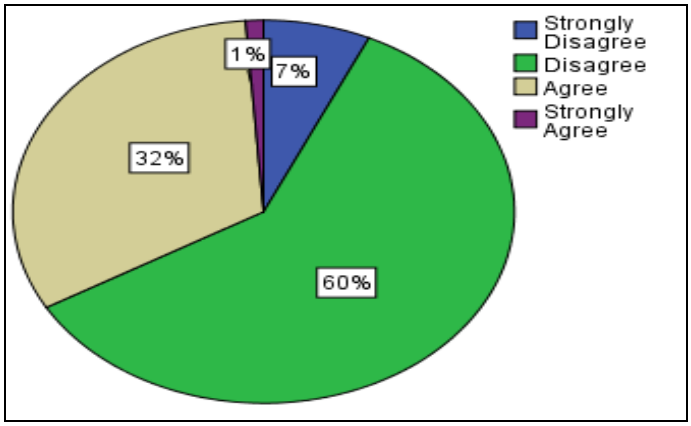
4.3.6.5 The system is user friendly / easy to use.

The outcome of the above statement about figure 4.12 is that 32% of the respondents concur with the statement, whilst 25% differ with the statement, followed closely by 24% who strongly disagree and 19% of the participants strongly concur with the statement.

4.3.6.6 The operating speed of the Sage Evolution is conducive to the employees making use of the system.

It is clear from figure 4.12 that 54% of the respondents disagree with the above statement, 33% agree, followed by 11% who strongly disagree whilst the minority of the respondents (2%) strongly agree with the statement. The consistency in responses about the efficiency of the financial system is alarming.

Figure 4-9: Summary Results: The Sage Evolution System



Source: Primary data

The indication from the above figure 4.13 containing summary results of the Sage Evolution system section is that overall, 60% of the participants disagree with all the statements made about the Sage Evolution system, 32% agree whilst 7% strongly disagree and only 1% strongly agree.

4.3.7 SECTION F: PERFORMANCE MONITORING

Table 4-0:7: Performance Monitoring

	Response	Frequencies	Percentage
1	Strongly agree	38	44%
2	Agree	30	34%
3	Disagree	13	15%
4	Strongly disagree	6	7%
	TOTAL	87	100%

Source: Primary data

This section was evaluated on the foundation of three questions.

4.3.7.1 The Municipality has an Internal Audit directorate

Figure 4.14 indicates that most of the respondents (50%) affirmed the above statement, 28% also agree, followed by 15% who disagree and lastly minority (7%) strongly disagreed. This can be a confidence booster when it comes to issues of good governance within the Municipality.

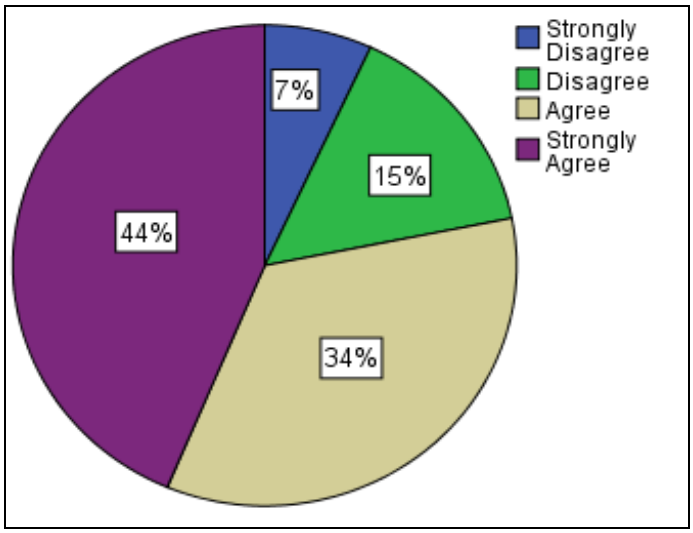
4.3.7.2 The Municipality has an Internal Audit committee

In Figure 4.14 above, 44% of the respondents affirm the validity and authenticity of the above statement, followed closely by 40% who also agree. 9% disagree whilst 7% strongly disagree. In a municipal environment, this structure functionally reports to the council and is seen as an independent body that ensures that issues of compliance are adhered to.

4.3.7.3 The committee meets on a regular basis

The indication from the survey is that 38% of the respondents confirm that the committee meets regularly, followed by 32% who strongly agree that it regularly meets, and followed by 23% who disagree whilst only 7% strongly disagree. This provides for a good image of the Municipality.

Figure 4-10: Summary Results: Performance Monitoring



Source: Primary data

The indication from the above figure 4.15 outlining summary results of the Performance Monitoring section is that overall, 44% of the participants strongly agree with all the statements made about the Performance Monitoring, 34% agree whilst 15% disagree and only 7% strongly disagree.

4.3.8 SECTION G: INTEGRITY AND ETHICAL VALUES

Table 4-0:8: Integrity and Ethical Values

	Response	Frequencies	Percentage
1	Strongly agree	0	0%
2	Agree	33	38%
3	Disagree	41	47%
4	Strongly disagree	13	15%
	TOTAL	87	100%

Source: Primary data

Eight questions were used to assess integrity and ethical values.

4.3.8.1 The Municipality conveys the message to the staff that integrity and ethical values cannot be compromised, both verbally and with actions.

In figure 4.16 the indication is that 34% of the respondents do not agree with the statement above, relatively 29% of them strongly disagree. 31% agree and only 6% strongly agree with the statement. This is indicative of the fact that more still needs to be done to empower officials with knowledge of the above.

4.3.8.2 The Municipality has a code of ethics that emphasizes the importance of staff acting with integrity in all actions related to their scope of employment.

Figure 4.16 above illustrate that majority of the respondents (44%) concur with the statement above, followed closely by 43% who disagree with the statement, 11% of the participants strongly disagree whilst only 2% strongly agree. Local government is a corruption-stricken environment and it necessary that officials are educated on rectitude.

4.3.8.3 The Municipality has a code of business conduct that emphasizes its commitment to fair and honest dealings with customers, suppliers, and or other external parties.

The indication is that 37% of those who took part in the study differ with the statement made above, 36% agree, 16% of the participants strongly disagree and the remaining 11% strongly agree. Regular training for officials on customer service are crucial as the Municipality exists to serve people.

4.3.8.4 Newly recruited employees receive a copy of the Municipality's code of ethics and business conduct and are trained as to how these guidelines apply to specific factual situations common to the Municipality's business environment.

What is presented in figure 4.16 about the above statement indicates most respondents (47%) to the study differ with the statement, 22% agree, another 22% strongly disagree whilst 9% of the participants strongly agree to the point. It is normal practice that recent appointments to the staff compliment are inducted on the functions and procedures as well as all the other related laws that govern their work environment.

4.3.8.5 Existing employees are provided with updated copies of the Municipality's code of ethics and code of business conduct at least yearly and receive periodic retraining on the application of these guidelines to the Municipality's business environment.

Figure 4.16 displays to us that 41% of the respondents strongly differ with the above statement, 32% disagree with this statement, 22% of them agree and lastly, only 5% strongly agree. Complacency can be a serious threat to officials upholding a higher standard of professionalism in a work environment, therefore taking them on refresher training might go a long way in keeping them disciplined.

4.3.8.6 Customers, vendors, and other external parties receive a copy of the Municipality's code of business conduct at least yearly and contractual arrangements with these parties include requirements for adherence to the Municipality's code of ethics and code of business conduct.

In figure 4.16 above, 37% of those who took part in the survey strongly differ with the statement made above, followed by 31% who disagree, whilst 21% agree.

Lastly, only 11% strongly agree. The picture being painted here by these results suggests that little is being done to keep these elements of best practices in check, this is a clear indication that there is still a big room left for improvements.

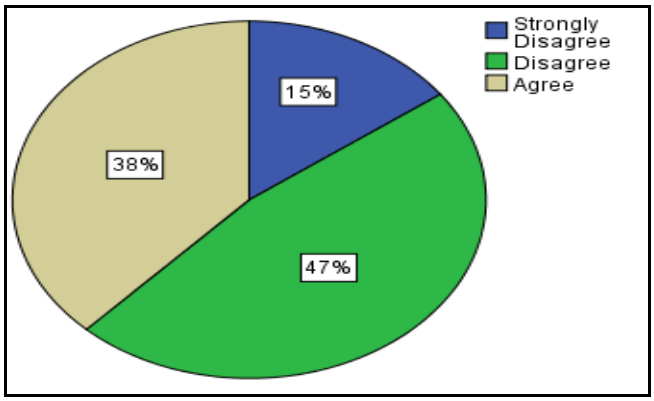
4.3.8.7 HR or hiring department management monitor whether new and existing employees have completed the required training on the codes of ethics and business conduct.

The results in figure 4.16, 41% of the participants disagree that the human resource department monitors these events closely, 36% strongly disagree whilst 12% and 11% of them strongly agree and agree, respectively. Every work environment cannot function properly if labor-related matters are not followed to the latter.

4.3.8.8 Allegations of violations of the Municipality's codes of ethics and business conduct are appropriately investigated, and the necessary corrective, disciplinary, and remedial actions happen timely.

The outcome of the statement above indicates contradictions to it with 30% of those who took part differing strongly with the statement, 29% agree. 24% disagree and 17% strongly agree. Any act that is in contravention with the standards of best practices poses a direct threat to the proper management of public institutions, the results thereof are concerning.

Figure 4-11: Summary Results: Integrity and Ethical Values



Source: Primary data

The indication from the above figure 4.17 containing summary results of the Integrity and Ethical Values section is that overall, 47% of the participants disagree with all the statements made about the Integrity and Ethical Values, 38% agree whilst 15% disagree.

4.3.9 SECTION H: EFFECTIVE REVENUE COLLECTION

Table 4-0:9: Effective Revenue Collection

	Response	Frequencies	Percentage
1	Strongly agree	0	0%
2	Agree	21	24%
3	Disagree	65	75%
4	Strongly disagree	1	1%
	TOTAL	87	100%

Source: Primary data

This section was evaluated on the foundation of ten questions.

4.3.9.1 There are specific constraints contributing to the non-collection of revenue.

In figure 4.18, the indication is that the majority (53%) of the participants agree that there are shortcomings to the non-collection of revenue, 26% strongly agree, 15% disagree and only 6% strongly disagree.

4.3.9.2 There are mechanisms in place to assist the Municipality to improve its revenue collection.

In figure 4.18, 53% of participants disagree with the statement above, 22% strongly differ with it, 14% agree whilst only 11% strongly agree with the statement. This is an indication that revenue collection is a serious concern for the Municipality. Internal controls and standard operating procedures may need to be tightened.

4.3.9.3 There are measures in place to recover revenue in terms of intergovernmental fiscal relations.

In figure 4.18 above, 40% of those who took part differ from the statement made above, 25% of the participants strongly disagree whilst 20% agree and lastly 15% strongly agree that such mechanisms are in place. This indicates that participants do not have confidence in the intergovernmental relations to resolve the government's debtors' book.

4.3.9.4 Low or non-collection of revenue by the Municipality impacts negatively on service delivery targets.

In figure 4.18 above, 52% of the participants strongly agree that low or non-collection of revenue by the Municipality impacts negatively on service delivery targets, 31% just agree, 11% strongly disagree while only 6% disagree with the statement.

4.3.9.5 The Municipality collects, enough revenue for services rendered to the citizens timeously.

In figure 4.18, the indication is that 54% of those who took part in the study which is most of them strongly disagree with the statement, 34% disagree, 7% agree and only 5% representing the minority strongly agree. More energy needs to be channeled into improving this situation to ascertain financial viability.

4.3.9.6 The Municipality is collecting revenue from its entire revenue base in accordance with the monthly billing.

The results that are shown in the above statement (47%) explicitly state that most respondents strongly differ with it, 43% disagree and only 8% agree while a lesser number (2%) strongly agree. This outcome is consistent with the rising debtor's book of the Municipality.

4.3.9.7 The revenue collected by the Municipality is enough to fund internal projects.

In figure 4.18, 49% of the respondents differ with the statement that the revenue collected is enough to fund internal projects, followed closely by the 47% who strongly disagree with the point and only 4% strongly agree with the point. This indicates that only grant-funded projects can be implemented.

4.3.9.8 The Municipality continuously improves revenue collection mechanism to meet changing needs and demands of the citizens.

The outcome in figure 4.18 indicates that 49% of participants strongly differ with the statement made above, compared to 39% who disagree, whilst the remaining 12% agree. The Municipality may need to consider adopting successful strategies used in other municipalities.

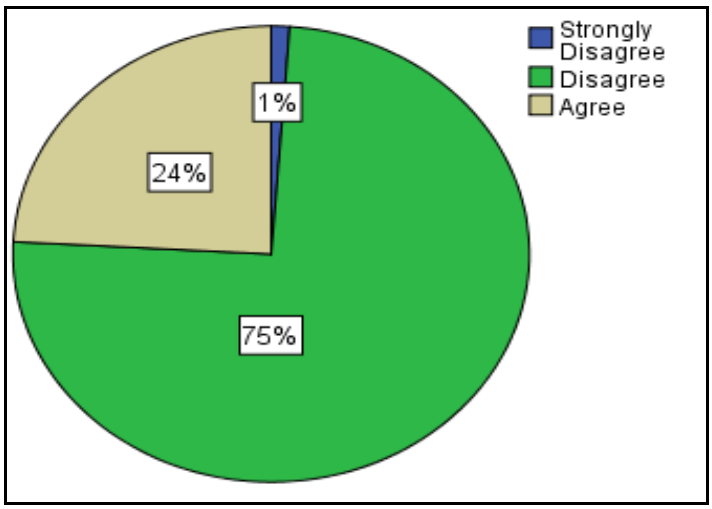
4.3.9.9 The Municipality has an indigent policy in place to deal with the socio-economic needs of the citizens to design appropriate service delivery mechanism.

In the outcome of the above statement, 52% of participants agree that the Municipality has an indigent policy in place to assist the least privileged, relative to the 30% that strongly differ with the statement, 15% of them strongly agree with the statement whilst the remaining 3% disagree.

4.3.9.10 The Municipality intensifies the effort to improve revenue collection.

The results of the above indicate that 56%, most of the part-takers disagree with the statement, 25% strongly differ with the statement, and 19% of those who took part in the study agree.

Figure 4-12: Summary Results: Effective Revenue Collection



Source: Primary data

The indication from the above figure 4.19 containing summary results of the Effective Revenue Collection section is that overall a resounding majority (75%) of the participants disagree with all the statements made about the Effective Revenue Collection, 24% agree whilst the smallest number (1%) strongly disagree.

Table 4-0:10: Spearman's rank correlation coefficient

		Municipal control environment	The strategic planning session (SPS)	The control activities	The Sage Evolution System	Performance Monitoring	Integrity and Ethical Values	Effective Revenue Collection
Municipal control environment	Correlation Coefficient	1.000	.655**	.266*	.052	.088	.075	.130
	P-value	.	.000	.013	.632	.416	.489	.229
	N	87	87	87	87	87	87	87
The strategic planning session (SPS)	Correlation Coefficient	.655**	1.000	.075	-.060	.304**	-.165	.189
	P-value	.000	.	.491	.583	.004	.126	.079
	N	87	87	87	87	87	87	87
The control activities	Correlation Coefficient	.266*	.075	1.000	-.059	.057	.283**	.036
	P-value	.013	.491	.	.588	.602	.008	.742
	N	87	87	87	87	87	87	87
The Sage Evolution System	Correlation Coefficient	.052	-.060	-.059	1.000	.095	.541**	.388**
	P-value	.632	.583	.588	.	.383	.000	.000
	N	87	87	87	87	87	87	87
Performance Monitoring	Correlation Coefficient	.088	.304**	.057	.095	1.000	.136	.140
	P-value	.416	.004	.602	.383	.	.208	.196
	N	87	87	87	87	87	87	87
Integrity and Ethical Values	Correlation Coefficient	.075	-.165	.283**	.541**	.136	1.000	.200
	P-value	.489	.126	.008	.000	.208	.	.063
	N	87	87	87	87	87	87	87
Effective Revenue Collection	Correlation Coefficient	.130	.189	.036	.388**	.140	.200	1.000
	P-value	.229	.079	.742	.000	.196	.063	.
	N	87	87	87	87	87	87	87

Source: Primary data

The table above shows Spearman's rank correlation coefficient which is used to determine the relationship between the variables under study. Pairs of variables with significant correlations either have p-values that are less than 1% (denoted by **) or p-values that less than 5% (denoted by *). All the correlation coefficients are positive implying that an improvement in one variable leads to an improvement in the other variable in the correlated pair.

The magnitude of the correlation coefficient shows the strength of the correlation such that correlation coefficient between 0 and 0.3 imply a weak correlation, between 0.3 and 0.5 imply a moderate coefficient, between0.5 and 0.8 imply a strong correlation, whereas a very strong correlation is denoted by correlation coefficients greater than 0.8. For example, a strong, positive, and significant correlation is existing between the Municipal control environment and the strategic planning session (SPS).

4.4 DISCUSSION ON THE FINDINGS OF THE RESEARCH

When it comes to revenue collection, different studies have been conducted and the outcomes were also different and unique to different environments. According to (Beyers, 2015:122), a significant financial challenge affecting many South African municipalities is the insufficient collection of revenue due to the common culture of non-payment. The findings of this study however suggest that it is not the case with RMLM. The research findings indicate that the struggle to collect revenue is because the majority of households are indigent households and the level of unemployment is high.

When assessing the African perspective, (Fjeldstad, 2006:2) said that generally, there are two main categories of current revenue for local authorities and they are (i) own revenue which includes taxes, user fees, and various licenses and (ii) transfers from the central or regional governments, usually in the form of grants and revenue sharing. The research found that RMLM heavily relies on government grants. For some municipalities according to (Kitchen & Slack, 2003:2261), transfers are key to fiscal sustainability; others can meet their expenditure priorities with their revenue. In the case of this Municipality, operational expenditure is funded by grant transfers and this indicates that RMLM is not self-sustained.

According to (Fjeldstad, 2006:3), the principal instrument for intergovernmental transfers in Africa is conditional and/or unconditional grants from national to local governments. Furthermore, in some countries such as South Africa, municipalities are also afforded the right to make borrowings to finance investments in local capital infrastructure.

The objectives of grant transfers may also vary from one Municipality to another and this diversity needs to be reflected in the transfer design. According to (Gideon & Alouis, 2013:235), municipalities are struggling to impose penalties for non-payment. In the case of RMLM, the researcher found that whenever a credit control policy is implemented for non-payment of services, residents take to the streets in protest for cutting off of services. However, (Beyers, 2015:122) said that; financial management difficulties faced by both the provincial and local governments include among others:

1. Insufficient skills for planning, budgeting, financial management, expenditure management, credit control, debt management, risk management, and internal audit.

2. A poor interface between financial and non-financial information

3. Management of cash flow

4. A lack of systems to manage audit queries and the recommendations of both the internal and external auditors.

5. Inadequate systems to manage good governance practices within provincial departments and municipalities.

6. Leadership and management's lack of action, especially in following up on audit queries from both internal and external auditors.

7. Inadequate administrative and political oversight to strengthen accountability and responsibility.

8. The competency of senior public officials, the nature and adequacy of their expertise, knowledge, and capacity is a recurring issue in public administration.

However, when the research explored other parts of the globe such as Canada, intergovernmental transfers have been historically a superior feature of the exceedingly localized Canadian framework (Adams & Maslove, 2009:1). This view is further alluded to by (Kitchen & Slack, 2003:2261) adding that; intergovernmental transfers are an integral source of income to local governments in Canada. The research findings indicate that RMLM is not an exception as it heavily relies on grant funding.

The Municipality's failure to successfully collect revenue has a direct impact on service delivery. Rural municipalities are therefore not able to implement some community development programs as a result of lack of funding. Urban municipalities utilize their revenues to cater for 75% on average for their operating expenditures, as opposed to 25% for rural municipalities. However, these averages in comparison disguise discrepancies because for some rural municipalities, over 95% of their income is received from transfers (Tullock, 2018:197). This view is supported by (Beyers, 2015:123) and (Manyaka, 2014:134) who argue that smaller local municipalities are without infrastructure and skilled staff and cannot, therefore, perform their functions.

According to (Kanyane, 2011:936), service delivery is at risk if financial viability is doubtful. The findings of this research in line with its objectives indicate that failure to collect revenue resulted in poor delivery of services. It might be that government can cover its expenditures out of internally raised revenues without depending on either transfers or loans. This view is further supported by (Manyaka, 2014:135) who states that the other challenge confronting municipalities as far as revenue collection is concerned is the issue of the inability of communities to pay for municipal services and the general culture of non-payment of municipal services.

However, (Thornhill, 2012:323) holds a different view by citing that, the inadequate availability of monetary resources constructively and directly complicates the attainment of the developmental objectives of local government because some of these municipalities have to endeavor to attain their development goals with limited resources and with a policy of providing free basic services to the indigent households. The majority of households in RMLM are poor and cannot afford to pay for municipal services, these households are classified as "indigent" suggesting that they are absolved from paying any form of municipal services.

4.5 SUMMARY

This chapter presented, discussed, interpreted, and explored the collected data as informed by the questionnaires. The technique utilized to explore the factors impairing the revenue collection of RMLM in the North West was a quantitative approach of research. The outcomes of the sections of the questionnaire were explored as a way of computing the factors impairing the revenue collection of RMLM to guarantee the worth of the study. The success of the study was a priority to the researcher and he was very careful in making sure that it is achieved.

CHAPTER FIVE – CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This is a concluding chapter, and it summarizes the recommendations and cessations found on the findings of the research. The data explored in chapter four make it possible for the conclusions to be drawn and relevant proposals are made to aid the Municipality in recognizing crucial factors impeding the revenue collection of the Municipality and how that affects service delivery. The proposals and cessations are backed up by the outcome of the research. The research took cognizance of the various factors impacting the revenue collection of RMLM. Accordingly, cessations and proposals were put together from the received data through the self-administered questionnaire.

The cessations formulated from this study are outlined and proposals and recommendations are made accordingly. These are found on the conceptual and empirical information sourced in the process of conducting this research. In this chapter, attention is also given to the hindrances of the current research, and proposals for future studies are also made.

5.2 SUMMARY FINDINGS

The primary intention of the research was to examine the factors impeding the revenue collection of RMLM in the North West. The examination on service delivery conducted in the RMLM provides important occurrences relating to issues faced by municipalities in ensuring that service delivery happens without fail. In line with the different factors, the majority of Municipalities still find it hard to fulfil their responsibility of providing services to the communities in their area of jurisdiction. In as much as this is an obligation for municipalities to provide the basic services, this commitment must be in line with a larger policy framework that puts forward creating jobs and promoting the local economic development by Municipalities.

Public participation is a crucial component of the process. The preceding chapters of the research discovered that the Municipality has a poor record concerning revenue collection. This chapter also made proposals on strategies that the Municipality can adopt in fulfilling its mandate.

Chapter two of the research gave a conceptual framework for the study and narrated the connection that is found between revenue collection and delivery of services. It also looked at the models used in other parts of Africa and abroad.

Chapter three outlined the methodology and design the research followed. The questionnaires used to conduct a quantitative study were distributed only to employees of RMLM that work in departments that are crucial to revenue collection.

For this study, the researcher circulated a self-administered questionnaire to 103 officials, but only 87 were received back with 9 incomplete and 7 were not returned.

Chapter four was mostly undertaken using the results of the structured questionnaires with the recognized participants. In this chapter, the insights and familiarities of the respondents concerning non-collection of revenue were defined. Through this chapter, specific shortcomings within the Municipality that lead to poor service delivery were also identified.

Chapter five is the closing chapter and affords a summary of the research undertaken in chapters one to four. The chapter sums up all the chapters of the study where literature was compiled and data collected. The analysis of the data collected helped the study to make conclusions and also checked to see if employees of RMLM understand what revenue collection and its importance are. Proposals are given on how the Municipality can encourage the ratepayer's involvement in paying for services to improve the collection of revenue, this, in turn, has the potential to advance service delivery of the Municipality. This section has reached findings based on the analysis of the results of this study. These findings aim at answering the research questions that sought to identify the factors that impede the collection of revenues at RMLM.

The findings of the study have been discussed below:

1. The long-term financial sustainability of RMLM is threatened by poor revenue collection. This is because the Municipality lacks relevant credit control measures or policies to inform the collection of revenues.

2. Failure to send monthly account statements to customers on time results in delays for customers to pay for services. This may be caused by the fact that the metering of water and electricity services is outsourced to consultants.

3. Lack of training on staff working in the departments crucial to revenue collection leads to inaccuracies of accounts billing. This leads to inaccurate monthly billings being sent to customers.

4. Lack of dedicated municipal resources (people and systems) to effectively enforce credit control policy. There is a lack of knowledge of the credit-control measures by households.

5. Lack of community outreach programs on payment of services and how it affects service delivery.

6. Inadequate performance management systems which monitor whether departments tasked with revenue collection are performing their duties diligently.

7. Lack of clearly defined roles and responsibilities to the departments tasked with revenue collection and service delivery issues.

8. The lack of involvement of the relevant stakeholders in processes to identify where the Municipality is getting it wrong with this resulted in directionless efforts. Ultimately leading to no success in overcoming revenue collection hurdles.

9. The constant vacancies in key strategic positions of the Accounting Officer and the Chief Financial Officer are detrimental to the success of the revenue collection exercise. This fails the implementation of strategies to help turn around the situation.

Consequently, it was also considered in the process of data collection that the status quo makes it difficult for the Municipality to deliver services to the community in an effective way. That is affected by the ineffective collection of revenue strategy. The inability of the community to service their accounts with the Municipality must be at the core of how the Municipality plans to introduce ways of making the credit control policy more effective in line with the relevant legislation. The non-payment phenomenon comprises various elements and they must be unearthed.

5.2.1 Literature engagement

Different authors arrived at different findings and conclusions about revenue collection at the municipal level. The research followed literature from across the globe, Africa, and here in South Africa, particularly profiling RMLM.

The findings of this research outlined the factors impairing the revenue collection of RMLM in line with the study objectives and research questions. Readings in public administration endorse that municipalities in rural sections of South Africa are not self-sustainable (Kanyane, 2011). This view is further supported by the findings of this research in that RMLM is struggling to collect revenue for service charges. (Manyaka, 2014:131) argues own revenue is explained as the income received by municipalities in areas where service is provided and must be paid. However, the findings of this research are that residents in the RMLM subscribe to the culture of non-payment.

(Bird, 2013:32) believes that with good effective policies in place, a Municipality should be able to source its revenue. This view is in contrast with the finding of this study in that; the credit control policy in RMLM does not yield the same desired outcome. This could be a result of the resistance by municipal staff to correctly implement this policy as they may be conflicted. (Tshishonga, 2019:161) also alluded that municipalities in South Africa are faced with the challenge of human capacity and as a result, service delivery gets negatively affected. The findings of this research align with this view, the absence of skilled labor is one of the challenges hampering effective delivery of services.

Furthermore, (Chauke & Sebola, 2016:430) write that municipalities must put more effort to make use of the potential of their revenue sources. The findings of this research are different from this view, the majority of the respondents disagreed that enough was being done to collect revenue from all the bases of municipal revenue.

5.2.2 Answers to the research questions

Based on the findings of this research, it was indicated that the employees of RMLM are not aware of the importance of revenue collection in aiding service delivery. Officials of the Municipality as shown in Chapter 4, table 4.0.9 also do not believe that management of the Municipality is doing enough to turn things around.

The credit-control policy and revenue enhancement strategy are said to be in existence, but there is little impact showing that they are in use or not. The continuous recommendations and strategies on how to deal with the low collection of revenue are not implemented by the Municipality. The poor delivery of services by the Municipality suggests that there is a likelihood of increased community protests.

The research questions are therefore answered because the objectives that we wanted to meet are not met by RMLM, consequently, the revenue collection problem is likely not to change.

5.3 REALISATION OF THE RESEARCH OBJECTIVES

The objectives addressed here focus on the identified problems which led to participants responding negatively to the questions asked. In line with the analysis conducted in chapter four, it was observed that revenue collection is understood by the employees of the Municipality. It emerged from the control environment of the Municipality that; job descriptions for municipal staff are reviewed regularly to close existing gaps. It also emerged that the Municipality does not have enough capacity (people and systems) to achieve their set targets in line with Key Performance Areas.

A combination of unclear job descriptions and lack of capacity may have led to the employees not being able to discharge their duties. Effective revenue collection in a municipal environment requires different departments to work together to achieve it. The objective of this research was to establish the factors impairing the revenue collection of RMLM. It was also the objective of the study to examine the impact that the low collection of revenue has on service delivery.

5.3.1 Achieving objectives of the research

Chapter one of the study outlined the following objectives:

They were achieved in the following ways:

1. To explore the reasons behind low collection or non-collection of revenue by RMLM.

2. To determine whether intergovernmental fiscal relations is followed by RMLM to exhaust all the avenues for revenue collection.

3. To examine the impact of low or non-collection of revenue on service delivery by RMLM.

4. To establish the factors impairing the revenue collection of RMLM in the North West Province.

Objective 1:

To explore the reasons behind low collection or non-collection of revenue by RMLM.

It can be concluded that the employees of the Municipality were not aware of that failure to achieve service delivery to the community. The majority of the employees, however, agreed that some factors contribute to the low collection of revenue. When asked if there were mechanisms in place to help improve the revenue collection, the majority of the respondents disagreed that there are measures in place to improve the revenue collection position. This means that the Municipality is not doing enough to improve the collection of revenue and educate its employees on policies if such measures to improve the revenue collection are in place.

Objective 2:

To determine whether intergovernmental fiscal relations is followed by RMLM to exhaust all the avenues for revenue collection.

The majority of the respondents indicated that they do not believe that the Municipality follows intergovernmental relations to exhaust all avenues available to collect revenue. It is a major challenge that the Municipality fails to make use of these channels in pursuit of government debt. If successful, this initiative will bolster the revenue collection of the Municipality and clear the government debt in return.

The Intergovernmental Relations Framework Act 13 of (2005) exists:

1. To establish a framework for the national government, provincial governments, and local governments to promote and facilitate intergovernmental relations.
2. To provide mechanisms and procedures to facilitate the settlement of intergovernmental disputes.
3. To provide for matters connected therewith.

This caused the Municipality to fail in recovering monies owed by national and provincial governments through intergovernmental relations.

The challenge is that there are inconsistencies in terms of senior management leadership, especially the AO and the CFO.

These two positions have hardly had incumbents finishing their term of office without being suspended or fired due to political influence. (Lotriet, 2015) state that some elements of political leadership from administrations that are trusted with state resources, but end up diverting them for personal and business use. That is a typical case of self-enrichment instead of acting as custodians of state resources.

Objective 3:

To examine the impact of low or non-collection of revenue on service delivery by RMLM.

Following the collection of data for the study, purposive sampling was used to select the respondents to the study. Eighty-seven participants took part in the survey. The data were analyzed using statistical techniques to produce means, Cronbach's Alpha, and the Spearman's Rank Correlations. The key findings for this study reflected that identified factors showed strong internal reliability of more than 0.7 signifying that the factors were measuring the same constructs the same way

The accounting officer is not doing enough to educate staff on the importance of revenue collection. Further to that, the Municipality through the office of the Mayor together with the AO is not doing enough to educate residents of the importance of paying their accounts timeously. The majority of the respondents surprisingly agree that low collection of revenue impacts negatively on service delivery targets. The respondents further agreed that the Municipality does not collect enough revenue for services rendered to the residents. This means that nothing is being done because employees should at least know, what the causes for low collection of revenue are and what measures should be introduced to improve the situation.

The results also show that majority of the respondents disagree that the Municipality collects from its entire revenue base in line with the monthly billing reports. This implies that some services were prioritized over others by residents and the reasons for that are unknown. This further points to the slow pace the Municipality have in implementing the credit control policy. This policy encourages that services be cut off for residents who are not paying.

Objective 4:

To establish the factors impairing the revenue collection of RMLM in the North West Province.

The majority of the respondents agreed that there were constraints to the collection of revenue and that this harms service delivery.

Even though the Municipality is said to have employees working on revenue collection, the situation does not seem to change for the better. This means that Departments that are central to the process of revenue collection do not have enough capacity, they do not know what is expected of them or they work in silos. The AO is not leading the process of revenue collection from the front. This means that together with all heads of departments, the AO does not think of new ways to help improve the state of municipal revenue collection.

The majority of the respondents also disagreed that the Municipality has a plan in place to introduce effective measures of collecting revenue. From the analysis, it is clear that the responses show a high percentage in the opinion that little has changed in terms of continuously improving revenue collection mechanisms to meet the needs of residents. This is partly affected by the change of management in key strategic positions that are by nature key to the process of improving revenue collection. There is a lot of political interference with regards to the AO position and that of the CFO.

An organization such as the RMLM has to have employees that are employed in these strategic positions for the duration of the office term. This will ensure that the strategy adopted at the beginning of each financial year is fully implemented. Overall, on all the study objectives, these above can be some of the contributing reasons as to why the Municipality is not succeeding in its revenue collection strategies.

5.4 LIMITATIONS OF THE STUDY

It was established in the study that there are many reasons for the non-payment of services at RMLM, but this study could not explore all of them due to time constraints. It is recommended that a further study can be conducted to exhaust the factors that impair revenue collection at RMLM. Similarly, because of limitations on time and finance limitations, this research explored only reasons from 87 participants.

This sample size may not be representative of the whole RMLM. In another study that involves more participants, more representative results may be produced.

Another research could be conducted in areas such as the rate of poverty in the Municipality, its surroundings, and the possible measures that can be taken by the Municipality to empower residents; The high unemployment rate in the Municipality and how the Municipality can effectively use its IDP and LED units to empower youth in dealing with this problem; The unequal distribution of services by the Municipality; and the actions taken by the Municipality to ensure that the Municipality's residents pay their rates and taxes to ensure sustainability in the continuous provision of the municipal services to the community.

5.5 CONCLUSIONS

The outcomes of this research indicate that RMLM is facing a serious challenge of revenue collection for service charges. This research focused on factors impairing the revenue collection of RMLM in the North West. The research highlighted some of the factors leading to the non-collection of revenue at RMLM. The findings of this research further highlight the gap that exists between the Municipality and the residents. This gap leads to a culture of non-payment for services by residents for services rendered, which in turn impacts service delivery negatively. The Municipality needs to improve inefficient metering of services, such as water and electricity. This will ensure that there is accuracy in measuring the services households consume monthly.

The research also found that inaccurate monthly billing also caused disputes and delays in customers paying their services. Timeous distribution of monthly accounts in a simplified format. The research also found that the Municipality is not doing enough to educate households on its credit control policy. This makes it difficult for the Municipality to implement credit control measures and identify which households should be exempted. Given the poverty levels in RMLM’s jurisdiction, many households were found to be indigents.

The political wing was also found not to be doing enough to bring the people closer to the administrative functions on the council. It is the responsibility of ward councillors to assist the administration in updating the indigent register.

Having a proper financial system and effective controls in place is one area where the Municipality was lacking. The research found that the Sage Evolution system employed by the municipality was unable to link up all the service charges per customer and break them down per category and service. The Municipality may need to consider the use of another service provider to improve the billing crisis.

This is because the intergovernmental relations platform is not being used effectively to resolve issues between and among government institutions. The study also revealed that there is a direct link between non-collection of revenue and a negative impact on service delivery. The Municipality also does not have regular consultations with households on how they can participate in issues affecting revenue collection. This process is the key in making residents feel that they are part of their Municipality and that they are involved in the decision-making. The research also found that the Municipality does not timeously collect revenue for services rendered and that results in the unnecessary increase of the Municipality's debtor's book.

To collect the revenue successfully, the Municipality needs to fill in all the strategic vacant positions. This will bolster the smooth administration and collection of revenue. This will improve the efficiency of service delivery to the community. Most participants were also not convinced that enough was being done to collect revenue from the entire municipal revenue base. That view is supported by (Kanyane, 2011:937) who argues that not all Municipalities have the same capacity to raise revenues as poverty levels differ considerably and are extremely high in many rural Municipalities.

The study further found that the Municipality is unable to finance internal projects through collected revenue. The majority of the participants (49%) did not think that the Municipality was doing enough to improve the revenue collection mechanism at it has not yielded any positive results. The study also found that the majority of participants (52%) agreed that the municipality has an indigent policy whilst 56% of the participants did not think that efforts are made to improve revenue collection.

5.6 RECOMMENDATIONS

The outcome of the analysis indicates that there are municipal policies in place to help enhance revenue collection measures. However, the persistent problem remains, which suggests that other factors need to be considered. Based on the analysis of the results, the study outlines measures that could be put in place to assist the Municipality in improving the collection of revenue. All the stakeholders that are key to the process need to be informed, the need for the decisions and actions to be taken should also be communicated. The study hereby recommends that RMLM consider doing the following to turn things around:

1. Ensure that properties registered on the municipal valuation roll are billed correctly and timeously every month.

2. Management of the Municipality ought to ensure that policies of the Municipality are reviewed regularly per MFMA.

3. The Municipality should further seek adequate capacitation of staff to strengthen its revenue collection efforts.

4. Vacant positions in key strategic positions have to be filled.

5. Roles and responsibilities of departments ought to be clearly defined.

6. Dedicated resources (people and systems) ought to effectively improve the revenue collection efforts of the Municipality.

7. Intergovernmental relations as a platform to address disputes between government departments and entities should be utilized to address government debt.

8. Credit control policy should be one of the measures the Municipality consider enforcing to effectively collect revenue for services rendered.

9. The indigent register must be maintained and updated to identify residents who are eligible for subsidized services through the indigent policy.

10. Accounting Officer ought to ensure that all the departments and stakeholders crucial to revenue collection understand the linkages between what they do and the impact it has on service delivery.

11. Politics should not influence the administrative decision-making process of the Municipality.

5.7 SUMMARY

The chapter made conclusions and recommendations for this study. The key recommendations which were made included that RMLM can achieve long-term sustainability through an effective collection of revenue. This is achieved by producing a policy that is enforced. The effective collection follows the correct statistics of the households which should pay tax, accurate and timely production of bills, and the filling of strategic revenue collection positions.

6.1 References

List of References

Adams, E. & Maslove, A. 2009. Innovations in Transfer Payments to Local Governments: The Case of the Gas Tax Fund. *Canadian Political Science Association 81th Conference,*:1-22.

Alexander, D.P. 2015. An assessment of capital budget planning and municipal borrowing as funding source in Overstrand Municipality in the Western Cape. University of Cape Town.

Aliaga, M. & Gunderson, B.J.S.R. 2000. Joint Committee on the Curriculum in Statistics and Probability. *The Statistics Teacher Network*(53):3-15.

Antonius, R. 2012. *Interpreting Quantitative Data with IBM SPSS Statistics*. 2nd ed. London: Sage.

Armah, A.A. 2014. *Assessing the Contribution of Internally Generated Funds to Community Development in the Ga East Municipal Assembly: A Case Study of Abokobi.* Accra: University of Ghana. ((Dissertation-MA)).

Babbie, E.R. 2013. The Practice of Social Research: Belmont, Calif.: Wadsworth Cengage Learning.

Bazel, P. & Mintz, J. 2014. The free ride is over: Why cities and citizens must start paying for much-needed infrastructure. *SPP Research Paper*(7-14).

Bekink, B. 2006. Principles of South African local government law: Elsevier Butterworth Heinemann.

Beyers, L.J.E. 2015. Service delivery challenges within Municipalities in the Capricorn District of Limpopo Province. *Journal of Human Ecology*, 50(2):121-127.

Bird, R.M. 2013. Local taxes and local expenditures: Strengthening the Wicksellian connection. *International Center for Public Policy Working Paper Series,Working Paper 13-23*:1-38.

Bless, C., Higson-Smith, C. & Kagee, A. 2006. Fundamentals of social research methods: An African perspective: Juta and Company Ltd.

Brosio, G. 2000. Decentralization in Africa. *International Monetary Fund. Washington, DC. Processed*, 40.

Bryman, A. & Bell, E. 2014. *Research methodology: Business and management contexts*. Cape Town: Oxford University Press Southern Africa.

Chauke, K.R. & Sebola, M.P. 2016. Revenue collection in South Africa: a comparative analysis of South African Revenue Services and the South African municipalities. *Journal of Public Administration*, 51(3):423-435.

Comrie, J. 2013. In Our Hands: Strengthening local government revenue for the 21st century. *Australian Centre of Excellence for Local Government,*:1-50.

Constitution of the Republic of South Africa. 1996. *Constitution of the Republic of South Africa*. Pretoria.

Devas, N. 2003. Can city governments in the South deliver for the poor?: a municipal finance perspective. *International Development Planning Review*, 25(1):1-29.

Division of Revenue Act. Treasury, N. 2015. *Division of Revenue Act 1 of 2015*. Pretoria.

Division of Revenue Act. 2016. Division of Revenue Act Act 1 of 2016. Pretoria.

Education and Training Unit. The Three Spheres of Government. https://www.etu.org.za/toolbox/government.html Date of access: 22 October 2020 2020.

Fjeldstad, O.-H. 2006. Local revenue mobilization in urban settings in Africa: Chr. Michelsen Institute.

Fjeldstad, O.-H. & Heggstad, K. 2012. Local government revenue mobilisation in Anglophone Africa.

Gideon, Z. & Alouis, C. 2013. The Challenges of Self-Financing in Local Authorities The Case of Zimbabwe. *International Journal of Humanities and social science*, 3(11).

Gray, D. 2011. *Doing Research in the Real World*. London: Sage Publishers.

Habitat, U. 2013. State of the world's cities 2012/2013: Prosperity of cities: Routledge.

Hungwe, N.A. 2017. *The challenges facing developmental local government in South Africa with specific reference to the Capricorn District Municipality in Limpopo Province.*

Jibao, S.S. & Prichard, W. 2013. Rebuilding Local Government Finance After Conflict: The political economy of property tax reform in post-conflict Sierra Leone. *International Centre for Tax and Development Working Paper*, 12.

Kahn, S.B., Madue, S.M. & Kalema, R. 2016. *Intergovernmental Relations in South Africa*. Pretoria: Van Schaik Publishers.

Kanyane, M. 2011. Financial viability of rural municipalities in South Africa. *Journal of Public Administration*, 46(2):935-946.

Kitchen, H. 2002. Canadian municipalities: Fiscal trends and sustainability. *Canadian Tax Journal*, 50(1):156-180.

Kitchen, H.M. & Slack, E. 2003. Special study: New finance options for municipal governments. *Policy*, 309:28.

Kumar, R. 2010. Research Methodology: A Step-by-Step Guide for Beginners.

Leedy, P.D. & Ormrod, J.E. 2013. *Practical Research: Planning and Design*. 10th. New Jersey: Pearson Education Limited.

Local Government. 2019. South African Yearbook 2018/19. https://www.gov.za/about-government/government-system/local-government#:~:text=There%20are%20278%20municipalities%20in,district%20and%20226%20local%20municipalities Date of access: 19 October 2020.

Lotriet, D. 2015. Mail and Guardian Africa's best read. www.mg.co.za Date of access.

Makgatho, K.E. 2013. Effectiveness of internal control mechanisms in monitoring financial resources at the Gauteng Department of Education. North-West University.

Manyaka, R. 2014. Collection of municipal own revenue in South Africa: Challenges and prospects. *Journal of Public Administration*, 49(1):127-139.

Manyaka, R., Madzivhandila, T.J.S.M., Tsheola, JP, Phago, KG & S, B. 2013. S. 2013. The Implementation of Integrated development Plan for Service Delivery Purpose.

Martinez-Vazquez, J. & Smoke, P. 2011. Introduction. Local Government Finance: The Challenges of the 21st Century.

Mathebula, N. 2014. Service delivery in local government through socio-economic programmes: successes and failures of the Comprehensive Rural Development Programme (CRDP). *Mediterranean Journal of Social Sciences*, 5(20):132.

Mbokane, A. 2009. Research Design. *Research Method and Population*:1-16.

Miller, G.J. & Yang, K.L. 2007. Handbook of Research Methods in Public Administration, 2nd ed. Florida: CRC Press.

Mmemezi, N. 2018. An assessment of capital budgeting spending challenges on service delivery in a municipality. North-West University.

Municipal Finance Management Act. 2003. *Municipal Finance Management Act*. Pretoria.

Municipal Systems Act. Treasury, N. 2000. Municipal Systems Act 32. Pretoria.

National Treasury. 2008. Local Government Budgets and Expenditure Review.

Ngobeni, M. 2018. Factors affecting service delivery in the Tshwane Municipality. North-West University.

Nkuna, N. & Nemutanzhela, T.J.J.o.P.A. 2012. Locating the role of service delivery within powers and functions of local government in South Africa. 47(Special issue 1):355-368.

Polit, D.F. & Beck, C.T. 2010. Generalization in quantitative and qualitative research: Myths and strategies. *International journal of nursing studies*, 47(11):1451-1458.

Polit, D.f. & Hungler, B. 1999. Nursing research, principles and measures: Philadelphia, PA.: Lippincott, Williams &Wilkins.

Pöschl, C. & Weingast, B.R.J.A.a.S. 2013. The fiscal interest approach: The design of tax and transfer systems.

Powell, D. 2009. Talking Governance. What is wrong with local government? *The magazine for local*(Issue):2.

Ramotshere Moiloa Local Municipality. 2015. Spatial Development Framework. https://www.ramotshere.gov.za/about-municipality Date of access: 23 October 2020.

Ramotshere Moiloa Local Municipality. 2020. Ramotshere Moiloa Local Municipality Draft IDP 2020/2021. https://www.ramotshere.gov.za/sites/default/files//documents/IDP%202019-20%20edited%2012-06-2019.pdf Date of access: 22 October 2020.

Reddy, P. & Maharaj, B. 2008. Democratic decentralization in post-apartheid South Africa. Foundations for Local Governance. Springer. p. 185-211).

Republic of South Africa. 1998. Local Government: Municipal Structures Act 117. Pretoria.

RSA Constitution. 1996. Constitution of the Republic of South Africa 1996: as Adopted by the Constitutional Assembly on 8 May 1996.

Ruiters, G.J.C.S.P. 2007. Contradictions in municipal services in contemporary South Africa: Disciplinary commodification and self-disconnections. 27(4):487-508.

Saunders, M., Lewis, P. & Thornhill, A. 2009. Research methods for business students: Pearson education.

Schoeman, N. 2011. Fiscal Performance and Sustainability of Local Government in South Africa–An Empirical Analysis.

Sebola, M.P. & Chauke, K.R.J.J.o.P.A. 2016. *Revenue collection in South Africa*: a comparative analysis of South African Revenue Services and the South African municipalities. 51(3):423-435.

Shah, A. 1994. The reform of intergovernmental fiscal relations in developing and emerging market economies: The World Bank.

Sikhakane, B. & Reddy, P. 2011. Public accountability at the local government sphere in South Africa. *African Journal of Public Affairs*.

Siniscalco, M. & Auriat, N.J.I.I.f.E.P. 2005. Quantitative research methods in educational planning: Questionnaire design.

Slack, N.E. 2009. *Guide to municipal finance*. Nairobi: UN-Habitat.

Smit, P.J., Cronje, G.d., Brevis, T. & Vrba, M. 2011. *Management principles: A contemporary edition for Africa*. Cape Town: Juta and Company Ltd.

South African Local Government Association. 2016. http://www.salga.org.za/Municipalities%20AM.html Date of access: 18 November 2020.

Statistics South Africa. 2016. Ramotshere Moiloa Local Municipality (NW385) Demographic Information. https://municipalities.co.za/demographic/1204/ramotshere-moiloa-local-municipality Date of access: 22 October 2020.

Stren, R. 2014. Urban service delivery in Africa and the role of international assistance. *Development Policy Review*, 32(s1):s19-s37.

Thornhill, C. 2012. Improving local government transformation in South Africa. *Administratio Publica*, 20(3):128-143.

Thornhill, C.J.J.o.P.A. 2009. Intergovernmental relations: The case of co-operative local government. 44(3.1):671-687.

Tsatsire, I. 2008. A critical analysis of challenges facing developmental local government: A case study of the Nelson Mandela Metropolitan Municipality.

Tshishonga, N. 2019. Prospects and challenges of transforming local government into a learning organisation. *African Journal of Public Affairs*, 11(1):157-175.

Tullock, Z. 2018. Developing Rural Municipalities Own Revenue Sources. *Submission for the Division of Revenue // 2017/18*, 4.

Welman, C., Kruger, S. & Mitchell, B. 2005. *Research methodology* 3rd edition. Cape Town: Oxford University Press.

White Paper on Local Government. 1998. *White Paper on Local Government*. Pretoria.