AN APPRAISAL OF BASIC INFRASTRUCTURAL SERVICE DELIVERY AND COMMUNITY PARTICIPATION AT THE LOCAL LEVEL: A CASE STUDY OF THREE MUNICIPALITIES IN THE EASTERN CAPE

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A thesis submitted in partial fulfillment of the requirements for the degree

MASTER OF COMMERCE (FINANCIAL MARKETS)

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$^1$ The financial assistance from the National Research Foundation (NRF) Scholarship and John Davidson Educational Trust towards this research is hereby acknowledged. Opinions and views expressed, and conclusions arrived at, are those of the author and do not necessarily reflect those of Rhodes University or any other institution.
DECLARATION

Except for references specifically indicated in the text, and such help as has been acknowledged, this thesis is wholly my own work and has not been submitted to any other University, Technikon or College for degree purpose.

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ABSTRACT

Housing provision plays a vital role in meeting basic needs. Dwellings provide the security required for basic functioning and are thus essential for both human development and the alleviation of poverty. This study examines the levels and quality of basic infrastructural service delivery (electricity, water and sanitation) at local government level, focusing on housing. The local government areas studied include Grahamstown Fort Beaufort and Duncan Village. This was done for the purposes of analyzing the effectiveness of the existing housing policy with regard to the adequacy of scale, its developmental logic, implementation and coordination. Justification for basic infrastructural service delivery is based on the Basic Needs Approach [BNA] which forms the cornerstone of the World Bank’s delivery framework.

The paper makes use of two methods: firstly, secondary sources are used to provide an impression of the broad policy framework focusing around basic service delivery with housing as the centrepiece. Specific attention is thus given to Integrated Development Plans (IDPs) as this is the level of policy-making responsible for the delivery of these services to communities. Secondly, previously un-analysed data drawn from a household social exclusion survey (2005-2006) conducted in three Eastern Cape municipalities (Buffalo City, Makana and Nkonkobe – representing respectively urban, small town, and rural areas) are evaluated. The data are analysed two ways – graphically and through a regression analysis – to test four hypotheses regarding basic service delivery.

Graphical analysis demonstrates that services differ according to housing type and location. It was found that brick houses seem more likely to have better basic services than either shacks or mud dwellings. The results also show that there are inequalities in the provision of certain basic services such as water and sanitation between Duncan Village and Grahamstown. Overall, the results of this study show that government is still faced with major challenges in addressing housing backlogs.
ACKNOWLEDGEMENTS

First and foremost I would like to thank the Almighty God for this wonderful opportunity he has given me to write this thesis. It is by his mercy that I am writing this paper today.

Secondly, I am very much indebted to my supervisor Mr. David Fryer for the sociable, motivational and professional supervision. I also thank him for the data used in analysis (the data used in analysis is that obtained from a Social Exclusion Survey conducted during 2005–2006 by Bruce Hepburn and David Fryer).

I would like to pass my sincere gratitude to Ziv, Niki and Bruce for their extensive academic input towards the success of the paper, and in particular their help with the empirical work presented in Chapter 5. To my family, may God richly bless you for the moral support, patience and love you have shown unto me throughout my academic life. I also extend my deepest gratitude to my future wife, Anita Ndamase, for all the supportive and motivational talks we have shared together. May God bless you and your family!
Professor Nel, Professor Faure, Niki, Meshach, James, Brenda and the entire lecturing and administrative staff, I thank you for the academic guidance and other support you have given me throughout my stay at Rhodes. To Jos Welman, you are the best boss I have ever had. Working with you and for you at the Centre for Entrepreneurship was so much fun. You were like both a father and a friend to me.

Last but not least, to all Students in Free Enterprise Organization Members (SIFE Rhodes), I enjoyed working with you guys and I thank you for your co-operation, keep up the good work.

I dedicate this work to my mother (Mrs MT Mabuza)!!!
[I love you mom]
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CHAPTER ONE

INTRODUCTION

1.1 CONTEXT OF RESEARCH

The election victory by the African National Congress (ANC) in April 1994 witnessed the realisation of political democracy after many years of oppression during apartheid. However, the state that the democratically elected ANC inherited was characterised by massively skewed development biases that had resulted from years of institutionalised racially-based capitalist apartheid domination. Addressing the developmental challenges associated with a dualistic economy remains a key issue.

To redress these economic and social disparities, the ANC and its coalition partners established the Reconstruction and Development Programme (RDP), which prioritised human development. Subsequently, basic infrastructure provision (housing, electricity, water, sanitation, etc.) became an important sector in this process (ANC, 1994: 15-16; Stewart, 1997:3; Marais, 1998:237-239). Shifts within the broader macro-economic policy have displayed inconsistencies, as government continues to advocate an increasingly developmental local sphere. After democratisation the RDP emerged as a sustainable people-driven process for economic development that would improve the quality of life for all where human development would be prioritised through basic infrastructure provision (Barchiesi and Bramble, 2003: 42; ANC, 1994: 15-16). In essence, the RDP was designed to overcome the “dire problems of poverty and acute inequality” (Stewart, 1997:3). Although the Congress of South African Trade Unions (COSATU) continued to support the RDP, the ANC moved towards the promotion of neoliberal market principles, for instance, introducing the Growth Employment and Redistribution (GEAR) programme (SA Ministry
of Finance, 1996[a]; RSA, 1996). Despite GEAR’s notable achievements in meeting stability and budget goals, it failed to attain the principal objective of growth and employment creation (Bhorat, 1999: 2-4). This further exacerbated the crises of low local development.

The Accelerated and Shared Growth Initiative for SA (ASGISA) (RSA, 2006) appears to have emerged as a response both to the budgetary success of GEAR and its failure to deliver socioeconomic goals. It is important to acknowledge that ASGISA is not a new policy replacing GEAR, but it does signal a return to a more direct approach to poverty alleviation. In the President’s words, “ASGISA is not intended to cover all elements of a comprehensive development plan; rather it consists of a limited set of interventions that are intended to serve as catalysts to Accelerated and Shared Growth Development” (RSA, 2006). The key shortcomings of ASGISA are a continued reliance on a top-down approach unresponsive to local needs and the failure to articulate an integration framework encompassing the actions of developmental local government.

The South African Constitution mentions housing as one of the socio-economic rights which the above mentioned macroeconomic frameworks aimed to address (Republic of South Africa, 1996:12). This right appeared in the Housing White Paper of 1994, and was also articulated by the ANC’s Reconstruction and Development Programme (RDP) of 1994, as well as the Housing Act of 1997 (Republic of South Africa, 1994; Republic of South Africa, 1997). The Housing White Paper presented the concept of ‘adequate housing’ and formulated a national housing vision. Within this vision, government strived for the establishment of viable, socially and economically integrated communities situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities. Furthermore, all South Africans were to progressively obtain access to a permanent residential structure with secure tenure ensuring privacy and providing adequate protection against the elements. Finally, it stipulated that there must be access to potable water, adequate sanitary facilities and domestic electricity supply. (Republic of South Africa, 1996: 2, Kallis and Nthite, 2007:3, Department of Housing, 1994: 12). The Housing Act of 1997 further defined government roles in housing provision. Municipalities were tasked with establishing housing goals, designating land for housing development in accordance with the national housing program, and taking all ‘reasonable steps’ to ensure that residents have access to adequate housing and service delivery (Pottie, 2004:5-6). Although realisation
of this right is ultimately dependant upon the availability of funds (Marais and Wessels, 2005:1, Tomlinson, 2007:1), current housing policy remains based on the understanding that housing is a basic need. The current housing policy also realises housing provision, not only as an ‘end product’, but also as essential for human development (Department of Housing, 2004: 7-8; Tomlinson 2006: 6-10).

Recent developments within the structure of South African governance include the delegation of greater authority to the local sphere in an attempt to realise this housing right. It is important to recognise that this is not a country-specific phenomenon. Indeed, decentralisation has been popularly viewed as a strategy for remedying the problems of governance and service delivery in both developed and developing countries (Parry, 1997:1). The benefits of decentralisation include greater responsiveness to citizens, improved decision-making based on more accurate information and better knowledge of local conditions, and improved efficiency in service delivery (Parry, 1997:1; Reddy, 1999: 17; de Visser 2005: 70; Atkinson, 2002: 3; Craythorne, 1993:7). Within the South African context, local government has functioned as a separate sphere of government since 1996 (Kallis and Nthite, 2007:8) where it operates on the principles of cooperative governance as defined in the Constitution of 1996 with the national and provincial spheres (Pottie, 2004:1). Actions of fiscal decentralisation have been accompanied by an improved developmental role for local authorities (Reddy, 1999: 17) with the local sphere currently assuming a critical status in meeting the country’s development needs (Kallis and Nthite, 2007:8-9). This shift towards decentralisation has been motivated by a variety of factors (Pillay, 2001: 1). However, the principal motivator was the identification of the local tier of government as the most appropriate for direct poverty alleviation, especially by providing basic service infrastructural delivery to impoverished local communities (Atkinson, 2002: 4).

The key legislative changes driving these processes have been articulated within the Municipal Structure Act (Act 117 of 1998), which regulates the political and institutional arrangements for local government (Reddy 1999:215). This was followed by the Municipal Systems Act (MSA of 2000), which seeks to regulate the relationship between citizens and local government, placing special emphasis on government services (Jenkins, 1999: 3-4). In essence, these Acts build upon the Constitutional assignments placed on the local sphere to provide democratic and accountable government for local communities, ensure the
provision of services to communities in a sustainable manner, and promote social and economic development (Hope, 2000:2-3). Through service delivery improvements, the MSA aims to advance the agenda of developmental local government and good governance by ‘putting people first’. The Act also advances accountability, transparency, efficiency, and consultation through the generation of reliable structures for community participation in municipal affairs (Pottie, 2004:9). The Integrated Development Plan (IDP), which was instituted in mid-2001, also plays an important role in realising such developments. IDPs are intended to be multi-sectoral programmes and include a wide variety of development ranging from ‘hard’ services such as water, sanitation, electricity, housing and roads to ‘soft’ or human development issues such as land reform, poverty alleviation, tourism and local economic development (LED) (Atkinson, 2002: 4).

South Africa has had to adapt its institutional design rapidly, particularly with regard to local government (Atkinson 2002:1). Although the delegation of responsibilities and continued promotion of a developmental local sphere is commendable, implementation has been beset by numerous problems. Firstly, local government has received inadequate attention, especially during the GEAR period (Pillay, 2001: 2-3). Secondly, despite the creation of various structures to manage intergovernmental relations, extensive difficulties have been encountered. For example, the Senate, which was established as a co-legislator and forum for intergovernmental relations, has been described as having no clear constitutional and political mandate with regard to intergovernmental relations and policy coordination (de Villiers, 1998:4-7; Pillay, 2001: 4). Thirdly, despite municipalities being required to write IDPs, they generally remain unresponsive to their local electorates. This is due in a large part to a lack of coordination between municipalities and the other tiers of government, as well as the complexity of their structures (Akor et al, 1997: 14-15). Furthermore, not much attention has been given to how cooperative government will manifest itself in specific policy areas (Pottie, 2004:1). Coordinating development within only a single sphere of government or a single political jurisdiction is a challenging task in itself. Coordinating development programmes at national, provincial, and local government levels is a daunting task (Pottie, 2004:1). Subsequently, national and provincial departments need to make a great effort to build up municipal developmental capacity and establish an intergovernmental system that is equal to the developmental task (Atkinson, 2002: 21). The current
conceptualisation of developmental local government places LED and improved basic service delivery, particularly the provision of RDP housing, at the centre of poverty alleviation activity. However, enhanced municipal institutional capacity and policy integration are required to give greater effect to these intentions.

Tomlinson (2006:11) notes that households tend to be better off when they feel a sense of security: that they in charge of their own lives and have access to services at the sites which they own. At the same time, beneficiaries are often unhappy about the location and quality of the structures they have received, especially if they are on urban peripheries and close to economic opportunities. Therefore the new vision presented by the Housing policy of 2004 shifts the focus away from the ‘quantity’ to the ‘quality’ of housing delivery, and aims particularly for the delivery of sustainable human settlements. Thus, the Department of housing has extended its role to that of supporting the entire residential property market, not just the low-income market, as a means of breaking the barriers between the first economy residential property boom and the second economy slump (Department of Housing, 2004, 7). In order to accomplish these goals, certain policies have been implemented that need to be assessed.

1.2 OBJECTIVES OF STUDY

The principal objective of this research is to assess the state of basic infrastructural service delivery by local authorities, with specific focus on housing, by evaluating housing policy with respect to the adequacy of its scale, its developmental logic, and its implementation and coordination.

1.3 METHODS OF STUDY

This project makes use of two methods: secondary documentary sources are used to derive a perspective of the broad policy framework focussing on basic service delivery with housing
as the centrepiece. Specific attention is also given to IDPs as this is the level of policy-making responsible for the delivery of these services to communities.

Data that has not been previously analysed, drawn from a household social exclusion survey that covered three Eastern Cape municipalities – Buffalo City (Duncan Village area), Makana (Grahamstown area) and Nkonkobe (Fort Beaufort area) – representing respectively urban, small town, and rural areas (Fryer and Hepburn, 2007a), are evaluated. The data are analysed in two ways. The first step involves descriptive statistics and graphic representations explaining key findings in detail and the second step involves regression analysis (see Chapter 5).

1.4 ORGANISATION OF STUDY

The study is divided into six chapters and is organized as follows: Chapter 2 reviews theoretical issues surrounding housing provision in South Africa. Chapter 3 looks at the impact of settlements policies under the colonial era and the apartheid era on housing delivery in South Africa. Chapter 4 explores post-apartheid era housing by looking at housing problems inherited by the democratic government and the basic services backlog that occurred after 1994. Chapter 5 explains the methodology used as well as presenting and discussing results, while Chapter 6 gives a summary of findings, policy recommendations and areas for possible further research.
CHAPTER TWO

THEORETICAL ISSUES SURROUNDING HOUSING PROVISION IN SOUTH AFRICA

2.1  INTRODUCTION

South Africa’s per capita income and the position of housing was for a long time been skewed along racial lines, with Bantustans and black townships being characterised by extreme poverty and extensive housing under-provision during the apartheid regime. The need to address disparities in development has been recognised by the democratic government, under which basic housing has been described as a priority.

Within this context, the ‘house’ must be seen as a basic building block for the upliftment and economic development of the poor: for example, it provides a unit which can be used to launch a small business. Once constructed, the basic structure offers immediate benefits to the family unit living in it, depending on the quality of the structure. Moreover, there are immediate benefits in terms of social welfare that extend beyond the individual to community: for example, by reducing the risks of fire and other hazards associated with informal shack settlements.

It has been argued that state provision of sub-economic housing is essential for the development of the poor, without which they would be excluded from favourable employment opportunities and access to financial capital. The resultant uncontrolled homelessness and forced reliance on inferior building technologies (such as wooden shacks in Duncan Village and metal shacks in Grahamstown) reinforce the socio-economic marginalisation of the poor. This deepens vicious poverty cycles, subjecting these individuals to a lifestyle of continued basic deprivation. Therefore, sub-economic housing
must be treated as an essential public good, and renewed impetus needs to be given to accelerating RDP housing provision

The aim of this chapter, then, is to present housing as essential for the ‘public good’, especially that of poor communities. Housing is basic need, and inadequate housing contributes to the dynamics of poverty. In this chapter, Section 2.1 examines housing as a foundation of economic and human development by presenting it as a sub-economic factor for poor communities. Section 2.2 discusses housing provision models, while Section 2.3 concludes the chapter.

2.2 HOUSING AS A FOUNDATION OF ECONOMIC AND HUMAN DEVELOPMENT

The following section responds to the question ‘why should government provide houses?’ by highlighting the vital role of housing to economic and human development. I begin by discussing the concept of housing in the context of public and private ‘goods’. This section uses Sen’s functional analysis and other attributes associated with housing provision to analyse the necessity of housing for human development.

The allocative economic function of the state involves government action in a number of different fields: ‘public goods’, the encouragement or control of production and services for the private sector and the provision of goods and services which private sector businesses cannot provide to the community (goods and services that require initial levels of resource input beyond the current capability of the private sector business) (Erasmus and Visser 2002: 28).

A pure public good possesses two properties: non-excludability and jointness of supply. Non-excludability means that if one individual consumes the good, then another individual automatically experiences equal amounts of the same good. Jointness of supply, meanwhile, means that consumption of the good by one person does not reduce the supply of the good to other individuals: for an example, in the case of a street light. Thus, all public good is homogeneous and is supplied by government so as to maximize welfare (Brown et al,
1976:396). Private goods, on the other hand, are excludable: they have clearly identified owners who tend to be rivals (Stiglitz, 2000:126-137; Black et al. 2003: 328).

A good can be treated as a pure public good or as a mixed good: for example, goods such as defence are regarded as pure public goods because their individual consumption unit cannot be defined (Holtermann, 1972: 82). Traditionally, housing is a private good. However, low-cost sub-economic housing may be described as a ‘merit good’ as argued by Fenton and Solomon (1974:213), who contend that society should place a greater value on the housing of the poor than the recipients themselves might be inclined to do. This is because the ‘neighbourhood effects’ resulting from poor quality housing include increased community health and fire hazards which further escalate poverty, thus suppressing human and economic development. Given that housing is a merit good, the state has committed itself to building government-funded RDP houses to redress the imbalances of the past. This is reflected in the South African constitution where government has defined the right to shelter as a basic need.

A wide range of literature reviewed demonstrates widespread poverty in South Africa as measured by the Gini coefficient. The literature also reveals that the wide gap between the rich and the poor has been accompanied by racism and the deliberate inequalities of apartheid (Christie and Gordon, 1992: 399; Wilson and Ramphele, 1989: 181). However, development is commonly equated with growth in average income, with little focus given to income distribution (Anand and Ravallion, 1993: 133 and Betancourt, 1996: 135). Poverty

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2 A good having characteristics of both private good and pure public good (Holtermann, 1972:82).

3 Provision of a ‘merit’ good is considered when government has provided more of a good than a private market solution. The good is classified as meritorious when that good is believed to be good for individual, thus motivating its consumption (Houston and Tiebout, 1962:414).

4 A comparison between black and white housing conditions may reveal the effects of income discrimination. On average, black people owned worse quality housing than did whites during colonial era and apartheid era (see chapter three) (Meyer, 1973:143). Meyer (1973) argues that low incomes required Black households tended to choose poor quality housing, while housing discrimination forced them to choose even lower quality housing than their incomes required. The effect of housing discrimination was to reduce the supply of good quality housing below the demands of Black households (Meyer, 1973:146-147). High-income black households are more likely to occupy good quality housing than low-income black households, but because of the negative neighbourhood effects limiting black access to quality housing, the elasticity of quality with respect to income is still substantially lower for blacks than for whites. For example, given the restricted supply of quality housing, blacks might be willing to spend additional money renovating their housing units, but because of space and other factors, this might not be achievable. This practice may also be limited to few households with small families. Large households would spend less money on improving housing quality, as they will have to spend a greater portion of their income on food and clothing (Alnwick and England, 1982:442; Lau and Li, 2006:616).
entails more than a lack of income as it exists whenever an individual's or a household's access to income, jobs, infrastructure and basic services is inadequate to ensure full access to opportunities. Subsequently, poverty is caused by a combination of variables including social, economic, spatial, environmental and political factors (Muller et al, 2003: 3-4). Recent development processes emphasise the reduction of poverty through the provision of basic needs rather than merely raising average incomes (Tomlinson, 2007:1; World Bank, 1980, 1990).

Definitions of poverty have progressed from “absolute” concepts defined in terms of minimum subsistence levels, to “relative” concepts, which define it in terms of exclusion from mainstream society (Noble, et al 2004: 6). Subsequently, greater emphasis has been placed on the interdependence between scientific concepts of poverty5 and the social and institutional structure (Townsend, 1993: 33). “Relative” deprivation points to the importance of both material and social deprivation, applying to ‘[individuals] whose resources do not allow them to fulfil the elaborate social demands and customs placed on citizens of that society’ (Townsend, 1993: 36). The basic needs strategy extends the definition of poverty alleviation beyond increasing the incomes of the poor and also recognises the insufficient effects of traditional growth rate policies for the poor. Thus, it is concerned with both productive and basic functions such as education, health, shelter and nutrition (Chatterjee, 1982: 2-3).

The basic needs approach proposes that ‘there are basic human needs which, apart from variations attributable to biological factors (such as gender and age) and geographical factors (such as climate), have to be satisfied in any society to ensure survival’ (Townsend, 1971: 19). According to Grant (1977: 7) basic needs are the minimum standards of living set for the poorest groups of society. These minimum standards usually include nutrition, health, shelter, clean water, transport, and schooling (Moller and Schlemmer, 1983: 229 and Brinkerhoff et al, 1997: 2-3). Households are defined as poor if their food, clothing, medical, educational, and other fundamental needs are not met (Glewwe and van der Gaag, 1989: 9).

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5 Poverty as defined statistically in terms of income, assets etc.
A significant contribution to the understanding of poverty dynamics has been made by Sen, whose research on entitlements and capabilities revolutionised approaches to poverty in the 1980s, opening up critical appraisals which stress the equal importance of empowerment and vulnerability (Williams, 1999: 193). Sen’s analysis does not only focus on the ‘functionings’ based on income, but also move from specific endowments towards individuals’ entitlements. A person’s entitlements are the relationships – social (family ties), political (citizenship rights) and economic (market relationships) – through which his endowments are translated to functionings (Oughton and Whee lock, 2003: 1). Williams (1999: 198) states that for households that have access to land, land is seen as an important part of their entitlement set: both as an asset and a source of income. However the resource requirements of such functionings, such as appearing in public without shame (knowing that a person is entitled to something valuable such as land), taking part in the life of the community, being able to visit and entertain friends, being well-informed and so on, vary a good deal with the nature of the community in which one lives and with other contingent circumstances (Sen, 1985: 199).

Sen’s analysis shifts the attention from an individual’s actual functionings to his set of capabilities to function. According to Betancourt (1996: 323), capabilities take note of positive freedoms in a general sense (the freedom to choose, act and so on). The emphasis on poverty alleviation through the capabilities approach as seen by Sen is of special interest because it suggests that choices can be made at low levels of development in a predictable way (Betancourt, 1996: 323). This enables the researcher to assess whether an individual has had the opportunity to achieve certain functionings by comparing the actual opportunities of different persons (Sen, 1985:200-2001).

The affluent are able to travel throughout their districts and beyond for work and leisure, and play an active role in their communities and extended families. By comparison, the

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6 A ‘functioning’ is an individual achievement. According to Sen, functionings are related to the characteristics of ordinary commodities as outputs are to inputs. A visit to a doctor is a commodity; basic health is a functioning (Usher, 1987:198; Erikson, 1994:49).  
7 These include assets, human and social capital, which form the basis for capabilities, and thus functionings.  
8 An individual’s capability set is a set of functioning vectors within which an individual’s reach (Sen, 1985:200).
poorest households have severely constrained capabilities, including illiteracy, inadequate housing, health services which are only used in emergencies, and inadequate diet. They also face difficulties in meeting the standards of 'proper' behaviour, such as participating in festivals or providing dowries for their daughters, so that their material deprivations are often compounded by shame and social isolation. In short, the basic capabilities of the wealthy tend to be greater than those of people living in poverty (Williams, 1999: 197; Anand and Ravallion 1993: 138). Sen (1985:2003) describes the freedom to achieve well-being as a 'well-being freedom'. According to Sen, this kind of a freedom concentrates on a person's capability to attain the above-mentioned functionings and thus to enjoy the corresponding achievements of well-being.

Fryer and Hepburn (2007:5b) represent Sen’s approach diagrammatically:

![Figure 1. Social exclusion dynamics](image)

Source: Fryer and Hepburn (2007:5b)

From the diagram above, it is clear that endowments depend on productive or basic functionings. The authors record no correlation between productive functionings and basic functionings, meaning that the attainment of basic functionings does not guarantee the attainment of productive functioning. According to Fryer and Hepburn (2007:5b), entitlements are endogenous, and are affected by communities’ or society’s endowments. However, the failure of such entitlements may result in both productive and basic functionings being unattainable thus causing a poverty trap in many poor families (Fryer and Hepburn (2007:5b).
2.1.1 THE ROLE OF HOUSING

Housing plays a vital role in meeting people’s basic needs and in their capacities for productive functioning. A ‘dwelling’\(^9\) is considered to provide the best security in terms of basic functioning and is essential for human development and the alleviation of poverty. As Ledbetter puts it, ‘dwellings are the nursery of all domestic virtues, and without a home, the exercise of those virtues is impossible’ (Ledbetter, 1967: 3). Housing provides a combination of both environmental and locational services. Environmental services include the supply of clean water, waste disposal and energy, while locational services include access to jobs and social infrastructures (Stewart, 1997: 3; Marais, 1998: 237-239). According to Chatterjee (1982: 2-3), these services not only improve the physical welfare of the poor, but also aid the acquisition of human capital, encourage entrepreneurial civilities and mobilize resources to increase productivity. For many the home is a working place (de Wet, 1994: 320), while for others, having access to jobs can increase income.

Foley (1980: 2) and Johnson (1964: 2-3) also view housing as more than physical shelter, arguing that it encompasses the broader residential setting (for example, the absence of good housing makes it impossible to understand the importance of other facets of life such as employment, schooling, parenting, nutrition, and health). Pynoos et al (1973: 1) confirm that households are not only concerned with rent or purchases, but also consider the other attributes or ‘functionings’ that accompany property ownership, such as health, security, privacy, neighborhood effects, social relations, status, community facilities and services, access to jobs, and lastly control over the environment. These functionings represent the services generated by owning a house as mediated by social and psychological factors (Brekke and Howarth, 2000: 495). So too, the presence of housing influences the nature and quality of parenting. Homelessness has long been linked with a number of problems for children such as the risk of illness, injury, malnourishment, abuse, neglect, violence,

\(^9\) A dwelling unit is defined as a package composed of a certain quantity of capital assets called “housing stock” whereas a “slum” is a dwelling unit which yields less than an arbitrary quantity of housing service per time period (Olsen, 1969:614).
separation from the family, delays in cognitive and language development and impaired academic functioning (Crowley, 2003:23).

2.2 HOUSING PROVISION MODELS

In the Universal Declaration of Human Rights, the United Nations stipulates the standard of living adequate for the health and well-being (food, clothing, medical care, and housing) of every family (Choguill, 2007:143). Despite the necessity of housing for both economic and human development, according to Mumtaz (1982:527) every city in the world has a housing problem, usually expressed as inadequate or insufficient housing units. The provision of such units is resolved differently in different countries (Batley, 1996: 725). Methods of housing provision in developing countries are less successful than those in developed countries (Harris and Arku, 2007:5), as housing is still not regarded as a durable consumer good and an investment asset in most developing countries. As a consumer good, housing offers a flow of services such as shelter, while as an investment asset it provides rental income or capital gains. Chen et al (2007: 243) argues that regardless of what housing can offer, most methods of provision have no room for such benefits. According to Arias et al (1993: 63) housing provision is not usually seen as a productive investment for the poor and its cost recovery is slow. However, community-based housing programmes help in the development of new goals and opportunities by communities (Arias et al, 1993: 69). The following section explores the different types of housing provision models available in the market.

2.2.1 DIRECT PRIVATE SUPPLY

Goods regarded as non-excludable and non-rival cannot be presented by the private sector. In a case of a good being non-excludable, it is impossible to separate payers from non-payers and hence the private sector will not have any incentive to provide such a service because non-payers are excludable (Werna, 1999: 7). When housing is classified as a private good, it tends to be provided through the private market, and hence non-payers are excluded from consumption (Werna, 1998:10).

The production of a public good is most efficient when it is produced by the private sector as market circumstances allow it to act as monopoly while also providing services (Werna,
According to Walsh, however, private providers are vulnerable to the demands of contractors (1995: 235-237). The effects of private provision include negative externalities, bankruptcy and the collapse of essential services, and difficulties of coordination between multiple producers. According to Batley (1996: 749) these risks represent costs which are transferred to government as the hidden costs of privatisation.

There has been great public involvement in the provision of urban services in developing countries: for example, health, education, refuse collection, and water and electricity supply. However the situation regarding housing is different. Although housing is classified as a ‘merit’ good (Fenton and Solomon, 1974: 213) which ought to be provided by the state, the private sector has been widely involved in its provision (Werna, 1999: 8). In addition, in many cases, the physical production, design and consulting work on public housing projects and sites and services programmes have in fact been carried out by private building firms and consultants (Werna, 1999: 8).

In most developing countries, housing provision is dominated by private developers. These investors, like investors in other sectors, are usually profit oriented (Werna, 1999:21; Olatubara and Agbola, 1992: 83). It is therefore not surprising that housing units developed by the private sector are usually priced above subsidised public housing units.

2.2.2 DIRECT PUBLIC SUPPLY

The private sector in many emerging markets is still unorganised in terms of financial capacity, managerial experience, investment interests and social responsibilities. According to Ogunshakin and Olayiwola (1992: 45), the private market mechanisms cannot meet the housing needs of the low-income groups as they are not financially, organisationally and ideologically equipped to the demands of a displaced population. Investment in housing for low-income groups involves long-term delays in surplus value accumulation, low and slow capital profits. This has resulted in a huge gap between the supply of and demand for housing.

The provision of housing for the urban poor depends on a variety of factors (Rondinelli, 1990: 266). Ogunshakin and Olayiwola (1992: 45) argue that direct public supply (where the
state assumes responsibility) is the most reliable model for social, political and economic interests and responsibilities in mass housing provision. Housing may be directly provided by the central government through public housing programmes such as the introduction of subsidies. Lau and Li (2006: 615) suggest that the state measure the amount of subsidy needed for low and medium income households in existing market-based systems. This allows for the measurement of affordability which is necessary for relating the price of the units to household incomes (Izeogu, 1993: 32).

Despite government intentions to fund housing programmes, at the initial stage of habitation, mass housing was confronted with a host of failures (Ogunshakin and Olayiwola, 1992: 45). The first problem associated with the direct provision of public housing is that there tends to be inadequate planning with regard to the physical characteristics: 'the architecture, size and technology of construction' of houses (Werna, 1998: 14). Moreover, the need to reduce costs means that housing units tend to be built on cheap land and on the periphery of regions with poor access to basic community services (Arias et al, 1993: 64; Werna, 1998: 14).

As noted above, another aspect of the housing programme which is often neglected is that of cost recovery. Cost recovery\(^{10}\) in the housing programme has been viewed as the main factor resulting in the failure of housing programmes in many countries (Olatubara and Agbola, 1992: 82-84). For example, in India municipalities and local bodies were encouraged to raise appropriate charges for drinking water and sanitation facilities to meet the maintenance costs and make the system self-sustaining, but at the same time imposed unreasonable burdens on the poor (Billand, 1993: 53; Lau and Li, 2006: 616; Mahadeva, 2006: 422; Hancock, 1993: 129).

\(^{2.2.3}\) PUBLIC SUPPORT FOR THE PRIVATE SUPPLY

\(^{10}\) Cost recovery is the recoupment of all project costs from beneficiaries. This can be in a form of payments from compartmentaries such as safe drinking water, good sanitation and proper lighting (Mahadeva, 2006: 413; Olatubara and Agbola, 1992: 84).
In response to the persisting severity of housing shortages and the failure of public provision to keep pace with demand, Sengupta (2006: 449) argues that public-private partnerships (PPPs) are the most effective vehicles for urban housing policy. PPPs have emerged in the last decade in countries like India, and have been widely advocated for enabling housing and infrastructure development as part of recent housing reforms (Sengupta, 2006: 449).

PPPs have a long tradition in developed countries. However, according to Sengupta (2006: 451) PPPs are still emerging in developing countries and the extent of their use has depended, amongst other things, on the economic strength, prevalent political environment and housing tradition of a particular city. According to Sengupta (2006: 451), literature discussing PPPs in housing in developing countries is relatively sparse and the concept is yet to have a separate niche in either the theoretical or the practical spheres.

The public and private sectors have different strengths and weaknesses resulting from their different goals. According to Billand (1993: 55) the public sector is focussed on the social goals of equitable access to land, public health, education, safety and the environment, while private sector land developers have as their main goal expedient land development as a means of increasing returns on investment. Under the ideal model of PPPs, the strengths of both sectors combined would off-set each other’s weaknesses (Billand, 1993:55).

2.2.4 PUBLIC SUPPORT FOR THE DEMAND FOR THE PRIVATE MARKET

The government may also opt to support a demand for a private supply programme rather than providing housing directly. If direct public provision creates unfair competition amongst private providers, then supporting the demand for private housing has an advantage over direct public provision. Public support for the demand for the private market boosts the private supply by fostering a solvent demand sector (Werna, 1998:19-20). However, there is always the problem of corruption involved in housing units provided by the state through private contractors as the interests of the individuals most in need of housing are neglected (Harris and Arku, 2007: 6).
2.2.5 PARTNERSHIPS BETWEEN PUBLIC AND NON-PUBLIC ACTORS

Alternatively, the main model designed and used by many development agencies – such as the World Bank and the Inter-American Development Bank – for promoting local development in developing countries is social investment funds. These are intermediary institutions that provide grant financing for small-scale projects which are generated and managed by local agents, including community groups, local governments, non-governmental organizations (NGOs), local offices of line ministries and other local actors (Babajanian, 2005:450). They are the best instrument to develop local institutional capacities through the direct involvement of the public. Public participation is the touchstone for the success of development schemes (Bolaane, 2006: 731; World Bank, 2000: 12).

Social funds are demand-driven and are operated in a decentralized fashion as opposed to centralized public sector programmes. The tasks of investment selection, design, and construction are carried out by community groups and/or local governments, NGOs and private firms, and not by specialized public agencies (Babajanian, 2005: 451). This means that decisions about service provision are not solely made by governments based on their definitions of ‘needs’, but are taken from the beneficiaries themselves (Babajanian, 2005: 451). For sustainable communities, significant changes in structures, attitudes, and values and capacity building are necessary to empower the community through participating in decision making, planning and programmes’ implementation (Halla, 2007: 138; Ha, 2007: 129).

This kind of provision is in line with fiscal decentralisation. Ideas about decentralisation generally fall either into the idealistic theoretical domain or the practical case of actual implementation that evaluates the system’s performance. The traditional case for or against decentralisation is usually based on Musgrave’s (1959) three functions of government: stabilization, distribution and allocation, using the unitary state as a standardised measure (Adedian & Biggs, 1998: 79). It is important to recognise that the benefits and disadvantages of decentralization vary according to the intended objectives. From a generic perspective, arguments in favour of decentralization include a better matching of the mix of services
provided with local population demands. It is thus argued that local populations will be increasingly willing to pay for public services as their preferences are honoured. Government officials are also regarded as more accountable to voters for the quality of services provided. Decentralization may also enhance revenue mobilization and provide an environment for fiscal innovations. Politically, a decentralized system of governance may be considered as more democratic, accommodating calls for greater regional autonomy preventing centrifugal forces and national fragmentation (Boex, 2001: 8).

A number of arguments exist against decentralization, providing a case for a more centralized government structure. From this perspective, the maintenance of Central government results in greater control over fiscal policy, economic stability and macroeconomic conditions. This provides a coherent institutional framework for control over income distribution and building national infrastructure. Politically, fiscal decentralization might discourage national unity. In the extreme, decentralization might lead to calls for even greater regional autonomy and ultimately regional independence (Boex, 2001: 9).

Boex (2001: 8) notes that the advantages of decentralization presented above do not apply equally to all situations. Two issues of particular relevance to fiscal decentralisation in democratic South Africa arise from the abandonment of the central co-ordination of the previous provincial administrators acting as agents for implementation. These include, firstly, democratic government’s constitutional function and, secondly, the institutional challenges of decentralisation itself. Biehl (1994: 71) defines the constitutional function as ‘creating, protecting and developing institutions and decision-making rules that aid in the allocation of powers, authority and responsibilities for public functions to governments, and private property and action rights to individuals, to private firms and organisations’. The total costs involved in politically institutionalised decision-making systems include resource costs\(^{11}\) and preference/frustration costs\(^{12}\).

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\(^{11}\) Resource costs refer to ‘the financial and human resources devoted to establishing and maintaining decision-making institutions’ (Abedian & Biggs, 1998: 79)

\(^{12}\) Preference/frustration costs refer to the cost imposed on minorities, which have to accept majority decisions not in line with their preferences (Abedian & Biggs, 1998: 79).
By conferring more autonomy on lower tier governments, fiscal decentralisation changes the institutional context in which public decision-making takes place. It thus alters the underlying incentive structure, which influences decisions about public-service provision, programme design and implementation, revenue sharing, and finance (Abedian & Biggs, 1998: 100). Fiscal decentralisation also changes the constraints under which decisions are made and, by shifting the focus of decision making, may also change the objectives that decision-makers pursue. It is thus essential to consider how fiscal decentralisation restructures the decision-making environment\(^\text{13}\) in relation to the social benefits and costs of policy choices (Wildasin, 1996, 4).

From the perspective of practical implementation, the efficiency argument is not always applicable in reality. It is important to consider the capacity for local government to respond to citizens’ preferences for varying levels of local services or the payment of tax. This is often not possible in developing and transition countries, partly because voter preferences are not as readily translated into budget outcomes as in industrial countries (Boex, 2001: 8). Decentralisation thus has a direct influence on the impact of nationally defined development outcomes achieved through the fiscal system. In a heterogeneous society it is unlikely that the expenditure pattern produced by a decentralised system would be identical to the pattern that the central government would choose to implement unless national and sub-national preferences coincide exactly, negating the justification for introducing a fiscally decentralised system (Abedian & Biggs, 1998: 100-101). By shifting expenditure downwards, central governments have to redefine its role from a direct service provider to a monitor, capacity builder, regulator, performance auditor and coordinator of sub-national government service provision (Abedian & Biggs, 1998: 101).

Abedian & Biggs (1998: 77-78) observe that the genesis of a fiscally decentralised system seldom flows from a calculus of the economic advantages and disadvantages of such a system. This is certainly the case in South Africa where political imperatives were a major motivation for adopting [the decentralised] system. Subsequently, abstract sterile debate regarding the relative merits of fiscal decentralisation have been overridden by the political

\(^{13}\)This involves the identities of decision makers and the constrains they face.
and social justice imperatives of abandoning apartheid’s hierarchical system of government. Although there is a greater degree of decentralisation in expenditure, especially in terms of social service delivery, override clauses still permit a substantial amount of intervention to ensure that provinces are in line with national frameworks.

2.3 CONCLUSION

The literature reviewed presented housing as a merit good provided by government. Housing units provided by the private sector are not provided free of charge as private sector providers inevitably charge above the subsidised price. In addition, the private sector does not have the incentives to provide housing for a segment of the population that cannot afford to pay for it. However, direct government interventions in housing provision and the construction sector minimize the levels of negative externalities that are usually experienced with private providers.

State involvement results in good housing and an organised environment, both of which are vital for the effective cost recovery which ensures the additional supply of money to augment the usually inadequate amount available for new housing projects. In conclusion, for the State to produce a programme that would be implemented without problems requires an intimate knowledge of the political, socio-cultural, technical and financial environment of chosen providers. The literature reviewed presented the problem of cost recovery involved in the housing provision programme. For the government to recover costs incurred during housing provision housing beneficiaries’ needs are always neglected and this impacts negatively on low-income earners. However in terms of PPPs, this is minimised as strengths from both sectors offset each other’s weaknesses.

Housing plays a vital role in meeting people’s basic needs and capacities for productive functioning. A significant contribution on functionings has been made by Amartya Sen. While Sen has contributed much towards an understanding of poverty dynamics and interactions, the basic needs approach remains an important principle guiding the developmental activities of local governments. Indeed, meeting the basic needs of all South Africans is not only an essential requirement for redressing the inequities of the past, but is also essential for providing a foundation for the economic growth necessary to alleviate
poverty and realise sustainable development. Housing provision is not usually seen as a productive investment for the poor and its cost recovery is slow, yet community-based housing programmes aid in the development of new goals and opportunities.

CHAPTER THREE

THE IMPACT OF SETTLEMENTS POLICIES ON HOUSING DELIVERY IN SOUTH AFRICA DURING THE COLONIAL ERA AND APARTHEID ERAS

"People become squatters because nothing better is available. In the meantime, they must continue, find a haven and live in hope" Marais and van der Kooy (1978: 35)

3.1 INTRODUCTION

Keynes once claimed that public policies embody the ideas of discredited economists, however according to Arku and Harris (2005: 2), in the housing field the reverse has usually been true. Theorists of development have been slow to appreciate the importance of housing, not just an “end product”, but as essential for human development. These theorists have been influenced by economic assumptions that have downplayed the influence of living conditions on economic growth and that have condemned the building industry as disorganized and backward, and responsible for housing crises (Arku and Harris, 2005:2). Studies of housing, particularly in Third World countries, generally focus on the problems facing low income households. In South Africa not only is there a high correlation between income and race but the legislative framework, administrative procedures and financial policies applicable to each native group were very different (Morris, 1981: 2-3). For instance, classic studies have emphasized that because of income inequality, blacks occupied poor-quality housing (Gries and Ford, 1932: 1-34; Hoyt, 1939: 71). Few, if any, studies claim that
some Black households occupy sound quality housing, while Gelderblom and Kok (1994: 98) view housing as one of the elements of the right to an adequate standard of living. More recent discussions of Black housing continue to emphasize that Blacks predominantly occupy slum housing and the number of Black households living in shacks or in informal settlements had been increasing since 1996 (Tomlinson, 2006: 6-7).

Recent reports of vast housing backlogs, overcrowding, emerging squatter camps, evictions and removals alongside the inability of tenants to pay rentals have focused public attention on the Black housing problem facing South Africa. According to Morris, (1981: 1), Such problems are not new phenomena as black housing shortages have been a dilemma since Africans began drifting into towns, resulting in repeated housing crises. Because of this and the fact that Blacks are faced with the most serious housing problem, it is the intention of this chapter to concentrate on the black population group and where applicable make comparisons with other groups.

This chapter begins by reviewing the status of the housing policy and the historical processes influencing the demand and supply of houses to the black community taking into account the settlement policies during the colonial era and apartheid era. The rest of the chapter is structured as follows: Section 1 addresses settlement policies under colonial era, while Section 2 looks at settlements policies during the apartheid era taking into account the early apartheid era and the late apartheid era. Section 3 concludes the chapter.

### 3.2 SETTLEMENTS POLICIES UNDER THE COLONIAL RULE

This section seeks to assess the impact of housing and settlement policies under the colonial era on Black housing provision in South Africa. The section also analyses the different types of Acts such as the Native land Act of 1913, legislations and policies that were passed or implemented during this period, and how they affected the settlements of the black community. The section also reviews housing conditions in the 1920s.
3.2.1. SETTLEMENT POLICIES UNDER COLONIAL RULE.

South African historiography has always been haunted by the fact that ‘academic debate about the South African past is covert argument about the future shape of South African society’ (Bromberger and Hughes, 1987: 203). South Africa’s modern history provides a compelling case study of the ill-effects of bad housing policy in terms of the state’s practices in making and differentiating individual’s homes. In an account of housing policies, Lupton and Murphy (1995: 143) conclude that accommodation for blacks was intimately tied to the wider geo-political system of apartheid and that studies on housing may provide a lens for tracing the geography of change in South Africa. The State era in South Africa (1850 – 1948) established territorial units on a regional level for black occupation, introduced regulating frameworks on settlements and urbanisation to the urban areas. One of the original foundations of South African planning policy was a method to control and restrict the presence of black population in the urban milieus, as cities of South Africa were regarded as the “white man’s terrain” through the Native Land Act of 1913 (Lind, 2003: 64 and Land Act of 1913).

3.2.1.1 THE NATIVE LAND ACT OF 1913

There was a shortage of land for both white and black farmers from 1870 onwards because of the succession problem that took place under the Roman-Dutch Law (see Davenport and Saunders 2000: 191). This resulted in squatting, share-cropping and labour tenancy. Although such practices were common in rural areas they caused concern because they threatened commercial farming by overburdening the soil and blocking the supply of labour. With the growth of markets and the flow of money into the region, land values had begun to rise. A new generation of white entrepreneur landowners had come into being who wished to exclude the competition of the smallholder, or accepted only white squatters: the independent black peasantry should rather be drawn into the labour force. It was this attitude with which the parliament of South Africa tackled the land problem and carried the Natives Land Act of 1913 (Davenport and Saunders, 2000: 191).
The Native Land Act, also known as the Black Land Act, was passed in 1913, and it was a powerful piece of legislation which formed the basis upon which South Africa was and is divided. The Act, which was opposed by various organisations such as the South African Native National Congress (Later the ANC), created reserves for African people who could no longer own freehold land and subordinated the interest of black farming to the demands of new racial ideology called ‘Segregation’ (Fotheringham and Harley, 1999: 12; Native Land Act of 1913; Davenport and Saunders, 2000: 191 and Beinart, 1994: 14). This preserved cheap labour but created more difficulties for the black community. In effect over 80% of land went to White people, who made up less than 20% of the population. According to this Act, Black people could live outside the reserves only if they could prove that they had been employed by white people. To force black people to enter the labour market, the act illegalised sharecropping on farms in the Transvaal and the Orange Free State (Fotheringham and Harley, 1999: 12; Fotheringham and Harley, 1999: 14; Native Land Act of 1913 and Davenport and Saunders, 2000: 191 - 271).

The Native Land Act of 1913 restricted land ownership for Africans to certain specified areas mostly in the north and east, initially about 8% of the country’s land area, but extended to about 13% in the 1936 Native Trust and Land Act. Black occupancy was restricted to some 10.4 million Morgen of land (less than 8 per cent of the country’s area), with the promise of more land in the future (Cameron and Spies, 1991: 235). The balkanised ‘reserves’ thus demarcated by legislation laid the foundation for the ‘bantustan’ system, in which rights of political representation for Africans were attached to these areas. Many Africans continued to live in rural areas reserved for whites as tenants and labourers on white farms but also on their own land. From the 1960s, the government stepped up forced removals, moving nearly half a million people, but the attempt to shift all Africans into the ‘bantustans’ did not succeed: there never was a ‘white man’s country’ in the sense of zones of numerically predominant white occupation, only in the sense that whites were the only ones exercising control. Through this Act, the State hoped to address poverty among the white population and resolve the ‘poor White’ problem, a major concern following the South African Wars. However, the shortage of land posed a problem and made possible the growth of ‘evil’ slums and unsatisfactory location conditions (Hellmann 1949: 242). The State decided to take over land owned and lived upon by Black people (Beinart, 1994: 14);
however, Cameron and Spies (1991: 234-235) conclude that the Native Land Act of 1913 simply came into being to provoke the most profound black reaction and made the black South African not only a slave but also homeless and a pariah in the land of his birth.

3.2.1.2 THE HOUSING ACT OF 1920

Following the Native land Act of 1913 which restricted black land ownership as well as the capacity to build homes, farm and live normal lives (Cameron and Spies, 1991: 234-235), the Housing Act (No. 35 of 1920) was introduced. This Act was introduced under the terms of the Central Housing Board of the Department of Health. This body was to control the housing developments of local authorities and was viewed initially as a purely administrative organisation, which would supervise the lending of government funds (Hellmann, 1949: 242). No subsidies were contemplated as it was held that in effect this would mean an indirect subsidy to employers (Morris, 1981: 16). Under this Act local authorities could, borrow money from the Administrator of the province or with his consent from any other source to construct approved dwellings or carry out approved schemes. For many years according to Morris (1981) and Hellmann (1949: 242), the powers given by the Act with regard to Black and Coloured housing were little used.

Gradually it came to be realised that the housing needs of the under-privileged sections of the population could not be met on an economic basis because of the failure of municipalities to fulfil their obligations, which was largely due to inadequate financial resources and their fear of burdening themselves with heavy recurrent commitments. Furthermore, this was a result of the lack of will to face up to the fact that an urban Native population was not a transitory phenomenon but had come to stay (Hellmann, 1949: 242). Hence, in 1930, a further scheme was inaugurated which provided for the granting of housing, under certain conditions,14 of loans at a sub-economic rate of interest. Natives were,

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14 Approved schemes of dwellings solely for letting purposes to individuals unable to pay an economic rental, with, as possible, preference of occupation being given to persons evicted from unhealthy or overcrowded dwellings (Hellmann, 1949: 242-243).
however, expressly excluded from the facilities available under this scheme (Hellmann, 1949: 242-243).

3.3 HOUSING CONDITIONS IN THE 1920S

In Johannesburg after the establishment of Klipspruit in 1904, little attempt was made by the municipality to deal with the housing of urban blacks. The natives of South Africa lived in their traditional homes and many clung to native customs and language. There was for instance no separate department for black affairs, all matters being handled by an official, the superintendent of locations who reported to the Parks and Estates Committee (Morris, 1981: 17 and Buell, 1928: 2). It was not until 1918, when the influenza epidemic broke out in Johannesburg (Cameron and Spies, 1991: 240), that the council was stimulated into establishing a Native Administration Department (NAD) and Western Native Township on a site which had previously been brickfield was established (Morris, 1981: 17). According to Dubow (1986: 3), expansion of the NAD in the 1920s was more than a reflex reaction to the requirements of segregation. Segregationist ideology provided the political environment in which the NADs growth could take place. Between 1918 and 1921, 1 207 houses were built. In 1926 the Medical Officer of Durban stated that while the council had recognised its responsibility for the housing of better paid Europeans and for its own native and Indian employees, nothing had been done for the sections of the native population most in need for better conditions. In 1927, a new location to accommodate 5000 residents was nearing completion in Cape Town and it was intended to abolish the existing location. It was stated that even when the new one was completed there would still be thousands of residents living in the back streets of the city or “black spots” as recorded in Davenport and Saunders, (2000: 598) and Morris (1981:17).

The elimination of slums, control of crime, and control of disease such as influenza and the segregation of black from white people in response to the hazards posed to white communities all played a part in the decision to set aside separate areas for Africans. According to Davenport and Saunders (2000: 645), there is not much evidence that Africans themselves wanted locations, or relished the prospect of living on wrong side of quarantine.
barriers – hence the decision of many of those living in Johannesburg, who were required to move to locations when their suburbs were cleared after the 1930 amendment, moved instead to backyards in suburbs not yet cleared.

Locations implied control by officials. They did not necessarily mean that better homes were available as a reward for moving, although in places like Orlando and New Brighton (Port Elizabeth) this was the case. When Orlando Township was built outside Johannesburg in the 1930s, resistance to resettlement left many houses empty until as late as 1937 because of African resistance to resettlement. When they started to fill under the pressure of growing urbanisation in the early war years, the Johannesburg Municipality found that it could not handle a sudden demand for more homes because of the shortage of materials and trained builders (Davenport and Saunders, 2000: 646).

3.4 HOUSING LOANS, URBANISATION AND THE PROVISION OF HOUSING

According to Morris (1981: 24) it came to be realised that low income housing needs could not be met on an economic basis as currency depreciation, resulting from the collapse of the international gold standards, reduced state funding for the provision of black housing needs, and in 1930 a scheme was introduced to provide sub-economic loans. Initially blacks were specifically excluded from the scheme but in 1934 the Central Housing Board, established under the 1920 Act, was given the green light to recommend the financing of location schemes out of sub-economic loans at 2 percent interest in cases where the local authority could show that the proposed schemes were aimed at slum clearance. Other schemes designed to meet normal requirements for location accommodation continued to be financed out of economic loans, however the real incomes of urban blacks continued to grow very slowly (Wilson and Ramphele, 1989: 199). Morris (1981) points out that the majority of local Authorities were unable to meet their financial obligations delegated under the terms of the Act without a substantial contribution from the funds of local European taxpayers.
During the urbanisation phase, there was a progressive inflow of blacks into the urban area (Davenport and Saunders 2000: 647) and by 1936 the total urban black population was over 1 million in Johannesburg only, according to the Report of the Interdepartmental Committee on Native Education (1935-36). This townward drift was attributed to a number of factors including the scarcity of land in the rural areas, the effect of the Residents Land Act of 1913 in restricting the sale, lease and occupation of land by blacks in certain areas, heavy taxation, recurring droughts, and the desire to meet their increasing wants due to education and contact with Western civilisation. The intention of the 1923 Residents (Urban Areas) Act was to establish three forms of accommodation: hostels, locations and Native Villages where the more stable and affluent section could erect their own dwellings (Morris, 1981: 145, Spiegel et al, 1999: 145 - 148).

According to Morris (1981), this was not realised as, apart from Lady Selborn in Pretoria and certain locations in Grahamstown such as Fingo Village, no native villages were set aside. Most local authorities adopted a policy of establishing locations where they provided the housing themselves or set aside plots where residents could erect their own houses on a monthly tenancy. During the war years the rapid inflow of blacks into the urban areas, as well as a shortage of construction labour and building materials, resulted in a further deterioration of conditions (Davenport and Saunders, 2000: 646). It is alleged that the central housing organisation failed to determine to what use available materials should be put in relation to priority housing needs (NBRI, 1987: 1). The Van Eck Commission on Housing set up in 1943 pointed out that the immediate requirements for black housing were five times as great as for Europeans, while in the 12-month period ending in March 1946 only 49 percent of the total material was made available for black housing. Because of job reservation in the building industry white labour was being used to erect black houses. This was despite the fact that since the 1930s there had been calls for employing blacks on building erected for blacks. The claim was based on grounds of equity and economic factors. Blacks in all justice should, it was held, be permitted to provide housing for their own people, and should not have to bear the higher costs resulting from the use of white labour. The problems arising from the rapid growth of the urban black population became especially acute where the authorities attempted to enforce unrealistically high housing standards on
the urban community. However, the vast majority of blacks did not earn a wage sufficient to pay rentals, particularly economic rentals (Morris, 1981: 36).

3.5 SETTLEMENTS POLICIES UNDER THE APARTHEID ERA (1948 – 1994)

As it has been pointed out in the previous section that during the colonial era, blacks and coloureds were housed in substandard houses and were treated like pariahs in their own land; the following sections therefore seek to assess the levels of black housing delivery or provision under the early apartheid era (1948-1976) and the late apartheid era up to the end of apartheid in 1994 (1977-1994). The section also seeks to identify the impact of housing and settlements policies that were implemented during this period on African housing provision.

3.5.1 INSTITUTIONAL TRANSFORMATION AND SETTLEMENTS POLICIES BETWEEN 1948 AND 1976 (EARLY APARTHEID ERA)

The basis for racial segregation in urban as well as in rural areas had already been established before the apartheid state era (Lind, 2003: 64-71). Peterson (1975: 1) states that the word apartheid was viewed as a curse among the non-white nations of the world, and although this word was relatively new, its connotations were present in South Africa long before 1944. In fact they date almost to the first Dutch settlement in Cape Town in 1652. Seven years later, Jan van Riebeeck, the colony’s leader, planted a wild almond hedge as a boundary beyond which no Hottentot\(^{15}\) was supposed to go, and that was the first barrier against nonwhites in South Africa.

According to Lind (2003) the colonial system set out the foundations for racial segregation in South Africa, but the introduction of apartheid in the mid 20\(^{th}\) century further entrenched

\(^{15}\) The Hottentot and the Bushmen, both nomadic tribes, were the original inhabitants of South Africa (Peterson, 1975: 1).
spatial separation between population groups. Apartheid and separate development, as a ideologies and vision for societal development was launched following the electoral success of the national party in 1948 (Butler, 1998: 19 and Giliomee, 2003: 3).

Essentially, apartheid means the segregation of each race and in its extreme form, even of sub-groups within races in every aspect of life (Peterson, 1975: 1). The strategy of the apartheid regime therefore was to construct a state system with no possibility for the black population to transform its founding principles. National government took over the control of local government far more than had been the case during the colonial era and during this period the government adopted a strategy to increase control over black urban areas (Morris, 1981:144). In addition, strategies of state partition and resettlement schemes were introduced by the apartheid government (Christopher, 1994: 65-67). Lind (2003: 71) concludes that the principles of apartheid influenced regional and local development planning by the state.

Local government structures in the African reserve areas were therefore reorganised during the early apartheid era following the introduction of the Bantu Authorities Act in 1951. Lind (2003: 71) states that the local government structures were reorganised along ethnic and pseudotraditionalist lines. Lind (2003) gives an example of the iBunga and the local councils on Ciskei which were dissolved following this Bantu Authorities Act and as a consequence, a three-tier system of chiefly authority was introduced. Lind (2003: 71) sees this piece of legislation as an attempt to break away from the old liberal Cape tradition based on universal equality. Considering the introduction of the Glen Grey Council system in the mid 19th century, which aimed at dismantling the powers of traditional local authorities, the Act was just contradictory. Manona (1997: 50-52) argues that difficulties by the apartheid government in re-introducing traditional leadership were the result of lack of legitimacy among African citizens in areas like the Ciskei and according to Swizer (1993: 330); there were also not enough chiefs to operate the new system of local government in those areas.

The introduction of the Bantu Authorities Act represented the first step towards promoting self-government in African areas and the strategy of the Bantustan policy of the National Party (NP) government was aimed at strengthening African national consciousness (Lind, 2003: 71) while shifting political power in the reserves away from elected councils (Stultz,
Peterson (1975: 49) argues that the Act was just a plan by the Nationalists to carry their plan of complete separation of the races an important step further. In 1959, the promotion of Self-government Act of 1959 followed which became associated with stronger influx control in South Africa’s white urban areas as migratory labour was preferred to stabilize labour (Bekker and Humphries, 1985: 6-8). According to the authors, the African population was to reside in the rural reserve areas and by so doing, they would not be contributing to the economic development of white South Africa.

Lind (2003: 71) states that during the Second World War a reconstructionist movement gained momentum in South Africa and that development was inspired by modernist planning with the objective of developing and modernising the urban milieu. It was during this period that racial zoning gained support. A report from the Social and Economic Planning Council in 1944 presented a model where coherent communities were to be separated by green belts (Mabin and Smit, 1997: 204). In 1950, the Group Areas Act was introduced, which enforced residential segregation along racial lines (Gelderblom and Kok, 1994: 155). According to Lind (2003: 72), the central government enforced this piece of legislation in most municipalities by imposing regulations in provision of new state housing, in accommodation of newcomers to the urban areas as well as carrying out forced migration of those racial groups who had to resettle according to the plan. In the mid 1950s there were amendments in system of local government within the urban areas that were introduced and that includes the introduction of the Bantu Affairs Administration Act and the subsequent introduction of Administration Advisory Boards set up under the 1923 Natives Act in the early 1970s. The Administration Advisory Boards ended the role local authorities they had earlier in terms of housing provision for the black community (Christopher, 1994: 53). Things got worse when The Natives Resettlement Act of 1954 provided the mechanisms required to remove Blacks from inner Black areas, while the existing legislation and its modifications enabled the government to control virtually all aspects of Black group areas in an era when blacks could not own land in freehold tenure outside homelands further confused the issue (Christopher, 1994: 105). Lind (2003: 72-73) argues that during this phase, the spirit of apartheid was felt in South Africa’s towns and cities. Christopher (1994: 6) further alludes that apartheid was thus conceived as a spatial policy, with markedly geographical consequences.
The practices and settlements policies of governments during the colonial state era had already established a massive backlog in housing for the majority of the black population and the launching of apartheid and adherent policies reinforced this pattern. As a consequence, following the launching of self government in the reserve areas, accommodations for blacks in the urban areas were restricted during the apartheid era. Furthermore, the prevention of illegal Squatting Act of 1951 made squatting illegal. Individuals erecting accommodation out of wood or iron, i.e. substandard structures conducted illegal acts according to this legislation. Considering the housing backlog existing in the urban areas at that time, this affected a number of blacks in terms of securing formal accommodation because of limited financial resources. (Smith, 1982: 32-33, Lind, 2003: 73). By 1960 approximately 31 percent of the South African population were urbanised; however in 1968 the government decided to established limitations for the extension of townships in so called white South Africa (Gelderblom and Kok, 1994: 87). In May 1971 restrictions on the provision of family housing in the white areas were further strengthened when the Deputy Minister of Bantu Administration stated that according to the official planners, it was feasible to transport workers daily than to let them build houses in white areas (Morris, 1981: 76). By the late 1970s it was estimated that the backlog of housing in white South Africa was approximately 141 000 family housing units and 126 000 hostel beds and during this time period, the housing need in the homeland areas was estimated to 170 000 units (Lind, 2003: 75). According to Mabin and Smit (1997: 209) the underdevelopment of black settlements of which substandard housing was a factor (Herbstein, et al 1981: 2-3) became intolerable and led to the Soveto revolt of 1976. Besides the language question (Afrikaans was imposed on black schools) (Christopher, 1994: 164), shortage of houses and poor service delivery also played a role in the Soveto revolt of 16 June 1976 (Spiegel et al, 1999: 148). The right to housing and to settle in areas of choice formed a basis for political demands (Maharaj, 1996: 64; Smit, 1982: 94).
INSTITUTIONAL TRANSFORMATION AND SETTLEMENTS POLICIES BETWEEN 1977 AND 1994 (LATE APARTHEID ERA)

In 1977 the Community Council Act of 1977 which replaced the Urban Bantu Councils was introduced (Bekker and Humphries, 1985: 39; Christopher, 1994: 55). However the Community Councils never gained any legitimacy in the black urban areas. Their replacement was therefore launched through the Black Local Authorities Act of 1982 which installed local government structures similar to those representing the white population. According to Lind (2003: 76) this initiative never solved the lack of legitimacy and material resources for providing sufficient services to the large urban black population.

In 1978 it was still conceded that there was a tremendous housing backlog and the need for housing was increasing daily (Dewar and Ellis, 1979: 1). In the same year, a system of 99-year leasehold of housing was introduced which allowed black urban dwellers to own houses but not the land where they were residing (Smit, 1982: 94). This was done to make blacks less wary of acknowledging their links with the homelands by assuring them of their urban rights. It also reaffirmed to the National Party that blacks would not receive land ownership rights in White areas and that these new leasehold would not be granted to blacks in the Western Cape, which was to remain a Coloured Preference area, (Morris, 1981: 109). The introduction of the Black Local Authorities Act in 1982 saw the installation of local government structures similar to those representing the white population; however, the lack of legitimacy and material resources for providing sufficient services to large urban population together with housing problems were still not solved by that initiative (Christopher 1994: 55-56). The political rights and participation in decision making structures of the black population in South Africa remained in the hands of the Bantustan administrations and apartheid local government institutions. Housing policies for the black population were regarded as a general affair unlike in the case of coloured and Indian population groups where the constitutional distinction of own and general affairs was based on whether issues were sensitive to one or more racial group or, in which case decision making was required by representatives from all race groups (Lind, 2003: 77). Prior to 1994, state-financed accommodation was allocated in accordance with the directives of the racial administration of the country. Under this system the local councils advanced capital grants
subsidised by national government. The council retained ownership of the housing unit and the resident then paid off the grant in instalments over a 30-year period to effect ownership transfer. (Pottie, 2004: 6, Humphries, 1991: 79)

According to Lind (2003: 78) the apartheid state system institutionalised the system of racial segregation through a strategy of state partition in the mid-20th century. Local and regional institutions based on racial categorisation and regulating local development were installed throughout the country and these structures were continuously amended to fulfil the vision of separate development. They were also amended in order to address incoherencies of the state system and to curb opposition. Lind (2003) also argues that the apartheid era was by and large characterised by territorial and institutional confusion where planning policies by the National Party government resulted in the social, economic and political isolation which subjugated the majority of the population to poverty. Housing policy remained an issue of concern throughout the 1980s and into the 1990s (Spiegel et al, 1999: 149).

In 1985 a State of Emergency was declared in 36 magisterial districts of South Africa and before it was even extended to whole country in 1986, the Minister of Co-operation and Development announced that the government were to review its resettlement policies and pending that, no further forced removals was to take place. The State of Emergency included severe censorship of the media which meant that it was increasingly difficult to get information. On 2 February 1990, a day of political watershed, the government unbanned the ANC and a number of other political organisations. Formal negotiations began a new state era which proposed the vision of unifying the fragmented society of South Africa. This eventually resulted in the first democratic elections in the country on 27 April 1994 (Fotheringham and Harley, 1999: 113-114).
3.6 CONCLUSION

It has been mentioned that the colonial era set out the basis for racial segregation in both urban and rural areas. Racial segregation was therefore established way before the apartheid era and the practices and settlements policies of governments during this period had already established a massive backlog in housing for the majority of the black population. The early apartheid era saw a number of Acts being introduced such as the Bantu Authorities Act in 1951 and the Native resettlement Act of 1954.

The Bantu Authorities Act aimed at dismantling the powers of traditional local authorities and as a result there was a lack of legitimacy amongst African citizens and the apartheid government was faced with difficulties in restoring traditional leadership. This act shifted political powers away from the elected councils through the National Party’s policy of promoting self-government in African areas. The introduction of the Self-government Act of 1959 strengthened the National party’s objectives of shifting political powers away from the Africans. The year 1954 saw blacks being removed from inner black areas through the introduction of the Natives Resettlement Act of 1954 while government continued to control blacks in all areas. Blacks still could not own land and during this period, this affected a number of blacks in terms of securing formal accommodation and the spirit of apartheid was felt by the African community. Housing shortages, poor service delivery, the issue of land and the language question played a role in the 1976 Soweto revolt which saw a number of black school children gunned down by apartheid soldiers.

The late apartheid era saw a number of Acts which were implemented during the early apartheid era being replaced with other Acts, such as the Urban Bantu Act which was replaced by the Community Council Act of 1977. However this Act never gained any legitimacy in the Black urban areas and its replacement was therefore launched through the Black Local Authorities Act of 1982. Despite the replacement of these Acts, it is recorded that in 1978 there was still a tremendous housing backlog and the need for housing was increasing daily. In 1982, Local government structures were installed but the lack of legitimacy and material resources for providing sufficient services together with housing problems were still not solved by that initiative. In 1985 a state of emergency was declared
and this saw formal negations taking place between the ANC and the National Party government which resulted in the first democratic elections in 1994.
CHAPTER FOUR

POST-APARTHEID ERA HOUSING

4.1 INTRODUCTION

The impact of human settlement policies on housing delivery during the colonial period and the apartheid era in South Africa were analysed in Chapter 3. A cursory glance at human settlement policies suggests that settlement policies, acts and legislation implemented during the colonial and the apartheid periods created massive housing backlogs, from which the African community suffered the most. Chapter 2 presented the theoretical issues surrounding housing provision where housing is seen as a ‘merit’ good, which it is the duty of the State to provide. State involvement results in good housing and an organised environment, both of which are vital for the alleviation of poverty and human and economic development. Thus, in 2004, the national Housing Department released its ‘White paper’, which set out a new national housing policy and strategy, and also reflected cabinet approval of a new document entitled ‘Breaking New Ground’.16

This chapter therefore seeks to assess the impact of post-apartheid legislation on housing delivery in South Africa. It explores housing problems inherited by the democratic government and the basic services backlog witnessed after 1994. It also seeks to examine government restructuring by explaining how the concept of Intergovernmental Fiscal Relations (IFGR) and the three spheres of government have affected contemporary housing programme design and implementation. The rest of the chapter is structured as follows: Section 4.1 discusses inherited housing problems and backlogs in basic service delivery; Section 4.2 offers a brief overview of the policy frameworks introduced in Chapter 1 (RDP and GEAR) and the initial implementation of the housing policy of 1994, while Section 4.3 provides an outline of government structures in light of the adoption of decentralisation mechanisms in South Africa, thus representing a significant departure from structures prior

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16 This comprised a comprehensive plan for the development of sustainable human settlements, setting out government’s approach to housing delivery for the next five years (Department of Housing, 1994).
to 1994. Both national and provincial governments are briefly reviewed before considering local government structure, revenue, allocations and institutional capacity. Section 4.3 also briefly reviews the different roles each sphere of government is expected to play in terms of housing provision as prescribed in the Housing Act of 1997. Section 4.4 evaluates the effectiveness of current housing policy by drawing attention to the initial objectives and achievements of existing housing policy, while Section 4.5 concludes the chapter.

4.2 INHERITED HOUSING PROBLEMS AND BACKLOGS IN BASIC SERVICE DELIVERY

In South Africa, the apartheid government contributed to the housing crisis by providing insufficient housing in the townships. Residential segregation and inequalities in living conditions played an important role in the growing resistance to apartheid from the late 1970s: for example, black and coloured people were restricted to townships and shanty compounds (Morange, 2002: 7). Thus, in 1994, when the democratic government of national unity led by the African National Congress (ANC) came to power, the new constitution recognised housing as a basic human right for all. The government made a commitment to addressing the social injustices of the past through its housing policy and declared the provision of housing for the historically oppressed majority in South Africa to be a priority (Goodlad 1996: 1632-1633). In spite of this, Mackay (1996: 1) and the South African Housing Foundation (SAHF) 2006: 3) claim that housing is still one of the greatest problems facing democratic South Africa. As a result of the discriminatory practices of the past, approximately 2.2 million families in South Africa are still without access to adequate housing (SAHRC, 2006: 16). This chapter sets out a brief overview of both national and provincial (Eastern Cape) housing problems inherited by the democratic state.

As noted in Chapter 3, the twentieth century saw a fixation on racial control in South Africa determining the pattern of access to land, and ensured that white people were privileged in this respect, while non-whites were restricted to “native reserves” (Huchzermeyer, 2002: 87). Apartheid policies further allowed white people to enjoy high levels of housing provision at comparatively low cost compared to non-whites. This has led to very low rent-
to-income ratios and low average house sizes relative to incomes for the poor (Mackay, 1996: 2; Miraftab, 2003: 2).

When democratic transition in South Africa was initiated in the early 1990s by the National Party (NP) after a shift of leadership there was an influx of rural people to white towns and cities in search of jobs which resulted in further development of informal settlements and squatting (Crankshaw and Hart, 1990: 66; Manona et al, 1996: 4). Thus, when the ANC came to power, the extent of the housing problem was estimated as a backlog of 1.5 million urban units, plus an additional requirement of 178,000 new units a year to provide for new family formation (Department of Housing, 1994: 11). At the time, housing for the blacks consisted mainly of relatively limited township housing stock, while low and decreasing rates of formal and informal housing delivery\(^\text{17}\) saw massive increases in the number of households seeking accommodation in informal settlements, backyard shacks and overcrowded formal township houses which further contributed to the increase in poverty (Tomlinson, 2006:63; Huchzermeyer, 2002: 85).

During the early days of democratisation, a number of South African citizens did not have access to basic services and approximately one quarter of all functional urban households in South Africa did not have access to potable piped water. It is estimated that a further 46.5% of all households were without electricity supply (Department of housing, 2007: 9-10). An estimated 48% of all households did not have access to flush toilets or ventilated pit latrines, whilst 16% of all households had no access to any type of sanitation system. Although there were no accurate statistics for socio-cultural amenities, it has been recorded that many households did not have access to socio-cultural amenities\(^\text{18}\) within their neighbourhoods. Most informally housed people had poor access to such facilities, while many formal housing areas were also poorly served (Department of housing, 2007: 9-10).

With specific reference to the Eastern Cape Province, Statistics South Africa reports that in 1996 about 43% of households in the Eastern Cape lived in formal houses, 42% in

\(^{17}\) This refers to illegal and semi-illegal residences or informal settlements that cater for overcrowded population groups, such as ‘hostels’ for migrant mine workers and shacks for dilapidated township housing dwellers (Huchzermeyer, 2002: 85).

\(^{18}\) These include schools, health care facilities, sports facilities, cultural and community centres.
traditional houses and 11% in shacks. However, these numbers shifted by 2001 as depicted in Table 1:

Table 1: Distribution of type of housing in the Eastern Cape Province

<table>
<thead>
<tr>
<th>Type of Housing</th>
<th>2001</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Housing(^9)</td>
<td>715,000</td>
<td>47</td>
</tr>
<tr>
<td>Traditional Housing</td>
<td>577,000</td>
<td>38</td>
</tr>
<tr>
<td>Shacks (Informal)</td>
<td>167,000</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>61,000</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>1,520,000</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: (DHLGTA, 2007:9)

In the Eastern Cape, 36.3% of households live on traditional authority land and traditional authority tenure. This is most prevalent in OR Tambo, Alfred Nzo and Chris Hani district municipalities, where about 60% of households have tenure subject to traditional authorities. Approximately 576,000 people live in traditional dwellings, but the total number of households living in traditional dwellings has decreased by about 35,000 over the past 5 years, which represents a total decline of about 6% (DHLGTA, 2007: 9).

In urban areas such as the Nelson Mandela Metro and Buffalo City, there has been a sharp increase in the number of informal dwellings. Informal settlements are ten to twelve times more prevalent in these areas than in the rural municipalities. In 2001, there were about 170,000 households living in backyard shacks in the Eastern Cape with Alfred Nzo having the majority and Nelson Mandela Metro with just over quarter of the province’s backyard shacks (DHLGTA, 2007: 9 -10).

In terms of basic service delivery, the Eastern Cape remains the province with the smallest number of people connected to electricity (ECPG, 2007: 35). Out of the 1.3 million households in the Eastern Cape owned by black Africans, less than half (560,000) use

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\(^9\) Informal dwellings include shacks in backyards as well as shacks in informal settlements and “others” types of backyard and shared accommodation (DHLGTA, 2007:10)
electricity for lighting, with the majority of houses using candles or paraffin. The overall percentage of households using electricity for lightning increased from 31.6% in 1996 to 49.5% in 2001. Despite this, there remains significant room for improvement in access to electricity in the Eastern Cape. Approximately 62% of households in the Eastern Cape have access to piped water. This represents an increase of about 10% from 1996. The province has experienced outbreaks of cholera in rural areas as a result of the use of river water. The lack of piped water has additional implications for communities, such as the inability to grow crops and the amount of time and energy expended by school-going children having to walk long distances to fetch water before they go to school. In terms of proper sanitation, approximately 29% of Eastern Cape residents do not have access to flushing or chemical toilets. In the five years from 1996 – 2001, the number of people with access to flush toilets increased by 4%. Approximately 37% of households in the Eastern Cape have access to refuse removal service, while 44% use their own or a communal refuse dump and 17% have no method of refuse removal (DHLGTA, 2007: 10).

The housing backlogs statistics have their own limitations. Firstly, it is not stated clearly whether it is the number of people in households or the number of houses needed to be built per household that was counted in the census. Secondly, during the census period, the Eastern Cape experienced a large amount of human mobility, which further contributes to uncertainty of the final results. The statistics on the housing backlogs of the Eastern Cape Province have thus not been officially established.

4.3 INITIAL MACROECONOMIC POLICY FRAMEWORK

4.3.1 A BRIEF OVERVIEW OF RDP AND GEAR

The following section provides a brief historical overview of economic policy reforms that occurred in South Africa since the beginning of democratisation. It should be noted at the outset that the intention here is not to engage in debate regarding the theoretical merits of neo-liberalism, but rather, to provide a broad contextual platform from which discussions regarding intergovernmental fiscal relations and service delivery at the local governmental level can be carried out in subsequent sections.
To redress the inequalities of the past, a number of extensive programmes were launched by the new government, such as the Reconstruction and Development programme (RDP) and the Growth Employment and Redistribution programme (GEAR) (RSA, 1996; Stewart, 1997: 3; Marais, 1998: 237-239). In early 1994, the ANC adopted the RDP as its main procedure for transformation which sought to reorder politics, the economy and society along democratic and participatory lines, promoting the principle of economic growth along with human development (Taylor, 2000: 10, 11). The original RDP captured the aspirations of the majority and was formed by a vision of transformation led by:

A people-centred society of liberty that aimed at binding its people to the pursuit of goals of freedom from want, freedom from hunger, freedom from deprivation, from ignorance, from suppression and from fear. (Taylor, 2000: 10-11)

Such a policy was deemed to be essential to counter South Africa’s history of colonialism, apartheid, racism, sexism and repressive labour policies, following which poverty and degradation co-existed alongside modern cities with developed industrial and commercial infrastructures (RDP, 1996). The RDP was created by an ANC-led alliance (COSATU and SACP) in consultation with other key organisations. A wide range of Non-Governmental Organisations [NGOs] and research organisations assisted in the process of joint policy-formation that led to the incorporation of Public Works Programmes (PWPs)20 (Khosa, 2000: 15).

The RDP viewed reconstruction and development as parts of an integrated process in contrast to the commonly held view that growth and development – or growth and redistribution – are processes that contradict each other.

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20 The PWP is a broad framework emanating from the RDP-lead projects of 1994. Its main aim is to allow for the diversification of existing macroeconomic programmes and provide flexibility for future expansion by utilizing the public sector budgets for the alleviation of unemployment and poverty through integrated development and job-creation. PWP also creates an opportunity to accelerate and deepen the level of service delivery (Ramachela, 2005: 15).
According to Goodlad (1996: 1634 -1636), housing was a central issue in the RDP, with its goals of meeting basic needs, implementing an integrated and sustainable housing programme and enabling a people-driven process aimed at advancing the democratisation of South Africa. The RDP therefore sought to strengthen democracy by integrating growth, development, reconstruction and redistribution into a unified programme. An infrastructural programme providing access to modern services such as electricity, water, telecommunications, transport, health, education and training was vital to this programme (ANC, 1994). The RDP also aimed at meeting basic needs and opening up previously suppressed economic and human potential in urban and rural areas. It was predicted that this would lead to increased output in all sectors of the economy, and that modernisation and human resource development would enhance export capacity (RDP 1996).

One of the central challenges for RDP housing delivery has been the need to transform the complicated bureaucratic, administrative, financial and institutional frameworks inherited by the previous government. This on-going process represents significant challenges for capacity-building, particularly within the local sphere of government.

Re-emergence into the global economy and the pressures of international competition, along with the dominating current neo-liberal ideology in economic development contributed to the replacement of the RDP with GEAR in 1996. Subsequently, South Africa’s adoption of a neo-liberal stance agreed with global trends. Since the 1980s, the World Bank, International Monetary Fund (IMF) and the General Agreement on Trade and Tariffs (GATT) have actively promoted a neo-liberal approach to policy21 that gained further status with the demise of the Stalinist regimes of the former Eastern Bloc (Blake, 1998: 42). Cox (1992: 27) argued that this marked an important turning-point in the history of the world economy by “introducing the subordination of domestic economies to the perceived exigencies of a global economy”.

With specific reference to South Africa, GEAR was based on core economic priorities that established the key terms based upon which development and reconstruction would be

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21 This typically took the form of Structural Adjustment Loans (SAL) that were a pre-condition for receiving loans (Blake, 1998: 46).
pursued (Taylor, 2000: 13). GEAR sought to establish a competitive fast-growing economy that would create jobs for all work seekers; redistribute income and opportunities in favour of the poor; create a society where sound health, education and other services would be available to all; and create an environment in which homes are secure and places of work productive (GEAR, 1996: 1). The Department of Finance (1996: 15) commented that GEAR recognized the important role that investment in social and economic infrastructure played in increasing labour and business productivity together with improved maintenance and operation of public assets. GEAR sought to secure a return to a long-term growth trend exceeding population growth, reduce the budget deficit, lower inflation, ease the balance of payments constraint, open the economy to international competition securing access to new markets, and implement responsible monetary policies to anchor the stability and competitiveness of the economy (GEAR, 1996: 1; 3; 5).

However, a tighter fiscal stance was deemed essential due to the unsustainability of the 1992/1993 overall budget deficit of 7.9%. Subsequently, fiscal policy formulation was informed by the goals of cutting the overall budget deficit and the level of government dissaving, avoiding permanent increases in the overall tax burden, reducing consumption expenditure by general government relative to GDP and strengthening the general government contribution to gross domestic fixed investment (GEAR, 1996: 9). Implementation of a tighter fiscal stance led to the initiation of a thorough audit of government expenditure (including RDP allocations) by the Minister of Finance to identify the areas in which budgetary cuts could be made without detracting from the priorities and commitments of the Government (GEAR, 1996: 9).

One of the more contentious aspects of GEAR is thus related to the need to reconcile the requirements of neo-liberal policy with the need to address socio-economic disparities and the provision of basic needs such as housing. In spite of the clearly laid out objectives of GEAR, the ANC has not backed off from its RDP housing goals, so GEAR is simply not a complete neo-liberal programme; however, in its efforts to deliver, it has shifted away from the spirit of the RDP (GEAR, 1996: 9).

The deceleration in housing delivery has been attributed to the under-expenditure of both the national department of housing and the provincial budgets (Development of Sustainable
Human Settlements, 2004: 4-6). This is shown in the following tables, which set out the information on budgetary allocations for both the National and the Eastern Cape housing programmes.

**Table 2: Budgetary Allocation of the National Department of Housing**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Budget Allocated</th>
<th>Actual Money Spent</th>
<th>% Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998/1999</td>
<td>3 812 539 000</td>
<td>3 747 565 805</td>
<td>98.3</td>
</tr>
<tr>
<td>1999/2000</td>
<td>3 629 107 000</td>
<td>3 494 376 042</td>
<td>96.3</td>
</tr>
<tr>
<td>2000/2001</td>
<td>3 439 355 000</td>
<td>1 666 398 776</td>
<td>48.5</td>
</tr>
</tbody>
</table>

Year total allocation in rands actual expenditure*  
Source: (SAHRC, 2000:266.)

National budgetary allocation decreased by 2% from 1998/1999 to 1999/2000 and by a further 47.8% for the 2000/2001 financial year. The total budget allocation from the 1998 to the 2001 financial period decreased by approximately 50%.

**Table 3: Budgetary Allocation of the Eastern Cape Department of Housing for the 1998/1999 to 1999/2000 financial year.**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Money Appropriated</th>
<th>Actual money Spent</th>
<th>% Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998/1999</td>
<td>389 705 000</td>
<td>313 302 000</td>
<td>80.4</td>
</tr>
<tr>
<td>1999/2000</td>
<td>338 731 000</td>
<td>312 587 712</td>
<td>92.3</td>
</tr>
</tbody>
</table>

Source: (SAHRC, 2006:266)

The Eastern Cape Department of Housing reported that the decrease in budgetary allocations for the year under review (1999/2000) in relation to the 1998/1999 financial year
was due to a policy shift introduced by the Department of Provincial and Local Government (DPLG). According to the DPLG, the policy requires the allocation be paid directly to the municipalities. However the allocation was originally transferred to provincial departments (SAHRC, 2000: 267). The financial periods from 1998 to 2000 saw a total amount of R10 million being returned to Pretoria because of poor performances by local authorities in spending their allocated budgets (SAHRC, 2000: 270).

Funds allocated through the integrated housing and human settlements grant account for approximately 85% of provincial housing budgets. The spending of this grant has increased significantly in the past three years, but slowed down significantly in the 2006/2007 financial year. Spending on housing grant funding increased at an average annual rate of 7.9% during the period 2002/03 to 2005/06. In the Eastern Cape, actual spending of the housing fund stood at R607 million in financial year 2005/06. Spending during the current financial year stood at R308 million at the end of the first 10 months against a budget of R762 million. It is projected that over R200 million of funds will not be spent in the current financial year. Actual spending of the housing grant thus increased by at least 8.5% from 2002/03 to 2005/06 and 25, 4% in the period 2005/06 – 2006/07. Spending is projected to increase by 19, 9% in 2006/07 – 2008/09: much lower than the 25.4% recorded in the 2005/06 – 2006/07 period (ECPG, 2007: 29). The under-spending was a result of poor planning and budgeting, delays in the agreement upon and signing of business plans between the provincial Department of Housing and its national counterpart and, lastly, inadequate project management skills, including the management of conditions and conditional grants (ECPG, 2007: 39).

**4.3.2 IMPLEMENTATION OF THE INITIAL HOUSING POLICY [HOUSING POLICY OF 1994]**

In South Africa, the most important current challenge is the need to deliver greater numbers of standardized housing units as stipulated in the national housing policy (Huchzermeyer, 2002: 99). The preface to the Housing White Paper of 1994 makes explicit that: “the time for policy debate is now past – the time for delivery has arrived” (Department of Housing, 1994: 4).
Subsequent housing discussions have then been largely concerned with barriers to the implementation of the policy spelt out in the Housing White Paper (Huchzemeyer, 2001: 303, Ross, 1999: 181-182). After coming into power in 1994, the Government of National Unity (GNU) launched a programme designed to provide low-income housing and by building one million houses within five years, i.e. between the general elections and 1999 (Department of Housing, 2004). However, the inability of government authorities to cope with housing responsibilities as well as the virtual collapse of local government structures in rural Bantustan areas were perceived as detrimental to local housing development in the early 1990s (Department of Housing, 2004: 13).

When the new South African housing policy was announced soon after its principal financial and administrative mechanism, new housing provision methods were introduced (Jenkins, 1999: 431).

4.3.3. HOUSING SUBSIDIES AND HOUSING CREDIT

High levels of poverty and the cost of housing have contributed to a major housing affordability problem amongst many South African families. Given such constraints, the government has failed to provide subsided housing units that reach acceptable standards to the lower end of the market. The government has thus adopted an approach in which government subsidies are combined with private enterprise or individual initiative. New Housing Policy stipulates that the key role of subsidy provision is to provide security of tenure and access to basic services (Department of Housing, 1994: 40).

The Regional Housing Board established under the Housing Arrangements Act (No 155 of 1994) presents the following housing subsidies per joint spouse monthly income.
The different types of housing schemes offered in the housing market are as follows:

- **Project-linked subsidy** – aimed at providing housing opportunities for projects that have already been approved by Provincial Housing Boards through which a developer delivered a standardized housing scheme on behalf of individual beneficiaries (Huchzermeyer, 2003: 595-599).

- **Individual subsidy** – gives an individual access to ownership of an existing property or a property not located in a project approved by a Provincial Housing Board.

- **Consolidation subsidy** – allows a beneficiary to receive housing assistance in the form of ownership of serviced sites including Independent Development Trust (IDT) serviced sites. Such a person can apply for further funding to improve his or her housing situation.

- **Institutional subsidy** – this kind of subsidy is available to institutions that create affordable housing stock to enable persons who qualify for individual ownership subsidies to live in subsidised residential properties on the basis of secure tenure.

### TABLE: 1 LEVELS OF HOUSING SUBSIDIES

<table>
<thead>
<tr>
<th>JOINT SPOUSE MONTHLY INCOME (R)</th>
<th>SUBSIDY (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 800</td>
<td>15,000</td>
</tr>
<tr>
<td>801 – 1,500</td>
<td>12,500</td>
</tr>
<tr>
<td>1,501 – 2,500</td>
<td>9,500</td>
</tr>
<tr>
<td>2,501 – 3,500</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Source: Department Of Housing, 1997

*Adjustable by up to 15% (on an area, not project basis) at the discretion of the relevant Provincial Housing Board, for locational, topographical or geotechnical reasons.
According to Tomlinson (2007: 77) the South African housing subsidy scheme has been trying to engage the country’s financial sector to extend finance to low-income households since 1994. However, banks have been applying credit criteria on a non-discriminatory basis. The reason why the South African government is still failing to get the assistance of the financial sector is the high risk involved (for example, individuals may default on their loans or there may be insufficient security from the creditor’s side especially when lending to lower-income people). In an attempt to address this problem, government has adopted a code of conduct for mortgage lending: one of the key programmes in this area is a government-owned company known as the Mortgage Indemnity Fund (MIF). The MIF was formed in 1995 after extensive discussions between the Department of Housing and the Association of Mortgage Lenders (Department of Housing, 1997: 33 -35).

4.3.4 NON-GOVERNMENTAL ORGANISATIONS

The housing policy and strategy of the South African government is directed at using limited State resources to minimise problems associated with state-provided housing. According to the national housing policy, the concept of a broad partnership between the state and the non-state sectors is essential in addressing the housing challenges in the country. In the South African context, Non-Governmental Organisations (NGOs) play a significant role in supplementing and building capacity at community level. NGOs provide valuable support to communities without which the aims of housing policy might be unachievable (Department of Housing, 1994: 40)

4.3.5 CIVIL SOCIETY

The private sector, together with organised associations such as trade unions, student organisations, women’s groups, and other groups (such as research, service, and advocacy organisations) all play a key role in ensuring effective urban development. Mechanisms to engage civil society include the Transitional National Development Trust (TNDT), the National Economic Development and Labour Council (NEDLAC) and social and economic councils and local development forums (Department of Housing, 1997: 38).
4.3.6 THE PEOPLE’S HOUSING PARTNERSHIP (PHP)

The national housing policy allows for self-help housing, which in the South African policy context is called the People’s Housing Partnership/Process (PHP) (Manie, 2004: 2). Most residential accommodation in South Africa is currently being produced by individuals as neither the state nor the formal private sector has the ability to meet the housing needs of low-income groups. The PHP policy therefore targets low-income families (those with incomes less than R3500), families who own serviced sites, families without land such as backyard shack dwellers, hostel residents and others without right of tenure and rural families with functional tenure rights (Manie, 2004: 2).

This is supported in The Housing White Paper of 1997 by the establishment of support mechanisms aiming at addressing challenges faced by low income groups (Department of Housing, 1997: 33 -35). The main objective of the People’s Housing Partnership (PHP) is to empower communities and individuals to take advantage of housing opportunities.

The United Nations Development Programme (UNDP), the United Nations Centre for Human Settlement (UNCHS) and the United States Agency for International Development (USAID) have played an important role in assisting PHP through which the Department of Housing has developed a Capacitation Programme to support the PHP (Department of Housing, 1997: 33 -35).

According to the current housing policy, the PHP operates within the framework of the housing policy exercised by the Department of Housing at the national level while responding to the particular needs of provincial, local and community partners. The programme is in line with the RDP principle of “people-driven processes” (Department of Housing, 1997: 33 -35)

The housing policy was the outcome of a process of intense negotiation within the National Housing Forum from 1992 to 1994. According to Lind (2003: 85) the mass-provision of low income housing required institutional reform at the public and private levels. He describes the complex institutional context of the housing sector during the apartheid era as one of the main obstacles to the implementation of the new housing policy.
One of the objectives of the 1994 housing policy was to address such debates and redress previous fragmentary approaches to housing incurred by the apartheid government with a holistic framework based on equality. The 1994 policy was designed to provide housing units that are:

- viable, socially and economically integrated communities;
- situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities;
- permanent residential structures with secure tenures ensuring privacy and providing adequate protection against the elements; and
- provided with adequate sanitation, electricity and potable water. (Republic of South Africa, 1996: 2; Kallis and Nthite, 2007: 3; Morris, 1981: 2)

In spite of the above-mentioned objectives, the policy contained no specific instruments to manage the informal settlements that were the result of colonial and apartheid policies. It was assumed that informal settlements were to be replaced by standardized housing units with freehold title, delivered through the product-linked household-based capital subsidy. According to Manie (2004: 1), housing delivery has failed to keep up with the growth in the housing backlog, especially in metropolitan areas. In addition, the subsidy amount has not been sufficient to keep up with increasing demands for adequate housing units.
4.4 POST – APARTHEID GOVERNMENT RESTRUCTURING

4.4.1 INTERGOVERNMENTAL FISCAL RELATIONS [IGFR] AND THE THREE SPHERES\(^{22}\) OF GOVERNMENT

GEAR is consistent with international macro-economic development ideologies within the globally competitive market (GEAR, 1996: 12). The period after democratisation saw significant institutional restructuring within governmental organisations. Subsequently, policy cannot be examined or criticised in isolation. This section thus explores the importance of fiscal decentralisation and provides an overview of the role of the three spheres of government in housing delivery respectively.

Since democratisation in 1994, a number of constitutional, institutional and administrative changes have occurred in South Africa. Subsequently, Intergovernmental Fiscal Relations in South Africa have also been subject to revision. Abedian & Biggs (1998: 54) report a movement towards ‘a more decentralised system of public resource allocation and revenue generation with lower tiers of government having greater autonomy to tax and spend’. Intergovernmental fiscal relations and fiscal decentralization are associated with governmental sector organization and financing (Boex 2001: 1). Intergovernmental Fiscal Relations is thus concerned with ‘the structure of public finances in a state with more than one tier of government [involving] how taxes, spending and regulatory functions are allocated among the various spheres of national, provincial and local governments’ (Abedian & Biggs, 1998: 54).

In the South African context, distribution of power led to a very different debate over decentralization (Huchzermeier, 2002: 93-94). Arguments against decentralization (Boex

\(^{22}\) Abedian & Biggs (1998: 54) note that the term “sphere” used in the South African Constitution refers to what is conventionally termed a “tier”. However, rather than having hierarchal connotations, “sphere” refers to the degree of autonomy and interrelatedness of distinct areas of government. Meyer (1997: 6) regards reference to the term “sphere” as opposed to “level” as emphasizing the new relationship of cooperation among the levels of government. The government level refers to a hierarchical relationship as endorsed by experience of the former dispensation in systems of control and intergovernmental relationships. A sphere thus connotes a shift from horizontal to vertical division of government power promoting a vision of non-hierarchical government in which each government sphere has equivalent status, is self-reliant, inviolable and possesses the constitutional latitude within which to define and express its unique character (Primstone, 1998: 26).
2001: 9) note that the maintenance of Central government results in greater control over fiscal policy, economic stability and macroeconomic conditions. This provides a coherent institutional framework for control over income distribution and the building of national infrastructure. Politically, fiscal decentralization might discourage national unity. In the extreme, decentralization might lead to calls for even greater regional autonomy and ultimately regional independence (Boex 2001: 9). In South Africa, the importance of decentralisation is not perceived to be progressive, but rather to protect the conservative minority sectors of society (Huchzermeyer, 2002: 93-94).

By conferring more autonomy on lower tier governments, fiscal decentralisation changes the institutional context in which public decision-making takes place. It thus alters the underlying incentive structure, which influences decisions about public-service provision, programme design and implementation, revenue sharing, and finance (Abedian & Biggs, 1998: 100). Fiscal decentralisation also changes the constraints under which decisions are made and, by shifting the focus of decision making, may also change the objectives that decision-makers pursue. It is thus essential to consider how fiscal decentralisation restructures the decision-making environment in relation to the social benefits and costs of policy choices (Wildasin, 1996: 4).

From the perspective of practical implementation, the efficiency argument is not always applicable in reality. It is important to consider the capacity for local government to respond to citizens’ preferences for varying levels of local services or the payment of tax. This is often not possible in developing and transition countries, partly because voter preferences are not as readily translated into budget outcomes as they are in industrial countries (Boex 2001: 8). Decentralisation thus has a direct influence on the development outcomes achieved through the fiscal system. By shifting expenditure downwards, a central government redefines its role as a monitor, capacity builder, regulator, performance auditor and coordinator of sub-national government service provision rather than a direct service provider (Abedian & Biggs, 1998: 101).

Abedian & Biggs (1998: 77-78) observe that ‘the genesis of a fiscally decentralised system seldom flows mainly from a calculus of the economic advantages and disadvantages of such a system’. This is certainly the case in South Africa, where political imperatives were a major
motivation for adopting [the decentralised] system. Subsequently, abstract debate regarding the relative merits of fiscal decentralisation have been overridden by the political and social justice imperatives of abandoning apartheid's hierarchical governmental system. Although there is a greater degree of decentralisation in expenditure, especially in terms of social service delivery, override clauses still permit a substantial amount of intervention to ensure that provinces are in line with national frameworks. Nonetheless, the institutional reformulation in governmental structures that occurred after democratisation still represents an important shift in organisational arrangement affiliated directly with intergovernmental fiscal relations. Thus the roles of the three spheres of government in housing provision are reviewed below.

4.4.2 NATIONAL PARLIAMENT/GOVERNMENT

The National Department of Housing is responsible for developing national housing policy, assisting provinces and municipalities in the development of goals for housing delivery, the monitoring of performance and assisting municipalities in capacity development (Kallis and Nthite, 2007: 6-7). As prescribed in the Housing Act of 1997, the National government is also responsible for the development of a National Housing Code to accomplish the above obligations and keep provinces and municipalities informed regarding changes to the Code. According to Section 4(6) of the Housing Act, the National Housing Code is to be regarded as legislation and is thus binding on the provincial and local spheres of government (Department of Housing, 2007; Kallis and Nthite, 2007: 6-7). The Housing Act also requires both the National and Provincial governments to develop a multi-year plan known as the Medium Term Expenditure Framework (MTEF) to provide for the delivery of houses. This framework considers demand and supply in relation to available funds for a period of three years and is thus closely linked to the housing delivery goal.
4.4.3 PROVINCIAL GOVERNMENT

Provincial governments are responsible for developing provincial housing policies within the national framework. This is conducted through their respective Departments of Housing. Provincial governments are allowed to legislate on housing matters that fall within their jurisdictions as long as the legislation does not conflict with the goals of the National Housing Policy set out in the Housing White paper of 1994. Housing subsidies and projects are approved at the provincial level. Provincial governments also provide support for housing development to municipalities. In addition, they assess municipalities’ applications for accreditation to administer national housing programmes and monitor the performance of accredited municipalities (Kallis and Nthite, 2007: 7-8).

4.3.4 LOCAL GOVERNMENT

The Housing Act, 1997 (Act No. 107 of 1997) stipulates that through its legislation and that of the Housing Code, the Department of Housing must carry out its legislative imperative as set out in the Act. The Act compels all three spheres of government to give priority to the needs of the poor with regard to housing development (section 2(1) (a)). In addition, all three spheres of government must ensure that effective housing development is provided to address the needs of the poor (Department of Housing, 2006: 11).

Local government is entitled to an equitable share of revenues raised at a national level, as well as grants received from the revenues allocated to national government (Financial and Fiscal Commission, 1997: 12). Both revenue shares and grants provided for local government are intended to supplement municipal revenues for the provision of basic services and the fulfilment of functions assigned to the local government sphere.

Through the Integrated Development Plans (IDP’s)\(^\text{23}\) that municipalities are required to create, municipalities ensure that within the framework of national and provincial legislation, there is access to adequate housing. Section 9(1) of the National Housing Act sets out the responsibilities of local government with regard to the provision of housing.

\(^\text{23}\) For the role of IDP’s, see sub-section 4.3.4.1.
Municipalities are the country’s primary developmental agents. They facilitate housing delivery by providing land and bulk infrastructure and services for low-cost housing units. In addition, they play a key role in upgrading formal settlements, relocating informal settlements, managing rental stock, redeveloping hostels and providing high density housing units falling under their jurisdiction. However, financing these programmes is done mainly through Government’s Housing Subsidy Scheme and the Consolidated Municipal Infrastructure Programme (Department of housing, 2003: 172).

If municipalities are to become the country’s primary developmental agents they must continue to be supported and strengthened by both provincial and national departments (Development Report, 2000: 49).

4.3.4.1 THE ROLE OF INTEGRATED DEVELOPMENT PLANS (IDPS)

The Department of Provincial and Local Government (DPLG) recognizes that the government still faces major challenges with regard to the provision of basic services to the population which are counter to the dualistic nature of the South African economy (DPLG, 2004: 1). The DPLG further recognizes that intergovernmental integration and coordination remains a distant ideal. Given such failures, local municipalities in South Africa need to compile Integrated Development Plans to plan for future development in their jurisdictions (National department of housing, 2006: 5).

IDPs are therefore critical components of South Africa’s developmental local government system where development priorities, the effective use of scarce resources and institutional arrangements and governance processes are negotiated and implemented (National department of housing, 2006: 4). One of the objectives of the IDPs is to promote cooperation between local, provincial and national government (Makana Municipality, 2005: 1-2). All Municipalities are required to compile IDPs in terms of the Municipal Systems Act (Act 32 of 2000) (National department of housing, 2006: 4). According to the National Housing Department, all spheres of government have failed to contribute to the development of IDPs since the introduction of IDP’s to local municipalities (National department of housing, 2006: 4). The apartheid government left many rural areas
underdeveloped and largely unserviced. IDPs are new approach aimed at overcoming the legacy of apartheid (Makana Municipality, 2005: 1).

The purpose of the Integrated Development Plan is to ensure the allocation of resources to those projects and programmes that will address specific development priorities, to help speed up delivery processes and to attract additional funds from potential investors (Makana Municipality, 2005: 1). Integrated Development Planning is an approach that involves a number of stakeholders, such as municipalities and their citizens, in finding the best solutions for effective long-term development (Makana Municipality, 2005: 2). Despite community involvement in compiling IDPs, the National Department of Housing (2006: 7) stipulates that additional community involvement is not required for housing planning.

4.5 CURRENT HOUSING POLICY

The new government claims to have made a major positive impact in the lives of its citizens since democratisation, especially those who were previously excluded from the benefits of the apartheid government services. It is also assumed that the government has made a significant impact by the passing of the Constitution in 1996, which established a Bill of Rights for all the citizens and set the responsibilities of government with regard to social services and the current housing policy (Department of Housing, 2005: 5).

However, regardless of the success in the implementation of the current housing policy, housing problems are still common as a result of the high levels of poverty, inappropriate application of housing standards and the imposition of legislation and policies of a political or ideological nature which are contradictory to the goals of development of the housing policy and to the process of urbanisation (Morris, 1981: 1).

Although South Africa’s housing policy is directed towards responding to the needs of the poor by delivering low income housing units that are of acceptable standards, the policy still presents very limited options for the majority of poor households (Spiegel et al, 1999: 158; Tomilnson, 2007: 77). The policy has proven to be ineffective and thus Spiegel et al (1999: 158) suggest a reformulation that will accommodate the diverse situations of the people to
whom it is directed with greater sensitivity to their experiences. An analysis of South Africa’s human settlements reveal a past, present and projected future of housing unsustainability (Goebel, 2007: 2), and given the state of the existing housing policy, there are still many gaps that need to be filled in as the South African government attempts to deal with the complex set of housing problems inherited from apartheid government (Spiegel et al, 1999: 158).

The response from both the initial and current housing policies has been a series of conflicting approaches offering few solutions because it is an ad hoc, rather than a holistic approach] (Choguill, 2007: 143). The housing policies adopted by the democratic government need to be critically reassessed so that they can meet their objectives of achieving sustainable housing improvements that empower the poor. As Marais and Van Der Kooy (1978: 35) write, ‘people are still bound to become squatters because nothing better is available and in the mean time, they must just continue to find a haven and live in hope’.

4.6 CONCLUSION

The re-emergence of the South African economy into the global market accompanied by the political shift to democratisation in 1994 provided a unique opportunity for integrated economic development within a new political, institutional and economic context. However, the skewed development priorities of the previous regime contributed to distorted socio-economic conditions, entrenching poverty and inter-generational human capital deficiencies. In response to these challenges, it was necessary to establish a macro-economic policy that would promote growth and development, restructuring bureaucratic governmental institutional forms, and meeting the basic needs of the various populations. Government thus had to reconcile mechanisms for obtaining sustained economic growth with meeting impoverished and previously marginalised communities’ basic human needs. The South African government needed to address the basic physical and socio-economic development needs of communities, and thus water, housing, sanitation and other basic services were prioritised.
This chapter discussed housing service delivery at the local sphere of governance. Section 4.1 presented the inherited housing problems and backlogs of basic service delivery. Section 4.2 provided an overview of the shift in macro-economic policy from the people-orientated RDP that prioritised infra-structural programmes to the top-down market orientated approach (GEAR). RDP housing has a number of implications, particularly from a budgetary stance. By advocating a trickle-down growth effect, GEAR fails to prioritise basic needs provision to the extent envisaged by the RDP. Furthermore, the need for fiscal austerity may have compromised the level of government expenditure directed towards RDP housing provision. This chapter highlighted another of the problems responsible for the deceleration in housing delivery: the under-expenditure of provincial budgets. Furthermore, one of the contributing factors to the backlog in housing discussed is the lack of adequate funding.

In an attempt to develop more responsive governmental functioning, the Inter-governmental Fiscal Relations system was reviewed, leading to a discussion of three interconnected spheres of government: namely national, provincial and local or municipal government. Municipalities are given the right to govern on local government affairs subject to national and provincial legislation. Furthermore, shares of revenue allocation rose at the national level, as well as grants flowing into local government, both of which are intended to supplement municipal revenues for basic service provision. This was complemented by a movement towards a decentralised system where a greater degree of autonomy in public resource allocation and revenue generation occurred at lower tiers of government. The ethos of local autonomy was further promoted with the Municipal Infrastructure Investment Framework developed by respective municipalities that provided the guidelines and regulations for improving municipal services amongst targeted groups.

Based on the traditional arguments for decentralisation outlined in the chapter, a number of tentative generalisations can be made with respect to the effectiveness of decentralisation as an institutional mechanism for enhancing RDP housing provision. Decentralisation can, if properly handled, promote political democracy and accountability as government officials are responsible to voters for the provision of services: it empowers local communities to voice their concerns. So too, by conferring more autonomy on lower tiers of government,
decentralisation alters the institutional context within which decision-making occurs. This chapter draws attention to the difficulties associated with implementing policy measures as well as the lack of institutional coherence and organisational capacity at the level of local government. Subsequently, decentralisation has compounded the limited institutional capacity present in local government, placing a further burden on the viability of newly demarcated municipalities. Further support is thus required from the national and provincial spheres if local government is to become the country’s primary agent of development. Finally, decentralisation may improve the correspondence between services provided and the demands of local population, leading to an increased willingness to pay for services. The neoliberal macroeconomic policy adopted in 1996 has ascribed a more modest role to all tiers of government while the centralized housing policy entitles most low-income households to the basic product of the capital subsidy. However, consistent reductions in the housing budgets render the realization of this entitlement less and less likely.

Issues of housing tenure and limitations on meeting the housing needs of the poor have been created by the slow rate of delivery. Many black households do not have access to proper housing because of their low incomes and often have to wait for state-subsidised houses. One of the reasons for the slow delivery of houses is the lack of bureaucratic capacity and the slowness of community processes. A particularly important stumbling block, however, has been the assumption that delivery can be left in the hands of the government. An effective approach to housing provision requires local authorities to take responsibility for engaging community participation. Despite the assumption that people-centred housing development minimises the challenges resulting from past approaches, South Africa’s housing provision structure is a top-down approach and despite community involvement in the compilation of IDPs, additional community involvement is not required for housing planning and delivery process.
CHAPTER FIVE

METHODOLOGY, SURVEY RESULTS AND DISCUSSIONS

5.1 INTRODUCTION

As mentioned in Chapter 1, this study aims to discuss the State’s level of basic infrastructural service provision and the quality of housing provision in Grahamstown, Fort Beaufort and Duncan Village. To achieve this, the study analyses four basic infrastructural services provided by the local government: electricity, water, sanitation and, most importantly, shelter. Having reviewed the existing literature and other issues regarding service delivery in South Africa in the previous three chapters, the current chapter sets out the analytical framework and analyses the data collected by means of a survey to address the research objective.

This chapter is divided into six sections as follows: Section 5.2 discusses the methodology used for collecting and analyzing the data on service delivery. Section 5.3 briefly offers local people’s perceptions on the developmental action conducted by the current government. Section 5.4 provides an inventory of housing stock by establishing the proportions of each type of house in each area including 'quality indicators' such as floor type, security and windows. Section 5.5 analyses the levels of housing delivery and provision of other services such as clean water, electricity and sanitation. Section 5.6 presents results from regression analysis. Finally, section 5.7 concludes the chapter.

24 The RDP emphasised both access and close physical proximity to clean water supply for local communities. It is conceivable to include both ‘tap in yard’ and ‘piped water in house’ as indicators of basic water service provision. However, only ‘piped water in house’ is used in this context. This is regarded as signaling a higher level of development by virtue of being a component of the brick house ‘basic service bundle’ (along with electricity and flush toilets).
25 While public toilets may be seen as offering access to water-borne sanitation, this is deceptive in terms of the actual quality of the service provided. Public toilets (accompanied by communal taps) are located within the densely populated and impoverished areas of Duncan Village (see Figure 5.13). Poor levels of maintenance sometimes render public toilets non-functional. This denies local residents access to this vital basic service. This situation is more acute when residents have no alternative water supply and are forced to use communal taps situated alongside non-operational public toilets.
5.2 METHODOLOGY AND DATA

This research project employed two methods: firstly, secondary sources were used to derive a picture of the broad policy framework focusing on basic service delivery, specifically housing. Attention was thus given to IDPs, as this is the level of policy-making responsible for the delivery of these services to communities.

Secondly, previously un-analysed data drawn from a household social exclusion survey (Fryer and Hepburn, 2007a) were analyzed. Fryer and Hepburn (2007a) conducted the survey between 2005 and 2006 covering three Eastern Cape municipalities: Buffalo City (Duncan Village area), Makana (Grahamstown area) and Nkonkobe (Fort Beaufort area), representing urban, small town, and rural areas respectively. A total sample of 360 randomly selected households was drawn from impoverished areas within these three municipalities. 160 households were from Duncan Village, 100 from Grahamstown East and 100 from the rural areas of Ntilini, Qugesi and Kuse in the Fort Beaufort area. The sample contained 1290 people. Detailed information was captured on the 790 working age people (16-59) and 233 school age children (6-14) in the sample. Limited information was captured for the 123 elderly (60+), and minimal information for the 144 young children in the sample (Fryer and Hepburn, 2007a).

Fryer and Hepburn (2007a) gathered data through personal interviews using semi-structured questionnaires containing both fixed-choice and open-ended questions to obtain a suitable combination of qualitative and quantitative data on service delivery. Each interview had a duration of between 45 and 90 minutes, was conducted by two bilingual enumerators fluent in English and Xhosa, and excerpts were recorded using audio equipment. The principles of participatory action research were drawn upon in an effort to gain unhindered community access and obtain accurate information about sensitive issues (Fryer and Hepburn, 2007a). As income questions are often intrusive, respondents may be reluctant to answer (Skinner, 2006: 129), or may under-report earnings (Ballard and Pick, 2005: 461). To mitigate this, the
The 2005/2006 survey drew upon the technique of “using the poor to access the poor” rather than using external interviewers who subjects would be resistant to communicating with.

The data was analysed in two ways. The first step involved descriptive statistics and graphic representations explaining key findings. The second step involved the use of a Logit model to complement the descriptive and graphical results.

5.3 LOCAL PEOPLES’ PERCEPTIONS OF CURRENT GOVERNMENT DEVELOPMENTAL ACTIONS

The following section presents individuals’ perceptions of current government developmental actions for comparison with findings elsewhere in this thesis.

[INSERT FIGURE 5.1]
Figure 5.1 represents peoples’ perceptions of the current state of government service delivery compared to that prior to 1994. According to Figure 5.1 over 40% of the households surveyed in all three areas chose ‘worse than 1994’ as the most accurate description of the state of basic service delivery by the government. About 28% and 40% households in Grahamstown and Duncan Village respectively described the state of service delivery by government as declining since 1994. Over 58% of total population interviewed in Fort Beaufort view current delivery by the state as being worse than 1994.

[INSERT FIGURE 5.2]
As a number of the households surveyed complained of poor state service delivery, individuals were asked to mention specific problems in support of their views. Figure 5.2 presents the actual problems in terms of service provision perceived to be the worst as voiced by the individuals surveyed. Figure 5.2 shows that about 76% households surveyed in all three areas complained of not having been provided with RDP houses and toilets. Over 85% of the total households interviewed in Fort Beaufort complained of not having RDP houses and toilet facilities. In areas where there are RDP houses had been provided, a number of households also complained of the poor quality of those houses. About 11% of households interviewed in Grahamstown complained of poor quality of RDP houses, and 8% in Duncan Village also complained of the poor quality of RDP houses. The poor quality
of RDP houses is not a hidden issue as it is known even by people from Fort Beaufort who do not have RDP houses (see Section 5.4), as about 9% of households interviewed in Fort Beaufort also complained of the poor quality of RDP houses.

According to the results obtained from peoples’ perceptions, it can be assumed that the government has managed to provide electricity to a number of households surveyed in remote areas. Fort Beaufort has only a small percentage of electricity complaints compared to Grahamstown, where 4% complained, and Duncan Village, where 2% were unhappy. In terms of road construction, Grahamstown people are still battling with bad roads as about 7% of the total households in Grahamstown complained of having bad roads and with only 3% and 6.9% in Fort Beaufort and Duncan Village households respectively. As for clean water, there are very few complaints recorded in all three areas. However, Grahamstown has the highest percentage of households who complained of not having access to clean water. About 5% households complained in Grahamstown, followed by Fort Beaufort, where 2% were unhappy. None of the households surveyed in Duncan Village complained of not having access to clean water.

Based on the figures and statistics presented above, households were asked if they still have faith in the government’s ability to deliver basic services. This was done to ascertain voters’ general perceptions about the overall performance of government since democratisation. About 52% of households in all three areas still have faith in government. Duncan Village has the leading percentage of households that have faith in the government, at 56%, followed by Fort Beaufort at 51% and lastly Grahamstown at only 46%. The reason provided for the loss of faith in government is that ‘the government has not fulfilled its promises of providing people with basic services’, while the reason given for continued faith is that, ‘government is seen trying hard to fulfil its promises’. Another interesting question asked was whether people think the government should ‘do more’ for them, to which 96% of the interviewees responded positively. The 4% who responded negatively argued that government has already failed them and is continuing to fail them on a daily basis in terms of delivering basic services.
In the case of individuals who want government to be more active, Figure 5.3 presents their views on what the government should do for them. Over 46% of the total households want government to provide them with jobs. Providing people with RDP houses is the second largest concern. About 47% of households surveyed in Duncan Village want government to provide them with RDP houses compared to 35% in Fort Beaufort and 31% in Grahamstown. However, there are other services which people want government to provide, such as funding to start up SMMEs, free food, increasing state social grants and free education. The fact that the highest percentage of households want government to provide them with jobs reflects the high levels of unemployment plaguing the country. Also of key importance in supporting the basic needs approach is that people require improved levels of delivery. Recognizing this is essential for primary well-being and provides a foundation for the realisation of higher levels of personal development.

5.4 INVENTORY AND QUALITY OF HOUSING STOCK

This section provides an inventory of housing stock by establishing the proportions of each type of house in each area and also that other 'quality indicators' such as floor type, secured front doors and windows.

5.4.1 THE INVENTORY OF HOUSING STOCK

It is evident from Figure 5.4 that Fort Beaufort has the highest total number of mud/traditional houses. The figure shows that 53% of households interviewed in Grahamstown alone have mud/traditional houses, about 5% of households are shacks and about 42% live in brick houses. In Duncan Village, approximately 1% of households live in mud/traditional houses, 55% live in shacks and about 45% live in brick houses. In Fort Beaufort, approximately 91% of households interviewed live in mud/traditional houses, only 1% occupy shacks and 8% live in brick houses.
Section 5.3 shows that 47% of households surveyed in Duncan Village wanted government to provide them with RDP houses. It is clear from Figure 5.4 that the main factor driving people to RDP houses in Duncan Village is the large number of households living in shack houses compared to that in Fort Beaufort and Grahamstown. It is also not surprising that over 85% households in Fort Beaufort complain of not having access to RDP houses and toilet facilities as is shown by Figure 5.4, in which it can be seen that Fort Beaufort has the highest number of mud/traditional houses. It seems, therefore, that government has done very little towards providing brick houses to people in rural areas.

5.4.2 QUALITY OF HOUSING STOCK IN DIFFERENT AREAS

Section 5.4.1 provided an inventory of housing stock by establishing the proportions of each type of house in each area. This section aims at establishing the quality of these houses. This section presents a regression analysis testing the relationship of other 'quality indicators' such as floor type, security, and windows on housing type.

Firstly, graphs are presented showing the quality of housing units in each area based on the above-mentioned quality indicators. A graph showing houses with or without secured front doors in each area is presented in Figure 5.5, followed by a graph presenting housing units with or without broken windows in Figure 5.6, while Figure 5.7 shows types of flooring in each area.

[INSERT FIGURE 5.5]
[INSERT FIGURE 5.6]
[INSERT FIGURE 5.7]

It should be noted from Figure 5.5 that a larger number of houses in Fort Beaufort have secured front doors than those in Duncan Village and Grahamstown. About 42% and 46% in Grahamstown and Duncan Village respectively do not have secured front doors compared to those in Fort Beaufort, where only 40% of total households do not have secured front doors. With regard to secured windows, about 67% households interviewed in Fort Beaufort live in houses with broken windows, while in Grahamstown 47% have broken windows and in Duncan Village only 26% of households have broken windows. On average
most households interviewed in all three places used linoleum for flooring. Duncan Village has the highest percentage of households with linoleum flooring at about 79.2% of the total households interviewed. Grahamstown follows with 76%, while in Fort Beaufort 74% of total households have linoleum floors. There are still a large number of households in Fort Beaufort which have mud floors, at 22%. There are also a few cases in Grahamstown and Duncan Village where households have no flooring whatsoever. In Grahamstown, 14% of total households interviewed have no form of flooring, while in Duncan Village about 4% have mud flooring. However, in Duncan Village 14.5% of households have either floors with carpets or tiles. About 10% of households in Grahamstown have carpets or tiles compared to only 4% in Fort Beaufort.

5.4.3 QUALITY OF HOUSING STOCK PER HOUSING TYPE

This section presents the quality of housing units based on the construction or type of housing units such as shacks, traditional/mud and brick houses. Figure 5.9 presents a graph showing quality of houses based on the type of flooring. Figure 5.9 and Figure 5.10 show the quality of housing units based on security.

[INSERT FIGURE 5.8]

As shown in Figure 5.8, shacks appear to be the highest number of housing stock using linoleum for flooring followed by traditional or mud houses and lastly brick houses. Over 88% of total households surveyed living in shack houses use linoleum, while 11% have mud floors and about 1.2% have floors with carpets or tiles. There are no records of shack houses with concrete floors. Approximately 76% of households interviewed living in traditional/mud houses use linoleum for flooring and only 22% have mud floors. About 1.4% have carpeted or tiled floors. There are no records of traditional mud houses with concrete floors in their houses. Approximately 28.1% of brick houses have carpets or tiles, while about 69% use linoleum for flooring. Just under 1% of brick houses have mud floors and about 2.5% have concrete floors.

[INSERT FIGURE 5.9]
Figure 5.9 shows that traditional/mud houses have the highest number of broken windows at approximately 65%, followed by brick houses at approximately 33.1%. About 23% of shacks have either broken windows or no windows at all. None of the traditional/mud and brick houses interviewed are without windows.

[INSERT FIGURE 5.10]

About 83.5% of brick houses have secured front doors compared to traditional/mud and shack houses, of which approximately 52% and 30% respectively have secured front doors. Close to half of the traditional/mud households surveyed do not have secured front doors, as do about 70% of shacks. Only 17% of brick households surveyed do not have secured front doors. In conclusion, the graphical analyses show that brick houses provide better quality housing than the other forms.

5.5 LEVELS OF HOUSING DELIVERY AND PROVISION OF OTHER SERVICES

This section analyses the levels of housing delivery and the provision of other services such as water, sanitation and electricity. This section is divided into three subsections: 5.5.1 looks at the levels of housing delivery and the provision of other services in each area. Subsection 5.5.2 examines the levels of provision of other services to each type of housing.

5.5.1 LEVELS OF HOUSING DELIVERY (BRICK HOUSING UNITS) AND PROVISION OF BASIC SERVICES IN DIFFERENT AREAS

[INSERT FIGURE 5.11]
[INSERT FIGURE 5.12]
[INSERT FIGURE 5.13]

Figure 5.11 presents a bar graph showing the levels of electricity provision per area surveyed. As is clear from Figure 5.11, 58% of the households interviewed in Grahamstown are connected to electricity. At Fort Beaufort 60% of the households surveyed are connected to
electricity. In Duncan Village, meanwhile, 58% of households are connected to electricity. The fact that government has provided the majority of the inhabitants of Fort Beaufort with electricity might explain their continued faith in government (see section 5.3).

About 49% households interviewed in Grahamstown fetch water from communal taps, as do 51% and 64.2% of households in Fort Beaufort and Duncan Village respectively. 4% of households interviewed in Fort Beaufort fetch water from dams. Figure 5.12 indicates the number of households that have no access to clean water whatsoever; Fort Beaufort is the leading area in this regard, where 44% of households have no fresh water, followed by Grahamstown, where 14% are unsupplied, and Duncan Village, where 1% of households interviewed rely on dams for their water supply. There are no records of households having access to piped water in Fort Beaufort, although Duncan Village and Grahamstown have approximately equal numbers with piped water in their houses. About 1% of households in Fort Beaufort and Grahamstown have tap water in their yards, while a total of 21% households in Duncan Village have access to tap water.

Grahamstown has the highest number of households that use buckets for sanitation (see Figure 5.13), at approximately 23%. In Duncan Village, 4% of households use the bucket system. They were no records of households in Fort Beaufort using bucket sanitation. However, Fort Beaufort and Grahamstown have the highest numbers of households using pit latrine toilets. About 96% and 45% of households interviewed in Grahamstown and Fort Beaufort respectively use pit latrine toilets. Only 16% of households in Duncan Village use pit latrine toilets. Only 27% of households in Grahamstown have access to flush toilets, and there are no records of any households in Fort Beaufort with flush toilets. Duncan Village has the highest number of households who have flush toilets, at 66%. The results show no records of households either in Grahamstown and Fort Beaufort with access to public toilets, while about 27% of households interviewed in Duncan Village use public toilets.
5.5.2 LEVELS OF PROVISION OF OTHER SERVICES ACCORDING HOUSING TYPE

[INSERT FIGURE 5.14]

It evident from Figure 5.14 that brick houses appear to have access to the highest number of basic services such as electricity, clean water (piped water and communal tap water) and sanitation. About 96% of the brick houses visited are connected to electricity compared to 48% and 26% of traditional/mud houses and shacks respectively. 50% of brick houses have piped water compared to 6% and 2% of traditional/mud houses and shacks respectively. However, 96% of households living in shacks use communal tap water compared to 55% and 27% of households living in traditional/mud and brick houses. About 71% of brick houses have flush toilets in the main house, compared to 0% of shacks and 4% of traditional/mud houses. According to Figure 5.15, brick houses seem to be correlated with other basic services. To complement Figure 5.15, a regression analysis is presented in the following section.

5.6 RESULTS FROM REGRESSION ANALYSIS

In this section, we test four different but closely related hypotheses using the Logit model to establish whether the differences in service delivery are statistically significant. Because the specification is relatively unsophisticated, it is not appropriate to interpret the coefficients in more detail.\(^{26}\) Although per capita income\(^{27}\) is not statistically significant at the 5% level in any of the estimated equations, we included it as a control. This is because per capita income varies considerably along the various dimensions (for example, average per capita income in brick houses is R517, compared to R317 in other dwelling types). Thus, the inclusion of per-capita income rules out the possibility that the observed patterns are actually determined by income level.

\(^{26}\) There are two ways of interpreting coefficients for a Logit model. The first is to interpret them as log of odds in favour of the dependent variable. The second is to take the anti-logarithms of the coefficients and interpret them as odds in favour of the dependent variables (see Gujarati, 1995: 559).

\(^{27}\) Note that per capita income is on a monthly basis.
5.6.1 DIFFERENCES IN ELECTRICITY PROVISION ACCORDING TO DWELLING TYPE AND LOCATION

The first hypothesis that we tested is whether electricity provision differs across dwelling type and location (area). Earlier results of graphical analysis seem to show that electricity provision differs according to dwelling type and area. This sub-section examines whether the differences displayed by graphical analysis are statistically significant. To address this hypothesis a Logit model of the following form was used.

$$ \text{Elect}_i = \beta_0 + \beta_1 \text{Brick}_i + \beta_2 \text{DV}_i + \beta_3 \text{GT}_i + \beta_4 \text{pc}_\text{inc}_i + \mu_i $$

[5.1]

Where:
- \( \text{Elect}_i \) = 1 if a dwelling has electricity
  0 if otherwise
- \( \text{Brick}_i \) = 1 if dwelling is made of bricks
  0 if otherwise (if it is a mud or shack house)
- \( \text{DV}_i \) = 1 if area is Duncan Village
  0 if otherwise (Grahamstown or Fort Beaufort)
- \( \text{GT}_i \) = 1 if area is Grahamstown
  0 if otherwise (i.e. Duncan Village or Fort Beaufort)
- \( \text{pc}_\text{inc}_i \) = per capita income per month

In equation [5.1], we take Fort Beaufort as the base, assessing whether electricity provision in Duncan Village and Grahamstown differ from that of Fort Beaufort. The results for equation [5.1] are presented in Table 5.1.

[INSERT TABLE 5.1]

As is evident in Table 5.1, the coefficient of brick is positive and statistically significant at the 1% level, showing that a brick dwelling is more likely to have electricity than a shack or a mud dwelling. More specifically, the odds in favour of having electricity are significantly higher for a brick house than a shack or mud house, \( \text{ceteris paribus} \). With regard to area, the coefficients for Duncan Village and Grahamstown suggest that households in Fort Beaufort
are significantly more likely to have electricity, *ceteris paribus*. Nevertheless, the negative coefficient for electricity in Grahamstown and Duncan Village does not necessarily mean that much fewer houses in these two areas are connected to electricity compared to Fort Beaufort. As shown in Figure 5.11 electricity provision is fairly uniform across the three areas. Fort Beaufort households have unexpectedly high electricity connection as presented by the coefficients. This, therefore, constitutes a spurious significance result for other variables and suggests that electricity provision is even across areas which differ considerably in other ways. Table 5.5 also shows that there is no significance difference in electricity provision between areas as the coefficient for Duncan village is not significant.

### 5.6.2 Differences in the provision of tapped water according to dwelling type and location

From earlier graphical analysis, it was seen that there are no houses with tapped water in Fort Beaufort. Thus, unlike in the case of electricity, our comparison here only focuses on Duncan Village and Grahamstown. The Logit model in the form of equation [5] was utilised. Here we take Grahamstown as the base, to which Duncan Village is compared.

\[
Water_i = \beta_0 + \beta_1 \text{Brick}_i + \beta_2 \text{DV}_i + \beta_3 \text{pc inc}_i + \mu_i
\]  

[2]

Where water = 1 if dwelling has water
     = 0 if otherwise

Brick, DV, and pc inc are as defined in equation [1]

The estimated results for equation [2] are reported in Table 5.2. As in the case of electricity provision, the provision of house-tapped water seems to be higher in brick houses than in shack and mud houses. The odds of having tapped water are significantly lower in Duncan Village than in Grahamstown, *ceteris paribus*.

[INSERT TABLE 5.2]

---

28 See Fig 5.15.
5.6.3 DIFFERENCES IN SANITATION PROVISION ACCORDING TO DWELLING TYPE AND LOCATION

We also tested whether the provision of sanitation differs according to dwelling type and area. As seen from graphical presentation (see fig 5.13), there are no houses with sanitation in Fort Beaufort. Thus, the comparison only focuses on Duncan Village and Grahamstown. The model adopted is the same as that in equation [2], except that the dependent variable is sanitation.

\[
Sanitation_i = \beta_0 + \beta_1Brick_i + \beta_2DV_i + \beta_3pc \_inc_i + \mu_i
\]

[3]

Where Sanitation_i = 1 if dwelling has sanitation =0 if otherwise

Brick_i, DV_i and pc \_inc_i are as defined in [1]

[INSERT TABLE 5.3]

The estimated results are reported in Table 5.3. Like in the case of two preceding cases, the odds in favour of having sanitation are significantly higher, at 1% level for a brick house, than in the case of mud or shack dwelling, ceteris paribus. The odds in favour of sanitation provision are significantly higher in Duncan Village than in Grahamstown, ceteris paribus.

5.6.4 DIFFERENCES IN THE PROVISION OF ALL THREE SERVICES ACCORDING TO DWELLING TYPE AND LOCATION

The provision of three basic services (clean tapped water, sanitation and electricity) is of significance for human livelihoods. Thus, it is important to investigate whether the provision of all three basic services differs across dwelling type and area. Since there are no dwellings with tapped water and sanitation in Fort Beaufort, our comparison focuses on Grahamstown
and Duncan Village and thus uses an equation similar to those used in the two preceding sections as follows:

\[ \text{Services}_i = \beta_0 + \beta_1 \text{Brick}_i + \beta_2 \text{DV}_i + \beta_3 \text{pc-inc}_i + \mu_i \]

[4]

Where services, = 1 if dwelling has all three services
= 0 if otherwise (if it has less than three)
Brick, DV, and pc-inc are as defined in [1]

[INSERT TABLE 5.4]

The estimated results are reported in Table 5.4. The results show the same picture as those from three preceding regressions. The odds in favour of having all the three services (electricity, water and sanitation) are higher in a brick house than otherwise. It is significantly higher at 1% level, *ceteris paribus*. The odds in favour of a dwelling having all the three services is higher in Duncan Village than in Grahamstown, although the difference is not statistically significant, *ceteris paribus*.

5.6.5 SYNTHESIS AND ANALYSIS OF THE REGRESSION RESULTS

There are certain issues that are common from the regression analyses results that need emphasis. Firstly, one common picture that seems clear is that provision of basic services in a brick house seems to be significantly higher than in a mud or shack house. Secondly, the provision of electricity seems to be uniform across the three areas. This is consistent with Figure 5.11. Thirdly, the provision of water and sanitation seems to be uneven between Duncan Village and Grahamstown. While the provision of tapped water is significantly higher in Grahamstown than Duncan Village, the opposite seems to be true in the case of sanitation provision. Nevertheless, the provision of all three services in aggregate seems to be relatively uniform between Grahamstown and Duncan Village. This is evident from the insignificant coefficient for Duncan Village in equation [4].
Nevertheless, it must be emphasized that the results from this econometric analysis should be analysed with care as the econometric exercise is quite basic and hence the possibility of spurious correlation due to misspecification cannot be discounted.

5.7 CONCLUSION

This chapter presented and discussed the methodology and results regarding housing delivery and basic service provision at local levels. It has been found that the provision of adequate accommodation and other basic services is still lagging behind as is evident from the graphical analysis that government is still facing vast challenges in terms of addressing these issues.

Using the Logit model, four hypotheses have been explored in an attempt to establish whether there are any significant differences in delivery with regard to dwelling type and location. Firstly, we tested whether electricity provision differs across the three areas and the regression results seem to show uniformity in the provision of electricity. Secondly, we tested whether water provision differs between Grahamstown and Duncan Village and the results show that Grahamstown seem to have the higher level of water provision compared to Duncan Village. The third hypothesis tested whether sanitation provision differs between Duncan Village and Grahamstown. The regression results established that Duncan Village seems to have higher levels of sanitation provision than Grahamstown. However, the aggregate provision of all three basic services seems to be uniform between Duncan Village and Grahamstown. On average brick houses seem to have better basic services than either shack or mud dwellings.

The next chapter concludes this study and suggests policy recommendations.
CHAPTER SIX

SUMMARY OF FINDINGS, POLICY RECOMMENDATIONS AND AREAS FOR FURTHER RESEARCH

6.1 INTRODUCTION

At the outset of this project a clear distinction was made between the terms “delivery” and “developmental outcomes”, of which the former is the focus of this study. The study assessed the level and quality of basic infrastructural service provision at local government level with a specific focus on housing. This was done for the purposes of analyzing the effectiveness of the existing housing policy with respect to the adequacy of its scale, its developmental logic, implementation and coordination. This chapter is structured as follows: Section 6.2 gives a summary of the research findings, Section 6.3 provides a policy recommendation and Section 6.4 suggests possible further research that can be carried out in this area.

6.2 SUMMARY OF FINDINGS AND POLICY RECOMMENDATIONS

The first step in this study was to review the existing relevant literature with a view to understanding the importance of housing provision to the poor. This was done in Chapter 2. An important matter that emerged from the literature review is that housing is not only a basic need but also an essential factor for both economic and human development. Different housing provision models were reviewed. The literature discussed in Chapter 2 described housing as a merit good provided by the government because direct government interventions in housing provision and the construction sector tend to minimize the levels of negative externalities that are usually experienced when housing is provided privately. State involvement results in good housing and an organised environment, both of which are vital for the effective cost recovery which ensures the additional supply of money to augment the usually inadequate amount available for new housing projects.
The justification for basic infrastructural service delivery is based on the Basic Needs Approach [BNA] which forms the cornerstone of the World Bank’s delivery framework (World Bank, 2000). The emphasis is upon meeting basic human requirements (sanitation, clean drinking water, electricity, shelter and so on) as this provides a foundation for human development. This is supported by Sen’s analysis of functionings and capabilities, which not only focuses on the ‘functionings’ based on income, but also moves from specific endowments towards individuals’ capabilities and entitlements. Sen’s argument is given contextual impetus by South Africa’s historical-institutional development trajectory, and the need to redress the imbalances of the past. This is presented in Chapter 3, where the impact of settlement policies during the colonial and apartheid eras on housing delivery in South Africa is analysed. This chapter reviews the status of the housing policy and the historical processes influencing the demand and supply of houses to the black community.

One issue raised in Chapter 3 is that the housing backlogs for black South Africans were established way before the apartheid era. During the colonial area, the Native Land Act of 1913 prevented black people from farming, building and even living in areas designated as “white”. Instead, they were unjustly confined to peripheral urban localities such as townships or the impoverished rural areas known as Bantustans. During this period, black people lived under difficult and challenging situations where minimal housing was provided for them by the colonial state. The passing of the Housing Act (No. 35 of 1920) was perceived as a legislative redressive measure to correct the problems created by the Native Land Act. However, the potential benefits to black South Africans failed to materialise because the powers given by the Act with regard to Black and Coloured housing were little used. Instead, black people continued to live under unstable conditions and as “pariahs” on their own land. Subsequently, the issue of housing under-provision for black South Africans, and particularly urban blacks, has its roots in pre-apartheid spatial planning. Despite the fact that the Acts that were implemented and replaced during those periods, it was recorded that in 1978 there was still a tremendous housing backlog and the need for housing was increasing daily. Indeed, in tracking the historic evolution of sub-economic housing policies from the colonial period until the present day, it was discovered that housing development focuses upon a basic needs approach.
While a BNA establishes a basic theory for “delivery” and the review of relevant policy provides an account of the evolution of housing provision, the current mechanisms of “delivery” are also crucial. Attention is thus given to post-democratic government structuring, IGFR and the instrumental development role of the local sphere. Chapter 4 assesses the impact of post-apartheid legislation on housing delivery in South Africa by exploring housing problems inherited by the democratic government and the basic services backlog witnessed after 1994. This chapter also examines government restructuring in detail by explaining how the concept of Intergovernmental Fiscal Relations [IFGR] and the three spheres of government have affected contemporary housing programme design and implementation. It also provides an outline of government structures in light of the adoption of decentralisation mechanisms in South Africa, which represented a significant departure from structures prior to 1994. Both national and provincial governments are briefly reviewed before considering local government structure, revenue, allocations and institutional capacity. Chapter 4 also reviews the different roles each sphere of government is expected to play in terms of housing provision as prescribed in the Housing Act of 1997 and evaluates the effectiveness of current housing policy by drawing attention to its initial objectives and achievements.

Chapter 4 highlights some of the problems responsible for the deceleration in housing delivery, one of which is the under-expenditure of provincial budgets. Furthermore, one of the contributing factors to the backlog in housing discussed is the lack of adequate funding. Chapter 4 also states the importance of decentralisation. Decentralisation can, if properly handled, promote political democracy and accountability as government officials are responsible to voters for the provision of services: in other words, it empowers local communities to voice their concerns. So too, by conferring more autonomy on lower tiers of government, decentralisation alters the institutional context within which decision-making occurs.

Chapter 5 discusses the methodology and results regarding the levels and quality of housing delivery and basic service provision at local levels. This chapter presents results from both graphical and regression analysis. Graphical analysis indicates that basic service provision
differs according to housing type and area as some municipalities tend to have greater access
to basic services than others. The results show inequalities in the provision of certain basic
services such as RDP houses and sanitation. Among the regions studied, Duncan Village has
emerged the highest recipient of total basic services followed by Grahamstown and then
Fort Beaufort.

Using a Logit model, four hypotheses were tested to examine whether there are significant
differences in service provision in different dwelling types and locations. The results of the
regression analysis seem to show that the provision of electricity seems to be uniformly
distributed whilst provision of water and sanitation seems to be unevenly distributed
between Duncan Village and Grahamstown. However the aggregate service provision seems
to be fairly even in Duncan Village and Grahamstown. Finally, provision of all the services
seems to be higher in brick houses than in mud or shack houses.

6.3 POLICY RECOMMENDATIONS

Government has an obligation to create an enabling environment through which all South
Africans can gain access to basic infrastructural services especially access to quality housing
units. However, it is evident from this study that the eradication of poverty and the
improvement of access to basic services is still South Africa’s major challenge. There are
insufficient basic infrastructural services in rural areas such as Fort Beaufort in comparison
to urban and peri-urban regions such as Duncan Village and Grahamstown. Based on this
study the following recommendations are therefore suggested.

Firstly, given that the South African housing policy states that every South African should
have access to basic services, these services should be delivered to all households irrespective
of location without ‘discrimination’. To ensure this, the government should set penetration
levels evaluating essential service delivery to the poorest members of society.

Secondly, as local governments are mandated by legislation to provide basic infrastructural
services to localities by integrating programmes through the developing Integrated
Development Plans (IDPs). IDPs must at least present existing levels of basic services provided to households and proposed new service levels.

Lastly, local governments need assistance in developing the capacity required for prioritising, planning and implementing programmes that will facilitate a speedy delivery process of basic services. Thus provincial government should be a key player in supporting municipalities in achieving their objectives. The national government has also an essential role to play by establishing a performance appraisal programme that will monitor, evaluate and enforce the total usage of funds available for delivering services. There should be a maximum percentage of funds allocated for the delivery of basic services. Giving merit-based incentives to local municipality officials who excel in service delivery could also assist in improving delivery.

6.4 AREAS FOR FURTHER RESEARCH

The use of a Basic Needs Approach is an appropriate foundation for the future life-course development of those within the informal economy as it provides basic services to the poor. The study focused on the levels and quality of basic infrastructural delivery at the local level. Thus, further research in this area could be conducted to assess the impact of basic infrastructural service (RDP housing in particular) provision at the community level, examining the reduction of poverty by meeting people’s basic needs and providing sustainable community development. This can be done by investigating the extent to which RDP housing provision benefits recipients in terms of adult life course trajectories and childhood development outcomes. Another area worth studying would be the variables that limit local government’s delivery capacity.
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<table>
<thead>
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### TABLE 5.2: WATER PROVISION BETWEEN DUNCAN VILLAGE AND GRAHAMSTOWN

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<td>LR statistic</td>
</tr>
<tr>
<td></td>
<td>Sample</td>
</tr>
</tbody>
</table>

### TABLE 5.3: SANITATION PROVISION BETWEEN DUNCAN VILLAGE AND GRAHAMSTOWN

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLES</th>
<th>DEPENDANT VARIABLE: SANITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
</tr>
<tr>
<td>C</td>
<td>-2.319187</td>
</tr>
<tr>
<td>BRICK</td>
<td>2.402146</td>
</tr>
<tr>
<td>DV</td>
<td>2.208821</td>
</tr>
<tr>
<td>PC_INC</td>
<td>-9.18E-05</td>
</tr>
<tr>
<td></td>
<td>McFadden R2</td>
</tr>
<tr>
<td></td>
<td>LR statistic</td>
</tr>
<tr>
<td></td>
<td>Sample</td>
</tr>
</tbody>
</table>

29 Note the following for the prob (p-values). For p < 0.01, the results are significant at 1%, for p < 0.05, the results are significant at 5% level and for p < 0.10, the results are significant at 10% level.
TABLE 5.4: ALL THREE SERVICES PROVISION BETWEEN DUNCAN VILLAGE AND GRAHAMSTOWN

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLES</th>
<th>DEPENDANT VARIABLE: SERVICES</th>
<th>Estimated Coefficient</th>
<th>z-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C β</td>
<td></td>
<td>-4.607693</td>
<td>-5.984288</td>
<td>0.0000</td>
</tr>
<tr>
<td>BRICK β1</td>
<td></td>
<td>3.855516</td>
<td>5.214816</td>
<td>0.0000</td>
</tr>
<tr>
<td>DV β2</td>
<td></td>
<td>0.137353</td>
<td>0.352943</td>
<td>0.7241</td>
</tr>
<tr>
<td>PC_INC β3</td>
<td></td>
<td>0.000072</td>
<td>1.870587</td>
<td>0.0614</td>
</tr>
<tr>
<td>McFadden R2</td>
<td></td>
<td>0.327578</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LR statistic</td>
<td></td>
<td>83.25040</td>
<td></td>
<td>0.0000</td>
</tr>
<tr>
<td>Sample</td>
<td></td>
<td>259</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 5.5: ELECTRIPICY PROVISION BETWEEN DUNCAN VILLAGE AND GRAHAMSTOWN

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLES</th>
<th>DEPENDANT VARIABLE: ELECTRICITY</th>
<th>Coefficient</th>
<th>z-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C β</td>
<td></td>
<td>-1.162038</td>
<td>-3.498351</td>
<td>0.0005</td>
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<tr>
<td>BRICK β1</td>
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<td>4.130379</td>
<td>7.563201</td>
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</tr>
<tr>
<td>DV β2</td>
<td></td>
<td>-0.340383</td>
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<tr>
<td>PC_INC β3</td>
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<td>0.000148</td>
<td>2.203197</td>
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</tr>
<tr>
<td>McFadden R2</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>LR statistic</td>
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<td>147.2053</td>
<td></td>
<td>0.0000</td>
</tr>
<tr>
<td>Sample</td>
<td></td>
<td>259</td>
<td></td>
<td></td>
</tr>
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</table>
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