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Preface

At present millions of South Africans face severe problems in accessing even the most basic services: water, sanitation, electricity, and refuse removal. All of us understand that the democratic government faced great difficulties and enormous backlogs due to the apartheid legacy. But unfortunately, the problems confronting many citizens today are not simply the result of historical factors. Much of what the authors of this book refer to as the “crisis of service delivery” is actually a result of the pro-market policies adopted by the South African government since 1994. This text goes a long way toward explaining this process. The authors have successfully combined rigorous theoretical analysis, copious statistical information, and a broad range of case study material. At the same time, the inclusion of numerous “live” interviews lends the book a quality missing in so many academic works.

But the book does more than just chronicle the complexities of our society. The writers included herein have also taken the initiative to further the discussion about where we might find opportunities to reverse this crisis. This book deserves to be widely read. I warmly commend it. The contents are not only relevant for those interested in the transition to democracy in South Africa, but for people across the world who are confronting the processes of a corporate driven globalisation which continues to swell the ranks of the poor in all countries of both the South and the North.

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Introduction

by John Pape and David A. McDonald

Urban and rural development have been presided over by state bureaucrats and have been designed to entrench apartheid. It has been developer-driven and often carefully organised to disempower communities. The result is that development has failed, not only in our terms but in their terms as well.

That era is ending. People-driven development is now our watchword. But how do we transform a set of institutions consciously designed to prevent people-driven development and harness them to support communities?

Moses Mayekiso, National Chairperson of South African National Civics Association, April, 1994 (SANCO 1994)

The task for progressives is to formulate a development approach that builds on the best traditions of the democratic movement, and at the same time takes into account probable future realities. There are two primary points of departure: that organised communities must be the driving force of social progress; and that redistribution must guide economic growth policies. Although the growth-centred and spend-and-service development approaches are dominant, an alternative-community-controlled development has started to emerge within the civic movement ... current community-controlled approaches to development suggest that the past traditions of the mass movement can be appropriate for today's new challenges.

Planact, an NGO that worked closely with civics (1992)

In February 1995, the South African government launched Operation Masakhane (let's build together). According to Jay Naidoo, who was Cabinet Minister responsible for the African National Congress's (ANC) Reconstruction and Development Programme, the main aim of Masakhane was to facilitate "the restructuring of governance institutions so as to put the country on a path of sustainable development" (Naidoo 1997).

A key component of Operation Masakhane was urging residents to pay for services such as water, electricity, sewerage, and refuse collection. The logic of Masakhane was understandable. During the dark days of apartheid many residents had joined in the ANC's call to make the country "ungovernable". A central tactic for advancing ungovernability was withholding payment to unelected and unrepresentative "black local authorities" and "bantustans". Across South Africa, civic organisations and other democratic structures mobilised on this issue. As a result, millions of residents simply stopped paying bills for rates and services in what was called a "rates boycott".

But when the first democratic elections took place in 1994 the “crisis of legitimacy” apparently ended. With a popularly-elected government in place, municipalities expected people to pay. At the time, Masakhane seemed like an inevitable step in the transition to democracy. There were few dissenters.

Yet while Masakhane may have had a broad developmental focus, by 1997 even leading ANC and South African Communist Party (SACP) stalwart Jeremy Cronin admitted that its message had simply become one of “black communities must pay up”. Whether this was a misinterpretation or not, Masakhane became the first step in trying to impose a regime of cost recovery on impoverished residents. But even then Masakhane was the gentle kid glove of cost recovery with appeals to people’s sense of responsibility and pride in nation-building. Leading figures like Archbishop Desmond Tutu and civic leader Moses Mayekiso were drafted for publicity campaigns. Yet, despite the millions of rands spent to hire advertising gurus Saatchi and Saatchi to promote Masakhane, the financial yields were minimal. In some cases, payment rates for municipal services actually declined.

This is not to completely disparage Operation Masakhane. Perhaps Masakhane was an appropriate programme and slogan to address the massive backlogs and inequities from the apartheid era. And some Masakhane projects likely helped communities to “build together”. But in ideological terms, Masakhane became the lodestar in the building of a hegemonic framework of cost recovery. Since that time cost recovery has had a long, highly politicised journey in South Africa. To explain why we have chosen cost recovery as the focus of our research, we need to outline that journey in some detail.

The International Context

We must begin with an examination of the international context of South Africa’s post-apartheid transition. Before 1994 the South African government was relatively isolated from global and continental trends. While Structural Adjustment Programmes were opening most African economies, the apartheid regime remained cloistered behind economic sanctions. While globalisation pressured governments to move away from direct economic interventions, the need to buttress white rule kept the South African regime away from extensive deregulation and privatisation (although there was certainly an increasing amount of contracting out to local firms in the 1980s and early 1990s).

However, as Patrick Bond (2000) has chronicled in detail, international financial institutions like the World Bank did not wait until the first democratic elections to woo South Africa’s political and economic leaders into the market-forces camp. Throughout the early 1990s, World Bank delegations met frequently with key personnel in the African National Congress to ensure that the post-apartheid government would follow the so-called Washington Consensus in both macro- and micro-economic terms. By 1996, when the South African government abandoned the redistributive Reconstruction and Development Programme (RDP) for the neoliberal Growth, Employment and Redistribution (GEAR) framework, the World Bank’s dark victory was nearing its final stage.

Under the market-oriented GEAR, South Africa embarked on a range of legislative and policy ventures that entrenched the power of corporate capital at the expense of workers and poor citizens in the country. While policies and laws often maintained some populist rhetoric, the underlying economic and political principles were informed by neoliberal principles of globalisation: fiscal restraint; export orientation; privatisation and corporatisation; financial and trade liberalisation, and cost recovery. This shift was nowhere more evident than in the area of local government and service delivery.

Local Government and Service Delivery: The shift to neoliberalism

Local government and service delivery were key points of engagement for the Mass Democratic Movement of the 1980s and early 1990s. As the transition to democracy approached, a wide range of organisations began to articulate post-apartheid visions of local government. These visions were a far cry from the neoliberal models which were eventually

adopted. For example, the resolutions of the Congress of South African Trade Unions (COSATU) 1992 Economic Policy Conference included the following:

There must be a redistribution of resources and power. This will have to be done by a process of state intervention combining nationalisation, anti-trust legislation, and other forms of legislative intervention including price control. A process of redistribution must be carried out by ... increasing the production and provision of basic necessities of electricity, water, transportation, housing, education, health and welfare, food, clothing and recreational facilities. The state must ensure that these basic services are retained in public hands and any such services that have been privatised should be renationalised.

This redistribution must be led by the state and financed by:

- redirecting existing investment;
- restructuring corporate tax in order to increase the tax collected;
- introducing progressive taxes such as land and wealth taxes; and
- increasing the level of savings both institutional and personal.

PLANACT (1992), a leading non-governmental organisation that worked closely with civics in the 1980s and early 1990s, drew a clear-cut dividing line on issues of municipal finance:

It is internationally recognised that genuine development cannot work without a financial system that reinforces community control ... The role of the state, development agencies, service organisations and even business must be to operate in a way that builds a supportive environment for community-controlled development – even if this means going against what they perceive to be their immediate interests.

The point of departure for any community-controlled development process is that finance and the financial system must serve the interests of poor communities and not the interests of those who control economic and political power (212).

This view echoed the sentiments of the South African National Civics Organisation (SANCO):

Past attempts at “development” have failed and have actively undermined communities and prevented real development because they have been apartheid-driven and market-led. Funding allegedly meant to help poorer black people went to private developers and to prop up illegitimate apartheid institutions such as black local authorities and bantustan governments. Inevitably, private companies and better-off individuals have been the main beneficiaries of increasing ideological free-market funding systems...

Most development finance in the past has given priority to private profit – of developers, contractors, individual homeowners and so on. This has proved corrupt and inefficient. Private companies ignore the poorest because they are less profitable. (1994, 6)

So hegemonic were the notions of redistribution, community control and grassroots democracy at this early stage of the debate that the ANC was prepared to defer to the powers of the civic associations. In the words of then-ANC activist Jackie Selebi:

We think that the civic associations and some such structures dealing with local matters – water, electricity and such matters – must remain. Some members of the ANC will also be members of the civic associations because they also live in a particular township ... In the ANC they will deal with broader political issues, but when it comes to local issues like drainage and water, that will be left to the civic association (Seekings 1992, 232).

With regard to municipal economics, the ideas of the civics and Cosatu, as well as progressive academics, came to be embodied in the slogan: “One city, one tax base”. At the local level, this slogan expressed perhaps the most fundamental economic premise of the liberation struggle: that the wealth of white individuals and white-owned businesses should be used to subsidise an improvement in the living standards of blacks.

These progressive ideas of mass organisation continued to carry considerable weight in the run-up to the first national democratic elections in 1994. Yet, at the same time, there were counter-pressures that became most evident in the transitional arrangements as spelled out by the Local Government Transition Act of 1993. The Act garnered a compromise that brought the civics and other mass democratic formations into multi-party structures with the new status of “stakeholder.” For SANCO, long accustomed to being the sole legitimate representative of black communities, becoming one voice among many was a clear step toward disempowerment.

Over the next few years the stakeholder forum model was reproduced in many sectors. While the National Economic Development and Labour Council (NEDLAC) was the prototype, from 1993 to 1996 civic and youth activists flocked to RDP, Rural Development, and Community Development Forums in the expectation that these would be vehicles to bring services and genuine empowerment to their communities. But for the most part these structures were stillborn. They remained under-resourced and not given real political power. Decision-making gravitated upward.

While the 1996 Constitution guaranteed second-generation socio-economic rights, there was a highly contentious rider: affordability. The Bill of Rights granted all South Africans “the right to have access to sufficient food and water” (s27(1) b) and “to an environment that is not harmful to their health or well-being” (s24), but these “equality rights” are protected from “unfair discrimination solely on the grounds of race, colour, ethnic or social origin, sex, religion or language” (Table of Non-Derogable Rights). In other words, one’s ability to pay does not factor in the Constitution. Nonetheless, the Constitution does tie the government’s responsibility to deliver certain socio-economic rights to “available resources.” This has subsequently been used as a constitutional justification for failure to provide access to certain rights.¹ As a result, citizens’ rights are linked to the law of the market and cost recovery has sunk its claws deep into the Bill of Rights. From 1996 onwards, local government development paradigms shifted steadily from the redistributive state to the neoliberal “enabling” or “facilitating” state. At the level of finance, this meant moving from notions of redress and (cross-) subsidisation to full cost recovery (on which more will be said in Chapter 1).

However, the move to the neoliberal paradigm in general, and to cost-recovery in particular, was not a totally linear progression. Holdover pressure from the liberation struggle led to rapid expansion of infrastructure in the immediate aftermath of democracy. In particular, there were extensive rollouts of water and electricity infrastructure. The delivery of water was proclaimed a “miracle” by the Department of Water Affairs and Forestry and by 1999, it claimed to have reached the second million in terms of connections since 1994. Electricity also saw positive figures for connections. From 1991 to 1997 more than 1.5 million households were added to the electricity grid (NEDLAC 1999).

At policy level, even as late as the 1998 Local Government White Paper, some of the ideas of the RDP era remained. Hence the vision of local government as one that is “Committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives”.

Yet overall, the market continued to gain sway. The neoliberal model and its cost-recovery component gradually came to dominate both national legislation and local government practice. On one level this undermined many of the gains in infrastructure. For example, while two million households may have been given access to water between 1994 and 1999, cost-recovery measures and bureaucratic inefficiencies made many such projects inoperable. Peter Wellman estimated in 1999 that at least 50 per cent of the water projects were not functioning. In some instances failure was due to lack of maintenance. In other cases, government officials cited “vandalism”. However, the “vandalism” often involved the destruction of meters – a likely form of resistance to cost recovery. Other researchers and even government officials acknowledged the severity of the problem of project failure (Wellman 1999).

¹ This has been the subject of heated legal battles in cases such as that of Christina Manqele in Durban, the Grootboom case in the Western Cape and the Soobramoney case in KwaZulu-Natal. In each of these cases citizens used their constitutional rights to access as a basis for gaining water, housing and medical services respectively. The Soobramoney case was the only one which definitively favoured the state’s right to deny services. The appellant required dialysis for a kidney condition. His request was denied and he died within a few days after the denial. The cases over housing and water are subjects of ongoing litigation.

Apart from eroding some of the gains of service delivery, the ideology and practice of cost recovery became more dominant in a number of ways.

First, there is the question of how cost recovery influenced the then-Department of Constitutional Development's (DCD)² acceptance of the notion of basic service levels. In the Municipal Investment Infrastructure Framework (MIIF) of 1997, the DCD set basic services at the level of pit latrines and a five- to eight-amp electricity supply for urban residents with incomes of less than R800 per month. Applying such extraordinarily low standards to roughly 20 per cent of the population ultimately linked service delivery to cost recovery. The guiding principle had become one of "you get what you can pay for". And, since service infrastructure is typically a community rather than an individual provision, you also get the lowest common denominator (i.e. what your poorest neighbours can afford). In the context of South Africa, granting service quality along income lines was a guarantee that apartheid-era living standards would remain intact.

Apart from the question of basic service levels, access was further complicated by reliance on indigent policy. Indigent policy works on the notion that all households can afford to pay for services unless they can prove otherwise. Yet the process of "proving" poverty was often extremely complex. To begin with, there has been no standard national process or criteria for establishing indigence. Each municipality had to develop its own guidelines and administrative procedures.

Two examples from neighbouring municipalities in the North West province illustrate these difficulties. In 1999, residents of the former Eastern District Council area of Klipgat had to travel to Rustenberg to get information about qualifying as indigents. However, when they arrived there, they were informed that although the council had been allocated money to cover indigent subsidies, they had not yet developed a policy. Hence, there was no way to be declared an indigent. In nearby Ga-Rankuwa, a person's individual case had to be approved at a city council meeting before he/she become eligible for indigent subsidy. In the best of circumstances, indigent policies amount to harassment of the poor. But in many South African municipalities this harassment has been inserted into a process which makes it virtually impossible even to acquire indigent status. Yet without it citizens had to rely increasingly on the market to set their service tariffs.

With the steady cutbacks in central government allocation to local authorities as a result of GEAR, the market logic became more prevalent. For municipalities, reduced transfers from national government, coupled with expanded responsibilities, made cost-recovery and cost-cutting measures an almost inevitable choice. In many instances, the most direct and easiest methods were the harshest: cutoffs – either through direct administrative intervention or via installation of prepaid technology.

The hands of local authorities were further tied by the machinations of the National Treasury. Apart from cutbacks on central government grants to local authorities, stringent measures of fiscal conservatism were imposed. Through the GEAR-linked Medium Term Expenditure Framework, the Treasury imposed budget caps, limiting the percentage increase a municipality could make to any specific budget line item in a year. It also brought forward a draft Municipal Finance Bill which would bar national government guarantees for loans taken out by municipalities. In other words it was to be "sink or swim" for local governments, be they located in the industrial heartland of Gauteng or trying to survive on the meagre tax base in the rural Transkei.

These measures were complemented by the active promotion of public-private partnerships (PPPs) through the Department of Provincial and Local Government's Municipal Investment Infrastructure Unit (MIIU). The MIIU actively undermined any notions of maintaining subsidised public-sector delivery. PPPs ensured that private-sector business principles, like cost recovery, were able to gain more and more influence on the ethos of local authorities.

This led to the outsourcing of functions in a bid to cut costs. The ultimate victims were retrenched workers or residents who ended up with higher tariffs. In some cases, outsourcing was the subject of very public contestation. For example, in Nelspruit in 1998, the South African Municipal Workers' Union (SAMWU) fought a long and bitter battle to block a

² Now the Department of Provincial and Local Government (DPLG).

30-year concession of the water service to the British transnational Biwater. But in the end the municipality handed over the contract to Biwater. Within two years, in many households, water charges had increased by more than 100 per cent.

But for every instance where privatisation and outsourcing were contested, there were dozens of incidents where functions were quietly outsourced – subtly moving the municipality farther along the road to business mode. Literally hundreds of services previously provided by municipalities were handed over to private providers – from bus services in Durban, to stormwater drains in Middelburg, to motor-vehicle registration in the Northern Cape, to street-sweeping in Cape Town. In some cases big companies with large amounts of capital were brought in. In other instances, a contract went to a local black-empowerment initiative. In still others, the service was handed to the “community” who were then expected to manage a library or park on volunteer labour and vastly reduced budget allocations.

Outsourcing was often complemented by a restructuring of departments which advanced the notion of the municipality as a set of financially ring-fenced units, each responsible for carrying its own share of the income load. Hence, whether it was electricity or a cemetery, a service was expected to cover costs or face the wrath of municipal powers. This was fully in line with the World Bank’s vision of local government as a “conglomerate of firms, institutions, organisations and individuals with contractual agreements among them” (van Niekerk 2001, 67).

But perhaps the ultimate expression of the ascendancy of the local-level neoliberal model was the implementation of iGoli 2002 in the country’s largest city, Johannesburg. Here, a management team led by contracted consultant Ketso Gordhan carried out a targeted programme of cutbacks, corporatisation, and selling off of municipal assets which changed the face of the city. In their drive to cut deficits (and also to earn performance bonuses), Gordhan and his team sent a signal to municipalities across the country: the developmental models forged during the days of the struggle were not in line with what was required in an era of globalisation. If South African municipalities were to take their place in the sun of bond trading and foreign direct investment, notions of redress and cross-subsidy would have to be sacrificed for market logic. Underpinning this shift was the alleged need for municipalities to adhere to a model of financial sustainability which required recovery of all costs, including those incurred through providing basic services to the poorest of citizens.

Not surprisingly, the efforts to implement iGoli 2002 met with considerable resistance. Organised labour, focusing on both job retention and affordable services, carried out a series of industrial actions in opposition to iGoli. At community level, a number of organisations began to emerge to defend communities against the knife edge of cost recovery. The most well-known became the Soweto Electricity Crisis Committee (SECC) which fought Eskom’s cutoff of more than 20 000 households per month in Soweto in early 2001 (Fiil-Flynn 2001) by launching Operation Khanyisa (light up). Under Operation Khanyisa, activists from the SECC defied the cutoffs by simply reconnecting citizens to the electricity grid, free of charge. In October 2001, the SECC was able to win a temporary moratorium on cutoffs, but the battle is far from over, with SECC protesters having been shot at and jailed for conducting a non-violent protest at the home of the Johannesburg City Mayor in April 2002.

While iGoli gained the most media attention, the implementation of cost-recovery measures and consequent resistance was not confined to Johannesburg. In September 2001, dozens of residents in Tafelsig, Cape Town, set up barricades to stop municipal officials attempting to carry out evictions. This was part of an ongoing battle with local government over service arrears. Like their counterparts in the SECC, Anti-Eviction Campaign members/activists did succeed in winning a temporary halt to evictions, but not a rejection of the policy.

Similar mass mobilisations against cost-recovery measures occurred in Chatsworth, Durban, and in Nelspruit, where an unlikely coalition, which brought together COSATU, the Pan Africanist Congress and traditional leaders, initiated Operation Vulaamanzi to re-open residents’ taps after extensive cutoffs by Biwater.

A considerable thrust of organised labour's campaign against privatisation (as well as actions of social movements such as the Anti-Privatisation Forum³), is a manifestation of opposition to cost recovery. While the media tends to highlight unions' equation of privatisation with job losses, COSATU-affiliated unions in particular have repeatedly emphasised the fact that privatisation of service delivery leads to higher tariffs for the working class and the poor.

Explaining Non-payment

There are essentially two explanations for the shift toward cost recovery as a way of dealing with non-payment of services in South Africa. The first and most widely accepted within government is the so-called "culture of non-payment". According to this view, people became accustomed to not paying for their services during the years of the anti-apartheid rates boycotts, and stubbornly refused to change even under a democratic dispensation. Citizens, it is argued, have come to believe that it is their right to continue to receive free services.

Those who believe in the "culture of non-payment" see this as a serious threat to the viability of the South African political economy. They argue that service payment shortfalls will ultimately make the country's municipalities financially unsustainable. They extend their argument to say that financially unsustainable local authorities would not only be a problem for citizens but would also undermine the country's economic strategy. Without a solid financial base, municipalities are unlikely to have the potential to attract tourists and foreign investors who are deemed essential to economic turnaround in the GEAR framework. For those who see a "culture of non-payment" at the roots of municipal financial crises, stringent measures of cost recovery and cost cutting are the solution.

The alternative explanation holds that non-payment is actually related to issues of affordability and quality of service. Put simply, the affordability thesis holds that at the time of elections in 1994, roughly two-thirds of households were surviving on an income of less than R1 500 per month. Given the extensive financial burdens carried by most income-earners, rates and service payments are at times simply not affordable. Cyclical bills such as school fees, as well as unpredictable expenditure like healthcare or funerals, kept most poor households perennially in debt.

But the reticence to pay for services is further enhanced by equity considerations. Despite a democratic dispensation, people in historically black areas continued to have vastly inferior services to those in the historically white areas. This is what SAMWU President Petrus Mashishi has called "a culture of non-servicing" (Mashishi 1998). Critics of the "culture of non-payment" argue that willingness to pay is linked to the government's political will to upgrade service quality in historically black areas. As long as the "culture of non-servicing" and gross inequities persist, they would argue that payment levels are likely to remain low.

The research carried out in this book is based on the second hypothesis. In our view, cost recovery has already contributed to the perpetuation of poverty and inequality. Cost recovery has become far more serious than the early days of gentle arm-twisting under Masakhane. With cutoffs by remote control, and household invasions by ESKOM's "red ants", cost recovery threatens to unravel the very fabric of social and economic life in a democratic South Africa. This is an urgent issue, requiring both further research and social action.

³ The Anti-Privatisation Forum (APF) began in Johannesburg as a response to the iGoli plan. Originally it included Cosatu, several of its affiliates, a number of community-based structures and a range of left-wing political organisations. In Johannesburg, COSATU eventually pulled out of the APF because of conflict with other organisations. In 2000 and 2001, APFs were formed in other municipalities. In late 2001 a national meeting of the APFs was held to develop a national programme of action. While COSATU is not active in most of the APFs, SAMWU, a leading COSATU affiliate, has taken a resolution to form APFs and has participated extensively in their development in most areas.

The Research

The research for this book forms part of a larger set of research activities under the auspices of the Municipal Services Project.⁴ In tackling the specific issue of cost recovery we were informed by the following considerations:

a) An appropriate mix of research methodologies

This book consists predominantly of case studies. Examining a specific municipality or district should form the core of any such study. Without looking at the details of what happens at community, or even household level, there is little possibility of accurately assessing the impact of a sweeping policy such as cost recovery. But case studies have their limitations. Extrapolation and generalisation on the basis of what happens in Soweto or Bushbuckridge is problematic. Each community has its own particular set of dynamics which may make it the exception rather than the rule. Hence, we felt the need to combine our case studies with the results of an extensive national survey. At the same time, both case studies and national surveys typically provide little opportunity to elaborate a theoretical context. Cost recovery is not simply a policy of government. Furthermore, in South Africa, an examination of cost recovery must be situated in the broader context of the political transition after 1994, and the linkages between South Africa and the process of globalisation. Therefore apart from the case studies and the survey material, we have included chapters which consider the theoretical background of, as well as the vexing issue of alternatives to, cost recovery.

In addition, there is the question of quantitative versus qualitative methods. When we originally conceptualised the case studies, we envisioned random surveys of 200 households in the communities where we worked. However, we quickly realised the limitations of this approach. First, the sample size was insufficient to provide us with a statistically representative survey and would not therefore provide us with the ability to comment on national trends. More importantly, the strength of our research project resided in our political legitimacy. Most of our researchers have an extensive history of working with a wide range of community-based organisations, trade unions, and even political parties. The South African Municipal Workers' Union (SAMWU) is also one of the partners in the project. Our extensive networks and contacts in communities across the country provided us with access to residents and community leaders which is difficult for most researchers to replicate.

Hence, our starting point was our contacts with the community, not the demographic data of the municipality. This means that in many of the case studies we used “snowball sampling” methods – i.e. using our initial contacts to provide us with access to other people in the community who might be relevant for our research. For some researchers, such a method may be seen as inherently biased. However, we would argue that our work is a counter to the bulk of work done on these topics by consultants and researchers who never actually enter the communities they are researching, who rarely talk to ordinary citizens about their experiences of service delivery and policies like cost recovery, and who have a limited grasp of cultural and linguistic norms and nuances. We view our research as an opportunity to access the “voice of the voiceless” – those whose interests have not been adequately represented or even articulated in the shift from RDP to GEAR, from developmental local government to budget-balancing local authorities.

There is therefore an overall bias in our case studies toward qualitative research. Nonetheless, we have been rigorous. We have sought not only the views of those with negative

⁴ The Municipal Services Project (MSP) is a multi-partner research, policy and educational initiative examining the restructuring of municipal services in South(ern) Africa. The project's central research interests are the impacts of decentralisation, privatisation, cost recovery and community participation on the delivery of basic services to the rural and urban poor. The research has a participatory and capacity-building focus in that it involves graduate students, labour groups, NGOs and community organisations in data-gathering and analysis. The research also introduces critical methodologies such as “public goods” assessments into more conventional cost-benefit analyses. Research results are disseminated in the form of an occasional papers series, a project newsletter, academic articles/books, popular media, television documentaries and the internet (the project website is at www.queensu.ca/msp). Research partners are the University of the Witwatersrand (Johannesburg), Queen's University (Canada), the International Labour Resource and Information Group (Cape Town), the South African Municipal Workers' Union, and the Canadian Union of Public Employees. The project is funded by the International Development Research Centre (IDRC) of Canada.

experiences. We have spoken with municipal officials, councillors, workers, politicians, and other researchers. Also, we have not relied simply on interview material, but like all professional researchers, have pored over legislation, policy documents and other relevant material.

Having made the case for the qualitative approach, we also acknowledge its limitations. Hence, we have included (in Chapter 8) the results of a national survey of more than 2 500 citizens, designed and conducted in collaboration with the Human Sciences Research Council (HSRC) of South Africa. This statistically representative survey is the largest and most comprehensive study ever undertaken in South Africa on people's experiences with, and attitudes towards, cost recovery on municipal services. The data provide an invaluable snapshot of the service delivery record of the ANC since the end of apartheid and serve as an important benchmark for future surveys on this matter. Most importantly, the survey acts as a reference point for the case study material, allowing us to extrapolate more confidently some of the conclusions from the smaller, qualitative studies, while at the same time enriching the otherwise narrow quantitative results of the large national survey. In the end, the two methods complement one another and offer a unique and powerful overview of the cost recovery situation on the ground.

The last issue we want to mention about our research methodology is participation. At the outset of the project, we agreed that our research should not be merely academic and detached but engaged and oriented toward action. Ideally, this participatory-action approach should involve citizens and social actors as researchers with the ultimate aim of breaking down the division between "expert" researchers and ordinary citizen-researchers. While we have held to this ideal, it has not been possible to implement it fully in every instance. Participatory action research is in all cases a time-consuming, process-intensive method. In some instances, such as the Makhaza case study done by Mthetho Xali, the conditions were suitable for high levels of participation by residents. But in other instances, either lack of time or the way in which a community was organised did not facilitate as extensive a participation and local capacity-building process as we would have liked.

b) Geographical balance

South African municipalities come in all shapes and sizes, but there are three legal categories: the large metropolitan areas like Johannesburg, Cape Town, Durban; smaller cities and towns such as Nelspruit and Queenstown; and rural districts.⁵ In selecting our case studies, we attempted to strike a balance between the three categories. Key in this regard was ensuring a balance between urban and rural areas. Since research on local government and service delivery tends to be urban-biased, we wanted to avoid producing yet another study which uses findings in Johannesburg or Cape Town to paint a portrait of all of South Africa. With hindsight, we could perhaps have done better on geographical balance. Still, we have covered five provinces out of nine, represented significant rural areas in three of the case studies, and have collected information from all provinces and municipal category types in the national survey.

c) Social justice

We also wanted our case studies to focus on communities where central issues in the debates around cost recovery were evident. For example, Khayelitsha in Cape Town is a large township with many sections, but we chose to do research in Makhaza for two reasons: firstly, a large number of people in Makhaza had experienced cutoffs; secondly, and perhaps more importantly, the community had organised a vociferous response to these cutoffs. This criterion highlights our commitment to engagement in social action as researchers. While we make every effort to apply rigorous methodology to our work and to retain an appropriate distance from the communities where we do research, we also aim

⁵ It should be noted that the categories of municipalities changed in the middle of our research. Categories A, B and C described here are those which were implemented with new lines of demarcation which took place simultaneous to the 5 December 2000 local government elections. This demarcation also reduced the number of municipalities from 843 to 284. The major changes of the demarcation were to amalgamate large cities into one metropolitan area and to amalgamate small rural municipalities into a single district.

for our research to enhance action and to promote justice. In an area like Makhaza, we hoped that our research would assist the community to assess the impact of cutoffs more systematically and also to develop the internal research capacity to monitor certain aspects of service delivery. On the other hand, in exploring the cholera epidemic in KwaZulu-Natal (KZN), we did not link up to specific local efforts at contesting policy. Rather, we wanted our research to impact on officials and policy-makers who were attempting to resolve the epidemic, and to aid in the prevention of similar outbreaks in the future as well. Finally our research helped inform a number of activities which emerged from the research. For example, much of the background research for this project was used to inform a series of workshops on service delivery conducted by the International Labour and Resource Information Group (ILRIG) for SAMWU in 2000–2001. These workshops were aimed at assisting the union in developing its own policies on service delivery and the implementation of these possibilities through Local Labour Forums and the Integrated Development Plans.

d) **Gender and service delivery**

In tackling this research we were mindful that municipal services are a highly gendered area. The entire neoliberal model of the local state is premised on the availability of women's labour (formal and otherwise). When the state reduces service provision, it is women who typically take up extra burdens. This is largely because the range of municipal services is largely linked to household tasks which are often seen as "women's work" in the gender division of labour. Whether it be fetching water, collecting firewood, or looking after children, when access becomes more difficult, such as under cost recovery, women's workload increases. Hence, we have attempted to ensure that the gendered nature of the impact to cost recovery has been part of our analysis.

This, then, outlines the general issues we confronted in undertaking our research. Overall we have attempted to ensure that our design resulted in a participatory process that covered a wide range of communities in South Africa while striking a balance between the strengths and weaknesses of qualitative and quantitative methods. Having provided this overview, let us now turn to a brief summary of each of the chapters included in this study.

Review of Chapters

The book begins with David A. McDonald's overview of the theory and practice of cost recovery. It draws on international literature and practice in this regard – particularly as it has been articulated by the World Bank and its affiliates – and illustrates how and why these policies have been introduced in post-apartheid South Africa. The purpose of the chapter is to provide a conceptual overview of what cost recovery means in practical and theoretical terms, and prepares readers for the empirical case studies in the rest of the book. It begins with an overview of what cost recovery means in practice and then reviews the fiscal, moral, environmental and commercial arguments used to justify its implementation. The chapter concludes with a general outline of the problems associated with cost recovery in the South African context, particularly as they relate to low-income households. An examination of cost recovery takes us to the very heart of the neoliberal paradigm, and is essential to the promotion of balanced budgets, fiscal restraint, market discipline, and privatisation.

The first of the case studies comes from Wits Political Science lecturer Greg Ruiters. The author spent the better part of two years collecting information in three small towns in the Eastern Cape: Fort Beaufort, Queenstown, and Stutterheim. Even before the advent of democracy in South Africa, these municipalities had privatised water service delivery via a 25-year concession to Water and Sanitation Services of South Africa (WSSA), a wholly-owned subsidiary of French multinational giant, Suez-Lyonnaise des Eaux.⁶ Because these concessions have been in effect for so long, it provides one of the best possible opportunities for assessing the medium-term effects of privatisation of services and the extent to which privatisation is accompanied by stringent cost recovery.

⁶ The concession was signed in Queenstown in 1992, in Stutterheim in 1993, and in Fort Beaufort in 1994.

The chapter argues that the policy of cost recovery and the commodification of basic municipal services “pitted local bureaucrats and politicians against communities and destroyed reciprocity between citizens and the local state”. In Ruiters’s view, cutoffs of water, electricity and street lights have become part of the arsenal of state weapons wielded against the poor in a “low-intensity class war between desperate consumers and embattled local authorities”.

Like Ruiters, Grace Khunou deals with the implications of cost recovery for citizenship in a democratic South Africa. A lifelong resident of Diepkloof in Soweto, Khunou became interested in the notions of service delivery and citizenship while completing a Masters’ degree at Wits University. In this study she investigates her community’s attitude towards, and experience of, the provision of electricity. She interviewed 33 people from various parts of Diepkloof: the working-class “matchbox houses”, the more middle-class suburban-type houses and the informal settlement of Mandela Village. In Diepkloof, parastatal electricity provider ESKOM had carried out a programme referred to by one ESKOM manager as “massive cutoffs”. Khunou’s interviews reveal that service delivery problems, particularly those related to cost recovery and cutoffs, led some citizens to feel as if they had no rights. Most citizens who had such problems had little or no household income. For many, securing rights was not only about voting or even accessing services. Khunou then goes on to point out how under cost-recovery regimes, people’s rights as citizens are conflated with the notion of “consumer” rights. Hence, they are only able to exercise their rights when they have an income which enables them to become a consumer. Khunou’s conclusions and the comments by her interviewees tell us much about how far South Africa still has to go to become a fully democratic state where everyone enjoys full constitutional rights.

Chapter 2 is an analysis of the link between cost recovery and the cholera outbreak in rural KwaZulu-Natal. The disease affected over 100 000 people, more than 200 of whom died. Researchers Hameda Deedat and Eddie Cottle conducted interviews with citizens in Madlebe, a focal point of the cholera outbreak. Using a snowball sampling technique initiated through conversing with people at the nine communal taps in the community, Deedat and Cottle found an almost direct correlation between the implementation of a prepaid system and the cholera outbreak. The municipality initiated this system just a few months before cholera began to appear. Interviewees highlight the point that two problems in particular contributed to the usage of unpurified river and stagnant water: a registration/connection fee which was unaffordable to many residents; and the frequent breakdown of the entire system which left the community without water for up to three weeks at a time. The statements of residents are contrasted with the chilling disregard on the part of one uMhlatuze Water Board manager: “These people have been without clean water for years. They are used to it. What is a couple of weeks to them?”

From rural KwaZulu-Natal, we move to two very contrasting case studies in Cape Town. In the first, ILRIG researcher Mthetho Xali looks at water cutoffs in the Makhaza Section of Khayelitsha. Xali used the most participatory process of all the case studies. He worked closely with Youth for Work, a community-based organisation which had been working with residents of Makhaza on service delivery issues. Xali teamed up with the Youth for Work coordinator, Simphiwe Dada, and selected ten members of the organisation as research assistants. Xali and Dada provided training for these research assistants and worked closely with them in their fieldwork. The teams interviewed a total of 63 households who had experienced water cutoffs. Using a structured survey, the interviewees found that some people had been without water for almost a year. More than three-quarters (76 per cent) of the interviewees had also experienced periods where they could not access their electricity because they could not afford to “load” money into the prepaid system. Nearly all (95 per cent) gave affordability as the cause of their failure to pay their water accounts. Of this 95 per cent, nearly three-quarters were unemployed. Xali also found that community members had come together spontaneously to reconnect their water supply.

Like Khunou’s interviewees in Diepkloof, respondents in Makhaza felt alienated from the local authority. In the words of one resident: “the action (the cutoff) shows that the council does not care about us”. Not surprisingly, Xali concludes that cost recovery is “unlikely to succeed given the high levels of unemployment faced by most working-class communities”. He predicts “an increase in struggles against it [cost recovery] and other neoliberal policies”.

While Xali has predicted struggles against cost recovery, John Pape writes of another type of contestation in his chapter on Constantia: “The struggle to protect a certain form of race and class privilege”. In contrast to the areas chosen for our other case studies, Constantia is extremely wealthy. In one survey it was adjudged the fourth-wealthiest suburb in South Africa, with individual house sales averaging R1.6 million. Primarily basing his conclusions on interviews with community leaders, Pape argues that, for these residents, cost recovery is not a problem. In fact, they have developed a strategy which attempts to protect their race and class privilege. Pape cites a number of ways in which organisations like the Constantia Property Owners’ Association are actively involved in campaigning for Constantia to remain unchanged from the days of apartheid. Their argument is that “Constantia untouched” is a vital tourist attraction for the province (it is home to several famous wineries). The author, however, sees this strategy as one in opposition to the “encroachment” of the problems of the majority of South Africans. In his view, the privileged residents of Constantia have been able to avoid being the source of any real cross-subsidy because their interests coincide with those of policy-makers and bureaucrats advancing the neoliberal model. He argues that it is unsustainable to foist harsh cost recovery regimes onto the poor, whilst those who accumulated their wealth under apartheid reap further benefits of a liberation for which they did not fight.

The last of our case studies comes from Hamedea Deedat. Working closely with SAMWU organiser Maria April, Deedat visited five small towns in the Northern Cape which had experience with prepaid meters. Although most residents had only used these meters for a short while, a large number reported widespread technical problems as well as periods where they could not afford to pay for services. In two of the towns she visited, the meters had been removed because of technical malfunction. But in Lennertsville, the prepaid technology had survived, much to the chagrin of nearly all those interviewed. Initially enthusiastic about the meters, even recalling the chanting of “Viva prepaids!” at a meeting where the council introduced the new system, the residents had subsequently become highly critical. Under the previous system, the residents paid R72 a month for all services. While they acknowledged that this was difficult to manage, particularly in households where no-one was employed, they could at least negotiate a schedule of payment with the council. With the prepaids, they simply went without. Particularly disturbing in Lennertsville was the way in which cost recovery had created tensions within the community. People were reticent to give water to those who had been cut off, since they had to pay for all the water they consumed.

After the case studies we move to a chapter by David A. McDonald which presents the results of the national survey conducted jointly with the HSRC. The survey findings reiterate the main points made in the case studies: i) that cost recovery measures are having a serious negative effect on the majority of households in South Africa; ii) that the major reason people are cut off is that they cannot afford to pay. Perhaps the most startling finding is that 13 per cent of the households interviewed had experienced water cutoffs, with an equal percentage having had their electricity cut off. Thirty-nine per cent of these households had experienced cutoffs of both services. About three per cent of those sampled had been the victims of evictions for failure to pay arrears.

Apart from looking at incidents of cutoffs, McDonald also examines the attitudes of respondents toward cost recovery and service delivery. In particular, he addresses the need to “debunk” the “myth of a culture of non-payment”. In supporting his argument he notes that 51 per cent of those who had arrears said they could not pay them “no matter how hard they tried.”

The final chapter by John Pape takes us beyond a critical assessment of cost recovery and into the realm of “alternatives”. In this respect, Pape offers two distinct possibilities. The first is a short- to medium-term set of alternatives and is somewhat “reformist” in scope, arguing for more equity-oriented models of cost recovery (i.e. more progressive block tariff structures, a better distribution of existing municipal resources, and job-creation strategies). But he also highlights the insidious effects of commodification, the role of the market in shaping the moral and economic fabric of service delivery, and the way we “value” essential goods such as water. In this regard he explores the longer-term potential for a more transformative vision of decommodified services in South Africa and what this implies politically, socially and economically.

A true decommodification of services is a long way off in South Africa (and in virtually every other country in the world), but it is useful to keep it in mind as an ideological antonym as we work our way through the theory and practice of cost recovery in this book. It is only when we fully understand the models within which we operate that we can hope to develop viable alternatives.

Conclusion

When we began this research project, we knew cost recovery was an issue that affected many people in South Africa but we had no idea of just how extensive its effects had been in terms of the sheer number of people affected, as well as of the impact it had had on their quality of life. We have spoken to people who have been evicted for arrears, people who have been forced to beg for water from a neighbour simply to wash a baby's nappy, people who for want of a mere R50 have been forced to consume water they know is infested with cholera. In the end, our research has strengthened our conviction that cost recovery is a threat to the poor and, ultimately, to the whole notion of a democratic transformation in South Africa.

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