

# **PUBLIC SERVICE DELIVERY IN AN ERA OF GOVERNANCE:**

## **THE CASE OF WATER SERVICES IN THE CITY OF JOHANNESBURG**

Student: Firoza Karodia

Student No: 8134590

Firoza.karodia@t-systems.co.za

Sociology Department  
University of the Witwatersrand, Johannesburg

## **DECLARATION**

I declare that this research study is my own unaided work. It is being submitted in fulfilment of the requirements of the degree of Masters of Sociology, University of Witwatersrand, Johannesburg. This study has not been submitted before for any degree or examination in any other university.

---

**Firoza Karodia**

**Student #: 8134590**

**26 February 2010**

## TABLE OF CONTENTS

LIST OF FIGURES .....	i
LIST OF TABLES.....	ii
ABBREVIATIONS AND ACRONYMS.....	iii
CHAPTER 1: INTRODUCTION .....	1
OVERVIEW .....	1
RATIONALE .....	14
CHAPTER OUTLINE .....	18
CHAPTER 2: LITERATURE REVIEW .....	20
OVERVIEW .....	20
DEVELOPMENTAL STATE .....	21
DEVELOPMENTAL LOCAL GOVERNMENT.....	32
INFLUENCE OF GLOBAL INSTITUTIONS ON NATIONAL POLICIES.....	43
CONCLUSION .....	50
CHAPTER 3: METHODOLOGY AND DATA COLLECTION .....	53
RESEARCH DESIGN .....	53
CHAPTER 4: PUBLIC SECTOR GOVERNANCE .....	59
OVERVIEW .....	59
NATIONAL REGULATORY FRAMEWORK.....	61
NATIONAL REGULATORY FRAMEWORK: KEY FINDINGS .....	77
LOCAL GOVERNMENT REGULATORY FRAMEWORK: JOHANNESBURG WATER .....	78
LOCAL GOVERNMENT REGULATORY FRAMEWORK: KEY FINDINGS.....	87
CHAPTER 5: SOCIO-SPATIAL DIMENSIONS.....	92
OVERVIEW .....	92
HISTORICAL OVERVIEW .....	93
JOHANNESBURG CITY'S SPACIAL CHARACTERISTICS .....	97
SOCIO-SPATIAL POLICY INTERVENTIONS .....	104
KEY FINDINGS .....	125
CHAPTER 6: WATER SERVICES AS AN ECONOMIC GOOD.....	129

OVERVIEW .....	129
WATER SERVICES VALUE CHAIN .....	132
WATER SERVICE AS A REVENUE SOURCE .....	140
LEGAL FRAMEWORK FOR LOCAL GOVERNMENT FINANCIAL MANAGEMENT .....	143
PRICE SETTING .....	148
KEY FINDINGS .....	152
CHAPTER 7: CONCLUSION.....	156
REFERENCES:.....	i
LEGAL DOCUMENTS.....	i
GOVERNMENT PUBLICATIONS .....	ii
INTERNET.....	iii
INTERVIEWS, MEETINGS, DISCUSSIONS AND SPEECHES.....	v
NEWSPAPER ARTICLES .....	vi
BOOKS AND JOURNALS .....	vii

## LIST OF FIGURES

- Figure 1 Service delivery protest January – July 2009. Source: Municipal IQ Municipal Hotspots Monitor
- Figure 2 Major Service Delivery protest per year: Source: Municipal IQ Municipal Hotspots Monitor
- Figure 3 Balance Scorecard: Adapted from The Balanced Scorecard by Kaplan & Norton
- Figure 4 Number of households' without access to piped water
- Figure 5 City of Johannesburg boundaries
- Figure 6 City of Johannesburg – Institutional structure of the administration and service delivery
- Figure 7 Water Service Value Chain.
- Figure 8 Water cost and pricing chain based on the Strategic Framework for Water Services

## LIST OF TABLES

Table 1: Source President's Office: Development Indicator (2009): Households with access to portable water

Table 2: Source DWAF: Water Backlogs nationally as at 2007

Table 3: Source DWAE: Water Services Regulatory Accountability (2008)

Table 4: Source CoJ: Growth and Development Strategy Indicators (IDP 2008/09)

Table 5: Source JW: Johannesburg Water – Balanced Scorecard

Table 6: Source NSDP 2006: Gross Value Added generated and poverty concentrations

Table 7: Source DWAF: Institutional Responsibilities

Table 8: Source Johannesburg Water –Water supply and demand estimates

## ABBREVIATIONS AND ACRONYMS

ANC	African National Congress
APF	Anti-Privatisation Forum
CAWP	Coalition against Water Privatisation
CESA	Consulting Engineers South Africa
CoGTA	Department of Corporate Governance and Tradition Affairs
CoJ	City of Johannesburg
COSATU	Congress of South African Trade Unions
DWAF	Department of Water Affairs and Forestry
DWAE	Department of Water Affairs and Environment
DPLG	Department of Provincial and Local Government
ES	Equitable Share
FBW	Free Basic Water
FBS	Free Basic Services
GEAR	Growth, Employment and Redistribution
GDS	Growth and Development Strategy
IDP	Integrated Development Plan
IPCC Report	Intergovernmental Panel on Climate Change Report (IPCC Report)
ISD	Infrastructure Development Plan
JW	Johannesburg Water
LED	Local Economic Development
LHWP	Lesotho Highlands Water Project
MIG	Municipal Infrastructure Grant
MITI	Ministry of International Trade and Industry
MIG	Municipal Infrastructure Grant
MTSF	Medium Term Strategic Framework
MFMA	Municipal Financial Management Act
NEC	National Executive Committee
NPC	National Planning Commission
NPM	New Public Management
NGDS	National Growth and Development Strategy
RDP	Reconstruction and Development Programme
SACP	South African Communist Party
SAMWU	South African Municipal Workers Union
SDA	Service Delivery Agreement
SDBIP	Service Delivery and Budget Implementation Plan
SLA	Service Level Agreement
WSA	Water Services Authority
WSP	Water Services Provider
WSDP	Water Services Development Plan

PUBLIC SERVICE DELIVERY IN A NEW ERA OF GOVERNANCE: THE CASE OF WATER SERVICE DELIVERY  
IN JOHANNESBURG

---

WWC	World Water Council
GWP	Global Water Partnership
WTO	World Trade Organisation
UN	United Nations



## CHAPTER 1: INTRODUCTION

### OVERVIEW

Why has the current service delivery model not enabled the South African Government to meet its social obligations as per the intention encapsulated in the country's Constitution<sup>1</sup> and recommitted to in the ANC's 2009 Manifesto?<sup>2</sup>

“We are committed to a service delivery culture that will put every elected official and public servant to work for our people, and ensure accountability to our people. We will continue to develop social partnerships and work with every citizen. We will manage our economy in a manner that ensures that South Africa continues to grow, that all our people benefit from that growth and that we create decent work for the unemployed, for workers, for young persons, for women and for the rural poor. We will remain in touch with our people and listen to their needs. We respect the rule of Law, human rights and we will defend the Constitution and uphold our multi-party democracy.”

Access, quantity and quality of basic public services are the key measurement indicators to assessing a public service delivery model that is based on social justice. This study aims to assess the government's current service delivery model from formulation of policy to operationalising service delivery at the local government level by focussing on the delivery of water services within Johannesburg from 2006 to 2009.

From the range of basic public services, water is one of the most basic human needs. The significance of this service is further compounded by the fact that it is dependent on a limited natural resource. The effective delivery of water services is the definitive measure of the government's commitment to human rights as it is a pre-requisite for the realisation of other human rights.

---

<sup>1</sup> The Constitution of the Republic of South Africa (1996): <http://www.acts.co.za/constitution/index.htm>

<sup>2</sup> ANC Manifesto (2009): [www.anc.org.za/elections/2009/manifesto/manifesto.html](http://www.anc.org.za/elections/2009/manifesto/manifesto.html)

Access to water is influenced by factors such as the policy framework, tariffs, magnitude and quality of the prevailing infrastructure, climate, role of institutions that regulate water, international and national corporations that have been contracted as service providers for essential skills and investors from which loans have been sourced to finance water related projects.

According to an Intergovernmental Panel on Climate Change Report, South Africa is an “arid country, with 61% of the country receiving less than 500 mm annually. Our overall average rainfall is 452 mm per year, but vast areas often receive much less. This figure is considered to be the minimum for successful dry land farming and places South Africa in the category of water scarce countries.<sup>3</sup> The country, in comparison to most other international cases, is also poorly supplied with large flowing rivers. The largest river in the country, the Orange, for example, carries less than 10 percent of the water flowing down the Zambezi River. Several of our major rivers such as the Orange and Vaal Rivers, not only carry relatively less water than their international counterparts but they are also being ‘mined’ and exploited well over their capacities to supply water. Consequently, water distribution in various areas of the country is limited. Water is a precious resource and South Africa features amongst those countries that, by the year 2025, may be subject to moderate to high water stress.<sup>4</sup>

The future sustainability of water is, however, not only dependant on supply but also on water resource management and water quality. The environmental quality of water sources in South Africa varies across the country. When water is polluted there is reduced availability of water for consumption. Typical pollutants in South Africa’s fresh water include industrial effluents, domestic and commercial sewage, acid mine drainage, agricultural runoff and litter. “The greatest vulnerabilities are likely to be in unmanaged water systems and systems that are currently stressed or poorly and unsustainably managed due to pricing and other policies that

---

<sup>3</sup> Intergovernmental Panel on Climate Change, Working Group 2 Third Assessment Report: (2007) Summary for Policy Makers, Climate Change 2007: Impacts, Adaptation and Vulnerability, Approved by IPCC Working Group III. [http://www.ipcc.ch/working\\_groups/IPCC](http://www.ipcc.ch/working_groups/IPCC)

<sup>4</sup> EarthScan (2007): Global Environmental Outlook GEO – 2010 UNEP’s Millenium Report on the Environment, Earthscan Publications, London. <http://www.unep.org/climatechange/>

discourage efficient water use and protection of water quality, failure to manage variable water supply and demand....”<sup>5</sup>

Against this background, this chapter will provide the context within which to assess the current service delivery model by providing an overview of the institutional arrangement for water services, the status of the current water service delivery and an overview of the current service delivery protest.

### **INSTITUTIONAL ARRANGEMENTS FOR WATER SERVICES**

The key role players involved in the delivery of water services include the National Treasury, Department of Water Affairs and Environment, Local Municipalities, Water Service authorities, Water Catchment Agencies, Donor Agencies and the Development Bank of South Africa.

Within Johannesburg City the institutional arrangement that informs the water service delivery model is between the national government and local government. There is no independent regulatory body, neither is there any responsibility for water services at the provincial layer.

The Water Services Act (1997) provides the institutional hierarchy for the provision of water services. In this respect it defines two distinct roles that are applicable to the City of Johannesburg, these being the Water Services Authority (WSA) function and the Water Services Provider (WSP) function. In terms of the Act, a Water Services Authority (WSA) is defined as any municipality defined in the Local Government Transitional Act (Act 209 of 1993), responsible for ensuring access to water services. The Constitution provides that as a metropolitan council, the City of Johannesburg is responsible for the provision of water services to its citizens, and as such is the WSA. However, the ultimate responsibility rests with the Council and Executive Mayor.

The Water Services Provider (WSP) function relates to the physical act of providing water services to consumers. This function can either be undertaken internally through an administrative unit or municipal entity or externally through a public or private sector service

---

<sup>5</sup> Intergovernmental Panel on Climate Change, Working Group 2 Third Assessment Report: (2007) Summary for Policy Makers, Climate Change 2007: Impacts, Adaptation and Vulnerability, Approved by IPCC Working Group III. [http://www.ipcc.ch/working\\_groups/IPCC](http://www.ipcc.ch/working_groups/IPCC)

provider. In the case of the City of Johannesburg, this function is undertaken by Johannesburg Water, a municipal entity in terms of the Municipal Systems Act (2000).

Rand Water, a water board in terms of the Water Services Act (1997), supplies water in bulk to the City. Water boards are required to enter into bulk supply agreements with the customer. According to an official from Johannesburg Water, a service level agreement exists between the City of Johannesburg and Rand Water which details the level of service required, pricing, payments and penalties for non performance.<sup>6</sup>

The Department of Water Affairs (DWA) is responsible for the formulation and implementation of policy, governing the management of water resource and has a regulatory responsibility for water services provided by local government.

Thus the key roles players underpinning the water service delivery model within the City of Johannesburg are: DWA, City of Johannesburg, Johannesburg Water and Rand Water.

#### **OVERVIEW OF THE CITY OF JOHANNESBURG**

Johannesburg is the largest city in South Africa with approximately 3.7 million people living in 1 million households on an area of 1644 square kilometres. It is one of three metropolitan municipalities in the province of Gauteng, with the City of Tshwane situated directly to the north and Ekurhuleni on its eastern border. The local municipalities of Mogale City, Randfontein and Westonaria are located on the City's western border, while Emfuleni and Midvaal lie to the south.<sup>7</sup>

The City of Johannesburg is the economic powerhouse of the country. According to the City of Johannesburg's Annual Report 2007/2008, Johannesburg is one of the most powerful commercial centres on the African continent. "Our City has managed to take advantage of its favourable economic growth rate of above 6% over the last 2 years. The City is pushing to increase the economic growth rate within the next few years. Efforts range from continuing to work to reduce the costs of doing business in the City, to ensuring that many more people and firms benefit from the growth that does occur, so that they can become part of the growth

---

<sup>6</sup> Interview (11/2009):JW, Official from the Operations Department

<sup>7</sup> City of Johannesburg (2008): 'Mid-term Report September 2008'. Office of the Executive Mayor

engine and push rates of growth still higher.”<sup>8</sup> The City’s long-term Vision as per the policy document, “Joburg 2030 Vision and Strategy”, summarized as follows:

“In 2030 Johannesburg will be a world class city with service deliverables and efficiencies that meet world best practice. Its economy and labour force will specialise in the service sector and will be strongly outward orientated such that the City’s economy operates on a global scale. The strong economic growth resultant from this competitive economic behaviour will drive up City tax revenues, private sector profits and individual disposable income levels such that the standard of living and quality of life of all the City’s inhabitants will increase in a sustainable manner.”<sup>9</sup> As per the City’s Independent Development Plan (2008/09), the City has committed itself to a target of 95% coverage for sanitation and 98% coverage for both water and electricity services by 2011.<sup>10</sup>

Johannesburg is not only the strongest municipality economically, but also has the largest population and attracts a large number of migrants from neighbouring countries. Many of the largest international corporations and financial institutions reside in Johannesburg City. It also plays a critical role in politics and political discourse as expressed in the formation of civil society organisation. The above strategy clearly specifies the local government’s strategic intention of developing a city that would economically and socially meet world best practice.

#### **STATUS OF BASIC SERVICES**

It is within this context that the water service delivery process at the local government level will be assessed to establish the root causes of the failure of the current service delivery model. The analysis will focus on three key components that underpin an effective service delivery process, i.e. the governance framework, the socio-spatial dimensions and the financial management process. To contribute effectively to the discourse on the development of a service delivery model that is based on social justice and human rights require an understanding of the current status of basic services.

---

<sup>8</sup> City of Johannesburg (2007): Annual Report Part 1. “Annual Performance Report 2007/2008”

<sup>9</sup> City of Johannesburg (2007): Joburg 2030. [www.joburg.org.za/](http://www.joburg.org.za/)

<sup>10</sup> City of Johannesburg (2008): (2008/09): Integrated Development Plan

Local government, in the South African context, has been given the responsibility for economic growth, public participation and delivery of basic services. President Zuma at a meeting with executive mayors to discuss improving service delivery in municipalities, emphasised that “municipalities are the first door that citizens knock on for service delivery needs, and that the current community protest is a sign that the problems facing the country in terms of public services are urgent and need to be discussed by all spheres of government.”<sup>11</sup>

President Zuma advised the delegates to consider “service delivery against a background of global financial crisis, impacting the availability of resources”. In this regard he noted that many municipalities are bankrupt, many people are unemployed and cannot pay for services which means that “revenue collection is stagnant and the tax base has shrunk”. He also advised that the discussions must take into account that “political power struggles for control over resources has rendered many municipalities ‘dysfunctional’, contributing to the violent nature of the community protest” and that the lack of “effective governance procedure has resulted in fragmented processes, weak administrative systems, inefficient financial management, irregular expenditure and corruption and adverse audit outcomes by the Auditor General”.<sup>12</sup>

The Department of Local Government and Traditional Affairs (CoGTA) conducted an assessment of each of the 283 municipalities during the course of 2009. This assessment resulted in a consolidated ‘State of Local Government Report’<sup>13</sup> which was based on the following categories:

- a) **“Service Delivery** – refers to the delivery of basic services in municipal areas. These are primarily water, sanitation, refuse removal, electricity and roads.

---

<sup>11</sup> President Jacob Zuma (2009): Opening address to the Presidential Meeting with Executive Mayors to discuss improving service delivery in Municipalities. Khayelitsha. Capetown October 2009.

<sup>12</sup> President Jacob Zuma (2009): Opening address to the Presidential Meeting with Executive Mayors to discuss improving service delivery in Municipalities. Khayelitsha. Capetown October 2009.

<sup>13</sup> CoGTA (2009): “State of Local Government in South Africa. Overview Report - National State of Local Government Assessment”. Working Documents COGTA 21-22 October 2009.

- b) **Spatial conditions** – these include geographic considerations such as characteristics of urban areas, conditions in former ‘homeland’ areas, location of poverty, and types of economies in the area, such as mining or agriculture.
- c) **Governance** – This covers elements such as political leadership, institutional organisation, administration, capacity and skills, oversight and regulation, monitoring and reporting.
- d) **Financial Management** – Municipal budget and income management (e.g. from water, rates, electricity charges). The intergovernmental Fiscal System distributes grants to municipalities for service delivery. These include the Equitable Share (ES) and Municipal Infrastructure Grant (MIG).
- e) **LED** – Local Economic Development refers to the approach a municipality and region may take to encouraging investment by big business, small local business development, tourist industries or large sector economy management in mining, manufacturing or farming.
- f) **Labour Relations** – the way the management of municipalities and the workforce of the municipality organise and cooperate together.”<sup>14</sup>

The outcome of the assessment revealed that the following are some of the root causes of service delivery failure:

- a) “Inappropriate national and provincial government policies, practices and onerous requirements;
- b) Socio-economic conditions prevailing in many municipalities that have not been adequately addressed through macro, micro-economic and industrial policies and plans of the State;
- c) Political parties that are undermining the integrity and functioning of municipal councils through intra and inter-party conflicts and inappropriate interference in councils and administration;
- d) A breakdown of value at a societal level expressed in unethical behaviour, corruption, and lack of accountability;

---

<sup>14</sup> Department of Corporate Governance and Traditional Affairs (2009): “State of Local Government in South Africa. National State of Local Government Assessment Report.” Working Documents COGTA 2009

- e) Communities that are engaging in destructive forms of protest including withholding of payment for local taxes and services;
- f) Those municipalities that are not geared for delivering basic services and are not responsive and accountable enough to residents; including failure to involve communities in their own development;
- g) Absence of communications resources (people, technology, equipment processes) and no accountability for how and when municipalities communicate to communities.<sup>15</sup>

Based on the assessment report the department of CoGTA developed a Turnaround Strategy for Local Government published in November 2009.<sup>16</sup> The turnaround strategy is a policy directive redefining key components of the service delivery model. The key components include a corporate governance framework, a spatial policy directive and a financial management process. It is envisaged that this redefined service delivery model will enable the legitimisation of the ANC government, increase trust between communities and local government and ensure a majority vote across the country in the next local government elections.

This study will focus on analysing these three components of the service delivery model, namely; the corporate governance framework, the spatial policy directive and the financial management process to determine if these interventions will be sufficient to enable the government to overcome the root causes identified during the assessment process.

#### **FORMATION OF JOHANNESBURG WATER**

The issues facing local government as identified by both President Zuma and the assessment conducted by CoGTA in 2009 are the same issues that were identified in 2000, and the reasons given for the formation of Municipal Entities. Municipal Entities are local government institutions mandated to deliver basic public services, established as independent business units based on an operating model separate from municipalities.

---

<sup>15</sup> CoGTA (2009): "Local Government Turnaround Strategy. Working together, turning the tide in Local Government". Working document, November 2009

<sup>16</sup> CoGTA (2009): "Local Government Turnaround Strategy. Working together, turning the tide in Local Government". Working document, November 2009



Johannesburg Water (Pty) Ltd is a Municipal Entity, formed in January 2001. The rationale given for this formation is that it would effectively isolate and address some of the critical service delivery problems encountered within the water sector, engage directly with communities and ring-fence the financial management process to effect efficient revenue management.<sup>17</sup>

The structure of Johannesburg Water is based on a corporate model with executives, shareholders and a board of directors. Its operational success is measured on the basis of efficient financial management, customer management, internal processes and human resource management. According to officials from both the City of Johannesburg<sup>18</sup> and Johannesburg Water<sup>19</sup>, corporatisation is not a form of privatisation. They argue that the utility is a public entity based on the fact that the City of Johannesburg is the sole shareholder.

Local communities, workers' unions and activist organizations, such as the Anti-Privatisation Forum (APF) and the Coalition Against Water Privatisation (CAWP) disagree and argue that as water tariffs are based on market related pricing and that if residents are unable to afford this basic need, the service is cut off, thus leaving many people without access to a basic service.<sup>20</sup> The structure of the water utility that underpins the delivery of water and sanitation services in Johannesburg is a highly political issue which is amplified by the increasing distance between the utility and the communities that it services.

In analysing the institutional arrangements within the water sector, it must be noted that the current service delivery model is still based on the institutional arrangements conceived in 2000. Key components of a corporatised service delivery model are factors such as cost recovery and economic accountability which take precedence over ensuring universal access to water. Although the utility is technically not privatised, the corporate principles adopted make water a commodity to be bought and sold on the market.

The water service delivery institutional arrangements established in 2001 was based on the National Government's macro-economic policy, the Growth, Employment and Redistribution

---

<sup>17</sup> Johannesburg Water(2006): <http://www.johannesburgwater.co.za/>

<sup>18</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

<sup>19</sup> Interview (11/2009):JW, Official from the Operations Department

<sup>20</sup> Natalie (2007): "Water Privatisation." <http://apf.org.za/spip.php?article145>

macroeconomic strategy (GEAR), adopted in 1996. GEAR's neo-liberal macro-economic policy informed the approach that national government deployed to ensure that local governments are financially sustainable and efficient. This institutional arrangement has not been analysed or assessed by the government's assessment of the causes of the failure of the service delivery model.

The question is whether this institutional arrangement underpinning the water service delivery process would enable the current government to meet its objectives. According to the ANC's 2009 election manifesto, "government will work with municipalities to ensure the continued implementation and strengthening of free basic water to the poor and the vulnerable; and ensure that there is universal access to water and sanitation by 2014 and that municipalities provide the best quality water to our people, especially the poor."<sup>21</sup>

The government has argued that the above mandate can be met through economic growth based on good governance. There has been no indication of any structural changes to the institutional arrangements or mandates at the local government level. Those who have been critical of this position argue that service delivery based on a corporate institutional arrangement will not enable the government's developmental programme and will increase poverty and unemployment. This debate will be explored further in the literature review.

### **SERVICE DELIVERY PROTEST**

Official statistics say that more people have access to basic services such as housing, electricity, water and sanitation than any time in the past and that the government has a very strong participatory relationship with communities through local government. The question is: why are people taking to the streets all over the country rather than raising their issues through the formal channels established by the local government? Are these protest just a product of the engagement of civil society within a democracy; the influence or agitation of a third force or is the current service delivery model not designed to meet the social needs of majority of the people?

---

<sup>21</sup> ANC Manifesto Policy Framework (2009): Working Together we can do better". Issued by the African National Congress. Luthuli Johannesburg

According to Municipal IQ's Municipal Hotspots Monitor, there have been more protests in the first half of 2009 than in any previous years since 1994. They "account for almost a quarter of all protest since 1994." Western Cape (26%) and Gauteng (21%) account for almost half of these protests.<sup>22</sup> According to the Department of CoGTA's 'State of Local Government Report', "key elements of the local government system are showing signs of distress in 2009."<sup>23</sup>

Derek Powell an independent consultant highlights a few key aspects of these protests: protests generally coincide with *dysfunctional local governance and political leadership in the affected areas* – this relates to problems like poor communication, incompetence, corruption and mismanagement.<sup>24</sup>

The Department of CoGTA's assessment of municipalities has revealed that the key causes of the instability are: political turmoil within local institutions; the *representatives of local government* (municipal/ward councillors) do not seem to be carrying out their mandate; decisions taken by provincial or national government contribute to the inability of municipalities to deliver and issues around governance failure, political infighting, corruption, nepotism, criminality and high-levels of poverty, inequality and unemployment specifically amongst the youth. The appointment of staff and allocation of tenders have also been raised.<sup>25</sup>

According to the Deputy Minister of CoGTA, Yunus Carrim (2009), the current community protest have structural, systematic, governance, political, economic and other dimensions. He emphasises that "people are protesting because they do not have adequate access to councillors, council officials, ward committees and other municipal structures".<sup>26</sup>

---

<sup>22</sup> Municipal Hotspots Monitor (2009): Municipal IQ, <http://www.municipalig.co.za>

<sup>23</sup> CoGTA (2009): "State of Local Government in South Africa. Overview Report - National State of Local Government Assessment". Working Documents COGTA 21-22 October 2009.

<sup>24</sup> Powell, D (2009): "What is wrong with local government". Article in- 'Delivery' the Magazine for Local Government"-October 2009.

<sup>25</sup> CoGTA (2009): "State of Local Government in South Africa. Overview Report - National State of Local Government Assessment". Working Documents COGTA 21-22 October 2009. My emphasise.

<sup>26</sup> Carrim, Y (2009): Speech at the 'National Indaba on Local Government, Boksburg, 21/10/2009. Deputy Minister, Corporate Governance and Traditional Affairs.

According to Udesch Pillay, the executive director for the Centre for Service Delivery (CSD), “public trust in local government has decreased substantially over the past few years.” The key reasons that he identified are: “perceptions around fraudulent activity, impressions that councillors lack the willingness to deliver on their mandates, concerns around capacity and skills, and recognition that local governments are often under-funded. There is also growing concern about a lack of coordination with respect to the three spheres of government and the self-interest that afflicts municipal leadership.”<sup>27</sup>

He further states that these negative levels of trust are compounded by a tendency on the part of national government to absolve themselves of responsibility for the situation. For example, there has been little acknowledgement of inadequate inter-governmental transfers (just 7.6% for 2007/08) which have frustrated municipal efforts to deliver on development mandates, let alone fund appropriate programmes of participation.<sup>28</sup> The persistent and seemingly endless community protests have thus brought into sharp relief the magnitude of the crisis. “Communities want immediate action with unambiguous answers. Presidential Imbizos and hotlines are not going to do it.”<sup>29</sup>

The chart below illustrates the provincial spread of the protests. It must be noted that Gauteng, the economic hub with apparently the best governance, service delivery, public communication, financial resources and institutional structures, reflect the highest number of community protest for this year.

---

<sup>27</sup> Pillay, U (2009): “From protest to social compact”. HSRC Review - Volume 7 - No. 4 - November 2009.  
[http://www.hsrc.ac.za/HSRC\\_Review\\_Article-168.phtml](http://www.hsrc.ac.za/HSRC_Review_Article-168.phtml)

<sup>28</sup> Ibid.

<sup>29</sup> Ibid

PUBLIC SERVICE DELIVERY IN A NEW ERA OF GOVERNANCE: THE CASE OF WATER SERVICE DELIVERY IN JOHANNESBURG

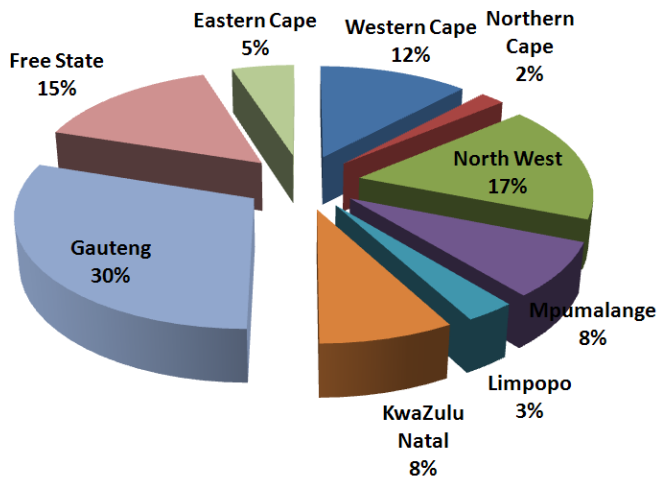


Figure 1: Service delivery protest January – July 2009. Source: Municipal IQ Municipal Hotspots Monitor

The figures in the graph below shows the trends in protests over the last six years, 2009 reflects the escalating dissatisfaction and loss of confidence in local government’s capacity to deliver basic services. According to Municipal IQ monitor, this also stems from communities observations of fraud, corruption, lack of performance by councillors and the quality of community interface with the structures of municipal institutions.

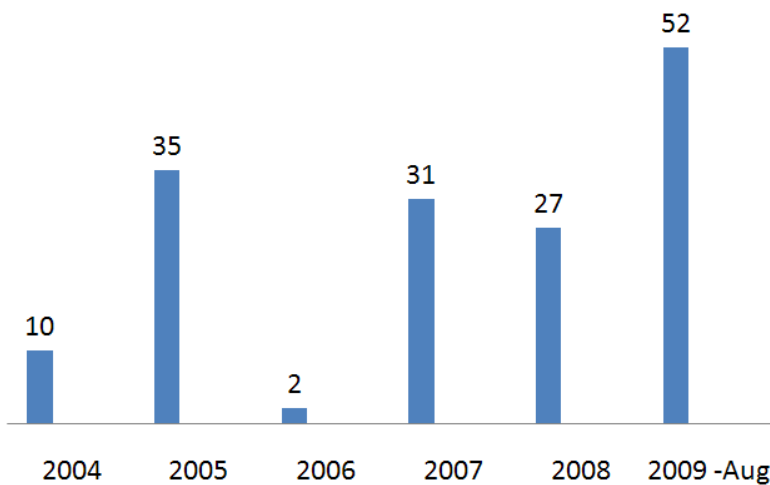


Figure 2: Major Service Delivery protest per year: Source: Municipal IQ Municipal Hotspots Monitor

These studies together with the current protest are indicative of the lack of trust between communities and public institutions. The current situation of low public trust in municipalities raises some key policy questions: is substantive public participation in the service delivery process an imperative for its success; what institutional formations are required to enable access, quantity and quality of basic services; and should the government begin to develop an alternative service delivery model?

The above overview of the current community protest illustrates the need to analyse the key components of the current service delivery model to derive an understanding of the reasons why the government has not been able to meet its social obligations. Will the current service delivery model based on cost recovery and fiscal discipline underpinned by central co-ordination and planning, corporate governance based on international best practice, community participation through ward councils and auditable financial management processes meet community expectations?

## **RATIONALE**

A state's strategic direction, national policies, public participation, local government commitment and an enabling institutional capacity are the key inputs to developing a service delivery model that meets society's expectations. A service delivery model can be constructed to meet the interest of certain sectors of society or an enabler to human rights and social justice.

In the South African context, national policy directives that have informed the key components of the service delivery model on a local government level have been framed within national economic development policy frameworks, specifically the Reconstruction and Development Programme (RDP:1994), the Growth, Employment and Redistribution strategy (GEAR: 1996), the Accelerated and Shared Growth Initiatives for South Africa (AsgiSA: 2006) and National Growth and Development Strategy (NGDS:2009).

Post 1994 the government's service delivery model has not met the expectations of majority of the people of South Africa, especially the marginalised communities. The consequence has

been an increase in community resistance, a rise in social movements and a revival of the working class.

After the 2006 national elections, the Government under President Thabo Mbeki developed a comprehensive governance framework at the national, provincial and local government levels with the capacity to measure performance and report on non-performance. This intervention did not transform the service delivery process and the community protest from 2006 to 2009 is indicative of the continuation of its failure.

After the 2009 national elections, the ANC government led by President Zuma, responded by initiating an assessment of municipalities to develop appropriate interventions in response to the country-wide community protest. The assessment of municipalities was conducted by the National Department of Cooperative Governance and Traditional Affairs.

The assessment revealed that the main causes of the failure of the service delivery process was at the local government level, resulting in a turnaround strategy that proposes interventions in response to these local government issues. These interventions inform the framework of the current service delivery model.

The current service delivery model is based on the concept of a 'developmental local government'. Some of the key components of this model are: the facilitation of economic growth at the local government level; corporate governance based on international best practice underpinned by audit requirements, national spatial directives, municipal performance and sector performance indicators and the establishment of a central planning, monitoring and evaluation capacity within the President's Office.

This study will focus on the above key components of the services delivery model to ascertain whether these interventions are imperatives for meeting service delivery expectations. The study will also draw on literature that explores the concepts of: the development state, developmental local government, institutional capacity and globalisation.

Against this background, the research topic, *"Public service delivery in an era of governance: The case of water services in Johannesburg, 2006-2009"*, becomes significant. The relevance of this topic becomes apparent when we note that the discourse and debates that this

research report focuses on, coincides with the concerns facing the newly elected ANC government (May 2009) and its alliance partners COSATU and SACP. This concern is expressed in the restructuring of the Cabinet, formation of the National Planning Commission which is tasked to coordinate, monitor and evaluate policy implementation, the deployment of trade union leaders into critical positions within national government as well as the recommitment to a developmental state.

The selection of water services from the range of public services is informed by the absolute necessity of water, as the failure of any individual or community to secure a regular supply of water will result in the loss of life. This immediate and universal need is the very reason why the withdrawal and denial of water services is also potentially the most explosive political issue today.

Within this context, research to gain an understanding of the reasons why the current service delivery model has not enabled the government to meet its social obligations is crucial and will contribute to the current discourse.

The question of public service delivery policies and the implementation programs on the local government level raises significant issues and concerns for all South Africans today. More specifically access, quality and quantity of water services is a vital question, and perhaps the most important question for this research to consider.

## **RESEARCH QUESTIONS**

This project seeks to address the primary research question, which is: *Why has the current service delivery model not enabled the government to meet its social obligations?*

There are three supplementary questions and issues that underpin the primary research question. Firstly, corporate governance has become an important process in local government and a key focus of South African national government. The literature on corporate governance will be examined to assess the National Government's governance framework, which is ideologically backed by the view that corporate governance would put in place controls and regulations to minimise corruption, nepotism, wasteful expenditure and at



the same time manage core local government processes efficiently such as financial management, supply chain management, human resource management, project implementation management and customer management.

Opposing this view is the argument that there are increasing signs that the current governance framework is based on a model of 'shareholder value' and capital markets. Hence the supplementary question that would enable the exploration of corporate governance and its impact on service delivery is: *to what extent can the new governance framework transform the process of delivery of water services to meet the requirements of the communities of Johannesburg?*

Secondly, the domain of public service delivery within South Africa cannot be analysed without exploring the extent to which the current service delivery model and the underpinning policies include interventions that would contribute to the reconfiguration of the apartheid era socio-spatial characteristics. This study is based on the view that the Government must overcome the legacy of apartheid if it means to put into practice a developmental municipality. The supplementary question that frames the exploration of this discourse is: *To what extent can current policy directives reconfigure apartheid socio- spatial relations to realise the government's developmental agenda?*

Thirdly, a key debate on water services is that full cost recovery will promote conservation and demand management. This discourse is stimulated by the thinking that water services should be considered an economic good to enable the management of a limited resource. The question posed to explore this discourse is: *Can the current service delivery model deliver social value?*

The period from 2006 has been chosen because it coincides with the municipal electoral term. It is the period within which the new model of metropolitan governance and national spatial perspective were formulated and is being implemented. This allows for an analysis for most of the electoral term and an opportunity to assess the results of service delivery interventions developed within the government's 'local government developmental' framework.

Thus, the study of water service delivery in the City of Johannesburg within this era of governance, framed by a theoretical framework, will entail an examination of the mandate of local government underpinned by the prevailing policies, perspectives, processes, pricing and institutional relationships.

Having provided this overview, the following paragraphs provide a brief summary of each of the chapters included in this study.

## **CHAPTER OUTLINE**

*Chapter 1* is the **Introduction**, which provides a background to the study by presenting an overview of the institutional arrangement for water services, a brief background to the City of Johannesburg and its 2030 Vision and an overview of the current status of basic services in South Africa. This chapter concludes with the rationale for this research including the primary and supplementary questions, thus setting the scene for the entire document.

*Chapter 2* is the **literature review** that explores a number of debates in the literature on developmentalism, governance, institutional capacity, public management and globalisation. The debates explored by this literature review provide some of the intellectual roots to the key components of a service delivery model that would meet the requirements of efficiency, human rights and social value.

*Chapter 3* provides an overview of the **methodology** used to conduct this research.

*Chapter 4* provides an analysis of **corporate governance** in Johannesburg, 2006 – 2009, covering the key legislations, guidelines, policy directives, performance management and monitoring and evaluation tools. This chapter focuses on two key areas: the oversight and regulatory framework at the national level and the governance framework at the local government level.

*Chapter 5* develops an analysis of the **socio-spatial dimensions** in Johannesburg within the framework of the national governments spatial directive. This chapter provides a brief overview of the historical context of settlement in South Africa with an emphasis on Johannesburg and an analysis of the national government's policy directive for spatial

investment on a local government level. This is further explored by analysing some of the key projects implemented by Johannesburg Water.

*Chapter 6* interrogates the concept of **water services as an economic good**. This analysis focuses on the provision of services as a source of revenue and the effect of this on meeting the social needs of society.

*Chapter 7* **concludes** the research.

## CHAPTER 2: LITERATURE REVIEW

### OVERVIEW

This chapter explores a number of concepts, debates and arguments in current literature that will contribute to the formulation of a service delivery model that is based on human development, equality and social value within a participatory-democratic developmental state.

This discourse is informed by the South African government's vision to establish a developmental state that would enable efficient, effective and sustainable delivery of public services. According to the 2009 ANC Manifesto; "The developmental state will play a central and strategic role in the economy. We will ensure a more effective government; improve the coordination and planning efforts of the developmental state by means of a planning entity to ensure faster change."<sup>30</sup>

This strategic intent is further elaborated by the National Executive Committee (NEC); "In order to advance the present phase of our National Democratic Revolution, to ensure that we successfully implement the 5 priorities of the 2009 Election Manifesto, we need to take forward the major tasks of building a developmental state."<sup>31</sup>

The literature review has been arranged into three key sections. The first section will focus on literature that explores the developmental state. The literature review will draw on two alternative models of development: a state-centric model as prevalent in the East Asian Model and an alternative society-centric model present within countries such as Kerala, in south-west India and the city of Recife in Brazil.

As the responsibility for public services within South Africa reside at the local government level, and the government has stated that it's service delivery model is configured to enable 'developmental local government', the second section of the literature review will analyse the

---

<sup>30</sup> The ANC Elections Manifesto (2009): ANC Manifesto: [www.anc.org.za/elections/2009/manifesto/manifesto.html](http://www.anc.org.za/elections/2009/manifesto/manifesto.html)

<sup>31</sup> ANC (2009): "Statement by the National Executive Committee of the African National Congress, on the 98th anniversary of the ANC (09/01/2010)". <http://www.polity.org.za/>

current discourse on 'developmental local government' with a core focus on economic growth as an enabler for effective service delivery. According to the government's 2009 Turnaround Strategy report, "local Government is a key part of the reconstruction and developmental effort in our country. The aims of democratising our society and growing our economy can only be realised through a responsive, accountable, effective and efficient local government system that is part of a developmental state. Developmental local government is central to building the developmental state."<sup>32</sup>

This second section of the literature review on developmental local government will draw on current literature that focuses on key concepts such as: New Public Management (NPM), decentralisation of public services and marketisation of the local government sector.

Finally, the literature review will analyse the extent to which international global institutions influence domestic policies. This section is an analysis of the impact of globalisation on the prevailing discourse within a nation state and the formulation of policy. According to Stiglitz, "globalisation encompasses many things: the international flow of ideas and knowledge, the sharing of cultures, global civil society and the global environmental movement."<sup>33</sup>

## **DEVELOPMENTAL STATE**

The current literature on the 'developmental state' is aligned to two alternative dominant models. The state-centric model refers to the economic developmental process within the South East Asian economies. Countries such as Kerala, in south-west India and the city of Recife in Brazil and to some extent Venezuela represent a 'society-centric' model based on a social developmental process.

The term 'developmental state' was coined by Chalmers Johnson in 1981, after the phenomenal rise of the South East Asian economies: Japan, Taiwan and South Korea. The developmental state was described as a state driven by an ideology of development where it does all it can to promote and facilitate economic growth. According to Johnson, a

---

<sup>32</sup> CoGTA (2009): "Local Government Turnaround Strategy. Working together, turning the tide in Local Government". Working document, November 2009

<sup>33</sup> Stiglitz, J (2006): "Making Globalization Work."Penguin Books, Allen Lane, Britain

developmental state influences the direction and pace of economic development by directly intervening in the development process, rather than relying on the uncoordinated influence of market forces to allocate economic resources. The developmental state would establish 'substantive social and economic goals' with which to guide the processes of development and social mobilisation.<sup>34</sup>

He further defines the developmental state, as a state in which the political elites aim at rapid economic development and give power and authority to the bureaucracy to plan and implement efficient policies. A high rate of economic growth legitimises the centralised state apparatus; therefore, civil society tends to be excluded from the decision-making processes on economic development.

He argues that the developmental state aims at rational and deliberate development and implements state-driven industrial policies, with co-operation between the government and private enterprises.<sup>35</sup> This view is shared by Devan Pillay, who argues that, "in the East Asian experience developmental states, apart from Japan and to some extent Hong Kong, were extremely authoritarian. In their pursuit of rapid industrialisation, the state was embedded with a rising industrial capitalist class."<sup>36</sup>

Johnson identifies four key elements of a state-centred developmental state: assigning to the bureaucracy the tasks of planning, constructing, and supervising industry; establishing a political system to support the bureaucracy; government intervention in the market to ensure compliance to regulation in alignment with the national interest and central government leading political direction.<sup>37</sup>

Manuel Castells also puts forward the concept of the developmental state, to explain the mode of the economic development of the East Asian countries. Castells defines the developmental state as, "a state is developmental when it establishes as its principle of

---

<sup>34</sup> Johnson, Chalmers (1982) *MITI and the Japanese Miracle: The Growth of Industry Policy 1925- 1975*, (Stanford: Stanford University Press).

<sup>35</sup> Ibid.

<sup>36</sup> Pillay, D (2007): "The stunted growth of South Africa's Developmental State Discourse." In *Africanus, Journal of Developmental Studies*. Vol 37 2 2007. "Transcending two economies – renewed debates in South Africa's political economy."

<sup>37</sup> Ibid.

legitimacy its ability to promote and sustain development, understanding by development the combination of steady high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy.<sup>38</sup>

In an attempt to understand an alternative developmental model the literature review explores work by Heller who focuses on the industrial sector in Kerala, exploring the positive cycle of interaction between a highly mobilised industrial workforce and an engaged government. He reveals that government action supports mobilization and offers institutional resources.<sup>39</sup> The literature review also looks at the work done by Ostrom in Brazil, illustrating that effective delivery of services depends on the joint activity of citizens and government.<sup>40</sup>

Heller argues that synergy between the state and labour creates the institutional forms and political processes required for negotiating class differences through which redistribution and growth can be reconciled.<sup>41</sup> This synergy enabled the establishment of an environment of commitment and orientation towards a common developmental goal.

Pillay also cites the work of Heller (1999), when explaining that even when the Communist Party of India (CPM) lost the elections, “a basic substantive-democratic consensus was established such that redistributive policies continued to be pursued when the Congress party was in power.”<sup>42</sup> Thus a mobilised civil society ensures that the institutional memory is retained within society, ensuring the continuation and optimisation of the programme of redistribution and developmental economic and social growth.

Within South Africa even though the largest trade union federation, the Congress of South African Trade Unions (COSATU) is in a formal institutional alliance with the ANC led government and the South African Communist Party (SACP), there has been no synergy

---

<sup>38</sup> Castells. M (1992) in: Edigheji.O (2005): “A democratic developmental state in Africa?” A Concept paper. Centre for Political Studies. Johannesburg

<sup>39</sup> Heller.P (1997): “Social capital as a product of class mobilisation and state intervention: Industrial workers in Kerala, India”. In “State Society Synergy.” Edited by Evans.P. University of California at Berkeley.

<sup>40</sup> Ostrom.E (1997): “Crossing the great divide: Coproduction, Synergy and Development.” In “State Society Synergy.” Edited by Evans.P. University of California at Berkeley.

<sup>41</sup> Heller.P (1997): “Social capital as a product of class mobilisation and state intervention: Industrial workers in Kerala, India”. In “State Society Synergy.” Edited by Evans.P. University of California at Berkeley.

<sup>42</sup> Pillay.D (2007): “The stunted growth of South Africa’s Developmental State Discourse.” In Africanus, Journal of Developmental Studies. Vol 37 2 2007. “Transcending two economies – renewed debates in South Africa’s political economy.”

between the government and the working class on key policy directives such as its macro-economic policies, form and content of the developmental state, the service delivery institutional arrangements at the local government level or even a common approach to economic growth and job creation.

Heller's work on Kerala further illustrates that "pressure by well organised groups and a highly developed culture of civic participation have not only created a demand-side dynamic to which right and left wing governments have had to respond in a competitive electoral system, but have also increased the accountability of many officials. The comparatively corruption-free and logistically successful public services have been attributed to the active and informed participation of community organisations."<sup>43</sup>

Within South Africa there is a complex governance and regulatory framework at national, local and provincial government levels. However, lack of accountability of government officials to civil society has contributed to the high levels of wasteful expenditure, corruption and incompetence. According to Powell, "people are dissatisfied with what passes for governance in their communities and believe that government is not listening to them. Peaceful, lawful protest is both a constitutional right and a healthy part of life in a democratic country. But throw in governance failure, political infighting, corruption, criminality, high-levels of poverty, inequality, and youth unemployment and you have a dangerous recipe for social instability and the risk of rupture in the relationship between state and citizen."<sup>44</sup>

The case study on Kerala illustrates the importance of a "democratically accountable state and a mobilised society, organisationally and functionally linked in a manner conducive to the transformative projects broadly associated with development."<sup>45</sup> Another key learning lesson from the developmental model in Kerala, important for South Africa's service delivery model is that "the most visible product of the synergy between a society mobilised along class lines and a democratically accountable state has been the efficient and comprehensive provision of

---

<sup>43</sup> Heller.P (1997):"Social capital as a product of class mobilisation and state intervention: Industrial workers in Kerala, India". In "State Society Synergy." Edited by Evans.P. University of California at Berkeley.

<sup>44</sup> Powell. D (2009) : "What is wrong with local government". Article in- 'Delivery' the Magazine for Local Government"-October 2009.

<sup>45</sup> Heller.P (1997):"Social capital as a product of class mobilisation and state intervention: Industrial workers in Kerala, India". In "State Society Synergy." Edited by Evans.P. University of California at Berkeley.



social services and the development of human capital resource.”<sup>46</sup> This model illustrates the possibility of class cooperation, deepening democratic structures and replacing patronage with representation.

Ostrom illustrates how public officials in Brazil actively encourage a high-level of citizen input to the production of urban infrastructure. He utilises the term ‘coproduction’ to explain how citizens actively participate in planning, designing and constructing sanitation systems. This program creates the space to involve citizens in the decision making process of developmental projects. “As long as public officials and citizens in developing countries continue to see a great divide between them, synergies will remain mere potentialities.”<sup>47</sup>

He further argues that bridging the gap between local government and citizens, increases the quality of service and ensures effective governance due to local activism which reduces corruption. “No government can be efficient and equitable without considerable input from citizens.”<sup>48</sup>

According to Pillay’s assessment prior to the Polokwane conference, the South African Government’s “vision, is that of a state-centric developmental path that subordinates social redistribution and environmental protection to economic growth. Thus, the appeal of the East Asian developmental model is significant to South Africa.”<sup>49</sup> He argues that the ANC has confined its developmental programme to the East Asian experience, where redistribution is subordinated to economic growth.<sup>49</sup> The 2007 Polokwane Conference indicates a shift at a policy level to a mix between the East Asian and Social Democratic models.

Since 2009, the Zuma led government have adopted some aspects of the East Asian institutional arrangements. Key amongst these is the establishment of the National Planning Commission within the Presidency. According to Wade, at the centre of the South East Asian

---

<sup>46</sup> Heller.P (1997): “Social capital as a product of class mobilisation and state intervention: Industrial workers in Kerala, India”. In “State Society Synergy.” Edited by Evans.P. University of California at Berkeley.

<sup>47</sup> Ostrom. E (1997): “Crossing the Great Divide: Coproduction, synergy and development. In “State Society Synergy.” Edited by Evans.P. University of California at Berkeley.

<sup>48</sup> Ostrom. E (1997): “Crossing the Great Divide: Coproduction, synergy and development. In “State Society Synergy.” Edited by Evans.P. University of California at Berkeley.

<sup>49</sup> Pillay. D (2007): “The stunted growth of South Africa’s Developmental State Discourse.” In Africanus, Journal of Developmental Studies. Vol 37 2 2007. “Transcending two economies – renewed debates in South Africa’s political economy.”

economies was a highly competent bureaucracy dedicated to devising and implementing a planned process of economic development. Core to this process was a central planning agency e.g. Japan's Ministry of International Trade and Industry (MITI) which according to Johnson is a 'pilot agency, that is responsible for directing the course of development, and deploys a range of instruments to ensure that economic development is governed and managed in the 'national interest'.<sup>50</sup>

According to Jung-en Woo on the economic development in Japan, 'such pilot agencies enjoyed a degree of prestige and legitimacy that actually allowed them to recruit outstanding personnel and utilise policy tools that gave them additional authority to direct national economic development.'<sup>51</sup> Similarly the South African government's green paper: National Strategic Planning (2009), states that the National Planning Commission "will consist of independent experts and strategic thinkers."

According to the statement of the NEC on the occasion of the 98th anniversary of the ANC (09/01/2010) one of the key tasks in building a development state is: "building a strategic planning capacity....central to the building of a developmental state has been the process towards the creation of a National Planning Commission and the monitoring and evaluation capacity within the Presidency. The ANC initiated these developments in order to build strategic coherence within government and ensure that the state provides effective and strategic leadership to the economy and society."<sup>52</sup>

### **STATE-SOCIETY RELATIONS**

To critically evaluate the current service delivery model within a developmental framework, it is important to understand how and to what extent the state engages with society in articulating and formulating service delivery policies and to what degree is the success of policy implementation dependent on obtaining legitimacy from society. The ideas, debates, discussions and theories framing the current discourse of a developmental state centres on

---

<sup>50</sup> Wade, Robert (1990) *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*, (Princeton University Press, Princeton)

<sup>51</sup> Jung-en Woo (1991) *Race to the Swift: State and Finance in Korean Industrialization*, Columbia University

<sup>52</sup> Statement of the National Executive Committee of the African National Congress on the occasion of the 98th anniversary of the ANC (09/01/2010) [www.politicsweb.co.za/](http://www.politicsweb.co.za/)

the level of participation of society in policy articulation, formulation and implementation as well as the integration of the state's goals with that of society's expectations.

Within this context the literature review will explore the discourse of state-society relations, beginning with a Weberian state theory of 'isolated autonomy' advocated by Skocpol, who argues that the state has to maintain autonomy by 'isolating' itself from domestic forces in order to push through its policies.<sup>53</sup>

The premise of this theory is that the state is not an instrument of a dominant class, as argued by Marxists but rather, it has institutional differentiation and autonomy from society. Skocpol linked 'state autonomy' with the state's capacity to conduct and formulate policy free of societal constraint. She argues that states that have successfully rationalised and centralised are "more potent within society and more powerful and autonomous over and against competitors within the international states system".<sup>54</sup>

Within Weberian state theory, there is also an emphasis on the state existing outside of society and using society to build its own power base, with no or very little reciprocity between state and society. Weber regards the state, underpinned by a bureaucracy, as "supremely efficient", autonomous from all sectors of society, and based on functional specialisation, hierarchical authority, expert managers and decision making based on rules and tactics developed to guarantee consistent and effective pursuit of organisational goals, thereby obtaining legitimacy.<sup>55</sup>

Hence, like Skocpol's 'isolated autonomy', Weberian theory is also based on the 'rational' state which cannot be influenced or dominated by any sector of society. This position finds resonance with those who have been advocating 'developmental state' based on the East Asian experience, where highly autonomous developmental states were responsible for guiding the economy towards successful industrialisation and investment.

---

<sup>53</sup> Skocpol. T (1979): *"States and social revolutions"*. Cambridge University Press

<sup>54</sup> Skocpol.T (1979): *"States and social revolutions"*, pp. 161–2.

<sup>55</sup> Max Weber, 'Politics as a vocation', in Hans H. Gerth and C. Wright Mills, eds,(1994): *From Max Weber: "Essays in sociology"*, translated by Hans H. Gerth and C. Wright Mills (London: Routledge & Kegan Paul, 1948), p. 77. Also Max Weber, *Political writings* (Cambridge: Cambridge University Press), p. 24.

The conceptualization of the state as an autonomous organization neglects the historical-structural configurations that give rise to specific state forms. This theory fails to consider the structural relationship between class relations and the form of the state. State managers are not independent historical subjects responsible for state policies favouring delivery of essential services by government institutions. Hence, the first flaw in this approach is that all notions of class, ideology and hegemony are ignored. The second problem with this theory is that the state is seen as an instrument of state managers.

This study supports the view that the state cannot be reduced to an instrument of state managers but has to be understood through a rigorous examination of the historical class, racial conflict, community struggles and the ensuing transformation of state structures. Within the South African context it seems that the South African government is attempting to build a central coordinating function that would ensure that state managers direct development, in an attempt to ensure that there is no interference by any sector within society. However, this approach would ignore the prevailing class inequalities and particular needs within specific communities.

In addition, the state's lack of capacity and the enormous power of the private sector over economic resources have influenced a close partnership between the state and the private sector, specifically large corporations nationally and internationally. Most importantly, the impact of the protests by the poor, unemployed and organised working class has challenged the states legitimacy and institutional arrangements.

Peter Evans, in his study of industrialisation in Asia and Latin America coins the term 'embedded autonomy'. Accordingly, the closer the state mirrors Weberian type bureaucracy (e.g., insulation from external interference, a merit-based system of recruiting experts, a security and reward system), the more they can successfully spur economic development.

But, he departs from Weber, by putting forward the theory that the key to a developmental state's effectiveness is to maintain its institutional autonomy but simultaneously entrenching itself with key social classes.<sup>56</sup> The state must then have the authority to influence the

---

<sup>56</sup> Evans.P. (1995): *"Embedded autonomy, States & Industrial transformation"* Princeton University Press. p. 50.

relationship with the objective of channelling domestic private capital to support the government's economic policy.

The South African government's programme on public- private partnerships within the water sector is indicative of the dependence of the state on the capitalist class and its influence on economic policy and institutional arrangements. The establishment of state-owned utility companies based on corporatist principles, with an independent board of directors and executive managers and having access to a critical financial resource generated from public service revenue. This institutional arrangement enables the relationship between state and the capitalist class to whom key technology and infrastructure contracts are outsourced.

Another example within the private sector is the implementation of the "Black Economic Empowerment" programme, where individuals who were previously state officials became shareholders in major corporations and state enterprises, thus becoming embedded in major business and state owned corporations. The relevance of examining this theory is apparent as it advocates a situation in which the state plays a central role in capitalist development in close relationship with the capitalist class which controls economic resources.

Evans confirms this by stating that the capitalist class is, "willing to bet their capital in ways that will make expected policy outcomes a reality".<sup>57</sup> The key point made by Evans is that this special relationship between the state and the dominant economic class, specifically, the capitalist class, ".....with whom the state shares a joint project of transformation"<sup>58</sup>, can be authoritarian and narrowly focussed on economic growth. This relationship effectively excludes civil society from participating in the process of policy formulation and implementation, compromising the vision of establishing an effective and sustainable participatory democratic developmental programme.

In contrast, Hobson contributes to the view that the state must be embedded in civil-society to obtain consent and legitimacy. He explains how a state that aligns itself with the working class is able to extract taxes from the capitalist class, ' .. play off the dominant classes with the

---

<sup>57</sup> Evans.P. (1998): "Transferable lessons? Re-examining the institutional prerequisites of East Asian economic policies." *Journal of Development Studies* 34(6) 1998, pp. 66–86, at p. 68.

<sup>58</sup> Evans.P. (1995): "Embedded autonomy, States & Industrial transformation" Princeton University Press. p. 59,

lower-middle and working classes' in order to increase its extractive capacities (direct taxation) and hence state (fiscal) capacity."<sup>59</sup> He refers to the case of the British middle and working classes' consent for the People's Budget of 1909, with progressive income tax rates levied on the richer classes, the British state pursued legitimate increased tax extraction and enhanced state capacity'.<sup>60</sup> The state according to Hobson, was able to extract capital from the dominant economic class not by aligning itself with it, but by entrenching itself into the working class, thereby increasing the states' power base.<sup>61</sup>

Another key dimension to this theoretical framework deals with the concept of 'contestation'. This concept of contestation is particularly important to the debate in South Africa on the relationship between the state and civil society and public services. It contributes to the debate on 'public participation' within the process of establishing a developmental state. The theory of the state being embedded into civil-society is based on the premise that this relationship will create the space for civil-society to contest any consequences of policy operationalisation that may not be for the 'good' of society. This relationship between the state and civil-society also contributes to creating an environment of class compromise based on negotiations.

The above theoretical framework is relevant to understanding the South Africa state-society relationship particularly with regards to the areas of contestation, like water service delivery where we have seen local government implementing programmes in an effort to commoditise the service with great resistance from poor communities.<sup>62</sup> According to Kidane Mengisteab, one of the key impediments to development is the discord between policy and society interest.<sup>63</sup>

According to Pillay, two broad views have been identified in South Africa on the prevailing power balance between the state and civil-society. The first is based on the opinion that the

---

<sup>59</sup> Hobson. JM. (1997): "*The wealth of states.*" A comparative sociology of international economic and political change. pp. 236.. Cambridge University Press.

<sup>60</sup> Hobson, *The wealth of states*, pp. 122, 138–41.

<sup>61</sup> Hobson, *The wealth of states*, pp. 142–4.

<sup>62</sup> Bond.P: (2008): "*Macrodynamics of globalization, uneven urban development and the commodification of water*". Law, social justice and global development journal. (11 Annual 2008).

<sup>63</sup> Mengisteab.K (2000): "*Globalization and state society relations in Africa*". The Pennsylvania State University, State-College.

government's neoliberal macro-economic policies together with its strategic vision of a 'national democratic revolution' led by a black bourgeois class have weakened working class aspirations. This has contributed to the independence and non-accountability of the state to the working class, perpetuating the weak influence of civil society on policy making and formulations of development programs. The second view is based on the argument that the failure of neoliberal policies has in fact strengthened civil-society and given rise to social movements and working class assertions,<sup>64</sup> thereby shifting the balance of power in favour of civil society, enough to enable it to influence policy towards social interests.

This differing views expressed above contributes to the premise that the South African Government's vision of establishing a developmental state is compromised due to an absence of a common orientation towards a national goal. This is also evident by the contestation of the content and direction of the National Democratic Revolution (NDR) within the government and between the ANC, COSATU and the SACP.

In 1969, the ANC conceptualised the NDR as a revolution led by the African Working Class, regarded as the agency for transformation. This position was influenced by the Russian Revolution and taken from the Second Congress of the Communist International (2CCI). According to Mosondo "The NDR was conceptualised as anti-capitalist as opposed to merely building a bourgeois democracy".<sup>65</sup> According to Lowly, the task of the NDR was to lead an agrarian revolution which would transfer land to the peasantry. National liberation would end imperial oppression and ensure state control of 'commanding heights of the economy'.<sup>66</sup> According to Blade Nzimande the General Secretary of the SACP "a national democratic revolution with a capitalist orientation ceases to be an NDR."<sup>67</sup>

However, by 1996 the ANC began to pursue a neoliberal path to economic development, based on empowering 'a previously disadvantaged black majority'. This strategy ensured a majority black vote in successive elections. In 2006 the SACP asked the question "Is the ANC

---

<sup>64</sup> Pillay, D (2007): "The stunted growth of South Africa's Developmental State Discourse." In *Africanus, Journal of Developmental Studies*. Vol 37 2 2007. "Transcending two economies – renewed debates in South Africa's political economy."

<sup>65</sup> Mosondo (2007): "Capitalism and Racist forms of political domination." Department of Politics, University of the Witwatersrand.

<sup>66</sup> Lowy, M. 1981. 'The politics of combined and uneven development: The theory of permanent revolution.' London: Verso.

<sup>67</sup> Nzimande, B (2006): <http://www.sacp.org.za/main.php?include=pubs/umsebenzi/2006/no66.html>

leading a national democratic revolution or managing capitalism?”<sup>68</sup> The SACP argues that the, “ANC has come to be dominated by ‘the narrow self-interest of an emerging black capitalist stratum with close connections to established capital and to our movement,’ that acts ‘not in order to advance the NDR, but for personal self-accumulation purposes.”<sup>69</sup>

This above contestation of the content and direction of the NDR within the government and between the alliance partners supports the view that the South African Government’s vision of establishing a developmental state is further compromised as there is no orientation towards a common goal.

As the responsibility for public services within South Africa reside at the local government level, and the government has stated that it’s service delivery model is configured to enable ‘developmental local government’, the following section of the literature review will analyse the current discourse on ‘developmental local government’ with a focus on key concepts such as: New Public Management (NPM), decentralisation of public services and marketisation of the local government sector.

## **DEVELOPMENTAL LOCAL GOVERNMENT**

From 2002 the South African government began the process of restructuring its public administration based on the New Public Management (NPM) concept imported from the USA and European Countries. The literature on New Public Management by Lowndes (1997), Pollit (2002) and Hambleton (2004), reveal that since the late 1970’s there was a shift in America and Europe in the way public services were structured and operationalised and that this shift from public service administration to public service management was a response to bureaucratic inefficiencies and increased costs that characterised the period after the Great Depression and the two World Wars.

The government’s vision of establishing a developmental state and the structuring of local government on the NPM framework has given rise to a specific ‘developmental local government’ concept. The key components are ‘professionalization of public policy’ (a

---

<sup>68</sup> SACP (2006b): ‘Is the ANC leading a National Democratic Revolution or managing capitalism?’ <http://www.sacp.org.za>.

<sup>69</sup> SACP (2006b): ‘Is the ANC leading a National Democratic Revolution or managing capitalism?’ <http://www.sacp.org.za>



technicist approach to public policy) with a strong emphasis on cost recovery for public services delivered, levels of services packaged according to price and ring fencing the financial management and demand management processes.

According to current literature, there is a global trend toward the replacement of citizen democracy by consumer democracy, with citizens conceived as consumers, clients and users, government services increasingly seen as commodities and access based on the ability to pay.<sup>70</sup> According to Ostram, 'client' is a passive term, where clients are acted upon, in contrast to citizens that can play an 'active role in producing goods and services of consequence to them.'<sup>71</sup> Lodge, referred to this form of developmentalism as "market based developmentalism."<sup>72</sup>

Hence, in the developmental local government discourse, issues of social justice which includes basic needs such as access to food, water, shelter, electricity, medical care and housing has remained at the rhetorical or visionary level and not found expression in policy implementation. In the absence of equal opportunity for all citizens to these essentials for human existence, the goal of participatory democratic developmentalism is undermined.

According to White, "democratic citizenship is undermined if there is too great a contradiction between the egalitarian norms of a democratic polity and the inequalities of individuals and groups in civil society. Glaring inequalities undermine democracy in two basic ways; first, by fuelling social discontent and political instability and, second, through the persistence of poverty, by excluding more or less extensive sections of the population from access to the political process and its fruits."<sup>73</sup>

Freund argues that even though South Africa has since 1994 experienced effective and efficient macro-management, this "is superficial" as the government has not managed to

---

<sup>70</sup> Boyte, H (2004). 'Seeing Like A Democracy: South Africa's Prospects For Global Leadership.' African Journal of Political Science June 2004; Vol 9 No 1: 4.

<sup>71</sup> Ostram. E (1997): "Crossing the Great Divide: Coproduction, synergy and development. In "State Society Synergy." Edited by Evans.P. University of California at Berkeley.

<sup>72</sup> Lodge. T (2006): "The future of South Africa's Party System" Journal of Democracy - Volume 17, Number 3, July 2006, pp. 152-166. The Johns Hopkins University Press

<sup>73</sup> White, Gordon (1998). 'Constructing a Democratic Developmental State.' in Robinson Mark and White Gordon (eds). The Democratic Developmental State: Political and Institutional Design. Oxford: Oxford University Press, 1998: 28.

substantially increase skill levels, create jobs or tackle poverty. Basic conditions of life for majority of the people resemble those in poorer African countries.”<sup>74</sup>

Within the local government developmental context the transformation of the public sector has been characterized by two parallel and contradictory processes. The first is the decentralisation of the functions of public service delivery into the sphere of local government. This process suggests state led participatory development at the local government level. On the other hand, the second process underpinning the restructuring of local government is the establishment of commercial utilities that are based on market fundamentals. This process suggests economic development led by the capitalist class leading to the establishment of a ‘market base developmentalism’ or the ‘marketisation’ of local government.

In an attempt to unpack these two inconsistent processes that characterise local government, the next two sections will explore literature on: decentralisation of public service delivery and the ‘marketisation’ of local government.

#### **DECENTRALISATION OF PUBLIC SERVICE DELIVERY**

The literature review exploring the first process, decentralization of service delivery from national to local government, suggests that it is broader than the simple devolution of powers, as it also has political, fiscal, organizational, governance and management aspects. According to a general definition by Rondinelli, “decentralisation is the transfer of responsibility for planning, management, resource-raising and allocation from the central government to field units of central government ministries or agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, area-wide regional or functional authorities or private firms.”<sup>75</sup>

The case for decentralization concerning democratic government is based on the effective representation of citizens' interests, efficient delivery of services and effective revenue management. Political philosophers from the 17th and 18th centuries, including Rousseau,

---

<sup>74</sup> Freund.B (2007): “South Africa as a developmental state?” In *Africanus, Journal of Developmental Studies*. Vol 37 2 2007.

“Transcending two economies – renewed debates in South Africa’s political economy.”

<sup>75</sup> Rondinelli, DA (1981): “Government Decentralization and Economic Development.’ In *Comparative Perspective: Developing Countries*”, *International Review of Administrative Science*, JAI Publications.

Mill, de Tocqueville, Montesquieu and Madison, distrusted autocratic central government and held that small, democratic units could preserve the liberties of free men.<sup>76</sup>

According to Bell, decentralization of service delivery and financing responsibilities (fiscal decentralization) makes the level and quality of services provided by government more responsive to the differences that exist across communities. Decentralization encourages experimentation and innovation in the provision of public goods and services which respond to the demands of their citizens – and their unique economic, demographic, climatic and topographic conditions. Decentralization of service delivery and finance decisions also provides the opportunity to link the level and quality of service provided with the "price" paid thereby improving government accountability, responsiveness and ultimately, its legitimacy.<sup>77</sup>

One of the counter arguments highlighted by Wolman (in Bennet 1990) is that decentralization will increase the disparities between communities with differing economic means.<sup>78</sup> Decentralization will also reduce economies of scale by duplicating processes, technology and infrastructure in the various municipalities, thereby increasing cost and reducing efficiency.

Within the context of South Africa, the advantages and disadvantages of decentralisation must be seen within the government's specific restructuring strategy. According to Reddy and Sabelo, "Local government is the third tier of government deliberately created to bring government to the grassroots population, as well as give its members a sense of involvement in the political process that controls their daily lives. Decentralization is a natural indispensable counterpart to pluralistic democracy, i.e. it extends the work of democracy and fulfils democratic aspirations. Consequently, any political reform aimed at democratizing institutions, will only be effective if it is accompanied by far-reaching administrative reforms which effectively redistribute power. In South Africa's political circumstances as a country of almost 40 million, constituted of heterogeneous cultural and political groups, the need for

---

<sup>76</sup> Edigheji, O (2005): "A democratic developmental state in Africa?" A Concept paper. Centre for Political Studies. Johannesburg

<sup>77</sup> Bell, S (2005): "Fiscal decentralization in the Sudan: concepts and challenges George Washington University and meb associates  
<http://www.gwu.edu/~gwipp/papers/wp010>

<sup>78</sup> Values, G (1990): "The Political Economy of Decentralization." Wolman in Bennet, p.27.  
[www.fao.org/docrep/006/ad697e/ad697e04.htm](http://www.fao.org/docrep/006/ad697e/ad697e04.htm)

effective decentralized democratic local government as a vehicle for development and national integration is imperative.”<sup>79</sup>

Following these different concepts of decentralisation and local government reform, it is possible to identify three key traits of decentralisation within the South African context. Firstly, accountability for public service delivery has been decentralised to local government level. To enable this accountability, there have been efforts both politically and organizationally to devolve some elements of decision-making and organizational production of services to local government such as cost management, price setting, access and quality management and community participation. This is in contrast to the centrally planned and coordinated production and delivery of public services prevalent in the East Asian developmental model.

Secondly, fiscal capacity, allocation of grants and transfers and financial investment decisions are made centrally on a national level by the National Treasury Department. Also, in alignment with the East Asian developmental model there is a push to establish a central planning unit responsible for formulating and directing the country’s economic and political direction.

Third, the South African government has adopted aspects of the New Public Management framework in an attempt to make local government financially sustainable and increase efficiencies. It has been argued that municipal-owned service delivery entities would improve internal processes and capacity building. In addition there has been an increase in the employment of consultants to implement a number of tools and techniques such as quality management, performance management, the balanced scorecard, business process re-engineering, process mapping, lean thinking, six sigma processes and benchmarking.

These initiatives have resulted in a shift in focus away from equitable service delivery based on social justice to a focus on governance of internal processes made possible by a costly bureaucratic structure on a local government level and a complex regulatory and oversight function on the national and provincial levels.

---

<sup>79</sup> Reddy. PS & Sabelo.T (1997): “Democratic decentralization and central/provincial and local relations in South Africa.” Pp 572, publisher, MCP UP Ltd.

The specific institutional arrangements that have been put in place to give effect to decentralization in South Africa has been given expression by the commercial municipal entities established to deliver water, sanitation, refuse removal and electricity. This means that some of the core functions of service delivery has been further decentralised from the municipality to 'arms length' organisations.

Hence, accountability for the delivery process has been further devolved. The impact of this institutional arrangement mitigates the advantages of decentralisation such as operating close to communities and facilitating the process of participatory democracy.

### **MARKETISATION OF LOCAL GOVERNMENT SECTOR**

The second process that underpins the public sector is commercialization or what Salamon calls the 'marketization' of the public or non-profit sector. This trend refers to core utilities on a local government level that are increasingly adopting approaches and values of the private sector. The 'marketization' trend, a core component of the New Public Management (NPM) framework, is based on a global trend of transforming public services to a commoditisation model.<sup>80</sup> Marketization supports the concept of market based developmentalism as referred to by Tom Lodge.<sup>81</sup>

The ANC led government approved the restructuring of municipalities in 1996, based on the NPM characteristics. The restructuring framework specified that: the financial process for service provision should be ring fenced within each functional area to ensure effective revenue management; executive managers to be appointed for each functional area to manage the entity based on financial sustainability, efficient internal processes, reduction in operational cost, streamlined service provisioning and the appointment of a board of directors accountable for shareholder value and corporate governance.

---

<sup>80</sup> Salamon, L.M. 1993, 'The marketisation of welfare: changing nonprofit and for-profit roles in the American welfare state.' In the *Social Service Review*, vol. 67, no. 1, pp. 16-39

<sup>81</sup> Lodge, T (2006): "The future of South Africa's Party System" *Journal of Democracy* - Volume 17, Number 3, July 2006, pp. 152-166. The Johns Hopkins University Press

To this end, independent agencies (Municipal Entities) like Johannesburg Water,<sup>82</sup> City Power and the Johannesburg Road Agency were established to provide services like water, electricity and infrastructure. These local government institutions are managed like corporations and audited on corporate compliance requirements. There is a service delivery contract between the municipality and the municipal entity. This institutional arrangement ensures that there is an 'arms-length' relationship between the municipality and the municipal entity, with the municipality maintaining the oversight and regulatory role. The core responsibility for delivery of service, cost recovery and community participation resides with the municipal entity. The principles guiding the operations of these municipal entities are based on corporate fundamentals where quality of products and efficient services are sold to a market, based on 'market pricing' and return on investment.<sup>83</sup>

These municipal entities in turn have contracts with internal or external service providers based on legal contracts and service level agreements. The "relationships with internal and external service providers are increasingly governed by forms of contracts, ranging from 'contracts with private firms', to 'service level agreements' and 'partnerships' with in-house providers, other public bodies and non-government organisations."<sup>84</sup>

Literature on NPM reveals that public service management procedures and practices are based on methods employed by corporate institutions which are governed by market and economic indicators. Key elements include various forms of decentralising management within public services (e.g., the creation of autonomous agencies and devolution of budgets and financial control), increasing use of markets and competition in the provision of public services (e.g., contracting out and other market-type mechanisms), and increasing emphasis on performance, outputs and customer orientation.<sup>85</sup>

Advocates of the NPM emphasise the importance of introducing rewards and sanctions based on performance management where the key performance target is increase in revenue. The

---

<sup>82</sup> DWAF. (2003): Water Service Capacity Building for Local government

<sup>83</sup> Panayotou.T: (1998):" *Bridges to sustainability. The role of the private sector in sustainable infrastructure development.*" <http://www.undp.org>

<sup>84</sup> Lowndes,V. (1997): "*Change in public service management: New Institutions and new managerial regimes.*" In Local Government Studies.

<sup>85</sup> Lowndes,V. (1997): "*Change in public service management: New Institutions and new managerial regimes.*". In Local Government Studies.

main hypothesis is that more market orientation in the public sector will lead to greater cost-efficiency for governments.<sup>86</sup> It has also been argued that the efficiencies that would result from restructuring based on NPM will identify waste, corruption and bureaucratic inefficiencies enabling effective interventions. This process of restructuring is also accompanied by redefining citizens as consumers of products or customers of public service providers.

Other drivers of NPM reforms include the dominance of neoliberal ideas from the late 1970s, such as cost recovery, deregulation, the deployment of information technology to increase efficiencies and reduce cost of labour, and the growth and use of international management consultants as advisors on reforms.

According to Hambleton, developing countries are further influenced to adopt the NPM model due to factors such as their dependence on foreign investment and the consequent lending conditionalities and the emphasis on 'good governance'.<sup>87</sup> This is particularly true for South Africa, which is dependent on foreign investment within the electricity, water and transport sectors.

Literature critical of this view argues that: firstly, this network of institutions providing a public service do not represent one point of contact for civil-society, thus limiting the space for contestation and negotiations; secondly, corporatisation is a form of privatisation as the objectives of access, quality and basic human rights are superseded by the objectives of economic good and shareholder value; thirdly, the 'arms-length' relationship that the municipality has with the actual process of delivering public services is an attempt to de-politicise the conditions of access to service and finally, the criticism that public institutions striving to meet corporate goals such as maximising profit and lowering cost cannot deliver on its basic mandate, which is delivery of efficient and effective public services based on 'social good', 'human rights' and with regards to water, 'universal access to clean water'.

The key reason for this final argument is based on the premise that: as the performance of these public service institutions are measured by a financial indicator, instruments such as

---

<sup>86</sup> Pollitt.C. (2002): "*CLARIFYING CONVERGENCE Striking similarities and durable differences in public management reform.*" In Public management review, Vol.4, issue 1 471-492, University of Rotterdam.

<sup>87</sup> Hambleton.R. (2004): "*Beyond New Public Management – city leadership, democratic renewal and the politics of place*". Paper to the City Futures International Conference, Chicago, Illinois, USA, 8-10 July 2004

cost recovery (recovering operational and capital cost from the consumer), reduction in spending and discontinuation or withdrawal of services due to non-payment becomes important policy directives. These policy directives undermine the vision of a service delivery model based on social justice and challenge the objectives of access, quality and quantity of basic public services.

According to literature that explores the commercialisation of basic services by activists and academics such as Bond (2002, 2007,2008,2009), MacDonald (2002) and Smith (2006), this approach to transforming the process of public service delivery, avoids direct privatisation but still focuses on the fundamentals of a private enterprise. According to Smith, this approach to commercialisation provides government with a way of delivering services on commercial arrangements such as cost-recovery, discontinuing services due to non-payment, outsourcing of 'non-core services to the private sector.'<sup>88</sup>

Another key concern put forward by several scholars, such as (Box 1999; Box et al. 2001; deLeon and Denhardt (2000); Denhardt and Denhardt (2000); King and Stivers (1998); Terry (1998) is the impact of commercialisation of public services on democracy and citizenship. They argue that a market-based model of public management, with its emphasis on financial sustainability, entrepreneurialism and satisfying individual client's interest is incompatible with democratic accountability, basic human rights and collective action to meet public interest.<sup>89</sup>

Bond (2002) and Pape and McDonald (2002) in their work in the municipal research project show that the main consequences of corporatisation has been withdrawal of water services leading to diseases and death and an increase in community resistance. According to Pape and McDonald "one indication of the problem of water commercialisation was the rush of disconnections to people who could not afford water services, affecting 275,000 households in 2002 alone."<sup>90</sup> Bond also states that "corporatisation of water has led inexorably to an increasingly fractured relationship between water and health departments (as well as other social services) across South Africa. The national Department of Health acknowledged this

---

<sup>88</sup> Smith.L.©2006) "Neither Public nor Private. Unpacking the Johannesburg Water Corporatization Model." UN Research Institute for Social Studies. Social Policy and Development Programme"

<sup>89</sup> Eikenberry. AM (2004): "The Marketization of the Nonprofit Sector: Civil Society at Risk?" University of Nebraska at Omaha."Public Administration Review

<sup>90</sup> Pape.J and McDonald D.A (2002): "The Theory and Practice of Cost Recovery in South Africa." [www.hsrbpress.ac.za/](http://www.hsrbpress.ac.za/)



problem more than a year before the infamous 2000-02 cholera outbreak, which affected several hundred thousand people.”<sup>91</sup>

According to the Department of Health, “it is common knowledge that lack of water and sanitation is a common cause of cholera, diarrhoea or other illnesses that afflict so many in our country and that there is a relationship between various communicable diseases, including TB, and conditions of squalor. Yet we often have not structured our institutions and service delivery systems in ways that can easily respond to these realities.”<sup>92</sup>

The South African experience clearly demonstrates that corporatised municipalities and water service agencies are driven to maximise profits and reduce costs and do not take responsibility for the health, social and personal costs of inadequate water consumption by poor people who are unable to afford market-driven water tariffs. The health-related costs to the poor and society in general include cholera, diarrhoea, dysentery and tuberculosis and other HIV/AIDS-opportunistic infections. Bond further illustrates that health-costs are excluded from the calculation of the cost of delivery of water services.<sup>93</sup>

Bond argues that the ‘developmental state’ was meant to counter the following prevailing factors in the country: income inequality, high unemployment, lack of housing, making sufficient water available to the poor, improving the health and education systems, responding to the ecological problems facing the country and the high crime rate. However, funding has been directed at a “few major macro-projects” allowing for abuse of funds. Some of these macro-projects are: the Coega complex “where massive amounts of electricity and water is consumed in one day,” the Lesotho Highlands Water Project (building of mega-dams) which since 1998 have diverted Lesotho’s water out of the Senqu River feeding the Free State water table, “into the insatiable Gauteng industrial complex, especially for coal-fired power plant cooling and Johannesburg swimming-pool fill-ups” (a third mega-dam was approved in 2009); the expensive new and refurbished soccer stadiums for the 2010 World Soccer Cup, which by early 2009 were a third over budgeted expenditure; the Pebble Bed Nuclear Reactor potentially costing hundreds of billions of rands, alongside hundreds of billions more spent on

---

<sup>91</sup> Bond.P. (2000): *“Transformation in infrastructure policy: From apartheid to democracy.”* Municipal research project.

<sup>92</sup> Department of Health (1999): *Health Sector Strategic Framework, 1999-2004* (Department of Health: Pretoria).

<sup>93</sup> Bond.P. (2000): *“Transformation in infrastructure policy: From apartheid to democracy.”* Municipal research project.

coal-fired power plants and the R20 billion plus Gautrain fast rail network that will link Johannesburg, Pretoria, and the OR Tambo airport, affordable only to elite travellers.<sup>94</sup>

McDonald argues that the consequence of the municipality's developmental programs within the Johannesburg region has been community outrage and a questioning of government legitimacy.<sup>95</sup> This view contributes to the debate on the importance of civil society participation in the developmental program deployed at community level to ensure sustainability through election processes and or any political or financial crisis. The view that citizens need a say in how public service institutions are managed is supported by Robert B. Denhardt and Janet V. Denhardt. Their work has resulted in an alternative concept now emerging "New Public Service".<sup>96</sup>

Countering the discourse on New Public Management is the emerging literature on 'New Public Service' which is based on democratic and social criteria and centres on placing public interest as the yardstick for measuring effective and equitable service delivery. Theorists supporting this position suggest that public interest is an outcome of dialogue about mutual or overlapping interests between different sectors of society. They see the role of government as brokering interests among citizens and other groups so as to create shared values. This might mean, for example, building coalitions of public, private, and non-profit agencies to meet mutually agreed upon needs.

This approach to public service highlights the complex involvement of diverse collection of people, beliefs, traditions, processes, and structures that come into play when public decisions are made. Hence, in the complex environment of public service delivery processes, public administrators are required not only to address the traditional concerns of organizational management, policy development, and service delivery but added to this is the important aspect of encouraging citizenship and identifying, creating, and managing public values. The New Public Service concept supports the participatory democratic

---

<sup>94</sup> Bond.P(2009) "South Africa's 'developmental state' distraction." *Mediations*, journal of the Marxist Literary Group. Volume 24.1

<sup>95</sup> Pape.J & McDonald DA. (2002): "*Cost recovery and the crisis of service delivery in South Africa*". [www.hsrcpress.ac.za/](http://www.hsrcpress.ac.za/)

<sup>96</sup> Robert B. Denhardt and Janet V. Denhardt. 2004. "The New Public Service: Administration and Democratic Governance," in *Democracy, Governance and Globalization*, Indian Institute of Public Administration.

developmentalism discourse based on the work of Heller (1997) in Kerala and Osram (1997) in Brazil.

In concluding this section on developmental local government, the literature review reveals that the commercialisation of public service institutions at the local government level and the implementation of macro-projects to enable a developmental state cannot lead to economic growth that would benefit the majority of the people in terms of economic, political and social development. This literature review also reveals that commercialisation of local government institutions has the same effect on access, quantity and quality of basic public services as privatisation or outsourcing and that the goals of commercialisation hinders public service institutions from meeting the needs of communities.

The literature review based on a developmental state leads us to another key concept that impacts public service policies and that is globalisation. According to Stiglitz, “globalisation encompasses many things: the international flow of ideas and knowledge, the sharing of cultures, global civil society and the global environmental movement.”<sup>97</sup> This study draws on literature within the globalisation discourse that will highlight the extent to which global water institutions influence domestic policies within the water sector.

### **INFLUENCE OF GLOBAL INSTITUTIONS ON NATIONAL POLICIES**

To establish the extent to which international Global Water Institutions influence domestic policies, this literature review will draw on the reports published by these global institutions.

The World Bank’s directive on Water Resource Management which is encapsulated in the World Bank’s 1997 Development Report explains that the state’s ability to enforce a rule of law to underpin transactions is vital to making government contribute more effectively to development. It argues against reducing government to a minimalist state, explaining that development requires an effective state that plays a facilitator role in encouraging and complementing the activities of private businesses and individuals.<sup>98</sup>

---

<sup>97</sup> Stiglitz, J (2006): “Making Globalization Work.” Publisher, Penguin Books.

<sup>98</sup> World Bank Development Report (1997): “*The state in a changing world.*” [www.worldbank.org/html/extpb/annrep97](http://www.worldbank.org/html/extpb/annrep97)

An analysis of the publications from the proceedings of the World Bank Sub-Saharan Water Resources Technical Workshop in Nairobi, Kenya <sup>99</sup>, clearly reveals the position of the World Bank and can be summarised by the statement made by Kevin Cleaver (Director, Africa region, World Bank) who clarifies that the aims of the World Bank is to focus on economic policy reforms to create a more favourable climate for commercial investment in water resource management. He states that this can be achieved through; “the progressive liberalisation of local markets, the commercialisation of water activities, pricing based on cost-recovery approaches which are key to effective water conservation reduction and removal of governmental subsidies on water provision”.<sup>100</sup>

However, by 2006 the World Bank began to change its approach to privatisation of water services in response to the growing failure of the water privatisation programme globally. According to a paper written by Nuria Molina and Peter Chowla, “though the World Bank may be changing its formerly dogmatic approach to full privatisation of the water sector, key cases in Tanzania, Armenia, Zambia, India and South Africa highlight that the Bank may not be learning quickly enough and that the poor may be left both without improved water and paying for botched privatisations.”<sup>101</sup> At water week in Washington in May 2008, Bank vice president Kathy Sierra asserted that privatisation was not “the only answer” - there was a full spectrum of public-private mix of investments as well. Senior World Bank official Shekhar Shah reported in New Delhi how the Bank had “learned the hard way” that it was not correct to leave water to the private sector.<sup>102</sup>

In the face of this failure, an approach propagating water as an ‘economic good’, decentralization of water services, ‘remunicipalisation’ and public-private partnerships began to unfold. According to a 2009 World Bank Report, “the proposed new approach to managing water resources builds on the lessons of experience. At its core is the adoption of a

---

<sup>99</sup> Proceedings of the World Bank Sub-Saharan Water Resources Technical Workshop in Nairobi, Kenya, 12-15 February 1996 (<http://www.worldbank.org>).

<sup>100</sup> Proceedings of the World Bank Sub-Saharan Water Resources Technical Workshop in Nairobi, Kenya, 12-15 February 1996 (<http://www.worldbank.org>).

<sup>101</sup> Molina.N & Chowla. P(2008). “The World Bank and water privatization: public money down the drain.” [www.brettonwoodsproject.org](http://www.brettonwoodsproject.org)

<sup>102</sup> Molina.N & Chowla. P(2008). “The World Bank and water privatization: public money down the drain.” [www.brettonwoodsproject.org](http://www.brettonwoodsproject.org)

comprehensive policy framework which highlights the banks position that ‘the *treatment of water as an economic good, combined with decentralized management and delivery structures, greater reliance on pricing, and fuller participation by stakeholders*’.<sup>103</sup> The proposed approach is consistent with the Dublin Statement from the International Conference on Water and the Environment as well as with Agenda 21 from the United Nations Conference on Environment and Development. The following extract from the World Bank 2009 report is indicative of the influence of the World Bank on South Africa’s domestic water service delivery policies. Key aspects of this extract can be directly linked to the institutional arrangements of water services in the City of Johannesburg:

**“Decentralizing the delivery of water services and adopting pricing that induces efficient uses of water are key elements of sound water resource management.** But, for decentralized management to be effective, **a supportive legal framework and adequate regulatory capacity are required**, as well as a system of water charges to **endow water entities with operational and financial autonomy** for efficient and sustainable delivery of services. Because of their limited financial and administrative resources, governments need to be selective in the responsibilities they assume for water resources. **The principle is that nothing should be done at a higher level of government that can be done satisfactorily at a lower level.** Thus, where local or private capabilities exist and where an appropriate regulatory system can be established, the Bank will support central government efforts to decentralize responsibilities to local governments and to transfer service delivery functions to the private sector, to financially autonomous public corporations, and to community organizations such as water user associations. **The privatization of public water service agencies, or their transformation into financially autonomous entities, and the use of management contracts for service delivery will be encouraged.** Arrangements for ensuring performance accountability and for putting in place an appropriate regulatory framework to set and enforce environmental protection standards and to prevent inefficient monopoly pricing will be incorporated into Bank-

---

<sup>103</sup> [www-wds.worldbank.org/external/](http://www-wds.worldbank.org/external/) (2009): “Water Resource Management”. International Bank for Reconstruction and Development. Own emphasise. Own emphasise

supported activities. These steps should ***improve incentives for cost recovery*** and service provision and give users a sense of ownership and participation. In countries where provincial or municipal capabilities are inadequate to manage a complex system of water resources, the Bank will support training and capacity building to improve local management so that decentralization can eventually be achieved.”<sup>104</sup>

As can be noted from the above extract from the World Bank Report on Water Resource Management, South Africa’s decisions on decentralising service delivery to local government, the public-private partnerships through municipal entities such as Johannesburg Water, the cost recovery policies and the regulatory framework is in total alignment with the World Banks’ policy direction.

The recently published 2007-2008 International Water Report and Cost Survey has shown that South Africans are paying 70 percent more for water now than five years ago, with the country having the third highest increase worldwide. “Experts have predicted that tariffs will rise even higher over the next few years as a result of aging infrastructure, water shortages from 2013, additional water service requirements from new areas, and the expected removal of the cross-subsidisation of water prices with electricity revenue once regional electricity distributors (REDs) are introduced.”<sup>105</sup>

The World Water Council (WWC) was founded by the United Nations (UN) and the World Bank. The WWC was tasked with developing a long-term vision of the future of our water resources. It is contained in a document entitled “The Long Term Vision for Water, Life and Environment”.<sup>106</sup> The content in this document is based on the view that the ecological and socio-economic system will reach capacity by 2025 if we proceed with ‘business as usual’ and that this will trigger a global crisis. Though it does not specify the nature of this crisis, it suggests that it can be avoided by moving to a policy of full-cost pricing, demand management and corporatisation. It specifically calls for the liberalisation and deregulation of the water sector, trade facilitation, the creation of public-private partnerships, removal of price

---

<sup>104</sup> [www-wds.worldbank.org/external/](http://www-wds.worldbank.org/external/) (2009): “Water Resource Management”. International Bank for Reconstruction and Development. Own emphasise

<sup>105</sup> [www.earth-policy.org/](http://www.earth-policy.org/) “international Water Report and Cost Survey (2007-2008).

<sup>106</sup> WWC (2000): “*The Long Term Vision for Water, Life and Environment.*” [www.worldbank.org](http://www.worldbank.org)

subsidies, protection of private property rights over water resources and stable investor climate which would reinforce investors' right.<sup>107</sup>

The sister organisation to the WWC is the Global Water Partnership (GWP), responsible for implementing the vision of the WWC. The GWP, which has become known as a pro-industry think-tank defines water not as a human need or right, but as an 'economic good', which has an 'economic value in all its competing uses'. According to this perspective, water resources are to be subjected to the dictates of markets. Competition for outsourced contracts is encouraged. The GWP creates and monitors policies that turn water management at the municipal or national level, over to the private sector.<sup>108</sup>

The WWC and the GWP host the World Water Forums where government officials and transnational corporations meet to discuss how water resources should be managed. The recurrent theme at these forums has been that: 'higher prices will facilitate conservation'. The literature reveals that these global institutions base their solution to preventing a potential disaster in the water sector by redefining water as a commodity, an economic good to be measured, apportioned and regulated by private corporations. Johannesburg Water's use of full cost recovery to manage demand is in alignment with the policy directive from these international global organisations.

According to Bond, the policies on commercialisation of water are introduced by the international global institutions within these global forums so as to address problems such as: inefficiencies, excessive administrative centralisation, lack of competition, unaccounted-for-consumption, inaccurate billing and political interference.<sup>109</sup> Hence, the solutions presented are implementation of policies that effect privatisation, public-private partnerships, commoditisation, outsourcing and corporatisation of local government.

Bond elaborates that implementation of policies based on the neoliberal program has been contested by civil society within the water sector resulting in some of these projects being cancelled through legal proceedings, "it is, indeed, in the water sector that the pursuit of neo-

---

<sup>107</sup> WWC (2000): *"The Long Term Vision for Water, Life and Environment."* [www.worldbank.org](http://www.worldbank.org)

<sup>108</sup> [www.gwpforum.org/servlet/PSP](http://www.gwpforum.org/servlet/PSP)

<sup>109</sup> Bond.P: (2008) *"Macrodynamics of globalisation, uneven urban development and the commodification of water."* Law, social justice and global development journal. (11 Annual 2008).

liberalism has generated some of the most intense struggles in the world today. The economics of privatised or commercialised urban water services have been challenged in cities ranging from Cochabamba, Bolivia--where the US firm Bechtel tried to take ownership of rainwater collected by poor residents following dramatic price increases--to Accra, Ghana, to most Argentine cities, to Manila and Jakarta, to Atlanta and Johannesburg.”<sup>110</sup>

The production and supply of food and energy are increasingly inter-linked, and both depend on a vulnerable resource: water. Against the backdrop of wildly fluctuating energy and food prices and mounting concern over pressure on renewable natural resources, speakers and participants at the 5th World Water Forum held in Istanbul in August 2009 began to engage with the discourse on the interdependencies between water, food and energy concluding that the production and supply of food and energy must be integrated into the planning of water resource management.<sup>111</sup>

Another key aspect explored by the literature on globalisation is trade in natural resources. This aspect is particularly important to this research report, due to the focus on Johannesburg water services, as Johannesburg depends on a neighbouring country for its water supply. The World Trade Organisation’s (WTO) rules define how trade in natural resources can provide developing countries with the capacity of extracting financial aid and investment from international financial institutions and transnational corporations.

The literature review on this aspect of globalisation and water service delivery focuses on the purchase of water by Johannesburg Water Agencies. The importance of examining cross-border water transfers is based on the fact that a large quantity of the city’s water comes from Lesotho.

According to the World Bank 2007 Report, “the Lesotho Highlands Water Project (LHWP) is designed to transfer water from the water-rich highlands of Lesotho to the dry Gauteng region of South Africa through a series of dams, transfer tunnels and associated infrastructure, and to supply electricity to Lesotho. South Africa needed to develop its next-least-cost water

---

<sup>110</sup> Bond.P: (2008) *“Macrodynamics of globalisation, uneven urban development and the commodification of water.”* Law, social justice and global development journal. (11 Annual 2008).

<sup>111</sup> [www.worldwatercouncil.org/](http://www.worldwatercouncil.org/) World Water Forum. Water at a Crossroads. Istanbul August 2009



source for Gauteng, its industrial and commercial heartland, and Lesotho, which at the time depended heavily on migrant labour remittances, needed to secure alternative sources of income to stabilize its economy. Although the World Bank had largely withdrawn from financing large hydraulic infrastructure pending the outcome of the World Commission on Dams it continued its support to the LHWP with a loan for Phase 1B of US\$45 million.”<sup>112</sup>

The arguments put forward by Pottinger (2005), Scudder (2003) and Bond (2008) challenges the rationale expressed by the World Bank and the South African Government. According to Pottinger, Africa’s biggest infrastructure project has succeeded in delivering water to South Africa but has left “a trail of social ills and environmental problems in its wake.” The Lesotho Highlands Water Project (LHWP), a huge inter-basin water-transfer scheme, comprises five dams, 200 kilometres of tunnels blasted through the Maluti Mountains, and a 72–megawatt hydropower plant. The project’s primary purpose is to transfer water to South Africa. Two of the dams and the hydropower component have been completed at a cost of approximately \$3.5 billion.”<sup>113</sup>

This project was started by the Apartheid Government backed by the World Bank and approved and extended further by the ANC led Government in 1996. According to Scudder, sanctions could not block this plan to secure the water supply to the Transvaal because it was approved on the pretext that the dams would bring development to Lesotho. According to Scudder, 27,500 people were displaced by the dams and are awaiting compensation, a further 150,000 people living downstream from Katse and Mohale dams have also been negatively affected and this was accompanied by evictions and forced removals of the indigenous people from their ancestral land. She states that the World Bank conceded that poverty has worsened in Lesotho since construction began and further claims that Lesotho is suffering from a shortage of water, while water is being pumped into the Vaal River to feed urban and industrial South Africa.<sup>114</sup>

Bond contributes to this argument by stating that the effect of the LHWP is “in the massive ecological damage, the tens of thousands of peasants displaced, and the massive increase in

---

<sup>112</sup> <http://www.lhwp.org> (2007) : Implementation completion and results report. IBRD-43390)

<sup>113</sup> Pottinger. L (2005): “Lesotho Highlands Water Project”. International Rivers Network. In Trojan Horse for Large Dams.Pp3

<sup>114</sup> Scudder.T: (2003): The Lesotho Highlands Water Project, Pp4.

water prices caused by this notoriously corrupt, apartheid-era sanctions-busting mega-dam scheme".<sup>115</sup> Bond argues further that the government's response to the limited water supply in South Africa is a neoliberal response that has given rise to a macro-project sucking up millions of dollars<sup>116</sup>, (cabinet has given an approval in 2009 to go ahead with building the third dam as part of the Lesotho Highlands Water Project). He suggests that, alternative forms of water resource management and conservation has not been explored by the governments of South Africa and Lesotho.<sup>117</sup>

This literature review on globalisation contributes to the debate that the agenda put forward by the World Bank and the World Water Council, significantly influences domestic policy formulation, specifically in terms of institutional arrangements for water service delivery, cost recovery and water resource management. The case of the LHWP bears testimony to the fact that these global institutions have a significant influence on corporatizing natural resources by developing mega projects for the financial benefit of transnational corporations.

## CONCLUSION

The literature review has explored a number of concepts, debates and arguments that are found in the literature on the developmental state. The vision of the South African government is to establish a democratic development state. Based on this vision, the South African Government is in the process of designing policy directives and micro and macro projects to enable an efficient and effective service delivery process within a developmental local government institutional arrangement.

Based on the definition of a developmental state that does all it can to promote economic growth, the East Asian countries have implemented a model more successful than most other countries and therefore serve as an anchor for the discourse on a developmental state.

Hence, most of the literature that contributes to this discourse on the development state refers to the East Asian developmental programme. According to the work by Chalmers Johnson

---

<sup>115</sup> Bond.P: (2008) "*Macrodynamics of globalisation, uneven urban development and the commodification of water*". Law, social justice and global development journal. (11 Annual 2008).

<sup>116</sup> Bond.P(2009) "South Africa's 'developmental state' distraction." *Mediations*, journal of the Marxist Literary Group. Volume 24.1

<sup>117</sup> Bond.P(2009) "South Africa's 'developmental state' distraction." *Mediations*, journal of the Marxist Literary Group. Volume 24.1

(1981), Manuel Castells (1992), Jung-en Woo (1991) and Robert Wade (1990) the East Asian developmental model is characterised by the following key imperatives: a centralised state apparatus underpinned by an authoritarian political elite and bureaucracy with the power and capability to plan, construct, implement and supervise an industrial programme ; the state has transformative capacity and commitment to promote and sustain high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy; the state has the ability to intervene in the market to ensure compliance to regulation and promote the national interest and the centralised state is the agency that provides the leading political direction by ensuring that there is a single national orientation to achieve a common goal.

Based on the literature reviewed, the outcome of a developmental programme based on the East Asian model is a high rate of economic growth led by the relationship between the political elite and the capitalist class. To affect a sustained economic growth, industries with export potential are protected at the expense of labour protection such as minimum wages, collective bargaining and working conditions. Key social justice components such as environmental protection and access to quality social services are compromised. According to Pillay (2007) and Heller (1997), this form of developmentalism subordinates social redistribution and environmental protection to economic growth

However, authors and academics such as Peter Evans (1997), Patrick Heller (1997), Elinor Ostrom (1997) and Pillay (2007) have sought alternative models of developmental states that are society-centric. Key examples are Kerala and Brazil where there has been evidence of developmentalism based on an engagement between the state and a highly mobilised civil society particularly the working class.

These authors and academics have put forward the view that the engagement between state and civil-society creates the institutional forms and political processes required for negotiating class compromises through which redistribution and growth can be reconciled.

A key learning lesson from the alternative model of developmentalism for South Africa is that an efficient, comprehensive and sustainable service delivery model underpinned by governance and human capital development is possible based on a joint programme between

state and society. This model illustrates the possibility of class cooperation, deepening democratic structures and replacing patronage with representation.

This study concurs with the literature that emphasizes the importance of a service delivery model that is based on the participation of civil society, especially the marginalised communities in the decision making process. A service delivery model underpinned by public participation would enable; a common national orientation, state commitment, an active and participatory civil society, development of public "ownership" of political institutions and the mobilization of talents and resources that would ensure that the service delivery expectations of the poor and marginalised communities are met.

The alternative developmental model has important implications for South Africa's vision of establishing a democratic developmental state. A democratic developmental state is one that not only embodies the principles of electoral democracy, but also ensures public participation in the development and governance processes. Thus, it is pertinent to bring communities back into the decision making process as *the* essential transformational capacity required by government to establish a democratic developmental state that would enable the realisation of economic growth and social justice.

## CHAPTER 3: METHODOLOGY AND DATA COLLECTION

### RESEARCH DESIGN

To establish why the current service delivery model failed to enable the government to meet its social obligations, this study will assess the water service delivery process at the local government level. The analysis will focus on three key components that underpin an effective, efficient service delivery process, i.e. the governance framework, the socio-spatial dimensions and the financial management process.

This study focuses on the national policy directives within the water sector and water service delivery processes within the City of Johannesburg from 2006 to 2009. Punch, explains this approach as the “process of making a general concept more specific by showing its dimensions, aspects, factors, components or indicators.”<sup>118</sup>

To answer the main question raised in this research, i.e. *why has the current service delivery model not enabled the government to meet its social obligations?*, this research was conducted in a qualitative manner, with the objective of obtaining qualitative information that would provide insight into the key inhibitors and or challenges impacting the current service delivery model.

To obtain the required data, this research included an in depth analysis of the relevant water services policy directives, legislation, national strategies, local government plans, water tariff standards, service delivery assessment, audit reports, financial budgets as well as the developmental vision of the national government.

The documentation analysis was supported by in-depth interviews with key officials at the Department of Water Affairs and Environment, Policy Coordination and Adviser Services within the President’s Offices, City of Johannesburg and Johannesburg Water. The researcher also attended the National Indaba on Local Government held by the Department

---

<sup>118</sup> Punch.K (2000): “*Developing effective research proposals*”. California: Sage. pp 26

of CoGTA to obtain information on the government's assessment of the current status of local government.

The qualitative approach used in this research allowed for flexibility and spontaneity with the participants as well as adaptation of the questions required to obtain in-depth information. Most questions were "open-ended" allowing participants to respond in their own words, elaborately and in greater detail than is typically the case with quantitative methods.

The starting point in recruiting an initial layer of participants within National Government, the City of Johannesburg and Johannesburg Water was the contacts and relationships established during the apartheid period with politicians who are now deployed within these institutions .i.e. a 'snowball' approach was used where the initial contact provided access to other key officials that were relevant to the research. Hence, the initial interview schedule led to a more detailed process which included utility executive managers, municipal managers, councillors and politicians in national and local government.

Qualitative research has a number of advantages. According to Neuman (2000), qualitative research allows the formation of concepts that are grounded in the data. "In qualitative research, ideas and evidence are mutually interdependent. This applies particularly to case study analysis" (Neuman,2000. P420). According to Morse (1994), qualitative research presupposes an understanding of research in general, also suggesting that qualitative research allows the participants to expand more appropriately on certain topics.

With respect to 'qualitative' and 'quantitative' research methods, Strauss and Corbit, state that qualitative research findings are not based on "statistical procedures or other means of quantification".<sup>119</sup> Punch, also states that qualitative data are most likely to be words, which we get by interviewing, observing and reading documents.<sup>120</sup>

Having made the case for quantitative research in response to the question posed in this research, clear limitations must also be acknowledged. Using a limited sample of data and focusing on one geographical region and one utility does not provide sufficient information to

---

<sup>119</sup> Strauss A & Corbin J (1990): "*Basic considerations*" in Basics of Qualitative Research; Grounded theory procedures and technique. California: Sage.pp 17-27

<sup>120</sup> Punch.K (2000): "*Developing effective research proposals*". California: Sage.

assess the current service delivery model nationally. In addition, due to the limited scope of this research there has been no participation by communities, users of the Johannesburg Water services as well as activist and civil society organisations. Hence, the development of a complete reference point from which an assessment of the service delivery process and the conclusive identification of the enablers and challenges that impact the delivery of efficient public services as envisaged in the Constitution (1996), requires a more comprehensive and detailed research project.

Strauss and Corbit, also define three major components of a qualitative research: data collection, review of written and verbal reports and analytic or interpretive procedures.<sup>121</sup> All three components of a qualitative research method were used in developing this study.

The collation of the empirical data was based on the theoretical framework which focuses on developmental state, developmental local government, decentralisation, state-society relations, public service management and globalisation. Hence, the theory was used to guide what data to collect. According to Burawoy, “we keep ourselves steady by rooting ourselves in theory that guides our dialogue with participants.”<sup>122</sup>

Respondents will remain anonymous. However, the respondent’s department and designation has been cited as this information is important to have a perspective of the positions and views held by the various service delivery institutions within the water sector: DWAE (Official from the Director General’s Office); DWAE(Official from the Strategic Planning division); DWAE (Official from the Vision and Mandate Task Team); President’s Office (Policy analyst from the Policy coordination and Advisory Services Unit); CoJ (Official from the Finance and Economic Development Committee; CoJ (Official from the [Infrastructure and Services Department (ISD)]; CoJ (Official from the [Development Planning Urban Management (DPUM)]; CoJ (Official from the Office of the Executive Mayor); CoJ (Official from the Central Strategic Unit); Johannesburg Water (Official from the Office of the Chief Executive Office); Johannesburg Water (Official from the Finance Department); Johannesburg Water (Official

---

<sup>121</sup> Strauss A & Corbin J (1990): “Basic considerations” in *Basics of Qualitative Research; Grounded theory procedures and technique.* California: Sage.

<sup>122</sup> Burawoy.M (1998): “The Extended case method” In *Sociological Theory* 16 (1):4-33

from the Operations Department); Johannesburg Water (Official from the Infrastructure Department).

These interviews were based on open-ended questions as the objective was to obtain “fuller development of information.” According to Weis, in-depth interviews will provide detailed, thorough and diverse information.<sup>123</sup> This method was appropriate for the complex nature of issues that needed to be covered for an understanding of the process of policy formulation, implementation and regulation.

Based on the central question of this research: *way has the current water service delivery model not enable government to meet its social obligations?* The data gathering process was guided by the following key focus areas:

- Governance Framework (performance management, targets, key indicators, plans, strategies and roles and responsibilities)
- Spatial perspectives
- Key water delivery policies, legislation
- Key roles and responsibilities
- Key performance measures (revenue, quantity, quality, access)
- Budget, cost of service
- Participation in international conferences, treaties, agreements
- Relationship with local government
- Relationship with communities (community participation)

#### Local Level

- Key processes that underpin the water services delivery process
- How are these processes monitored and evaluated, what is the criteria for service access, how is FBW managed and how is it accessed?
- The water supply from Lesotho (Lesotho-Highlands-Water Project)
- Key areas of concern (communities)
- Main service delivery partners

---

<sup>123</sup> Weiss, R. (1995): “*Learning from strangers: the Art and Method of Qualitative Interview Studies*”. New York: Free Press: Chapters 1-6. Pp 3.



- Budget, costs, revenue, margins (municipal grant)
- How is supply and demand managed and governed?
- Alignment of local programmes and policies to that of national strategy?
- How is community participation encouraged /managed?

Documents were the main source of data and information for the research process. Primary document sources were based on governance, spatial policy directives and the financial management process within local government. These documents were obtained from both national and local levels of government. Other primary sources such as budgets, performance assessment reports, newspaper articles, pamphlets, web-sites and journals concerning the water service delivery model was used to assess the public service delivery process, public service structure as well as the objectives of government in terms of social interest and needs.

Secondary sources in the form of local and international books and journal articles on developmentalism, developmental local government, state-society relationships, public participation, public management, globalisation and related topics were sourced and consulted. The researcher also had access to primary spreadsheets of the City of Johannesburg such as budgets, demographics data, socio-economic data and audit reports.

The data gathered was analysed using the grounded theory method as explained by Strauss and Corbin. This is a process of coding concepts and themes into categories. Through this process all the primary sources of data that was collated over the course of the research, was interpreted and integrated into grounded theory.

Facts or incidents obtained from interviews, documents or speeches were entered into a mind map in a systematic way. This approach is based on the definition provided by Strauss and Corbin, who explain the grounded theory approach as “a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about

a phenomenon.”<sup>124</sup>Hence, the theory developed in the research report was discovered, developed and verified through systematic data collection approach.

---

<sup>124</sup> Strauss A & Corbin J (1990): *“Basic considerations” in Basics of Qualitative Research; Grounded theory procedures and technique.* California: Sage. Pp 24.

## CHAPTER 4: PUBLIC SECTOR GOVERNANCE

### OVERVIEW

Corporate governance has become an important process within government. The increasing evidence of corruption, nepotism, lack of service delivery, financial mismanagement, non-compliance to auditing requirements and standards on a local government level have all contributed to the national government's increasing focus on governance, central planning, financial planning, performance management and monitoring and evaluation.

The government's vision of establishing a developmental programme to stimulate economic growth, has also added to the need for compliance to national performance frameworks which are based on international corporate standards. Governance within the public sector broadly covers legislation, policy directives, integrated development plans, strategies and mandates, roles and responsibilities, institutional engagement protocols, financial management, performance management, assessments and monitoring and evaluation.

According to Idasa "...governance is defined as the formation and stewardship of the rules that regulate the public realm; it is the space where state as well as economic and societal actors interact to make decisions. Therefore, governance is not just about how a government and social organisations interact, and how they relate to citizens, but it concerns the state's ability to serve citizens and other actors, as well as the manner in which public functions are carried out, public resources are managed and public regulatory powers are exercised. The quality of governance, therefore, is measured in terms of how well various actors handle the rules that make up the basic dimensions of the political regime".<sup>125</sup>

The South African government has developed numerous governance instruments to regulate the public service delivery process. This chapter will focus on assessing the effectiveness of the current prescribed governance framework in relation to the quality of water services in Johannesburg City from 2006 to 2009. The key question asked in the development of this

---

<sup>125</sup> Memela.S, Mautjane.B, Nzo.T & van Hoof.P (2008): "The State of Local Governance in South Africa. What does the Local Governance Barometer tell us?". Idasa, Digital Print Solutions.

chapter is: *how is the process of delivery of water services regulated and measured?* The significance of this chapter is to understand the governance and regulatory framework of the water sector in terms of the expectations of society and policy goals.

The data obtained in the development of this chapter is drawn mainly from government's strategic documents, such as the National Treasury's Performance Management Framework; the green paper on Monitoring and Evaluation, National State of Local Government Assessment (2009), the Balance Scorecard and Performance Compacts from the Johannesburg Water, the Auditor general Report on Johannesburg Water, analysis of key legislations that impacts the delivery of water services and interviews with key government officials.

Qualitative interviews were conducted on two levels. On the national government level, interviews were conducted within the Department of Water Affairs and Environment (DWAE) to obtain an understanding of the regulatory framework on a national level as well as the roles and responsibilities of national departments in relation to the water service delivery process. On the local government level, interviews were conducted with respondents in the City of Johannesburg (CoJ) and in Johannesburg Water (JW) to obtain information on the current governance framework deployed to regulate and manage the delivery of water services.

Within this context this chapter has been structured to focus on two key areas: the oversight and regulatory framework at the national level and the governance framework at the local government level.

## **NATIONAL REGULATORY FRAMEWORK**

The review of the national regulatory framework that governs the water service delivery process provides insight into the instruments that the South African government has deployed in its attempt to manage the water service delivery process from the national to the local levels.

The national Department of Water Affairs and Environment (DWAE), which from 1996 to April 2009 was known as the Department of Water Affairs and Forestry (DWAF), is constitutionally mandated (in terms of the Constitution of the Republic of South Africa, 1996) to provide all households with basic water and sanitation in accordance with national targets and standards. After the 2009 elections the DWAF was restructured, resulting in the integration of the environment and water sectors. The forestry sector was moved to integrate with the agricultural and fisheries sectors. The Department of Water Affairs and Environment's role is to "safeguard and harness the country's resources as well as ensure universal access to affordable water and sanitation services." The national targets for water and sanitation services declared by the Water Affairs Minister in 2005 will be used to measure the government's service delivery and governance model:

"2008 is the year we envisage we will have supplied all South Africans with clean water, 2010 is the year we envisage we shall have supplied all South Africans with sanitation services.....these targets are stipulated in the Strategic Framework for Water Services document."<sup>126</sup>

DWAE has regional offices that divide along provincial lines; it does not have Provincial Ministers or Provincial Departments. The constitutional mandate of the DWAE is not shared with the provincial sphere of government unlike health, education or housing. It is the role of the local government to ensure that the national government's mandate is met. Even though the DWAE is constitutionally mandated to provide all households with basic water and

---

<sup>126</sup> Ms BP Sonjica, (August 2005): Speech in Stockholm, Sweden, African Ministers coming together to Achieve the Millennium Development Goals.

sanitation in accordance with national targets and standards, all powers and functions for water service delivery has been transferred to the municipalities.

The National Treasury is responsible for all the funding requirements of local government. The department of Cooperative Governance and Traditional Affairs (CoGTA) is responsible for enforcing the development of water service's business plans by ensuring integration into the Integrated Development Plans (IDP) process, allocating the Municipal Infrastructure Grant and intervening in the case of non-performing municipalities.

An official from DWAE declared that the National Department's role is to "guide, coordinate and harness resources of sector partners to provide support."<sup>127</sup> However, an official from the Operational Management within Johannesburg Water said that the main engagement with the DWAE is to provide comments to proposed frameworks, white papers or legislation. The main engagement between water service authorities at the local level with the national sphere of government is with the Department of National Treasury.<sup>128</sup>

Key legislation that indicate that the responsibility of water service delivery is with local government are: Constitution of the Republic of South Africa, 1996 – allocates the executive authority for water services to local government; the Municipal Structures Act, 1998 – gives municipalities the powers to perform the water services authority function as per the Water Services Act, 1997; the Municipal Systems Act, 2000 – governs the process of a municipality which delivers water services itself or appoints an external service provider; the Municipal Finance Management Act, 2003 – governs the provision of free basic water, credit control, debt collection, budgeting for service delivery and financial reporting and the Division of Revenue Act – manages the distribution of nationally raised revenue amongst the three spheres of government including grants such as the Municipal Infrastructure Grant.

### THE CONSTITUTION

The Constitution of the Republic of South Africa Act 108 of 1996, Section 27(1)(b) provides everyone with the right of access to "sufficient water", and section 27(2) obliges the state to

---

<sup>127</sup> Interview (09/2009): DWAE, Official from the Director General's Office; Vision and Mandate Task Team

<sup>128</sup> Interview (11/2009):JW, Official from the Operations Department

“take reasonable legislative and other measures, within its *available resources*, to achieve the progressive realisation” of everyone’s right of access to *sufficient water*. Schedule 4(b) of the Constitution, determines that water and sanitation services are local government matters.<sup>129</sup>

The above indicates that the Constitution has three serious contradictions in this regard: the first being that the concept of “*sufficient water*”, is left to the local authorities to determine. The Constitution does not quantify the amount and quality that constitutes “*sufficient water*”. The second issue is that although the state is committed to water provision as a human right, this is subject to “*available resources*”. This then subjects the provision of water services to the availability of financial resources without prioritising the delivery of water and sanitation services in the spectrum of activities that local government spends its budget on. This explains why low targets can be set at an arbitrary date, without any consequence when these targets are not met. Finally the Constitution requires “administrative action that is lawful, reasonable and procedurally fair.”<sup>130</sup> This contradicts the actions of Johannesburg Water in terms of the implementation of prepaid water meters and water disconnections in poor communities in an effort to recover cost to meet its financial targets.

In this regard the Constitution has been challenged by the residents of Phiri in the Johannesburg High Court in April 2008. The Court declared that prepaid water meters were both illegal and unconstitutional and ordered the City to provide residents with 50 litres of free water per person per day. However, this judgement was appealed by the City of Johannesburg/ Johannesburg Water (the ‘City’) and the Department of Water Affairs and Forestry (DWAF) to the Supreme Court of Appeal (SCA) in April 2009. The SCA’s judgment determined that 42 litres of water per person/per day constitutes ‘*sufficient*’ water in terms of the Constitution, and made the provision of this amount conditional on the ‘City’s’ own assessment of what constitutes ‘*reasonableness*’ and ‘*through available resources*’. The determination further allows the ‘City’ to set the timing, character and extent of changes to its

---

<sup>129</sup> The Constitution of the Republic of South Africa 1996

<sup>130</sup> Ibid.

existing 'free water policy' and only to provide the increased free basic amount to those who are registered as indigents with the 'City'.<sup>131</sup>

This ruling by the SCA is important in analysing the position of our courts with regards to rights based ruling: firstly, with regards to the 'free basic water', the Coalition Against Water Privatisation (CAWP) argue that the amount stipulated falls short of what is universally accepted and recognised as the minimum amount of water needed for basic human needs and dignity<sup>132</sup>; secondly the SCA's judgment ruled that pre-paid water meters are unlawful in the absence of the necessary 'City' by-laws and it gives the 'City' two years to pass the necessary by-laws so that the pre-paid meters can then be 'legalised'.

The SCA judgement therefore provides the instrument to install pre-paid meters which enables the commoditisation of water services. If this judgement is not successfully challenged, access will continue to be based on affordability and geographical location. In addition, municipalities would be within their rights to provide a low quality of service delivery if they have limited capacity or do not have sufficient resources.

### **WATER SERVICES ACT 1997**

The Water Services Act 108 of 1997 is the key legal instrument defining the governance framework for water services at the local level. The Water Services Act (WSA) details the accessibility and provision of water services (which includes drinking water and sanitation services) to households and other municipal water users by local government.

The WSA defines 'basic water supply' as "the prescribed minimum standard of water supply services necessary for the reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene." Section 5 of the Water Services Act states that, if water services provided by water services institutions fail

---

<sup>131</sup> Constitutional court of South Africa (10/2009). Lindiwe Mazibuko and Others v City of Johannesburg and Others. Case CCT 39/09. [2009] ZACC 28. Date of Judgment: 8 October 2009

<sup>132</sup> APF (2009): "One step forward, Two steps back.". <http://apf.org.za/spip.php?article348>



to meet the needs of all their customers, they must give preference to the provision of *basic* water supply and basic sanitation.<sup>133</sup>

An important policy directive is that in cases of emergency, basic water supply and sanitation services must be provided, even at the cost of the water services authority. Section 4(3) of the Water Services Act states that procedures for the limitation or discontinuation of water must “be fair and equitable” and “provide for reasonable notice of intention to limit or discontinue water services and for an opportunity to make representations.”<sup>134</sup>

While the WSA and the Constitution emphasise “social equity”, “equitable distribution” and “social justice”, it also defines water users as customers and makes provision for metering, thus enabling Johannesburg water to install prepaid meters and disconnect water services in the event of non-payment. This legislation in effect justifies the commoditisation of water. Thus, access to basic water services is patterned on the basis of class distinctions.

#### **THE NATIONAL WATER ACT 1998**

The National Water Act 36 of 1998 places the management of water resources in South Africa under the ownership of the State. The State represented by the DWAE on a national level is responsible for the acquisition, distribution and management of all water resources.<sup>135</sup>

Although this Act nationalises water resources, the commercialisation and commoditisation of water services at a local level represents a clear contradiction of a rights based discourse at the national level and the privatisation of basic services at the implementation level.

#### **LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT 2000**

The Local Government Municipal Systems Act 32 of 2000, provides the means to implement cost recovery programmes. It is one of the first legislations since 1994 that sanctions severe measures for costs recovery, such as; ‘rights to seize property’ or ‘evictions’ for non-payment

---

<sup>133</sup> Water Services Act 108 of 1997. <http://www.acts.co.za/> My emphasise.

<sup>134</sup> Water Services Act 108 of 1997. <http://www.acts.co.za/>

<sup>135</sup> National Water Act 36 of 1998. <http://www.acts.co.za/>

of water and sanitation bills. This legislation also empowers municipalities to establish service tariffs and credit control policies to enable financial management.<sup>136</sup>

This legislation is a clear indication of the government's neoliberal programme of commoditising basic services and ensuring that the relationship with communities is one of supplier and consumer.

The Local Government Municipal Structures Act 117 of 1998 governs the institutional arrangements of local government, including water services provision.

### OTHER SUPPORTING STRATEGIC REGULATORY DOCUMENTS

Complementing the core water service legislation are several official documents on water and sanitation. There are three White Papers on water supply (the 1994 "Water Supply and Sanitation Policy White Paper", the 1997 "White Paper on a National Water Policy for South Africa", and the 2002 "Draft White Paper on Water Services"). Other significant strategies that have had an impact on the regulation and governance of the process of water service delivery are: the Free Basic Water Strategy (2002); the Municipal Infrastructure Grant (2003), Strategic Framework for Water Services" (2003) and National Water Services Regulation Strategy (2008).

In 2002 the DWAF "**Free Basic Water**" implementation strategy was launched in response to country wide protest against water prices. This strategy guarantees each household a free minimum quantity of potable water, benchmarked at 6 kilolitres ('6kl', which is 6 000 litres) per household per month.<sup>137</sup>

Free Basic Water (FBW) forms part of a government Free Basic Services (FBS) package, which is supposed to be made available to poor households who cannot afford to pay for basic services. The FBS package typically includes: rebates on water, sanitation, electricity and refuse removal to qualifying 'indigent' households, and it is the responsibility of the DPLG to introduce the standards applicable to the implementation of FBS. The DPLG is meant to

---

<sup>136</sup> Local Government Municipal Structures Act 117 of 1998, . <http://www.acts.co.za/>

<sup>137</sup> Free Basic Water Policy (2002): [www.dwaf.gov.za/Documents/FBW](http://www.dwaf.gov.za/Documents/FBW).

guide, coordinate and monitor national programmes, and regulate service provision, as well as intervene where necessary, particularly where capacity is required. The DPLG also provides the required grants to municipalities to enable the delivery of FBS.<sup>138</sup>

In terms of water services, it is the responsibility of DWAE to define the policy and regulation that would govern the implementation of FBW. DWAE is responsible for assisting the Water Service Authorities to implement FBW. Although the FBW policy is not legislated, it gives expression to the constitutional right to water.

The FBW policy can be implemented in three ways: rising block tariffs, which provide the first block free and use higher end tariffs for consumption greater than the target amount for the first free block; service level targeting whereby water is free for those accessing water via a standpipe or a restricted flow mechanism; or targeted credits and subsidies whereby qualified or targeted users receive a free allocation of water.<sup>139</sup>

In most municipalities the amount of FBW is generally 6 kilolitres per household per month, which translates to an amount of approximately 25 litres per person per day for a household of eight people. According to the Strategic Framework, this amount should eventually be increased to 50 litres per person per day, which would mean approximately 12 kilolitres per household per month for an average household of 8 people.

According to a submission by the South African Civil Society Water Caucus to the Parliamentary Portfolio Committee hearings on FBW, the FBW policy is based on a flawed assumption that low income households use less water and that the 6 kilolitres of water fails to account for the basic water requirements of a household which must take into account key factors such as: Household size, number of dependents, illness status of household members, use of flush toilets, water needs for productive use, such as cultivating fruit and vegetables.<sup>140</sup>

---

<sup>138</sup> Free Basic Water Policy (2002): [www.dwaf.gov.za/Documents/FBW](http://www.dwaf.gov.za/Documents/FBW).

<sup>139</sup> Free Basic Water Policy (2002): [www.dwaf.gov.za/Documents/FBW](http://www.dwaf.gov.za/Documents/FBW).

<sup>140</sup> Modsell.T (2004), "Free Basic Services: The Evolution and Impact of Free Basic Water policy in South Africa. HSRC Press

When analysing the FBW policy as formulated in the Reconstruction and Development Programme (RDP), the approach was that government would pay for the capital cost of schemes and the consumers would pay the recurrent costs. The Free Basic Services (FBS) policy on the other hand is based on all cost being included as 'the cost of services' and presented as the responsibility of consumers. The calculation of the cost of the free basic water of 6 kilolitres should exclude the cost of rolling out the required infrastructure in poor areas where such infrastructure does not exist.

A related criticism made by civil society is that the Free Basic Water policy has reached more of the non-poor than the poor because access to water services is dependent on the implementation of infrastructure. In large parts of the marginalised townships and informal settlements infrastructure is inadequate or non-existing. According to the Consulting Engineers South Africa (Cesa) president Felix Fongoqa, "Cesa believes that the ageing infrastructure in local authorities is a severe national crisis that needs urgent attention. Unless drastic action is taken to counter the failure of water and wastewater infrastructure, South Africa's economic growth, development, and social stability will be negatively affected. I believe that maintenance of infrastructure must be foremost on the agenda."<sup>141</sup>

According to figures published by DWAE in 2008, over two-thirds of South Africa's population of approximately 47 million people are benefiting from the FBW policy. In Gauteng more than 95% of the population are being served with free basic water.<sup>142</sup> This figure does not take into account the disconnections taking place monthly or ageing infrastructure which reduces the total number of people that have access to clean water.

A key concern expressed by an official from the Johannesburg City is the inadequate funding available for the sustainability of the FBW policy, making it important to generate revenue to cover the cost of free basic services.<sup>143</sup> An important element of the FBS is the 'equitable share subsidy' The equitable share subsidy is granted to municipalities based on the number of poor households in a municipality and the sum of unconditional transfers that flows from

---

<sup>141</sup> Swanepoel, E (2009). "Ageing Infrastructure a 'severe national crisis'. Engineering News Online: <http://www.engineeringnews.co.za/>

<sup>142</sup> Water supply backlog. (2008): [http://www.dwaf.gov.za/dir\\_ws](http://www.dwaf.gov.za/dir_ws)

<sup>143</sup> Interview (10/2009): CoJ, Official from the Finance and Economic Development Committee

national to local government. The equitable share subsidy together with the Municipal Infrastructure Grant is an important source of operating income for municipalities.

The **Municipal Infrastructure Grant (2003)** is a conditional grant to support municipal capital budgets to fund municipal infrastructure and to upgrade existing infrastructure. The Municipal Infrastructure Grant (MIG) is a merger of the Consolidated Municipal Infrastructure Programme, the Local Economic Development Fund (both managed by DPLG), the Water Services Capital Grant (Managed by DWAE), the Community Based Public Works Programme (managed by Public Works), the Building for Sports and Recreation Programme (Sport and Recreation SA), the Urban Transport Grant (Department of Transport) and the National Electrification Programmes.<sup>144</sup>

According to the National Treasury, the MIG is a temporary measure until 2013 or until municipalities are able to adequately raise internal revenue to cover all costs themselves. In terms of the infrastructure cost for water services the calculation of the MIG uses a formula which takes into account the number of water and sanitation backlogs in the municipality, the water and sanitation allocation amount and the total number of backlogs in South Africa.

According to Johannesburg Water, the data on infrastructure requirements and backlogs are not accurate, thus affecting the allocation of grants to municipality.<sup>145</sup> Lack of accurate data also affects the intervention plans to tackle infrastructure backlogs and upgrades.

Johannesburg Water has pointed out that with the increase in housing development in suburbs, infrastructure in these areas is under huge pressure thus affecting the capital budgets.<sup>146</sup>

More importantly infrastructure cost and backlogs are based on minimum services in poor areas, i.e. the cost required for providing services to poor communities is based on infrastructure for communal stand pipes. This assumes that the most basic level of service is sufficient for poor communities. Hence, the MIG is based on providing grants to municipalities for minimum services to poor communities.

---

<sup>144</sup> <http://www.dplg.gov.za> Municipal Infrastructure Grant (2008)

<sup>145</sup> Interview (11/2009): JW, Official from the Infrastructure Department

<sup>146</sup> Interview (11/2009): JW, Official from the Infrastructure Department

The table below is an extract from the government's published data in the [Development Indicators (2008)]; which reflects the percentage of households with infrastructure equal to or above the RDP standards. This means that the Government's indicators of number of households that have access to water services includes all the households that have communal water pipes even though communal water pipes do not meet the basic needs of a household. These performance indicators do not take into account the hardships and stress that people endure in obtaining water a long distance away from their home, the health hazards arising from water borne diseases and the conflict within the community arising from competing for access to limited basic services.

## PUBLIC SERVICE DELIVERY IN AN ERA OF GOVERNANCE: THE CASE OF WATER SERVICE DELIVERY IN JOHANNESBURG

<b>Goal</b>	All people in South Africa to have access to potable water by 2014
<b>Trend analysis</b>	The percentage of households with access to water infrastructure above or equal to the Reconstruction and Development Programme (RDP) standard increased from 61.7% in 1994 to 91.8% in March 2009. This means that South Africa has surpassed the Millennium Development Goal (MDG) of halving the proportion of people without sustainable water and is likely to achieve the 2014 goal of universal access to potable water, despite the challenge of ever-increasing number of households. Government is deploying the municipal drinking water management system in all water services authorities to ensure that the water is of good quality across municipalities.

### HOUSEHOLDS WITH ACCESS TO POTABLE WATER

	1994/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	200 1/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
1. Total Number of Households (HH)	10 150 478	10 347 884	10 550 871	10 759 617	10 974 185	11 194 975	11 422 150	11 656 059	11 950 115	12 139 159	12 396 707	12 656 163	12 802 423	12 879 070	13 028 214	13 104 966
2. HH with access to water infrastructure > or = to RDP standards	6 259 251	6 400 635	6 591 793	6 913 691	7 225 881	7 697 049	8 109 273	8 581 234	9 339 949	9 262 480	9 894 367	10 469 361	10 840 743	11 229 758	11 691 203	12 035 814
	61.7%	61.9%	62.4%	64.3%	65.8%	68.8%	71.0%	73.6%	78.2%	76.3%	79.6%	82.7%	84.7%	87.2%	89.7%	91.8%
3. HH with access to water infrastructure	6 535 594	6 660 293	7 227 909	7 722 933	8 218 318	8 848 794	9 452 139	10 116 558	10 750 128	11 066 387	11 393 348	11 812 819	12 037 247	12 232 158	12 470 663	12 640 515
	64.4%	65.3%	68.9%	71.6%	74.9%	79.0%	82.6%	86.6%	90.0%	90.7%	91.0%	93.3%	94.0%	95.0%	95.7%	96.5%
4. HH with access to water infrastructure < RDP standards	276 343	459 457	646 115	809 252	992 437	1 151 715	1 342 866	1 537 324	1 410 177	1 743 907	1 498 679	1 343 458	1 196 504	1 002 398	779 480	604 701
	2.7%	4.4%	6.1%	7.5%	9.0%	10.3%	11.8%	13.2%	11.8%	14.4%	12.1%	10.6%	7.8%	6.0%	4.6%	
5. HH with no access to water infrastructure	3 614 684	3 487 591	3 322 962	3 036 664	2 755 867	2 349 212	1 970 011	1 537 501	1 199 699	1 132 772	1 003 361	843 344	705 176	645 914	557 551	454 451
	35.6%	33.7%	31.5%	28.2%	25.1%	21.0%	17.2%	13.2%	10.0%	9.3%	8.1%	6.7%	6.0%	5.0%	4.3%	3.5%
6. Millennium Development Goal (MDG)	8 204 695	8 364 432	8 528 511	8 697 345	8 870 685	9 049 155	9 232 785	9 421 880	9 659 552	9 812 391	10 020 543	10 230 267	10 348 493	10 410 448	10 531 005	10 593 045
7. HH with access to Free Basic Water									7 042 178	7 204 578	8 858 007	8 944 630	9 542 104	10 892 205	10 933 395	11 155 208

### HOUSEHOLDS WITH ACCESS TO POTABLE WATER PER PROVINCE

Province	2007/08					2008/09						
	Total number of Households (HH)	HH with access to water infrastructure > or = to RDP standards	HH with access to infrastructure < RDP standards	HH with access to water infrastructure < RDP standards	HH with no access to water infrastructure	Total number of Households (HH)	HH with access to water infrastructure > or = to RDP standards	HH with access to infrastructure	HH with access to water infrastructure < RDP standards	HH with no access to water infrastructure	HH with access to Free Basic Water	
Eastern Cape	1 601 199	1 346 485	1 438 973	92 487	162 226	1 147 413	1 610 463	1 403 510	1 475 085	70 788	135 378	1 179 973
Free State	795 900	784 595	793 803	9 238	2 007	731 147	800 661	798 424	800 241	1 809	440	738 181
Gauteng	3 388 989	3 279 188	3 364 021	85 433	24 368	2 941 164	3 409 315	3 349 190	3 369 593	50 495	9 622	2 988 064
KwaZulu-Natal	2 454 605	2 005 882	2 234 619	228 737	219 967	1 989 295	2 466 422	2 072 614	2 272 428	197 755	195 994	2 020 662
Limpopo	1 259 743	1 007 911	1 194 617	186 706	65 126	1 005 221	1 267 240	1 049 150	1 212 265	193 020	54 975	1 018 076
Mpumalanga	904 383	795 372	873 463	78 021	30 920	795 608	909 813	821 658	884 558	92 880	25 225	821 875
North West	925 693	827 708	884 883	57 175	41 010	755 159	931 411	852 993	896 148	42 995	35 283	771 503
Northern Cape	265 365	245 921	259 275	13 354	6 090	240 578	296 917	250 848	282 116	11 258	4 801	251 104
Western Cape	1 432 136	1 398 170	1 428 409	28 239	5 727	1 325 540	1 440 704	1 434 145	1 437 951	3 701	2 783	1 395 730
<b>Total</b>	<b>13 028 214</b>	<b>11 691 203</b>	<b>12 470 663</b>	<b>779 480</b>	<b>557 551</b>	<b>10 933 395</b>	<b>13 104 966</b>	<b>12 032 502</b>	<b>12 640 515</b>	<b>604 701</b>	<b>454 451</b>	<b>11 155 208</b>

<b>Definition</b>	The relevant basic service levels (RDP service levels) are defined as a minimum quantity of 25 litres of potable water per person per day within 200 meters of a household not interrupted for more than seven days in any year and a minimum flow of 10 litres per year for communal water points. This is a substantially higher standard than the basic services defined by the Millennium Development Goals (MDGs) as 20 litres of potable water per person per day within 1 000 metres of a household. MDG goal (Target 10): Halve between 1990 and 2015 the proportion of people without sustainable access to an improved water source.
<b>Data source</b>	1) Census 1991, 1996, 2001, Department of Water Affairs internal processes. 2,3) Census 1991, 1996, 2001, Department of Water Affairs internal processes, Department of Cooperative Governance and Traditional Affairs Municipal Infrastructure Grant (MIG). 4,5,6) Calculation Department of Water Affairs. 7) Census 1991, 1996, 2001, Department of Water Affairs internal processes, Department of Cooperative Governance and Traditional Affairs SNU's (Special Needs Users)
<b>Data Note</b>	The difference in household figures between indicator 27, 28, 29 is due to the different methodologies used by the departments where data is sourced via a vis the various surveys conducted by Statistics SA

**Table 1: Development Indicators (2009)<sup>147</sup>**

<sup>147</sup> The Presidency, RSA (2009): Development Indicators. Policy Unit

PUBLIC SERVICE DELIVERY IN AN ERA OF GOVERNANCE: THE CASE OF WATER SERVICE DELIVERY IN  
JOHANNESBURG

---

The table below highlights the extent of water backlogs nationally and the costs per province to eradicate these backlogs.

Province	Total households April 2007	Total below RDP Water April 2006 (households)	Total below RDP Water April 2007 (households)	No formal water infrastructure April 2007 (households)	Cost to eradicate backlogs @ a costs of R6000 per household
Eastern Cape	1,590,216	369,781	312,442	192,770	1,874,652,000
Free State	792,734	59,540	37,648	8,042	225,888,000
Gauteng	3,339,015	212,298	167,456	26,346	1,004,736,000
Kwa-Zulu Natal	2,435,795	553,606	491,015	235,663	2,946,090,000
Limpopo	1,250,308	346,114	296,665	79,401	1,779,990,000
Mpumalanga	892,197	171,586	141,291	39,687	847,746,000
North West	922,051	160,410	130,842	48,941	785,052,000
Northern Cape	262,404	29,259	24,244	8,000	145,464,000
Western Cape	1,393,101	59,086	47,709	8,964	286,254,000
<b>Total</b>	<b>12,877,821</b>	<b>1,961,680</b>	<b>1,649,312</b>	<b>646,914</b>	<b>9,895,872,000</b>

**Table 2: Source DWAF April 2007: Water Backlogs nationally as at 2007**

The figures above were supplied by the DWAE. These figures are indicative of the extent of the backlogs nationally and the cost that would be required to meet the backlogs. As per these figures the total cost to eradicate the backlogs indicated is R9,895,872,000. The Municipal Infrastructure Grant (MIG) is a source that is utilised to meet some of these costs. The DWAE and the DPLG are mandated to co-ordinate the municipal plans and the MIG to meet the national water and sanitation service targets. According to the DPLG the National Treasury will need to source additional funding to meet these costs.



DWAF's "**Strategic Framework for Water Services**" (2003), with its slogan "Water is life, sanitation is dignity," is a national umbrella framework that seeks to align policies, legislation and strategies with respect to the provision of water services. The objective of this strategy was to fill the gap in that the mandate of DWAF did not encompass a role as national water services regulator. The Strategic Framework sets out the future role of DWAE as the national sector regulator, formalised in 2008 by the **National Water Services Regulation Strategy** which establishes DWAE as the national regulator of the water services sector representing a shift from DWAE's role as a water services provider and player to that of a national regulator.<sup>148</sup>

The strategy is still in draft form, and the structures, policies and functions are still under construction. It is not known when the strategy will be finalised and there are signals that deadlines are being shifted to incorporate a much broader regulatory vision, including Water Demand Management.<sup>149</sup>

In the meantime, there is still very little national regulation of local water services provision, except for the monitoring of water quality. This has meant that, until now, water regulation has largely been left to individual municipalities. This study suggests that the absence of a national regulator is one of the reasons that municipalities have used the provision of water services as a means of earning revenue to fund other projects and expenses. In general terms, the absence of national regulation has resulted in vastly differing tariffs, standards and restrictions within municipalities, compromising access to water for poor and marginalised communities.

According to the National Water Services Regulation Strategy, Water Service Authorities (WSA) will have to report across a number of Key Performance Indicators, which will assist DWAE to make performance assessments. The plan is to introduce incentives to encourage WSAs to report and perform as per the defined and agreed upon key performance targets. DWAE will have legal recourse against non-compliance by WSAs, as well as the ability to hand over water services functions to different departments or spheres of government if there

---

<sup>148</sup> Wall.K (2008): "The DWAF Water Services Strategy." [www.researchspace.csir.co.za/dspace/](http://www.researchspace.csir.co.za/dspace/)

<sup>149</sup> Interview: (09/2009): DWAE, Official from the Director General's Office; Strategic Planning

is a major problem. The DWAE will also be able to intervene in service delivery if there is a gross failure on the part of a WSA and where lives and/or the environment are at risk.<sup>150</sup>

According to the new national strategy, “DWAF as the national regulator will be concerned only with high-level performance and with outcomes, not the detailed processes.”<sup>151</sup>The key regulatory areas laid out in the National Water Services Regulation Strategy and the responsible government agencies are illustrated in the table below:

Service	Accountability	Assisted By
Social regulation(Access to services, affordability of services and pro-poor tariffs)	Department of Provincial and Local Government (DPLG)	National Treasury Department of Housing
Quality of drinking water	DWAE	Department of Health (DoH);
Environmental health regulation (Public health and environmental health)	DoH	DWAE
Water resources regulation	DWAE	
Economic regulation: price, performance, value for money and efficiency	National Treasury	DWAE

**Table 3: Source DWAE: Water Services Regulatory Accountability**

Within this national regulatory framework it is evident that, for many of the key service areas the DPLG, DoH and National Treasury are listed as the lead regulators. This is because the current South African service delivery model is based on functional areas of delivery. There is minimum facilitation of an integration of basic services. Hence, the inherent connectivity of water with other critical services such as housing, health, education is not facilitated by the

<sup>150</sup> [www.dwaf.gov.za/dir\\_ws/waterpolicy/](http://www.dwaf.gov.za/dir_ws/waterpolicy/) “National Water Services Regulation Strategy

<sup>151</sup> Ibid.

regulatory framework on the national level or the delivery process on the provincial and local levels.

In particular, the current service delivery model at the local level separates water services from other public services. For example, water services are not adequately coordinated with a view of health related issues or housing services. This silo based model is related to the separation of functions in the Constitution in terms of which healthcare and housing services are functional areas of provincial and national institutions, while water supply and sanitation are local government matters. This constitutional arrangement has led to the fragmentation of functions and services that should be integrated, resulting in a huge bureaucracy, complex institutions, high administrative cost and lack of effective co-ordinated services.

Finally, this chapter looks at the **Medium Term Strategic Framework (2009-2014)** which is developed by the ministry in the Presidency. The Medium Term Strategic Framework (MTSF) is a statement of intent identifying the development challenges facing South Africa and outlining the medium-term strategy which is meant to guide planning and resource allocation across all the spheres of government.

In alignment with the Presidency's strategic intent, the national and provincial departments need to develop their five-year strategic plans and budget requirements. Similarly, municipalities are expected to adapt their Integrated Development Plans (IDPs) to the identified national medium-term priorities. The key strategic objectives of the MTSF (2009-2014) are: "Halve poverty and unemployment by 2014; ensure a more equitable distribution of the benefits of economic growth and reduce inequality; improve the nation's health profile and skills base and ensure universal access to basic services; improve the safety of citizens by reducing incidents of crime and corruption and build a nation free of all forms of racism, sexism, tribalism and xenophobia."<sup>152</sup>

Based on these key objectives the MTSF has identified the following key objectives which are informed by the government's developmental programme:

---

<sup>152</sup> Medium Term Strategic Framework (2009-2014): "A framework to guide government's programme in the electoral period (2009-2014)". Issued by the Minister in the Presidency; Planning

“Strategic Priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihoods.

Strategic Priority 2: Massive programme to build economic and social infrastructure

Strategic Priority 3: Comprehensive rural development strategy linked to land and agrarian reform and food security

Strategic Priority 4: Strengthen the skills and human resource base

Strategic Priority 5: Improve the health profile of all South Africans

Strategic Priority 6: Intensify the fight against crime and corruption

Strategic Priority 7: Build cohesive, caring and sustainable communities

Strategic Priority 8: Pursuing African advancement and enhanced international cooperation

Strategic Priority 9: Sustainable Resource Management and use

Strategic Priority 10: Building a developmental state including improvement of public services and strengthening democratic institutions

These 10 strategic priorities are underpinned by some of the government’s current programmes. For example under priority 2; ‘to build economic and social infrastructure’, the stated action is “In the period ahead government will continue with the infrastructure investment programme aimed at expanding and improving social and economic infrastructure, transportation, energy, water, sanitation and information and communications infrastructure to increase access, quality and reliability of public services and to support economic activities while also considering environmental sustainability and pursuing maximum employment impact.”<sup>153</sup>

As can be noted from the above, the MTSF 2009-2014 is a wish list of what the government believes needs to be done, it does not detail the resources required e.g. financial, human capital, technology, etc and neither does it detail the required targets in terms of quality,

---

<sup>153</sup> Medium Term Strategic Framework (2009-2014): “A framework to guide government’s programme in the electoral period (2009-2014)”. Issued by the Minister in the Presidency; Planning

quantity, deadlines, risks, contingency and mitigation plans. More importantly the responsibilities and accountabilities for these priorities have not been allocated.

Another example which supports these concerns can be noted from ‘the Strategic Priority 9: Sustainable Resource Management and use’, which relates to the priority identified in the water sector, which is: “Implementing the Water for Growth and Development strategy”. This priority requires the strengthening of institutional capacity for water management so that water scarcity is not exacerbated by ineffectual management, and finding the right mix of mechanisms to effect change in behaviour including regulation, awareness and education. This priority also lacks the actual implementation guidelines.

As per the governance framework, Johannesburg City must develop an Integrated Development Plan (IDP) and Johannesburg Water must develop their annual business plan in alignment to the above strategic priorities. This is where the challenge lies. These institutions do not have a clear programme upon which to base their plans, nor can their performance be measured or governed on defined targets.

### **NATIONAL REGULATORY FRAMEWORK: KEY FINDINGS**

The research into the national governance mechanisms has revealed key challenges and problems with the current governance framework and performance measurement system.

Since 1996, numerous acts and strategies have been developed at a national level with the objective of providing guidelines and standards to enable local government to deliver public services to all communities in South Africa based on efficient processes that will effect optimisation and rights based access, quantity and quality. The primary legislative pieces analysed above are intended to govern and regulate the provision of water services by local authorities and or external service providers

The national government plays an integral and essential role through the formulation of policies and setting norms and standards. However, while there are sufficient resources and capacity at the national level to formulate the governance framework, there is no clear enforcement or national assistance to implement at the local level.

Regulation of the water sector in terms of distribution to water users is not followed through. This is largely due to the lack of any real national monitoring or enforcement of implementation by the DWAE on a local government level. The targets set for performance management is continuously moved, hence, the commitment to meet targets is not compulsory. This is further compounded by the lack of accountability and responsibilities between sectors and institutions and by the absence of any penalties or sanctions for non-performance.

At the time of writing, DWAE was in institutional transformation and seeking to play a greater regulatory role over and above setting the legislative context for the bulk and reticulation components of the water sector.

#### **LOCAL GOVERNMENT REGULATORY FRAMEWORK: JOHANNESBURG WATER**

Johannesburg Water was established in 2001 as the water service provider through a utility company that was mandated to provide water and sanitation services to the residents of Johannesburg. The City remains the owner of Johannesburg Water, while delegating its shareholder responsibilities to an appointed board of directors.

The Board is central to the corporate governance system. It is ultimately accountable and responsible for the performance and the affairs of Johannesburg Water. The primary responsibilities of the board is to: provide strategic direction to Johannesburg Water; ensure that the succession plans are in place; □ monitor the management of Johannesburg Water in implementing board plans; □ monitor the performance of the Chief Executive; □ ensure compliance with the Service Delivery Agreement; ensure compliance with all statutory requirements and codes of business conduct and practice; manage the business risks and provide for internal controls of the company.<sup>154</sup>

The Johannesburg operations area covers some 1,650 square kilometres. It provides sanitation and water services to about 600 000 domestic, industrial and commercial

---

<sup>154</sup> Interview.(11/2009): JW, Official from the Office of the Chief Executive Officer

customers in the Johannesburg metropolitan area, stretching from Orange Farm in the south to Midrand in the north, Roodepoort in the west and Alexandra in the east.<sup>155</sup>

Johannesburg Water provides drinking water to consumers, supplies water to industry, and handles the treatment of all waste water produced in the city. More than one billion litres of drinking water are supplied daily and over 900 million litres of waste water are treated. Johannesburg Water purchases approximately 490,047 mega litres of portable water from Rand Water, the bulk provider to the region, and reticulates it to the residents and businesses of Johannesburg through a network of 9,800 kilometres of distribution pipes and 120 reservoirs and water towers. It also collects and treats 325,000 mega litres of waste water annually, using a 9200 kilometre network of sewers, seven waste water treatment plants and two sludge handling facilities, before returning the effluent to the local river system.<sup>156</sup>

The key documents that form the governance framework upon which Johannesburg Water's performance is regulated, assessed and managed on the local government level is the City of Johannesburg's Growth and Development Strategy (GDS) which provides the vision and long term strategic perspective of the City informed by the Mayoral Priorities and the National Medium Term Strategic Framework which in turn informs the Municipality's 5 year Integrated Development Plan (IDP). The IDP sets out the strategic plan for the medium term, coinciding with the 2006/11 electoral term. Based on the IDP each Municipal Entity develops annual Business Plans with the objective of operationalising the IDP.<sup>157</sup>

This **Growth and Development Strategy (GDS)** is meant to present the strategic intent of the municipality's long-term future development path and identifies some of the major strategic decisions. It is meant to frame programmatic choices in the medium term and operational choices in the short term. The GDS informs the 5 year operational plan, "**the integrated development plan**" (IDP). Whereas the GDS charts the long-term strategic course, and makes some of the bigger, overarching decisions about what to emphasise if the City is to accelerate growth and development, the IDP defines where the City needs to be

---

<sup>155</sup> Johannesburg Water <http://www.johannesburgwater.co.za/>

<sup>156</sup> City of Johannesburg Metropolitan Municipality (2008): 'Mid-term Report September 2008' Office of the Executive Mayor- City of Johannesburg. Pp 166.

<sup>157</sup> Interview (11/2009):JW, Official from the Operations Department

after five years and how it intend to get there. The project plans that the City will implement to operationalise its GDS are therefore presented in detail in the IDP. In this sense the GDS is implemented through the IDP.

Together, the GDS and IDP frame the ongoing operational activities of Departments and Municipal Owned Entities (MOEs). These are outlined in detailed Business Plans that in turn, following the requirements of the Municipal Finance Management Act (MFMA), are consolidated into an annual Service Delivery and Budget Implementation Plan (SDBIP).

The GDS is the cornerstone of the governance framework on a local level. The GDS has identified key performance indicators to measure the impact and outcome of its programmes. These indicators are citywide and long-term. The City is in the process of collating data to measure these indicators against the City’s vision and goals. The GDS has a total of 26 indicators. The following is an extract of the indicators that relate to water services:

No	Description	Summarised Motivation	GDS Principle/s
1	Gross Value Added (GVA) Growth per annum	Indicator of economic growth in the City	Balanced and Shared Growth
3	Employment rate per annum	Unemployment rate indicates economic growth & the extent to which this is shared through job creation	Proactive absorption of the poor
7	Number of units in informal settlements	This indicator address sustainability, affordability, safety and quality of houses and services	Settlement Restructuring
8	Unaccounted Water per Annum	Indicator illustrates good management	Sustainable and environmental justice
10	Number & percentage of households with access to basic water services	The number & percentage of households with access to basic water services demonstrates the City’s success in providing access to services for all its citizens	Settlement Restructuring

**Table 4: Growth and Development Strategy Indicators (IDP 2008/09)**



Based on the above GDS indicators, the City of Johannesburg has to develop its 5 year IDP. The latest IDP is the 2006/2011 plan which includes the programmes and projects that would enable the GDS key performance indicators. Based on the IDP the Municipal Entities would compile their annual business plan which operationalises these key performance indicators.

In compliance to the Water Services Act, Johannesburg Water has to develop and submit the Water Services Development Plan (WSDP). The latest WSDP is for the financial year 1 July 2005 to 30 June 2009. The objective of the WSDP is to provide the overall framework for water services provision and water resources management in the City and is integrated into the IDP as the water sector plan.<sup>158</sup> It includes the strategies, policies and capital investment required for water services provision and water resource management. It also provides the basis to access grant funding for water related projects from the Municipal Infrastructure Grant (MIG). In this regard, it has recently become a prerequisite for projects to be funded from MIG to be listed in the WSDP.

Within the structure of the City of Johannesburg, Johannesburg Water falls under the Infrastructure and Services Department (ISD) set up in 2006 together with City Power and Pikitup. The ISD is the 'command centre' for services and associated infrastructure in the City.<sup>159</sup> The ISDs core functions are to translate the Growth and Development Strategy (GDS) into infrastructure and services strategy, policies, plans and objectives, contract management and regulation of the services delivered by Johannesburg Water, City Power and Pikitup.

The delivery of water and sanitation services has been decentralised and is the total responsibility of local government. The mandate of Johannesburg Water is encapsulated in a contractual agreement between the City and Johannesburg Water, the **Service Delivery Agreement (SDA)** which forms the primary mechanism through which the ISD regulates Johannesburg Water. The Service Delivery Agreement formalizes the appointment of Johannesburg Water as an independent contractor to provide water services to the City for an initial period of 30 (thirty) years, renewable for 5 (five) year periods thereafter, unless notice of

---

<sup>158</sup> Interview (11/2009):JW, Official from the Operations Department

<sup>159</sup> City of Johannesburg Metropolitan Municipality (2008): 'Mid-term Report September 2008"Office of the Executive Major- City of Johannesburg. Pp 166.

termination is given by either party in terms of the agreement. The Service Delivery Agreement sets out Johannesburg Water's core business as being provision of water services in respect of the whole area of jurisdiction of the City. The key components within the Service Delivery Agreement include service backlogs and levels of service and performance standards.<sup>160</sup> As detailed in the previous section of this chapter, there is no independent regulatory body at a national level to regulate the price, quality and quantity of water services. The Service Delivery Agreement defines the service levels agreed to between the City and Johannesburg Water. Johannesburg Water then utilises the Service Delivery Agreement to develop Service Level Agreements (SLAs) with Private Service providers and vendors.<sup>161</sup>

Johannesburg Water is mandated to reduce historical backlogs at a 'price that is affordable'. They have therefore developed Levels Of Service (LOS) which defines service packages based on differentiated costs. Depending on the level of affordability of a community the associated LOS will be provided. Johannesburg Water provides four Levels of Service (LOS) which are defined in the SDA and associated with what is deemed to be the most 'appropriate service level for a particular settlement and what is feasible in terms of costs': *Interim minimum safe access* refers to water and sanitation services to informal settlements where there is no infrastructure. The service may include temporary toilets and mobile water tankers; *LOS 1* consist of communal water points (reticulated standpipe or water tank) and ventilated pit latrines; *LOS2* consist of individual standpipe in the yard with a water-borne sewerage system; *LOS 3* consists of metered, pressurised water connection and full water-borne sewerage on each property.<sup>162</sup> Price is therefore linked to the LOS.

According to Johannesburg Water, the annual Business Plan is based on delivering as per the Service Delivery Agreement and is informed by the City's water services priorities detailed in the GDS and IDP. The business plan is a strategic planning tool that sets out Johannesburg Water's strategies and plans to achieve its annual targets and gives operational expression to the programmes and initiatives identified in the IDP. The annual

---

<sup>160</sup> Interview.(11/2009): JW, Official from the Office of the Chief Executive Officer

<sup>161</sup> Interview.(11/2009): JW, Official from the Office of the Chief Executive Officer

<sup>162</sup> Extract from Johannesburg Water's Service Delivery Agreement document

business plan is further underpinned by a **Performance Management System** as prescribed in the Municipal Systems Act and prescribed in the GDS and IDP.<sup>163</sup>

Johannesburg Water's Performance Management System is based on the Balanced Scorecard framework and defines the Key Performance Indicators (KPIs) which are listed as key indicators in the GDS and detailed as programmes and or initiatives in the IDP.<sup>164</sup> The Balanced Scorecard is a tool developed by Kaplan and Norton for Corporations to plan and measure the organisations performance.<sup>165</sup> It looks at four business perspectives i.e. financial, customer, internal process and learning and growth. An organisation develops its long and short term objectives based on these perspectives which are then the key areas that are monitored and reported on. These key performance areas are used to measure the performance of the organisation as well as the employees against agreed upon targets. Each employees performance compact is based on these KPIs defined within the Key Performance Areas.<sup>166</sup> The diagram below is the Balanced Scorecard Model from Kaplan & Norton which illustrates the 4 key performance areas for measurement.

---

<sup>163</sup> Interview.(11/2009): JW, Official from the Office of the Chief Executive Officer

<sup>164</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>165</sup> Kaplan.S & Norton. P (2004): "The Balanced scorecard". Harvard Business School Publishing Corporation, USA.

<sup>166</sup> Kaplan.S & Norton. P (2004): "The Balanced scorecard". Harvard Business School Publishing Corporation, USA

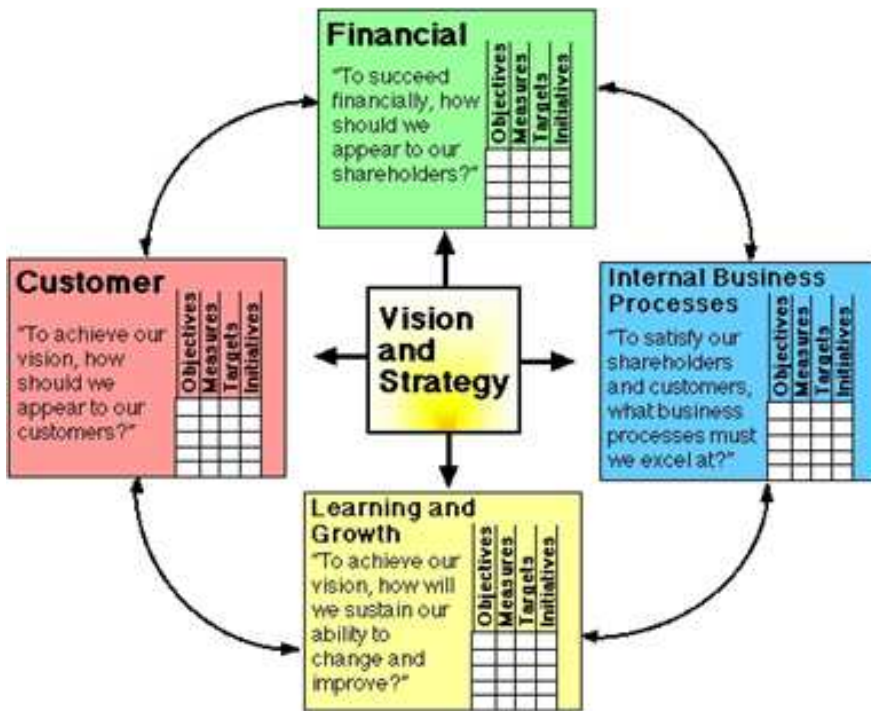


Figure 3: The Balance Scorecard Approach, adapted from 'The Balanced Scorecard' by Kaplan & Norton

Below is an extract of Johannesburg Water's 2008/09 Balanced Scorecard – Quarterly Targets. The extract illustrates the compliance of the organisation's performance measurement to the corporate Balance Scorecard system. It illustrates the perspectives, key performance areas, the weighted key performance indicators and the targets.

PUBLIC SERVICE DELIVERY IN AN ERA OF GOVERNANCE: THE CASE OF WATER SERVICE DELIVERY IN JOHANNESBURG

Balanced Scorecard Perspective	KPA	KPI	baseline 2006/2007 into the quarter ended June 2007 actual results	Quarter 1 Target 2008/09	Quarter 2 Target 2008/09	Quarter 3 Target 2008/09	Quarter 4 Target 2008/09	Total Target 2008/09	Evidence	Comment	ref no
Financial Sustainability: Weight 25	Financial Performance Weight:40	Billed Revenue(Rm) Weight:40	3265	892	937	896	900	3625	Monthly/Quarterly Report	None	3
		Profit before Tax (R'm) Weight 40	477	37	49	34	34	157	Monthly/Quarterly Report	None	4
		Debt: equity ratio Weight: 20	66.10%	60.40%	59.60%	58.90%	62%	62%	Monthly/Quarterly Report	None	5
Service Delivery Weight:30	Access to basic Service for informal settlements Weight:20	Percentage coverage for access to LOS1 Water Weight: 50	new (no baseline in 6/7)	Serviceable Demand	895	1790	2684	95% of 2825 households (2684)	Monthly/Quarterly Report	Basic Water services will be based on demand raised per financial year	7
Water Resource Management Weight:10	Environmental Management Weight:50	Number of waste water spills having an impact on the environment (streams) Weight: 30	new (no baseline in 6/7)	Achieve less than 15% non-compliance on waste water spills impacting on streams	Achieve less than 15% non-compliance on waste water spills impacting on streams	Achieve less than 15% non-compliance on waste water spills impacting on streams	Achieve less than 15% non-compliance on waste water spills impacting on streams	Achieve less than 15% non-compliance on waste water spills impacting on streams	Manual works records & ultrasonic flow meters	None	25
Human Resource Management Weight:25	Employee satisfaction: Weight:25	Improvement in Employee Satisfaction Weight:25	Overall Employee Satisfaction 2003 = 40.1% 2007 = 44.8%	Develop Audit Plan for Employee Satisfaction Survey (ESS)	Conduct ESS	Report Results to Board	50% employee satisfaction	50% employee satisfaction	Monthly/Quarterly Report	None	30
Strategy & Governance: Weight: 10	Black Economic Empowerment Weight: 20	75% of total procurement spend	64.70%	65%	65%	65%	65%	65%	Monthly/Quarterly Report	None	43

Table 5: Johannesburg Water – Balanced Scorecard

There has been much debate on whether the Balanced Scorecard, designed to measure the profitability of private companies who sell products and services to customers at a price (cost and margin) is appropriate for state institutions that provide basic services to citizens. The key driving force for private companies to improve their performance in terms of internal processes, customer services and employee satisfaction is to reduce operational cost, increase market share and thereby increase profitability (i.e. the bottom line).

To assess the City's achievements against the Growth and Development Strategy (GDS) and the five-year 2006-2011 Integrated Development Plan the City of Johannesburg conducted a review of the performance information. The results thereof have been compiled into a Review Report<sup>167</sup>.

According to the national basic service targets as determined in 2006, targets for basic services are set at: "water for all citizens by 2008"; "sanitation for all by 2010" and "electricity for all by 2012". According to the **2008 mid-term review report**, the estimated backlog of households without water was 200 000, "although access to basic water and sanitation services continued to be delivered during the period covered by the report, the City failed to meet its target".<sup>168</sup> This figure does not take into account the numbers of households in the informal settlements. It is also important to note that national government pushed back the targets for bucket eradication (2007) and water (2008) to 2014. Some officials in the City voiced their misgivings that even the 2014 targets will be met.<sup>169</sup> This study therefore suggests that if these key basic service targets cannot be met, than a review of the current service delivery model and the underpinning operational, governance and performance management processes is necessary.

The review report states further that, basic infrastructural services are not equitably distributed across the city. Many former townships and informal settlements lack basic

---

<sup>167</sup> City of Johannesburg Metropolitan Municipality (2008): 'Mid-term Report September 2008' Office of the Executive Major- City of Johannesburg

<sup>168</sup> City of Johannesburg (2008): 'Mid-term Report September 2008'.Office of the Executive Major

<sup>169</sup> Discussion (09/10): CoJ. Infrastructure and Services Department

infrastructure resulting in inadequate access to refuse collection, water, sanitation and energy.<sup>170</sup>

Finally, based on the assessment of municipalities conducted by the department of CoGTA, a key component of the governance framework on the local government level are ward councillors. National legislation provides the mechanism for public participation which has taken the form of ward committees designed to foster consultative municipal government.

According to the COGTA's assessment in the 231 local municipalities in South Africa there are 3895 wards. Johannesburg has 109 wards. Each ward committee consists of the elected ward councillor and approximately 10 community members. The ward councillor is supposed to be the link between the ward community and government.<sup>171</sup>

This community consultation and participatory process should include the planning and implementation of local, provincial and national programmes. The government assessment of ward councillors and ward committees indicate that these structures are dysfunctional due to corruption, nepotism, factionalism and the lack of commitment to meet community expectations. These assessments have sighted this aspect of local government as a contributory factor to the escalation of community protests in the Johannesburg region.

In addition, communities that raise issues with ward committee are not communicated or prioritised in the Municipality's Council meetings and are therefore not reflected in the IDPs or the annual business plans. Hence, project implementation can be non-consultative, biased or un-coordinated as was seen with the community response to the prepaid water metering project. It can therefore be concluded that the current service delivery model does not encourage or place importance on the public participation process.

### **LOCAL GOVERNMENT REGULATORY FRAMEWORK: KEY FINDINGS**

The key findings with regard to the governance and regulatory process within local government are: the Infrastructure and Service Department (ISD) within the City of

---

<sup>170</sup> City of Johannesburg (2008): 'Mid-term Report September 2008'. Office of the Executive Major

<sup>171</sup> CoGTA (2009): "State of Local Government in South Africa. National State of Local Government Assessment Report." Working Documents COGTA 21-22 October 2009.

Johannesburg is faced with the challenge of meeting its mandate of balancing the socio-political demands of the City against ensuring financial performance of the Water Utility.

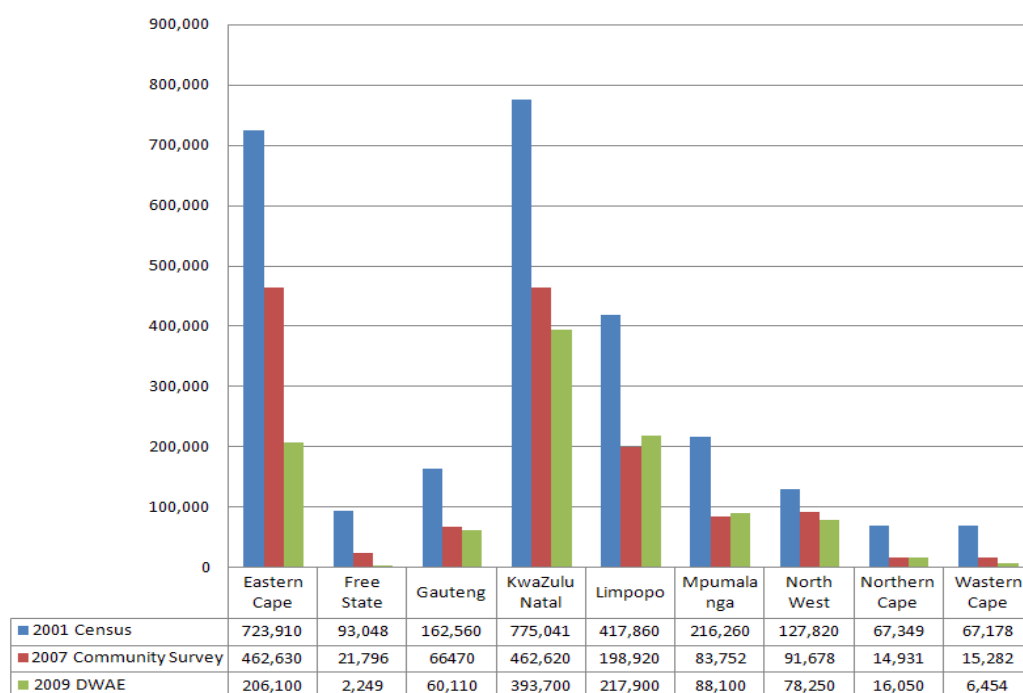
One of the key anomalies of the performance management system is that the targets for the year 08/09 are based on a baseline of what was achieved in the previous year and not on total service delivery requirements; hence the targets will always be positive. For example, the target for the indicator 'basic services in informal settlements' can only be relevant if it is based on the total number of households in informal settlements within the 08/09 financial year, instead of basing the targets on the volumes achieved in the 07/08 financial year. This recommended approach puts an emphasis on what needs to be done, i.e. the gaps, rather than what has been done. The current method used by the government, portray a positive track record of governments achievements year on year over the past 15 years, but the data on what needs to be done to ensure that every community has access to basic services is not available.

The current balance scorecard approach does not take into account the number of disconnections, health cost due to inaccessibility to clean water, environmental cost due to inefficient water treatment processes, etc. The performance of the water utility must be based on the number of households not receiving adequate water services, rather than the number of households that have some form of basic services. The key performance indicator should be to eliminate backlogs and improve levels of service for all residents in South Africa.

The table below illustrates the number of households without piped water. The data used to compile this graph was sourced from government's statistics, which indicates that there are over 1 million households out of 13 million households that are receiving below a basic level of service, which constitutes a water backlog. Based on these figures the national government's plan must include delivery of basic services to 214,000 households per year until 2014 to eradicate the existing backlog. This does not take into account growth, new households and infrastructure failures that contribute to non-delivery of services.



PUBLIC SERVICE DELIVERY IN AN ERA OF GOVERNANCE: THE CASE OF WATER SERVICE DELIVERY IN JOHANNESBURG



**Figure 4: Number of households' without access to piped water**

Another key finding is that as Johannesburg Water is a state owned entity, operating at 'arms length' under the governance of a Board of Directors, it is accountable to the Board and not the City who represents the communities under its jurisdiction. As the Board's mandate is to ensure 'good governance', financial sustainability, compliance to regulatory and corporate best practices the emphasis is not on ensuring that every community has access to equitable, affordable and quality water services.

Even though the City has outlined equity objectives in its GDS and IDP, Johannesburg Water has interpreted these objectives as a private entity. The public and private sector tensions embedded in the distance between the City and the Board is one of the key contributors to the governance difficulties of the corporatization model.

This tension can be understood by the following example: the Executive Mayor has defined six mayoral priorities for the 2006-2011 term of office. One of which focuses on HIV/AIDS (Mid-Term Report: 2008;14), which states that "...HIV/AIDS continues to undermine both the City's communities and its economy resulting in a vicious cycle in which urban poverty

exacerbates HIV/Aids, and HIV/AIDS exacerbate urban poverty.” Within Johannesburg Water’s annual business plan this priority was interpreted as a programme to be implemented within the organisation by developing an internal company wide HIV/AIDS policy for all Johannesburg Water employees.

This interpretation by Johannesburg Water, offers a clear example of the difference between a political commitment and corporate interest. Within the water sector, HIV/AIDS should be an integral policy of the service delivery strategy so that it extends to all the communities in Johannesburg. An example of how HIV/AIDS can be included into the water service delivery strategy is if data is collated on the number of households living with HIV/AIDS in low income households and what the implications on their water consumption habits and what should the City together with Johannesburg Water consider with regard to access, quantity and the existing tariff structure?

It was further noted that as the Infrastructure and Services Department (ISD) fulfils the City’s role as the shareholder within Johannesburg Water, its mandate is to maximise shareholder value. The ISD is therefore committed to protecting the City’s interests, which would be served by Johannesburg Water’s long-term sustainability, financial viability and corporate governance. The Board and the executive of the company have the executive authority in managing Johannesburg Water which is run purely as a corporate entity and, as a parent municipality, the City is required to allow the board of directors and Chief Executive of the municipal entity to fulfil their responsibilities without political interference.

In assessing Johannesburg Water’s performance information on the ‘customer perspective’, the organisation has scored consistently above 95% for the financial years 2006/07 and 2007/08. However, Johannesburg has had the highest numbers of service delivery unrest during the same period, and many of these unrests have been around water services. Communities also resorted to legal proceedings against the City and Johannesburg Water, challenging their attempts to install prepaid meters. This conflict in information is indicative of the indicators used to measure service delivery.

With regards to the “financial perspective”, there was a significant increase since 2005/6 on the surplus that was made: up to R308 million in 2006/7 and then R327 million in 2007/8. According to an official from Johannesburg Water’s finance office, this surplus goes into the City of Johannesburg’s pool to allocate to key municipal projects, not necessarily water services projects. However, the performance contract of the executive management is assessed, based on a higher weighting for the financial performance indicator.

There was also a sense that the increasing emphasis on Corporate Governance based on developing, monitoring and evaluating the GDS, IDP, annual business plans and performance management systems would lead to better service delivery in the Johannesburg region. This is largely due to an absence of a regulatory and oversight role on the national and provincial levels of government, thus shifting the burden of governance to Johannesburg Water. This study has also illustrated that the role of delivering water services has been allocated in totality to Johannesburg Water on a commercialised model.

The current service delivery model is governed within a mixture of rights-based legal and policy framework and business and economic imperatives at both national and local levels. This chapter is an attempt to contribute to understanding the reasons for this contradiction as the reality of basic service provision in poor communities is often a far cry from the progressive vision expressed in policy directives.

## **CHAPTER 5: SOCIO-SPATIAL DIMENSIONS**

### **OVERVIEW**

The core focus of this chapter is an analysis of the ANC Government's policies and programs to ascertain whether the objective of reversing the apartheid era socio-spatial characteristics is being met. A reconfiguration of the apartheid era socio-spatial characteristics is critical for the implementation of a service delivery model based on equality and social justice.

To this end the key question asked in the development of this chapter is: to what extent have current policy interventions and local government institutions reconfigured apartheid socio-spatial relations? This chapter is based on the view that the government must overcome the legacy of apartheid if it means to provide equitable access to services. A key focus of the analysis will be based on the government's response to human settlement patterns and patterns of infrastructure and development spending.

The data obtained in the development of this chapter is drawn mainly from key government policies, discussion papers on spatial perspectives, particularly the national government's National Spatial Development Perspectives (NSDP 2003 and NSDP 2006), Joburg City's Spatial Development Framework (SDF) (2008), Joburg City's Growth Management Strategy (GMS) 2008, the Municipal Infrastructure Investment Framework (MIIF), an analysis of Johannesburg Water's key projects and interviews with key government respondents.

Qualitative interviews were conducted on two significant levels: on a national level, interviews were conducted within the Policy Unit based in the Presidency's Office. The focus on this level was to obtain an understanding of the government's national plans and tools to reverse the impact of the apartheid laws on the socio and economic development of the various communities within South Africa.

On the local municipal level, interviews were conducted with respondents in the Johannesburg City specifically within the Development, Planning and Urban Management division (DPUM). The focus on the local level was to gain an understanding of the specific

spatial characteristics of Johannesburg and Johannesburg Water to understand the rationale for implementing some of the key water services projects and if these are in alignment to the National directive.

Based on the above, this chapter is divided into three key sections: the first section is a brief overview of the historical context of settlement in South Africa, with an emphasis on Johannesburg. To obtain a historical perspective and a context for the current socio-spatial characteristics, a brief analysis of apartheid laws up to 1991 is an important starting point.

The second section is an analysis of the national government's perspective on South Africa's socio-spatial dimension and the specific policies and tools deployed to enable local government to implement programs based on reversing the apartheid socio-spatial characteristics.

The final section is an attempt to obtain insight into the socio-spatial characteristics of Johannesburg, with a focus on the City of Johannesburg as the arm of service delivery on a local government level. To gain this insight, the City of Johannesburg's structure, priorities as well as the projects implemented by Johannesburg Water from 2006 are analysed.

## **HISTORICAL OVERVIEW**

A great deal of research and analysis in recent years has been conducted into Johannesburg's socioeconomic challenges. The South African apartheid laws were based on racial segregation, ensuring that most of the land and economic opportunities were reserved for the white population. These laws took away the rights of Africans, Coloureds and Indians to own, rent and live on the land. This section provides an overview of the key legislation that enabled the segregation and oppression of all black people from early 1900s.

The Land Acts of 1913 and 1936 stipulated that Black people could only live on, or own land in a few 'black areas', known as the black townships and the homelands. Both the townships and the 'homelands' were configured on ethnic divisions. According to Ramatlhodi, "Africans

were divided into tribal groups under the homeland system. In urban areas, sections in townships were allocated along the same tribal lines”.<sup>172</sup>

The Group Areas Act of 1966 divided towns and cities (apart from the townships) into group areas for Whites, Coloureds and Indians. If a person was caught in the wrong area they would have been arrested and charged in a criminal court.

The low income housing developments for black people were constructed on the outskirts of towns and cities, far away from places of work and other urban opportunities. The Group Areas Act stipulated that all land outside of these demarcated areas were 'controlled areas', mostly farmland. Usually only Whites owned land in the 'controlled area'. If a person was not classified White they could only live on the 'White' farmland if they were farm workers, dependants of a farm worker, a labour tenant, a tenant, a servitude holder or a 'precarious occupier'.

Until 1986 there were many 'influx control laws', also called the 'pass laws'. These laws stopped African people from owning or living on land in the towns and cities outside the 'homelands'. The idea was to give Africans political rights in the 'homelands' and to try to keep them out of the rest of 'South Africa'. According to Ramphele, “the worst damage was wrought by the migrant labour system and its corollary, the Influx Control Act that systematically destroyed the foundations of indigenous family life. Africans were reduced to units of labour, so that the white capitalist class, based on the legal framework, benefit from their economic exploitation.”<sup>173</sup>

The Prevention of Illegal Squatting Act of 1951 was used for forced removals of communities living on land that they did not own according to the South African legal system. It gave landowners, local authorities and government officials a tool to evict people or of breaking down their houses to get them off the land. The Health Act of 1977, the Slums Act of 1979, and health and slum control regulations under the Black Local Authorities Act of 1982 were

---

<sup>172</sup> Ramatlhodi. N (2009):“One Revolution to solve many ills”. Newspaper Article-Sunday Time, November 8, 2009. Ramatlhodi is an ANC MP.

<sup>173</sup> Ramphele.M (2009); Ethics and integrity, not groupthink, the value to strive for”. Sunday Independent, November 8, 2009.

also used to break down buildings, take away land and arrest people living there, on the grounds that the buildings or land were unsafe, unhealthy, overcrowded or falling apart.

According to some key research: e.g. Grant, G. and T.Flinn (1992), van Onselen, C. (1982), Palestrant, E. (1986): water-borne sanitation was initially introduced in Johannesburg around 1908.<sup>174</sup> However, it is important to note that the disposal of excrement for the entire city occurred close to the black townships. These waste removal pipes are still located on the borders of marginalized areas such as Soweto, Lenasia and Eldorado. Hence, lack of sanitation infrastructure was also a regular excuse for displacing low income black people to outlying areas.

Apartheid spatial planning thus ensured that many people were located far from social and economic opportunities, denying them access to opportunities for employment, access to basic services, social progress, education, sports and recreational facilities.

From the mid-1980's the influx control laws were to some extent relaxed, allowing black South Africans into previously white areas such as Johannesburg's Central Business District (CBD) without their 'pass books'. This encouraged the unemployed from the townships to trade on the sidewalks of the city resulting in the growth of the taxi industry, transporting the increasing number of black people from the city, to their homes in the townships.

By the 1990's the rise of black informal traders and entrepreneurs in the City, resulted in almost all Johannesburg white owned corporates to flee to other areas. For example the Carlton Center, Africa's tallest building at 50 floors, built in the 1970s lost its property valued at 10% of its replacement cost as it's white tenants moved out of the city. The Carlton was eventually sold in 1999 at 5% of its original building cost (for less than \$5 million) and now houses the transport parastatal corporation Transnet.<sup>175</sup>

The Reconstruction and Development Programme (RDP) of the post 1994 period, together with the 1996 Constitution conceptualized a transformed socio-spatial paradigm for South

---

<sup>174</sup> van Onselen, C. (1982), *Studies in the social and economic history of the Witwatersrand, 1886-1914*, London, Longman; Palestrant, E. (1986), *Johannesburg one hundred: A pictorial history*, Johannesburg, Ad Donker.

<sup>175</sup> [www.joburg.org.za/](http://www.joburg.org.za/)

Africa's urban and rural communities, through giving effect to social rights and meeting basic human needs.

In an attempt to re-establish the City of Johannesburg as an economic hub, the key objectives of the post-1994 municipal plans and programmes were based on ensuring that businesses move back into the City. A key example of this effort was the outsourcing of core public services like water and sanitation to international corporations in an attempt to attract foreign investment, build capacity and provide cost effective and efficient public services. Institutions like the Blue IQ were established to focus on attracting large investments into the City through contracts with international investors.

The World Bank was a key partner in assisting the City of Johannesburg to formulate this vision and develop plans and programmes to give effect to this vision. This is expressed in the City Of Johannesburg's spatial vision for the metropolitan (Vision 2030)

"In 1993, the World Bank with financial support from USAID, undertook research in the metropolitan centers to quantify the backlogs and estimate the cost of overcoming the backlogs. In 1994, after the ANC came to power, the World Bank, together with a counterpart South African team and assistance from USAID, funded a municipal finance study and prepared the Municipal Infrastructure Investment Framework (MIIF). The Bank's empirical work provided the 'first cut' database for the MIIF, which in addition to backlog and cost estimates, provided recommendations as to how services might be delivered and financed. The 2030 strategy (popularly called Vision 2030) draws largely on the empirical findings of a series of World Bank reports on local economic development produced in partnership with the City of Joburg (CoJ) during 1999–2002, and places greater emphasis on economic development. It calls for Johannesburg to become 'a world-class business location.' One of the tenets of the Vision is that 'a better quality of life' for its citizens is based fundamentally on the ability of the city to grow: the ability of the city to provide for services is related to its tax revenue base or growth. The genesis for the monitoring system lies in the World



Bank's local economic development methodology developed for the CoJ in 1999. The latter sought to conceptualize an optimal role for a fiscally decentralized CoJ".<sup>176</sup>

The post-1994 period saw the City management focus on developing the inner-city into a 'world class business location'. This study will focus on the projects and plans that give expression to this vision to assess if the government has been successful in reconfiguring the apartheid era socio-spatial characteristics. This is an important dimension of a service delivery model that is based on providing equitable and affordable services to the previously marginalized townships and informal settlements.

### **JOHANNESBURG CITY'S SPACIAL CHARACTERISTICS**

In attempting to understand the extent to which the Government has overcome the legacy of apartheid and succeeded to provide equitable access to basic services across spatial divides, a focus on local government which is responsible for service delivery is required. This section will provide an overview of the structure of local government within Johannesburg over the past 15 years. The map below illustrates the boundaries of Johannesburg City for which Johannesburg Water is responsible for delivering equitable water services:

---

<sup>176</sup> World Bank (2002): "South Africa: Monitoring Service Delivery in Johannesburg," Washington, Southern Africa Department, Africa PREM1, April.



**Figure 5: City of Johannesburg boundaries**

### **JOHANNESBURG CITY - STRUCTURE**

At the time of the 1994 first democratic elections, Johannesburg was characterized by housing shortages, services backlogs, inequalities in infrastructure expenditure, high-unemployment and communities who were burdened by the hardships of apartheid's socio-spatial inequalities.

In the years 1990- 1995 resistance in Soweto, Alexandra, Lenasia, Eldorado Park and other black townships to the black local authorities appointed by the Nationalist Government led to a major crisis for local government on the Witwatersrand. This resulted in negotiations between the Soweto People's Delegation and the Transvaal Provincial Administration. The outcome was the signing of the Soweto Accord in 1990 which ended the rent and service charge boycott as well as established the Central Witwatersrand Metropolitan Chamber.

The Metropolitan Chamber comprised of 53 member organisations made up of both local authorities and civic associations with a mandate to negotiate local issues such as tariffs, services and infrastructure and begin investigating a more representative model of Metropolitan Government. However, according to Woolridge,<sup>177</sup> as the Metropolitan Chamber was not a legally constituted institution, members were not compelled to implement its resolutions and local authorities were not obligated to implement decisions on service delivery.

This led to the Local Government Transition Act, 1993 in terms of which the local negotiating forum for Johannesburg was established. The Local Government Transition Act, 203 of 1993 was the product of national negotiations in the National Local Government Negotiating Forum, comprising of representatives from the National Party Government, civic movement and the ANC. The mandate of the Greater Johannesburg Local Negotiating Forum was to select a model for local government for the area; define external boundaries and internal metropolitan substructure boundaries and allocate powers and functions for the transitional metropolitan and substructures. These negotiations resulted in the dissolution of the former apartheid local authorities and the establishment of a transitional metropolitan council (TMC). These transitional structures were inaugurated in 1994 with a mandate to prepare for local government elections, scheduled for November 1995.

The 1995 local elections institutionalized the Greater Johannesburg Metropolitan Council (GJMC), whose key task was to consolidate racially fragmented local entities into transformed local government political and institutional structures based on the broad principles of non-racialism, non-sexism and democratic systems. This required on the one hand, the reorganisation of the former racially based entities into the GJMC and deploying the approximately 28 000 staff members to their respective municipalities and posts; and on the other hand, the delivery of public services and infrastructure to the historically disadvantaged communities needed to be fast tracked to address the apartheid spatial legacy.

---

<sup>177</sup> Woolridge, D. (1996). Notes on the Metropolitan Chamber. Unpublished Document.

The reorganisation of local institutions resulted in the creation of 4 large cumbersome local councils in Johannesburg with a staff compliment of 29 000. According to Abrahams<sup>178</sup> roles, responsibilities and accountabilities of these employees were not clearly defined and the transformational agenda was not understood or proceduralised. The result of this was an increase in spending for the running of the large, poorly constituted local councils. Resulting in a cash-flow crisis and an inability to provide effective, efficient services to poor communities as previously envisaged: By the 1997/98 financial year the GJMC was heading for an unfunded position of R2 billion.<sup>179</sup>

The remedy to this financial crisis in the GJMC was the establishment of the “Committee of Ten” and the appointment of external consultants whose terms of reference included: the creation of a working capital reserve, reduction of the capital budget to contractually committed projects only and the reduction of the operating budget.

“.....Johannesburg headed inexorably into a crisis in the same way as a large number of other municipalities across South Africa did, simply by trying to live up to a new mandate. After generations of stunted and distorted urban development under apartheid the overriding imperative for Johannesburg, as with most other newly democratised councils, was to redirect its capital budget to meet the pressing needs of a majority of locationally and economically disadvantaged residents. In the process, they failed to realise just how limited resources really were. Relatively, little attention was given to the need to establish administrative systems and management controls that would keep the city running efficiently as it began in a new directive” (City of Johannesburg, 2000 p.5).

The redirection of investment from extending the provision of basic services and infrastructure from previously disadvantaged communities to ensuring that local governments are financially sustainable was possible by reducing and or halting core initiatives. The consequence of these cost cutting measures slowed down the transformation of apartheid's racially

---

<sup>178</sup> Abrahams, G. (1998:84): “The Greater Johannesburg Transitional Metropolitan Council: A case study of transitional metropolitan government.” In Foundation for Contemporary Research. Cape Town.

<sup>179</sup> Emdon, E. (1998:9): “Research into Johannesburg Metropolitan System. Unpublished Paper.

constituted spatial characteristics and contributed to the decline in the maintenance and rehabilitation of key municipal assets.

This situation reinforced by the National Government's neoliberal programme based on GEAR 1996, moved the GJMC towards privatization of basic services such as water and sanitation. It was envisaged that the commoditisation of service delivery would enable the GJMC to earn revenue and thus meet its objective of being financially sustainable. This privatisation effort resulted in a contract by the City of Johannesburg for water and sanitation services with Suez, a French based water management company

Even though majority of the people in traditionally black areas were unemployed and could not afford the cost of water and sanitation services, the City together with its partner, Suez embarked on massive water disconnections. The existing data reveals that in 2002, Johannesburg officials were disconnecting more than 20,000 households per month from power and water.<sup>180</sup> In 2003 the commoditisation of water services in Soweto was intensified by the installation of pre-paid meters by Suez.

It must also be noted that during this period almost a third of the city's 3.2 million residents lived in informal settlement. According to the City's 2002-2003 data on access to water and sanitation services in informal settlements, 65% of the residents used communal standpipes and 20% received small amounts from water tankers (the other 15% have outdoor yard taps). For sanitation, 52% have dug pit latrines themselves, 45% rely on chemical toilets, 2% have communal flush toilets and 1% use ablution blocks.<sup>181</sup>

According to Harvey Suez began installing pit latrines, a new 'shallow sewage' system, and pre-paid water meters, and announced it would spend more than \$2.5 million constructing 6,500 latrines between 2003-05. "Shallow sewage is also attractive to the company, because maintenance costs are transferred to so-called 'condominium' residential users, where a very

---

<sup>180</sup> City of Johannesburg: unpublished paper.

<sup>181</sup> City of Johannesburg: unpublished paper.

small water flush and slight gravity mean that the pipes must be manually unclogged every three months (or more frequently) by the residents themselves.”<sup>182</sup>

Ronnie Kasrils, the then Minister of Department of Water Affairs admitted to parliament in 2001: ‘Unacceptable sanitation services resulting in severe water pollution, especially bacteriological pollution is a grave concern in Gauteng... A lack of funds has been identified as the hindering factor in the upgrading and maintenance of sewerage networks’.<sup>183</sup>

The lack of funding, the angry responses from communities for access to basic services, the pressure by the World Bank and external consultants resulted in local government embarking on a project to restructure local government institutions based on corporate fundamentals. This response included the termination of the contract with Suez and the reconfiguration of the Metropolitan to include ‘arms length’ entities responsible for service delivery. This restructuring process included the appointment of a City Manager, executives, shareholders, board members and a Council to oversee the management of the City.

This change in direction is encapsulated in the GJMC’s plan called iGoli 2002. The iGoli 2002 plan was presented by the Council as a plan for a ‘World-class city’. It was prepared with the advice of international consultancy firms, and received financial aid from global institutions such as the World Bank.<sup>184</sup> iGoli 2002 was based on a neoliberal approach which: “stressed downsizing, efficiency at any cost and a direct parallel between the public administration and business administration”.<sup>185</sup> The plan centred on business practices, making service delivery a series of contractual relationships with third party service providers.

The salient features of iGoli 2002 include the following (GJMC, 2000, pp. 5-9): new political governance arrangements after the 2004 local government election; the creation of a unicity for Greater Johannesburg; the appointment of an executive mayor (the Municipal Structures Act, 1999 made it mandatory for a metropolitan such as Johannesburg to create a unicity); establishment of a municipal institution comprising of a central administration and eleven

---

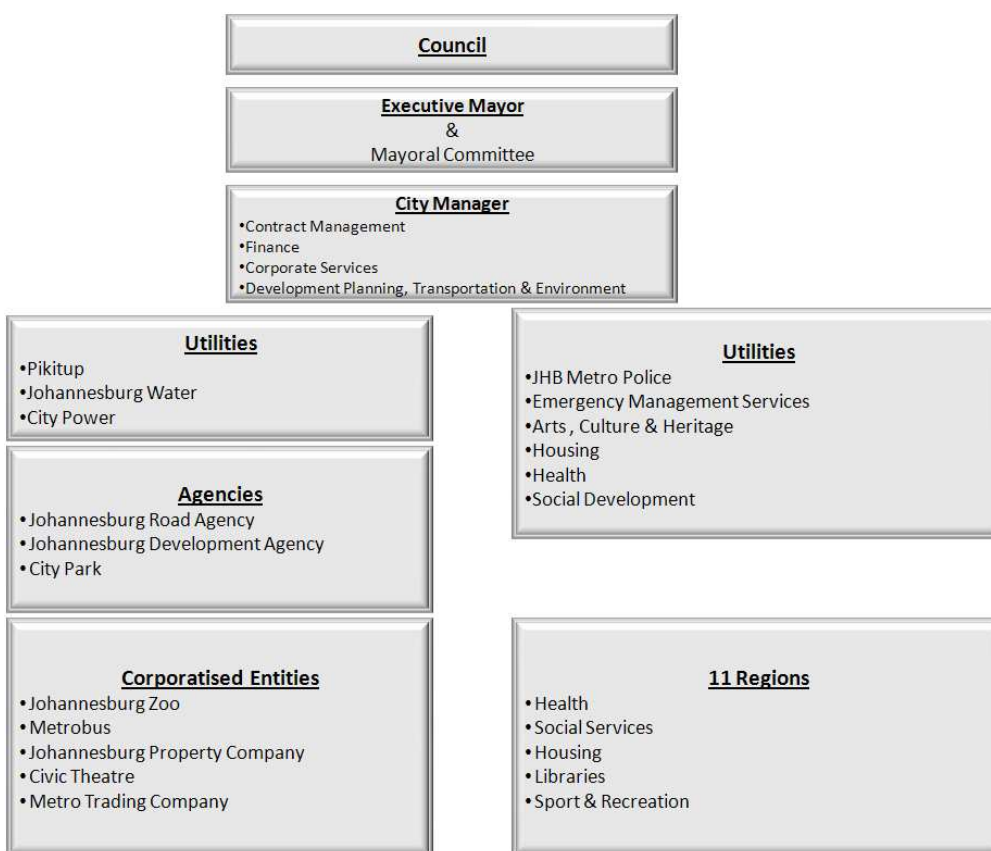
<sup>182</sup> Harvey. E. (2003): ‘A critical analysis of the decision to corporatize the water and wastewater services in the City of Johannesburg’, Masters Dissertation, University of the Witwatersrand Graduate School of Public and Development Management.

<sup>183</sup> *The Star*, 14 May 2001.

<sup>184</sup> [info.worldbank.org/etools/.../RestructuringSACities\\_DSavage.ppt](http://info.worldbank.org/etools/.../RestructuringSACities_DSavage.ppt)

<sup>185</sup> Hall.D: (2000): “iGoli 2002, world class questions” Commissioned by the SAMWU, PSI Southern Africa. PSIRU Reports

decentralised regions; outsourcing of key supporting functions such as fleet management, travel management, information technology and the creation of arm’s length *utilities* (Water and Sanitation, Electricity and solid waste), *agencies* (roads, storm-water, parks and cemeteries) and *corporatised units* (Johannesburg Zoo, the Fresh Produce Market, Metrobus, Civic Theatre and Johannesburg Property Company). The diagram below illustrates the structures of the administration and service delivery units within Johannesburg City.



**Figure 6: City of Johannesburg – Institutional structure of the administration and service delivery**

This restructuring process resulted in the local government ring fencing the various local government institutions into autonomous business units run by private sector executives on business lines, referred to as “corporatisation”. These institutional arrangements are particularly significant since the impact of local government interventions on communities

must be assessed against the municipal structures, processes, capacity and financial management.

According to Johannesburg City's Spatial Development Framework, Johannesburg is the financial epicentre of South Africa and is the provider of 13 per cent of gross domestic product (GDP) for the country.<sup>186</sup> Nevertheless, the city's legacy of inequality in terms of access to services has left Johannesburg deeply polarized. Before the country's democratic elections, affluent white people lived in the northern suburbs where, after years of receiving the bulk of Johannesburg's resources, they today enjoy a standard of municipal infrastructure and services on par with the world's wealthiest city districts. As these corporatised entities are mandated to be financially sustainable they would naturally focus on 'customers' who have the ability to pay for services, hence, perpetuating apartheid's spatial characteristics. Hall notes that, utilities "focus primarily on water supply to middle- and high-income consumers, with relatively little attention to the urban poor, who may as a result be further marginalized."<sup>187</sup>

The residential areas of Johannesburg can be categorised as the northern suburbs that are mainly white and affluent; the southern suburbs otherwise known as formal townships that are mainly black, working class and middle class; the inner city and the informal settlements which are inhabited mainly by the poor, homeless, unemployed and immigrants.

In 2009, the residents of Johannesburg are familiar with the above socio-spatial divide where a wealthy suburb like Dairnfern has on its doorstep a poor, destitute, informal Diepsloot. Many thousands of residents travel daily, sitting for hours in the increasingly congested traffic from the city centre to their homes in Soweto, Lenasia, Eldorado Park and Ennerdale. In this regard not much has changed for the marginalised areas of Johannesburg.

## **SOCIO-SPATIAL POLICY INTERVENTIONS**

The current key spatial policy directives are the National Spatial Development Frameworks' (NSDP 2003 and 2006), Joburg City's Spatial Development Framework (SDF) (2008), Joburg

---

<sup>186</sup> CoJ (2008): Spatial Development Framework 2008/2009

<sup>187</sup> Hall. D (2000): "iGoli 2002, world class questions" Commissioned by the SAMWU, PSI Southern Africa. PSIRU Reports



City's Growth Management Strategy (GMS) 2008 and the Municipal Infrastructure Investment Framework (MIIF).

Spatial restructuring has been an important component of the constitution (1996) and the Reconstruction and Development Programme (1994). However, it was only by 2003 that the use of tools such as spatial frameworks was formulated to assist in the government planning process on national, provincial and local levels.

The **National Spatial Development Perspective (NSDP)** approved by Cabinet in January 2003 is a framework and methodology to assist provincial and local government to make decisions on infrastructure-investment and development spending. This was updated in 2006 by the Planning Unit in the Presidency. According to the Planning Unit in the Presidency's Office, the NSDP 2006 is intended to be a policy directive for the development of regions through the coordination of policies and programmes according to set guidelines to enable the reconfiguration of spatial characteristics and relationships.<sup>188</sup>

The key drivers of the NSDP is informed by the following: "regions which already have some economic success are more likely to grow than other regions, because successful regions have individuals, firms and industries with the ability to learn from concrete experiences; successful learning occurs when institutions and incentives work; redirecting public investment from economically dominant regions to lagging regions has not spurred economic activity in lagging regions."<sup>189</sup> ..... "In this context, the need to make choices about where to invest scarce resources in order to maximise the social and economic returns on investment cannot be avoided."<sup>190</sup>

Based on the above, the NSDP puts forward a set of principles. These principles give insight to the government's programme and priorities: "beyond the constitutional obligation, government spending on fixed investment should be focussed on **localities of economic growth and/or economic potential**, in order to gear up private-sector investment, stimulate economic activities and create long-term employment opportunities; **in localities with low**

---

<sup>188</sup> Interview (09/2009): President's Office, Policy analyst from the Policy coordination and Advisory Services

<sup>189</sup> The Presidency, RSA (2002: iv): National Spatial Development Perspective. Policy Coordination and Advise Services (NSDP 2006)

<sup>190</sup> The Presidency, RSA (2002:1): National Spatial Development Perspective. Policy Coordination and Advise Services (NSDP 2006)

*demonstrated economic potential, government should, beyond the provision of basic services, concentrate primarily on human capital development by providing education and training, social transfers such as grants and poverty-relief programmes.....it should provide labour market intelligence to give people better information, opportunities and capabilities, to enable them to gravitate to localities that are more likely to provide sustainable employment .....infrastructure investment should primarily support localities that will become major growth nodes in South Africa".<sup>191</sup>*

It can clearly be ascertained from the above extract that the government's spatial development programme is based on developing regions where there is 'economic potential' for private capital. The question that arises is: how will these spatial drivers impact the current socio-spatial characteristics of the Johannesburg region, which are still based on the apartheid dimensions.

The NSDP is based on the following spatial category definitions:

- “1. Areas of national economic significance with high population densities and high numbers of people living below the minimum living level (MLL); and
2. Areas with low economic activity and low levels of demonstrated economic potential with high numbers of people living below the MLL.”<sup>192</sup>

---

<sup>191</sup> The Presidency, RSA (2002): National Spatial Development Perspective. Policy Coordination and Advise Services (NSDP 2006)

<sup>192</sup> The Presidency, RSA (2002): National Spatial Development Perspective. Policy Coordination and Advise Services (NSDP 2006)

The table below uses data sourced from government figures and reflects data supporting the above categories. The table reflects the Gross Value Added (GVA) generated and poverty concentrations in the areas of ‘economic significance’:

Category	% of national population	% of people below MLL in SA	% of national GVA	% of SA land surface
26 economic core areas	62.62% 29.3 million	63.21% 12.5 million	77.04% R940 bn	27.15% 12.7 million ha
Areas of economic significance extended into an accessibility radius of 60km of where R1 billion of GVA is generated per annum	84.46% 39.6 million	77.31% 18.2 million	95.59% R1 167 bn	31.24% 38 million ha

**Table 6: Source NSDP 2006: Gross Value Added generated and poverty concentrations**

According to the above table, 26 areas of economic significance were identified nationally. These areas were identified based on economic accessibility in proximity to 60 km from areas in which R1 billion of GVA is generated. According to this analysis these areas represent the economic core where the bulk of South Africa’s economic growth is generated and the largest number of the population is concentrated.

The NSDP 2006 therefore proposes that the policy objectives must be directed at developing and promoting economic growth in these areas where there is an economic growth potential. “These core areas play an important role in integrating South Africa into the global and regional economy. In order to generate and sustain economic growth rates of above 6%, this role will have to be supported through appropriate investment in key infrastructure, such as roads, railways, telecommunications and ports.”<sup>193</sup>

<sup>193</sup> The Presidency, RSA (2002:78): National Spatial Development Perspective. Policy Coordination and Advise Services (NSDP 2006)

According to the Policy Analyst from the Planning Unit, areas that have been categorised as 'low economic potential' the development objective should not be on economic development, rather on *human resource development*, which would enable people to become employable.<sup>194</sup> The NSDP proposes that the government development interventions in these areas should be based on education and training, providing market intelligence, agrarian reform initiatives and agricultural services.

From the above it can be ascertained that National Government is focused on a spatial division between the areas that have economic potential and those areas where there is minimum capital investment, low infrastructure and low employment opportunities. This policy directive is based on 'economic growth rates', where the metropolitans or economic hubs have infrastructure that would attract foreign capital, facilitate the growth of private capital through easy access to these areas based on an efficient transport system and better public services.

The concern with the above policy directive is that the areas that have been identified as 'low economic potential' areas are the areas that were demarcated as homelands during the apartheid era. These are areas of high poverty, minimum infrastructure and public services, high-unemployment, low literacy levels and low capital investment.

The NSDP does not provide a directive on how human resource within the 'low economic potential' areas would be developed with poor educational infrastructure or how labour market intelligence will be communicated with minimum communication infrastructure. There is also no programme or plan to capacitate local municipalities to provide these services. Neither does it provide insight into what interventions will be implemented to ensure that those people coming from areas of 'low economic potential' and may have taken advantage of the governments educational and training programmes and armed with 'market intelligence' will have access to opportunities in 'areas of high-economic potential' where the market is already under pressure from high levels of unemployment.

---

<sup>194</sup> Interview (09/2009): President's Office, Policy Analyst from the Policy coordination and Advisory Services; Policy Analyst

The Planning Unit in the Presidency have an expectation that aligned governance between the spheres of government and all development-planning activities will be conducted in accordance with the principles provided by the centrally conceived NSDP based on the following:

1. “A **national level potential analysis and prioritisation managed by the Presidency**. This task includes integrating across the clusters and managing alignment between national policies/priorities and provincial policies/priorities.
2. A **province-wide agreement and shared understanding in each of the nine provinces** on (1) the provincial space economy and the relation between poverty and development potential in that province and for the respective district and metro areas in the province, and (2) the role of the principles for infrastructure investment and development spending on provincial, national and municipal planning, resource allocation and implementation.
3. The **development of Provincial Growth and Development Strategies (PGDSs)** that are based on the province-wide agreement and shared understanding which also provides guidance and coordination for provincial and national sector plans and departmental strategies and municipal plans.
4. A **district and metropolitan wide agreement** and shared understanding of (1) the district space economy and the relation between poverty and development potential in the district, as well as local municipal areas in the district; and (2) the roles and responsibilities for infrastructure investment and development spending, which provides the base of the District and Metropolitan IDPs and provincial, national and municipal planning, agreements and intergovernmental protocols on resource allocation and implementation.
5. The development and implementation of a **district and province-based intergovernmental Mutual Assessment Framework**, which will provide a mechanism for monitoring, evaluating and reporting on the agreed outputs and impacts, as well as the instruments, processes and agreements to ensure them in the different spheres, sectors and agencies. The implementation of the above interventions requires minor amendments to the Municipal Systems Act, 2000, deepening exposure and use of the NSDP, and capacity building of officials and councilors on the intergovernmental development planning framework and its components.”<sup>195</sup>(NSDP 2006: pp 178).

According to the Planning Unit in the Presidency, the intergovernmental development planning framework in which the NSDP is located consists of instruments, mechanisms,

---

<sup>195</sup> The Presidency, RSA (2002): National Spatial Development Perspective. Policy Coordination and Advise Services (NSDP 2006)

systems and structures that are intended to enable prioritisation, resource allocation and implementation in and between the three spheres and various sectors in government.<sup>196</sup>

Within this context, the strategic coordinating development planning instruments in the three spheres (and between the various sectors) are (1) the Medium Term Strategic Framework (MTSF) in the national sphere; (2) the Provincial Growth and Development Strategies (PGDSs) in the provincial sphere; and (3) the Integrated Development Plans (IDPs) in the local sphere.

However, even though there is a sophisticated planning process within the President's Office, to ensure that the spatial perspective is the centre of alignment and coordination and that the NSDP is the frame of reference for guiding government actions, various local government projects and assessments indicate that differentiated socio-spatial characteristics have not been reversed.

Johannesburg has been identified as a metropolitan with high-economic potential. Based on this assessment, Johannesburg City developed their specific **Spatial Development Framework (SDF, 2008/09)**. According to an official from the Development, Planning and Urban Management (DPUM) department, Johannesburg City's Spatial Development Framework is the spatial planning policy within the City of Johannesburg. It informs the development proposals, projects and programmes and provides a citywide perspective of spatial challenges and interventions within the City.

An Official from the DPUM department advises that, the Spatial Development Framework is based on making the inner City more attractive to foreign investment, the private sector, tourist and the upper and middle classes. Hence, the key infrastructure investment programmes have been based on implementing a better transport system infrastructure, increasing security, world class shopping malls and trade centers, sports stadiums and upgrading of heritage and tourist sites.<sup>197</sup>

---

<sup>196</sup> Interview (09/2009): President's Office, Policy Analyst from the Policy coordination and Advisory Services

<sup>197</sup> Interview: (10/2009): CoJ, Official from the Office of the Development Planning & Urban Management (DPUM)

According to the SDF, the City of Johannesburg is centrally located within the Province of Gauteng. To the north lies the City of Tshwane Metropolitan Municipality and to the east, Ekurhuleni Metropolitan Municipality. The District Councils of West Rand and Sedibeng border the City's western and southern municipal boundaries respectively. The City enjoys favorable linkages via road and rail to immediate municipal and provincial neighbors and beyond international borders.<sup>198</sup>

Johannesburg is the largest city in South Africa with a population of 3,2 million people (approximately 1 million households) living in an area of 1,644km<sup>2</sup> (2). This translates to an average population density of 1,962 persons per km<sup>2</sup>. Spatially, densities differ between locations and income groups, the highest densities are found in the City's informal settlements. Conversely the lowest densities can be found on the peri-urban fringe and a number of the historical residential suburbs. It remains a rapidly growing city accounting for 7.2% of the total population of South Africa.<sup>199</sup>

Although the City has the highest Human Development Index (HDI) (0.73) in the country, it still faces the global challenges of increasing urbanisation and in-migration, poverty, high levels of unemployment and increasing levels of inaccessibility to basic services.<sup>200</sup>

The City Management believes that the spatial configuration based on residential densification in strategic locations (on the outskirts of the main economic hubs) towards a more compact and urban concentrated form, will contribute towards the following outcomes: "increase the viability of existing and proposed transportation infrastructure and services; optimise the use of land and provide accommodation in close proximity to urban opportunities; cost effective and efficient infrastructure provision; improved citizen's quality of life via access to opportunities and reduction in travel time and reduction in pressure for development of open spaces."<sup>201</sup>

This densification of strategic locations marked for its economic potential does not take into account increase in air and noise pollution, possible urban decay and increase migration from

---

<sup>198</sup> Interview: (10/2009): CoJ, Official from the Office of the Development Planning & Urban Management (DPUM)

<sup>199</sup> CoJ (2008): Spatial Development Framework 2008/2009

<sup>200</sup> CoJ (2008): Spatial Development Framework 2008/2009

<sup>201</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

areas of 'low-economic potential' to 'high-economic potential'. This strategy also does not take into account the current settlement patterns based on apartheid racial demarcations where marginalized black townships and informal settlements have the characteristics of 'low economic potential' areas, thus perpetuating the spatial characteristics based on class and race. In addition, the primary rationale for transport investment along the routes of the economically high potential areas and within these areas is to increase economic production by ensuring that workers are transported to economic centers without delays.

Based on the strategic intent of the economic spatial dimension, critical investment meant for services delivery and infrastructure rollout in marginalized areas (townships and informal settlement) are being directed to transforming the City and other areas with a high concentration of Corporations into economic hubs. The key areas that have been identified as attractive to businesses, foreign investment and tourist are Fourways, Randburg, Roodepoort Business District and Midrand .

This strategy is evident within the City of Johannesburg region, where the focus has been on developing residential homes in the previously white areas, building shopping malls, Bus Rapid Transport System in the inner City, the hosting of international events and the building an upgrading of sports stadiums for the 2010 soccer tournament. "Joburg redirects R1bn from budget as cost surge", writes Jolanda Groenewald in the Mail and Guardian November 27 2009. This article highlights the redirection of budget from delivering essential services to the building of stadiums and also identifies the hosting of the Miss World extravaganza which cost the City R45 million with the only return being an exposure of the City on a global television broadcast.<sup>202</sup> Thus, infrastructure spending is being directed to the City at the expense of marginalized townships and informal settlements.

The **Municipal Investment and Infrastructure Framework (MIIF)** is an initiative promoted jointly by the Department of Provincial and Local Government (dplg), the Development Bank of South Africa (DBSA) and the South African Local Government Association (SALGA) to assess the infrastructure investment needs of municipalities, required to meet Government infrastructure delivery targets in alignment with the NSDP 2006. According to the Planning

---

<sup>202</sup> Groenawald. J (2009): "Joburg redirects 1 billion from budget as costs surge." Mail and Guardian



Unit in the Presidency, the MIIF is an important tool in the context of the provisioning of infrastructure for the improvement of service delivery...<sup>203</sup>

The fundamental rationale of the Municipal Infrastructure Investment Fund (MIIF) is: to estimate the services backlog and future demand; assess the capital costs and time frames that are involved in removing the backlogs; estimate the multi-year recurrent costs of operating and maintaining services; propose a framework for financing the capital and recurrent costs of municipal infrastructure programmes; propose methods for enhancing the institutional ability of municipalities to ensure that services are delivered; suggest how investment in, and the management of, municipal services can be used to promote development objectives which meet national goals and objectives.<sup>204</sup>

Some features of the recent rounds of MIIF are: in Round 4 (2003-2004) the emphasis was placed on understanding the investment needs and financial position of different sub-categories of municipalities. This round was also strongly aligned with the National Treasury's Municipal Fiscal Framework Review; in Round 5 (2007-2008) the emphasis was shifted towards supporting municipalities to improve the way they planned for infrastructure. Financial models, guidelines and training materials were developed to support local government in carrying out Infrastructure Investment Plans (IIPs) in alignment with the NSDP 2006.

MIIF Round 7, which was launched in July 2009, is aimed at getting all municipalities to apply the IPP techniques in order to improve their understanding of their capital requirements, how to finance these and how to ensure that the municipality remains viable as infrastructure provision is expanded.

Despite the intense planning and awareness programmes on a national level, many services within Johannesburg City are suffering from inadequate infrastructure planning and implementation, premature failure (breakdowns and poor quality of service) due to a lack of maintenance. Hence, in addition to the capital requirements for backlogs, additional capital is required for refurbishment and premature replacement.

---

<sup>203</sup> Interview (09/2009): President's Office, Policy Analyst from the Policy coordination and Advisory Services

<sup>204</sup> The Municipal Infrastructure Investment Framework (2009).<http://www.dbsa.org/Research/>

The key challenges facing the City of Johannesburg according to the officials from the DPUM, is that the targets set by government for removing backlogs cannot be achieved, even if they are all extended to 2013/14. The level of capital spending required, needs to increase rapidly to enable the removal of backlogs by 2013/14.<sup>205</sup>

With grant funding for basic infrastructure becoming a smaller proportion of the funding package for municipal infrastructure over the last three years, reliance by municipalities on their own sources of funding is becoming more important. Borrowing is becoming increasingly important with rapid increases required in lending. But they emphasize that 'in fact there is a very slow rate of increase in lending and also a real concern over the extent to which the municipality can afford to borrow', thus impacting the realisation of the objectives set out in the MIIF and the NSDP 2006.<sup>206</sup>

The financial status of Johannesburg City is becoming a serious constraint to meeting water services backlog targets. Currently the municipality does not have sufficient revenue to cover the costs required to adequately operate and maintain the infrastructure. Some explain this lack of funding as the result of investment being redirected to projects with higher returns. Bond (2009) argues that after 1994, the capital market institutions turned off their loan funds for municipal capital bonds, preferring to send financial resources into the stock market, suburban shopping centres and office buildings.<sup>207</sup>

Another important constraint verified by the officials from the DPUM is the lack of organisational capacity which is an impediment for infrastructure to be properly implemented, operated and maintained. The DPUM argue that there needs to be awareness and buy-in within municipalities for multi-year infrastructure investment planning from the leadership (particularly to allocating adequate multi-year resources) and suitably motivated and empowered officials and the support of communities and consumers.<sup>208</sup>

The principles in the National Government's spatial policy interventions as identified in the NSDP and the MIIF is crucial in understanding the government's developmental direction and

---

<sup>205</sup> Interview: (10/2009): CoJ, Official from the Office of the Development Planning & Urban Management (DPUM)

<sup>206</sup> Interview: (10/2009): CoJ, Official from the Office of the Development Planning & Urban Management (DPUM)

<sup>207</sup> Bond, P. (2009) 'Redlining cuts off Jo'burg's lifeblood', *Weekly Mail*, 17-23 April.

<sup>208</sup> Interview: (10/2009): CoJ, Official from the Office of the Development Planning & Urban Management (DPUM)

its spatial implications. Key amongst these is that apartheid spatial localities where poor people were located i.e. the urban marginalised areas and previously demarcated homelands will not only be left intact but that minimum investment will take place in these localities. Thus, Johannesburg City has continued along socially divided lines, where class has to some extent replaced race as a major socio-spatial divide and policy interventions have remained relatively marginal and ineffective.

### JOHANNESBURG WATER - PROGRAMMES AND PROJECTS

In alignment with the NSDP 2006 the City developed key project plans for several long-term and large-scale strategic projects. According to the City's Spatial Development Framework these projects are focussed on the eradication of informal settlements; providing housing and basic services; stopping urban sprawl by facilitating a polycentric urban structure of nodes connected by a viable public transport system and developing sustainable settlements.<sup>209</sup>

In attempting to assess Johannesburg City's spatial development framework, this section will focus on some key projects implemented by Johannesburg Water by drawing on interviews with officials within the utility as well as project documentation.

**Operation Gcin'amanzi**, which means 'to conserve water', is one of Johannesburg Water's flagship programmes. According to Johannesburg Water, the objective of this R860-million project is to ensure that water loss, privately and within the municipal network, is substantially reduced through the installation of water meters on individual properties. This project also received funding in April 2006 of R320-million from France's Agence Francaise de Development.<sup>210</sup>

Johannesburg Water estimates that 720-million kilolitres of water a year will be required in the next ten years, but the utility says it will find it difficult to support this level of demand. This has prompted the company to develop water conservation and demand management strategy featuring interventions such as the monitoring of unaccounted for water, and pressure management. According to an official from Johannesburg Water's Operational Management

---

<sup>209</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

<sup>210</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

“we had to do something because, if one looks at water loss control and water use efficiency, the average incremental cost of intervention is still lower than any other intervention.”<sup>211</sup>

He further specifies that, “Soweto is responsible for about 69% of water unaccounted for, Roodepoort 21% and Midrand 33%., when I saw the 69%, alarm bells started to ring, as an average property in Soweto uses 60 kℓ a month.” This means that, “about 30% of deemed consumption is supplied to Soweto and 90% of the volume is consumed and not billed.” He explains that there is a system in place called ‘deemed consumption’, which is a flat-rate system, whereby each household pays for 20 kℓ a month, irrespective of how much it uses.”<sup>212</sup>

The official from Johannesburg Water’s Operational Management noted that an estimated seven-million kilolitres was lost every month. He stated that, “if one took into account the fact that the deemed consumption billing total is R20-million a month, which justifies the cost of the R860-million Operation Gcina-manzi project.”<sup>213</sup>

“To date, we have installed about 170 000 prepaid meters to promote a more efficient use of water in Soweto. About R450-million was used in interventions such as retrofitting. When we rolled out the programme, some of the challenges were the legality of ownership status of some stands and it was difficult to get buy-in. There was also resistance regarding local labour employment and access to properties.”<sup>214</sup>

He motivates the implementation of this project by explaining that the company has achieved water savings of 44-billion litres, amounting to R145-million a year, unaccounted for water has dropped from 69%, to 10% and the project has contributed to about 25 000 employment opportunities, “we have created 230 plumbing businesses to ensure sustainability after the project.”<sup>215</sup>

---

<sup>211</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>212</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>213</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>214</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>215</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

In terms of the impact of Operation Gcin'amanzi on the City's socio-spatial characteristic, Johannesburg Water emphasises that the upgrades of the existing infrastructure has resulted in savings that has enabled the utility to improve water services within Soweto at a Level of Services (LOS) of *LOS2* which 'consist of individual standpipe in the yard with a water-borne sewerage system' whereas in the previously white areas the Level of Service is *LOS 3* which is 'consists of metered, pressurised water connection and full water-borne sewerage on each property'.<sup>216</sup>

An official from Johannesburg Water's Operational Management explained that even though the objective of this project was to reduce water loss, increase the level of service by upgrading obsolete infrastructure, the main objective was to enable Johannesburg Water to ensure effective Financial Management by implementing a system that will assist them to recover the cost of services provided. Thus installing prepaid meters was a component of the Financial Management System. According to Gowlland-Gualtier (2007) access to water has been increasingly determined by a policy of cost-recovery. "This has implied that the full cost of the operation and maintenance of water utilities should be financed through fees paid by water consumers"<sup>217</sup>(Gowlland-Gualtieri 2007; 10).

This also means that the accessibility of water services in areas such as Soweto is contingent upon the ability of the residents to pay. This shift in the method of water supply and payment is in line with the government's effort to transform water from a social good to a commodity (economic good). With the installation of prepaid meters, residents moved from paying a flat rate for water services, to payment that is now based on the household's consumption of water and the City's tariff system. When the credit on the prepaid meter is exhausted the water is cut-off, making access to water difficult, especially in communities where the price for access to water now competes with other basic necessities such as food, health, education and transport.

These local government projects and programmes are informed by the government's neoliberal approach to its macroeconomic policy. One of the effects of the macroeconomic

---

<sup>216</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>217</sup> Gowlland-Gualtieri (2007): "South Africa's Water Law And Policy Framework - Implications For The Right To Water [www.ielrc.org/research\\_water.php](http://www.ielrc.org/research_water.php)

policy on local government is the reduction of funding, thus forcing local government to resort to programmes that will increase their source of revenue. According to Johannesburg Water, “.water and sanitation tariffs are the third largest contributor to City coffers, with pre-paid metering the culture of non-payment for services can be halted”.<sup>218</sup>

The prepaid metering system challenges the government’s commitment to ensuring the right to access to water as stated in South Africa’s Constitution and key water policies and legislation.

The implementation of prepaid meters also exposes Johannesburg Water’s claim of conducting intense community participation programmes as an integral process of implementing new community projects. The communities of Soweto, specifically Phiri, opposed Operation Gcin’amanzi through community protest and court challenges. In the face of this opposition Johannesburg Water, through the City ward councillors, embarked on a door to door campaign to seek consent for the installation of meters, rather than participation in decision making. When this failed the use of City police (red ants) were used in an attempt to quell the protests. Many Phiri residents paid an enormous personal price for fighting for their rights to access to water services.<sup>219</sup>

One of the unintended consequences of Operation Gcin’amanzi coupled with the repressive actions of the government was the strengthening of grassroots organisation and the formation of social movement organisations such as the Anti-Privatisation Forum (APF) and Coalition Against Water Privatisation (CAWP). The formation of these community based organisations was also in response to the absence of a local government body to which residents could discuss issues and complaints, as well as the frustration over faulty meters and cuts in household access to water.

A key contradiction of Operation Gcin’amanzi is that it means ‘to conserve water’. The analysis has revealed that very little intervention programmes were initiated to make communities aware of the importance of conservation. If the objective of the project was conservation, it should have been initiated City wide with participation from various

---

<sup>218</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>219</sup> APF: Water is life (2007): The Anti-Privatization Forum and the Struggle against Water Privatization. Unpublished paper

stakeholders such as schools, universities, businesses, community organisations, churches and non-government organisation. An intervention to increase consciousness on the importance of water conservation across spatial divisions is particularly important in the light of the impact of climate change on water resources. Hence, the slogan Gcin'amanzi - 'to conserve water' 'has not been internalised at both the government and community levels.

Another key project, initiated in 2006 is **Project Thonifho** meaning 'respect and dignity'. According to Johannesburg Water the objective of this project is to restore 'dignity' to informal settlement communities by eradicating water and sanitation backlogs through the implementation of basic water services (communal standpipes) and basic sanitation services (ventilated improved pit latrines).<sup>220</sup>

According to an official from Johannesburg Water's executive management office, Project Thonifho has in the financial year 2008/9 made possible the provision for water to 88 percent of informal settlements, and sanitation to over 81 percent of households. As per the official, this project was 'tailored to improve service delivery and customer satisfaction through the provision of quality tap water, upgrading and replacing old and outdated municipal infrastructure for a better service in the informal settlements.'<sup>221</sup>

At its initiation the project aimed to eradicate the backlog in the provision of water by 2008 and the backlog in the provision of sanitation by 2010. However, these targets have now been shifted to 2014. According to Johannesburg Water, the key challenges faced by the project team are: capacity limitations; property development takes place faster than the carrying capacity of the infrastructure and some of the activities of the project plan had to be revisited due to the need to address the uneven levels of infrastructure quality.<sup>222</sup>

Data for the current status of infrastructure upgrades and implementation in informal settlements were not available, but an official from the City of Johannesburg was sceptical of meeting the 2014 targets.

---

<sup>220</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

<sup>221</sup> Johannesburg Water <http://www.joburg.org.za/content/>

<sup>222</sup> Interview (11/2009):JW, Official from the Office of the Operations Department

The **Northern Works upgrade project** is aimed at increasing the capacity of the Northern Wastewater Treatment Works. According to Johannesburg Water, the growing residential densification due to housing developments and office parks has put pressure on the existing infrastructure. The Northern Waste Water Treatment Works collects and treats mainly domestic sewage from the areas of Alexandra, Sandton, Randburg, the northern areas of Johannesburg, Bedfordview and a portion of Edenvale and Germiston.<sup>223</sup>

According to Engineering News (March 2008), a contract for this work has been given to a huge construction company, Group 5. In 2007, Group Five started on the new project, which comprises three phases. Phase one was completed in 2008 and raised total wastewater capacity to 460-million litres. A further 50-million litres will be added by 2010, depending on whether the current pace of growth continues, accelerates or slows. Phase three will complete unit five and will be undertaken when it is needed, sometime before 2025.<sup>224</sup> According to Johannesburg Water's CFO the cost is calculated to be R450-million.<sup>225</sup>

According to an official from Johannesburg Water's Executive Officer, the pressure on the infrastructure was from "growing volumes of waste water, combined with storm surges during the rainy season." He further explained that, "the priority is to expand wastewater treatment capacity to ensure we can accommodate high volumes. The priority is to expand wastewater treatment capacity to ensure we can accommodate high volumes."<sup>226</sup>

In the last 5 years the City has encouraged the development of high-cluster development for the middle and upper classes with the objective of increasing its revenue base, placing huge demands on the existing infrastructure resulting in increasing maintenance and replacement costs. According to an official from Johannesburg Water's Operational Management, approximately 40% of water delivered is lost due to broken and leaking pipes and increasing volumes of waste water resulting in contamination of dams. The City's Development Planning and Urban Management's (DPUM's) spatial development framework co-ordinator acknowledged that, "development that we have endorsed, and allowed to happen ... it has

---

<sup>223</sup> Johannesburg Water <http://www.joburg.org.za/content/>

<sup>224</sup> Prinsloo. L (2008): "Construction giant receives water treatment works upgrade contract." Engineering News 28<sup>th</sup> March 2008

<sup>225</sup> Interview: (11/2009):JW, Official from the Office of the Financial Management

<sup>226</sup> Interview.(11/2009): JW, Official from the Office of the Chief Executive Office



resulted in traffic congestion, poor quality public environments, service delivery challenges and a shortage of passive and active open spaces".<sup>227</sup>

The DPUM department is tasked with the spatial planning of the City. They have developed the Growth Management Strategy (2008) which is a guide for the City's development over the next five to 10 years. According to the department's spatial development framework co-ordinator; "What the City wants is to be inclusive, affordable, compact, well serviced and policy driven." As part of the strategy, the City planned densification along transport corridors and in previously marginalised areas - high priority areas, he confirmed. On the other hand, peri-urban areas can expect little action because these are low priority areas. "The challenge is to restructure the spatial economy of apartheid settlements." <sup>228</sup>

However, as the national housing policy remains developer-driven and bank-centred, the development process is determined by the estate agents, commercial bankers and construction companies.<sup>229</sup> It is therefore reasonable to anticipate no change in Johannesburg's landscape. New settlements for poor communities will continue to host smaller houses than during apartheid, located even further from jobs and community amenities, characterised by ongoing disconnections of water and electricity, with lower-quality state services ranging from rare rubbish collection to dirt roads and inadequate sewage and storm-water drainage.

Infrastructure networks relating to water, power, storm water and sewer are all under significant pressure from development. In some instances, new developments have outstripped the ability of the City and its service providers to keep pace with delivery. In others, aging and obsolete infrastructure is an immediate and capital-intensive challenge.<sup>230</sup>

**The Diepsloot water supply project** is a response to the many community protest within the informal settlement for delivery of basic services. In March 2006 Johannesburg Water and Rand Water signed a joint venture agreement to build a bulk supply pipeline. Diepsloot is now home to about 200,000 people, many of whom live in 3m-by-2m shacks assembled from

---

<sup>227</sup> Interview: (10/2009): CoJ, Official from the Office of the Development Planning & Urban Management (DPUM)

<sup>228</sup> Interview: (10/2009): CoJ, Official from the Office of the Development Planning & Urban Management (DPUM)

<sup>229</sup> Municipal Services Project Website, documentation of ongoing problems. <http://www.queensu.ca/msp>

<sup>230</sup> Municipal Services Project Website, documentation of ongoing problems. <http://www.queensu.ca/msp>

scrap metal, wood, plastic and cardboard. Most families lack access to basic services such as running water, sewage and rubbish removal. Residents use paraffin stoves and coal for cooking, and candles for light. City officials estimate that half the population in the settlement is unemployed.<sup>231</sup>

In most parts of Diepsloot, residents have not had to pay any fee to obtain a site or shack. The practice of 'shack farming' has been stopped by the ward councillor, on the basis that it is illegal to rent out a space in an informal settlement where the occupant does not have formal rights to the land. However, where formal housing has been developed (and where site owners have legal title deeds for their sites), the practice of renting out space for shacks is commonly accepted. Renting spaces for shacks is also common amongst those who have been provided with serviced stands.

According to the City's SDF, unemployment levels are reported to be at about 54% (among the potential labour force), with 73% living below the poverty line. The vast majority of people are reported to have no monthly income. There are insufficient bulk water facilities to supply the area, and water shortages are common. Households make use of communal (chemical) toilets and taps. There are serious sewage problems, attributed to the sewer network operating at a lower standard than conventional networks. The problem is compounded by poorly constructed manholes. Together, these result in an overflow of raw sewage into the streets of Diepsloot. Storm water runoff causes major problems to the local road network, as it drains to the south (towards the Northern Waste water treatment works) and infiltrates the sewer network.<sup>232</sup>

A key initiative that informs the Diepsloot water supply project is the **formalisation of informal settlements** as defined by the City of Johannesburg. A municipal manager within Johannesburg City stated that one of the major development focuses for the City from 2009 to 2014 will be on marginalised areas. According to him, one third of the City's residents are outside the urban regulatory framework. The housing sector has grown at seven percent a

---

<sup>231</sup>Johannesburg Water <http://www.joburg.org.za/content/>

<sup>232</sup>Johannesburg Water <http://www.joburg.org.za/content/>

year, while certain areas such as Ivory Park had grown by a thousand percent from 2006 to 2009.<sup>233</sup>

He further illustrates that Johannesburg has about 182 informal settlements and hopes to accelerate their formalisation with an innovative new approach. "New township development tends to be slow and resource intensive," said the director of strategic support services. Instead, the City hoped to hasten the formalisation process by introducing a new land use category called "transitional residential settlements" with specific regulatory clauses tied to it.<sup>234</sup>

According to City officials, the advantages of formalisation will include bringing these areas into the urban environment of the city, providing regulatory control, removing the link between informal and illegal, and unlocking the latent investment potential of the land. Formal areas also receive the benefit of basic municipal services such as water, sanitation and roads.

Johannesburg's department of housing is undertaking a feasibility study on all informal settlements to identify those ideal for formalisation. A City official admitted that the City had been playing catch-up since 2001 and that the property boom of the last five years had added to the pressure. The boom in the north was now over, he believed, and would allow breathing space to bring infrastructure up to standard. The official emphasised that the City's future lay in consolidating the urban framework of greater Johannesburg, stating that "we are using the tools at our disposal to shift patterns of development."<sup>235</sup>

A senior specialist on the City's spatial development framework team said that, Johannesburg was changing its methods of development, from the outward approach of the past to inward and densification approaches for all future projects. "We are aiming for infill developments in brownfields as opposed to the greenfields developments of the past, which led to urban sprawl on available open land."<sup>236</sup>

---

<sup>233</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

<sup>234</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

<sup>235</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

<sup>236</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

This view is in line with the City's draft regional urban development framework for 2008-09 which states that; "as a counter to increased urban sprawl on the periphery of the city's established areas and with a view to accommodating demand in close proximity to existing economic opportunities and infrastructure, densification of strategic areas is seen as a key restructuring strategy."

In response to the concern that densification may lead to the City creating heavily congested areas without additional infrastructure development, an official from the development planning and urban management in the City of Johannesburg said that the City took into account the effect of infill development on water, sanitation, roads and electrical infrastructure, "we are looking into increasing our capacity to cater for the future, we need to evaluate what kind of a city we are going to be if we fail or succeed to implement those trendy plans. If the City wanted to influence the future, it needed to have an ideological planning base, and have instruments and resources to fulfil the mandate."<sup>237</sup>

Johannesburg had a vision of becoming a world-class African city, defined by increased prosperity and quality of life through sustained economic growth for all of its citizens, he explained. It also wanted to accelerate its spatial restructuring. "We need to change the city form to bring jobs closer to people and people closer to jobs, Johannesburg is one of the world's rapidly growing metropolitan areas - expanding 3,1 percent annually - with an official population of about 3,8 million people. It has been, and remains, spatially, socially and economically divided, and its trends and topography increases and alters with its dense population, almost every year."<sup>238</sup>

The City also envisaged a balanced and shared economic growth. "We need to grow the economy, but we don't want just any growth. We want growth that is on the basis of a diversifying range of sectors; an economy that is being driven both by international demand and strong domestic demand translating into domestic investment; an economy that is growing because more people are participating in it; and the benefits of economic growth are

---

<sup>237</sup> Interview: 10/2009):CoJ, Official from the Office of the Development Planning and Urban Management (DPUM)

<sup>238</sup> Interview: 10/2009):CoJ, Official from the Office of the Development Planning and Urban Management (DPUM)

shared through more employment, fair remuneration and opportunities for new market entrants." <sup>239</sup>

The above projects indicate that local government in alignment with the national policy directive (NSDP 2006) is encouraging urban densification. These projects also indicate that local government is committed to recovering the cost of providing services from communities through projects such as implementing prepaid metering and formalising informal settlements. The growing densification in middle to upper class residential areas has put pressure on existing infrastructure, forcing government to focus on upgrading these areas. In addition, targets to remove the existing infrastructure backlogs have been continuously shifted due to lack of funding and human capital resources.

## **KEY FINDINGS**

The delivery of water services across the Johannesburg Municipality reflects disparities in access, quality and quantity based on socio-spatial divisions on lines not too dissimilar from the racial demarcations characteristic of the apartheid era. The delivery of water services is closely related to the presence and quality of water and sanitation infrastructure.

The national government's National Spatial Development Framework is a policy directive and a decision making tool, developed to assist national, provincial and local government to make decisions on infrastructure investment and development spending. This directive is based on the imperative that, allocation of investment must be based on the economic potential of an area. Hence, socio-spatial dimensions are subordinated to economic-spatial dimensions. This strategic directive to establish financially viable local government in areas with economic potential represents a shift away from urban integration or socio-spatial dynamics.

An analysis of the NSDP and supporting national policy interventions indicate that the government's spatial directive is based on developing regions with economic potential. This policy directive is based on the premise that areas that have been identified to have high-

---

<sup>239</sup> City of Johannesburg (2008): "Growth Management Strategy; Growth, Trends and Development Indicators Report 2008/2009

economic potential should be further developed into economic hubs through infrastructure investment, improvement of public services, increased governance and financial management and efficient consumer relationship processes.

These areas would then be the catalyst for developing the South African economy. The interventions in areas with low-economic potential should be limited to human resource development, providing market intelligence, agrarian reform initiatives and agricultural services.

In alignment with the above policy directive, the City of Johannesburg has focused its resources on developing the areas that have been identified as 'economic hubs'. However, development in these areas has taken the form of infrastructure spending on business parks, tourist sites, shopping malls and sports stadiums in preparation for the 2010 international soccer event.

Johannesburg Water, the municipal entity that is responsible for delivering water services is a source of revenue for the Municipality. Hence, the objectives of the projects implemented by Johannesburg City are to ensure that the organisation meets its financial targets through effective billing, cost recovery and reduction in unaccounted for water.

The current plans, programmes and projects on the local government level are therefore aligned to the national government's policy directives. However, these plans, programmes and projects are directed towards developing the City into an economic hub to attract businesses, international corporations, tourist and foreign investment. It is envisaged that the economic growth of the City would enable the government's vision of establishing a developmental state.

Hence, the socio-spatial characteristics that are prevalent in the Johannesburg Municipal region 15 years after democracy, illustrate that there has been minimum focus in eliminating the disparities between the rich and the poor. These disparities are expressed in spatial arrangements and settlement patterns and manifested in the social and economic exclusion and deprivation of communities in the former townships and informal settlements on the

outskirts of the City. Key amongst these characteristics includes a combination of high-unemployment, in-migration, high-economic activity and high population density.

It has been noted that the process of basic service delivery, particularly water services, reflects the existing socio-spatial divide, which is still largely based on apartheid spatial planning; particularly in respect of human settlements. Even though Johannesburg City, which is responsible for the implementation of policies, programs and projects has largely failed to raise urban infrastructural services to levels required to reconfigure the apartheid determined socio-spatial dynamics, this must be assessed in term of the national government's macro-economic policies and spatial development directives.

The key focus of Johannesburg City has been the establishment of utility companies based on corporate governance and profitable balance sheets while the spatial distortions of apartheid and its current manifestations have been neglected. This has had implications on the design of programs and projects to address poverty, inequality and social exclusion. Emphasis is being placed more and more on governance, revenue generation, making the city safe for 'capital' as is evident by the actions taken against informal traders, immigrants from neighbouring countries, land invasion outside of townships and the homeless.

Another key finding is that, the institutional arrangement of the water utility at the local government level limits the possibility of integration with other service delivery functions such as health or education which are centred within the national and provincial spheres of government. According to an official within Johannesburg Water's Operations Department, there is no formalised engagement model with the Gauteng Provincial Health Department in planning and operationalising the delivery of integrated services and rationalisation of assets, nor does it engage with the energy, transport or agricultural sectors in obtaining data that would assist in predicting the future demands for water services.<sup>240</sup>

This operating model contributes to a silo mentality which increases cost and duplication as well as contributes to confusion, conflict and tension in the decision making process and most of all demobilizes communities, civil society as well as local government officials.

---

<sup>240</sup> Interview (11/2009):JW, Official from the Operations Department

The above chapter reveals that we are still left with the results of the apartheid spatial laws, that the priorities of local government are not designed to reverse the effects of the socio-spatial divide that characterizes our cities. This is witnessed through the many informal settlements indicative of a shortage of housing, access to land and basic services such as water, electricity, health, transport and education.

According to Bond, "the ANC's mandates were as far-reaching as the Freedom Charter (1955), whose proto-socialism was invoked at a large rally near Soweto, or the more detailed Reconstruction and Development Programme (1994), which in part reflected the influence of trade union and left social movements, and which served as the ANC's first electoral campaign platform. Those mandates could have justified, at the very minimum, transforming Johannesburg, instead of amplifying its spatial, racial, gendered, ecological and class contradictions".<sup>241</sup>

---

<sup>241</sup> Bond. P (2007): "The Heart of Global Apartheid, Joburg" (Centre for Civil Society, University of KwaZulu-Natal)



## **CHAPTER 6: WATER SERVICES AS AN ECONOMIC GOOD**

### **OVERVIEW**

The key challenges confronting Johannesburg City in meeting the mandate of delivering quality and efficient water services to the communities of Johannesburg are political, institutional and financial. In discussions with key decision makers within the water sector, one of the core processes that impact the quality, quantity and access to water services is financial resource and financial management.

Exacerbating this problem is the municipal dependence on revenue from service delivery. One of the key sources of revenue is the commoditisation of basic services such as water services. To ensure that these services generate the required revenue, municipal entities have been structured as corporations to enable them to sell services at a market related price.

The financial aspects of service delivery are important on various levels: it is important on a national government level where the financial requirements on a local government level would enable the setting of adequate subsidy levels and transfers; on a municipal level where the infrastructure programme, operational processes and delivery of services needs to be efficient, transparent and optimal within the allocated municipal budget and most importantly at the household level where service charges are equitable and affordable. It must also be noted that a government institution that is managed on a corporatised basis and is characterised as having good corporate governance, a strong balance sheet and the capacity to grow its revenue has a good chance of attracting foreign direct investment in its capital projects and the opportunity to make large loans from the capital market for its mega-projects.

A core component of the financial process is price or tariff setting for level of service. It must be noted that an analysis of price and price changes is complicated by the arms length relationship between the City of Johannesburg and the Water Services Authorities. This is

made more difficult by the limited information that is available, and the realisation that prices vary according to source, supplier and location. Water may be supplied directly by Rand Water or via Johannesburg Water.

The formal processes through which South African water prices are determined are to some extent regulated by statute, although it is not clear that the processes are always followed as there is no independent regulator or standardised process to measure compliance.

The data gathered for this chapter was primarily drawn from: published financial reports by Johannesburg City and Johannesburg Water; Department of Water Affairs and Environment's published tariff schedules and the legal framework for local government which consists of the Municipal Finance Management Act, the Municipal Structures Act, the Intergovernmental Fiscal Relations Act and the Divisions of Revenue Act.

The data obtained for this chapter focuses on the cost of providing water services and the generation of revenue from the delivery of water services within Johannesburg City. The collation of this data was based on the following questions:

- Does the current tariff structure in Johannesburg City reflect cost?
- Are the processes through which tariffs are set transparent and do they provide opportunities for consultation and comment?
- Are tariffs adequate to sustain services in the long run and do tariff-setting processes take account of the different sectors of consumers and the associated water requirements? (investment requirements)
- What is the balance between domestic and industrial prices and is there any formal or informal cross-subsidy between the two streams?
- What other factors have an impact on water prices?

In February 1995, the ANC government launched Operation Masakhane (let's build together). The main aim of Operation Masakhane was to urge residents to pay for services such as water, electricity, sewerage and refuse collection. This represented a shift from the pre-1994 period where majority of the black townships withheld payment in alignment with the tactic to advance the strategy of ungovernability required to oppose the illegitimacy of 'black

authorities'. Operation Masakhane was one of the first initiatives to introduce the cost recovery framework in post-apartheid South Africa.

The South African water policy documents make a distinction between water as a social good and as an economic good. The 'social good' refers to water necessary for households to maintain a healthy level of living and is considered to be a human right, while the 'economic good' refers to the usage of water for the purpose of deriving an income or revenue. i.e. selling water services as a product based on market related pricing.<sup>242</sup> Even though the boundary between 'social good' and 'economic good' is often contested, the distinction is important as it reflects the state's approach to water service delivery policy and pricing.

---

<sup>242</sup> "Key note address by Ms RT Mabudafhasi, Deputy Minister of Water and Environmental Affairs German-South African Business Forum, Munich Germany 30 November - 1 December 2009 [www.dwaf.gov.za/](http://www.dwaf.gov.za/) .

### WATER SERVICES VALUE CHAIN

In order to understand the pricing process of water services by Johannesburg Water it is important to unpack the water services value chain. The diagram below is a high-level illustration of the value chain from ‘Catchment to the Consumer’:

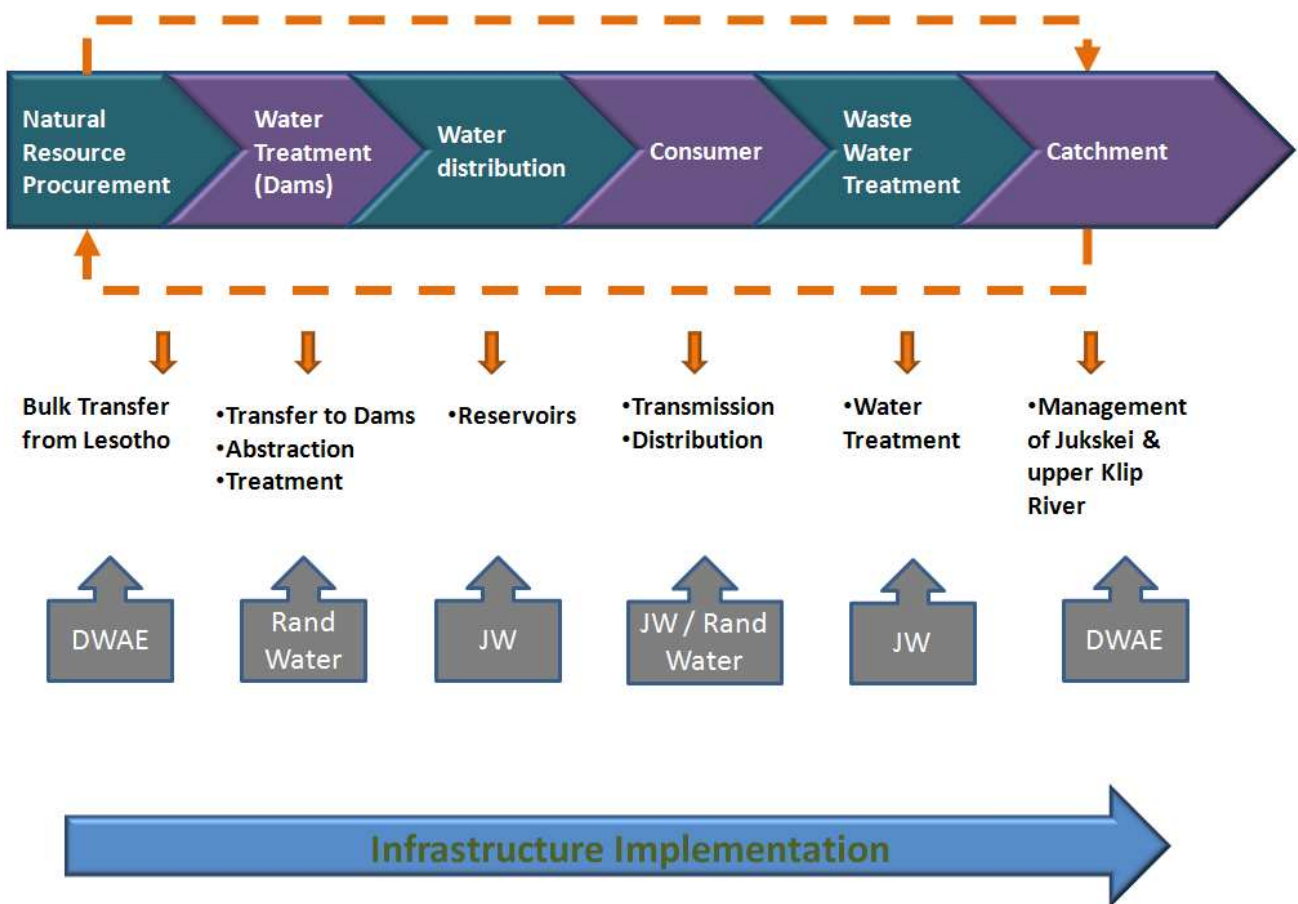


Figure 7: Water Service Value Chain. Source Johannesburg Water

The value chain as depicted above is supported by core processes and responsibilities. The responsibilities must be understood against the prevailing institutional arrangement of the water sector. Different institutions perform different sets of functions across the value chain defined in Figure 7 above.

The table below list the institutional responsibilities as per the National Water Act of 1998:

Function	Institution	Regulation
<b>Natural Resource</b>		
Resource Management	DWAE	National Water Act 1998
Storage	DWAE	National Water Act 1998
Regulated Release	DWAE	National Water Act 1998
Inter-system transfers	DWAE	National Water Act 1998
<b>Water Services</b>		
Abstraction from Dam	Rand Water	Water Services Act 1997
Treatment	Johannesburg Water	Water Services Act 1997
Transmission	Rand Water	Water Services Act 1997
Distribution	Johannesburg Water / Rand Water	Water Services Act 1997

**Table 7: Institutional Responsibilities**

In attempting to understand the water services value chain and the financial value or economic good of water services, this section will firstly detail the institutional responsibility for the core processes and secondly obtain data to derive an understanding of the core processes.

At the national level the DWAE, sets policy and regulates the operational aspect of the water services value chain on a national level. According to an official from DWAE, some of the core functions that the National Department is responsible for are: establishing and regulating Water Boards responsible for the provision of wholesale supplies of bulk treated water to retail water suppliers such as municipalities as well as direct supplies to large end users (in the case of Johannesburg City, Rand Water provides wholesale supplies of bulk treated water

to Johannesburg Water and supplies direct services to large end users); regulating the allocation of water from the natural resources and controlling any pollution that may damage the resource; provide funding for storage and transmission infrastructure; set tariff standards; regulate the discharge of wastewater back into the water resource and the National Water Act makes provision for the establishment of Catchment Management Agencies.<sup>243</sup> According to the DWAE, the Catchment Management Agencies (CMA) are envisaged to take on some core responsibilities of the National Department in an attempt to decentralise the service. However, only a few CMAs have been established and none are yet undertaking core functions in this regard.<sup>244</sup>

According to DWAE, water supply services and sanitation, including the removal and disposal of wastewater and the management of storm-water, are the responsibility of municipalities, which has been designated as Water Services Authorities. In the case of Johannesburg City, this responsibility resides with Johannesburg Water.<sup>245</sup>

The first process within the above value chain is 'bulk water transfers'. The bulk water transfer is procured through inter-systems transfer from the Lesotho Highlands Project (LHP) to dams on the Vaal where the water is stored and treated by Rand Water in preparation for consumption. Rand Water then transmits the treated water to Johannesburg Water who is responsible for distribution to the users.

The Lesotho Highlands Water Project (LHWP), Africa's largest civil engineering project, involves the construction of five dams in Lesotho's Maluti Highlands over 30 years and is due for completion in 2020. The scheme would divert about 40% of the water (called "white gold" by the project authorities) in the Senqunyane river basin, via a complex series of tunnels, to South Africa's Ash river and from there into the Vaal dam 70 kilometres south of Johannesburg. Official estimates put the total project cost at \$8 billion.<sup>246</sup>

---

<sup>243</sup> Interview (09/2009): DWAE, Official from the Director Generals Office, Strategic Planning

<sup>244</sup> Interview (09/2009): DWAE, Official from the Director Generals Office, Strategic Planning

<sup>245</sup> Interview (09/2009): DWAE, Official from the Director Generals Office, Strategic Planning

<sup>246</sup> Thomas. C (06/2009): "Water Project to Stimulate Economic Growth." Engineering News. [www.lhwp.org.ls/](http://www.lhwp.org.ls/)

The process of implementation of the bulk water infrastructure and the management of the funding process is outsourced by the DWAF to Trans-Caledon Tunnel Authority (TCTA) which is a state-owned entity.

The financing of the project is mainly through tariffs charged to water users and loans from the World Bank and other international financiers mainly from Britain, France and Germany. "Repayment of the water transfer debt relies on the revenue stream from water sales to Vaal River system water users. This revenue is based on a tariff charged for actual water usage."<sup>247</sup>

The analysis of the LHWP and discussion with officials from both DWAE and Johannesburg Water revealed that the main objective of this project was to realise the economic good of water for the International Corporations and some South African companies.

Some of the following key issues have been identified by analysts with the World Bank led LHWP. Firstly, Lesotho is completely dependent on South Africa for its electricity through the hydropower component of LHWP. However, the advocates of the project did not look at Lesotho's potential alternative energy sources which could have reduced Lesotho's dependency on South Africa and foreign investors.<sup>248</sup>

Secondly, at the inception of the project, apartheid South Africa was subject to international sanctions. To mitigate the criticism of 'sanction busting' a London based trust fund through which payments were laundered was set up and Lesotho was declared the nominal borrower for the project, although South Africa was responsible for repaying the loans.

Thirdly, there have been accusations of corruption against some of the major international corporations who are part of the consortium. An example of this is when the Lesotho Government took the CEO of LDHA to court on corruption and fraud charges, accusing him of taking nearly \$2 million in bribes from ten companies and two consortia. According to media reports, many of the companies involved have had similar corruption charges against them in

---

<sup>247</sup> Lesotho Highlands Project: TCTA Annual Report (2009): "LHWP Funding". [www.tcta.co.za/](http://www.tcta.co.za/)

<sup>248</sup> Bond, P (2009): "South Africa's 'developmental state' distraction." Mediations, journal of the Marxist Literary Group, Volume 24.1

various other dam projects in other countries, and proper due diligences were not conducted prior to awarding the tenders.<sup>249</sup>

Finally, Pottinger (1998) argues that the biggest obstacle to providing South Africa's poor with water is not so much a question of supply as of equity, "low income black people in the townships near Johannesburg are subject to often indiscriminate water cut-offs, inadequate taps (usually just one for every 50 people in a yard), inadequate pressure and badly leaking apartheid-era pipes. Only the rich can afford this project's expensive water, which has made water bills raise dramatically. The project's high costs also use public funds that could have been used to fix these leaking pipes, which waste up to half the water that runs through them, and other efficiency measures."<sup>250</sup>

The other key issues that have been raised against the LHWP include conditions of workers in Lesotho and the social and environmental impact.<sup>251</sup> Hence, the key question with regards to the LHWP is whether this project is a social good for the people of Lesotho and South Africa or is it an economic good for the many foreign corporations involved in the project?

According to a media report in the Mail and Guardian (04 December 2008), Cabinet has approved plans to embark on a second phase of the Lesotho Highlands water project, which will involve building a second hydroelectric dam to augment the Vaal river system. The media report was based on a briefing given by Lindiwe Hendricks (2008), Minister of DWAF. According to the report, the Minister expects the building of the dam (Polihali Dam in Lesotho) to be completed by 2019 with an estimated costs of R7,3-billion, which is to be raised off-budget through borrowings from the capital markets. She also added that the "Vaal system is considered the most important water source in South Africa, because it supplies water to 60% of the economy, 45% of the population, the whole of Gauteng and the Northern Cape, which includes Kimberley and Upington. It also supplies mines and industries on the Mpumalanga highveld, the North West and Free State gold fields, agricultural users in Gauteng, Northern

---

<sup>249</sup> Lesotho Highlands Water Project: What went wrong?. International Rivers publication October 2005.  
<http://www.internationalrivers.org/programs/lesotho/>

<sup>250</sup> Pottinger, L. (1998) "Lesotho Dam's Sea of Debt Could Drown Regional Water Conservation Efforts", World Rivers Review, International Rivers. <http://www.internationalrivers.org/programs/lesotho/>

<sup>251</sup> Lesotho Highlands Water Project: What went wrong?. International Rivers publication October 2005.  
<http://www.internationalrivers.org/programs/lesotho/>



Cape, Free State and North West, and the strategically important coal-to-liquid facilities on the coal fields of the Highveld. <sup>252</sup>

The second key process in the water services value chain is the treatment of bulk water and sale of water to municipalities by Rand Water. According to Johannesburg Water, it was forced to increase its tariffs for the 2009 financial year due to the higher prices from its supplier, Rand Water. <sup>253</sup> According to Rand Water, the increase in price is mainly due to the low level of water in the region's dams which has been below 50 percent since 2007. <sup>254</sup>

According to a media report in Afro News (2009), "The rise in water tariffs in South Africa has caused concern among consumers as the commercialisation of water utilities in the country already has made clean water unaffordable to many poor households." <sup>255</sup>

However, according to a finance manager within Johannesburg Water, the company maintains a pro-poor profile as it supplies the first 6000 litres free to every household. <sup>256</sup> Only water consumption over this limit is charged by the city-owned company. The Johannesburg water utility warned that the tariff increase to local consumers might be significantly higher than the 6 percent increase charged by Rand Water. This was because the company expected a R400 million loss this year, due to low tariffs on small water consumers. Due to this financial loss and the need for Johannesburg Water to meet its financial targets, it has urged the city council to subsidise the utility if it wanted to avoid significantly higher tariffs.

The justification by the service providers for the current high water tariffs is based on supply (dam levels) and demand (less water purchased by consumers). For Rand Water to maintain their financial revenue target, they need to increase prices if supply has decreased. The same applies to Johannesburg Water, where prices are increased if communities purchase less water due to affordability or increase in conservation i.e. demand has decreased. Hence, the water treatment process also indicates that the importance of meeting financial targets is a key driver for delivering a basic service, emphasising the 'economic good' dimension of water.

---

<sup>252</sup> <http://www.mg.co.za/article/2008-12-04-multibillion-plan-to-boost-vaal-water-supply>

<sup>253</sup> Interview (11/2009): JW, Official from the Finance Department

<sup>254</sup> [www.randwater.co.za](http://www.randwater.co.za)

<sup>255</sup> Afro News: "Water tariffs to rise in South Africa". 31/12/2009. [www.afrol.com](http://www.afrol.com)

<sup>256</sup> Interview (11/2009): JW, Official from the Finance Department

The third process in the value chain is the distribution of water, which is a key responsibility of Johannesburg Water. According to an Operations Manager in Johannesburg Water one of the key challenges is maintaining more than 9500 km of water pipes. The distribution system transfers water by means of mechanical pumping or by gravity and most of the pumping equipment is electrically powered. The deployment and maintenance of this infrastructure requires highly skilled resources. Johannesburg Water employs engineering companies and contractors to manage this process.<sup>257</sup>

According to an Operations Manager in Johannesburg Water, the key contributor to the loss of revenue is 'unaccounted for water'. The following figures provided by Johannesburg Water indicate the extend of water loss in the region: Central Region 21%; Roodepoort 21%; Midrand 33%; Sandton 34%; Deep South 46% and Soweto 69%.<sup>258</sup> These figures only reflect water loss outside of private property as Johannesburg Water cannot realise the revenue for this loss of water. On the other hand water loss on residential or business property is the responsibility of the owners who are liable for payment.

Based on the above, it can be assumed that if data for total water loss is available, the figures for 'unaccounted for water' will at a minimum double that which is provided for by Johannesburg Water. The fact that Johannesburg Water through its project 'Operation Gcin'amanzi' is focussing on interventions to reduce 'unaccounted for water' outside of private properties indicates its objective of realising the full economic good of water services. Should the same focus be placed on all water loss the objective will shift to realising the social value of water, as the emphasise would then be on national water conservation which will result in communities realising the full benefit of all water supplied and will thus purchase less water from the utility.

---

<sup>257</sup> Interview (11/2009):JW, Official from the Operations Department

<sup>258</sup> Interview (11/2009):JW, Official from the Operations Department

The following table reflects figures provided by Johannesburg Water that illustrates the supply and demand status of water on a national level:

Year	Supply (million kl)	Demand (million kl)	Balance (million kl)
2000	13 227	12 871	186
2025	14 940	16 814	(2044)

**Table 8: Source Johannesburg Water –Water supply and demand estimates**

The above table indicates that if the available water is not managed efficiently and optimally, then Johannesburg City will be faced with a situation of water deficit. It is therefore imperative that water must be managed as a social good so as to begin the process of water conservation and ensure that there is an equitable distribution of water.

With regards to the wastewater treatment process within the value chain, Johannesburg Water manages and maintains six wastewater treatment works of varying capacity. Johannesburg Water admits that it is faced with the challenge of operating these treatment works optimally and keeping costs down while at the same time maintaining compliance standards in line with the requirements of DWAE.<sup>259</sup>

According to DWAE, the biggest current problem is the discharges into the Vaal River below the Vaal Dam. These discharges are mostly sewage and waste water from towns and cities next to the river. Recent reports indicate that the water services authorities have not been able to monitor the quality of the water in the dam, allowing an increase of impurities escalated by the recent storm (September 2009). As Johannesburg is an inland region a sophisticated network of piping is required to dispose and manage human and industrial waste.<sup>260</sup>

---

<sup>259</sup> Interview (11/2009):JW, Official from the Operations Department

<sup>260</sup> Interview (09/2009): DWAE, Official from the Director Generals Office, Strategic Planning

Recent media reports indicate that South Africa's dams are not compliant with water quality standards and that there is evidence of water contamination in many of the water sources. An article in the Mail and Guardian (SA may face water-contamination crisis: 03 February 2008), refers to a series of reports, one of which is a report by the National Nuclear Regulator which highlights the following key findings: "43% of dams managed by the DWAF have safety problems and require urgent repair; an estimated R180-billion is necessary to replace old water-service infrastructure countrywide, including in the major metro areas; waste water from mining operations appears to have seeped into the country's groundwater system -- a process known as acid mine drainage -- raising concerns about future water supply; vegetables and fish collected in the Wonderfonteinspruit catchment area west of Johannesburg have been contaminated with radioactive uranium -- and the NNR is testing milk and meat from cows grazing in the area; and water in the Wonderfonteinspruit area has also been contaminated by radioactive material, as well as by heavy metals and salts."<sup>261</sup>

The analysis of the water service delivery value chain supports the view that government's focus is on water services as a revenue source. Hence, minimum attention is placed on maintaining the quality of the water resource, water conservation or the basic right to access to water services.

From the above it is clear that the water services value chain is framed within the government's programme of economic development at the expense of social development, thus compromising the value of providing services that are based on social justice. But more importantly the continuation of pursuing the delivery of water services based on the principle of economic good will result in a water crisis that will impact not only human development but also the economic growth potential of the country.

### **WATER SERVICE AS A REVENUE SOURCE**

According to a CoJ official within the Finance and Economic Development Committee, the local government has access to three sources of finance. The first is by means of own revenue from funds generated through taxes, fines and tariffs charged for services. The

---

<sup>261</sup> <http://www.mg.co.za/article/2008-02-03-sa-may-face-watercontamination-crisis>

second is through the equitable share (ES) and other grants from national government and the third is through loans from the capital market.<sup>262</sup>

The allocations of grants are regulated by the Division of Revenue Act which is passed each year in conjunction with the National Budget. This Act explains the basis for transfers, sets out grants to each province and municipality over a three year period. Transfers to local government are divided into 'equitable share' (unconditional) and conditional grants.<sup>263</sup>

Conditional grants which are aimed at capital projects such as infrastructure implementation are included in the Municipal Infrastructure Grant (MIG). The equitable share grant, which is unconditional, is aimed at contributing to the operating cost of providing basic services. Due to the non-conditional nature of the equitable share grant, these grants are not necessarily allocated by local government to utilities such as Johannesburg Water.

With regards to loans from the capital market, the current global financial crisis has resulted in high interest rates, making borrowing by the expensive, which has also contributed to higher tariffs for the City's services, thus compromising affordability, and exacerbating the pressure exerted on consumers.<sup>264</sup> The impact of the current global and local recession is a very real factor for local government. Finance Minister Pravin Gordhan (2009), in his first speech as Finance Minister, warned that tax revenues would be reduced as a result of the global recession and that the costs of borrowing in the capital markets would be limited by the higher borrowing costs. According to Johannesburg Water, financial resource mobilization is a critical component in the provision of sustainable water services: "for a water utility to access financial markets it has to reform into a corporate entity."<sup>265</sup> The financial crisis could also mean that the equitable share that Johannesburg City usually receives may be reduced.

According to a Financial Manager within Johannesburg Water, businesses that have been forced to close their doors due to the recession were rates payers and were often bulk users of water and their closure impacts directly on the Johannesburg Water's revenue base. This revenue base has been further weakened in this financial year due to workers who have lost

---

<sup>262</sup> Interview (10/2009): CoJ, Official from the Finance and Economic Development Committee

<sup>263</sup> Van Pyneveld. P (2002) "The development of policy on the financing of municipalities". [www.hsrb.ac.za](http://www.hsrb.ac.za)

<sup>264</sup> Interview (11/2009): JW, Official from the Finance Department

<sup>265</sup> Interview (11/2009): JW, Official from the Finance Department

their jobs.<sup>266</sup> According to Glen-Ho (2009): by “March 2009, metropolitan municipalities were owed a total of R30.3 billion.”<sup>267</sup>

According to recent media reports, the City of Johannesburg has had to slash its budget for the current financial year (2009/2010) by more than R1bn due to the costs of Soccer City, which will host the World Cup final and the tournament’s opening and closing ceremonies.<sup>268</sup> “Johannesburg officials have asked department heads to reduce spending by a total of R670-million from their capital budgets and by R477-million from their operating budgets to free funds to finance the Soccer City shortfall.”<sup>269</sup>

The report further reveals that the city started the 2008/09 budget with a surplus, but ended the year with an operating deficit of about R510-million. “The impact of the economic slowdown started filtering during the third and fourth quarter of the 2008/09 financial year, resulting in many customers defaulting on their payments on utility bills.” According to the report, a City spokesman said that, “the city’s main sources of revenue are from service charges (electricity, property rates, water and refuse). Due to the recession, many customers have cut their use of electricity and water while others are defaulting on payment of bills.”<sup>270</sup>

Johannesburg Water has emphasised that for it to remain financially sustainable and deliver on its mandate, cost recovery remains the most important source of revenue. This is supported by national government where the basic policy directive is that services should be self-financing at a local and regional level. The only exception to this is that, where poor communities are not able to afford basic services, government may subsidise the cost of construction of basic minimum services but not the operating, maintenance or replacement costs.<sup>271</sup>

---

<sup>266</sup> Interview (11/2009): JW, Official from the Finance Department

<sup>267</sup> Glenn Ho (2009): “Managing Risk in a Recession”. Delivery - the magazine for local government. October 2009. Pp. 42.

<sup>268</sup> By Siphon Masondo and Sally Evans: “City slash budgets for 2010 stadium. Soaring costs force Johannesburg to trim more than R1bn from budget.” The Times. (Sep 7, 2009 2009). “

<sup>269</sup> By Siphon Masondo and Sally Evans: “City slash budgets for 2010 stadium. Soaring costs force Johannesburg to trim more than R1bn from budget.” The Times. (Sep 7, 2009 2009). “

<sup>270</sup> By Siphon Masondo and Sally Evans: “City slash budgets for 2010 stadium. Soaring costs force Johannesburg to trim more than R1bn from budget.” The Times. (Sep 7, 2009 2009). “

<sup>271</sup> Interview: (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

This is particularly true of Johannesburg City which has been classified as a 'category A municipality', according to the classification of municipalities by the National Spatial Development Framework (2006).<sup>272</sup> According to this classification 'large urban complexes with populations over 1 million and accounting for 56% of all municipal expenditure in the country and is therefore largely self funded", are referred to as 'category A municipality'.

According to the Local Government Turnaround Strategy November 2009, Johannesburg City received about 3% to 8 % of its operating revenue from grants.<sup>273</sup> Hence, from a national perspective minimum grants are to be allocated to category A municipalities, which must ensure that the financial processes meets the objective of 'financial sustainability'.

From the above it can be ascertained that water service delivery within Johannesburg City is a main source of revenue for the municipality. To enable this strategic objective a complex regulatory framework has been institutionalised to operationalise the envisaged financial management process.

## **LEGAL FRAMEWORK FOR LOCAL GOVERNMENT FINANCIAL MANAGEMENT**

Under the market oriented macroeconomic policy, Growth, Employment and Redistribution (GEAR: 1996) South Africa's legislative and policy framework was established to enable privatisation, liberalisation, fiscal discipline and tariff liberalisation. The government maintained that the policy changes under the directive of GEAR would result in "an increase in the average GDP growth rate for the five years, as well as an increase in export growth."<sup>274</sup>

The regulatory framework put into place after 1996 to govern and manage the macro and micro economic and fiscal processes and procedures include: the 1996 Constitution, the 1997 system of Medium Term Expenditure Frameworks (MTEF), the 1999 Public Finance Management Act (PFMA) and 2003 Municipal Financial Management Act (MFMA), and the establishment of a National Treasury in 2000. The PFMA regulates the financial management

---

<sup>272</sup> National Spatial Development Frameworks' (NSDP 2006)

<sup>273</sup> CoGTA (2009): : Local Government Turnaround Strategy

<sup>274</sup> Weeks.J (1999). "Stick in Low GEAR? Macroeconomic Policy in South Africa.' .SOAS Working Paper No.85. the Cambridge Journal of Economics Vol. 23, No. 6

of national and provincial government, while the MFMA regulates the finances of municipalities.

This regulatory framework is informed by the government's macroeconomic policy which is based on neoliberal principles of fiscal restraint, public-private partnerships, corporatisation, financial and trade liberalisation and cost recovery. In attempting to understand the ANC government's ideological shift from the struggle era, Weeks (1999) explains that: "the ANC was a coalition of several groups, and its ideology during the anti-apartheid struggle, if not predominantly Marxist, was well left of centre. Notwithstanding this ideology, the ANC government almost immediately implemented a typically 'orthodox' macroeconomic policy: fiscal deficit reduction through expenditure restraint and a tight monetary policy, along with rapid trade liberalisation. There were at least two interpretations of this policy approach by the new government: firstly, that a left-of-centre government had shaken off old ideology and pragmatically adopted a macro framework consistent with global economic realities; or secondly, that the government had embarked upon an ideologically-generated neoliberal policy, which would undermine the goal of redressing the gross inequalities of the apartheid period."<sup>275</sup>

The shift from the government's 1994 macroeconomic policy, the Redistribution and Development Programme (RDP), whose primary goals were: to increase the rate of economic growth; to increase the rate of investment in order to stimulate growth and modernise production and to achieve these in a manner that would bring about increased wage employment, better wages for those in employment, and greater equality in the distribution of income and wealth, represents a move from redistribution and cross-subsidisation to full cost recovery. This is evident from the revenue management process which underpins the delivery of water services.

The Constitution of the Republic of South Africa affirms: "A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the

---

<sup>275</sup> Weeks. J (1999): "Stick in Low GEAR? Macroeconomic Policy in South Africa." SOAS Working Paper No.85. the Cambridge Journal of Economics Vol. 23, No. 6



community. Only when all citizens receive at least a lifeline supply of basic-need services and goods, can equity be achieved; only with the social and economic development of a community, can there be justice”.<sup>276</sup>

Based on the above the local government is mandated in terms of the National Constitution (Act no. 108 of 1996) to “promote social and economic development”. However, the legal procedures that underpin this mandate ensure that commoditisation of basic services such as water is the means by which municipal entities can contribute to the revenue of the local government. The focus on financial sustainability and growth has been driven by the National Treasury, which has played a key role in the introduction of financial management reforms. According to an Operations Manager in the ISD department of the City of Johannesburg, the National Treasury is responsible for the co-ordination of inter-governmental financial and fiscal relations, the overseeing of budget implementations, the preparation of the annual consolidated financial statements and the submission of the audit report to the Auditor-General.<sup>277</sup>

The Water Strategic Framework states that water service institutions must take into account the following when developing water and sanitation tariff structures: operations and maintenance costs, interest costs, depreciation charges, provisions for bad debt and future costs of infrastructure. This must then be used as input to determine the overall cash needs that would secure a financially viable and sustainable operation. It also states that the costs associated with the provision of basic levels of service should in the first instance be met through internal revenue collection and then look to the MIG and ES.<sup>278</sup>

The National Treasury has developed corporate guidelines and training programmes for local government to ensure compliance to financial management corporate best practice, underpinned by technical support which includes conditional grants, subsidies, technical guidelines, policy advice and the deployment of international advisors with various municipalities. These initiatives have been implemented through the Municipal Finance

---

<sup>276</sup> [www.info.gov.za/documents/constitution/1996/a108-96.Constitution of the Republic of South Africa \(1996\)](http://www.info.gov.za/documents/constitution/1996/a108-96.Constitution%20of%20the%20Republic%20of%20South%20Africa%20(1996))

<sup>277</sup> Interview (10/2009): CoJ, Official from the Infrastructure and Service Department (ISD)

<sup>278</sup> Strategic Framework for Water Services (2003) [www.dwaf.org.za/](http://www.dwaf.org.za/)

Management Act No. 56 of 2003 (MFMA), which became effective in July 2004 and supported by the Intergovernmental Fiscal Relations Act and the Divisions of Revenue Act. These legislative interventions together with the other local government legislation, such as the Structures Act, Systems Act, Property Rates Act and their regulations form a comprehensive financial management compliance package.

The MFMA provides guidelines for the budget process and the alignment thereof to the Integrated Development Plan (IDP), procurement process, supply chain management process, accounting standards and formats, the establishment of audit committees and other internal controls, performance measurement reporting, staff competency levels and the process to resolve financial problems and misconduct.<sup>279</sup>

However, in spite of these guidelines and procedures the Auditor General's audit report details a high level of non compliance resulting in many municipalities receiving qualified audits. The assessment conducted by the Department of Corporate Governance and Traditional Affairs also highlights the challenges facing local government arising from inefficient financial processes, corruption, unregulated procurement and supply chain processes resulting in financial spend not realising service delivery benefits.<sup>280</sup>

According to the directive given by CoGTA in its Turnaround Strategy (2009) for local government, municipalities have been given a target of 2014 to achieve an unqualified audit. According to the Auditor General, Terence Nombembe, there would be clear and measurable targets to help monitor progress towards this goal. The Minister of Co-operative Governance and Traditional Affairs, Sicelo Shiceka said that by 2009/10 all accounting officers in provincial departments and in local municipalities, must sign performance contracts on internal and external audit management, integrated risk management and function of audit committees. By 2011, all municipalities and provincial departments must have dealt with disclaimers and any adverse opinion from the auditor general.<sup>281</sup>

---

<sup>279</sup> Interview (10/2009): CoJ: Official from the Infrastructure and Service Department (ISD)

<sup>280</sup> CoGTA (2009): "State of Local Government in South Africa. National State of Local Government Assessment Report". Working Documents COGTA 21-22 October 2009.

<sup>281</sup> Minister Shiceka. (October 2009): Launch of Operation Clean Audit CoGTA

At the launch of the Operation Clean Audit in October 2009 the Minister of Co-operative Governance and Traditional Affairs, Sicelo Shiceka explained that having a clean audit is an important measure of municipal governance and accountability. Shiceka said that the audit process should support the developmental agenda of the government. "In essence, once an audit plan is implemented, it must result in improved service delivery." He described the current situation as a 'crisis'. The main issues are poor internal controls, poor quality of financial statements and non-compliance to supply chain management procedures.<sup>282</sup>

The above overview of the regulatory framework indicates that despite the complex governance procedures put in place by government to enable economic development: the growth of GDP has declined to 0.9 % as at the 3<sup>rd</sup> quarter of 2009 and unemployment is at 24.5 % as at the 3<sup>rd</sup> quarter of 2009.<sup>283</sup> In terms of the assessment completed by the CoGTA on the performance of municipalities with regards to service delivery, it has been clearly highlighted that a turnaround strategy needs to be implemented to enable local government to meet its mandate. This status quo clearly indicates that the government's macro-economic policy, the underpinning regulatory framework and the micro projects implemented at the local government level did not achieve the economic development as envisaged by the national government within its policy framework. This is further supported by analysing the process and framework of price setting within the water sector.

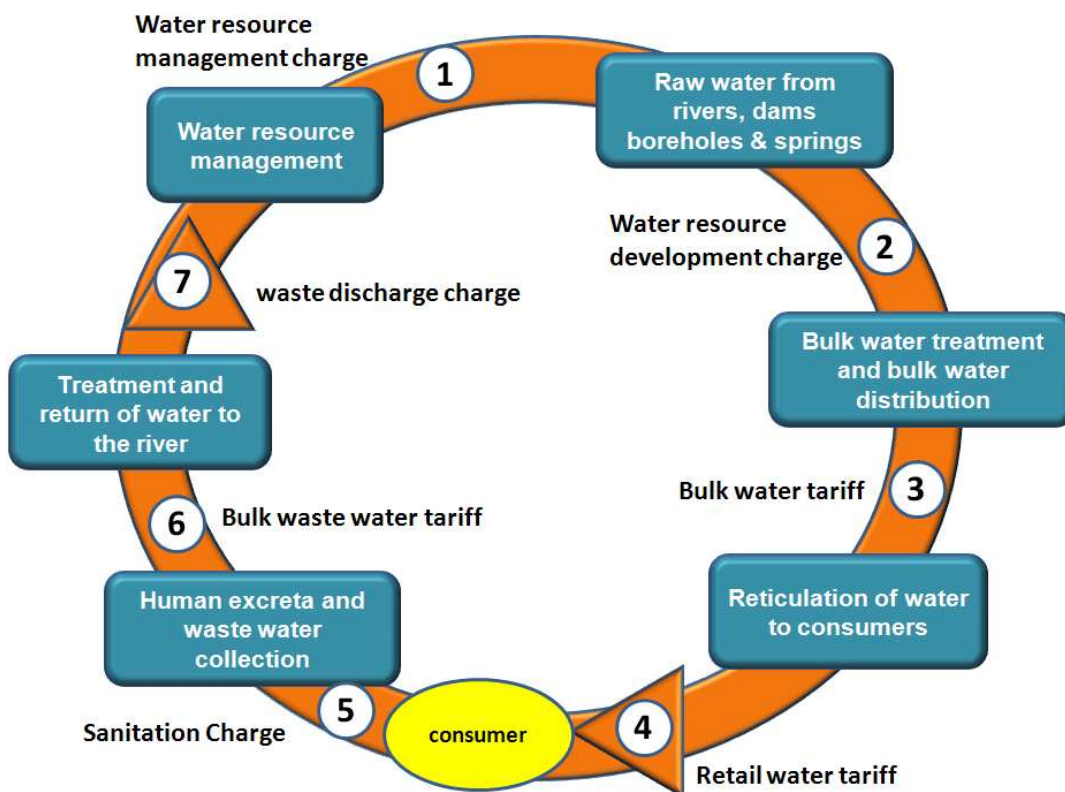
---

<sup>282</sup> Minister Shiceka. (October 2009): Launch of Operation Clean Audit CoGTA

<sup>283</sup> Statistics South Africa: ...www.statssa.gov.za/.....

### PRICE SETTING

According to the Strategic Framework for Water Services (2003:33) the price for water services should be based on generating revenue to cover the operational, maintenance and new implementation functions of water services. The diagram below reflects the components that make up the tariffs for water and sanitation services:



*Figure 8: Water cost and pricing chain based on the Strategic Framework for Water Services*

The above diagram indicates that the cost of water and sanitation services includes the cycle of water resource management from acquisition to waste discharge. The tariff structure includes: operations and maintenance costs, interests costs, depreciation charges, provisions for bad debt and future costs of infrastructure as well as forecast of future cash needs to

ensure a financially profitable operation.<sup>284</sup> According to Bond (2008) the tariff structure does not include environmental degradation cost that may arise from building dams or implementing infrastructure neither does it include individuals health cost that may arise from drinking contaminated water.<sup>285</sup>

According to section 10(1) of the Water Services Act, the Minister may, with the concurrence of the Minister of Finance, from time to time prescribe norms and standards in respect of tariffs for water services. According to section 6(2) of the Norms and Standards; tariffs should be set as a volume based charge that provides for a rising block structure that includes three or more tariff blocks, with the tariff increasing for higher consumption blocks. It stipulates that the tariff structure must include a “first tariff block or lowest tariff block with a maximum consumption volume of six kilolitres and which is set at the lowest amount, including a zero amount, required to ensure the viability and sustainability of water supply services”.

Consumption between 0 and 6kl per household per month should be provided for free if a FBW policy is being correctly implemented.<sup>286</sup>

The second block in a three-block tariff structure is for “normal consumption” meaning that the upper consumption limit of this block should be set such that a household that uses water sparingly should be able to be accommodated within this block. The tariff charged for consumption in this block should ideally reflect the actual or average cost of water. The third or highest block is for ‘luxury consumption’, and “a household that uses water for luxury purposes, such as for filling a swimming pool or a household that does not use water sparingly should be required to pay a higher than average price for water that reflects the economic cost of this scarce resource”.<sup>287</sup>

The tariff structures provide the compulsory 6kl of FBW followed by a steep, concave curve, which makes the next consumption block unaffordable to many households, commonly leading to water disconnections for non-payment of bills and people turning elsewhere to gain access to water. Rising block and exponential rising tariff structures, which take into account

---

<sup>284</sup> Interview (11/2009): JW, Official from the Finance Department

<sup>285</sup> Bond, P (2008): “Johannesburg Water Denialism Attracts Street and Court Protests”. [www.zmag.org/zspace](http://www.zmag.org/zspace)

<sup>286</sup> Strategic Framework for Water Services (2003) [www.dwaf.gov.za/dir\\_ws/waterpolicy/](http://www.dwaf.gov.za/dir_ws/waterpolicy/)

<sup>287</sup> Strategic Framework for Water Services (2003) [www.dwaf.gov.za/dir\\_ws/waterpolicy/](http://www.dwaf.gov.za/dir_ws/waterpolicy/)

how much water is consumed and how much is charged, can obviously only be implemented when there is a metered connection. For non-metered connections the norm is a flat rate (also known as 'deemed consumption'). According to Johannesburg Water, the bulk of the cost that is not recoverable is the provision of water services to deemed consumption areas and informal settlements which do not fall within the tariff structure. This is one of the primary reasons for embarking on a project to formalise the informal areas.<sup>288</sup>

The block tariff and free water policy does not take into account that the townships and informal settlements are characterised by high-density households. These households range from 3 to 30 people, all using one tap.<sup>289</sup> Due to the high-density, the water consumption is predictably high resulting in water bills that fall outside the range of the Free Basic Water block. Low-income households that cannot manage their water and sanitation needs within the free basic water block, move to the second block with unaffordable tariff rates, resulting in poor families not being able to afford basic water service. Hence, low income households do not necessarily correlate with low water consumption.

The tariff increases for water, electricity and waste removal for the 2009/10 fiscal year have been published, and the public has been asked to comment on the new pricing. The increases have been made in line with the need to conserve resources. According to a City Official, people will be forced to make extensive lifestyle changes and start conserving water and electricity if they want to avoid exorbitant charges. Tariffs will be determined on consumption and heavy users will be penalised. , "to continue to promote a culture of water conservation, the differentiated tariff remains on the basis that high volume consumers will pay more than those who consume less."<sup>290</sup>

This study has shown that increasing tariffs is not the instrument that would enable water conservation. The conservation of water must be promoted through the effective upgrade of ageing infrastructure, the extension of the implementation of infrastructure to areas where they do not exist, implementation of efficient water service delivery processes, deployment of

---

<sup>288</sup> Interview.(11/2009): JW, Official from the Office of the Chief Executive Officer

<sup>289</sup> Laila.S (2006). "Neither Public not Private. Unpacking the Johannesburg Water Corporatization Model."United Nations Research Institute for Social Development.

<sup>290</sup> Interview (10/2009): CoJ, Official from the Office of the Executive Mayor, Central Strategic Unit

water conservation equipment, training and awareness programmes within government, corporates, communities, schools etc.

As tariffs are one of the main sources of revenue for municipalities, the development of the tariff structure is the key instrument for cost-recovery. Income from water services (water and sanitation) accounts for between 10 and 16 percent of total municipal income.<sup>291</sup> The municipality is therefore focusing on projects that will enable the municipal entities to increase revenue through effective billing and revenue collection. Entrenching the paradigm that water is an economic good and source of revenue, rather than a social good necessary for human life, health and dignity.

According to civil society organisations such as the Anti-Privatisation Campaign (APF), Coalition Against Water Privatisation (CAWP) and researchers such as Patrick Bond (2008), there should be a progressive tariff structure that takes into account not only whether a water connection is metered or not and how much water is actually consumed, but is also stepped in such a way as to ensure affordability for the poor for water consumed over and above the FBW amount, as well as punishing rich, high-end consumers of excessive water amounts i.e. 'hedonistic consumption.'<sup>292</sup> In essence, what is ideal is a progressive, rising block tariff structure that is pro-poor and takes into account large household sizes of those in poorer socio-economic brackets, but also promotes water conservation and cross-subsidisation at the higher end, penalising those at the luxury end of the water consumption spectrum.

According to Johannesburg Water the reasons for the increased focus on cost recovery and the billing process are: the decrease in financial support from national government; municipalities are under considerable pressure, in terms both of internal accounting mechanisms and national government fiscal oversight, to become financially self-sufficient and to recover service-related costs from all areas, including poor communities and funding required for mega projects to enable the government's programme of 'developmentalism'.

---

<sup>291</sup> Interview (11/2009): JW, Official from the Finance Department

<sup>292</sup> Bond.P (2008): "Johannesburg Water Denialism Attracts Street and Court Protests". [www.zmag.org/zspace/](http://www.zmag.org/zspace/)

These pressures means that at the municipal level it is cost-recovery, rather than social or developmental benefit, that largely determines the quality of services delivery.

This pressure of grappling with all the financial and technical responsibility of water services, coupled with neoliberal cost-recovery imperatives, has resulted in a mindset in which the delivery of water services is viewed as a separate function, isolated from health care, education and public services. This approach has resulted in increasing municipal costs, duplication and constrain on available capacity thereby compromising equitable and effective service delivery within municipalities.

This separation of functions is emphasised within the DWAE's National Water Service Regulation Strategy which states that the promotion of efficiency will be achieved through financially ring-fencing water services. The question is whether the ring fencing of the financial process within Johannesburg Water has realised the assumed benefits of efficiency, financial accountability and transparency. McDonald (2002) argues that "there is a fundamental contradiction here between the drive to ring-fence a service so it can better isolate its own micro costs and the need to understand the broader macro-economic costs and benefits of a particular service."<sup>293</sup>

This model does not calculate the cost of providing basic services to all residents together with the cost of developing adequate institutional capacity, operational and maintenance processes. More precisely the budget should be based on meeting the current targets of backlog in water services which has been set to 2014.

## **KEY FINDINGS**

The key findings of the research into the water services financial management process has revealed that one of the main municipal revenue sources is from water service delivery. This revenue is critical for managing the local government bureaucracy and for investment into mega projects and interventions to market the city like hosting of international events,

---

<sup>293</sup> Pape.J and McDonald D.A (2002):"The Theory and Practice of Cost Recovery in South Africa." [www.hsrbpress.ac.za/](http://www.hsrbpress.ac.za/)



overseas trips for the mayor and his council members, the soccer world cup etc, which it is hoped would provide additional opportunity to realise economic growth.

To ensure that these services generate the required revenue, municipal entities have been structured as corporations to enable them to sell services at a market related price and to ring fence the financial management process to assist with efficient billing and revenue management.

Another key finding is that on a national level the responsibilities within the water service process is limited to setting policy and the management of the bulk water transfer and pollution control processes. There is minimum engagement between the water utility on the local government level and the DWAE. The key engagement is with the National Treasury. Hence, the total responsibility for delivering water services including the governance and regulation thereof resides at the local government level.

Mega projects like the Lesotho Highlands Water Project involves mainly International Corporations. The consequence of which has been minimum due diligence or oversight of the contractual obligations of these organisations by the stakeholders, increase in water tariffs due to the high costs of the project, lack of skills development of resources within Lesotho or South Africa as well as the inadequate working conditions of the workers in Lesotho and the negative impact of the project on the environment. These elements have contributed to the high cost of water which has been directed to the users.

Another key finding is that Johannesburg Water has implemented a multi-million rand project to manage the loss of revenue for unaccounted for water. The key justification is the importance of water conservation. However, the project focuses only on water that affects the water utility's revenue. Project 'Operation Gcin'amanzi' is focussing on fixing and replacing infrastructure outside of private property. However, water loss on private property is already included in the tariffs charged to the residents. This study therefore questions the government's commitment to water conservation.

With regard to the high tariffs, Rand Water has argued that, for them to be financially viable, they had to increase prices to Johannesburg Water due to the decrease in the supply of water

resulting in Johannesburg Water increasing tariffs. Johannesburg Water's prices to consumers have been further affected by the decrease in demand by users due to the recession impacting many business and water services being unaffordable to majority of the poor communities.

This study also supports the view that the government's free water policy is not 'pro-poor', but in fact designed to ensure that all water users (including people classified as indigent) are on the government's database to enable the utility to effectively implement the revenue management. In addition, the free water policy does not take into account that the townships and informal settlements are characterised by high-density households and low-incomes. These households cannot manage their water needs within the free basic water block, resulting in the withdrawal of water services.

Finally, the institutional relationships on the local government level and between the spheres of government are based on providing services that cannot be integrated. This model has not enabled the government to realise the benefits of efficiency that would come with integrated services. This silo approach also impedes the sharing and integration of information between housing, education, health and utility services like water and electricity on the local government level.

The government's vision of achieving economic development through establishing developmental local government has not been realised. In fact the municipality is facing a financial crisis, compounded by an increase in unemployment and a decrease in the number of people accessing water services as a result of high tariffs.

According to Bond (2008), decommodifying water services is critical for the sustainability of water services. According to this analysis, 'decommodifying' water entails assuring that there is a universal free lifeline tariff that allows all consumers to have a decent water supply available every day; the value of water within other key sectors must be calculated (e.g. public health benefits, gender equity, economic multipliers, environmental factors) and which are typically ignored in the private commodity model of water consumption; imposing a luxury consumption charge on wealthy and over-consumptive households, so as to discourage high volume use (for conservation purposes and to cross-subsidise universal free lifeline water)

and providing legislative and even constitutional protection for consumers so as to realize their “right” to water in a manner that empowers citizens and workers, not bureaucrats.<sup>294</sup>

---

<sup>294</sup> Bond, P (2008): “Johannesburg Water Denialism Attracts Street and Court Protests”. [www.zmag.org/zspacegeographical](http://www.zmag.org/zspacegeographical) (desegregation),

## CHAPTER 7: CONCLUSION

This study was informed by the increasing country wide community protest against inadequate service delivery by local government. Post-1994, the government's service delivery model did not meet the expectations of majority of the people of South Africa, especially the marginalised communities. The consequence was an increase in community resistance, a rise in social movements and the resurgence of working class mobilisation.

After the 2006 national elections, the Government under President Thabo Mbeki responded by developing a comprehensive governance framework at the national, provincial and local government levels with the directive to measure performance and report on non-performance. This intervention did not transform the service delivery process or facilitate accountability of government to the electorate. Hence, community protest from 2006 to 2009 escalated.

After the 2009 national elections, the ANC government led by President Zuma together with its alliance partners COSATU and the SACP, responded by recommitting to the vision of establishing a developmental state with the intention of enabling the government to meet its social obligations:

“Our understanding of a developmental state is that it is located at the centre of a mixed economy. It is a state which leads and guides the economy and which intervenes in the interest of the people as a whole. A South African developmental state, whilst learning from the experiences of others, must be built on the solid foundation of South African realities. Whilst engaging private capital strategically, our government must be rooted amongst the people and buttressed by a mass-based democratic liberation movement. Whilst determining a clear and consistent path forward, it must also seek to build consensus on a democratic basis that builds national unity. Whilst acting effectively to promote growth, efficiency and productivity, it must be equally effective in addressing the social conditions of the masses of our people and realising economic progress for the poor.”<sup>295</sup>

---

<sup>295</sup> ANC Polokwane Resolution on the Economy (2007) : <http://blogs.timeslive.co.za/>

The above resolution clearly indicates that the South African Government has a vision of establishing a developmental state that is based on economic growth, which will enable the social development of the people. The resolution further states that the government will engage with the capitalist class but will be embedded within civil society.

However, the study has revealed that the government has implemented selected strategic initiatives based on the East Asian Model of development. According to the literature review, the East Asian model displays the following key characteristics: an authoritarian state with the commitment to drive economic growth; a state that is embedded within the capitalist class to drive and implement industrial policies; a central planning capacity established to plan, coordinate and monitor economic development; a bureaucracy that ensures compliance to the central planning unit's directives and a political system that supports the central planning unit and the bureaucracy.

Most importantly the East Asian model cannot be characterised as a participatory model, as the centralised state apparatus attains legitimacy by achieving a high rate of economic growth. Thus, civil society is passive and excluded from the decision-making processes on economic and social development.

Based on the above assessment of the East Asian model, the literature review also explored alternative models of a developmental state by drawing on case studies of Kerala in India and Brazil.

This literature review revealed that participatory democratic developmental states are embedded within civil society, making it possible to create the institutional forms and political processes required for negotiating developmental growth based on redistribution policies. Participation and engagement of the working class in the developmental process ensures that economic and social development continues, even after a change in the ruling party through an electoral process. In addition, the synergy between state and the working class enables the establishment of an environment of commitment and orientation towards a common developmental goal.

Most importantly, a participatory democratic developmental state engaged with a highly mobilised civil society ensures the transformative capacity required for development. This model illustrates the possibility of class cooperation, deepening democratic structures and replacing patronage with representation. A highly engaged civil society also becomes the governance and regulatory mechanism required for government accountability and efficient public service delivery.

If the South African government is committed to its vision as per the Polokwane resolution, it needs to develop an alternative developmental framework based on a participatory democratic developmental model as described above. It also needs to draw on some key characteristics from the East Asian model such as the states commitment towards a common goal and the state's transformative capacity.

Based on the government's assessment of the causes of the failure of the service delivery process and its concept of a developmental state as defined in the Polokwane resolution, key components of the service delivery model have been reconfigured to stimulate economic growth and efficient public service delivery.

The key components as detailed in the study are: a corporate governance framework based on a centralised planning and coordinating capacity to drive economic growth; a centralised monitoring and evaluation capacity to oversee and regulate sector performance and local government performance; a centrally managed financial management framework to ensure audit compliance; a national spatial policy directive to ensure that investments are directed to geographical areas that have the 'economic potential' for rapid economic growth and an effective revenue management process to ensure that local governments are financially sustainable through the provision of commoditised public services.

The South African service delivery model includes some aspects of the New Public Management (NPM) framework such as decentralisation through local government; establishment of state-owned corporatised agencies to source, deliver and maintain public services; public-private partnerships; cost recovery of services delivered; levels of services packaged according to price and ring-fencing the financial management and demand management processes.

The research on the corporate governance component focuses on responding to the supplementary question: *to what extent has the governance framework transformed the process of delivery of water services to meet the requirements of the communities of Johannesburg?*

The research established that the governance intervention is centrally designed, coordinated and managed. The governance mechanism is designed for sector departments and local government. Sector departments and local government must provide quarterly and annual reports as evidence of compliance to the governance and performance requirements. This is accomplished by compiling Growth and Development Strategies, Integrated Development Plans, Business Plans, Performance Management Reports and financial audit requirements. This approach has resulted in a complex national regulatory framework which is a paper exercise and an ineffective governance mechanism. In addition, the governance framework does not include participation by civil-society.

The study also identified that the powers, functions, roles and responsibilities of the three spheres of government are not clearly defined. This has resulted in inadequate regulatory and oversight by national and provincial governments of the service delivery processes. The function of delivery of services as well as the regulatory of the quality of services is delegated to local government. The consequence of this is corruption, nepotism, poor infrastructure planning, implementation and maintenance and poor labour relations. Most importantly civil society does not have any mechanism other than community protest to enforce government accountability. Effective governance directive must be based on an approach that focuses on engaging with and developing solutions around the experiences and reality of those marginalised. Government accountability can only be measured by an engaged civil-society.

The performance management system upon which the service delivery model is based reveals that performance targets are based on a baseline of what was achieved in the previous financial year and not on total service delivery requirements. Based on this methodology the government has portrayed a positive track record of its achievements year on year over the past 15 years. The current balance scorecard approach does not take into

account the number of disconnections, health cost due to inaccessibility to clean water and environmental cost due to inefficient water treatment processes.

It is recommended that the government uses a performance management methodology that ensures that delivery targets are based on the total backlog. The key performance indicator must be based on the provision of equitable and affordable services across the socio-spatial divide. This method will put an emphasis on what needs to be done, i.e. the gaps, rather than what has been done. To ensure that this methodology is successful it is further recommended that local government obtains integrated, quality data to ensure that every community has access to basic services that realise a social value.

The governance directive for the water service delivery process has not been structurally changed. It ensures that the business of water is delegated to a board of directors. The study has revealed that this institutional relationship has reduced the local government's political influence over the service provider, minimising the regulation and oversight of the water services process.

It is therefore recommended that the institutional arrangement on the local government level be transformed to give effect to an integrated service delivery process. The service delivery process must be structured based on a community's total social requirement which includes water, electricity, health, transport, education, food security, etc. This recommendation will ensure efficiency, cost reduction, economies of scale, community participation and a common orientation towards achieving shared goals.

A society-centric service delivery model has to be based on an institutional relationship that is defined by a structured state-society engagement model. Other key critical success factors required to give effect to a service delivery model that is aligned to society's social requirements are: a state embedded into civil society, redistributive policies, complete and quality information on all resident's current levels of services, status of current infrastructure, available capacity and the active participation of civil-society to ensure an effective governance and regulatory mechanism to ensure government accountability and transparency.



The second component of this study was to assess the government's spatial directive to ascertain whether the objective of reversing the apartheid era socio-spatial characteristics is being met.

To this end the key question asked is: *to what extent have current policy interventions and local government institutions reconfigured apartheid socio-spatial relations?* This aspect of the study was based on the view that the government must overcome the legacy of apartheid if it means to provide equitable access to services. A key focus of the analysis was based on the government's response to human settlement patterns and patterns of infrastructure and development spending.

The research into this aspect of service delivery revealed that we are still left with the results of the apartheid spatial laws, that the priorities of local government are not designed to reverse the effects of the socio-spatial divide that characterizes our cities. This is witnessed through the many informal settlements which are indicative of the unequal provision of housing, access to land and basic services such as water, electricity, health, transport and education.

The delivery of water services across the Johannesburg Municipality reflects disparities in access, quality and quantity based on socio-spatial divisions on lines not too dissimilar from the racial demarcations characteristic of the apartheid era. The delivery of water services is closely related to the presence and quality of water and sanitation infrastructure.

In response to the above question, this study analysed the government's National Spatial Development Perspective (2006), which is a policy directive and a decision making tool. This tool was developed within the framework of the government's developmental vision. To this end it provides the directive to national, provincial and local government towards investing in areas that would promote rapid economic growth.

An analysis of the NSDP and supporting national policy interventions indicate that the government's spatial directive is based on developing regions with economic potential. This policy directive is based on the premise that areas that have been identified to have high-economic potential should be further developed into economic hubs through infrastructure

investment, improvement of public services, increased governance and financial management and efficient consumer relationship processes.

These 'economic hubs' would then be the catalyst for developing the South African economy. The policy directive states that interventions in areas with low-economic potential should be limited to human resource development, providing market intelligence, agrarian reform initiatives and agricultural services. Hence, socio-spatial dimensions are subordinated to economic-spatial dimensions.

In analysing the socio-spatial policy interventions at the local government level, it was revealed that the current plans, programs and projects are aligned with the national government's policy directives. Local government development has therefore taken the form of infrastructure spending on business parks, tourist sites, shopping malls and sports stadiums in preparation for the 2010 international soccer event.

This study demonstrates that the current spatial perspective show no serious commitment to adopting anything more than a minimum needs approach to the delivery of social goods and services. For example, municipal infrastructure grants and the Free Basic Water policy does not translate into access to adequate water services as it does not take into account household size, health, location or factors of affordability. Majority of the communities under the jurisdiction of the City of Johannesburg are located in settlements that perpetuate apartheid planning and continue to be physically dislocated from economic centres of opportunity. Notwithstanding the fact that low income housing is often built on marginal land, with inadequate infrastructure (roads, electricity, sanitation) which additionally increases poor communities' vulnerability to the effects of poor service delivery.

Hence, the socio spatial characteristics that are prevalent in the Johannesburg Municipal region 15 years after democracy illustrates the glaring disparities between the rich and the poor, expressed in spatial arrangements and settlement patterns. This is manifested in the social and economic exclusion and deprivation in the former townships and informal settlements on the outskirts of the City.

It is therefore concluded that the current economic-spatial policy directives will not enable government to meet its social obligations. In fact the study demonstrates that the current spatial interventions have not enabled the government to meet some of the fundamental goals for economic and social transformation that work in synergy to eradicate the injustice of inequality.

The prevailing socio-spatial characteristics of the City of Johannesburg demonstrates that the state including local government are not committed to reconfiguring the apartheid based socio-spatial divisions. To reconfigure the current socio-spatial characteristics it is important to develop redistributive policies at the local government level.

The final component of this study is based on the key concerns expressed by decision makers within local, provincial and national spheres of government -access and availability of financial resources is the key impediment to equitable service delivery.

The study has found that access and availability of financial resources is a key political component of the prevailing service delivery model. As municipalities are highly dependent on financial resources generated from the delivery of services, the service delivery model is based on reengineering basic services into a “commodity” so that the value is the ‘business opportunity’ it presents to local government to raise revenue. Hence, the service delivery model is based on defining the ‘economic good’ of essential services.

The inadequate fiscal transfers from the national government to the City of Johannesburg, the increased costs of managing a complex institutional arrangement on the local level as well as the costs of implementing mega projects have all contributed to an increase on the dependence of revenue generated from the delivery of public services. The financial situation on the local government level has also contributed to the city’s financial office not handing over grants provided by the national fiscus for basic services such as water services to the responsible utility.

The history of inequality, compounded by the growth patterns in the city has also contributed to the pressure on the current pace of service delivery. Majority of the communities in Johannesburg are unable to afford a high level of service, thus fuelling the backlogs for

minimum levels of service. These factors cannot be underestimated when assessing the current service delivery model and its potential in enabling government to meet its social obligations and ability to address equity issues.

In fact the data has revealed that the service delivery model based on the fundamentals of corporatization has not resolved the difficulty of generating the required revenue, or substantively extended services to previously disadvantaged areas. The current service delivery status indicates that this institutional choice is structurally unable to eliminate the social contradictions of a city. The study has shown that Johannesburg City is economically prosperous but at the same time, faces a rapid growth of urban poverty. For this contradiction to be resolved, the current service delivery institutional arrangement must be restructured based on a redistributing directive to ensure efficient reallocation of municipal resources.

Thus, the reconfigured components of the service delivery model will not realise the government's vision of 'addressing the social conditions of the masses of our people and realising economic progress for the poor'.

In fact the Johannesburg municipality is facing a financial crisis, compounded by an increase in unemployment and a decrease in the number of people that have access to water services due to inadequate infrastructure, high tariffs, lack of civil society and community participation in the decision making process and the complex institutional arrangements at the local government level.

Thus, this research report concludes with the position that the policies and programmes of the South African government have failed the poor. However well articulated the government's governance processes might be, the fact that the poor are unable to access adequate services, makes the government's national policies which are based on principles of equal opportunity a farce. A divided and unequal society will remain a manifest feature of the South African landscape if current policies are based on cost recovery and differentiation of level of service provided based on affordability.

Based on the above, state reform of the public sector within the framework of social good and the consequent restructure of local government is essential to reform the institutional

framework of essential services. The paradigm of social good demands that people have equal rights and opportunities and that basic need such as water, electricity, shelter, health facilities, education must be available to all. The way to achieve this is an effective redistributive programme, a decommodification of basic services, an integrated model of service provision and an engaged mobilised civil society.

In the final analysis this study has revealed that South Africa has laws benefiting the poor on paper, but not in practice. The transition from paper to reality can only take place if the poor are empowered to engage with the national, provincial and local spheres of government in the formulation and implementation of the service delivery process.

## REFERENCES:

### LEGAL DOCUMENTS

Constitution of the Republic of South Africa (1996): <http://www.acts.co.za/constitution/index.htm>

Division of Revenue Act

Free Basic Water Policy (2002); [www.dwaf.gov.za/Documents/FBW](http://www.dwaf.gov.za/Documents/FBW)

Local Government Transitional Act (Act 209 of 1993)

Local Government Municipal Structures Act 117 of 1998

Medium Term Expenditure Frameworks (MTEF)

Municipal Structures Act, 1998

Municipal Systems Act (No.32 of 2000)

Municipal Financial Management Act (MFMA:2003)

Municipal Finance Management Act, 2003

Municipal Infrastructure Grant (2003). <http://www.dplg.gov.za>

Municipal Infrastructure Grant (2008). <http://www.dplg.gov.za>

National Water Act 36 of 1998

National Water Services Regulation Strategy (2008): [www.dwaf.gov.za/dir\\_ws/waterpolicy/](http://www.dwaf.gov.za/dir_ws/waterpolicy/)

Public Finance Management Act (PFMA:1999)

Strategic Framework for Water Services (2003)

Water Supply and Sanitation Policy White Paper (1994)

White Paper on a National Water Policy for South Africa (1997)

Water Services Act (No.108 of 1997)

Constitutional court of South Africa (10/2009). Lindiwe Mazibuko and Others v City of Johannesburg and Others. Case CCT 39/09. [2009] ZACC 28. Date of Judgment: 8 October 2009

## **GOVERNMENT PUBLICATIONS**

ANC Manifesto Policy Framework (2009): "Working Together we can do better." Issued by the African National Congress. Luthuli Johannesburg

ANC (2009): "Statement by the National Executive Committee of the African National Congress, on the 98th anniversary of the ANC (09/01/2010)." <http://www.polity.org.za/>

City of Johannesburg (2007): Annual Report Part 1. "Annual Performance Report 2007/2008."

City of Johannesburg (2008): "Growth Management Strategy; Growth, Trends and Development Indicators Report 2008/2009." Johannesburg

City of Johannesburg (2008): "Integrated Development Plan (2008/2009)." Johannesburg

City of Johannesburg (2008): "Mid-term Report September 2008." Office of the Executive Major, Johannesburg

City of Johannesburg (2008): "Spatial Development Framework (SDF:2008/09)." Johannesburg

City of Johannesburg (2008): "Growth Management Strategy (GMS: 2008)." Johannesburg

City of Johannesburg (2008): "Growth and Development Strategy (2009-2014)." Johannesburg

CoGTA (2009): "Local Government Turnaround Strategy. Working together, turning the tide in Local Government." Working document, November 2009

CoGTA (2009): "State of Local Government in South Africa. Overview Report - National State of Local Government Assessment." Working Documents COGTA 21-22 October 2009.

CoGTA (2009): "Operation Clean Audit – October 2009."

Growth, Employment and Redistribution (GEAR) - a Macroeconomic Strategy: (1996).  
<http://www.info.gov.za/view/>

DWAF(2003): "Water Service Capacity Building for Local government." Pretoria

The Presidency, RSA (2002): "National Spatial Development Perspective. Policy Coordination and Advice Services (NSDP 2003)." The Presidents' Office, Pretoria

The Presidency, RSA (2002): "National Spatial Development Perspective. Policy Coordination and Advice Services (NSDP 2006)." The Presidents' Office, Pretoria

The Presidency, RSA (2008): "Development Indicators". Policy Unit

Medium Term Strategic Framework (2009-2014): "A framework to guide government's programme in the electoral period (2009-2014)." Issued by the Minister in the Presidency; Central Planning Commission

White Paper on Water Services (2002). Issues by the Department of Water Affairs

Speech by: President Jacob Zuma. Opening address to the Presidential Meeting with Executive Mayors to discuss improving service delivery in Municipalities. Khayelitsha, Cape Town, October 2009.

The Municipal Infrastructure Investment Framework (MIIF:2009).<http://www.dbsa.org/Research/>

## **INTERNET**

APF document, Natalie (2007): "*Water Privatisation.*" <http://apf.org.za/spip.php?article145>

Bell.S (2005): "*Fiscal decentralization in the Sudan: concepts and challenges.*" George Washington University. <http://www.gwu.edu/~gwipp/papers/wp010>

Brettonwoods Project(2008). "*The World Bank and water privatization: public money down the drain.*" <http://brettonwoodsproject.org/>

City of Johannesburg: "*Joburg 2030.*" <http://www.joburg.org.za/>

DWAF (2008): "*Water supply backlog.*" [http://www.dwaf.gov.za/dir\\_ws](http://www.dwaf.gov.za/dir_ws)

EarthScan, 2007: "*Global Environmental Outlook.*" GEO – 2010 UNEP's Millenium Report on the Environment, Earthscan Publications, London. <http://www.unep.org/climatechange/>



Intergovernmental Panel on Climate Change, Working Group 2. Third Assessment Report: (2007)  
“*Summary for Policy Makers, Climate Change 2007: Impacts, Adaptation and Vulnerability.*” Approved  
by IPCC Working Group III. [http://www.ipcc.ch/working\\_groups/](http://www.ipcc.ch/working_groups/) IPCC

“International Water Report and Cost Survey (2007-2008)”..... [www.earth-policy.org/](http://www.earth-policy.org/)

“Johannesburg Water”. <http://www.johannesburgwater.co.za/>

Lesotho Highlands Water Project (2007): “*Implementation completion and results report.*” IBRD-  
43390” <http://www.lhwp.org>

Lesotho Highlands Water Project (2009):TCTA Annual Report (2009)- “*LHWP Funding.*”  
[www.tcta.co.za/](http://www.tcta.co.za/)

Lesotho Highlands Water Project (2005): “*What went wrong?*” International Rivers publication,  
October 2005. <http://www.internationalrivers.org/programs/lesotho/>

Pottinger, L. (1998): “*Lesotho Dam’s Sea of Debt Could Drown Regional Water Conservation Efforts.*”  
World Rivers Review, International Rivers. <http://www.internationalrivers.org/programs/lesotho/>  
<http://www.randwater.co.za>

Municipal Hotspots (2009): Municipal IQ, <http://www.municipalig.co.za>

Swanepoel. E (2009). “*Ageing Infrastructure a ‘severe national crisis’.*” Engineering News Online:  
<http://www.engineeringnews.co.za/>

World Bank (2009):“*Water Resource Management.*” International Bank for Reconstruction and  
Development: [www-wds.worldbank.org/external/](http://www-wds.worldbank.org/external/) (2009):

World Bank - WWC (2000): “*The Long Term Vision for Water, Life and Environment.*”  
[www.worldbank.org](http://www.worldbank.org)

World Water Forum (2009): “*Water at a Crossroads. Istanbul August 2009.*”  
[www.worldwatercouncil.org/](http://www.worldwatercouncil.org/)

World Bank (2009):“*Restructuring SA Cities.*” \_DSavage <http://.www.info.worldbank.org/etools/.../>

World Bank (2006):“*Approaches to private participation in Water Services- A toolkit.*” The international  
Bank for reconstruction and Development, Washington

World Bank (2006): *"The state in a changing world."* World Bank Development Report (1997):  
[www.worldbank.org/html/extpb/annrep97](http://www.worldbank.org/html/extpb/annrep97)

World Bank (1996): *"Proceedings of the World Bank Sub-Saharan Water Resources Technical  
Workshop in Nairobi, Kenya, 12-15 February 1996."* <http://www.worldbank.org>

World Water Council (2000): *"The Long Term Vision for Water, Life and Environment."*  
[www.worldwatercouncil.org](http://www.worldwatercouncil.org)

Global Water Partnership (2009): *"Water is Synonymous with Development and Growth."*  
[www.gwpforum.org/servlet/PSP](http://www.gwpforum.org/servlet/PSP)

Statistics South Africa: ...[www.statssa.gov.za/](http://www.statssa.gov.za/)

## **INTERVIEWS, MEETINGS, DISCUSSIONS AND SPEECHES**

Interview: (09/2009): DWAE, Director General's Office; Strategic Planning

Interview (09/2009): DWAE, Director General's Office; Vision and Mandate Task Team

Interview (09/2009): President's Office, Policy coordination and Advisory Services; Policy Analyst

Interview (10/2009): CoJ, Finance and Economic Development Committee

Interview (10/2009): CoJ, Infrastructure and Services Department (ISD)

Interview: (10/2009): CoJ, Development Planning Urban Management (DPUM)

Interview: (10/2009): CoJ, Office of the Executive Mayor, Central Strategic Unit

Interview.(11/2009): JW, Office of the Chief Executive Officer

Interview (11/2009): JW, Finance Department

Interview (11/2009): JW, Operations Department

Interview (11/2009): JW, Infrastructure Department

Discussion (09/10): CoJ. Infrastructure and Services Department

Ms BP Sonjica, (August 2005): Speech in Stockholm, Sweden: "African Ministers coming together to  
Achieve the Millennium Development Goals."

Minister Shicek, October 2009: Launch of Operation Clean Audit. CoGTA

President Jacob Zuma, October 2009: Opening address to the Presidential Meeting with Executive Mayors to discuss improving service delivery in Municipalities. Khayelitsha. Cape Town

Carrim, Y, October 2009: Speech at the 'National Indaba on Local Government, Boksburg. Deputy Minister, Corporate Governance and Traditional Affairs

## **NEWSPAPER ARTICLES**

Ramatlhodi. N: *"One Revolution to solve many ills."* Newspaper Article-Sunday Time, November 8, 2009. Ramatlhodi is an ANC MP.

Ramphela.M (2009): *"Ethics and integrity, not groupthink, the value to strive for."* Sunday Independent, November 8, 2009.

Groenawald. J (2009): *"Joburg redirects 1 billion from budget as costs surge."* Mail and Guardian, November 27, 2009.

*"Multibillion rand plan to boost Vaal water supply."* Mail and Guardian online December 04 2008.  
<http://www.mg.co.za/article/2008-12-04-multibillion-plan-to-boost-vaal-water-supply>

*"South Africa may face Water contamination crisis."* Mail and Guardian online December 04 2008.  
<http://www.mg.co.za/article/2008-02-03-sa-may-face-watercontamination-crisis>

Sipho Masondo and Sally Evans(2009): *"City slash budgets for 2010 stadium. Soaring costs force Johannesburg to trim more than R1bn from budget."* The Times (Sep 7,2009 2009).

Thomas. C (2009): *"Water Project to Stimulate Economic Growth."* Engineering News, June 2009  
[www.lhwp.org.ls/](http://www.lhwp.org.ls/)

## BOOKS AND JOURNALS

- Abrahams, G (1998): *"The Greater Johannesburg Transitional Metropolitan Council: A case study of transitional metropolitan government."* In Foundation for Contemporary Research, Cape Town
- Beall, J., O.Crankshaw and S.Parnell (2002): *"Uniting a divided city: Governance and social exclusion in Johannesburg."* London, Earthscan.
- Bond.P. (2000): *"Transformation in infrastructure policy: From apartheid to democracy."* Municipal research project
- Bond, P (2002): *"Unsustainable South Africa: Environment, Development and Social Protest."* London, Merlin Press
- Bond, P (2008): *"Macrodynamics of globalization, uneven urban development and the commodification of water."* Law, social justice and global development journal, 11 Annual 2008
- Bond, P (2008): *"Johannesburg Water Denialism Attracts Street and Court Protests."*  
[www.zmag.org/zspace](http://www.zmag.org/zspace)
- Bond, P (2007): *"The Heart of Global Apartheid, Joburg."* (Centre for Civil Society, University of KwaZulu-Natal)
- Bond, P (2009): *"South Africa's 'developmental state' distraction."* Mediations, journal of the Marxist Literary Group, Volume 24.1
- Boyte, H (2004). *"Seeing Like A Democracy: South Africa's Prospects for Global Leadership."* African Journal of Political Science June 2004; Vol 9 No 1: 4.
- Buraway, M (1998): *"The Extended case method."* In Sociological Theory 16 (1):4-33
- Castells. M (1992) in: Edigheji.O (2005): *"A democratic developmental state in Africa?"* A Concept paper. Centre for Political Studies, Johannesburg
- Chalmers. T (1982): *"MITI and the Japanese Miracle: The Growth of Industry Policy 1925- 1975."* (Stanford: Stanford University Press).

- Edigheji, O (2005): "*A democratic developmental state in Africa?*" A Concept paper. Centre for Political Studies, Johannesburg
- Eikenberry. AM (2004): "*The Marketization of the Non profit Sector: Civil Society at Risk?*" University of Nebraska at Omaha, Public Administration Review
- Emdon, E (1998): "*Research into Johannesburg Metropolitan System.*" Unpublished Paper
- Evans, P (1995): "*Embedded autonomy, States & Industrial transformation.*" USA, Princeton University Press.
- Evans, P (1998): "*Transferable lessons? Re-examining the institutional prerequisites of East Asian economic policies.*" Journal of Development Studies 34(6)
- Gleick, P (2001): "*Making Every Drop Count.*" Scientific American
- Glenn Ho (2009): "*Managing Risk in a Recession.*" Delivery - the magazine for local government, October 2009,
- Gowlland-Gualtieri (2007): "*South Africa's Water Law and Policy Framework - Implications for The Right To Water.*" [www.ielrc.org/research\\_water.php](http://www.ielrc.org/research_water.php)
- Hall, D. (2000): "*iGoli 2002, world class questions.*" Commissioned by the SAMWU, PSI Southern Africa. PSIRU Reports
- Hambleton.R. (2004): "*Beyond New Public Management – city leadership, democratic renewal and the politics of place.*" Paper to the City Futures International Conference, Chicago, Illinois, USA, 8-10 July 2004
- Harvey, E. (2003): "*A critical analysis of the decision to corporatize the water and wastewater services in the City of Johannesburg.*" Masters Dissertation, University of the Witwatersrand Graduate School of Public and Development Management
- Hobson. JM (1997): "*The wealth of states.*" A comparative sociology of international economic and political change, Cambridge University Press
- Heller.P (1997): "*Social capital as a product of class mobilisation and state intervention: Industrial workers in Kerala, India.*" In "State Society Synergy." Edited by Evans.P. University of California at Berkeley.

Johnson, Chalmers (1982): *"MITI and the Japanese Miracle: The Growth of Industry Policy 1925-1975."* (Stanford: Stanford University Press).

Jung-en Woo (1991): *"Race to the Swift: State and Finance in Korean Industrialization."* Columbia University.

King, S.P. (1992): *"Corporatisation and the Behaviour of government owned corporates."* Ashgate Publishing, Ltd

Laila, S (2006). *"Neither Public nor Private. Unpacking the Johannesburg Water Corporatization Model."* United Nations Research Institute for Social Development

Lodge, T (2006): *"The future of South Africa's Party System."* Journal of Democracy - Volume 17, Number 3, July 2006, pp. 152-166. The Johns Hopkins University Press

Lowndes, V.(1997): *"Change in public service management: New Institutions and new managerial regimes."* Local Government Studies

Lassman, P & Speirs (1994): *"Weber Political writings."* (Cambridge: Cambridge University Press).

Weber, M. *"Politics as a vocation."* in Hans H. Gerth and C. Wright Mills, eds, (1994): From Max Weber: *"Essays in sociology"*, translated by Hans H. Gerth and C. Wright Mills (London: Routledge & Kegan Paul, 1948)

Memela, S, Mautjane, B, Nzo, T & van Hoof, P (2008): *"The State of Local Governance in South Africa. What does the Local Governance Barometer tell us?"* Idasa, Digital Print Solutions

Mengisteab, K (2000): *"Globalization and state society relations in Africa."* The Pennsylvania State University, State-College.

Modsell, T (2004), *"Free Basic Services: The Evolution and Impact of Free Basic Water policy in South Africa."* Pretoria, HSRC Press

Ostram, E (1997): *"Crossing the great divide: Coproduction, Synergy and Development."* In *"State Society Synergy."* Edited by Evans, P. University of California at Berkeley.

Pape, J and McDonald D.A (2002): *"The Theory and Practice of Cost Recovery in South Africa."*  
[www.hsrcpress.ac.za/](http://www.hsrcpress.ac.za/)

- Panayotou, T: (1998): *"Bridges to sustainability. The role of the private sector in sustainable infrastructure development."* <http://www.undp.org>
- Pillay.D (2007):*"The stunted growth of South Africa's Developmental State Discourse."* In Africanus, Journal of Developmental Studies. Vol 37 2 2007. *"Transcending two economies – renewed debates in South Africa's political economy."*
- Pillay, U (2009): *"From protest to social compact."* HSRC Review - Volume 7 - No. 4 - November 2009. [http://www.hsrc.ac.za/HSRC\\_Review\\_Article-168.phtml](http://www.hsrc.ac.za/HSRC_Review_Article-168.phtml)
- Powell. D (2009): *"What is wrong with local government."* Article in- 'Delivery' the Magazine for Local Government"-October 2009
- Punch. K (2000): *"Developing effective research proposals."* California, Sage.
- Pollitt.C (2002): *"Clarifying convergence, striking similarities and durable differences in public management reform."* Public Management Review, Vol.4, issue 1 471-492, University of Rotterdam
- Reddy. PS & Sabelo, T (1997): *"Democratic decentralization and central/provincial and local relations in South Africa."* Page 572. Publisher: MCP UP Ltd
- Robert, B. Denhardt and Janet V, Denhardt. 2004. *"The New Public Service: Administration and Democratic Governance,"* in Democracy, Governance and Globalization, Indian Institute of Public Administration
- Rondinelli, D (1981): *"Government Decentralization in Comparative Perspective: Developing Countries"*, International Review of Administrative Science, 47(2)
- Salamon, L.M (1993): *"The marketisation of welfare: changing non-profit and for-profit roles in the American welfare state"*, Social Service Review, vol. 67, no. 1, pp. 16-39.
- Scudder.T: (2003): The Lesotho Highlands Water Project
- Skocpol, T (1979): *"States and social revolutions."* Cambridge University Press
- Smith, L: (2006): *"Neither Public nor Private. Unpacking the Johannesburg Water Corporatization Model."* UN Research Institute for Social Studies, Social Policy and Development Programme
- Stiglitz, J (2006): *"Making Globalization Work."* Britain, Penguin Books, Allen Lane

Strauss, A & Corbin J (1990): "*Basic considerations*" in *Basics of Qualitative Research; Grounded theory procedures and technique.*" California: Sage.

Van Pyneveld, P (2002): "*The development of policy on the financing of municipalities.*"  
www.hsarc.ac.za

Wade, Robert (1990): "*Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization.*" (Princeton, Princeton University)

Weeks, J (1999): "*Stick in Low GEAR? Macroeconomic Policy in South Africa.*" .SOAS Working Paper No.85, The Cambridge Journal of Economics Vol. 23, No. 6

Weiss, R (1995): "*Learning from strangers: the Art and Method of Qualitative Interview Studies.*" New York, Free Press

White, G (1998): "Constructing a Democratic Developmental State." in Robinson Mark and White Gordon (eds). "*The Democratic Developmental State: Political and Institutional Design.*" Oxford: Oxford University Press, 1998: 28

van Onselen, C.(1982): "*Studies in the social and economic history of the Witwatersrand, 1886-1914*", London, Longman;

Palestrant, E. (1986): "*Johannesburg one hundred: A pictorial history, Johannesburg*", Ad Donker.

World Bank (2002): "*South Africa: Monitoring Service Delivery in Johannesburg.*" Washington, Southern Africa Department, Africa PREM1

Wooldridge, D. (1996): "*Notes on the Metropolitan Chamber.*" Unpublished Document