Efficiency and Equity: Implementation of the Free Basic Water Provision in the Drakenstein and Stellenbosch Municipalities

Kori Aisha Kelley
ID: KllKOR001

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Department of Political Studies
University of Cape Town

Supervisor: Dr. Sophie Oldfield, Department of EGS

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This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

Signed by candidate

Signature

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Date

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Table of Contents

Acronyms

ANC – African National Congress

BoTT – Build operate-Train and Transfer

BLA – Black Local Authority

DWAF – (the) Department of Water Affairs and Forestry

GEAR – Growth Employment and Redistribution (strategy)

HSRC – Human Sciences Research Council

IAMP – Indigent Account Maintenance Programme

IDP – Integrated Development Plan

RDP – Reconstruction and Development Programme

RDSN – Rural Development Services Network

WLA – White Local Authority

WSDP – Water Services Development Plan

Chapter 1

Introduction

> *The dictionary describes water as colourless, tasteless and odourless. Its most important property being its ability to dissolve other substances. We in South Africa do not see water that way. For us water is a basic human right, water is the origin of all things – the giver of life.* (RSA 1997a)

1.1 Introduction

Local government in South Africa continues to address the imbalances that defined municipal service delivery during the apartheid era. The process of transformation has been guided by the *Local Government Transition Act* (LGTA) (RSA 1993a) and the *Interim Constitution* (RSA 1993b). In 1995/96 the interim phase of the transformation took place after the first democratic local elections. The framework of the final Constitution of the Republic of South Africa (RSA 1996a) and the Local Government Municipal Structures Act (RSA 1998a) and Municipal Systems Act (RSA 2000) direct the final phase of the local government transformation. In particular, this legislation has established the developmental role that municipalities are expected to play in the democratic transformation of South Africa. This framework empowers municipalities to develop geographically specific implementation strategies that ensure the delivery of services of low-cost housing, basic sanitation and free basic water among others.

Financial resources to sustain these strategies, however, are limited, requiring officials to devise creative short and long-term solutions that address service backlogs to previously disadvantaged communities without conflicting with municipal investment aims. Additionally, the broad terminology used to describe 'development' in both the Local Government Municipal Structures Act and the Water Services Act allow for different interpretations of the nation's policies.

Nowhere are divergent interpretations of national policy more evident than in the local implementation of the free basic water provision. The Department of Water Affairs and Forestry (DWAF) established the policy in 2001 to provide 6 000 litres of free and clean water to all households. Local government is constitutionally mandated to ensure water security for all South African residents, and therefore must also take responsibility for the provision of free basic water. DWAF also recognises,

however, the need for municipalities to remain financially viable (DWAF 2001). To meet these multiple goals, municipalities are expected to devise implementation strategies that match the needs of their specific demographic and are sensitive to municipal financial and administrative capacity. The complexity of this challenge is best expressed in the Integrated Development Plans (IDPs) and Water Service Development Plans (WSDPs) of most municipalities. These documents are designed to display the particular vision of each municipality, while offering a geo-political picture of the people who live there. IDPs also justify municipal spending priorities. These documents contextualise the free basic water provision and are therefore crucial to any study of its implementation.

This study examines the implementation of the free basic water provision in two Western Cape municipalities, Drakenstein and Stellenbosch, and poses the question: Why do these two municipalities, which are close in proximity to one another and similar in demographic make-up, choose to implement the free basic water provision in different ways? Drakenstein uses a universal policy that offers free basic water to all residents, while Stellenbosch uses a means-tested or "targeting" system that identifies and serves only the neediest residents. Both strategies have their flaws: Drakenstein's approach offers free water to residents who can theoretically afford to pay for water services and the Stellenbosch approach fails to reach many households that qualify for free basic services.

Contemporary research on local implementation of national policy in South Africa describes such dissimilar approaches as examples of the failure of South African government to deliver on various development objectives (Hagg and Emmett 2003, Hemson 2000b). Furthermore, these theories point out that local policy choice in South Africa are increasingly neo-liberal as they lean towards privatisation, corporatisation and other new public management models. I contend, however, that two Western Cape municipalities operationalising the free basic water provision in different ways is not peculiar. Instead it reflects efforts by local officials to interpret national policy in a way that is meaningful to their constituents and realistic in the face of fiscal constraints and development backlogs.

Using contemporary theories of urban management, I argue that the implementation strategies of Drakenstein and Stellenbosch involve implicit judgments about the relative significance of the equity and efficiency principles associated with the provision of free basic water. These strategies provide examples of how local visions are shaped and expressed.

1.2. Methodology

The complex nature of water policy in South Africa requires that research on the local implementation of the free basic water provision combine qualitative and quantitative techniques. Research for this study dissects some of the crucial national water policies and matches them with local water policies. Two case studies display the divergent interpretations of national policy that are possible at the municipal level. Demographic information on each municipality obtained from recent census data allows for interesting comparisons with regards to the number of households, water service spending priorities and access to water and sanitation across population groups and socio-economic backgrounds. Journal articles, recent studies and books on water policy and urban management contextualise these cases with contemporary analyses of water policy and urban management theories. This integrated research approach draws from a variety of sources to determine where spaces exist at the local, provincial and national level for different interpretations of the free basic water provision.

Qualitative Methods

The bulk of this study relies on national and local policy documents that articulate the aims of government regarding the free basic water provision. Integrated Development Plans and the Draft Water Service Development Plans (Draft WSDPs) express the service delivery strategies of Drakenstein and Stellenbosch and create socio-economic profiles of the residential population of each municipality. These documents serve as primary sources of information on the social and economic pressures that frame the actions of local policy practitioners. Likewise, through IDPs municipalities are nationally mandated to identify efficient ways in which to implement development imperatives in areas that had no or insufficient services prior to 1994 due to

discriminatory practices. Information from IDPs and Draft WSDPs illustrate some of the competing municipal priorities, of which free basic water is one.

National policies related to local government transformation and the provision of water services are crucial to this study. Most notably, the final Constitution of the Republic of South Africa (RSA 1996a), Local Government Municipal Structures Act (RSA 1998a) and the Local Government Municipal Systems Act (RSA 2000) define the developmental role of local government and mandate the integrated development planning process. Similarly, the National Water Services Act (RSA 1997b) requires municipalities to create WSDPs that include a strategy to implement the free basic water provision. This legislation defines the legal constraints that direct the choice of municipal officials with regards to local level implementation.

The contemporary nature of the policy studied requires the use of newspaper and journal articles, relevant books, and pamphlets that provide insight into the current reality of water policy in South Africa. Secondary sources such as these articulate the key local and national debates that define contemporary theory on basic needs and water policy.

A small number of personal interviews were conducted with key officials from Drakenstein and Stellenbosch who are involved with the implementation of free basic water. These interviews offer insight into the local policy choices of each municipality and they demonstrate how urban management theories play out on the ground.

Quantitative Methods

Data from the most recently available census, 2001, are included in the case studies in order to create a statistical picture of each municipality. Municipal data is compared, where possible, with national statistics to reveal consistencies and variation from national norms. Most useful are statistics on access to potable water and flush toilets. Information on the number of households and the average household consumption of water also reveal interesting information about the ability of the free basic water

provision to meet basic needs. A chart is used to compare the Drakenstein and Stellenbosch municipalities and to demonstrate their relative demographic challenges.

This study also makes use of existing research on water policy that relied on survey techniques to determine public access overall, opinion and general experiences regarding water services in South Africa. DWAF's ongoing record of the number of people receiving water services and accessing free basic water on its website, www.dwaf.gov.za, is also referred to and challenged in this study. Additionally, a recent survey conducted and published by the Human Sciences Research Council illustrates public attitudes towards cost-recovery, with an emphasis on water services (McDonald 2002).

A major challenge to any study of water policy in South Africa is the dearth of quantitative data on both the local and national level with regards to service delivery levels in rural and informal areas. These areas have historically been left out of municipal planning efforts and they continue to be the areas most dramatically affected by backlogs in municipal services. With these facts in mind, research for this study draws on existing data and recognises the gaps within it.

Scope of this study

This research focuses primarily on the institutional controls that inform municipal strategies for implementing the free basic water provision. Crook and Jerve (1991: 4) refer to this approach as a study of 'organisational processes within particular state institutions'. These include the rules and regulations, social relationships and organisational procedures associated with the execution of control as the main objective. Elements of this framework are identified in primary and secondary documents that express the legal parameters within which municipalities design policy implementation strategies.

Drakenstein and Stellenbosch municipalities might be viewed as unrepresentative of the economic and social patterns in the rest of the Western Cape Province and the nation. The two municipalities, however, offer a wide range of insights that make

their grouping quite relevant. Each of the areas selected has an approved IDP and at least a Draft WSDP and each is engaged in the provision of free basic water in some form. Despite the relative wealth of these municipalities compared to others in the Western Cape, each of them has a considerable population of poor households that qualify for free basic services and require improvements in water and sanitation infrastructure in their communities. It is also interesting that despite the close proximity of these municipalities to one another, each has chosen to implement the same national policy in different ways.

There exists a critical vacuum of research and data with regards to the implementation of the free basic water provision in South Africa. Some literature exists which lays out the conceptual arguments for and against free basic water. Most notably, Ruiters (2000) and Still (2000, 2001) challenge the notion of free basic water, while advocacy organisations such as the Rural Development Services Network (RDSN) argue that it should be increased (Gosling 2003). Research conducted in McDonald and Pape's (2002) *Cost Recovery and the Crisis of Service Delivery in South Africa*, focuses primarily on the issue of payment for water services and full cost recovery strategies. Studies of this nature bring to the fore some of the issues affecting the ability to pay for water services at the household level.

This study, however, focuses on the reality of policy implementation alternatives available to municipal officials. Through the Drakenstein and Stellenbosch case studies I examine local policies through which the two municipalities adapt the national free basic water provision to match their local demographics. In doing so I draw attention to the framework in which municipalities operate when delivering free basic water. Research on household level access to services is used in this argument, yet it is not the intention of this study to conduct household level research. Debates over the concept of free basic water and strategies of full cost recovery are briefly considered, but only as they relate to local level implementation alternatives. This study is designed to be a starting point for further research on the ways that the free basic water provision is integrated into local policy frameworks.

1.3 Literature Review: Issues of Efficiency and Equity in Water Services

The restructuring of water services in South Africa reflects an attempt by national policy makers to strike a balance between policies that are both efficient and equitable. Service delivery backlogs are an important aspect of the current reality faced by most municipalities. Addressing these backlogs requires a significant amount of human and financial resources directed at the poorest households. The Municipal Systems Act (RSA 2000) lays out the developmental role for municipalities and establishes specific structures that promote public participation. This includes requirements for municipalities to set out development needs and objectives in IDPs.

Maintaining creditworthy status and attracting business investment are also prominent concerns for local government. Revenue raised from business property rates allows municipalities to improve municipal services. In addition, these businesses can bring new jobs to the area, further boosting the local economy. Municipalities with low levels of arrears are also more likely to attract national grants. As a result, municipalities are under pressure to implement policies in a manner that is cost-efficient.

Many municipalities struggling to balance the need for equitable and cost-efficient approaches find creative ways to mix the two with unique interpretations of national policies at the local level. Interpretations of national water policy and, more specifically, the free basic water provision demonstrate these efforts.

Technocratic Efficiency

Some argue that South African policy makers have become increasingly reliant on technocratic efficiency in the design of policies (Bond 2002, Johnson 2002). Technocratic efficiency is typically achieved when the intended output is accomplished using the minimum level of resources (Whelan 2002:237). One argument suggests that revenue bases in White Local Authority (WLA) areas were sufficient to finance the extension of services to all constituents in urban areas, but WLAs and Black Local Authority (BLA) areas were technically inefficient (Whelan 2002:37). In the post-apartheid era, however, mechanisms have been established to

mandate self-sufficiency of local government and address the root causes of inefficiency.

The Municipal Structures Act (RSA 1998) establishes guidelines for municipalities to sustain themselves through the collection of revenues associated with service delivery and property rates.

Surprisingly, the introduction of integrated development planning (IDP) also demonstrates a lean towards technocratic efficiency. Although, the IDP process encourages public participation, it is also characterised by principles of outcomes based management. The Municipal Systems Act (2000) requires municipalities to develop performance management strategies that measure specific outcomes. The Act states,

> *The municipality must, in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed:*
> *(a) set key performance indicators as a yardstick for measuring performance, including outcomes and impact with regards to the municipality's priorities and objectives set out in its integrated development plan*
> *(b) set measurable targets with regard to each of these development priorities and objectives (RSA 2000:6, 41, a-b)*

The Act goes on to require that all municipalities establish a key for their indicators and make them known to the public. In addition, the municipality must monitor the progress of these indicators through an annual audit internally and by the Auditor General. This approach attempts to ensure that development objectives are made clear and adhered to, yet it also adopts a business approach to local government (Bond 2002). Some researchers argue that this model is inappropriate for South Africa. In an effort to show results and meet objectives, some policy makers may choose strategies that are unsustainable.

Technocratic efficiency is often criticised for its inability to encourage public participation and its emphasis on quick, short-term solutions for problems. Bond (2002) argues that the outcomes based approach associated with technocratic efficiency leads to projects that are unsustainable and sometimes flawed. Using

housing policy as an example, Bond demonstrates that the Housing White Paper created guidelines for decent residential housing that were based on an 'incremental' building strategy. This strategy used an R15 000 matched grant with an individual home loan instead of the R30 000 subsidy Bond argues was needed to build a decent home. The ANC claims to have built nearly a million houses from 1994-1999, however the definition of a 'house' and the number of titles transferred to new owners that earned housing subsidies are widely contested (Bond 2002:198).

Similar tensions can be seen in South African water policy. Another aspect of the shift towards technocratic efficiency is an emphasis on public/private partnerships. These are expected to relieve local government of some of the financial burden associated with reducing the service backlog in disadvantaged areas. In theory these arrangements offer improved services to residents at a reasonable cost. In reality, however, these arrangements can be difficult to monitor and are sometimes poorly managed. A study of a public/private venture in rural water supply monitored a programme called Build operate-Train and Transfer (BoTT) sponsored by the DWAF. Hemson (1999) found that 5 out of 19 new water service projects in the Eastern Cape were not working, and 4 were partially working. These findings were expanded in an additional report by Bakker and Hemson (2000), which showed similar results. Their conclusion argues that privatisation does not necessarily speed up the delivery process. In fact, privatisation can be more expensive in the long run, as failed private contracts leave municipalities with expensive repair costs. Additionally, these arrangements can be detrimental to residents, who are ultimately affected by inadequate access to a clean water supply (Bakker and Hemson 2000: 8-9). Bakker and Hemson's (2000) research demonstrates some of the problems associated with the privatisation approach to technocratic-efficiency.

Local water service strategies have also been heavily influenced by the Growth Employment and Redistribution (GEAR) strategy. GEAR is the key macroeconomic framework promoting technocratic efficiency. The strategy was adopted in 1999 and seemed immediately in contrast with many of the development objectives that the ANC promoted in the RDP. GEAR promotes fiscal austerity, full cost-recovery for services from individual consumers, market-based strategies and goals and outcomes based management approaches, among others. The RDP's emphasis on state

intervention and state delivery of services highlights the need for a strong central power in the process of economic and social redistribution of resources (Adelzaheh1996). In contrast, GEAR responds to international economic issues by liberalizing trade, reducing tariffs, and reducing the role of the state in several aspects of the development arena.

Many argue that GEAR reflects a distinct shift by the ANC from a policy of redistribution to one of neo-liberalism. Another point of view, however, suggests that seemingly contradictory policies of the RDP and GEAR have not necessarily forced the state to withdraw from the development arena, but instead have allowed the state to oscillate between the contradictory demands of the post-apartheid period. These demands include a desire to negotiate between international economic imperatives and domestic demands for redistribution, democratization, and stability (Oldfield 2000). Similarly, local government attempts to balance service delivery backlogs with fiscal constraints and national demands for technocratic efficiency.

GEAR has certain implications for the management of local service delivery schemes. The strategy prioritises debt reduction over social spending. This typically means the promotion of privatisation, corporatisation and principles of full cost-recovery (Parnell and Pieterse 2002: 82). The introduction of these management strategies may result in a decline in targeted programs for poor households and the introduction of lifeline tariffs that ensure only minimal standards of services for the poor are met (Parnell and Pieterse 2002: 82). GEAR also emphasises modernisation of industries and export competitiveness, encouraging local government to attract private investments that strive to achieve these aims. The GEAR framework forces municipalities to devise new approaches to local service delivery.

The recent *Draft White Paper on Water Policy in South Africa* (DWAF 2002) attempts to address the deeper water service implementation issues that were left out of previous Acts and white papers. These include municipal financial capacity for implementation and the problems associated with the delivery of free basic water services. The White Paper also highlights the need to increase the attention given to sanitation services and its integral role in water service delivery. In light of this

attempt to revisit water service policy it is crucial that competing demands faced by municipalities be examined.

The implementation of the free basic water provision reflects the dual demands faced by South African policy makers at the local level. Access to a free and clean water supply is just one development objective among several others that require municipal attention. In addition, municipalities are under pressure to show results on the development front while portraying themselves as financially viable institutions. These issues create a web of competing forces, all of which drive decisions about service delivery. The free basic water provision must be understood in this context.

As we shall see in the case of Drakenstein, a technocratic-efficiency approach to the implementation of free basic services has both benefits and draw-backs. It is cost-efficient and operates with minimal administrative capacity, yet it fails to address certain equity concerns associated with service delivery backlogs.

Optimal-use Efficiency

Optimal-use efficiency is achieved when the most desirable combination of social, economic and environmental objectives are reached from the resources used (Whelan 2002: 237). This type of efficiency emphasises the social value of resources rather than simply the economic value, as in Pareto efficient schemes. For instance, optimal-use efficiency schemes suggest that water and sanitation services are far too complex to be reduced to individual economic units. Water services should instead be understood as part of an intricate system of services that are crucial to human life (Ruiters 2001:20). A basic water supply should therefore not be removed from its organic relationships with other aspects of the service delivery system as a whole (Ruiters 2001: 20). It is often difficult to determine which combination of resources is needed to achieve optimal-use efficiency. For this reason, its use in policy alternatives is sometimes controversial.

In addition to promoting a technical-efficiency approach, integrated development planning also incorporates a number of characteristics associated with optimal-use efficiency. In particular, the process encourages public participation and locally defined goals. Johnson (2002) argues that liberal conceptions of state and civil

society relationships favor a top-down approach to development planning, often led by consultants and other experts. This conception polarises the two groups rather than encouraging the free-flow of information between them (Oldfield 2003). Optimal-efficiency models attempt to break down the barriers that divide government officials and the constituents they represent. This strategy includes greater transparency in the policy-making and budget process, conducting surveys and focus groups with residents, hosting public forums on policy issues and integrating services to meet specific household needs. Enhanced public participation ensures that service delivery schemes will be sustainable over the long-term.

Optimal-use efficiency structures are sometimes vulnerable to political intervention. Technical efficiency relies heavily on cost-benefit analyses that favor low-costs and maximum outputs in a short period of time. In contrast, optimal-use efficiency favors long-term strategies that favor sustainability. There are several points in the process of determining goals and priorities that leave room for political persuasion. For this reason, optimal-use efficiency strategies are not always the best policy choice.

Stellenbosch uses an optimal-use efficiency strategy by targeting residents who qualify for a subsidy towards free services. Only those who qualify for the subsidy are able to use it. This integrated approach to the provision of basic services combines engineers, housing officials, and social workers, among others, to address the basic needs of poor households. The benefit of this strategy is that it offers households an array of services that encourage them to participate in the transformation of their own lives. Public engagement is also a premium. This approach, however, is not necessarily the most cost-efficient strategy in the short-term. Administrative and financial resources are stretched to the limit and the end result is not necessarily a reduction in municipal arrears.

Equity

Restructuring service delivery in South Africa is often associated with enhancing equitable access to services for all South Africans. Equity is typically expressed in general terms as a means of providing similar treatment to different people, regardless of racial, social or economic background. Other interpretations of equity, however, discuss the term in reference to its polar opposite: inequity. In this argument, treating

different groups similarly is not enough. Existing inequalities must be addressed in a manner that offers redress to those that have been previously disadvantaged. This interpretation of equity would therefore require different groups to be treated in dissimilar ways, depending on their past history and access to services. These two versions of equity are respectively known as vertical and horizontal equity.

In South Africa, both interpretations have been applied to national water policy. As a result, a variety of policy implementation strategies have been adopted at the local level. These strategies often adopt either a vertical or horizontal interpretation of equity or sometimes a combination of both. The free basic water provision is therefore implemented in a multitude of ways, all of which claim to ascribe to certain principles of equity.

Vertical Equity

Whelan (2002) argues that two forms of equity are commonly referred to in policy debates: vertical and horizontal. South Africa has prioritised at a policy level vertical equity, where those in different circumstances are treated similarly. The provision of a basic level of services for all households is an example of this.

Vertical equity is often ensured through cross-subsidisation. In South Africa, the demarcation of municipal boundaries was expected to promote cross-subsidisation by linking poor areas, especially rural ones, with formerly white urban areas. The arrangement was expected to promote equitable access to the revenue bases that poor areas were functionally part of, but excluded from in the past (Whelan 2002: 235). The spatial nature of apartheid created situations where people often worked, used amenities in and made financial contributions to areas where they did not live (Cameron 2003:9). These social patterns were an important part of the demarcation process, which sought to improve service delivery structures in a manner that addressed post-apartheid development imperatives.

Researchers drawing on models of vertical equity suggest water should be understood as a public good. It is an essential part of life and an important factor in the health, well-being and productivity of all humans. Water is also integral to development, as

it encourages proper health and sanitation techniques, supports human settlements and enhances agricultural productivity (Ruiters 2001: 17). Cost-benefit analysis also shows that the delivery of water services can help liberate women from the onerous and time-consuming domestic labour associated with fetching water for household use (Ruiters 2001:17, Hemson 2000a). The provision of a basic water supply to all households, therefore, encourages productivity and enhances broader development objectives. This form of vertical equity emphasises the social value of water delivery in addition to the economic consequences associated with its use.

A number of theorists reject the argument that water as a public good encourages productivity. These authors suggest that water should instead be conceived as a private good delivered with a sufficient tariff structure closely related to the real value of water services. Horizontal equity debates are in line with this view.

Horizontal Equity

Arguments that promote horizontal equity highlight the importance of balancing the ability-to-pay principle with the benefit principle (pricing related to the amount of benefit received by the household) (Whelan 2002: 235). This form of equity is typically associated with rising block tariffs established so that all households can afford services.

This form of equity defines water as an economic good, such that usage decreases with the price. Consumption of water typically rises with income. Therefore, municipalities charge wealthier households more for services where charges have been organized around the principles of horizontal equity. Proponents of this version of equity suggest that it discourages water wastage, particularly among those households that use the largest quantities of water anyway (Ruiters 2001, Still 2001). A 1994 report by the World Bank explains, only "a fee reflecting the costs will encourage users to correctly value the service they receive," (World Bank 1994:44). The report goes on to argue that a downward sloping cost curve for services encourages conservation in a way that is environmentally sustainable.

Another argument suggests that encouraging horizontal equity fosters a culture of payment for service delivery (McDonald 2002a). During apartheid the ANC and other civil society organisations encouraged rates boycotts as a way of protesting the inequalities of the apartheid regime. Some of the most well organised boycotts were against water and electricity rates in townships in the late 1970's and 80's. Residents protested high rates and unequal levels of service quality. There is evidence that these boycotts were perceived as a real threat to the political economy of the nation (Swilling, Cobbett and Hunter 1991).

Moral arguments for horizontal equity promote full cost recovery for services so that people, including low-income households, will respect the civic responsibility associated with payment for services. The ANC began promoting the Masakhane ("let's build together") campaign in 1995, which largely encouraged consumers to pay their municipal service bills. The campaign, however, was also part of a larger political vision to make service payments part of the societal transformation process (McDonald 2002a:22). In this sense, full-cost recovery for services, including water, is morally justified and part of the rights and responsibilities of South African citizens. It is therefore important to encourage users to pay the full cost for municipal services in order for them to appreciate its full value.

Critics of the horizontal equity approach point out that water can have a 'use' value without an 'exchange' value (McDonald 2002: 21). Theoretically, the cost of water, electricity, refuse and sanitation can be isolated and applied to end-users. This cost would be the 'exchange' value of water. In reality, however, the cost of service production is not always known (McDonald 2002: 19). Tariff structures are therefore an approximation of real costs and not the actual costs themselves. Therefore, horizontal equity approaches do not necessarily capture the full cost of water services, nor do they encourage users to pay for the 'true value' of water, since this value is typically unknown.

Examination of the implementation of the free basic water provision provides an opportunity to demonstrate the empirical consequences of the adoption of efficiency and equity theories on policy outcomes. The two municipalities examined in this study employ different interpretations of efficiency and equity in a manner that makes

for interesting comparisons. Drakenstein's universal free basic water strategy represents technical efficiency and vertical equity while Stellenbosch emphasises optimal efficiency and horizontal equity. Case studies show that each municipality's approach reveals different urban realities. Both of which explain something unique about the future of urban management in South Africa.

It is also important to note that in both cases there are examples of overlapping interpretations of efficiency and equity. For instance, in both cases there are instances where technocratic efficiency and optimal-use efficiency approaches are combined. Drakenstein's universal free water policy is most closely aligned with technocratic efficiency, yet the Account Maintenance Programme the municipality offers demonstrates various principles of optimal-use efficiency. Similarly, the means-tested approach adopted by Stellenbosch is most closely aligned with optimal-use efficiency, but certain aspects of this approach also exhibit technocratic efficiency. Namely, that the cost of offering this subsidy is dramatically reduced since few households actually apply to use it. Comparing the cases of Drakenstein and Stellenbosch demonstrates that, in practice, interpretations of efficiency and equity principles are not always clear-cut. Often these principles are merged in various ways in order for policies to meet the specific needs of the municipality. This mixing of principles illustrates that concepts of urban management are often more ambiguous to implement than is theoretical perceived.

A history of water services in South Africa and the emergence of the free basic water provision connect the different interpretations of efficiency and equity. Certain ambiguities in the policy design are left open to interpretation. Municipalities are given freedom to develop implementation strategies that meet geographically specific needs, yet the ability of local government to provide basic water to all households is limited by financial and administrative capacity. The result is a vast array of different interpretations of the national policy and its implementation requirements. As water services and local government in South Africa continue to transform, so shall the implementation strategies for the free basic water provision.

Chapter 2

Free Basic Water

2.1 Background on Water Services in South Africa

Water security is part of a package of basic human needs articulated in the RDP as essential to addressing the social and economic imbalances of apartheid and improving the quality of life for South Africans. At the time the RDP was written 12 million people were without clean drinking water and 21 million did not have access to adequate sanitation service such as toilets and refuse removal (ANC 1994: 28). Water service delivery was particularly dismal in rural areas and previously disadvantaged locations, such as former 'homelands'. During the apartheid era the delivery of water services had a particularly racial and spatial element and was dominated by a privileged white minority (ANC 1994: 28). In particular, the division of local authorities along racial lines created separate service delivery structures that were often poorly financed in Black areas. While some BLAs provided adequate services to their citizens, others were hampered by an inability to raise revenues and therefore were less successful in the delivery of services. As a result, the majority of South Africans lacked access to a clean water supply or experienced poor services from water services providers.

Informal connections and rates boycotts in the 1980's challenged this system at its core. South Africans in communities that were systematically neglected in terms of service delivery often protested by connecting water services illegally or by refusing to pay for inadequate services. Championing the term 'water security for all', the ANC sought to change service delivery patterns by giving water rights particular prominence in the party platform for the 1994 elections. Inequity in water service delivery, however, would not be coherently addressed by national government until after the first democratic elections.

Initial goals for water management in the RDP (ANC: 2.6.5-2.6.7) included a short, medium and long-term plan to provide every person with adequate facilities to meet their health needs. The aims for these plans were as follows:

- **Short-term Goal**: 20-30 litres per person per day of a safe water supply within 200 meters of the household.
- **Medium-term Goal:** 50-60 litres per person per day of an on-site water supply with nearly 100 percent of rural households having access to water services.
- **Long-term Goal:** Accessible water and sanitation for every South African.

The short, medium and long-term goals were expected to be accomplished within five, ten and fifteen years respectively. They are promoted jointly in the RDP with a tariff system that includes a lifeline water supply and a call for the restructuring of Department of Water Affairs and Forestry (DWAF).

Prior to the 1994 elections DWAF did not regard itself as responsible for ensuring that citizens had a basic water supply, nor was the Department politically mandated to do so (RDSN 2000:3). Instead, the primary functions of DWAF were constrained to water resource management, including the management of larger catachments, the administration of government control areas, the supply of bulk untreated water to water boards, water quality management and the administration of the Water Act (RDSN 2000:3). The political transformation of South Africa provided a unique opportunity to redefine the functions of DWAF and to situation the Department at the forefront of the national effort to transform service delivery. Most notably, new policy and legislation were adopted, such as the Water Services Act (RSA 1997) and the National Water Act (RSA 1998), which guide Departmental transformation and link access to water services to national development objectives.

Since 1994 considerable improvements have been made in water service delivery. 2001 census data reveals that over 37 million or 84,5 percent of South Africans now have access to piped water in their dwelling, on site or from a communal tap within 200 meters from their home (Statistics South Africa 2001). That is up from just 60 percent in 1994. The Western Cape, at 98,3 percent, has the highest percentage of households with access to piped water and the Eastern Cape, at 62,4 percent, has the lowest (Statistics South Africa 2003). These figures, however, suggest that rural water service delivery is still a major challenge for South African policy makers, as

basic needs continue to go unmet in a significant number of rural households. Rural areas also tend to be more susceptible to drought, making access to natural water supplies even more vulnerable (Bakker and Hemson 2000: 4). In addition, water security continues to fall along racial lines with 80,3 percent of Black Africans with access to water, the lowest level of access to piped water. This is compared to 99,3 percent among White households in South Africa (Statistics South Africa 2003). This is a problem even in urban areas where many Black African and Coloured townships and informal settlements still lack basic access services.

Data on sanitation services, also part of the RDP basic needs package, is even less optimistic. According to 2001 census data only 51,9 percent of South African households have a flush toilet connected to a sewage system or septic tank and 13,6 percent have no toilet facility at all (Statistics South Africa 2003). As expected, the situation is the most severe in the Eastern Cape where 30,8 percent of households have no toilet facility compared to 7,7 percent in the Western Cape and 3,6 percent in Gauteng (Statistics South Africa 2003). Improving sanitation services continue to be a major developmental objective among local and national policy makers. Sanitation is closely connected to water services, and therefore water security, making it particularly important. The current figures still represent a considerable improvement, however, from 1996 data, which showed that only 30 percent of households had access to sanitation in terms of flush toilets.

In spite of improvements in water and sanitation services, research in the late 1990's suggested that data on access to water provides only a partial picture. The viability and sustainability of various water service schemes have been brought into question on numerous occasions. Research by Hemson (1999) referred to earlier in this study points out that many rural water projects were not functioning properly. Bakker and Hemson's (2000: 8) research also revealed that several projects were delayed or inactive due to disputes or confusion over contract obligations. The partnerships, which were designed to speed up and enhance water service delivery, were in fact taking longer to become operational.

Perhaps more challenging to government water policies are attacks on the affordability of water service and the implementation of cost-recovery policies, which

some suggest limits access to clean and safe water for many households (McDonald and Pape 2002). Research conducted by the Human Sciences Research Council (HSRC) and the Municipal Services Project (MSP) suggests that since 1994 as many as ten million people have been affected by water cutoffs due to non -payment of services[1]. Most of these households claim that their non-payment is the result of a sheer inability to afford services. These households miss out on a reliable water supply, even if they have access to one in theory.

According to data from the DWAF website, 48 percent of the poor population in South Africa is being served by a free basic water supply (DWAF 2004). The definition of "poor households" includes all households earning under R1000 per month. This figure can be challenged, however. The figure is based on the number of municipalities offering free basic water to residents, not necessarily the number of residents who actually receive free basic water service. It can be argued that while most municipalities offer free basic water to residents in some form, many poor households still do not have access to a free and clean water supply due to a variety of reason, including lack of infrastructure, non-functional water pipes or lack of awareness regarding means-tested water subsidy programmes.

As a result of project failure and lack of affordability, many households that have access to a clean water supply continue to draw water from unsanitary sources. The health consequences of this fact became evident in 2000 when a cholera outbreak in KwaZulu Natal infected as many 80 387 people and killed 168 people in the province (Mugero 2001). Cholera outbreaks in this area were common in the 1980's and 1990's, however, the 2000 outbreak was the worst in the area's history.

Ironically, the cholera outbreak occurred in an area where purified water services were available. The outbreak was later traced back to a local policy of cost recovery and the recent installation of pre-paid water meters, originally designed to increase and regulate access to services (Deedat and Cottle 2002). A 'pay as you use' system was expected to capture infrastructural and administrative costs through a self-sustaining system that included a registration fee and a kilolitre/unit price (Deedat and

[1] See Sunday Independent (2003). "Attack the Problem Not the Data," 15 June.

Cottle 2002). Instead several people who had access to cholera-free water from pre-paid meters but lacked money chose to obtain water from nearby rivers and streams which were later found to be cholera infected. For these households cholera-infected water was the most reasonable alternative for their survival.

Deedat and Cottle (2002) suggest that a local cost recovery framework forced residents to make critical compromises on issues of equity, access and health that might actually increase expenditures. More broadly, when faced with the option of pre-paying for safe and clean water services verses drawing water from a free and potentially hazardous source, poorer households are many times forced to choose affordability over health. The aggregate result is a lack of worker productivity and a drain on local health resources. Recognizing these problems, DWAF created the free basic water provision in part to respond to these challenges.

2.2 Emergence of the Free Basic Water Provision

DWAF began promoting the free basic water provision in 2001 as part of its effort to restructure the department in a manner that focuses on water service provision for all residents. The *White Paper on National Water Policy in South Africa* (RSA 1997a) outlined the transformation in water services, which was to be led primarily by DWAF, and included a significant role for local government. The document attempts to balance the nation's need to engage in productive and environmentally sustainable water use with the national values of reconciliation, reconstruction and development (RSA 1997a). The management of water is recognised as a national function, and the role of public trustee is also imposed on national government. In this sense, national government oversees water services, but is not primarily responsible for water service delivery. This function is left to local government. In the spirit of 'co-operative governance and integration,' the White Paper determines national government as responsible for ensuring that municipalities are achieving their goal of effectively performing water supply and sanitation functions (RSA 1997a:2.1.9). The National Water Services Act (RSA 1997b) and the National Water Act (RSA 1998) are two important documents that respectively institutionalise community participation in water services and offer new procedures for water management in South Africa, while institutionalising community participation in water services issues.

The National Water Services Act (RSA 1997b) and the National Water Act (RSA 1998) shift the responsibility for the retail of water supply to local government, while national government continues to manage water resources. As a result, water service delivery is tied to an intricate system of relationships between local and national government. Furthermore, local government services are split between local and district municipal authority in a manner that sometimes creates confusion over service responsibilities (see Cameron 2003:19). Currently about 54 percent of all B municipalities (district authorities) are authorized by the Department of Provincial and Local Government (DPLG) to serve as the primary provider of water services (Cameron 2003:18). According to the Municipal Structures Act (RSA 1998a) the district authority is responsible for service delivery in areas where the capacity does not exist at the local level: usually in rural areas.

Research conducted by Cameron (2003:19) on non-metropolitan local government in South Africa found that water has been the most problematic service delivery function shared between district and local authorities. Municipal managers expressed a lack of clarity about powers and functions with regards to water services because temporary authorization meant that there was a great deal of uncertainty about whether key functions would remain at the local level or be transferred to the district authority (Cameron 2003:19). Free basic water is an example of one service that appears to lack a coherent national framework.

The shift towards local management of water service delivery reflects the increasingly decentralised tendencies of South African national government. Through decentralisation, functions and services are shifted from the national to the local level.

Devolution is the most relevant form of decentralisation for South Africa. It refers to the transfer of resources, powers, and often tasks to lower levels of authority, which are largely or wholly independent of higher levels of government (Manor 1999: 6). Decentralisation is preferred by many countries aiming to bring power closer to citizens, enhance participatory mechanisms, and improve efficiency and effectiveness of service delivery (Wunch and Olowu 1990). Brinkerhoff and Crosby (2002: 7) also note that decentralisation is a common reaction to pressure democratic regimes face to

be efficient, effective, accountable, transparent and responsive. Decentralisation is one of the most important aspects of the post-apartheid reconstruction project in South Africa and lays the foundation for developmental local government (Parnell and Pieterse:79).

The concept of 'developmental local government' was born out of the imperative to radically transform the racially segregated municipal framework that characterised local government in the apartheid era (Parnell and Pieterse 2002: 79). The South African democratic transformation provided a unique opportunity to totally redefine the goals and operational procedures of local government in order to enhance access to services for those who were previously discriminated against. The *White Paper on Local Government* (RSA 1998c) spells out the major tenants of developmental local government as having a critical role in implementing and institutionalizing sustainable service delivery structures. Local government is deemed the appropriate body to define and operationalise the democratic goals of equality and opportunity enshrined in the Constitution and the RDP. A two-tier system of district and local municipalities in non-metropolitan areas was created to enhance service delivery to previously disadvantaged areas.

The concept of developmental local government has been critiqued from a number of angles. Whelan (2002: 233) echoes a common concern that extensive decentralisation opens up the possibility of 'unfunded mandates', which occur when responsibility is transferred without the transfer of sufficient funding to local government. In South Africa, the fiscal austerity promoted by GEAR strategy has resulted in a stagnant flow of financial resources from the national to the local level (Whelan 2002: 233). GEAR attempts to significantly reduce the budget deficit in part by reducing the role of the state in social spending. Therefore, local government is faced with the paradox of meeting post-apartheid development objectives through a decentralised system with fewer resources transferred from the national level to meet these service delivery obligations. In the context of the many new responsibilities placed on local government, municipalities face substantial challenges in their efforts to promote equity in service delivery.

There has been a great deal of discussion about ways in which South African government has fallen short on meeting the ambitious objectives of RDP (Louw 2003, Hagg and Emmett 2003). Theorists debate as to whether the gap between policy objectives and policy implementation is due to a discrepancy in the actual policy design, a break down at the implementation side, or both. Although problems arise in both arenas, in water services issues of implementation appear most problematic. I use a classic definition of implementation provided by Van Meter and Van Horn, which states, "Policy implementation encompasses those actions by public and private individuals (or groups) that are directed at the achievement of objectives set forth in prior policy decisions" (Van Meter and Van Horn 1975: 447-8). The governments' inability to match policy with implementation is evident in the nation's apparent shortcomings with regards to water services. The sustainability of the free basic water provision, and new water services schemes in general, are also challenged by the financial instability in several municipalities (Hagg and Emmett 2003: 75).

Challenges of implementation faced by South African policy makers are similar to those faced by practitioners in a number of other developing countries. Brinkerhoff and Crosby (2002: 27-28) note that developing countries often suffer from a lack of adequate and sustained resources for policy implementation, which include financial, administrative and skilled human resources. Debt burdens and financial crises create problems in resource accumulation that stifle policy management.

Developed countries also face considerable barriers when implementing national policy at the local level. Pressman and Wildavsky's (1973) *Implementation* is one of the preeminent texts on policy implementation theory. The text identifies the key organisational factors that affect the 'implementability' of a particular policy. Pressman and Wildavsky observe the constraints on local government officials in Oakland, California attempting to implement a national programme run by the Economic Development Administration. Despite the intentions of local policy practitioners, their actions are part of a larger hierarchy of commands that often result in misinformation. By reconceptualising implementation from the perspective of the 'implementor' Pressman and Wildavsky suggest that implementation is an exploration. An organisation must therefore evaluate its policies for information yield

and discoveries rather than simply for prospectively stated objectives (Pressman and Wildavsky 1973:254-5).

A dynamic framing of the policy implementation process is important to this study. A linear approach to implementation, such as that expressed by Laswell (1956) envisions the policy process as one with rational sequences unaffected by political influences. This conception of implementation was based on the 'classical' model of policy administration and has in recent years been challenged by those that view it as unrealistic. Most notably, Smith (1973) highlighted that implementation process is more complex in developing countries than in industrialised societies. Therefore, classical conceptions of the implementation process are far too simplistic to explain the complexity of local policy in contemporary South Africa. An analysis of pressures and constraints faced by policy practitioners at multiple levels must be incorporated into our understanding of the policy process. With this in mind, the reality of choices available to practitioners at the local level becomes apparent. Strategies for implementing the free basic water provision reflect the complexity of the policy implementation process in South Africa in a variety of ways. In particular, the competing demands of service backlogs and local economic development force practitioners to adopt multi-faceted approaches to policy implementation that engage the poorest households and show outcome-based results.

2.3. Challenges to the Free Basic Water Provision

Free basic water has come under criticism from a variety of sources who dispute its effectiveness and its ability to be implemented on the local level (Still 2001, Still 2000). Three criticisms are typically associated with the provision. I have already alluded to each of them. These include arguments that (1) local government lacks the capacity to implement the policy (Still 2001, Still 2000), (2) the provision does not address the issue of water cut-offs and (McDonald 2002), (3) the national framework for free basic water includes vague language and local discretion that leads to a lack of continuity in policy nationwide as the policy is implemented in varying way; sometimes to the detriment of the very populations it is intended to serve (McDonald and Pape 2002). Each of these issues deserves some discussion.

1. Local Government Capacity

Local government capacity to implement the free basic water provision is limited by administrative and financial constraints. Such is the case, in fact, for all water service delivery functions. In particular, municipalities are faced with the fiscal pressure of building new infrastructure and extending basic services to previously disadvantaged areas. Municipalities typically operate from three sources of funding. The main source of funding comes directly from municipal revenues. Secondly, municipalities rely on provincial transfers such as the Central Municipal Infrastructure Grant for a small portion of their funding. Finally, the new Equitable Share is designed to provide funds to municipalities with fiscal problems and large numbers of constituents living in severe poverty (Oldfield 2002: 96). However, the equitable share has come under criticism by those who challenge its ability to significantly impact financially strapped municipalities. Still (2000:1), for instance, argues that Equitable Share has done little to address the 'great abyss of needs and wants that is local government.'

Still (2000:1) makes a related point by suggesting that the provision of free water services discourages the sustainability of rural water projects since poor households, many of whom consume much less than 6 kl per month, no longer have a vested interest in maintaining water projects. This is especially true in rural areas where faulty and leaky taps are more likely to be neglected by municipal authorities. The drain on finances due to such deficiencies might be overlooked by households if they are not financially responsible for them (Still 2000:1).

In what is often referred to as the 'willingness to pay' literature it is also argued that households can only appreciate services if they are paying the full cost for them (World Bank 1994:44). In this context, free and subsidised services distort their true value. Mvula Trust, an organisation devoted to water security, echoes these concerns. This falls in line with horizontal equity principles. McDonald and Pape (2002) argue, however that certain services, such as water, have a value that is not necessarily an exchange value. Water service delivery, for instance, is an essential right that does not necessarily include a financial responsibility.

Further arguments suggest that projects are more sustainable not simply when they are tied to financial obligations, but also when associated with actual participation and leadership. Skinner and Mqadi (1999) promote community involvement in water project sustainability, particularly for rural women who are usually responsible for accessing household water for domestic purposes. Local participation might relieve municipal authorities of some of the financial burden associated with the free basic water provision.

2. Water Cut-Offs

A recent study by conducted by the Human Sciences Research Council estimates than nearly ten million people were affected by water cut-offs between 1994 and 2001 (McDonald 2002). Many of these cut-offs were due to non-payment, which resulted from an inability to pay for water services. In some situations a drip system was put in place, which drips a small level of water from an on-site tap. In other cases, water services have been cut-off completely, leaving households to obtain water from whatever sources are available; often a nearby river or stream and sometimes through illegal connections. As a result, these households do not receive the benefits associated with free basic water. DWAF disputes the estimates made by the HSRC study contending that the sample used was not a representative one. In a scathing editorial published in the *Sunday Independent* newspaper, DWAF Minister, Ronnie Kasrils, contends that the number of households cutoff is grossly overestimated by the HSRC[2]. Kasrils, however, goes on to admit that water-cutoffs are still a 'serious problem'. It can certainly be gathered that free basic water has yet to reach a significant number of households due in part to the phenomenon of water cut-offs.

3. Lack of Continuity in National Policy

A final critique, which will receive intense examination in this study, is the lack of continuity in local policy spawned by the language of the free basic water policy and the Water Services Act (RSA 1997b). Both give municipalities considerable discretion in the development of a free basic water policy that fits with the municipality's specific demographic and capacity. McDonald and Pape (2002) reflect on this point when they demonstrate that poor households in different municipalities

[2] See Sunday Independent (2003). "Attack the Problem Not the Data," 15 June.

within close proximity to one another sometimes pay vastly different prices for water services. Originally the flexibility that the free basic water provision allowed was meant to encourage municipalities to shape the policy to fit the needs of their community. While this idea is important, considering the range of geographical and demographic conditions and differences in levels of capacity in municipalities, it has also been criticised for its inconsistency. Varying implementation strategies for the free basic water provision mean that the policy has sometimes had a diminished capacity to affect poor households. Creative policy making is an important part of developmental local government, but the lack of coherency in the free basic water provision illustrates certain negative consequences associated with the broad interpretation of national water policy. While some interpretations of the free basic water provision are uniquely designed to address the specific needs of poor households in a particular municipality, others are aimed at providing minimal services to the poor in a manner that is most cost-efficient. The patchwork of local implementation strategies for free basic water is born out of the vague language used in South African national water policy.

2.4 Analysis of the Water Services Act (Act 109 of 1997)

A closer look at the Water Services Act of 1997 reveals particularly vague language with respect to implementation of national water policy. The Act is a critical achievement for national policy makers, who struggled to quickly restructure national policy in the wake of democracy in a manner that promoted sustainable and equitable water management practices. Critical components of the Act include a mandate for each municipality to devise a Water Services Development Plan and a Water Services Development Board. Guidelines for tariff structures are also set forth in this legislation, including a lifeline water supply for all. The overall theme of the legislation is one that promotes a developmental and interventionist role for local government.

The right to a basic water supply is clearly stated in the Act, however, this right is subject to the limitations of the local water services provider. It is this phrasing that facilitates differences in implementation at the municipal level. This language encourages municipalities to recognise water as a basic human right, yet acknowledges their limited capacity to ensure this right.

> *Everyone has a right to access basic water and basic sanitation. Every water services institution must take reasonable measures to realise these rights. Every water services authority must, in its water services development plan, provide measures to realize these rights. (Act 108 of 1997, 1.3.1-4)*

Several different interpretations of "reasonable measures" can be assumed from this statement. The Act does not specifically state what types of measures these might be. Water Services Development Plans are expected to provide more detail and offer specific strategies that lay out each water service institution's steps towards the provision of basic services.

The Act laid the basic foundation for a free basic water provision, yet nowhere in the language of the document is water service authorities specifically required to offer free basic services. The White Paper on Water on Water Policy (RSA 1997a:5) asserts that one of its key proposals is to: "To promote equitable access to water for basic human needs, provision will also be made for some or all of these charges to be waived." Yet this type of commitment was not articulated in the Water Services Act. Instead, it is vaguely alluded to. Water service providers are left to interpret the Act using their own understanding of developmental needs. Critics might argue that such language encourages a hollow commitment to water rights. Yet, this type of flexibility can also be interpreted as an attempt to encourage water service providers to think creatively about the developmental objectives associated with the right to water, while also being realistic about the financial and administrative capacity they have to advance these objectives.

Water service development planning receives considerable attention in the Water Services Act (RSA 1997b), which details the purpose of the plans. Chapter 3, Section 13 states:

13. Every draft services development plan must contain details –

(a) of the physical attributes of the area to which it applies;

(b) of the size and distribution of the population within that area;

(c) of a time frame for the plan, including the implementation programme for the following five years;

(d) of existing water services;

(e) of existing industrial water use within the area of jurisdiction of the relevant water

services authority.

(f) of existing industrial effluent disposed of within the are of jurisdiction of the relevant water services authority;

(g) of the number and location of persons within the area who are not being provided with a basic water supply and basic sanitation;

(i) the water services providers which will provide those water services;

(ii) the contracts and proposed contracts with those water services providers;

(iii) the proposed infrastructure necessary;

(iv) the water sources to be used and the quantity of water to be obtained from and discharged into each source;

(v) the estimated capital and operating costs of those water services and the financial arrangements for funding those water services, including the tariff structures;

(vi) any water services institutions that will assist the water services authority;

(viii) the operation, maintenance, repair and replacement of existing and future infrastructure

(i) of the number and location of persons to who water services cannot be provided within the next five years, setting out –

(i) the reasons therefore; and

(ii) the time frame within which it may reasonably be expected that a basic water supply and basic sanitation will be provided to those persons;

(g) of existing and proposed water conservation, recycling and environmental protection measures

The Act also requires water service authorities to solicit public comment on a draft plan and encourage community participation in the draft process. All comments are to be considered before a plan is adopted by authorities adopt a plan.

The diverse set of commitments laid out in the guidelines for Water Services Development Plans demonstrates the complex set of pressures facing municipalities on water service issues. Consideration must be made for both domestic and industrial uses of water and steps must be taken towards the provision of basic infrastructure and services. Authorities must therefore balance their commercial water needs with those of households, and in particular those households that were marginalised under apartheid. This task seems daunting, yet it still does not affirm a commitment to free basic services. Such a commitment is encouraged and implied, but not mandated.

Other areas of the Water Services Act seemingly contradict the idea of free basic services. Chapter 2, Section 10 covers norms and standards that the DWAF Minister may prescribe in respect of tariffs for water services. These include, "(d) the recovery of costs reasonably associated with providing the water services; (f) the need for a return on capital invested for the provision of water services," (RSA 1997b. 2. 10. 3). Factors listed are included among a broad range of other standards, but these considerations in particular seem to go against the developmental aims of the Act. While cost recovery is certainly a crucial aspect of any service delivery system, in this case it appears to compete with the right to basic services. If basic services are to be provided by the local authority full cost recovery might not be achieved.

It is important to note that McDonald and Pape (2002) argue that models of cost recovery and the provision of free basic services are not necessarily incompatible. South Africa's version of cost recovery, however, is problematic because it has certain equity considerations that are distinctive from orthodox cost-recovery models. The installation of pre-paid water meters in poor communities and the inequitable pricing structures for industry demonstrate a cost-recovery framework that the authors describe as neo-liberal (McDonald and Pape 2002). In other words, the poor in South Africa continue to bear a larger burden than the wealthy in terms of the cost of services. This generally has to do with the location of various pricing points on the consumption scales consumers are expected to pay for.

McDonald and Pape's (2002) argument is perhaps too simplistic, however, as it does not consider various other influences on water service policy decisions on the local and national level. Equitable service delivery is one such influence, yet it is part of a confluence of other priorities that weigh on policy practitioners. Seemingly inconsistent policies of cost recovery and basic needs are not necessarily an attempt to marginalise the poor, but rather an effort to address the competing demands of equity and financial viability. The result is sometimes a policy with vague and conflicting language that leaves several objectives open for interpretation. In the case of the National Water Services Act and the free basic water provision, this creates a patchwork of local implementation strategies that reflect on a micro level the delicate balance policy practitioners draw from on the national level.

Two Western Cape municipalities, Drakenstein and Stellenbosch, exemplify this challenge through their local implementation of the free basic water provision. Though similar in size and demographics and located within close proximity to one another, the two municipalities chose different approaches to address the basic needs of households. These municipalities offer great insight into the challenges facing providers of basic needs services. In addition, their interpretations of the national policy reveal a number of interesting concerns about the future of water services management specifically and urban management generally in South Africa.

The following chapters offer two case studies and then demonstrate the ways in which interpretations of the efficiency and equity principles associated with the provision of free basic water affect local implementation strategies of the policy. Drakenstein chose a technocratic efficiency and vertical equity model while Stellenbosch works with an optimal-use efficiency and horizontal equity framework. As we shall see, both models present considerable challenges.

The chart below offers important comparisons between the two municipalities examined in this study. Data on population, number of household, and access to piped water and flush toilets was obtained from the 2001 South African census. The amount of expenditure on bulk water purchases were drawn from each municipality's Draft WSDP. All other information in the chart below was obtained from personal interviews with water service officials in each municipality.

Information from the chart shows that while Drakenstein is larger than Stellenbosch, both municipalities are medium size by South African standards and both have high levels of access to piped water and flushed toilets. Case studies on these municipalities in Chapters 3 and 4 will show, however, that levels of access to piped water and flush toilets by household is still closely aligned with apartheid era settlement patterns. In both municipalities water service delivery levels are much lower in Black African and Coloured areas and in rural and informal settlements. These facts demonstrate that water service delivery backlogs continue to be a major challenge in Drakenstein and Stellenbosch.

The free basic water policy is implemented differently in each municipality, despite striking similarities in population size and service delivery levels. This raises questions about which interpretation of efficiency and equity each municipality applies to the national policy. Chapter 5 analyses these interpretations further and discusses how the national policy has been adapted to local circumstances.

Municipality	Population	Households	Households w/ access to piped water[3]	Households w/ access to a flush toilet	2002-03 Bulk Water Purchases (R'000)	Free Basic Water Policy	Number of Households Receiving Municipal Service Subsidy	Water Service Contact
Stellenbosch	103 756	34 769	91 percent	85 percent	1 495	Indigent Policy- R45 subsidy towards all municipal services[4]	1174[5]	E. Delpo Chief of Enginee
Drakenstein	186 188	46 210	91 percent	88 percent	11 600	6 kl free basic water for all residents combined with an indigent policy for free services	634[6]	Hanre Blignaut Asst. Enginee Water Service

[3] Includes access to piped water in dwelling, on site, or at public tap within walking distance.
[4] An 'indigent policy' typically requires residents to apply and qualify for indigent status, which proves that they are unable to afford the cost of basic services. In the case of Stellenbosch, residents who can prove an annual income of less than R11 000 can qualify as indigent. In Drakenstein, residents must prove a monthly income below R800.
[5] Reported by Stellenbosch Town Treasurer's Office 25 November 2003.
[6] Reported by Drakenstein Town Treasurer's Office 20 November 2003.

Chapter 3: Drakenstein Case Study

***Municipal Vision**: "The Drakenstein Municipality, through a developmental, performance, people and needs driven approach and the forming of strategic partnerships with all stakeholders, will strive to create a place of opportunity to eradicate poverty for a safe, healthy, quality and prosperous living environment by facilitating the optimal and sustainable development of all resources through a quality service and accountable governance,"* (Drakenstein 2002: C1-2).

Background

Drakenstein is located in the Boland District Authority of the Western Cape just north of Stellenbosch and Cape Town. Its largest town, Paarl, is synonymous with South African wine-making and is home to some of the most fruitful wine farms in the nation. Paarl and Wellington are the two largest towns in the municipality and also serve as the economic and political centers for the region. The quiet hills and valleys of the Drakenstein area are home to vast farms lands and an increasing number of commercial and high-order facilities. Northern and Southern Drakenstein contrast each other in a number of ways, as the Northern towns of Saron and Gouda reflect the predominantly rural character of the municipality, while the Southern towns of Wellington and Paarl are more urban. The distinction is important because it demonstrates the competing demands the municipality faces in its efforts to provide equitable services to the entire area.

A distinctive feature of the municipality is the prevalence of Afrikaans culture among residents. Paarl, located in the southern region of the municipality, is referred to as the cradle of the Afrikaans language. On 10 October 1975 the town inaugurated the Afrikaans Language Monument on Paarl Mountain. The monument, a tourist attraction and a great achievement in architectural design, reflects and preserves the history and culture of the Dutch settlers who arrived in the Cape in the 1600's. Afrikaans continues to be the primary language spoken by most Drakenstein residents in the home (Statistics South Africa 2003). In addition, historical accounts of the area are predominantly in Afrikaans. This is not unusual, since Coloured people make up the vast majority of the population and Afrikaans was for years the official language of South Africa under the apartheid era (Statistics South Africa 2003). However, White Afrikaans men continue to dominate top and senior leadership positions in the

municipality, despite the fact that Coloured people outnumber them (Drakenstein 2002).

According to 2001 Census data there are 46 210 households in Drakenstein, of which 57 percent are Coloured, 22 percent are Black African, 21 percent are White and less than 1 percent are Indian or Asian (Statistics South Africa 2003). This demographic reflects a number of changes since the last census data were reported. In particular, the Black African population in the area is growing, with an increase of 5 percent since 1996. Much of this has to with an increase in migration of Black Africans to the area from the Eastern Cape and elsewhere. As we shall see, access to service delivery in Drakenstein is closely aligned with racial demographics and socio-economic status. Municipal policies must address these demographics with sound and sustainable strategies to improve the plight of the Coloured and Black African majority.

Drakenstein's integrated development strategy attempts to address this issue through affirmative action programmes that fill open positions with qualified people from previously disadvantaged groups and through distribution of services to areas that were marginalised under apartheid. The municipality also recognizes that social development programmes are also needed that provide young people from diverse backgrounds with the resources to attain the higher education and advanced skill level needed to fill leadership positions. Diversifying the workforce and breaking down racially defined patterns of service delivery continue to be a major challenge for Drakenstein Municipality.

Water Services

Water service delivery levels in Drakenstein are relatively high. 91 percent of all residents have access to a water supply in their homes, on the site of their dwelling or at a communal standpipe within 200 meters of their home (Statistics South Africa 2003). That is compared to 84,5 percent in South Africa as a whole (Statistics South Africa 2003). Still, this figure is significantly lower than the average for the Western Cape Province, which is 98,3 percent (Statistics South Africa 2003). In addition, it is difficult to compare the level of water service in informal settlements, where communal standpipes are the norm, with domestic connections in homes. Domestic connections in homes are usually associated with higher levels of consumption and

demand whereas communal standpipes are designed to meet only a basic level of needs, in part to keep demand low (RDSN 2000:6).

According to Assistant Engineer for Water Services in Drakenstein, Hanre Blignaut, about 20 percent of households in informal settlements are without a basic level of access to water services – amounting to 708 households (personal communication, Blignaut 2003). But 2001 census data shows that there are over 8 000 households that do not have access to a water supply within 200 meters of their home, a figure which is actually greater than 20 percent of households in informal settlements[7].

Standards for water quality, for those who have access, are impressive in Drakenstein. Drinking water is of a very high quality and thought to primarily be free of diseases such as cholera and bilharzia. There is some risk of disease, however, from Paarl Mountain water due in part to the pumping of water from Berg River to the mountain (Drakenstein 2002). The majority of water is purchased from the Western Cape system using Wemmershoek Dam and Voelvlei Dam. The reliance on these facilities might be reduced, however, once water available from the Paarl Mountains is treated properly. This could expand the available water supply substantially and potentially reduce costs associated with bulk water purchases.

Rural areas of the municipality, which were previously managed by the Boland District Authority, were transferred to Drakenstein authorities as of 1 July 2003[8]. This included Hermon, Gouda and Saron settlements in the northern part of the municipality. The move is a challenging one for the local authority, which is already struggling to meet the demands of previously disadvantaged communities in areas such as Mbekweni and informal areas of Paarl, under their jurisdiction prior to 1 July

[7] Since data for the 2001 census was collected, Drakenstein officials have worked to rapidly install water service infrastructure in previously disadvantaged areas, especially informal settlements. It is likely that 2001 census data underestimate the number of households that currently have access to basic water in the form of communal taps and basic sanitation in the form of chemical toilets. Figures recorded by the Department of Water Services in Drakenstein suggest that 708 households are currently without basic water supply and 3 479 households are without basic sanitation services (personal communication, Blignaut 2004)

[8] According to the Municipal Structures Act, local functions cannot be allocated to the district municipality if capacity exists to perform them at the local level. This is determined by an annual review conducted by the Department of Provincial and Local Government, see Robert Cameron (2003). "Decentralisation to Non-Metropolitan Local Government in South Africa," Paper presented at International Association of Schools and Institutes Annual Conference, Miami, 14-18 September 2003, p 18.

2003. Staff and resources were also transferred to Drakenstein from Boland District offices, however additional staff and resources are needed. Blignaut explains, "It placed a huge financial burden on us. The budget isn't growing at the rate of needs. This situation has created a lot of additional need. The capacity of our staff is stretched to the limits," (Blignaut 2003).

The new challenge is daunting, and its dimensions largely unknown. Very little data exists in rural areas that document residents' needs and service levels. A consultant has recently been hired by Drakenstein municipality to conduct a study on these rural areas that will help the local authority devise an action plan for rural service delivery.

Water service delivery is generally promising in Drakenstein, despite high levels of service delivery in previously disadvantaged areas. A great deal of work needs to be done in rural areas and informal settlements in terms of infrastructure of basic services. Yet the municipality is working quickly to address these needs. The universal free basic water provision is one step in this direction, as are plans for rapidly expanding infrastructure in areas where large number of poor households are located.

The delivery of sanitation services, however, has been less successful. The backlog in sanitation services is much greater than that of water services and yet less funding from national government is available.

Basic needs for sanitation services in Drakenstein are not being met at the same rate as those for water services. The backlog is similar to that which exists in water services in the sense that it is correlated with population group and socio-economic patterns. The backlog is also greatest in rural areas and informal settlements in predominantly Black African and Coloured areas. Access to basic sanitation services is also part of the RDP objectives to meet basic human needs (ANC 1994: 28). It is grouped with water services because a lack of access to either service can result in similar health consequences. Therefore, it is important to note that water service officials in Drakenstein are concerned about the fact that the water and sanitation services are not progressing at the same pace.

Sanitation Services in Drakenstein

Drakenstein water services officials consider the backlog in sanitation services to be their main challenge. Sanitation and water services are closely related. Both are necessary to supply households with a safe and clean water supply. Access to flush toilets and sewage facilities are also part of the basic human needs strategy outlined in the RDP. Yet, national and local policy-makers often prioritise water services over sanitation services (Hemson 2000b). Hemson (2000b:42) notes that national spending on water services is about one tenth of what is spent on water service delivery in South Africa. The delivery of water is seen as a desirable and politically opportune topic of campaign, while sanitation is often neglected and even ignored by political elites and policy practitioners (Hemson 2000b:42). Therefore, backlog in sanitation services is generally much more daunting than that of water services in most municipalities. Drakenstein is no exception.

According to 2001 Census data, only 88 percent of Drakenstein residents have access to a flush toilet connected to a sewage system or with a septic tank (Statistics South Africa 2003). This figure is still high compared to the national average, which is 51,9 percent. The disparities are greater, however, amongst those who live in rural areas and informal settlements (Statistics South Africa 2003). There are still over 2 600 households in Paarl, Mbekweni, a predominantly Black African settlement, that have no access to a toilet facility at all (Statistics South Africa 2003). Addressing this backlog is particularly difficult due to the lack of funding from national and provincial resources for sanitation infrastructure. While some funding for grants covers the cost of ventilated pit latrines (VIPs) this form of toilet does not work well with the geography of the Western Cape because the water table is much higher than in other parts of the country. Western Cape municipalities are sometimes forced to seek out more expensive alternatives for toilets, which is partly responsible for the seemingly sluggish pace of sanitation infrastructure expansion in poor areas. Officials must therefore devise other strategies to address the need for sanitation services in previously disadvantaged areas.

The role of sanitation services in Drakenstein is important, because it is a major part of the water services framework. Sanitation backlogs exist as yet another competing demand placed on water service officials in their efforts to provide water security to

all residents. While the topic of sanitation is perhaps less politically popular than water services it represents the most pressing concern for water service officials in Drakenstein. The sanitation backlog is therefore part of the web of forces affecting the choices available to municipal official with regards to the provision of such services as free basic water.

Free Basic Water

Drakenstein maintains a universal free basic water policy that ensures every household with access to water receives 6 kl per month of free water. The policy is built into their tariff structure, which does not charge residents for the first 6 kl of water.

Those who live in settlements where a communal tap is the only sources of water also receive water completely free of charge. Officials claim this policy is sustainable because these households tend to use less water than those that have a water supply in the home.

For households with individual access to water, average monthly household water consumption in Drakenstein is actually much higher than 6kl. The municipality finds that the average household consumes 32 kl of water per month (Blignaut 2003). This might indicate that the free basic water provision has little impact on the ability to pay for water services. However, it is also quite likely that water consumption is much lower among poor households and among those living in rural areas and informal settlements where free basic services are needed the most. These families tend to have smaller dwellings on smaller plots of land that generally require less water for domestic needs.

Some critics point out that offering free basic service to all residents is out of sync with the developmental objectives associated with the RDP[9]. Although this strategy ensures that poor households that have access to a water supply receive 6kl free each month, it also provides water to households that can theoretically afford to pay for it. Thus Drakenstein's policy addresses the need for water but not in a redistributive

[9] See Melanie Gosling (2003). "Free water for poor 'should be doubled.'" *Cape Times*. 12 March.

manner. Part of the effort to meet the basic needs of households has to do with the redistribution of resources. The RDP states, "Access to water resources is dominated by a privileged minority while the majority of the population enjoy little or no water security," (ANC 1994: 28). Although a free service for all households addresses this issue, it does not provide an equitable level of services for all households. Poor households are offered free services, but they are not specifically targeted for these services.

Others also argue that a tariff structure that offers free water to households that can afford to pay for it encourages water wastage (Still 2001, Ruiters 2001). A report conducted by the Rural Development Services Network (RDSN) suggests that households that use the most water are typically those that live on large plots of land and use water for both domestic needs and gardening (RDSN 1996). These households are not sufficiently penalized for their use of the first 6kl of water, giving them the option to use this water in a way that may or may not be sustainable. In other words, households that can afford to pay for basic services but receive them free are less inclined to conserve water. This is just one problem associated with a universal policy for free basic water.

Drakenstein argues that their strategy for administering the free basic water provision is the most efficient one, based on their limited financial and administrative capacity. Offering free basic water through a means-tested programme would require a separate administrative staff to identify qualified applicants and process requests for services. Instead of using this approach, the Drakenstein Council decided to offer free basic water to all households. Blignaut argues that a means tested programme would be an 'administrative nightmare,' in terms of the amount of staff required to maintain it (Blignaut 2003). The current strategy is therefore seen as the most efficient use of the equitable share grant.

The Equitable Share grant comes from national government and is administered at the provincial level to assist municipalities that have large populations of poor households. The grant is intended to address service delivery backlogs in previously disadvantaged areas. It can be argued that with a universal free basic water provision a portion of this funding goes to households that were not previously disadvantaged.

These funds might be more effectively used to target poor households. Further examination of this issue in Chapter 5, however, demonstrates that an interpretation of national water policy that relies on principles of horizontal equity make this strategy no more out of sync than a means-tested approach.

Subsidies for Municipal Services

Means tested programmes for free basic services are still option for poor households in Drakenstein, although water is not one of these services. Households that prove they earn a total income of less than R1300 per month are eligible for the Indigent Account Maintenance Programme (IAMP), which offers an R85 monthly stipend that discounts the cost of sewage, refuse removal and rates. The subsidy is valid for six months, after which time households must reapply and show proof of income. Like the free basic water provision, the programme is financed through the Equitable Share grant. For the 2003/4 budget, the Equitable Share grant for the municipality came to R11.5 million, most of which is spent on the free basic water provision and the IAMP.

The IAMP was designed to address the arrears in payments that most municipalities owed once racially segregated municipal divisions were eliminated after 1994. It is related to the Masakhane campaign promoted by the ANC in 1994. Low-income households are given a chance to stabilize their payments and reduce their arrears through a discount on services. The idea is that households that have indigent accounts may be unable to pay for services due to unemployment, illness or other financial issues. The IAMP gives these households an opportunity to reduce their monthly municipal service bill over the course of six months or longer if they can provide evidence of an inability to pay for services. It is expected that these households will pay for services when they are in a better financial position to do so. In addition, the IAMP benefits the municipality because, according to the Town Treasurer's Office households involved with the programme are more likely to pay for services if they are more affordable (Abrahams 2003). Drakenstein is able to reduce its arrears and encourage households to continue paying for services at a rate that is more reasonable for them.

There is some evidence, however, that many poor households that might benefit from free services through the IAMP are not applying for them. The municipality

advertises the programme in the local newspaper. In addition, residents who are unable to pay their municipal account are recommended for the programme. 634 households are currently receiving an indigent subsidy (Abrahams 2003). Yet, there are 8 241 households that earn an income between R800 and R1600 (Drakenstien 2003: 18). Despite this issue, the small number of households applying for indigence, the programme is certainly addressing and important sector of the community who can not afford to pay for services.

Separating water services from others that are offered on a means-tested basis is part of the framework in which Drakenstein operates. The cost of providing free basic water to all residents is marginal for the municipality. This strategy works because it is efficient, but as we have seen, it does not address certain issues of equity, namely the fact that some households that can afford basic water services are getting them for free through an Equitable Share grant designed to assist poor households.

Drakenstein's approach is consistent with their specific vision and is tailored to meet their particular capacity level. Although the approach has flaws, it is a "reasonable", as stipulated by the national water legislation, attempt by the municipality to achieve the developmental objectives of RDP and the Water Services Act (RSA 1997b).

Chapter 4: Stellenbosch Case Study

***Municipality Vision**: "An integrated and reconciled community, free from all forms of discrimination; a town with a gratifying and sustainable lifestyle for all, visibly acknowledging its diverse socio-historical heritage while conserving its rich built, agricultural, rural and natural environment; an acclaimed centre for learning, viticulture and sport,"* (Stellenbosch 2003:7).

4.1 Background

Stellenbosch, like Paarl, is widely known for its connection to South Africa's wine-industry, which is an intricate part of the local life and culture. The municipality is home to some of the most productive farmlands in the world. The nutrient rich soil, decomposed sandstone, shale and granite and the subtle climate changes provided the perfect conditions for wine production (*Local Government Official Yearbook in South Africa* 2002: 715). Also, like Drakenstein, the landscape of the municipality is characterized by large tracts of farm land connected to urban centres. The town of Stellenbosch is often referred to as one of the prettiest towns in Africa. Stellenbosch was founded in the 1680s by Simon van der Stel. The town, and subsequently the municipality, gets its name from the Dutch explorer. Even then, van der Stel envisioned the potential the land possessed for thriving agriculture and rich crops. This southern area of the Cape was intended to be the "new Holland" on the southern tip of Africa.

The current reality in Stellenbosch is quite complex. The town of Stellenbosch is the largest urban centre and the area where the majority of Stellenbosch's 34 749 households are located (Statistics South Africa 2003). Coloured residents represent the largest population group in Stellenbosch and make up 42 percent of the population, followed by Whites at 39 percent and Black Africans at 19 percent (Statistics South Africa 2003). The majority of the Coloured population is concentrated in small urban settlements across the municipality (Jamestown, Klapmuts, Kylemore, Pniel and Raithby), whereas the Black African population is concentrated primarily in townships in Stellenbosch (Kayamandi) and Franschhoek (Groendal). The White population is located mainly in Stellenbosch and Franschhoek. Racial demographics indicate that Stellenbosch, like much of the country, has not yet shaken apartheid era geographical settlement patterns. Municipal

service delivery is undoubtedly affected by this configuration as service delivery levels continue to correlate with race and socio-economic status.

The socio-economic conditions of the municipality reflect the diversity of its inhabitants. Tourism represents the fastest growing local sector, largely related to the wine industry. Manufacturing industries employ 16 percent of the labour force with a focus on activities that also relate to the wine and fruit industries (Local Government Yearbook in South Africa 2003:715). A vibrant residential property market drives the construction and property development industry. International and local investments in upscale properties have been a major impetus for this industry, as have government contracts and extensions to Stellenbosch University. But, Stellenbosch, like most South African settlements, experiences high levels of socio-economic disparities. The municipality is characterised by high levels of unemployment and a rising population of residents living with HIV/AIDS and tuberculosis. The HIV/AIDS Coordinating Committee for Stellenbosch Health District is engaged in an aggressive campaign to deal with the onslaught of the disease and prevent its spread. However, greater intervention with regards to tuberculosis is needed in order to improve the overall health of the population (*Local Government Yearbook in South Africa* 2003:715).

An increase in urbanisation of farm workers has placed an additional strain on urban resources (Local Government Yearbook in South Africa 2003:715). The influx of new residents has in part contributed to the rapid expansion of informal settlements and townships. These new residents seek job opportunities and access to better services such as housing, water and sanitation infrastructure, health care and schools. The capacity of the municipality to provide these services, however, is increasingly constrained.

Stellenbosch is also home to one of the premier institutions of higher education in South Africa, the University of Stellenbosch. The university plays a major role in the planning process for the municipality as the campus is a major attraction for an array of students, academics and professionals from all over South Africa and the world. Management of property and services are carried out by the university, but they are also linked to the municipality. The students who attend the university are also a major component of the residential population in the town of Stellenbosch.

The balance between developmental and economic imperatives in Stellenbosch is often difficult. In particular, the town of Stellenbosch has a growing economic base and continues to be an attractive place of business for many major corporations. The municipality feels that the interests of these corporations must be considered along side developmental objectives associated with the RDP. In order to cope with these challenges, Stellenbosch has adopted an integrated strategy for the delivery of services. Departments work jointly to address the basic needs of residents. In the case of free basic water, it is envisioned both as an engineering issue and a housing matter. The approach to the provision of free basic water is therefore best understood in the context of a web of services that the municipality offers in its efforts to engage in equitable development in an economically viable way.

Water Services

91 percent of residents in Stellenbosch have access to piped water in the home, on the site of their dwelling or within 200 meters walking distance (Statistics South Africa 2003). Therefore, access to basic water infrastructure for most residents in the municipality is much higher than that of South Africa as a whole. This figure, however, obscures certain disparities in municipal water services.

Water service backlogs continue to be a problem for urban townships and informal settlements in Stellenbosch, the areas where the majority of Coloured and Black African residents live. For instance, in Kayamandi, a settlement outside of Stellenbosch, 34,3 percent of residents walk further than 200 meters for their water supply (Stellenbosch 2003a). In Groendal, this figure is 41,5 percent (Stellenbosch 2003a). In contrast, only 2 percent of residents in the predominantly White town of Franschhoek lack a basic level of water service infrastructure[10] and only 3 percent in the town of Stellenbosch (Statistics South Africa 2003). According to this information, water service delivery in Stellenbosch continues to be defined by the racial and socio-economic patterns that plagued apartheid era municipal management. Progress in this regard continues at a slow, but steady pace, as new policy tools are being implemented to reverse previous policies of neglect. The Masakhane

[10] Households lacking a basic level of water service infrastructure are those that do not have access to at least a communal standpipe within 200 meters of the home.

Programme, discussed later in this chapter, is just one strategy aimed at improving the lives of poor people in Stellenbosch.

According to officials, Stellenbosch is working to reconstruct its water policies aimed at previously disadvantaged households (van Stavel 2003). The Draft WSDP indicates a commitment to basic water and sanitation for all households (Stellenbosch 2003a). The Boland District Council, which was responsible for water services in the rural areas of the municipality, is no longer involved in the provision of water services to residents of Stellenbosch. The demarcation of additional rural areas was mandated by the Department of Provincial Local Government and is similar to the current incorporation of rural areas in Drakenstein. Despite the figures from the 2001 census data, Director of Engineering and Technical Services, Eddie Delport, is confident that nearly 100 percent of all residents of Stellenbosch have at least a basic water supply within 200 meters of the home (Delport 2003). However, the municipality's Draft WSDP suggests that certain rural areas and informal settlements still lack a basic water supply. In particular, substantial numbers of people living in Klapmuts, Jamestown, Raithby, Kylemore, Groendal, and the largest informal area, Kayamandi, are without a basic supply of water. Many residents in these areas also lack basic sanitation.

Sanitation Services

Addressing the backlog in sanitation services continues to be the most pressing challenge regarding water services in Stellenbosch. Similar to Drakenstein, the municipality receives limited funding from national government for necessary sanitation infrastructure in previously disadvantaged communities. Delport explains, "There are 4.5 thousand informal households and only 200 toilets for them. At a cost of R12 500 per unit, we need about R55 million for these units, but where do we get this from?" (Delport 2003).

In parallel with water services, while nearly 85 percent of the residents in Stellenbosch municipality have access to basic sanitation in the form of a flush toilet, this figure is much lower in certain low-income areas (Stellenbosch 2003:30). The Draft WSDP showed that in 1996 only 29,4 percent of the residents in Klapmuts had access to flush toilets, compared to 98 percent in Franschhoek (Stellenbosch

2003:30). According to the 2001 census data Groendal, Jamestown, Kylemore and Raithby continue to experience low levels of sanitation, with access to flush toilets reaching levels of only 55,1 percent, 61,7 percent, 62,4 percent and 78 percent respectively (Statistics South Africa 2003). The difference in service levels between the town of Franschhoek and nearby informal settlements demonstrates the disparities that still exist in service delivery in Stellenbosch municipality.

With a population of 22 000 persons, Kayamandi, a stone's throw from the center of Stellenbosch, is the largest informal settlement area and accounts for nearly 80 percent of the most pressing problems with service delivery gaps in the municipality (Stellenbosch 2003:36). In this area, where the average household income is roughly R500 per month, only 18 percent of residents report having a toilet inside of the house and 6,4 percent had no toilet in walking distance (Stellenbosch 2003:36). The majority of residents (64 percent) use a common facility outside of the dwelling (Stellenbosch 2003:36).

It is not surprising that a relationship exists between access to sanitation services in Stellenbosch and access to water services. Using Kayamandi as an example again, it is interesting to note that nearly the same percentage of residents who lack access to a flush toilet (18 percent) also lack access to an on-site water supply (17,7 percent) (Stellenbosch 2003:36). For 76,7 percent of residents there is no water tap directly nearby (Stellenbosch 2003:36). Kayamandi is one the most extreme cases in the municipality, yet the living conditions there are part of the current reality in Stellenbosch. These disparities in service levels adequately reflect the lives of the municipality's neediest residents.

The infrastructure associated with the provision of sanitation services is often reliant on certain structural features that are built into housing units. While the current budget for sanitation services does not realistically allow for toilet facilities within each household, the municipality envisions a system where new housing units are built in a way that systematically addresses the current backlog in toilet facilities. This includes housing that is built with environmentally safe adjoining toilet facilities. Financial constraints, however, limit these plans for sustainable infrastructure. Other strategies have been adopted that attempt to meet the needs of poor households in an

equitable manner. The Masakhane programme, which includes a subsidy towards basic services, including water, is one such strategy.

Free Basic Water

The current approach to the provision of municipal services for poor residents in Stellenbosch is a programme called Masakhane, which provides an R45 subsidy towards the municipal service bill of qualified formal households and an R29 subsidy for all informal households. Applicants for this programme must show proof of income for each household member. If qualified, they receive a subsidy towards water services, refuse removal, sewage, property rates and electricity.

The Masakhane project began in Stellenbosch in 1999 as part of the national campaign promoted by then President Nelson Mandela and the ANC. In Stellenbosch the programme aims to address the problems of non-payment that many municipalities experienced during and after apartheid. Masakhane families not only receive a subsidy towards their municipal account, but they are also educated on how to efficiently use their municipal services. The Stellenbosch municipality also provides these families with employment counseling and access to social workers. Stellenbosch chose this model because it is a holistic approach to service delivery. Housing Services in Stellenbosch works jointly with the Town Treasurer's Office to identify families in need and provide them with a subsidy for services.

The Department of Housing Services in Stellenbosch, through which the programme is administered, admits that the subsidy only covers a portion of the total cost of services for most households (van Stavel 2003). For instance, a chart in an unpublished document from the Housing Services which calculates the cost of basic municipal services for formal and informal households shows that basic water, sewerage, refuse, rates and electricity total R68.52 for formal households and R40.24 for informal households (Stellenbosch 2003b:3). The R45 and R29 subsidies are only expected to cover a portion of this cost.

The municipality still believes that all residents should pay for some portion of the services they receive. Residents will therefore continue to pay for usage that exceeds

what is covered by the R56 subsidy. Lester van Stavel, Director of Housing Services, adds, "A family might use 20kl per month. 6kl free is just a contribution towards that," (van Stavel 2003). Encouraging payment helps the municipality cover the costs of service provision and also encourages residents to appreciate the true value of the service. van Stavel also suggests that payment serves to keep demands low. Stellenbosch does not experience the same level of demand management issues that Drakenstein does, however, the municipality is currently investigating strategies to track water wastage in informal settlements.

Masakhane allows the municipality to identify the poorest households and target those families with assistance. This is in contrast to the current strategy employed in Drakenstein where all households receive free basic water. Providing free basic services to everyone means that those who are able to afford to pay for services will also get them free. Stellenbosch officials claim, however, that this strategy has certain faults. "Giving 6 kl to all means every kid in university and everyone in a flat gets water free," says Delport "The poor can't subsidise rich students," (Delport 2003). The R45 subsidy aims to provide municipal services to those who would otherwise go without them due to an inability to pay.

There are a number of problems associated with the Masakhane approach. Most notably, the cost of administering the project places a significant burden on the municipal budget. Operating costs for the programme include the actual subsidy provided and the cost of employing social workers and administrators to implement it. Delport explains, "… If we've given away R1.5 million in subsidies, administration costs R2 million. There must be another way to determine who is poor …" (Delport 2003). Delport suggests that another approach to the provision of basic services might be to use property values to determine who should receive a municipal service bill and who should not. Using census data, the municipality could identify those households valued under a specified amount and abstain from sending municipal service bills to those households (Delport 2003a). This approach would certainly cut the cost of administration for the provision of basic services, yet it might make it difficult for the municipality to offer these households other services that are part of a more holistic approach, such as employment counseling and social workers.

Another problem with the current strategy is that it has not reached the majority of households that qualify for the subsidy. Almost all people living in informal settlements and approximately 2 500 other residents make below R1 500 and are eligible for Masakhane. The numbers of households that are actually receiving the subsidy, however, is substantially lower than this. It is estimated that 25 percent of residents in Stellenbosch Municipality receive free basic water either through the Masakhane programme or from communal standpipes in their community (van Stavel 2003).

In general, it is important to note that the Masakhane program appears to have reached Stellenbosch with some delay. The program was first promoted by the ANC in 1994 during the first national democratic elections. That the program was not implemented locally in Stellenbosch until 1999 raises certain concerns, namely that the there was some disjuncture between the efforts to promote the program nationally and the willingness or ability of the Stellenbosch municipality to move forward with the policy. The first local democratic elections in South Africa did not take place until 1995/1996, however. In addition, the two crucial pieces of legislation mandating the transformation of local government were not in place until 1998 and 2000. It may therefore be more useful to understand the seemingly late implementation of the Masakhane program in Stellenbosch as a reflection of the delayed implementation of national transformation policies at the local level. For instance, even though the first democratic elections took place nationally in 1994, it took a total of five years for Stellenbosch to elect new officials, agree on and approve of the Masakhane strategy, and begin implementing it at the local level. This case demonstrates certain problems that arise when local government is challenged with implementing the national transformation agenda of South Africa.

The Stellenbosch Council is currently considering other implementation strategies for the provision of municipal services to poor households, in part because the current approach does not appear to have had a significant affect on efforts to reduce municipal arrears (van Stavel 2003). The current approach could be revised as early as February 2004. Providing free basic water to all citizens is not an option that is currently being considered. Instead, the council is investigating an approach that will target particular areas that have the greatest need. This includes informal settlements

and areas where residents received a municipal subsidy to build their homes. Areas such as Klapmuts, Jamestown, Kylemore, Raithby, Groendal and Kayamandi are of particular concern. Residents in other areas who qualify for the subsidy through proof of income would also be eligible to receive it. This strategy reduces some of the administrative burden associated with the application procedure for the subsidy. It also allows municipal officials to tailor the project to those residents that they already know have the greatest need.

In addition to the new approach that targets specific areas, the actual subsidy for services will also be increased from R45 to R56 for formal households and from R29 to R31 for informal households. These figures also reflect the fact that the cost of these services is expected to increase, and thus the amount that each account holder is expected to pay. This subsidy will cover 25 litres per person per day to a household of six and 100 kilowatts of free electricity per month. A portion of sewerage, refuse removal and rates are also covered by the subsidy. At the time research was conducted for this study a proposal for the plan to increase the indigent subsidy was being reviewed by the Stellenbosch Council.

Analysis of the current reality in Stellenbosch reveals the enormous complexity surrounding the provision of basic services. A subsidy towards basic water is just one of several services offered to poor households as part of an integrated approach to improve the quality of life of the municipality's residents. As will be discussed in Chapter 5, Stellenbosch, unlike Drakenstein, interprets the national water policy in a way that emphasises optimal-use efficiency and vertical equity. The drawbacks to this approach include an inability to reach a number of targeted households. Although this strategy is perhaps more in line with the RDP objectives of meeting basic needs for the poor, it does necessarily reach enough poor households to have a real impact on their lives.

Chapter 5
Analysis

The provision of free basic water is a challenge for most South African municipalities, many of which experience a variety of financial constraints that limit their ability to adequately address service backlogs. In spite of these constraints, local policy makers, such as those in Drakenstein and Stellenbosch, continue to devise creative approaches that address the development objectives associated with meeting the basic needs of residents. Municipalities must balance these approaches with other objectives, such as financial viability and an investment friendly environment. Both goals are crucial aspects of a thriving community, as one enhances the health and well-being of households and the other provides job opportunities for these households to sustain their livelihoods. The implementation of the free basic water provision in Drakenstein and Stellenbosch is one lens onto this delicate balance. Analysing these case studies shows that the implementation strategies of these municipalities are linked with various interpretations of national water policy. Each municipality is analysed for its relative consideration of the efficiency and equity principles associated with the provision of free basic water.

I argue that the implementation strategies adopted by Drakenstein and Stellenbosch are best understood in the context of debates regarding equity and efficiency in service delivery. Before discussing these scenarios further it is important to rule out other possible reasons for each municipality to have selected different approaches to the free basic water provision.

5.1 Political Factors

Cameron (2003b) argues that the role of party politics is often underestimated in local government research[11]. In particular, decentralization from national to local government opens the door for corruption and mal-distribution of local resources (Cameron 2003b). While measures are currently in place at the national and local level to prevent corruption, these are often inadequate or difficult to implement.

[11] It is important to note that research for this study did not focus on party politics in Drakenstein and Stellenbosch, but was instead geared towards strategies of policy implementation.

Certain local policies or implementation strategies are sometimes adopted because they are expected to bring votes to one party or another. The question then comes to mind: Were the implementation strategies chosen by Drakenstein and Stellenbosch adopted for political reasons?

Stellenbosch

In 2001 the political landscape in Stellenbosch changed as the municipality switched to an Executive Mayoral System that runs concurrently with a ward participatory system (Stellenbosch 2003a). Ward committees are expected to play a crucial role in integrated development planning for the municipality as well as champions for local development and community participation. The result is an active body of Ward Councilors that often intervene in local policy implementation.

Chief of Housing Services, Lester van Stavel, notes that politics certainly comes to play in situations where residents experience municipal service cut-offs for non-payment. The Masakhane project is designed in part to encourage residents to pay off their municipal arrears and to promote a culture of payment for services. Yet, Ward Councilors are sometimes called upon by residents in situations where vulnerable households, such as those with children and unemployed parents, contact Ward Councilors rather than Housing Services to get services turned back on. These Councilors sometimes defend residents in their ward area to encourage municipal officials to turn services back on, upon the agreement that the household will pay for its services in the future. In this sense, politics certainly plays a crucial role in the delivery of services.

The role of politics in the decision-making process for the free basic water provision, however, is limited. The municipality is currently led by a New National Party (NNP) Executive Mayor and an (ANC) Deputy Mayor. At the time the Masakhane programme was initiated, both parties supported it as a strategy to reduce municipal arrears. Although there is evidence that Ward Councilors sometimes attempt to intervene in water service delivery when there are water cut-offs, such would be the case regardless of the implementation strategy chosen. The current subsidy strategy creates more opportunities for political intervention, but this is not the main reason for using the targeted approach to free basic water.

Drakenstein

Officials in Drakenstein contest that politics had little to do with the decision to adopt a universal free basic water provision. The national mandate to provide free basic water included in the Water Services Act of 1997 required all municipalities to determine the best local approach for implementation. In the case of Drakenstein, a cost efficient implementation strategy that used a minimum of financial and administrative resources was seen as the priority. Although a number of alternatives were considered, the most reasonable one at the time, and still today, is that of universal basic water. The policy was accepted with little controversy by local policy makers and residents (Abrahams 2003). It can therefore be determined that political considerations had little to do with the strategy that Drakenstein adopted.

5.2. Cost Factors

Debates on water delivery in South Africa and theories of policy decision-making focus on costs associated with adopting one policy over another. The cost of implementing a policy is often a major factor in the type of implementation strategy chosen. This is certainly the case in Drakenstein, where the universal provision of basic water is seen as the most cost-efficient strategy. Yet, it can also be argued that Stellenbosch adopted its strategy because it was also seen as cost-efficient.

A major barrier to research on the free basic water provision has to do with the lack of available data on the relative costs associated with implementing one strategy over another. In the case of Drakenstein and Stellenbosch, both municipalities claim that the programs they are implementing have reduced municipal arrears. It is difficult, however, to determine by how much or to be certain that a reduction in arrears can specifically be traced back to the free basic water policy, rather than some other change in municipal service delivery.

Stellenbosch currently spends 9 percent of its municipal operating budget on the provision of water services (Stellenbosch 2003:3.31). The cost associated with targeting residents for free basic services, including basic water, is miniscule in comparison to other water services. In addition, a great deal of these services are paid for by the Equitable Share grant (Stellenbosch 2003a). While cost is certainly a factor

in the implementation strategy chosen for each municipality, it does not explain why vastly different approaches were chosen. A more compelling argument can be made through a discussion of efficiency and equity in Drakenstein and Stellenbosch.

5.3 Efficiency

Technocratic Efficiency in Drakenstein

A universal free basic water policy represents elements of technocratic efficiency. The implementation in Drakenstein strategy was chosen over others primarily because of its cost-efficiency. It also demonstrates two other key features of technocratic efficiency, first, it emphasises an outcomes based approach, and second, it operates with minimal public engagement. The result is a policy that achieves a basic goal of providing poor households with free basic water. This strategy, however, may not be sustainable over time and does not necessarily address the long-term structural issues associated with persistent poverty.

The costs of administering a means-tested free basic water provision in Drakenstein are perceived to be far greater than the benefits. Means-tested programmes ensure that only the neediest residents benefit from developmental policies. In the case of South Africa, these are usually families that make less than the Equitable Share threshold, which currently stands at R1 500 per household per month. Some confusion exists as to how equitable share funds are calculated and as to which municipalities qualify for these funds. In addition, identifying households that earn less than R1 500 requires a separate administrative branch dedicated specifically to the provision of free basic water to needy households. Currently, the municipality lacks this kind of capacity.

Drakenstein's strategy does, however, meet certain delivery outcomes associated with basic services for poor households. By providing the first 6kl of water free to all households the implementation strategy appears to meet the RDP and Water Service Act objective of basic water security for all. This strategy offers the same service for all residents, regardless of household income. As with any vertical equity approach, this means that some residents benefit from the policy, even though it is not essential to their survival. This approach views basic water as a public good.

Certain aspects of Drakenstein's IDP also display elements of technocratic efficiency. A major aspect of the plan is its emphasis on outcomes based management and a business-like model. This is certainly related to the Municipal Systems Act (RSA 2000), which mandates this approach, but it also reflects the municipality's intention to operate with the efficiency of a business. This means relating to citizens as 'clients' and managing the municipality in way this is economically efficient. In a discussion of the process methodology and overview for the IDP it states:

> *The IDP process is based on strategic planning and management as found and applied in the corporate world. All big organisations, like the municipality, must constantly ensure the correct 'fit' between the client's needs (our community) and the organisation which performs a range of tasks in order to produce the required goods and services. This 'fit' is dynamic (changes over time) and strategic management is thus about the management of change. (Drakenstein 2002: A2-1)*

The document refers to citizens as clients, transforming the relationship between municipal residents and the municipal officials. This distinction is consistent with New Public Management (NPM) theories that attempt to create increasingly impersonal methods of delivering services and enhanced emphasis on results (Stark 2002). Community specific approaches are seen as time-consuming and costly and, therefore, inefficient (Johnson 2002).

The universal free basic water policy is certainly influenced by this concept. Offering services to all resident is cost-efficient, but it is not necessarily the most beneficial to poor households. A community centered approach that identifies the specific needs of each household could encourage municipal officials to be sensitive to residents' diverse needs with regards to basic water services. In addition, it directs resources to those who need it most, rather than providing basic services to households that can already afford them. Although technocratic efficiency ensures some of the basic needs of poor households are met, these households are not necessarily prioritised over others.

Drakenstein, to its credit, also incorporates certain elements of optimal-use efficiency. Public participation is required for all IDPs. In Drakenstein this included community forums, public comment before the adoption of policy and public workshops with

sectoral groupings. Although the free basic water implementation strategy was adopted primarily for its cost-efficiency, the process by which this approach was selected was part of a larger public engagement approach.

Another element of optimal-use efficiency evident in Drakenstein's strategy is the use of the IAMP. Although a basic water supply is not part of the programme, other subsidised services are offered to assist poor households. This integrated strategy to poverty alleviation gives poor households an opportunity to reduce their arrears and sustain themselves financially until they can afford to pay for services. This type of programme is in line with RDP objectives and other legislation such as the Water Services Act and the Local Government Municipal Systems Act, which focus on meeting basic human needs.

Optimal use-efficiency, however, is not at the base of the free basic water provision. The universal strategy prioritises cost efficiency over long-term sustainability. Although the current strategy meets objectives of providing free basic water to poor households, the approach does not necessarily target these households and address their specific needs.

Optimal-use Efficiency in Stellenbosch

Stellenbosch uses a targeting system for free basic water that displays a number of key elements associated with optimal-use efficiency models. In particular, the municipality uses an integrated approach that attempts to address a variety of basic needs at once. These include housing, water, electricity, sewage, refuse removal and employment opportunities. The emphasis is placed on improving the lives of poor residents over the long term so that they become self-sufficient in a sustainable manner. This strategy is more costly than the one used in Drakenstein, but it attempts to take the individual needs of poor households into account.

Unlike Drakenstein, the provision of basic water in Stellenbosch is the joint effort of the municipality's water engineers, the Department of Housing and the Town Treasurer's office. Engineers are responsible for ensuring that basic infrastructure is available to all households within a reasonable distance from the home, the Housing Department identifies families in need of assistance with basic services and processes

their applications. The Town Treasurer's office grants the necessary subsidies to these households. This integrated approach does not simply focus on one aspect of services for poor households, but ensures that eligible households have access to a web of support services. This reflects those aspects of the optimal-use efficiency strategy that aims to create the most desirable combination of social, economic and environmental conditions with the resources used (Whelan 2002:237).

Stellenbosch expects families in need of a subsidy towards basic services to benefit not simply from access to water, but to a host of arrangements that are part of an entire package aimed at alleviating poverty. van Stavel explains:

> *We see it collectively. We give you a R45 subsidy and that included 6kl free water, 5 kilowatts free electricity, a subsidy on refuse removal, a subsidy on rates, and a subsidy on sewage. The whole idea was not just to give you water, but to give you more.*
>
> *The other problem is why do we have to give rich people free water.*
>
> *We also give them [poor households] help and advice. We try to give them labor advice. We try to do a skills audit on the family. It is much bigger than giving 6kl free water. It was a whole education campaign. (van Stavel 2003)*

By working with individual families, the municipality is able to tailor their programmes to meet the needs of households. The programme encourages civic participation and requires municipal workers to engage and interact with community members in a meaningful way. The development objectives outlined in the municipalities IDP are achieved through a web of services that target poor households.

Certain problems arise in any system that targets households for services. The current strategy in Stellenbosch certainly leaves out some households that qualify for a subsidy towards municipal services. Currently, 1 174 households receive the subsidy. Yet, an estimated 2 500 households, those living in informal settlements, automatically qualify for the subsidy. While the current strategy is well intended, it does not necessarily meet the RDP objectives of water security for all. A reasonable attempt is made to address the basic water needs of poor households, yet the vast majority of people who qualify are not benefiting from the policy. This scenario

demonstrates some of the disparities that exist between policy and practice in Stellenbosch. Although, the optimal-use efficiency strategy intends to provide poor households with more personalised resources than does a technocratic-efficiency approach, it is not necessary the most effective in reaching poor households.

This strategy is also more costly than the one used by Drakenstein. The web of services that the programme offers includes administrative staff that ultimately adds to the cost of implementation. As explained in Chapter 4, it is possible that the cost of administering the Masakhane programme is more than the cost of the services themselves (Delport 2003).

Stellenbosch also has not seen the same rate of reduction in municipal arrears as Drakenstein has. Municipal arrears continue to increase, despite the programme targeting households that cannot afford to pay for basic services. Because of this paradox, the municipality is currently seeking more cost-effective alternatives to the current approach. These might include a reduction in the administrative staff associated with the programme and a new measures aimed at increasing household payments.

Optimal-use efficiency in Stellenbosch is better at meeting the individual needs of households, but does not necessarily reach enough poor households to have a long-term impact on their livelihoods.

5.4 Equity

Vertical Equity in Drakenstein

In vertical equity models different circumstances are treated similarly. This means that all households, regardless of income, receive the same level of services and have access to the same resources. In South Africa, some policy experts argue that vertical-equity is expected to address the backlog in services associated with apartheid by providing poor households with the same access to resources as others.

The universal provision of free basic water in Drakenstein demonstrates the strengths and weaknesses of this approach. On the one hand, it aims to provide all households with the same level of water services at the basic level. Poor households that would

not have access to a basic water supply are provided for. Additionally, the Equitable Share grant covers the costs of this approach, which demonstrates that this approach comes at a relatively low cost to the municipality.

A major weakness of this approach, however, is that it does not give priority to poor households in the distribution of services. These households are part of the efforts to provide balance development, yet they are not necessarily given better services. Efforts to improve service delivery in vertical-equity models sometimes waste valuable resources on those who can already afford them. The universal free basic water provision in Drakenstein demonstrates this case. As with technocratic efficiency, the vertical equity model of implementation is more cost efficient. Yet, it does not guarantee that poor households are offered services in a manner that is equal to wealthy households. For instance, poor households that receive 6kl of water free per month are able to meet their basic needs for water, but they often will not be able to afford to pay for more than this. In this sense, free basic water is not in itself enough to ensure equity.

Drakenstein's interpretation of equity with regards to free basic water shows some of the problems associated with the universal basic needs approach. It offers free services to all households, but does not necessarily push the municipality to address the deep inequalities that divide wealthy and poor residents. Nor does it encourage the neediest households to strive for more than a basic level of water services.

Horizontal Equity in Stellenbosch

Horizontal Equity attempts to combine the ability-to-pay principle with the benefit principle. It strikes a balance that matches the needs of individual households at their specific income level. In this model, poor households pay less for services or receive them free at the basic level. Stellenbosch employs this form of equity.

Stellenbosch views water as both an economic good and a public good. It is, therefore, important to encourage consumers to pay something for it, even if this payment is partially subsidised. This model also attempts to discourage water wastage by ensuring that those who can afford to pay for services actually pay for them. A tariff structure is in place that encourages consumers to conserve, yet this is

combined with a policy that targets poor households and subsidises services for those in need.

Stellenbosch officials argue that their model encourages a 'culture of payment' by requiring even poor households pay for a portion of their municipal services. van Stavel explains, "You can't just give people free services," (van Stavel 2003). According to the principles of horizontal equity, doing so undermines the value of the service or the 'true cost' associated with providing it. Consumers in Stellenbosch are expected to pay what they can afford for water services and are given support through a web of social services provided by the municipality to meet more than their basic human needs.

Unfortunately, the fact that municipal arrears does not seem to be declining in Stellenbosch indicates that attempts to foster a 'culture of payment' among residents have not necessarily been successful. This fact may also be related to the approach adopted by the municipality, which is currently unable to reach the vast majority of residents who are eligible for the Masakhane programme.

Another major draw back of the horizontal equity model is that it relies heavily on the economic value of a good rather than its social value. While the provision of water services certainly has an economic cost associated with it, requiring all residents to pay towards water services, including poor households, does not ensure that those who can least afford it will have access to it. The subsidy provided to households that earn under R1 500 per month is not enough to cover all services, nor is it enough to ensure that all households receive 6kl per month. The result is that a number of households that have been targeted for the provision are still unable to pay for their services.

The horizontal interpretation of equity prioritises the economic value of services, such as water, and encourages residents to pay for them. Stellenbosch's free basic water strategy is geared towards changing the culture associated with payment for services. Yet, the difficulties the municipality experiences in reaching the majority of poor households and thus changing this culture demonstrates certain problems that arise when theories of horizontal equity are implemented by policy practitioners. In theory

this model provides a network of social services and a subsidy for poor households that enhance their ability to pay for services. In practice, however, few households that qualify for the subsidy are actually receiving it and those that are receiving the subsidy can only use it towards a portion of their total municipal service bill.

Chapter 6
Conclusion

Urban Futures

Drakenstein and Stellenbosch offer interesting interpretations of efficiency and equity principles associated with the free basic water provision. In doing so, they demonstrate the flexibility that is possible in local implementation of a national policy. In addition, they reflect the choices available to municipal officials in their efforts to balance development objectives with financial viability. The result is what appear to be divergent strategies for implementing the same national policy in two areas that are otherwise similar in geographical location and demographic make up. Viewing these strategies together, however, allows us to visualise different urban futures associated with specific implementation strategies and to think more critically about our conceptualization of public policy and its implementation.

An analysis of equity and efficiency principles employed by Drakenstein and Stellenbosch in their implementation of the free basic water provision demonstrate the complex divisions that exist between theory and practice in local policy. For example, theories of technocratic and optimal-use efficiency are themselves unclear at times. Both municipalities exhibit a preoccupation with improving cost-efficiency in a manner that is closely aligned with technocratic efficiency. In addition, Drakenstein and Stellenbosch both offer some form of a means-tested municipal services subsidy for poor households: an integrated approach that reflects optimal-use efficiency principles. These cases show that once theories of equity and efficiency are applied pragmatically to a policy issue, such as the free basic water provision, the distinction between the two theories becomes even more difficult to decipher. The on-going transformation of local government in South Africa can benefit from a critical approach to policy implementation that incorporates these practical examples into broader theoretical interpretations of the efficiency and equity principles associated with the provision of basic needs policies.

Urban management theory has in recent years become increasingly preoccupied with the World Cities Hypothesis set forth by Friedmann (1986). Friedmann argues that certain identifiable features characterise cities that are at the forefront of global capitalism. Western cities dominate Friedmann's analysis, mostly because the vast majority of urban management discourse is produced in developed countries, but also because Western cities typically ascribe to the economic hierarchy that expands their connections to the global economy (Robinson 2003:263). Contemporary theories, however, reject the assumption that all cities should aspire to be World Cities (Robinson 2003, Simon 1995). These theories shed light on the plight of urban management in developing countries, such as South Africa, often marginalised by the World City analysis.

Jennifer Robinson (2003) argues that global success must be measured by means other than their ability to achieve certain objectives associated with global capitalism. The World Cities model encourages cities to strive towards a single model for achievement, typically an economic growth, investor-friendly, outwardly oriented model. This is especially out of sync with cities in developing countries, many of which are hampered with their roles as the main site for the implementation of national development objectives for service delivery to address inequalities as well as the site for economic growth. Instead, cities must balance their desires to be globally competitive with the reality of local needs among disadvantaged groups. These are the challenges faced by 'ordinary' cities (Robinson 2003).

Although Stellenbosch and Drakenstein municipalities certainly are not thought of as global cities, even among South African cities, they face pressures similar to larger metropolitan areas and issues common to hundreds of small towns across South Africa. They strive for an image that makes their location attractive to investors, yet they are challenged with the backlog in services associated with years of racially discriminatory apartheid practices. In their efforts to manage these competing interests they interpret national policies in ways that suit their own capacity and their own vision for the future of their municipality.

The local implementation of the free basic water provision offers a lens through which to view multiple urban futures in South Africa. Rather than identifying one

implementation strategy as superior to another, it is important to recognise the advantages and draw backs of various approaches. Theories of urban management in South Africa must create a space for municipalities to express and achieve their specific development objectives in a way that is both socially and financially sustainable.

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