

# THE COST OF LIVING:

## HOW SELLING BASIC SERVICES EXCLUDES THE POOR



# SOUTH AFRICAN PEOPLE AND ENVIRONMENTS IN THE GLOBAL MARKET

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**W**ith the World Summit on Sustainable Development (WSSD) opening in Johannesburg, this series of five booklets gives an environmental justice perspective on key challenges for sustainable development in South Africa. Development largely defines people's relationship with their environments. Governance is about who decides that relationship. It is a means through which a global contest for control of resources, including environmental and labour resources, is fought out. The booklets report from several 'fronts' of the struggle we call development. They look at how South Africa has adopted critical aspects of international governance, at whose interests are served and at the impacts on people and their environments. They indicate that, while another world is possible, it is not being built in South Africa.

## **1. The invisible fist: Development policy meets the world**

**by David Hallows**

Booklet 1 focuses on South Africa's approach to development in relation to the global order defined by the neo-liberal agenda of the 'Washington consensus'.

## **2. Partners in pollution: Voluntary agreements and corporate greenwash**

**by Chris Albertyn and Gillian Watkins**

The corporate push for self-regulation is part of the neo-liberal agenda. Booklet 2 looks at what advances they have made in South Africa.

## **3. The cost of living: How selling basic services excludes the poor**

**by Mark Butler**

Booklet 3 picks up on the democratic promise to provide people with services, such as clean water and energy, in relation to global injunctions for cost recovery and privatisation.

## **4. The seeds of neo-colonialism: Genetic engineering in food and farming**

**by Elfrieda Pschorn-Strauss and Rachel Wynberg**

Booklet 4 looks at the role of South Africa in the global battle over the introduction of Genetically Modified Organisms.

## **5. Ground-zero in the carbon economy: people on the petrochemical fence-line**

**by Rory O'Connor and David Hallows**

Booklet 5 touches on climate change, another point of conflict between the northern powers, so as to relate it to the local impacts of South Africa's oil refineries.

# 1. Introduction

Apartheid imposed a huge social and environmental toll on South Africa. Only a small, racially-defined elite benefited while the majority bore the costs and injustices. Democracy promised transformation and 'a better life for all'. This booklet examines why that promise remains unfulfilled - and why the prospects

for its realisation might even be worsening - by considering the post-apartheid experience of ordinary South Africans in relation to some environmental justice factors closest to home: the provision of, and access to, basic services.

## 2. Environmental justice and the legacy of apartheid<sup>1</sup>

Everyday life for urban and rural black South Africans continues to bear the scars of apartheid. The backlogs and distortions in terms of access to basic services and infrastructure that were created by apartheid were huge and racially defined. They describe some of the key features of environmental injustice that characterized the lives of the majority of South Africans.

### Rural areas

By the end of the apartheid era, African rural areas had at least ten times the population of 'white' commercial farming areas and they suffered chronic poverty and erosion. Despite this, agricultural production and resource gathering remained critical to survival and livelihoods in rural and peri-urban areas. Because apartheid denied permanent residential rights to black workers in 'white' South Africa, migrant labour was dominant and black

workers were compelled to return 'home' to the 'homelands' or 'bantustans' when their labour power was no longer required. Therefore, redundancies in the formal urban economy, and the growing wealth gap in all population groups, reinforced poor people's reliance on natural resources in the homelands. In this context, while environmental degradation results from the concentration of poverty, it becomes a cause of further impoverishment too.

Many rural people are without adequate access to clean water. This impacts on public health and hygiene as well as cultivation and women's labour time:

gardening is undertaken as a hedge against the lean season. As a result, it serves a critical supportive function at particular times



Langa 1994. Picture: David McDonald



In formal and informal urban settlements, the poor quality of the built environment locates an ongoing health and environmental crisis. Without adequate sanitation and waste removal, raw sewage runs in the roads and litter accumulates everywhere. Faecal contamination remains a major source of water pollution that is associated with a wide range of diseases.

Limited access to electricity means that many turn to burning solid and liquid fuels in poorly ventilated houses. This creates high levels of indoor air pollution and contributes to outdoor air pollution.

of the year. To be sustainable, and to have maximum effect, water availability is critical (May 1996, 116).

Food security and women's time are also tied to domestic energy. Environmental pressures for fuelwood reflect the grossly skewed provision of energy infrastructure under apartheid. The South African Participatory Poverty Assessment found that "women tended to put electricity high up as a priority for lighting (safety) reasons as well as for cooking" (May 1996, 102).

Any capacity to optimise sustainable livelihoods in these conditions needs to be supported by an integrated development package, including agricultural extension, credit arrangements, skilling programmes, appropriate technology and targeted research and development programmes. Apartheid failed spectacularly in this regard too, having bequeathed to the post-apartheid state an "agricultural extension system [that] does not deliver to the poor and is perceived by them to be useless" (May 1996, 115).

### Peri-urban areas

In 'white' urban areas, apartheid subjected Africans to harassment, 'influx control', and a broad attack on human rights and dignities. Together with low urban wages and high urban costs many people were driven to secure a rural base however meagre. The appearance of un-serviced towns (sometimes referred to as rural slums) in allegedly rural areas devastated the environment and people's health.

Natural vegetation was rapidly cleared, human waste and garbage accumulated, smoke filled the air and water sources were contaminated or difficult to access. Some of the un-serviced towns were very remote from urban job opportunities. Most were located within the range of long distance commuting, but imposed heavy transport costs and long hours of travelling on workers. These latter 'peri-urban settlements' are now a persistent legacy of the bizarre metropolitan urban form structured by apartheid.

### Urban areas

Formal black urban townships were also removed to the outer edges of the cities and they too received only partial services and suffered massive overcrowding. Much of the growth in informal urban settlements since the early 1990s resulted from the movement of urban people attempting to escape the crowded conditions imposed by apartheid, or to move closer to jobs.

In formal and informal urban settlements, the poor quality of the built environment locates an ongoing health and environmental crisis. Without adequate sanitation and waste removal, raw sewage runs in the roads and litter accumulates everywhere. Faecal contamination remains a major source of water pollution that is associated with a wide range of diseases.

Limited access to electricity means that many turn to burning solid and liquid fuels in poorly ventilated

houses. This creates high levels of indoor air pollution and contributes to outdoor air pollution. The effects on health relate primarily to the respiratory system, including asthma, bronchitis and lung cancers. "Acute respiratory infections are a leading cause of death in South African children, killing one hundred times more children than in western Europe" (Booth et al. 1994, 241).

Black South Africans have experienced the brunt of the negative effects of weak pollution-prevention policy, monitoring and enforcement. Apartheid's racial planning located black communities "downwind and downstream" (Durning 1990: 17) of polluting industries and poorly managed waste landfill sites. Particular forms of degradation are associated with specific industries and concentrated in particular locations.

Industrial air pollution, for example, is most concentrated in urban areas such as South Durban and Sasolburg. In Gauteng it combines with toxic dust blown off mine dumps. Workers often live in these areas and so get a double dose. In unserviced urban settlements, industrial and mining pollution combines with domestic pollution to produce a chemical soup with cumulative impacts on people's health.

But the environment has no strict boundaries. Air pollution from the power stations in the Eastern Highveld affects rural as well as urban areas. Many

Zamdela in Sasolburg. Industrial air pollution is most concentrated in urban areas such as South Durban and Sasolburg. In Gauteng it combines with toxic dust blown off mine dumps. Workers often live in these areas and so get a double dose. In unserviced urban settlements, industrial and mining pollution combines with domestic pollution to produce a chemical soup with cumulative impacts on people's health. Picture: Heeten Kalan



mines are located in rural areas and their wastes pollute land, air and water. Pollutants from urban industries flow downstream through urban and rural areas where people depend on natural water sources. Industrial agriculture's heavy use of fertilisers and pesticides also contaminates air, water and people.

Toxic wastes from industry are not only disposed of in poorly managed but legal sites. An unknown quantity is illegally poured down storm water drains by industries. More is dumped by criminal waste operators, invariably in poor neighbourhoods where

their activities are unlikely to be questioned. In a number of cases, drums that previously contained toxic substances have been used as domestic water containers.

Water resources of the poor also dried up as a result of the heavy water consumption of formal sector industries. Irrigation agriculture, plantation forestry and mining all have direct impacts on local water sources. The dams that supply them, on the other hand, usually flood good agricultural land. Where black communities suffer the loss, compensation has been inadequate.



Informal settlement, Diepkloof, 2001.  
Picture: Sipho Singiswa - "Hands-On" Productions

### 3. After apartheid: The neo-liberal services agenda versus environmental justice

Turning this legacy around was a key expectation for the majority after apartheid and a fundamental feature of the ANC's election promises. The focus of policy and activism (including within the environmental justice movement in South Africa) has been on the lack of infrastructure and services. In certain respects government has been able to make impressive-sounding gains in rolling out basic service infrastructure. But real access to infrastructure and services remains problematic, and the conditions and quality of life for ordinary South Africans have not changed dramatically.

As the studies presented below show, the South African government's current approach is resulting in service programmes that are unsustainable and inequitable, inappropriate to the context, inadequate to the task and likely to produce crises at a number of levels - environmental, political, developmental, and social. The core of the problem is the now dominant view that service provision is some sort of 'business opportunity' rather than a basic right, a 'cost-recoverable' commodity rather than a public good. This view of the provision of basic services is consistent with - and indeed a product of - a broader policy shift within the ANC government. As indicated in Booklet 1 of this series: "Successive policy formulations moved the ANC from earlier

assumptions of socialism, centred on nationalising the 'commanding heights of the economy', to the social democratic Reconstruction and Development Plan (RDP), on which the ANC campaigned in the first free election, to a watered down RDP adopted by the first Government of National Unity, and finally to the Growth, Employment and Redistribution (GEAR) macro-economic policy adopted in 1995 and widely criticised as neo-liberal".

This 'neo-liberal' approach reflects global trends and pressures. A good illustration of this was provided recently when the European Union listed - in the course of 1000 pages - a series of 'requests' EU trade negotiators are putting to a range of countries across the world. Vidal (2002) comments: "The European Union is demanding full-scale privatisation of public monopolies across the world as its price for dismantling the common agricultural policy in the new round of global trade talks, secret documents leaked to the Guardian revealed. ... The sweeping requests [call] for the opening up of sensitive sectors of its trading partners' economies including water, energy, sewerage, telecoms, post and financial services". Mohau Pheko of the Gender and Trade Network in Africa, argues that the documents constitute "a war on South Africa's sovereignty". She points out that the key sectors

where the EU demands further liberalisation are those that provide basic services to communities across the country (Pheko 2002). The implications of the shift to neo-liberal policies in South Africa are wide ranging but this booklet focuses on the impacts on service provision and delivery, especially for the poor and for the demand for environmental justice.

The problems resulting from a neo-liberal approach to basic service provision are not unique to South Africa. Colin Leys (2002) comments on the current British context, where the 'New Labour' Party's approach to public service reform and provision includes part-privatisation and introducing 'quasi-markets' into publicly-provided public services. He argues that the experience there has shown that, while public services can never be entirely problem-free, "privatising them, or trying to make them mimic businesses, doesn't magically make them cheaper, it just makes them worse".

McDonald (2002 (a)) points out that there has been little critical emphasis on the environmental justice implications of how the post-apartheid service and infrastructure backlogs are being addressed. In particular, he argues that there is a need to look critically at the cumulative local impacts and growing influence of privatisation in service delivery.

South Africa's governance model makes local government responsible for a growing range of developmental decision-making and service

delivery functions. Already grappling with the difficulties of post-apartheid transition and the requirement to service a much expanded constituency (no longer limited to the white minority), local government in South Africa is weak and cash-strapped. With national fiscal policies resulting in severe cuts in financial support and simultaneously insisting on cost-recovery for services, local government is 'encouraged' to enter into Public-Private Partnerships (PPPs) for service provision. The predictable result is that municipalities are the locus for various forms of privatised service-delivery arrangements - as well as growing conflict with local people who increasingly resent and resist the higher costs of services and the service cut-offs that are imposed when poor people cannot afford them. Thus although privatisation is in its infancy in South Africa, "all indications are that it will become an increasingly important factor in the service delivery equation" (McDonald 2002 (a): 294).

'Privatisation' may be something of a misnomer because it's not often that municipal assets are actually sold off and wholly privatised. The more likely pattern is one form or another of PPP operating within a framework of generally accepted commercial principles fundamentally different from those that traditionally drove public sector service delivery. The expectation is that service provision should be run 'like a business'. The consequence is growing corporatisation of delivery modes and the commodification of services.

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Public sector providers can accept certain 'inefficiencies' in the name of the public good because they're not meant to be driven only by profit and competition. Privatised service delivery however is precisely accountable to the profit bottom-line. With poverty as deep as it is in the South African context, the consequences are absurd and unacceptable.

These tendencies are not unique to South Africa but, given the challenge of redressing the apartheid legacy, they acquire a particular significance. The following section looks briefly at the claims and the implications of this route.

### Capital and expertise<sup>2</sup>

Limited state budgets coupled with the enormity of the backlog make drawing on private sector capital and expertise an attractive alternative for service and infrastructure expenditure. But this too easily avoids asking about the underlying political choices that determine the availability of public resources. It has become something of a self-fulfilling prophecy in neo-liberal discourse to adopt conservative macro-economic policies, including severe financial restraint, and then point to insufficient funds for public infrastructure investment. In the South African context, the ANC had earlier made commitments to substantial state investment in public infrastructure but the adoption of GEAR has resulted in a shift away from public sector spending with "far reaching effects on investments in service delivery" (McDonald 2002 a: 300).

### Efficiency

The claim is made that competition and the profit-motive create efficiencies. These efficiencies are held to translate into lower service costs for end-users and therefore wider accessibility of the service to the poor (and reduced environmental pressures

too). In the fantastic world of pro-privatisation rhetoric, these savings can also be directed to extending or upgrading services, providing targeted subsidies for the poor, and even environmental investments.

Unfortunately the international experience is rather more disappointing and the anticipated savings seldom materialize. The private sector is not necessarily more efficient than the public sector. And important costs of privatisation are hidden. These costs often relate to violations of health and environmental regulations. The costs "may outweigh any savings garnered by privatising in the first place" (303).

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Privatised service delivery however is precisely accountable to the profit bottom-line. With poverty as deep as it is in the South African context, the consequences are absurd and unacceptable. Colin Leys has argued that "The results of the private provision of social services always include severe costs for the poor" (Leys 2002 (b)). Poor communities will be 'red-lined' and excluded from services where private sector providers fear residents may not be able to pay or where revenue collection will be too costly despite subsidization. Narrow economic



'efficiencies' here pale in contrast to the social, health, environmental and even fiscal implications of this exclusion. And if the public sector is then left to service those sectors and neighbourhoods that the private sector won't touch once they have 'cherry-picked' the most profitable areas to service, then public provision is made grossly and inevitably 'inefficient' and problematic by default.

## Accountability

Promoting the private sector as more accountable rests on claims that the public sector is inherently corrupt and unaccountable, nepotistic and incompetent. As a result of these alleged characteristics, the public sector cannot be left to regulate itself.

Instead it is argued, private sector providers and independent regulation and monitoring offer better prospects for accountability against a transparent set of rules, in a system without conflicts of interest. Again the international experience shows this is not necessarily so. In fact private firms tend to be less accountable, and processes of contracting out and privatisation tend to reduce public accountability. Corruption is hardly unique to the public sector. And governmental capacity for regulation is steadily being eroded anyway, so enforcing accountability is increasingly difficult. Finally, if the public service is held to be inherently corrupt, there is little reason to believe that regulatory bodies, however independent, will not be too.

## Innovation

It is argued that private firms are more innovative in developing and introducing environmentally friendly technologies and systems because of competition. The South African experience hardly validates this claim. "The provision of housing and services like waste management by private contractors ... has been anything but creative, following well-trodden patterns of investment in energy-dependent and resource-inefficient systems of service delivery" (313) - this despite available technologies reflecting advances in natural sewage treatment, low-flow toilets and showers, waste diversion systems, solar heating and power, energy efficient housing and so on. Government and private sector failure to incorporate appropriate technology innovation in delivering services is not only a serious problem in terms of environmental efficiency. In the context of a neo-liberal approach where end-users must cover the costs of provision, it sets the poor up to fail because they do not benefit from the savings in electricity and water consumption that technologies could offer them.

## How much is enough?

There is an understandable emphasis on the relative under-consumption by the majority which results from inadequate provision of, and access to, infrastructure and services. But it is equally important to consider the over-consumption of scarce resources in a society with such extreme inequality as South Africa. Already, middle- and upper-income

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households here are "amongst the most profligate users of resources in the world" (315). But because privatisation is essentially a demand-led model of service delivery, there is less real leverage to deal with over-consumption. On the contrary, "private companies have no incentive to limit the amount of resources consumed or the wastes produced (they profit from both). ... Privatisation effectively depoliticises societal decisions about resource consumption and leaves them to the rationale of the market" (316).

Some argue that privatisation will induce resource conservation incentives through cost recovery (i.e., scarce resources will be priced sufficiently high to protect them). But at the upper end of the market, even full costing may not be sufficient to curb consumption. (Of course, ironically - as the studies presented below show very clearly - commodifying service provision has the effect of curbing the consumption of services by poor people at the lower end of the market!)

As South Africa formally closed the apartheid chapter of its history in 1994, 12 million South Africans did not have access to clean drinking water, 21 million did not have access to adequate sanitation, 14% had no refuse removal of any kind, and more than 20 million had no access to electricity.

## 4. Illustrating the real costs of cost recovery

The next sections present key findings from two recent studies that provide insight into the real consequences of these trends in service delivery. The first study (McDonald 2002 b) is based on a national, representative survey of people's

experiences of, and attitudes to, service delivery and service cut-offs. The second study (Cottle et al 2002) considers what factors contributed to a tragic cholera outbreak in South Africa in 2000.

## 5. Cost recovery, cut-offs and municipal services<sup>3</sup>

### Introduction

McDonald shows how the South African government's commitment to 'cost recovery' for municipal services is creating hardship for low-income families and contributing to service cut-offs. The effects are undercutting the positive potential of government's own efforts to extend infrastructure. In reality, cost recovery principles mean that the "ability to pay ... is just as critical as being given physical access to a service" they have commodified basic services and have become a significant cause of exclusion and dispossession in post-apartheid South Africa.

### Access to services

As South Africa formally closed the apartheid chapter of its history in 1994, 12 million South Africans did not have access to clean drinking water, 21 million did not have access to adequate sanitation, 14% had no refuse removal of any kind, and more than 20 million had no access to electricity.

By February 2002, the South African government posted impressive looking gains: an additional 7 million people had access to clean running water; 3.5 million additional people had access to the national electricity grid. The extent of the overall challenge is clear when it is recognised that this would still leave more than 6 million without access to piped water and 4 million without access to electricity. For sanitation and refuse collection, current service levels are most wanting - only half the population has access to flush toilets and a full 10% have no access to any form of toilet; 42% have no access to any form of refuse collection (though most of these live in rural areas).

Central government has committed itself to providing access to 'basic' supplies of water and electricity to all of these remaining households by 2008 and 2012 respectively, but the bulk of the remaining water and electricity connections will be in difficult to access rural areas where capital and operating

costs per unit are significantly higher than in urban areas due to lower population densities and longer distances from water and electricity sources. These service extensions will therefore take longer to complete, will be significantly more costly to install, and could result in significantly higher per unit costs for consumers if direct cost recovery principles are applied. Additionally, an increasing proportion of the 'beneficiaries' will be the rural poor who are less likely than any other sector to be able to afford the services.

## Affordability of services

Leaving aside for the moment all those who have no access to these services, the remainder of the discussion focuses on those who do have service infrastructure and who receive regular bills for the services. The costs of services vary hugely across the country but the median total monthly cost of water, electricity, sewage and refuse removal ranges from R224 -R400. To get an idea of the cost burden for low income families, 57% of the households in the survey sample bring in less than R1000 per month - they are spending at least one quarter of household income on basic services.

How are they coping? A slight majority say they can pay for these services 'very easily' but 17% say they can only pay if they cut back on other essentials like food and clothing - and 18% say

they can't afford to pay no matter how hard they try. So if 18% of the 7 million reported to have been given 'access' to water since 1994 can't afford them 'no matter how they try', "then 1.26 million of these new recipients are unable to afford this water and an additional 1.2 million have to choose between paying for water and buying other essentials like food. Similar percentages apply to the 3.5 million South Africans who have been given access to electricity".

## Service cutoffs

In contemporary South Africa, paying for services is now frequently enforced by discontinuing services to households who don't. Data from the national survey indicates that the actual number of people affected by water cut offs is just under 10 million - and the same number will have experienced electricity cut-offs for non-payment (with about 7.5 million having experienced both). "This is tough medicine and perhaps the most damning indictment of all of how aggressive cost recovery policies have undermined the physical delivery of infrastructure".

It should also be remembered that this records only the incidence of externally imposed cut-offs. How many more poor households are limiting their consumption of basic services like water and energy to dangerously low levels to avoid

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defaulting on payments? "Pre-paid meters have the same basic affect, with low income households purchasing only as much water or electricity as they can afford".

While the poorest of the poor unsurprisingly make up the largest absolute number who have experienced cut-offs, the sector of respondents who have experienced the largest relative number of cut-offs are in the R2001-R3000 per month income range. Here, close to a third have experienced electricity cut-offs and nearly a quarter, water cut-offs. Perhaps this category have enough income to rent or buy a house with a metered service - but not enough income to pay for all the services they need. So the policy of cost recovery, that commodifies basic services, not only excludes the poor but also those who could make reasonable contributions for services - the market-oriented approach to service provision fails to allocate goods and services well and it distorts rather than enhances access to them.

One coping strategy in the face of these practices is for those excluded from the services to turn to alternative sources of energy and water. The deadly consequences of being forced to use contaminated water sources are illustrated in the case study (below) on the recent cholera outbreak in KwaZulu-Natal province. Alternative energy

sources that are available to the poor are also problematic and candles, paraffin, and coal contribute to a range of calamities like shack fires and respiratory disease. Another coping strategy is to resort to 'illegal' connections into the service infrastructure characterised by leading Indian activist, Medha Patkar, as a non-violent but militant step towards equitable development (Patkar, 2002).

## Free services

Widespread and vocal resistance to cost-recovery has induced the ANC and other political parties to pledge a 'lifeline' supply of water and electricity to every household free of charge. But there are important problems with the proposed mechanisms for effecting this promise<sup>4</sup>.

A key problem concerns the amounts being offered free. For electricity, the offer of 50kwh/month is equivalent to less than 10% of the average electricity consumption of a low income household in South Africa - it would power a light bulb and a few small appliances.

Six free kilolitres of water a month is also not especially helpful to poorer households many of which have higher numbers of occupants per household and rely on either old and leaky apartheid-era plumbing or more recent and shoddy

cost efficient' plumbing. Rapid cost increases after the first free 'block' of water can mean that poor families pay more and not less for their water than they did under old tariff structures. Those who used to pay a 'flat rate' for services have seen dramatic increases in their electricity and water bills.

Government bases the 6kl allocation on an assumption of 8 people/household who are therefore being given 25lt/person/day. This is at the low end of World Health Organisation recommendations and well below the ANC's RDP medium-term objective of 50-60 lt/person/day. Any positive impact is even further undermined because government has systematically failed to integrate water and energy saving measures into service delivery strategies. Had they done so, households could have saved on their overall consumption and the free portion might have had more meaning. But ultimately, privatised service provision has no built in incentive to reduce consumption- especially if consumption levels have to be high enough to pay for the infrastructure outlay. "Moreover, many households are not receiving free blocks of water and electricity because they are in payments arrears and there are widespread reports of continuing cut-offs of water and electricity despite the free services policy".





Soweto residents transporting coal. Alternative energy sources that are available to the poor are also problematic and candles, paraffin, and coal contribute to a range of calamities like shack fires and respiratory disease. Pictures: Sipho Singiswa - "Hands-On" Productions

## Block tariffs

Block tariffs for basic services involve pricing the service so that the cost per unit to users increases as more is consumed. Despite its rather obvious applicability, it has only been used sporadically in South Africa. If the approach were more fully implemented, it could ensure cross-subsidisation of service provision as well as help curb excessive use of resources. The survey data indicates quite widespread support (at 53%) for this approach - and this support is consistent across race, income and urban/rural locations.

## Conclusions

The non-payment for services indicates a real crisis of affordability and essential services must be made more affordable for the poor if the promise of access is have real meaning. There is also a clear need for significant debt relief for service payments arrears. This "must not be seen to penalise those who have struggled to pay for their services in the past, but the heartless, and perhaps unconstitutional, practices of household evictions and water and electricity cut-offs are simply unsustainable - socially, morally and economically".

"Without some kind of reform it is likely that the backlash to cost recovery will continue in South Africa. Numerous anti-eviction and anti-cutoff organizations have sprung up around the country, and there have been violent clashes with police and security personnel (e.g. over electricity cutoffs in Tafelsig, Cape Town; over electricity cutoffs in Soweto; and over evictions in Chatsworth). In many cases community resistance has been met with bullets, tear gas, arrests and serious injury. How these tensions unfold in the future will depend in large part on government's approach to cost recovery and service affordability in the future".

## Cholera

Cholera is a disease of the gastrointestinal tract caused by ingesting cholera bacteria that are spread by contaminated food or water. Human faeces carry huge quantities of these bacteria and this can contaminate water supplies. Cholera is associated with conditions of extreme poverty where inadequate or non-existent water supply and sanitation facilities result in poor hygiene.

## 6. Cost recovery, cut-offs and cholera<sup>5</sup>

### Introduction

Seven years into our new democracy, South Africa experienced one of its worst outbreaks of cholera. The outbreak started in a rural area of KwaZulu-Natal province. An investigation into its causes shows the real impacts of government's policy approach to service delivery. As described below, black people who had accessed free water for 17 years under apartheid were forced to access alternative and contaminated water sources when the free access was stopped. As a result, hundreds of thousands were infected with cholera and hundreds died as the disease spread rapidly to other areas of the province and beyond. As Mbali (2002) argues: "it is a lack of access to basic services, caused by the cost recovery policies of the government, that have been linked to its privatisation of basic services, which is fundamentally driving the cholera epidemic in South Africa".

### Background

#### Water policy

Apartheid grossly distorted people's access to and consumption of a range of services and resources. National patterns of water distribution and consumption reflect this legacy. Of South Africa's total water supply, 25% is consumed by industry and mining; 53% by commercial agriculture; and 12% in domestic consumption (of which more than half is for items like swimming pools and gardens in largely white, middle-class suburbs). Although

they make up nearly half the population, rural South Africans consume between 1 and 2% of the national water supply.

The Reconstruction and Development Programme (RDP) promised to turn this legacy around and provide all with adequate supplies of water. It proposed a national tariff structure to provide for:

- \* A lifeline tariff to ensure affordable access by all to sufficient water for health and hygiene
- \* Progressive block tariffs in urban areas to meet long-term costs of supplying high-volume users and to cross-subsidise access by the poor
- \* Tariffs for rural areas to cover operating and maintenance costs but based on cross-subsidisation from urban areas to ensure affordability.

Government's 1996 White Paper on sanitation still saw the state playing the leading role "but very rapidly, the state's role was downgraded as partnerships were sought with the private sector" (15). These trends are illustrated in government's adoption of the Build, Operate, Train and Transfer (BOTT) programme that was adopted in 1997. Here, delivery of rural water is driven by the private sector. Although BOTT claims to have provided 6 million people with access to water, many beneficiaries have subsequently lost that access because they cannot afford it. Coordination of all rural water supply initiated after 1994 is through the Community

Water Supply and Sanitation (CWSS) Programme. The Programme aimed to cater for the 12 million South Africans without adequate water and the 21 million without sanitation. Its expenditure was targeted at R1billion in 1997 - but by 1998 was cut back to about half that. Cottile et al argue this reflects the impact of government's over-arching macro-economic policy, the Growth, Employment and Redistribution (GEAR) strategy, adopted in 1996, that prioritises fiscal austerity. 'Business' principles are increasingly dominant and the 'cost-recovery' principle is now so embedded that water provision projects are abandoned in rural areas where there is an insufficient revenue base.

### Where cholera broke out

The epicentre was the Madlebe tribal area - formerly part of the KwaZulu 'bantustan'. The poverty and lack of public infrastructure here stands in stark contrast to the concentration of wealth and services in the nearby industrial town of Empangeni (in formerly 'white' province of Natal). For the community of Madlebe, access to water from hand-pumped boreholes, streams and rivers, was a daily struggle.

Historically, water provision in the region overwhelmingly favoured white areas. 1986 figures for the KwaZulu bantustan show that 75% relied on springs, rivers, boreholes and other natural sources for water and only 25% had access to government water schemes. A serious drought in 1982-3 (and a simultaneous outbreak of cholera) prompted an

emergency relief programme including the installation of 9 communal taps for peri-urban areas of Madlebe bordering a neighbouring township.

In 1994, the province of Natal was merged with the KwaZulu bantustan creating the province of KwaZulu-Natal in the 'new South Africa'. The transition to democracy at local level was finally completed in 2000. New municipal demarcations ostensibly aimed to ensure redistribution and to achieve democratic local government based on financially viable municipalities. Department of Water Affairs and Forestry (DWAF) figures from 1994 for the uThungulu Region (that includes Madlebe) indicate an 87.4% backlog for water supply. Six years later, only 8% more people had gained access to water supply - in all likelihood, it's even worse for the Madlebe area specifically.

The 'transitional' uThungulu Regional Council opted to 'outsource' water provision to the Mhlathuze Water Board. So the Council's role shifted from being the service provider to the 'assurer' of water services. Water provision plans (done in 1996) for the region included the Madlebe Tribal Authority Water Supply Scheme that was to be fully funded by DWAF as part of the RDP. Work on the scheme began in 1997 and aimed to provide taps 200 meters apart to ensure that people received an assured minimum supply of 25 litres per person per day. As it happened, RDP funds only covered a little more than half the project costs and so savings were sought through a phased delivery schedule and by

reducing anticipated service levels.

Up until 1996, the responsible municipal authorities made no attempt to collect user fees for water drawn from Madlebe's 9 communal taps that were really understood as a public health measure. But the policy environment was changing and local governments were under growing pressure to recover costs on service provision. uThungulu Regional Council Chief Executive, B. B. Biyela, said: "[the free water supply] was eventually noticed, and it was decided to switch off the supply" (quoted 8).

### Paying for water

When the Mhlathuze Water Board took over the Madlebe service, MWB installed pre-paid meter system at individual households by 1998. In the process, infrastructure was upgraded, private connections were made, and the volumetric flow was increased.

From the beginning, the Madlebe Water Scheme was planned within a cost-recovery approach and there was to be no 'lifeline supply'. People were to pay a connection fee and a tariff to cover infrastructure as well as full operations and management costs - this in a context where there were no industrial or wealthy suburban neighbours to cross-subsidise those costs. Payment would be ensured through the use of pre-paid meters on communal standpipes and private connections. Theoretically, this made the project 'financially sustainable'. After 17 years of free access to water under apartheid, the poor of Madlebe were now responsible for the costs of a basic supply of clean

water.

Ordinary residents felt the implications very clearly.

One said:

"Prior to the prepaid meters in this area we had free water via a communal system. The taps did not have meters and we got water free. They came to us about two years ago to tell us that they are going to put prepaid meters because we are wasting water. We were not consulted as a community" (quoted 52). Others accurately characterised the system saying: "No money, no water" (quoted 53).

Tribal authority representatives from the local community supported the approach however. One said later:

For those who really cannot pay, well they know there is nothing for 'mahala' [i.e., 'nothing for free']. The community of Madlebe has to buy the water from the municipality who has to buy the water from Mhlathuze. That's how it goes and at the end of the day you have to pay (quoted 44).

Well, perhaps those who could pay did, but ultimately only 700 households joined the scheme and, at the time of the cholera outbreak, some 2000 families remained unconnected. Subsequent efforts to bring in more people included abandoning the pre-paid meter system and reverting to a flat-rate scheme at R20/month/household. An analysis of the use patterns while the pre-paid metered system was in place shows that it was highly problematic technology that frequently broke down. In effect,

the chronic malfunctioning amounted to a cut off of the service - and long delays (usually 6 weeks) in getting repairs done posed real health threats for households without clean water. Anger at the new technology expressed itself in incidents of vandalism too.

In a painful irony of the post-apartheid period, women in particular spoke of the humiliation they felt begging for water from neighbours because their own households had no money.

### The cost of paying

By August 2000, when cholera broke out, the pre-paid system effectively broke down, and communities demanded the removal of the meters. This was a serious blow to the Mhlathuze Water Board who were compelled to re-calculate the project finances.

The national government department (DWAF) was also in the spotlight since cholera was making national news and some media were already suggesting a link between cut-offs in water provision and the cholera. DWAF laid on emergency-type measures and trucked in clean water (adding to the overall costs of dealing with the cholera outbreak).

Government health departments also incurred extraordinary costs responding to the cholera outbreak. They had to treat thousands of patients and also set up nursing stations in the worst affected areas, run health education programmes, and distribute free bleach for the purification of water.

For residents, for whom the impacts of cost-recovery included death and disease in a cholera outbreak unrivalled by previous experiences, the costs are incalculable.

Given the enormous costs that were displaced onto the people, and the government budgets for health and water, there is good reason to question the appropriateness of a 'financial sustainability' model of service provision that does not consider the implications of its real costs. "In the long term, the financial cost of tackling cholera and other water-borne diseases far outweighs the cost of providing purified water to poor communities" (4).

### Policy implications

Government's response has been to hand out soap and Jik (and encourage people to wash hands more regularly) and to blame poverty for the cholera outbreak. Neither aspect indicates an accurate appreciation of the nature of the problem.

Encouraging victims to adopt better personal hygiene practices may help reduce infection rates but ignores the fact that cholera is a social issue and it certainly won't prevent future epidemics because the causal factors have not been addressed. The history of public health and cholera shows clearly that its eradication has to be based on universal access to clean water and sanitary sewage systems. As Mbali (2002) points out, it is precisely these necessary steps which are being inhibited by aggressive, privatisation-linked cost recovery policies in South Africa.



With respect to poverty, there's no question that it is an important underlying factor but it doesn't in itself explain enough about this outbreak - and it neatly avoids taking on board policy questions about the provision of services to the poor. If one is to learn from the tragedy however, then the policy implications are fairly clear, quite wide-ranging and very important. In the areas of this case study, there is a clear correlation between people's ability to pay for water services and the incidence of cholera.

At the level of local government, instead of transforming their apartheid legacies, newly integrated municipalities are in danger of entrenching them. In the area where cholera broke, the Empangeni municipality had boasted of having R98 million accumulated funds and reserves in 2000 - but failed to allocate sufficient resources to provide basic services to the people. Instead, service delivery standards and levels were maintained essentially along the same racially differentiated patterns as in the past.

For national government, led by the ANC, the increasing dominance of neo-liberal principles is fatally undermining the RDP promises to turn apartheid-era patterns around and to ensure provision of basic services to all. Even where government has rolled out expanded infrastructure for services, 'cost-recovery' and the 'user pays' policies mean that the poor still can't access them. And the persistent legacy of apartheid is that the overwhelming majority of the poor are black.

In this case, the effective exclusion of the poor from the basic right to clean water forced them to turn to alternative sources of unclean water - and increased their vulnerability to cholera and other water-borne diseases.

The implication is equally true for the provision of decent and sufficient sanitation. When this is approached within the 'user pays' framework, then:

...contributions for sanitation projects from homeowners have led to a low response by households for appropriate sanitation. Poor households cannot be expected to demonstrate their priorities through a willingness to pay. Cost recovery has ultimately led to poor households choosing to buy food instead of paying for more 'luxury' items such as water or a toilet. The user pays approach has led to a neo-liberal redefinition of citizens as clients who can only exercise their rights if they have the money to do so. In fact the progressive 'rights of access' in the South African constitution has degenerated into the right to exclude access to basic services of people without money (71).

It is also of concern that people's vulnerability to cholera increased so dramatically when they accessed water from natural sources. This raises questions about the quality and effectiveness of government's pollution prevention and regulation.



Residents of Ngwelezane Township collecting water during cholera outbreak in the area. Picture: Edward Cottle (RSDN)

In this case, the irony is that the most likely contributing culprits were rural hospitals' sewage treatments works! Hospitals in the area are known to have sewage systems that are prone to breakdowns, that have occasionally run out chemicals and that have released untreated sewage into streams - in all likelihood the same streams that those without access to taps will turn to for water supplies. More broadly it is also and obviously critical that government gets a better handle on the inter-relationships between the environment, poverty, and community health if vulnerability to disease is to be successfully reduced.

## How attractive private sector water schemes appear:

### "Smart solution brings clean water to rural South Africa", International Chamber of Commerce, 2002.

The following is an edited version of an article posted by the International Chamber of Commerce. The basic features of the 'financially sustainable' water project that is described here parallel the pre-paid meter system installed in the Madlebe Tribal area prior to the outbreak of cholera there. Until the claims made by private sector service providers are subjected to independent scrutiny, they certainly look attractive though:

"Transkei, South Africa 26 April 2002 - When Xholiswa Khula leaves her house in rural South Africa, she knows that within half an hour she'll be back with clean drinking water for her family. Before the new village standpipe was installed, she had to walk for two hours just to reach the river.

"In 1997, the Eastern Cape Province village of Cisira had no running water. Its 400 inhabitants drank water from the river that they also used for washing their clothes, and shared with their animals. Villagers often suffered from water-borne diseases.

"Pipes now bring clean, filtered river water to the village, thanks to an initiative called Amanz'abantu, or "Water for the people" in the local Xhosa language. The activity is run by the French water group Ondeo Services as part of its drive to bring safe water to people in very poor areas of the world.

"...In line with the values of the United Nations Global Compact with business, Ondeo's Water For All programme develops ways to provide sustainable water and sanitation services specifically for low-income communities through private-public partnerships.

"We work with the UN on a policy level - our parent company SUEZ funds the UN Social Observatory in Rome - but at the other end of the scale we do very operational work in the field, turning discussions into action,' said Alain Mathys who directs Water For All.

"At the community level, Ondeo's schemes aim to be financially viable and completely recover costs. People have to pay for their water services. South African villagers like Xholiswa Khula buy their water at the standpipe using a plastic smart-card which they recharge at the local shop ...

"...SUEZ Senior Executive Vice President Gérard Payen is in charge of the Bridging the Water Divide campaign. He said "Whether in South America, Africa or Asia, the successes we have achieved together with our public-sector partners prove that it is possible to provide effective and affordable service to the urban poor in socially, economically and environmentally sustainable ways."

Note: on May 3rd 2001, the South African Municipal Workers Union (SAMWU) issued a press release concerning the first cholera death in the Eastern Cape area after residents' water supplies were cut off because they could not pay off their arrears.



Picture: Chris Albertyn

## The phone's been cut too

The problems highlighted in the studies presented above go beyond the 'basic' services like water and electricity. The following edited version of a recent media report shows parallel problems in providing telecommunications infrastructure and services to South Africans.

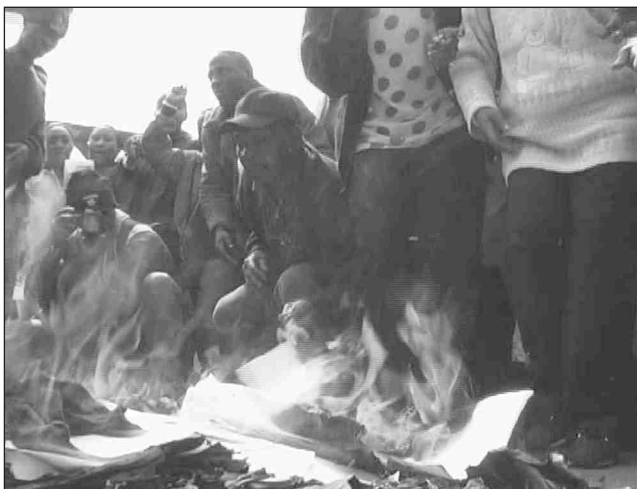
### Telkom cuts off 40% of phone lines delivered

" [South African telecoms monopoly] company Telkom has had to disconnect 40% of the 2,1million phone lines it has delivered over four years at a cost of R35bn, mainly because of fraud and nonpayment.

"The disconnections are a blow to government's plans of giving all South Africans access to telephones. Telkom was granted a five-year exclusivity period in 1997 on the understanding that it would deliver millions of lines in rural areas, but many of these are now being cut off. It is understood that the problems have led to a rethink by government on

the next round of universal service obligations. ...The review of bad debts was driven in part by Telkom's need to become more efficient in the run-up to competition, due to be introduced soon, and to prepare for its listing later this year or next. ...Telkom [CEO said they] had delivered a total of 2,1-million lines since ... 1997. As many as 850000 of these had been cut off by March last year. The total cost of Telkom's rollout programme since 1997 was about R35bn, expenditure which significantly increased its debt levels".

Business Day, 15 May 2002.



Protestors burning electricity bills outside Eskom offices, 28 August 2001.

Picture: Sipho Singiswa "Hands-On" Productions

## 7. Conclusions

During apartheid, few named the struggle for democracy as a struggle for 'environmental justice'. But if environmental justice is premised on transforming the working and living environments of the poor, then it was implied at the heart of that struggle. In key areas like the provision of basic services however, the noble intentions of that struggle have been subverted in the post-apartheid period as government policy takes on the neo-liberal agenda. Under conditions of globalisation, there is massive pressure on the state to concede that

- a. markets most effectively and efficiently allocate goods and services, and
- b. the role of the state is to do as little as possible except facilitate those markets forces.

It is abundantly clear though that markets don't work very well to distribute sustainable and equitable access to public goods, and nor do they look after scarce resources in a rational manner. In the South African context these are fatal shortcomings. Here 'market failures':

- a. have a particularly pernicious impact on the poor (and therefore overwhelmingly on black communities)
- b. have severe, immediate and long term environmental consequences - and again the impacts are especially visited upon poor and black communities.

Government's current approach, far from undoing legacies of the apartheid past, is in fact likely to

replicate and entrench the patterns of environmental injustice. The predictable consequences are unlikely to provide a base for sustainable development of any kind in the longer run and are more likely to produce crisis and social conflict. Trevor Ngwane of the Soweto Electricity Crisis Committee, has strongly suggested that "Beneath the surface, the people are gatvol [fed up] of neo-liberal policies" (Ngwane, T. 2002).

Instead of allowing market forces free reign in these critical areas, Tony Clarke, Executive Director of the Polaris Institute, has argued that key immediate challenges are<sup>6</sup>:

1. to reinstate the notion of the 'commons' (e.g., by resisting the privatisation of water) in order to keep environmental services out of the market
2. to advocate public-public partnerships as a more appropriate model instead of current public-private partnerships and privatisation
3. to address financing issues - especially through debt cancellation, and also new forms of taxation and new pricing regimes.

In the medium term, strategic objectives must include:

1. 'stabilising' - or asserting control over - corporate power
2. pushing back the agenda of WTO, IMF and World bank
3. building new mass movements and alliances of a range of forces (popular, labour, environmental, women etc.)



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## Endnotes

- 1 Much of this section is adapted from: Hallowes and Butler, 2002.
- 2 The following discussion is adapted from McDonald, 2002 (a) where he critically reviews the claims made for the 'privatisation' of service delivery.
- 3 Adapted from McDonald et al 2002 (b) to which all references in this section refer.
- 4 In addition, it should be remembered that "with over 50% of rural families not yet on the electricity grid there are millions of low-income households that will not benefit at all".
- 5 Adapted from Cottle et al 2002 to which all references in this section refer.
- 6 Clarke, T., 2002.