BLOCK TARIFFS OR BLOCKED ACCESS?
The Greater Hermanus Water Conservation Programme

Municipal Services Project
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BLOCK TARIFFS OR BLOCKED ACCESS?
The Greater Hermanus Water Conservation Programme

by

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Series Editors
David A McDonald and Patrick Bond
ABOUT THE PROJECT
The Municipal Services Project is a multi-year research, policy and educational initiative examining the restructuring of municipal services in South(ern) Africa. The project’s central research interests are the impacts of decentralization, privatization, cost recovery and community participation on the delivery of basic municipal services like water, sanitation and electricity to the rural and urban poor. The research has a participatory and capacity building focus in that it involves graduate students, labour groups, NGOs and community organizations in data gathering and analysis. The research also introduces critical methodologies such as ‘public goods’ assessments into more conventional cost-benefit analyses.

Research results are disseminated in the form of these Occasional Papers publications, a project newsletter, academic articles and books, popular media, television documentaries and the internet. The project website is located at www.queensu.ca/msp.

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EXECUTIVE SUMMARY

In November 1996, the Greater Hermanus Water Conservation Programme (GHWCP) was formed. In the course of its first three years the GHWCP drew widespread acclaim as a model for water conservation and sustainable development. The programme was based on a partnership between the Working for Water Programme, based in the Department of Water Affairs and Forestry (DWAF), and the Greater Hermanus Municipality.

The genesis of the GHWCP was the increased tourist inflow into the small coastal town of Hermanus, 200 km east of Cape Town; a tourist influx that has increased substantially since 1994. At peak season, the population of the municipality increased from 19 000 permanent residents to some 60 000. The town engineer noted that this situation would place considerable pressure on scarce water resources. As a result, the municipality applied to the Water Court to increase the capacity of the local dam. This application was rejected. The Court told the municipality that the problem was on the consumption side, not on the supply side. In response, the municipality worked with DWAF to develop what at the time was the most comprehensive demand management system in South Africa.

The GHWCP had a number of components. Central to the programme was the notion of block tariffs. While Hermanus previously had a block tariff system, the GHWCP approach put in place a much more progressive structure, increasing the steps from three to eleven and raising the maximum marginal tariff to R10 a kilolitre. The block tariff was combined with the removal of alien vegetation carried out by the Working for Water programme. Apart from the block tariff and Working for Water, the GHWCP also carried out education to make the population “water-wise”, set up model gardens using “grey” water, and assisted the municipality in developing more informative billing systems.

Even in the first three months, the results were dramatic. Total water consumption fell by nearly a third and water revenue had increased. This
statistical profile was sustained throughout the three-year life span of the initial phase of the project. By 1999 water consumption had fallen by 32% and water services revenue had risen by 20%. The Working for Water programme had succeeded in removing a considerable amount of alien vegetation and had created more than 200 jobs in the process.

The International Labour Resource and Information Group (ILRIG), in conjunction with the South African Municipal Workers Union (Samwu), conducted the research on behalf of the Municipal Services Project. Having read numerous positive reports about the programme in the media, and as enthusiastic supporters of block tariffs, we were keen to learn more about the GHWCP and its lessons for other parts of the country.

To our surprise, we found a contradictory tale. Municipal officials provided a detailed overview of the implementation plan and the statistical successes of the programme, but the historically disadvantaged communities in Greater Hermanus – Hawston, Mount Pleasant and Zwelihle – provided a much less rosy picture. In these townships, residents knew little about the efforts of water conservation. The changes they recognised in water service delivery were that more people were being subjected to harsh punitive measures for non-payment: water cutoffs; repossession of property; even the selling of houses that the resident apparently “owned”. Interview after interview in these communities told the story of a municipal administration that was “not interested” in the economic problems residents faced in meeting their payment for services.

In Hawston one resident told us that her house had been auctioned without warning because she had not paid her water bills. In fact, she said she only heard about the sale because a neighbour had read about it in the newspaper. In Zwelihle, community members stated that they believed the municipality had used Reconstruction and Development Programme (RDP) funds that were designated for their area to cover normal operating costs. They also claimed that pre-1994 water payment arrears which they thought had been written off were still being included in their bills. A community spokesperson felt that there were clear racial overtones to the municipality’s attitude toward Zwelihle residents, saying that “They are racist, they are trying to get rid of us black people from Hermanus”.

The gap between the official and community version of the success of the GHWCP was deepened when we delved into the surplus of R1.5 million which had been raised by the introduction of the block tariffs (i.e., collecting more revenue from high-consumption, wealthy neighbourhoods). This money was supposed to be spent upgrading
infrastructure in the townships. Instead, the city treasurer made a unilateral
decision to use the funds to extend the water pipeline to the historically
white and privileged area of Vermont.

While we remain supportive of the potential redistributive thrust of
block tariffs there are a number of key points to keep in mind when
implementing and assessing such a system. First, it is crucial that all sectors
of the municipality are included at the planning stages. In particular, there
is a need to ensure that those who have been historically denied
access to basic services are fully in accord with proposed programmes.
Second, it is crucial that all sectors of the community agree on how
any surplus revenues that are generated are to be spent. If block tariffs
are to be redistributive, the majority of the surplus funds must go
to underdeveloped areas, not to well-resourced suburbs. Third, when
assessing such programmes, government officials and researchers must take
care to include the views and experiences of people from all parts of the
municipality. A narrow financial analysis of block tariffs can mask ways
in which such programmes run counter to notions of reconstruction and
development.

Lastly, in our view, the progressive thrust of block tariffs is incompatible
with intensified measures of cost recovery. If lowered consumption and
increased revenue come at the expense of a large number of people going
without water, a programme cannot be viewed as a success. This point
links to the issue of finance for basic services. Under present South African
economic policy (i.e., the Growth Employment and Redistribution (GEAR)
programme), increasing burdens are placed on municipalities to recover
costs, including that of infrastructure provision. Hermanus is a relatively
privileged community with many wealthy residents and a large influx of
tourists. But in South Africa, such demographics are atypical. While block
tariffs have the potential to advance water conservation and generate some
income for local authorities, they are not sufficient on their own. Increased
funding from central government is an absolute necessity if the millions
of impoverished South Africans living in municipalities without the cross-
subsidy potential of Hermanus are going to be able to gain and maintain
access to basic services.
INTRODUCTION

The Greater Hermanus Water Conservation Programme is becoming a role model for real transformation in the access to resources, the empowerment of communities, the development of responsive governance, and conservation of natural resources. It is providing lessons as to what is possible in undoing the various legacies of our past, where a new sense of community can be developed across apartheid divides.

From the Greater Hermanus Water Conservation Programme website

Block tariffs have assumed a critical role as a mechanism for redressing historical imbalances in South Africa’s water service. Amongst the municipalities where block tariffs have been implemented, Hermanus, in the Western Cape, stands out as one of the major success stories. Almost from its inception in November 1996, the Greater Hermanus Water Conservation Programme (GHWCP) was put forward as a beacon to guide other local authorities. As early as May 1997 the then-Minister of Water Affairs and Forestry (DWAF), Kader Asmal would proclaim:

My challenge to all local authorities is: learn from what is unfolding at Hermanus...my sense is that with a little luck and a great deal of effort, we are on the brink of a substantial mindshift in water management in South Africa. (GHWCP 1997b)

Despite the importance of the GHWCP, little research has been done to systematically assess the impact of the programme, particularly in the townships of the municipality. This paper is a first attempt at such an assessment. The findings presented here are the result of research in Hermanus by ILRIG researcher Hameda Deedat and South African Municipal Workers (Samwu) National Water Co-ordinator Lance Veotte in August and September of 2000. During their visits they conducted interviews with key municipal officials, community leaders, and union members.

The report is divided into four parts. The first section provides some background discussion on the issue of block tariffs, particularly in the context of South Africa’s post-1994 water service. The second describes
the GHWCP and how it was implemented. The third section assesses the GHWCP in terms of water conservation, revenue to the municipality, and equity. The final section discusses the implications of our findings for Hermanus and for water service delivery more broadly in South Africa.

THE RATIONALE FOR BLOCK TARIFFS

For nearly a decade, progressive policy makers in South Africa have promoted block tariffs combined with cross subsidies as a mechanism for making water more affordable and accessible to the poor, as a way of taxing the wealthy to curb their consumption, and to make cross-subsidisation financially sustainable. The general acceptance of these measures stems from Section 2.6 of the Reconstruction and Development Programme (RDP) which states that tariffs are intended to “ensure that every person has an adequate water supply” and must include the following:

- A lifeline tariff to ensure that all South Africans are able to afford water services sufficient for health and hygiene requirements;
- In urban areas, a progressive block tariff to ensure that the long-term costs of supplying large volume users are met and that there is a cross subsidy to promote affordability for the poor;
- In rural areas a tariff that covers operating and maintenance costs of services and recovery of capital costs from users on the basis of cross subsidy from urban areas in cases of limited rural affordability.

Since the RDP, support for block tariffs and cross subsidies has remained a key component of both government’s stated policies and the campaigns of a number of organisations of civil society. For example, the South African Municipal Workers’ Union in its Water Vision statement calls for “block financing, cross-subsidising and free 50 litres per person per day” (Samwu 1998).

In one of the most detailed studies of water service in post-apartheid South Africa, the Rural Development Services Network called for a national
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lifeline tariff and reiterated the RDP’s orientation with regard to block tariffs and cross subsidies (RDSN 2000).

Even the government’s Water Services Act (RSA 1997), while stopping short of recommending block tariffs and cross subsidies, clearly indicates this as a likely policy option in many municipalities. Hence the Act gives the Minister the power to prescribe norms and standards which “differentiate on an equitable basis between different users of water services...different geographic areas, taking into account, among other factors, the socio-economic and physical attributes of each area” and to “place limitations on surplus or profits” (RSA 1997, 18).

Despite the reservations of many market-oriented economists, there is a clear logic to block tariffs in South Africa. Cities in South Africa are at the extreme of the colonial spatial spectrum. A central aim of apartheid city planners was to create distance between the black and white population. Urban design also held that industry and commerce should be located in areas designated for whites. From a municipal revenue point of view, this meant that black areas had little income from rates and taxes. Even black workers were forced to spend their money in white areas since there were few retail outlets in black townships. This inequality meant that for municipal services in black areas to be financially viable in the immediate apartheid aftermath, some source of revenue would have to be found. The obvious choice was a cross-subsidy from those who could afford to pay – i.e., the residents of the former white suburbs.

Cross subsidies were further linked to the notion of a block tariff. Since South Africa is a water-scarce country, a progressive block tariff could also be a measure of encouraging conservation, as long as the progressiveness of the tariff did not undermine the potential for cross subsidy – in other words, increased prices at the upper end to try and reduce hedonistic water consumption (e.g., the filling of swimming pools) while at the same time not reducing consumption to the point of decreasing revenues.

But despite considerable discussion of cross subsidies and block tariffs, there are relatively few municipalities where such a scheme, based on what Patrick Bond (2000, 115) refers to as “social justice pricing”, has been systematically implemented in South Africa. Hence, an analysis of the Hermanus case has important implications for water policy.
THE HERMANUS EXPERIMENT

Billed by tourism marketers as “the Riviera of the South” and the “world’s best land-based whale viewing site” Hermanus is better known as a holiday destination than a centre of social policy innovation. Even the demographics of the municipality reflect the centrality of tourism. The permanent citizens of the municipality number about 19 000 but total residents soar to about 60 000 during peak whale-viewing times.

Prior to 1994, the Hermanus municipality included the town of Hermanus and two townships: Mount Pleasant and Zwelihle. After the first democratic elections in 1996 areas such as Fisherhaven, Sandbaai, Hawston, Onrus and Vermont were amalgamated into Greater Hermanus.

The areas incorporated into the new post-apartheid municipality came with their own socioeconomic and political history. Vermont, Sandbaai, Onrus and Fisherhaven are affluent historically white areas with relatively small populations. Hawston is a predominantly poor, coloured area. Zwelihle remains the only African area and contains both formal and informal homes. It has the highest population of Hermanus’ residential areas, estimated at close to 9 000. In Hawston, Mount Pleasant and Zwelihle rates of unemployment and levels of poverty are extremely high. In all of these townships, part of the political struggle against apartheid included non-payment for services.

These demographics contributed to a strain on water resources. The increasing tourist flow coupled with the additional population led to rising demand. In light of water supply problems, in 1995 the municipality, led by the town engineer, James van der Linde, applied to the Water Court for permission to extend the wall of the De Bos Dam, the main source of water for Hermanus. This was in line with the supply-management approach to water delivery at the time.

The request was denied by the Water Court, and the water problem redefined. The court attributed the supposed shortage to large-scale water wastage and inadequate management of the supply. Instead of granting permission to extend the wall of the dam, the court recommended a shift to a demand management approach to water resources.

In response, the municipality, spearheaded by van der Linde, worked closely with the Department of Water Affairs and Forestry to design and implement the Greater Hermanus Water Conservation Programme.
The GHWCP was described by DWAF’s Guy Preston as an effort to make Hermanus “a role model municipality in terms of promoting equity, efficiency and sustainability in the supply and use of water” (Preston 1996). Programme authorities listed twelve points as key to their conservation efforts:

1. Clearing alien vegetation in the catchment area of the De Bos dam [to increase ground water supplies]
2. Introducing a fixed tariff for an assurance of water supply
3. Introducing an 11-point block-rate water tariff structure
4. Providing a monthly informative water account
5. Instituting initiatives to save water in the home
6. Creating an awareness toward water-wise gardening methods
7. Using grey water for water-wise food production
8. Introducing water regulations and by-laws
9. Implementing a water loss detection programme [particularly aimed at leaks]
10. Introducing a prepayment system for water consumption
11. Public education on water consumption
12. Communication of programme goals and progress

(Source: GHWCP 1997a)

Following the above twelve points, the municipality undertook to provide water to each owner’s home for as long as water was available. But this undertaking to provide access was linked to the notion of financial sustainability. According to the municipality’s newsletter, Urban Management (GHWCP 1997a), the programme was “a strategy to ensure that the municipality’s finances are placed on a sustainable footing concerning water revenue”.

Implementing the GHWCP

In terms of water conservation the GHWCP had two very distinct approaches: one for affluent, predominantly white communities, another for black residential areas. These separate approaches operated on the
assumption of different basic water needs in different communities. In wealthy areas with house taps, hot water and water-borne sewerage were a given. Moreover, there was an acceptance that lush gardens, two or more bathrooms and swimming pools would remain part of the suburban and holiday-making lifestyle. On the other hand, in the townships basic water service meant that which was needed to wash and drink.

Hence, conservation in the white areas meant encouraging behaviour changes such as showering instead of bathing or watering gardens in the early morning or evening. Retrofitting devices, although mentioned in the publicity campaigns, were not extensively installed. The conservation campaign in the suburbs was accompanied by extensive written publicity documents, largely organised by a consultant employed to handle the communication function for the GHWCP.

By contrast, in the townships, conservation meant using grey water (i.e., water already used for bathing or washing clothes) for gardening or other “non-basic” functions. Conservation had another dimension as well: the Working for Water programme (WfW).

**Working for Water**

Working for Water emphasised the importance of conserving, and indeed increasing the supply of, ground water. Alien vegetation such as pines, gum, port jackson and black wattle were identified as a threat to ground water supplies owing to their large water consumption. In order to conserve ground water these plants or aliens were to be removed from the catchment areas. According to publicity documents for DWAF’s National Water Conservation Campaign, Working for Water was “a visionary RDP programme” which “significantly increases the availability of water, is labour intensive and creates many secondary employment opportunities, gives hope, dignity and resources to thousands of South Africans and their dependants”.

WfW was thus part of a bigger initiative of DWAF and received financial support in Hermanus on a rand-for-rand basis for three years. DWAF injected R500 000 and the local authority put in a matching amount. It was envisaged that after three years the programme would be self-sustaining. A further dimension of Working for Water was job creation. Under WfW local people were expected to be employed and trained to remove the alien vegetation.
Cost Recovery
Perhaps the most widely publicised aspect of the GHWCP was the escalating block tariff. Block tariffs were not new to Hermanus. Before the GHWCP the tariff had three levels and was moderately progressive. However, the block tariff of the GHWCP contained eleven levels.

The new tariff also had three categories of consumers: indigent, sub-economic and economic. Each category is billed differently. Indigent refers to anyone earning less than R800 a month. An indigent person pays a monthly levy of R2 for assurance of supply. The sub-economic category applies to persons earning between R800-R1 500 a month. These households pay an assurance of supply levy of R10. The economic category refers to anyone earning above R1 500 a month. Those in the economic category pay an assurance of supply levy of R40. Under the new block tariff the cost of water after the first 20kl remains cheaper at the indigent and sub-economic rates and is more or less the same as for the economic rate. It is at step five in the new tariff that the sudden increase in cost for water per kilolitre becomes evident.

The highest step on the scale targets users of more than 100 kl per month. Beyond the 100 kl ceiling, rates increase to R10 per kl. It is largely from these bulk users that cross subsidy is expected to be generated.

A summary of the block tariff structure, including the three categories of users, is provided in Table 1.
Table 1: Basic Tariff Structure for Water under GHWCP

<table>
<thead>
<tr>
<th>Monthly Usage (kilolitres)</th>
<th>Charge in Rand (per litre)</th>
<th>Excluding Indigent</th>
<th>Sub-</th>
<th>Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Assurance</td>
<td>economic</td>
<td></td>
</tr>
<tr>
<td>0-5</td>
<td>0.30</td>
<td>0.00</td>
<td>2.00</td>
<td>10.00</td>
</tr>
<tr>
<td>6-10</td>
<td>0.70</td>
<td>1.50</td>
<td>3.50</td>
<td>11.50</td>
</tr>
<tr>
<td>11-15</td>
<td>1.20</td>
<td>5.00</td>
<td>7.00</td>
<td>15.00</td>
</tr>
<tr>
<td>16-20</td>
<td>1.80</td>
<td>11.00</td>
<td>13.00</td>
<td>21.00</td>
</tr>
<tr>
<td>21-25</td>
<td>2.40</td>
<td>20.00</td>
<td>22.00</td>
<td>30.00</td>
</tr>
<tr>
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<td>4.00</td>
<td>47.00</td>
<td>49.00</td>
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</tr>
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<td>87.00</td>
<td>89.00</td>
<td>97.00</td>
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<td>61-80</td>
<td>6.00</td>
<td>187.00</td>
<td>189.00</td>
<td>197.00</td>
</tr>
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<td>7.50</td>
<td>307.00</td>
<td>309.00</td>
<td>317.00</td>
</tr>
<tr>
<td>101 or more</td>
<td>10.00</td>
<td>457.00</td>
<td>459.00</td>
<td>467.00</td>
</tr>
</tbody>
</table>

ASSESSMENT OF THE GHWCP

Water Conservation

The goal of the GHWCP was to reduce overall water consumption by 30% over the course of three years. In these terms, the objectives were more than met. In fact, in the first four months of the programme from November 1996 to February 1997 there was a reduction in usage by almost a third. According to programme documentation, the average total consumption for this same four-month period from 1993 to 1996 was 11 606 kilolitres per day. For the 1996–97 period, the usage was 8 644 kl. This amounted to a total reduction of 25.5%. However,
if the usage is calculated per erf (plot) the reduction is higher. By 1997 the Greater Hermanus municipality was serving some 9,000 erven, as compared to an average of 8,233 for the 1993–96 time period. Hence, on a per erf basis, water consumption fell from 1,410 litres per day for 1993–96 to 960 litres per day for 1996–97, a decrease of 32.2%.

While the rapid rate of decline in consumption was not maintained over the course of the three years, water usage remained far below the pre-GHWCP levels. After two years the programme newsletter claimed that the municipality was using 4,000 kilolitres less per day than was projected on the basis of previous usage (GHWCP 1997b).

At the end of the programme’s first three-year cycle, the GHWCP could claim “there has been a significant reduction in peak-demand for water, on a per capita basis. If one factors in the very high growth rate in Hermanus (~10%!), the year-on-year savings are 25% for the peak-demand periods” (see the GHWCP website at www.hermanuswater.co.za).

Programme planners attributed the success in water conservation to a number of factors. While the relatively progressive tariff rate provided cost deterrents, as noted above, there was considerable publicity undertaken by the communications officer employed by the GHWCP who held public meetings, organised the erection of billboards, distributed a newsletter and generated a number of publicity documents to popularise the notion of conservation. The communications officer also worked with the municipal administration to develop a more informative billing format. The bill includes a graph which maps water usage over the previous eleven months.

The municipality also undertook efforts to reduce water loss due to defects and leakages in the infrastructure system. For the first two years of the programme this led to a drop in unaccounted-for water from 18% to 11%. Other municipal efforts to promote conservation included setting up a demonstration water-wise garden.

While it did not impact directly on water usage, the activities of the Working for Water campaign in removing alien vegetation likely will also contribute to a more sustainable supply of water in Hermanus.

As noted above, retrofitting devices, although one of the twelve tenets of the GHWCP, were not used extensively in Hermanus during this period.

**Municipal Revenue**
The block tariff implemented in Hermanus is considerably steeper than other such systems in the Western Cape. For example, at the time of GHWCP’s implementation, block tariffs in Stellenbosch had only two steps
with a maximum charge of less than R2 per kl. In Bellville, a four-step tariff only went as high as R2.60 per litre for the highest volume users (GHWCP 1997a).

Despite the steep escalation of the tariff, throughout the programme's three-year cycle there was a steady increase in total revenue for water. At the end of three years, GHWCP officials claimed a revenue increase of more than 20%, even allowing for adjustments in rates. Although no specific details on collection rates were provided in the programme's report, the claim was that “The levels of payment for services have improved, but the water component is difficult to isolate owing to integrated billing used by the Municipality” (see the GHWCP website http://www.hermanuswater.co.za/).

Hence, with regard to water conservation and income generation, the GHWCP appears to have achieved its goals. But the programme also claimed that “Water is now affordable for the poor” and that “the social justice in the management components of the programme is generally good”. Our extensive meetings with citizens of Hermanus’ townships show a very different picture. Let us now turn to another component of our assessment: equity.

**Equity**

In virtually all of the interviews conducted with communities in the Greater Hermanus area, similar issues were raised about water services. Nearly all were related to the cost recovery measures which were put in place after the amalgamation of Greater Hermanus. Interviewees showed little awareness of the GHWCP and simply spoke about the problems they faced in gaining and maintaining access to water. The bulk of the comments were directed at issues of payment, cutoffs, and attaching of assets.

However, in both Hawston and Zwelihle, there were widespread complaints that little education was done about the block tariff system. Most of the users in these communities were apparently on a flat-rate system prior to the implementation of the GHWCP. Hence, they were initially not aware that under the new system they would be billed according to usage. Moreover, under the GHWCP residents needed to provide proof of income via an affidavit with the municipality in order to qualify for the indigent rates. No one who owed arrears could qualify for indigent status. In Hawston, none of the people interviewed were aware that an indigent policy existed.

While interviewees expressed little familiarity with the intricacies of the
block tariff system they were well aware of pressures for payment of current and past bills. Community members in Hawston were able to outline a five step process the municipality was following to collect arrears. They summarised the steps as follows:

1. A letter of arrears threatening to cut off water
2. Installation of a restrictor which reduces water to a trickle
3. Cutting off of electricity which is on a prepaid meter
4. Attachment of assets (e.g., stove, fridge, television)
5. Auctioning of house

In Hawston, interviewees did not report losing their homes for arrears but many had received letters threatening such action if they did not pay their arrears. According to some citizens pressure to pay was contributing to social problems in the community. In the words of one resident, “Pressures to pay bills amounting to hundreds of rands has created problems such as crime and gangsterism in the community. In addition, young girls are being taken out of school and forced into prostitution to earn an income”.

In Mount Pleasant, efforts by the local authority to collect arrears were even more advanced than in Hawston. A number of people’s homes had been sold on auction, at times without even informing the residents of the process. We conducted lengthy interviews with two such residents. The responses contained in those interviews appear to be reflective of attitudes and experiences more broadly in the community and are provided in detail in Boxes 1 and 2.

**Box 1: Interview with Joseph Millar**

Mr Millar, resident of No 72 Leeubekkie, Hawston, reported that his house had been put up for auction on 24 July 2000. At the time of the interview, Mr Millar had been unemployed for ten months. He was told by the municipality that he owed R8 000 for service arrears. Even before the auction, Millar experienced a number of punitive actions:

“The moment you fall behind with one or two months payments your services are affected. This is particularly the case for water. Your water is simply just cut off, and although there are prepaid electricity boxes,
which is separate from the water meter, you find that the municipality cuts off your electricity as well to force you to pay. If you are late by one month’s payment and you have no electricity, you can’t buy electricity till you have paid for the water.”

Millar said that he had attempted to make arrangements for repayment with the municipality but was unable to agree on a workable solution:

“I have already been to the municipal offices to try and arrange payments for my arrears but when I tell them that I can only pay R50 or R80 a month they try to force me to pay R400. They are not prepared to accept my present circumstances...Mr Simon, who is the person responsible for collecting the money at the municipality is adamant that I must pay R400. He is not interested in my R50 contribution.”

Millar was certain that he was not the only person in such a situation:

“There are many people who are in the same boat with me. When I went to the offices of the lawyers they showed me a pile of papers of all the people whose houses are soon to be on auction. When you look around you will see that there are hundreds of people still waiting for RDP houses. They cannot afford to buy our houses and the municipality knows this, but they will sell the houses to merchants or drug lords, who open shebeens and sell Mandrax. It has already happened. Some of the houses were sold to them and the police are here regularly to search the place. But no one goes to jail. We told the municipality that they are only making things worse for us but they are not interested. They will sell houses to whoever can afford it so that they can make their money. They are not worried about what it means for the community.”

Box 2: Interview with Ellen Geduld

Another Mount Pleasant resident who experienced a similar fate was Ellen Geduld. She is a single mother who brings home R450 a month after deductions. She had her water cut for two weeks and had to pay
R400 to reconnect. The municipality told her that she owed over R1 000. Subsequently they gave her a trickle of water and cut off her electricity. She attempted to resolve the situation by offering to repay R238 per month. The municipality demanded R500. She described what happened after that:

“According to their records I owed over R1 000 and therefore I cannot pay anything less than R500 if my water is to be reconnected. Now where the hell am I supposed to get R500 when I only come home with R450. I told them I could not afford that but I am prepared to pay R238. I needed the other R200 to survive for the month. No one can be expected to survive on R38 for a month. They were not interested. All they wanted was their R500. I asked them if I could at least have R10 electricity but they refused that as well. You know by the time I left their offices I was told that I owe R3 000. How this was calculated was the arrears, plus the interest that they charge on late payments, plus your current rates and water.

According to them that is the total amount for which I am liable, and I am expected to pay all of this at the same time. Not more than a week later I started to receive lawyer’s letters and I still have a trickle supply of water. Not long thereafter someone from the lawyer’s office came here to take my things. I threw them out and I started throwing things on the ground. I would rather break it than let them have it. That damn stove standing there was smashed to the ground. I was so angry that I threw it and it broke. It is of no use to anyone anymore. Anyway I refused for them to take my things out.

The second time Mr van Rooyen came he told me that my house has been sold and I had to move out. I told him that this house belongs to me and I was not called to any meeting where I signed away my house so if they want me out they are going to have to throw me out. You know before this whole thing I went to the police station to sign an affidavit to declare how much I earn and to show that I cannot afford to pay R200 a month. When I took it to the municipality one of the women there told me to ‘hold on’ – she will see to me at a later date. She did not take my papers and in the meantime they sold my house.”
While it may be too late for Millar and Geduld, ANC councillor Tommie Gelderbloem stated that some negotiations had taken place in order to get the municipality to deal with arrears in a less punitive fashion. The town clerk came by invitation to a community meeting in August 2000. There he reportedly agreed to negotiate with the council concerning halting the auctioning of houses, accepting payments for amounts that were affordable to people, and the reconnection of services. He also consented to negotiate with authorities concerning the writing off of arrears for those who could provide proof of their inability to pay.

However, Gelderbloem stressed that such an arrangement only applied in Mount Pleasant. The councillor made no undertaking to take up similar issues on behalf of people in Hawston or in Zwelihle where, as we shall see, problems are even more widespread than in Mount Pleasant.

Zwelihle

In a focus group interview with community leaders from Zwelihle, a number of problems were cited. All interviewees reported that water cutoffs were widespread. The consensus of the group was that about 60% of the community had experienced such cutoffs since the implementation of GHWCP. Interviewees emphasised that people were willing to pay but felt that the municipality was unwilling to meet them halfway. As one of the leaders put it:

*It is not that people don’t want to pay, they want to, but no one can afford to pay R8 000. We don’t have that kind of money. But when you go to the municipality to make arrangements to pay R150 or R200, they chase you away, and then cut the water and electricity. Sometimes they force us to sign for amounts that we can’t afford. A pensioner in our community was made to pay R500, from her R550 pension, for two months. How can she survive on R50? But they want you to.*

The community leaders intimated that experience of cutoffs had merely reinforced an existing sense of alienation and betrayal by the local authority. Mistrust of the municipality dated back to at least 1994 when
the newly elected national government forwarded a R2.6 million grant to the municipality. The money apparently was earmarked for development in Zwelihle. Instead, the interviewees reported that the money was spent to pay Eskom and other existing debts of the municipality.

The general conclusion of the leaders was that their living conditions had deteriorated since their amalgamation into Greater Hermanus. Most interviewees could not recall a time when so many people were without work and without access to water. Makhaya Ponoane, an ANC representative, summed up the attitude of the municipality toward Zwelihle as follows:

*When we complained to the council about the problems, we were told: “Nothing is forcing you to stay here. If you don’t like it here you can leave”. They are racist. They are trying to get rid of us black people from Hermanus.*

The level of alienation of Zwelihle from the local authority was further reinforced during the attempts to install prepaid water meters. The community leaders expressed the opinion that such meters would ultimately create a situation where most people would not have access to water since they would be unable to afford advance payment. Moreover, the leaders argued that prepaid meters would intensify the issue of lack of accountability. While meters might also lead to cutoffs or lack of access, their argument was that the tendency would be to blame the individuals rather than the policy. Moreover, they felt that meters precluded any form of negotiation. As problematic as cutoffs were, interviewees believed that at least with cutoffs, community members could identify who initiated the policy and attempt to negotiate with them. With a meter there were no parties with whom to discuss cessation of service.

For their part, the citizens of Zwelihle echoed the mistrust of the meters in their actions. Whereas authorities hailed the small-scale pilot in Mount Pleasant as a success, in Zwelihle such cost recovery measures were actively resisted. The prepaid meters were the target of action by community members and either removed or made inoperable.

**Summary of Community Views**

In all three communities where interviews were conducted, there was disappointment and frustration with the way in which the Greater Hermanus local authority was dealing with the issue of service delivery.
While there were expectations that services would improve post-1994, most interviewees stated that cutoffs and the daily struggle for water had intensified since the amalgamation of Greater Hermanus. In many instances, the situation was made worse by the apparent uncaring attitude of municipal officials. Only in Mount Pleasant did any resolution of the situation appear feasible. Perhaps the most common phrase in all of the interviews was that “the municipality was not interested” – surely a sign of an immense gap between local government and their constituency.

In many instances relations with the municipality were also made worse by inefficiency or inexplicable procedures. Most interviewees expressed either confusion or outrage at the actual amounts which they owed. Ellen Geduld, for example, said that she had been billed R600 for the water that was used to build her house. Joseph Millar said he was promised that the water meter would be turned back to zero when he moved in but this was never done. In still other instances pensioners who were supposed to be charged at the indigent rate were billed as sub-economic. Even in the case of the prepaid meters, which were promoted on the basis of more efficient billing, one resident reported having to pay twice for service. Furthermore, the design of the prepaid meters was to incorporate a free lifeline and a panic button to ring the police in case of emergencies. However, the residents interviewed were not shown how to access the lifeline or the panic button on the meters.

In summary, the people interviewed showed virtually no awareness of being part of a progressive water conservation programme which was worthy of international acclaim. On the contrary, the extent and intensity of their grievances alluded to an actual deterioration in their living conditions. The fact that Makhaya Ponoane, a community leader in Zwelihle, felt the new municipality was “trying to get rid of us black people from Hermanus” speaks volumes about how little life has really changed for the historically oppressed of the area.

Perhaps some of the problems experienced by residents of Hawston, Mount Pleasant and Zwelihle could have been reduced had the surplus of the GHWCP been directed there. Instead, however, this money became part of a power struggle in the municipality and was redirected away from equity purposes.

The Power Struggle Within the GHWCP
As noted earlier, within Hermanus, town engineer James van der Linde was the driving force behind this programme. However, the financial
management of the GHWCP fell into the hands of the town treasurer, Mr Nico Barnard. In the course of the implementation, the GHWCP became a terrain of personal rivalry between these two major power brokers within the municipality. This rivalry had serious consequences for the black communities of Hermanus.

To begin with, unbeknownst to van der Linde, Barnard followed the letter of the law and cut off the financing of the GHWCP when the first three-year contract expired. While van der Linde was preparing plans for continuing the GHWCP, Barnard was quietly closing the books and distributing the remaining funds. Although the GHWCP and Working for Water were winning international acclaim, Barnard had a different view. In his opinion:

*The WfW programme was a good idea, it gave people jobs, but it did not employ people with the intention of providing them with the financial means to pay for services or their arrears. The programme should have allowed the municipality to deduct some money towards payment for services. Also the programme should have targeted people in houses who could not afford services, or were in arrears, with a system of payment (personal interview).*

But cutting off the finance of the GHWCP was not Barnard’s only unilateral action in attempting to undercut van der Linde’s control over the programme. Barnard took another even more remarkable step. Due to increased income, the GHWCP accrued a surplus of some R1.5 million in three years. If the programme was to fulfil Guy Preston’s vision of becoming a “role model municipality in terms of promoting equity”, this money should have gone to subsidise low-income users or build up infrastructure in the historically disadvantaged communities. Instead Barnard allocated the R1.5 million towards extending the pipeline to the wealthy Vermont area. He justified this move in the following terms:

*The GHWCP did not deliver on all its promises. Retrofitting did not happen, and therefore the residents in Vermont did not receive any benefit from the money given to the GHWCP. And since the R1.5 million was earmarked for retrofitting the money partly belonged to them, and using it for the pipeline meant that they would have benefited from the GHWCP as well.*
In one fell swoop Barnard had turned the potentially equity-promoting, redistributive thrust of the GHWCP into its opposite.

**Working for Water**

A last key area of assessing the GHWCP is the Working for Water programme. Considerable efforts were made in removing alien vegetation. Some 220 local people were employed on the programme over the course of three years as well. There can be no doubt that the work of the WfW made some contribution to water conservation.

However, Working for Water is not only about conservation. It purports to embody a broad developmental perspective. Our interviews with workers for WfW, however, most of whom were black women, indicated a clear uneasiness with some of the contradictions of WfW. Central to this was the issue of their own access to water. For while their jobs were about ensuring access to water, many of them were experiencing water cutoffs in their own households. Further issues of water access for these workers emerged in a *Cape Times* article of 19 January 2001, which alleged that these women did not have water to wash after working. Because of such contradictions, some of the workers referred to the programme as “working for whites”, an obvious expression of dissatisfaction.

**CONCLUSION**

The public picture of the Greater Hermanus municipality is one of an organisation breaking new ground; a cutting-edge local authority providing a model for the rest of South Africa to follow.

Yet our research calls into question the extent to which the GHWCP has succeeded in the bulk of its claims. The findings of this case study strongly suggest that instead of access to water having improved, water cutoffs are becoming more widespread. In some instances residents argue that more than half their township has had service cuts. While more extensive empirical evidence is required to better understand the scale and character of these service disruptions, it is clear that popular perception amongst many township residents is that water service is not improving under GHWCP.

While Hermanus may have succeeded at the level of water conservation and income generation, there are serious issues which would
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preclude using it as a model for other municipalities. First, there is the question of the surplus. According to the model of block tariffs as a promoter of equity, surplus accrued through escalating charges should be used to cross-subsidise water service to poor communities. Yet, in Hermanus, the surplus was used in a regressive way to finance an extension of the pipeline to the wealthy suburb of Vermont. At best this can be considered poor judgement. But larger questions of accountability need to be raised in terms of Barnard’s actions with the surplus. His unilateral decision to spend the R1.5 million in Vermont effectively removed the most crucial equity component of the GHWCP. In the future, if cross subsidies are intended to create a surplus in Hermanus or any other municipality, there must be a transparent process of determining the use of the surplus. At the very least, a decision-making structure which involves people from under-serviced communities should be set up to allocate the surplus.

Second, there is the issue of communication and explanation. For the block tariff system to work in a progressive way, citizens need to understand how it operates and why. This requires a wide range of media and education strategies. In Hermanus, the major educational effort around block tariffs was directed at the historically white areas. In a sense there was a logic to this – as one interviewee put it, “these are the people that consume (and waste!) the most water” (personal interview with Bea Whittaker). However, even in these wealthy suburbs far more publicity was given to conservation than to block tariffs. By contrast, interviewees in Hawston, Mount Pleasant and Zwelihle reported little attempt by the municipality to inform residents about even the broad aims of the programme, let alone the details of the block tariff system. If such a programme is to enjoy widespread support residents throughout the municipality must understand its aims and operations.

Third, there is the question of the financial viability of block tariffs. If the surplus is used in a progressive manner, rather than to provide more resources to the rich, block tariffs have some potential as a measure of redress. However, further research is needed to clarify to what extent block tariffs can level the playing field. Unlike Greater Hermanus, in most South African municipalities only a minority of residents can actually contribute to a surplus. Most local authorities cannot rely on the annual revenue from 40 000 whale-watching tourists to bolster their coffers. The majority of municipalities would need to be cross-subsidised from other levels of government in order to even achieve the 6 000 litres of free water per household promised in the ANC’s local government manifesto. Without
these subsidies a block tariff may only make a minor contribution toward rectifying inequities.

Linked to the above points is the broader policy question of cost recovery measures. The GHWCP emerged at the precise moment when the South African government was changing ideological direction from the redistributive orientation of the RDP to the pro-market policies of the Growth Employment and Redistribution (GEAR) programme of national government introduced in 1996. In a sense, the GHWCP reflects all the contradictions and tensions of that transition. While there are elements of the GHWCP which could be called redistributive, their potential impact is restricted by the pressure on local authorities to recover costs. Hence, even if the R1.5 million surplus had been used to improve infrastructure in Zwelihle, it is doubtful that it would have reduced the instances of cutoffs or the pressure to move toward a prepaid metering system. In a 1996 letter to James van der Linde outlining the how the block tariff should work in Hermanus, Guy Preston argued that cutoffs should only be used once the “lifeline tariff has been introduced”. But this was not done. The lifeline was delayed while the punitive measures of cost recovery were implemented with considerable urgency.

In this light it is difficult to defend the GHWCP as a programme which promotes equity. At an operational level there is potential to improve the GHWCP. The surplus could be used more effectively, more thorough education programmes could be carried out, structures of accountability could be created and petty rivalries between officials could be addressed. All of these actions could help a policy combining block tariffs and cross subsidy to be redistributive.

But there is a limit to how much such well-intentioned policy measures can achieve. As long as Greater Hermanus, like every local authority in the country, is forced to operate under a regime of fiscal discipline and cost recovery, the likelihood of genuine redress emerging for the citizens of Hawston, Mount Pleasant and Zwelihle remains small. Without a further source of subsidy from the state, and the political will to deliver the socioeconomic rights contained in the constitution, many such impoverished communities will remain without basic services.

Lastly, the efficacy of the Hermanus model must be seen not only in terms of access, conservation and cost recovery. Ultimately, service delivery by local authorities is about building democracy and reversing the separation and division of the past. In order for service delivery to play this role not only does there need to be an improvement in the statistics
concerning service delivery but the relations between local government officials and citizens need to transform. From the queries of Makhaya Ponoane, to the dubbing of the Working for Water programme as “working for whites”, to the repeated proclamations that the municipality is “not interested”, there appears to be little sign of such a transformation in Greater Hermanus. What is required in Hermanus may not be more retrofitting devices and usage of grey water but a more decisive break with the past both in terms of provision of service and fully respecting the human rights of all its citizens.

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Interviews

Municipal Officials
- Bobby von During, Head of Housing, Zwelihle, 18 August 2000
- James van der Linde, Town Engineer, Hermanus, 19 August 2000
- Nico Barnard, Town Treasurer, Hermanus, 19 August 2000
- Bea Whittaker, consultant for Working for Water campaign, 19 August 2000

Councillors
- Tommie Gelderbloem, ANC councillor, Hawston, 18 and 21 August 2000
- Pieter Makka, ANC councillor, Kleinmond, 18 August 2000

Residents

Hangklip
- Joseph Smit, 18 August 2000

Zwelihle
- Mrs Biko, representative of the Woman’s Organisation in Zwelihle, 18 August 2000
- Makhaya Ponoane, community representative of Zwelihle Township, 18 and 21 August 2000
- Community members from Zwelihle, mostly women, 21 August 2000

Hawston
- Philappus, representative of the Hawston Fishermen’s Association (second interview) 18 August 2000
- Members of the Hawston Fisherman’s Organisation, 18 August 2000
Mount Pleasant

- Mr Gelderbloem, Mr Prins and the Roberts, a pensioned couple from Mount Pleasant all of whom were part of the pilot study around the prepaid meters, 20 September 2000
- Elaine Geduld, whose RDP house was auctioned off by the municipality as a result of arrears, 21 September 2000
- Joseph Millar, 20 September 2000
- Mr Gelden, 20 September 2000
- Joseph Smith, whose RDP house was in the process of being auctioned as a result of arrears, 21 September 2000
- Twelve Working for Water employees, among whom were supervisors, chain-saw operators, removers of poisonous plants and labourers, and most of whom were women, 21 September 2000

Samwu members

- Emilio Jonathan, superintendent of water purification, and Samwu chairperson in the Boland, 18 August and 21 September 2000
- David Stemmet, Samwu shop steward, 18-19 August and 20-21 September 2000
- Nsiki Mayekiso, 20-21 September, 2000
- Patrick Mayilu, Samwu shop steward (also a Sanco member) 18-19 August and 20-21 September 2000
- Robert Myathaza, Samwu member (also a Sanco member) 20-21 September 2000

Endnotes

1 A complete list of interviews is contained in the references section of this paper. It should be noted that all quotes from officials and residents of Hermanus are from the interviews, unless otherwise indicated.

2 See, for example, Roome (1995). His approach is comprehensively critiqued in Bond (2000), Part Two. For a more general critique of block tariffs as measure of equity in the South see Boland and Whittington (2000). It is also interesting to note the World Bank in its 1994 World
Development Report came out strongly in favour of block tariffs combined with cross subsidies. This view, however, shifted in subsequent years as privatisation of water service gained priority amongst the Bank’s economic corps.

3 It should be noted that we do not have a detailed breakdown of the source of the rise in revenue for water service. However, prepaid meters were definitely not a contributing factor. Prepaids were not installed to any significant extent during this period of the GHWCP. There was only a 45 household pilot initiated in Mount Pleasant. In addition, there were prepaid meters installed in Zwelihle as part of a separate “Masakhane” campaign. However, for the most part these were made inoperable by the community. This community action will be discussed later in the paper.

4 The difficulty of qualifying for indigent status was further elaborated by town treasurer Nico Barnard. In a personal interview he expressed concern that many indigents could actually afford to pay. In his view, people who had accounts in stores like Edgar’s or Foschini’s could not be indigent, nor could those who might happen to own electrical goods like a television. He articulated a determination to be vigilant in the future in order to ensure no such people qualified for indigent status. His approach was further strengthened by the policy which held that no one could qualify as indigent unless they had paid all arrears.

5 It should be noted that a comprehensive assessment of the Working for Water programme is beyond the scope of this paper. However, the comments we received from workers on the programme indicate that further research is needed to more fully assess the level of dissatisfaction amongst workers and the extent to which they do not have access to water in their own households. A point of interest is that a study of Working for Water conducted by CASE (Samuels 1999) showed that there was little knowledge of Working for Water in communities where it was active outside the circle of people who were employed by WiW. While this observation may not be decisive for successfully removing alien vegetation, in terms of portraying the GHWCP as a popular initiative in the black communities of Hermanus, it does have some implications.
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