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**Beyond the Neoliberal Watershed.
Johannesburg Water: a Case of
Breakdown?**

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Beyond the Neoliberal Watershed.

Johannesburg Water: a Case of Breakdown?

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ABSTRACT

The essay explores the impact of neoliberal reforms on water and sanitation throughout the case of Johannesburg Water, the publicly-owned water provider of Johannesburg. The company underwent republicisation after a management contract with Suez Group. The research is examining whether the new configuration of water provision, which emerged from the retreat of private sector, constitutes a discontinuity in the neoliberalisation of the public utility. The results are contributing to the academic debate on the alternatives to neoliberalism by relating the key issue of the socially equitable provision of water services to the three analytical dimensions of affordability of service, financial sustainability and socio-economic inclusion.

Keywords: neoliberalism, urban water services, republicisation, corporatisation, South Africa.

INTRODUCTION

The debate over the character of institutions in South Africa, the composition of the country's elite, and the revolutionary force of its people has been a rich and complex one. The turnaround of the country's main party, the African National Congress (ANC), from driving a social-democratic agenda to a neoliberal one in the post-apartheid era has been the focus of robust criticism over the years. Critics contend that the rising inequality and unemployment experienced after democratisation underline the inadequacy of the redistributive policies adopted by the national government. This contradictory socio-economic policy framework produced a highly fragmented regulatory structure, which further compounded the socio-spatial unevenness of contemporary South Africa. The protracted low growth after the 2014 commodity price crash and a set of political scandals undermined the credibility of the ANC leadership. The national difficulties reverberated at the local level. After ruling Johannesburg for over two decades, the ANC lost the city to a coalition of opposition parties in 2016. The new mayor—a self-styled libertarian entrepreneur—has announced his commitment to “pro-poor” investments and to ending the arm's length principle for municipal service providers.

Analysing the rationale of basic service provision may help to clarify the uneasy categorisation of South African social policies and political discourse in respect to the neoliberal paradigm.

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THEORETICAL FRAMEWORK

The policy of full divestment from public utilities—i.e. privatisation—constitutes only a part of neoliberalisation strategies. Bakker (2007), for example, detailed three main levels of intervention and seven types of reform which have characterised the market-oriented reconfiguration of water and sanitation (WS) services. This understanding of the neoliberalisation process is influenced by the concept of neoliberal “variegation” (Brenner *et al.*, 2010; Peck and Tickell, 2002). The introduction of private shareholders via public-private-partnerships and the adoption of corporate structures, goals, and practices by publicly-owned companies—i.e. corporatisation—are other relevant examples of markedly neoliberal reforms of service providers (Boag and McDonald, 2010; Loftus and Budds, 2016). In the 1990s and early 2000s, at the height of the global water privatisation campaign, episodes of resistance multiplied. The cases of ‘water wars’ across the Global South reached the global audience of activists and critical scholars, connecting the struggle for water to the broader anti-globalisation movement (see *inter alia* Olivera and Lewis, 2004; Sultana and Loftus, 2012). As the first wave of neoliberal reforms suffered setbacks in a substantial number of cases (Hall *et al.*, 2005), scholars have started to include waterscapes into the debate on postneoliberalism (Bond, 2016). In itself, postneoliberalism is a controversial subject: scholars suggested it may discursively encompass a continuum of adjustments to the present capitalist crises, ranging from business-as-usual strategies (Brand, 2009) to neo-developmental interventions (Veltmeyer, 2012). However, it can represent the starting point of a counter-hegemonic project contesting the foundations of neoliberal capitalism (Bond, 2009; Peck *et al.*, 2010). The term is adopted in this research to denote an “epistemic terrain” (Brand, 2016) for the formulation of radical alternatives to neoliberalism that are influenced by the empirical observation of the (dis-)continuities in the neoliberalisation of the water sector.

This study considers the case of Johannesburg Water (JW), the publicly-owned water corporation of the City of Johannesburg (CoJ), which was returned under public management after a pilot management contract with the Suez Group in the period 2001-2006. The potential for a more progressive management of water provision after republicisation should be weighed against the persisting contradictions of the neoliberal paradigm.

Three broad constructs describing the processes underpinning the variegated neoliberalisation of water provision were identified from the preliminary literature review: (a) the commodification of water services, (b) the financialisation of WS operations, and (c) the de-politicisation of this basic social good. If enhancing revenues is a logical objective for profit-seeking privatised companies (Swyngedouw, 2009), it likewise represents a central objective for corporatised providers. The public corporations are expected to maintain an autonomous financial viability by combining the full-pricing of WS services with cost saving measures. Cost recovery becomes the overarching rationale of WS provision (Rusca and Schwartz, 2017). While the proponents of the model argued that the management under commercial principles would benefit low-income households, a number of critical examples have shown how it compounds existing social inequality (Bond, 2014a; Castro, 2007; Hall and Lobina, 2007). Secondly, commodification allows for a substantive transfer of wealth from customers to financial stakeholders, as the long-lasting case of the privatised English utilities indicates (Allen and Pryke, 2013; Bayliss, 2016). Eliminating the allotment of financial resources to high dividend payments for corporate shareholders (Ahlers and Merme, 2016; Loftus and March, 2015) is a desirable objective for progressive water governance.

Bondholders may nonetheless replace shareholders in exercising a degree of control over financial and operational decisions while obtaining stably high interest payments. For example, when the UK regulator cut prices for first time, privatised companies deepened their engagement with structured finance (Bayliss *et al.*, 2013). They increasingly relied upon the emission of securitised bonds (Bayliss, 2014), hinting at an emerging debt-only model (Helm and Tindall, 2009). Finally, the variegated neoliberal water governance mirrors the threefold definition of de-politicisation proposed by Wood and Flinders (2014). Keeping regulatory authorities and providers at an arm's length from governmental control (Furlong and Bakker, 2010), redefining the rights and conditions of WS supply in terms of customer rights (Page and Bakker, 2005), and placing financial and physical constraints at the centre of the policy discourse (Swyngedouw, 2013) are sectoral examples of Wood and Flinders' governmental, societal, and discursive de-politicisation, respectively. Societal de-politicisation has distinct implications for service beneficiaries' self-representation and social mobilisation. On one hand, the set of techniques—ranging from smart metering to forced disconnections—applied by water companies to ensure the regimentation of consumption into predictable revenue streams induces the formation of individualised, dependent, and disciplined subjectivities (Loftus *et al.*, 2016). On the other hand, “tokenistic” welfare measures (Bond, 2014b) that foster a non-political and cherry-picked social inclusion may co-opt collective mobilisation (Gearey, 2016).

This theoretical reconstruction is not perfectly matching the variegated reality of WS corporatised providers (McDonald, 2014). Nonetheless, it helps identify the areas where private and public-owned entities operate isomorphically, when the latter abides by the neoliberal tenets.

JOHANNESBURG WATER: BACKGROUND

The national government recognised the Constitutional right to affordable water in its 1994 White Paper on Water Supply Sanitation and 2003 Strategic Framework for Water Services (DWA, 2013). However, the legislative acts targeting the unequal access to basic services were established in the context of service delivery steering decisively towards full cost recovery and the devolution of operating and fiscal authority to local municipalities (McDonald, 2002).

Municipalities have coped with the mandate to provide equitable access to WS services by deploying three main policy tools. First, the local governments adopted some form of Increase Block Tariff (IBT) structure for cross-subsidising low-level consumption with the revenues from high-end users. The second intervention for mitigating the effect of inequality on WS access was the provision of a minimal amount of services free of charge. Established in the early 2000s, the Free Basic Water (FBW) policy recommended municipalities to supply the first 6,000 liters (or 6 kl) for each household for free each month (Muller, 2008). Third, the local authorities were required to develop a Municipal Indigent Policy for vulnerable households that can receive a bundle of free services, financed for the largest part by national grants. The Free Basic Services policy expanded the original FBW to electricity, sanitation, and refuse removal for households meeting the income requirement. Municipalities were allowed a high degree of discretion in shaping their indigent support strategy, provided that they met the minimum national standards of 6 kl FBW, 50 kWh of electricity, 3-4 kl for sanitation, and the weekly and biweekly collection of biodegradable and

recyclable waste, respectively. All these strategies could, in theory, be progressive countermeasures to the market logic of neoliberal services. In practice, they all proved defective in establishing postneoliberal water services.

As the largest metropolitan economy in South Africa, and among the first in the African continent, Johannesburg is branded as a “world-class African city”. Nevertheless, the social development of the city closely resembles the highly uneven national path to growth which followed the end of the apartheid. The municipality inherited an urban landscape from the apartheid regime marked by spatial and socio-economic segregation. Along with the country as a whole since the mid-1990s, Johannesburg has undergone a transformative process in its attempt to dismantle the regime’s racial segregation. The fifteen local governments forming the urban area of Johannesburg were merged into one metropolitan unit with a single tax base in 1995. The need to sustained budget spending in order to redress this unevenness, coupled with a difficult integration of revenue collection and the reduction of grants from the national government (Bond, 2007), led to the municipal fiscal crisis of 1998.

The crisis bore two relevant consequences: (1) it prompted the discussion over the policy framework for the financial operations of local authorities, and (2) it set the stage for the “iGoli 2002” city plan, which restructured municipal finance and organisation. The legislators sought to achieve financial discipline through decentralised fiscal autonomy, inducing the local authorities to borrow on the capital market. The 2003 Municipal Finance Management Act fulfilled these policy prescriptions and defined the boundaries for municipal borrowing, establishing the monitoring system over local finance and the terms for debt restructuring (Brown *et al.*, 2013). The “iGoli 2002” programme represented an extensive reform of CoJ. While the city retained crucial administrative functions, such as strategic planning and finance, it decentralised a set of competences to semi-autonomous entities. The corporatised agencies carried critical tasks, such as municipal services, and were managed by independent boards under commercial principles. The ownership remained entirely with CoJ (Cartwright and Marrengane, 2016). In 2001, the management of the newly established JW was awarded to an international joint venture of private operators, led by Suez Group, with the five-year mandate of improving the financial and operational performances of JW. The company set on to tackle the underperforming revenue collection and high level of non-payment in deemed, i.e. unmetered, consumption areas. These areas were the townships, working class black-majority neighbourhoods, that suffer from the radical deprivation imposed by the apartheid regime. JW started rolling out its strategy for cost recovery in Soweto, the largest township, during the “Operation Gcin’amanzi” (“conserve water” in isiZulu). The programme sought to control water demand and enhance revenue collection by retrofitting properties—an unavoidable cost to induce communities to buy in (JW, 2013)—and through the installation of prepaid meters (Smith, 2006). As opposed to the regular postpaid meters that are installed in the better-off neighbourhoods of Johannesburg, prepaid meters need to be topped up in advance and would self-disconnect when the charged quantity of water is used up. These meters would have distributed the 6 kl of FBW on top of the prepaid amount. For low-income areas, the combination of a new water tariff regime and the introduction of prepaid meters meant a restriction and regimentation of water consumption rather than expansion of affordable provision. The measure sparked community protests supported by a coalition of social movements contesting the logic of privatisation and social exclusion of the iGoli 2002 plan. The campaign culminated in 2007 with the legal case against the CoJ and JW, initiated by residents of the Phiri neighbourhood in Soweto. In the

Mazibuko & Others vs City of Johannesburg & Others case, the applicants called into question both the amount of FBW allocated monthly per household and the selective installation of prepaid meters only in low-income black majority areas. The initial pronouncement from the High Court confirmed the claimants' requests, ruling FBW to be extended to 50 liters per capita per day, or 50 l/c/d, and deemed that prepaid meters were discriminatory. The verdict, substantially confirmed in appeal, was entirely reversed by the Constitutional Court. The Court ruled in favour of the 25 l/c/d FBW policy adopted by JW and maintained that prepaid meters were lawful.

In the midst of the campaign, the management contract to Suez expired and was not renewed (van Rooyen *et al.*, 2009). The CoJ readministered its power to appoint the members of JW board, while the corporatised structure remained unchanged. The republicised provider faced the same central problem of reconciling cost recovery and provision of water at a socially affordable level.

INCREASING TARIFF AND AFFORDABILITY OF SERVICE

The CoJ relies extensively upon service revenues for financing its operations. Electricity and water bills constitute the two main items in the revenue budget, accounting for 32.7% and 22.1% of total revenues in 2016, respectively. The city has experienced a trend of service revenue growth over the past decade, which critically contributed to the financial sustainability of the municipal budget. Over the 2005-2014 period, the revenues grew of 167% in nominal terms and 58% in real terms (SACN, 2017a). The stable expansion of the municipal service charges is partially explained by the rising cost of bulk supply. The municipality depends on two state-owned enterprises for the supply of both electricity and raw water. The water board providing bulk water to the Gauteng Province, Rand Water, has increased the tariff for municipalities consistently since 2010. While inflation increased 5.3% on average each year (OECD, 2017), Rand Water has risen its tariff roughly 11.6% each year between 2010 and 2016 (RW, 2011; 2016). JW has correspondingly adjusted its tariffs to match the more costly bulk supply. Nonetheless, JW has retained a retail margin over the water supply since 2014. For the 2017/18 fiscal year, the city is setting the tariff for water services 12.2% higher than the previous year, exceeding Rand Water's projected increase by 2% (CoJ, 2017a).

There is evidence that this sustained growth in charges hampers the ability of households to afford water services. JW has a high level of bad debt coupled with fluctuating success in revenue collecting, in line with the trend of the municipality as a whole (CoJ, 2016). For the 2015/16 fiscal year, the agency reported 16.03% of bad debt as percent of revenue (JW, 2016a). The accounts receivable from billed customers was R1.8 billion in 2015/16, while the allowance for the impairment of the uncollectable part of this sum was established at R1.4 billion, out of R7.9 billion revenue from sales. This was by no means an exception: the operations of JW during the past decade have been characterised by the simultaneous growth of outstanding customer's debt and bad debts.

The reasons behind the level of non-payments are not unanimously reduced to the increasingly unaffordable tariffs. The explanations include both the inability and unwillingness to pay (FFC, 2011). The latter, described as the conscious defiance of payments, has been often associated in South Africa to the “culture of non-payment” stemming from the practice of rates boycotts as a form of resistance to the apartheid regime in the 1980s. However, the overall dissatisfaction with the delivery of services may help better explain the low rate of compliance with bill payments. A recent survey from Ipsos set the level of customer satisfaction with service delivery in the city to 59% (IPSOS, 2017). The figure provided by JW is above the municipal average at 69% (JW, 2016a). The relatively large section of citizens dissatisfied by the state of public services is echoed by the frequent demonstrations in deprived communities targeting the poor level of service—what became known as “service delivery protests” (Alexander, 2010; Chikulo, 2016). Despite the growth of protests, the municipality has held a decade-long assumption that low levels of payment is firstly and chiefly to be attributed to inefficient billing systems and commercial water losses. Consequently, the city had approved a rise in tariffs coupled with the restriction of the provision of free water services (CoJ, 2017b).

The proposed new water tariff is presented in Figure 1 and 2. Note that the prepaid connections receive a better rate for low-levels of consumption as an additional incentive to install the meters together with accumulated debt write-off. The structure of the tariff

blocks, which should ensure the transfer of benefits from better-off households to low-income ones, has attracted criticism since its inception. As argued by Bond and Dugard (2008), the tariff curve rises steeply after the previously free first block (0-6 kl), if compared to the higher-end blocks (20 kl to 40 kl). The tariff structure prices water, in excess of the basic lifeline, at an immediate high level for poorer households. The doubts about the tariff design are supported by the findings of Burger and Jansen (2014). The authors tested the IBT structure, including the FBW first block, for the benefits it can pass to the customers in different income distributions. Their findings reinforce the view that the examined IBT disproportionately favour the households in the middle of the distribution rather than the ones in the bottom deciles.

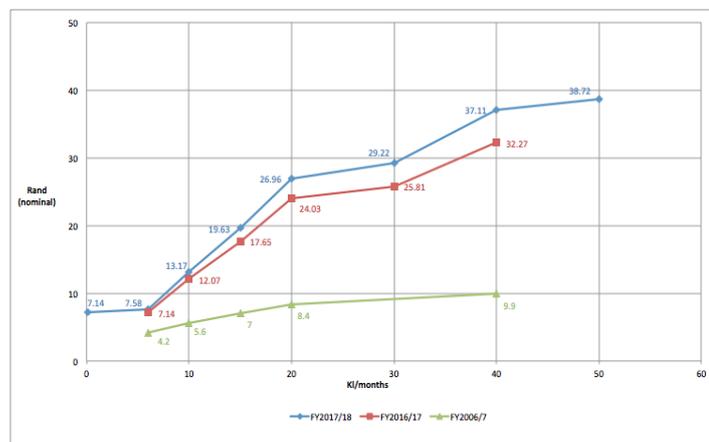


Figure 1 — Water Tariff Structure. Residential Metered Connections. Source: author’s elaboration of CoJ, 2006; CoJ, 2017b.

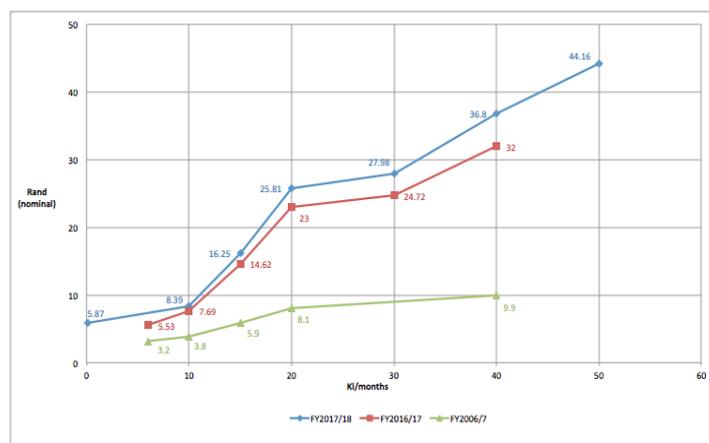


Figure 2 — Water Tariff Structure. Residential Prepaid Meters Connections. Source: author’s elaboration of CoJ, 2006; CoJ, 2017b.

The detailed comparative study of the metro area’s tariff structures conducted by Baberton and Mukotsanjera-Kowayi (2015) shows the regressive nature of the design of CoJ’s present tariffs. The households in the lowest income and consumption brackets are found to pay up to 16.8% of their income in municipal rates, while the households in the uppermost income bracket are contributing 6.8% of their income. The balance between the principle of equitability and cost recovery for water service appears to favour the latter in the case of JW.

FINANCIAL OPERATIONS AND CAPITAL INVESTMENTS

While local governments are required to exercise a high degree of fiscal autonomy, state transfers continue to represent a sizable share of municipal budgets’ funding for infrastructural investments. In the case of CoJ, national transfers and earmarked grants contribute roughly a third of capex budget. The municipality is planning to invest R27 billion in infrastructural projects over the next three years (CoJ, 2017a). For fiscal year 2017/18, R8.6 billion will be funded by cash surplus (23%), conditional and unconditional national grants (29.2%), borrowing from the capital market (34%), and by other sources (14%).

As discussed above, local financial autonomy via borrowing was a long-term goal of the national government. The reengineering of municipal funding demonstrated its effectiveness by allowing debt to flow into municipal projects in the run up to the 2010 FIFA World Cup. The total debt of local authorities, after being stagnant for the first half of the 2000s, soared from R18.7 billion in 2005 to R43.1 billion in 2011 (NT, 2011; 2016). The trend was consolidated in the aftermath of the sport event, with total municipal outstanding debt projected to reach R63.4 billion in 2017. The debt of the eight metro municipalities constitute the 89% (R56.2 billion) of entire municipal debt (NT, 2017). Both private and public lenders are municipal creditors, with public holders owning 56% of the municipal debt (R34.7 billion) and private lenders reducing their share from R32.3 billion in 2015/16 to R27.1 billion in 2016/17. The ownership pattern of municipal debt changed substantively over time (see Figure 3). Historically, the main private creditors have been commercial banks rather than institutional investors, where the main public institution and by far largest single creditor is the Development Bank of South Africa (DBSA).

The CoJ stood well ahead of the development of local financial sector. The first municipality in the country to issue a bond in 2004, the city has resorted extensively to long-term borrowing for financing its infrastructure investments. CoJ’s total outstanding debt was R21.8 billion against a budgeted revenue of R44.3 billion, or 49% debt to revenue ratio, in the last quarter of 2016/17 (NT, 2017).

Johannesburg is the most leveraged among all of the South African municipalities and has the largest share of total local government debt. While the municipal-owned entities have a ring-fenced budget, the city transfers routinely borrowed finances to its subsidiaries at market interest. In the case of JW, conduit financing—conveying long-term funds obtained by the

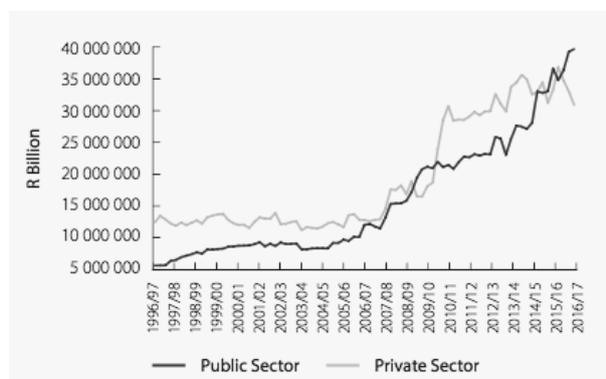


Figure 3 — Municipal Debt Holders.
Source: NT, 2017.

municipality from loans or bonds— figure prominently in the corporation’s budget. JW outstanding debt increased from R2.1 billion in 2007 to R4 billion in 2016 (CoJ, 2007; JW, 2016a). The debt-to-asset ratio fluctuated above 50% over the period, as the increase in debt translated into an expansion of the asset base. The company repaid R345 million in interest in 2016, at an average interest of 10.3% (CoJ, 2016). The presence of a substantive debt from private and public investors is not surprising in the utility sector, in light of the capital requirements for infrastructural investments. Understanding in which direction these funds are spent is paramount to assess the usefulness of the accumulated debt burden. Although a detailed analysis of JW capital budget cannot be presented here, it is worthy considering the intervention deployed by the provider to deal with the high level of water unrecovered by billing, i.e. Unaccounted For Water (UFW).

The problem has been highlighted in the company’s priorities since its creation, namely with the campaign for tackling the level of financially underperforming water provision as the rationale for the contested “Operation Gcin’amanzi” discussed above. The company resumed the programme, renamed the “Soweto Infrastructure Upgrade and Renewal Project”, after the Constitutional Court’s pronouncement on the lawfulness of prepaid meters. In 2015, JW Managing Director asserted that R1.1 billion has been invested in the project since 2004, out of a total cost of R1.7 billion (CoJ, 2015). By the year 2015/16, the programme delivered 148,148 cumulative prepaid meters of the total 183,945 to be installed (JW, 2016a). The intervention, which will be expanded to other low-income areas in the city, aims to stabilise the cash flow of the company and increase its revenue base, thus enhancing the financial position of JW (JW, 2015a). However, the actual payments, while improving on an year to year basis, remained for each year below the budgeted level, e.g. 84.2% in 2015/16 against an estimated 93.9% (JW, 2016a; 2016b). If it is true that the overall level of UFW has decreased since the resumption of the project (2011: 30.3%; 2016: 22.8%), the reduction of unbilled consumption (2011: 17.2%; 2016: 6.3%) was paired with the increase of water losses from leaks and bursts (2011: 13.2%; 2016: 16.3%). Moreover, it is useful to remind that the company experienced a growth of bad debt on receivables over time, for better assessing the effectiveness of the reduction of commercial losses.

The revenue enhancement strategy has to be contrasted with the significant historical backlogs in asset renewal. Pipe bursts, causing frequent supply interruption and loss of water, increased by 17% in 2016, to 319/100km (JW, 2016a, p.76). The number is staggering in comparison to the reported bursts in the city of Cape Town: 31/100km (CoCPT, 2016). The planned replacement of 900 km pipes before 2017, with an estimated useful life of two years (JW, 2013), has been cut down to 709 km, of which 461 km were completed between 2013 and 2016. The company has recognised the positive correlation between capital expenditures in the renewal of the network and the decrease in UFW from leakages (JW, 2015b). Nevertheless, only in the financial year 2015/16 the expenditures for upgrade and renewal exceeded the investments for revenue enhancement programmes (JW, 2016a).

The mismatch between capital expenditure in revenue enhancement versus infrastructure replacement can be explained in part by the incidence of borrowing in JW balance. First, network infrastructure have an amortization time far longer than the average tenure of the loans the municipality and its subsidiaries can access. Second, the continuous expansion of revenue base is central to the financing strategy of the city as a whole. The improvement of the revenue stream keeps the creditworthiness of CoJ in check, allowing for relatively cheap new borrowing for financing its flagship capital projects (Moody’s, 2017).

DISCONTINUATION OF FREE BASIC WATER AND INDIGENT POLICY

Perhaps the most striking theoretical discontinuity with the neoliberal water regime in South Africa was the introduction of a national guideline for the FBW (DWAF, 2002). The framework established the minimum amount of gratuitous water to be provided: 6000 liters per month per household. The quantity was calculated on the basis of a hypothetical household size of eight people receiving 25 liters of water per capita per day. The policy did not prescribe a national strategy for the implementation, giving local authorities the responsibility to design a suitable delivery method. The policy, in particular, did not determine whether the FBW was to be supplied universally or to targeted households under certain poverty thresholds. Both options were considered viable as long as the local authorities could cover the costs of FBW through, for example, cross-subsidies. As described above, the JW adopted the legislation during the management agreement with Suez Group. However, the present administration discontinued the universal provision of water starting July 2017. The FBW has to be restricted to the sole registered beneficiaries of city's indigent policy. Implemented in 2008, the "Siyasizana: Expanded Social Package" (ESP) relies upon the identification of the poverty level of individuals for establishing an indigent register, which determines the low-income households eligible for receiving FBW after the installation of a prepaid meter (JW, 2017). The indigent register has come under criticism for the complexity of the mean test process, the continuous surveillance imposed upon the enrolled individuals—which are compelled to re-register every six months for maintaining their entitlement—and the perpetration of a workfare logic as an "exit strategy" from the programme (Naidoo, 2012; Ruiters, 2016).

The data on registered individuals are scattered at best. However, according to the city's latest Integrated Development Plan, "[s]ince inception, 330,000 people have registered in the ESP and in the last financial year over 130,000 individuals were beneficiaries" (CoJ, 2017c, p. 105). JW is presenting even more conservative numbers: 31,677 registered indigents receive between 10 to 15 kl free water per month (JW, 2016b). In the light of the estimated 25% of CoJ's poor urban population (1.2 million) made by CoJ Social Development Department (CoJ SDD, 2016), the yield of ESP appears meagre. This seems to support the view held by critical scholars and activists that ESP is too demanding, in terms of registration process, to reach the bulk of legitimate beneficiaries. If the under-registration trend continues, the new administration will face a lack of legitimation over its policy choice, while enjoying a substantive increase in receivables from households previously served by FBW. These will easily exceed the R360 million (CoJ, 2017a) estimated revenue for 2017/18 derived from the savings on FBW.

The original strategy for facilitating indigents' access to the labour market, the "Job Pathways Programme", was launched in 2008 with the aim of providing skills to registered unemployed through training in the municipal corporations (CoJ, 2008). The policy was later partially replaced by the campaign for developmental service delivery "Jozi@Work". Rolled out in 2014, the project linked the municipal service providers to the creation of job opportunities via the partial outsourcing of their operations to micro-enterprises and co-operatives, whose members were recruited in deprived neighbourhoods. Sectoral contractors, the Capability Support Agents, were awarded a share of the total projects and appointed to supervise the eligible local enterprises, which operated as subcontractors (CoJ, 2014). The strategy sought to integrate the national plan for employment creation and poverty alleviation "Expanded Public Works Programme" (EPWP). The wage of workers hired by the micro-

enterprises and co-operatives had to be in line with the EPWP remuneration, i.e. between R85 and R150 per day of work (SACN, 2014). As in the case of EPWP, the new employment policy delivered temporary and discontinuous jobs. JW has adopted the developmental service delivery model for several capital projects (e.g. pipe replacement, retrofitting and leaks repairing). In 2015/16, 882 short-term jobs were created through Jozi@Work, and an additional 1542 via EPWP. By contrast, the company created 107 formal staff jobs between 2010 and 2016 (JW, 2016a). The South African Municipal Workers Union (SAMWU), the largest union of municipal employees, has criticised the programme for the precarious and underpaid job opportunities it offered:

The workers of Jozi@Work are receiving less than the minimum wage in very precarious working conditions, but the work they do is necessary and continuous. [...] The municipality is recycling workers. A worker does the job for a short period, and then another [worker], and then another. But it is the same task. In this way, multiple jobs are reported. [...] The resources spent for Jozi@work should be used for hiring more formal workers. [...] The EPWP programme is not working better. The two are similar, starting from the low wages. [...] The Union has a name for it: exploitation of a special kind. (SAMWU Officer, Interview, 11 September 2017).

The new municipal administration decided to reform Jozi@Work, alleging that the work packages have been previously assigned through political patronage. The programme will be rebranded and the role of the Capability Support Agents revised. However, the administration committed to the underlying tokenistic logic of temporary and low-paid job creation. Moreover, the new policy will have closer ties to the indigent register, reinforcing the workfare features of the ESP (Mashaba, 2017).

The technical and tokenistic regime of administering the “poor” seems to be the guiding principle of the city’s measures for basic service provision to low-income households, rather than the socio-economic inclusion advocated by social movements and struggling communities.

CONCLUSION

The three interrelated dimensions of service affordability, financial sustainability and socio-economic inclusion of marginalised households have been employed as focal points for analysing the water service delivery in Johannesburg. The results show that the rationale of operations after republicisation deepened the corporatised model adopted after the city’s financial crisis. There is a case for considering JW service provision as commodified, financialised, and socially de-politicised. However, the findings highlight the variegated nature of the Johannesburg waterscape.

On one hand, this variegation derives from historical socio-economic factors, i.e. the specific pattern of uneven and unequal development inherited from the apartheid regime and the unresolved tension between preserving, reforming, or revolutionising the social structure in the post-apartheid era. On the other, the relationship between neoliberal and postneoliberal features of service delivery should be understood as complex and contradictory rather than prescriptively predetermined. Corporatised municipal providers, relying upon private-public funding and adopting limited “pro-poor” policies, hardly suffice for moving water services away from the market.

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