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**The sustainability of the water privatisation policy framework from 1994 until 2015  
in South Africa**

by

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at the

College of Business and Economics

**UNIVERSITY OF JOHANNESBURG**

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**2020**

## DECLARATION

I declare that the dissertation, '**Sustainability of government's water privatisation policy framework from 1994 until 2015**', is my own work and that all the utilised sources are quoted if it needs to be and are acknowledged.

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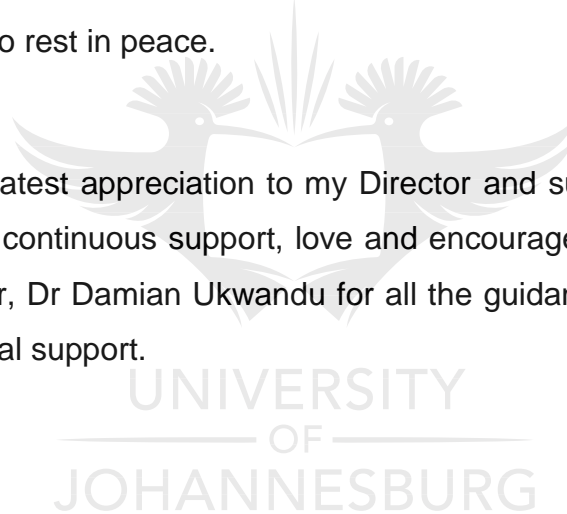
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## ABSTRACT

This dissertation focuses on the sustainability of the South African Government's privatisation policy, and to which extent it is able to facilitate access to water and sanitation for all the citizens. After the demise of apartheid in 1994, the new African National Congress-led National Government inherited a country characterised by deep-seated inequalities in the provision of basic services to citizens. During the colonial and apartheid eras, water policies focused on safeguarding the needs of a select few (mostly the White population). Unlike the old dispensation, the democratic Government viewed access to vital resources as a human rights issue. As such, it sought to improve access to, and the distribution, of crucial resources like water to all citizens – irrespective of gender, religion, race or class. In the water sector, the Water Policy, 1998, was enacted to help address the inequalities of the past. Great strides were made between 1996 and 2011. However, it became evident that the Government was unable to provide budgetary requirements for water infrastructure and provision. As providing access to water was a constitutional provision, the Government rather considered privatisation within the water sector.

The dissertation will involve a conceptual and contextual analysis of primary and secondary resources by way of a literature study. It also encompasses certain unobtrusive research methods as the main approach to conduct the research. The study found that it is evident that the State does not have the capacity to ensure that all citizens have continuous access to water. To ensure national coverage, capital investment is needed to build and maintain water infrastructure. However, it is also evident that the Government is unable to provide budgetary requirements for water infrastructure and provision.

**Key words:** privatisation, sustainable development, sustainability, water affairs, water policy in South Africa.

## ABBREVIATIONS

<b>ANC</b>	African National Congress
<b>CBD</b>	Secretariat of the Convention on Biological Diversity
<b>DBSA</b>	Development Bank of Southern Africa
<b>DEA</b>	Department of Environmental Affairs
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>DWAFEC</b>	Department of Water Affairs, Forestry and Environmental Conservation
<b>DWS</b>	Department of Water and Sanitation
<b>ECA</b>	Environment Conservation Act, 1989 (Act No. 73 of 1989, as amended)
<b>EIA</b>	Environmental Impact Assessment
<b>EMI</b>	Environmental Management Inspector
<b>EPAs</b>	Environmental Protection Agencies
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>GWP</b>	Global Water Partnership
<b>ICT</b>	Information and Communication Technology
<b>IIASA</b>	International Institute for Applied Systems Analysis
<b>IUCN</b>	International Union for the Conservation of Nature
<b>IWRM</b>	Integrated Water Resources Management
<b>MEC</b>	Member of the Executive Council
<b>NEMA</b>	National Environmental Management Act
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NGO</b>	Non-Governmental Organisation

<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SADC</b>	Southern African Development Community
<b>SAP</b>	Structural Adjustment Programme
<b>SEMA</b>	Strategic Environmental Management Act
<b>UN</b>	United Nations
<b>UNEP</b>	United Nations Environmental Programme
<b>USNAE</b>	United States National Academy of Engineering
<b>WCED</b>	World Commission on Environment and Development
<b>WCS</b>	World Conservation Strategy
<b>WRC</b>	Water Research Commission
<b>WRI</b>	World Resources Institute
<b>WTO</b>	World Trade Organisation
<b>WWF</b>	World Wildlife Fund



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# CHAPTER ONE

## GENERAL INTRODUCTION AND SCIENTIFIC ORIENTATION

### 1.1 INTRODUCTION

This dissertation focuses on the sustainability of the South African Government's water privatisation policy framework from 1994 to 2015. The study specifically interrogates the sustainability post-apartheid water policy in terms of its ability to promote equitable water services in the country. Chapter One provides the background, rationale and the problem statement of the study. The primary guiding research question, the secondary research questions and research objectives are provided. The methodological approach, research design and research methods of the study are discussed. To clarify these approaches, the qualitative research design, unobtrusive research methods in terms of the conceptual analysis and the historical/comparative analysis are explained. The chapter explains the context of the literature review as applied in the study. The data collection methods are also highlighted. In addition, terms that are used frequently in the dissertation are defined. The chapter concludes with an overview of the chapters contained in the dissertation.

### 1.2 BACKGROUND, RATIONALE AND PROBLEM STATEMENT

Apartheid discrimination influenced almost every facet of South African life before 1994. "The apartheid government allocated resources historically solely on racial grounds, which laid the foundation for the unsustainable use of water in the country" (Ukwandu 2009:65). During this era, urban and industrial areas, which were predominantly inhabited by White citizens, received water subsidies from government. These subsidies were meant to cover the full cost of water infrastructure in their areas (Pape and McDonald 2002:2). The limited water infrastructure provided to mainly Black areas paints a different

picture, as subsidies were skewed along racial lines. Despite more than 25 years of democracy, infrastructure continues to be inadequate for the millions of people who live in mostly Black municipalities.

After 1994, the South African Government underscored the importance of improving the living conditions of South Africans who were left destitute after centuries of discrimination. In contrast to the apartheid water policy, the new post-apartheid policy aimed to be more inclusive and comprehensive. The Constitution of the Republic of South Africa, 1996 provided the way for new and transformed legislation in the developing South Africa. Notably, the provision of water is viewed as a basic human right that should be available to all South African citizens. As such, “the nature and extent of local governance regarding water services management in the country have been transformed since the proclamation of the Constitution, 1996” (Ukwandu 2009:56).

In addressing the sustainability of the South African Government’s water privatisation policy framework from 1994 to 2015, it is imperative to investigate the key principles of sustainable development and how it relates to natural resources like water. Several definitions of sustainable development have been advanced in literature, which have emanated from different disciplines and persuasions of study. It is imperative to examine some of the most widely cited definitions in order to provide researchers and policy-makers with more insight into their strengths and weaknesses.

It is important to start with United Nations’ (UN) definition under the auspices of the World Commission on Environment and Development (WCED), which is popularly referred to as the Brundtland Report (1987). The report defines “sustainable development” as “development that meets the needs of the present without compromising the ability of future generations” (WCED 1987:8). The “needs detailed in the report include fundamental human needs like food, water, shelter, education, healthcare and employment” (Ukwandu 2009). This “pioneering view of sustainable development

envisions the actualisation of three main objectives: economic efficiency, environmental protection and social justice” (Ukwandu 2009). “Sustainable development thus proposes that social, economic and environmental factors must be viewed interactively and systematically to gain a clear understanding of the extent of sustainability, or lack thereof, in a country” (Daly 1990:3).

The Brundtland Commission’s definition of sustainable development underpinned Ruskin’s (cited in Douthwaite 1993:1) view that “stewardship concerns, outlining the responsibility of the current generation towards the future, while looking at the future to determine how best to use its inheritance from the past”. Solow (1992:10) elaborates on the Brundtland Commission’s definition to explain the duty required from the present generation of people on Earth to promote sustainability and development. Muducumura (2002:139) states that “this ‘holy’ duty of sustainable development requires focussing on that which is of value to a prosperous and sustainable society...It requires the present generation to give future generations the crucial resources needed to achieve a standard of living as good as one’s own, which should be useful to the next generation as well”. In similar vein, Pronk and Haq (1992:5) involved “the concept of fairness in their definition of sustainable development by explaining the moral arguments underpinning economic growth”.

Consequently, “sustainable development is expected to provide fairness and opportunity for the whole world population and not just for the privileged few in developed countries” (Ukwandu 2009). This idea of fairness should be achieved without “destroying the world’s finite natural resources and carrying capacity” (Pronk and Haq 1992:5). Hence, Briassoulis (1999:228) views “sustainable development through the prisms of a form of development that allows current generations to pursue wellbeing, while caring about the legitimate right of future generations to look after their own welfare”. The promotion of “sustainable development is founded on the principle of a much more inclusive and caring society to be rooted in South Africa” (Ukwandu 2009). However, for the majority of Black South Africans, sustainable development is not yet a reality.



One of the most pressing issues that the newly elected democratic Government faced was improving the living conditions of previously disadvantaged citizens who were subject to centuries of discrimination, colonialism and apartheid. Within this context, the provision of quality service delivery became a challenge. As providing access to water was a constitutional provision, the Government implemented a privatisation policy within the water sector.

Despite generating global media attention since the end of apartheid, the discourse on privatisation in South Africa is not a new occurrence. During the apartheid era, the business community lobbied the ruling National Party on the benefits of privatising some state-owned enterprises (SOEs) (Pape and McDonald 2002:2). However, the former apartheid Government did not view privatisation as a viable option, as global punitive economic sanctions during the late-1970s and throughout most of the 1980s limited economic growth in the country (Pape and McDonald 2002:2). Moreover, there were fears within the then-ruling National Party that privatisation could further impoverish marginalised members of the population. This fear hinged on the fact that anti-apartheid activists could exploit deteriorating living standards to subvert the Government's legitimacy (Pape and McDonald 2002:2). The final reason was that, due to economic sanctions, South Africa faced little to no pressure "from global organisations such as the International Monetary Fund (IMF) and the World Bank to privatise its SOEs" (Pape and McDonald 2002:2).

Many view privatisation as an all-encompassing solution to keeping public enterprises in developing countries like South Africa afloat (Boubakri and Cosset 1998). A host of researchers and experts on privatisation argue that the concept is synonymous with better-performing government enterprises, which include improved profit margins, output, productivity, growth, service delivery and better access for the poor (Megginson, Nash and Randenborgh 1994; Dewenter and Malatesta 2001). However, few studies have been able to provide a comprehensive analysis of how the privatisation of public resources like

water influences a country like South Africa, with its historical legacy of segregation, colonialism and apartheid (Ukwandu 2009).

The crux of the privatisation policy in South Africa is that consumer tariffs determine access to water (Boubakri and Cosset 1998). These tariffs include the capital cost of the installing water infrastructure, as well as related operation and maintenance costs (marginal cost), thus gearing tariffs towards full-cost recovery (Narsiah 2008). The practice of full-cost recovery relating to South Africa's water services is backed by government legislation that was initiated at the end of apartheid (DWAF 1994:23).

One of the ways in which the South African Government implemented marginal cost accounting in its municipalities was by installing prepaid meters (Flynn and Chirwa 2005) that were programmed to disconnect water provision to poor households after the purchased credits had expired (Bond 2008). This by-product of privatisation was adopted as a credit control system to help facilitate full marginal cost recovery (Flynn and Chirwa 2005). However, this focus on price and affordability has denied millions of poor households throughout the country of an irreplaceable resource. Ironically, consumers in more affluent areas continue to benefit from racially influenced policies, because the cost of installing water meters in their households and factories were written off many years ago (Pape and McDonald 2002:1).

Beckwith (1955:10) states "that marginal cost-pricing is a product of neoclassical economics and it is firmly rooted in neoliberalism". In "reaction to classical price theory, marginal cost-pricing claims that prices equal average cost and socially necessary labour time" (Beckwith 1955:10). Zilberman and Schoengold (2005) state that "there are two general approaches to calculating marginal costing, namely short- and long-term costing. Short-term marginal costing considers fixed and variable costs, while long-term costing looks at future expenditure, such as fixed-capital investments".

Beckwith (1955:14) critiques the method and system of “long-term marginal costing as it is both unpredictable and uncertain”. Fluctuations in its pricing system places a burden on the poor and unemployed citizens of a country. Moreover, the uneven “nature of fixed investments makes it difficult to capture the cost of infrastructure outlay”, which exposes the poor to exploitation (Beckwith 1955:15). Given this point, the following key question arises: “How does a municipality or a service provider quantify the cost of water in the event of privatisation?”. There are reservations in the narrative of quantifying and commodifying an irreplaceable resource such as water. Most importantly, what are the options available to the poor, weak and vulnerable in an unequal country such as South Africa, where many citizens have been deprived of access to water in the past? This narrative of full cost recovery should be understood and analysed within the context of “South Africa’s apartheid history, as well as its current economic status quo” (Flynn and Chirwa 2005). Given that sustainable development calls for “equity and fairness in the distribution and access to natural resources” (Ukwandu 2009) in a country, it gives rise to the following question: “How does the majority of South Africans who may not be able to afford a public commodity like water cope without this indispensable resource?”

In view of the issues pertaining to the privatisation and sustainability of South Africa’s water resources enumerated above, the central problem of the dissertation focuses on the following guiding research question:

**“What are the merits and demerits of apartheid and post-apartheid water privatisation policy and how does this contribute to sustainable development in South Africa?”**

### 1.3 SECONDARY RESEARCH QUESTIONS

The following additional to the above questions will aim to find an answer to the above guiding research questions:

- What is the nature of water resource management in South Africa and what does it entail?
- What does the legislative and regulatory framework that governs water distribution and management in post-apartheid South African entail?
- How did legislation in post-apartheid South Africa improve water services management?
- What does the concept 'sustainability' entail?
- What are the pillars of sustainability?
- What are the main issues in the sustainability debate?
- What are the main areas in the changing discourse on sustainability?
- What does the concept 'sustainable development' entail?
- What is an appropriate definition of sustainable development for the purposes of this dissertation?
- What is privatisation?
- What does the privatisation of state entities entail?
- What are the effects of water privatisation on sustainable development in post-apartheid South Africa?
- What are the arguments in favour and against privatisation?
- What is the relationship between privatisation and socio-economic rights?
- What are the strategic objectives of the apartheid water policy of 1956?
- What did the focus and direction of the apartheid water policy entail?
- What were the focus, direction and strategic objectives of the post-apartheid water policy of 1998?
- What is neoliberalism?
- What is the nexus between water, neoliberalism and sustainable development?

- How can neoliberalism and sustainable development be linked in the South African context?
- What is the impact of the South African Government's water privatisation policy and strategy from 1994 to 2015?
- Did South Africa's water privatisation policy contribute to manage sustainable development in the country?
- If the South African Government's water privatisation policy has not been implemented based on this generally accepted definition of 'sustainable development, what proposals can be made to ensure that the policy is implemented more effectively?

#### 1.4 RESEARCH OBJECTIVES

The following study objectives formulated for this dissertation provide conceptual and contextual clarification for the above primary and secondary research questions:

- To discuss South Africa's legislative and regulatory framework for sustainable environmental management in general and water resources management in particular.
- To explore the conceptual and contextual variables influencing the dynamics and processes of sustainability and sustainable development.
- To investigate the merits and demerits of privatisation and to gain insight into the origins of water privatisation in South Africa
- To analyse and investigate the meaning, definition, application and nexus between water, neoliberalism and sustainable development in South Africa.

## 1.5 METHODOLOGICAL APPROACH, RESEARCH DESIGN AND RESEARCH METHODS

This section explains what lies behind the scientific reasoning of the research design and methodology for the purposes of compiling this dissertation. “Scientific research is a systematic process that entails gathering data to explore, describe or explain a phenomenon” (Mouton 1996).

### 1.5.1 Methodological approach

Methodology “considers and explains the reason and thinking behind using certain research methods, as opposed to others...For example, it highlights why quantitative methods would be more suited to a specific project than a qualitative method” (Auriacombe 2013:77). Schwandt (2007:193) states that “methodology includes the assumptions and values that serve as a rationale for the research, as well as the standards or criteria the researcher implements to interpret data and draw conclusions”. Research methodology “involves decisions regarding the location of the data, as well as data management, gathering and analysis” (Auriacombe 2017:67). A framework will be developed for the purpose of this study, whereby specific concepts, terms, definitions and theories in literature are analysed in a systematic manner. The aim is to gain an in-depth understanding of the sustainability of the South African Government’s water privatisation policy framework from 1994 to 2015.

In line with this, Schwandt (2007:193) states that “methodology is a theory of how inquiry should proceed”. Depending on the chosen methodological dimension “this could be a quantitative research approach based on positivism (nomothetic)”. In this case, “Methodology examines regularities and relationships to universal laws” (Auriacombe 2013:47). The methodology can also base itself on “a qualitative approach based on a post-positivism perspective...Also known as an ideographic approach, it is believed that the social world can

only be understood by obtaining first-hand knowledge of the subject and understanding his/her innermost experiences, as is the case with interpretivism and constructionism” (Auriacombe 2013:47).

In this regard, Schwandt (2007: 193) states that, “Methodology is a theory of how inquiry should proceed”. Depending on the selected methodological dimension, “this could be a quantitative research approach based on positivism (nomothetic). In this case, “methodology examines regularities and relationships to universal laws” (Auriacombe 2013:47). It could also be based on a qualitative approach that is underscored by a post-positivism perspective. “Also known as an ideographic approach, it is believed that the social world can only be understood by obtaining first-hand knowledge of the subject and understanding his/her innermost experiences, as is the case with interpretivism and constructionism” (Auriacombe 2013:47). Lastly, “a pragmatic paradigm (mixed-methods) could be followed using both nomothetic and ideographic assumptions, as is the case with realism” (Auriacombe 2013:47).

This study was undertaken within a qualitative research framework. According to Onwuegbuzie, Leech and Collins (2012), “qualitative data analysis techniques lend themselves well to literature analysis”. Auriacombe (2007:1) states that qualitative research is a method of inquiry that uses “distinct methodological traditions” to explore human or social problems. Cresswell (1998:82) explains that the researcher “constructs an intricate, holistic picture by analysing words or concepts and reporting on informants’ in-depth views in a natural setting”.

According to Bryman (in Webb and Auriacombe 2006:599), qualitative research has the following four key characteristics:

- “It focuses to viewing events, norms and values from the study subjects’ viewpoints.



- Such researchers include in-depth descriptions of the social settings they explore in their research. This enables the researchers to gain deeper insight into the subject's interpretation of the status quo.
- As a participant-observer, the researcher follows a holistic approach in a bid to understand events and behaviour within the context that they occur.
- Quantitative research views life as a series of interconnecting, interlocking events and a process of continuous change”.

“There is no single definition for qualitative research... as such, qualitative research can be regarded as “an overarching term for varying approaches that all have their own theoretical backgrounds, methodological principles and aims” (Flick in Auriacombe 2017:56). Qualitative researchers’ worldview (ontology) “is linked closely to their understanding of qualitative research methods and methodology, as well as how they think research should be done” (epistemology) (Auriacombe 2007:90).

The dissertation will involve a conceptual and contextual analysis of primary and secondary resources by way of a literature study. It also encompasses certain unobtrusive research methods as the main approach to conduct the research. “By committing to a specific methodological framework, the study will be influenced and informed by unobtrusive methods” (Schram 2006:56). Therefore, “the conceptual framework and the methodology and methods chosen to gather and analyse data should be synthesised” (Auriacombe 2013:47).

### **1.5.2 Qualitative research design**

Creswell (2009:5), argues that “the fundamental interconnected dimensions of any research design (quantitative, qualitative or mixed methods) are:

- the research approach;
- the research problem/ research question;



- strategies of inquiry;
- selecting a research setting; and
- the research process”.

Simply put, a “research design consists of a plan – a roadmap – that provides guidelines and instructions on how to address the research problem and answer the research questions” (Mouton and Marais 1996:108). When designing a study, the researcher is confronted with a number of issues. Firstly, “the researcher’s specific beliefs play a role in the particular study...These beliefs include training or expertise in a specific field of study, knowledge of substantive topics, a specific viewpoint, as well as a conceptual framework or theoretical approaches” (Auriacombe 2017:89). Secondly, “depending on their epistemology and ontology, the researcher should construct a clear idea (or way of reasoning) of how the study should progress so that the research question can be answered as truthfully as possible” (Auriacombe 2017:81). Thirdly, the researcher “will decide what should be studied to answer to the research question and which methods will be used to do the study” (Babbie 2001).

In various contexts, “researchers, academics and consultants are required to conduct research and render decision-makers in society and government with legitimate results...Often, decisions are made after these results have been reviewed and considered” (Webb and Auriacombe 2006:588). A research design “includes a clear outline of the research problem...It also provides information on how the researcher plans to collect, process and interpret observations to answer or to test the hypothesis or answer the research question” (Singleton and Straits 2004 in Webb and Auriacombe 2006:589). Certain research designs are “explicit and in depth, with specially formulated decision steps...Other designs are more flexible, semi-structured and open-ended...While details vary according to the researchers’ proposed study matter, they should consider how the data would be collected, sorted, organised indexed and analysed...There are various ways of making sense of ‘soft’ data” (Auriacombe 2017:87).

Any research design forms part of a specific research approach or paradigm. Thus, the study is “located within a particular framework where interconnected assumptions, concepts, values and practices play a role in how the researcher thinks reality should be viewed (ontology) and studied (epistemology)” (Auriacombe 2017:89). When designing research, a clearly outlined research question should be included. Also, “the research design should be suited to clarify the research objective and perspective” (Flick 2007 in Auriacombe 2017:70).

There is a “direct link between a study’s research question(s) and the theoretical and methodological frameworks” (Babbie 2007). As such, “the theoretical and methodological dimensions that will be applied to gain insight into the phenomena under study inform the research question. In addition, decisions regarding relevant theory and knowledge depend on the research question” (Auriacombe 2017:89). Thus, “a coherent study is underpinned by a solid conceptual framework” (Babbie 2007).

### **1.5.3 Research methods**

In terms of “triangulation” the qualitative design approaches used in this investigation were overwhelmingly calculated, logical and contained narrative examinations. “Triangulation” analyses a particular phenomenon from “various points or perspectives” (Neuman 2002:137).

#### **1.5.3.1 Explanatory research**

Explanatory research focuses on finding causal connections between phenomena. As such, it is concerned with answering the *why* and *how* inquiries of topic under investigation (Babbie and Mouton 2001:81). The motivation behind exploratory research is to introduce new concepts,” as well as to test and approve theories” (Mouton 1996:104). Through

logical examination, exploratory research can help predict results of specific activities (Bailey 1994:38-39).

### **1.5.3.2 Exploratory research**

The motivation behind exploratory research is to gain deeper insight into the core elements of a phenomenon (Babbie and Mouton 2001:81). According to Burns and Bush (2006), “exploratory research is characterised by gathering information in an informal and unstructured manner”. The exploratory research design is not limited to one specific paradigm and can follow either a qualitative or quantitative approach. The reason for this type of research is to provide a summary of the subject under study. According to Cant, Gerber-Nel, Nel and Kotze (2003:28), “exploratory research is used for the following purposes:

- To formulate the research problem or to highlight an opportunity for more in-depth research to formulate a hypothesis or a guiding research question.
- To establish priorities for further research.
- To gather information about practical challenges relating to researching particular conjectural statements.
- To increase the researcher's familiarity with the subject matter relating to a problem or opportunity.
- To clarify critical concepts connected with the research problem or opportunity”

### **1.5.3.3 Descriptive research**

A key reason for Social Science research is to depict and contextualise circumstances and occasions. This type of research aim to answer questions relating to *who*, *what*, *when*, *where* and *how*. In descriptive research, the researcher aims to provide the most exact portrayal of the situation (Babbie and Mouton 2001:81). With descriptive research, analysts have insight into the basic primary connections of the subject under

investigation. However, specific answers should be provided to support why a specific method of enquiry is followed (Cant *et al.* 2003:29-30).

#### **1.5.3.4 Unobtrusive research methods**

According to Babbie (2001), “Unobtrusive research techniques involve studying social behaviour without affecting it”. Webb, Campbell, Schwartz, Sechrest and Grove in Huysamen (1994:136) state that this form of research aims to “counteract, or completely eliminate, bias and to promote conceptual and contextual analysis”. In this regard, Auriacombe (2007:458) points out that: “With the exception of qualitative field research, all other modes of observation require the researcher to intrude to some degree on the subject they are studying...This is the main difference between obtrusive and unobtrusive research techniques”.

However, “unobtrusive research techniques are non-reactive and information about the respondent is gathered through public documents. As such, there is no direct interaction between the researcher and respondent” (Auriacombe 2007:458). These documents can include “published articles, books, archival records, published statistics, judicial records, election or census results, crime statistics and educational data. Institutional publications solicited and unsolicited documents, statutory, regulatory or policy documents, newspaper editorials, data published by private sector organisations, and historical documents and medical or other scientific records also form part of this type of recorded data” (Auriacombe 2007:459). Bless and Achola (1990:106), state that, “In all these cases, certain types of errors are avoided and respondents are not aware that they are the subject of study”.

While “unobtrusive methods can be used as the single source of data in a research project, it has been found more useful when combined with other complementary methods” (Auriacombe 2007:459). In this regard, Auriacombe (2007:459) argues that

there “seems to be a major difference between data compiled by a survey, using questionnaires for example, and data presented in records”. The latter only provides “the properties of a group or individuals and is an aggregate of separate information, whereas the former allows the researcher to retrieve data concerning a particular individual” (Bless and Achola 1990 in Auriacombe 2007:459).

This dissertation utilised a documentary content analysis and conceptual analysis as unobtrusive research techniques.

#### **1.5.3.5 Documentary content analysis**

“When conducting content analysis, the researcher endeavours to be objective and deliberate by utilising a quantitative coding” plan to construct the key properties of a narrative system (Auriacombe 2011:134). Narrative content analysis makes inferences by methodically and impartially recognising and depicting determined qualities in the narrative writings (Auriacombe 2011:134). Researchers conduct narrative or documentary content analyses “from a variety of perspectives, ranging from quantitative to qualitative approaches, as well as traditional to postmodern contexts” (Auriacombe 2011:134).

According to Allen (2017), narrative or documentary content analysis is an analytic framework “whereby researchers interpret stories that are told within the context of research and/or are shared in everyday life. Scholars who conduct this type of analysis make diverse yet equally substantial and meaningful interpretations and conclusions by focusing on different elements”.

Documentary content analysis is an effective approach to supplementing primary data. As it is based on various sources, documentary content analysis supports the legitimacy of interview findings, illuminates actualities and summarises specific contentions (Yin 1994:81).

#### 1.5.4. Conceptual analysis

In research, methodology is seen as a “system of concepts, assumptions, expectations, beliefs and theories undergirding the research and is generally regarded as an explanation proposed to reach a better understanding of the social reality/ phenomena that is being investigated” (Maxwell 2005 in Auriacombe 2011:96). The underlining “assumption is to assess and refine the goals; develop realistic and relevant research questions; substantiate arguments; clarify the theoretical framework and logic or reasoning used; define concepts; justify decisions; and direct data collection and analysis” (Maxwell 2005 in Auriacombe 2011:96). The conceptual framework is the operationalisation “of the theoretical framework of a study and therefore forms an intricate part of the research design” (Maxwell 2005 in Auriacombe 2011:96). “Qualitative research methods utilise a conceptual framework to develop typologies, models and theories from the bottom up” (Eriksson and Kovalaine in Auriacombe 2011:97).

#### 1.5.5 Literature review

According to Auriacombe (2017:68), “a literature review merges existing information on the topic and demonstrates the knowledge gaps that need to be filled to clarify a concept under investigation”. By learning from the results of related studies, the researcher should be able to relate his/her reasoning to the “...larger, ongoing dialogue in the literature” (Creswell 2009:25).

To develop a plan for the literature review, the researcher will take heed of the guidelines presented by Creswell (2009:29). According to the author, “a researcher should identify key concepts and interrelationships; capture and summarise the main arguments; clarify various types of relationships between concepts; and critique the literature on the subject under study” (Creswell 2009:29). In this manner,” a conceptual framework is developed

for the systematic analysis within the conceptual context of the concept “water management” and related concept(s)” (Nuopponen 2010 in Auriacombe 2017:69).

Traditionally, the literature review forms the foundation of the research undertaken. This view “emphasises the concept of knowledge building” (Auriacombe 2017:69). The literature review should “present a synthesis of previous knowledge on the topic, weaknesses in research, as well as how your study aims to address these” (Auriacombe 2017:69). It presents the researcher with the opportunity to relate his/her own ideas and thoughts to that of published scholars and thus to the “...larger, ongoing dialogue in the literature” (Creswell 2009:25). Finally, “a good literature review sets a pattern for critical thinking and developing a conceptual framework for a study” (Auriacombe 2017:69).

## 1.6 DATA-COLLECTING METHODS

In conducting this research, a triangulation of primary and secondary data-collection methods will be used. A literature study will be used as an outcome of the data collection methods. The literature review on the sustainability of water privatisation in post-apartheid South Africa from 1994-2015 provides a point of departure in this dissertation. In this study, the literature review is deployed to initiate a theoretical framework for the study. In essence, it refers to the study and synthesis of all available literature, which may exist in the form of published and unpublished books, theses and dissertations, journal articles, research reports, study guides, legislation, official documents for example memos, minutes of meetings and other official documentation, unpublished study guides/ manuals and materials, internet sources and periodic articles.



## 1.7 TERMINOLOGY

To promote understanding of certain terms used in the dissertation, they are briefly defined below:

### 1.7.1 Environmental indicators

Organisations involved in environmental protection, “economic growth and sustainable development” developed various indicators to measure the extent of “environmental degradation” (Auriacombe 2015). “Some of the most significant Indexes include the Environmental Performance Index, the Sustainable Societies Index; the Happy Planet Index and the Ecological Footprint Analysis” (Ukwandu 2009).

### 1.7.2 Environmental resource management

South Africa’s finite natural resources are managed and protected according to specific structures and guidelines (Thompson 2006:137). Specific measures that focus on environmental protection include principles, policies, strategies, objectives, laws, regulations, organisations and institutions, as well as goals, operational plans, procedures, methods, tools, mechanisms, norms and practices (Thompson 2006).

### 1.7.3 Government

Osborne and Gaebler (1992:23) view a government as primarily the “steering” agent of society. The *Merriam-Webster Dictionary* (201) highlights three aspects that play a key role in the concept ‘government’, namely *people*, *system*, and *process*. The *people* dimension generally pertains to elected political representatives performing policy-making



and monitoring and oversight functions over the executive institutions of government. It also includes civil servants (e.g. public officials, public managers, administrative staff, etc.). The *system* dimension relates to how a government is organised into legislative, executive, and judiciary authorities, as well as different spheres, such as national, provincial and local, as is the case in South Africa. The *process* dimension highlights how a government fulfils its obligations and responsibilities (e.g., controlling, protecting, and promoting the general well-being of society). The controlling process is concerned with making and enforcing policies to guide societal activities and the type of services and goods rendered, including health, education, prosperity through job creation, and housing.

#### **1.7.4 Municipality, local authority and local government**

Local government refers to a locally elected democratic statutory organisation below the level of the State, which provides public sector services to the population within the area of jurisdiction (Ukwandu 2009). For the purposes of this dissertation, the terms local government and municipality will be used interchangeably.

#### **1.7.5 Privatisation**

As a concept, 'privatisation' is a broad term that evokes different ideas. Generally, 'privatisation' refers to the act of allowing the market forces and competition to influence a country's commodities (Ramanadham 1989:4). Some authors have likened privatisation to 'denationalisation', which is the process of changing state-run entities into private organisations (Ramanadham 1989:4). Other ideas like 'liberalisation' and 'deregulation' can also denote a form of privatisation.

Due to its range of applications, researchers and experts in the field must understand privatisation holistically, rather than through the narrow prism of who owns and controls an enterprise. To gain a deeper understanding, one must look at how the market forces

in a particular society determine and influence the daily operations of an enterprise. Thus, privatisation covers a broad spectrum, with denationalisation and discipline at one extreme, and market forces at the other (Ramanadham 1989:4).

### **1.7.6 Policy and public policy**

Cloete (2009:3) defines the term 'policy' as "a programme of action to give effect to specific goals and objectives aimed at changing (and preferably improving) an existing unsatisfactory situation". Anderson (1994:5) defines "public policy' as a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern".

### **1.7.7 Sustainable development**

Several definitions of sustainable development have captured the public's attention over the decades. However, only a few of these definitions enjoy consensus in the developed and developing world. The "concept was immortalised by the Brundtland Commission" (1987 in Ukwandu 2014:35), and has since been the the generally accepted definition of sustainable development. The definition provided by the WCED (1987:43) concluded that, "Sustainable development is a development that meets the needs of the present, without compromising the ability of future generations to meet their own needs" (WCED 1987:43). The WCED report explained that: "Sustainable development is a process of change in which the exploitation of natural resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance the current and future potential to meet needs and aspirations" (WCED 1987:46).

### 1.7.8 Sustainability

Sustainability is based on the original idea that environmental and socio-economic resources can be used more appropriately. Thiele (2013:1) asserts that the concept of “sustainability is one of the very few ideals or values, such as democracy and human rights, that receives a near-universal endorsement”. In a modern society that is grappling with many issues such as climate change, resource depletion, and governments that can no longer meet people’s needs, sustainability makes optimal use of science to ensure the effective management of scarce resources (Auriacombe and Akron 2015:25).

To be sustainable is to avoid collapse. It is unsustainable, for example, to extract water from rivers and aquifers at a faster rate than they can be naturally replenished by rain and snow. The need for sustainability is pertinent because we live in an increasingly global village where our activities and actions on the Earth are increasingly interwoven and interlinked. Notably, sustainable practices will help prevent the current generation from exhausting resources in the short-term, so that future generations also have access to nature’s bounty (Bell and Morse in Ukwandu 2014:35). “Sustainability concerns the global, long-term impact of our practices, relationships, and institutions because we live in a connected world” (Thiele 2013:3).

## 1.8 OVERVIEW OF CHAPTERS

**Chapter One:** This chapter provides a background to the problem statement, research questions and the study objectives. It also encompasses an overview of the research approach, design and methods as well as the data collection methods. This chapter also provides the structure of the whole dissertation.

**Chapter Two:** This chapter deals with the South African water legislative and regulatory framework. According to Section 24 of the Constitution, 1996, the State must protect the environment through reasonable legislations and other measures. This chapter provides an overview of the legislative framework undergirding the rules of water resource management in the country.

**Chapter Three:** This chapter of the dissertation provides an in-depth clarification of the concept of sustainability. This chapter provides an explanation of the three pillars of sustainability (social, environment & economic) and how they work together as a system. It explains the global picture: a sustainability crisis as well as the sustainability debate, which includes pro-economic growth versus pro-environment arguments. The chapter also explained the concept of sustainable development. It provides key definitions of sustainable development and the issues that gave rise to the concept.

**Chapter Four:** This chapter explores the theoretical underpinnings of privatisation. Above all, the chapter explores and analyses key literature on water privatisation in South Africa. It also investigates legislation undergirding privatisation in South Africa. Secondly, the chapter provides a comparative analysis and investigation of the 1956 Water Policy and the 1998 Water Policy.

**Chapter Five:** The chapter interrogates the nexus between water, neoliberalism and sustainable development in South Africa. The chapter analyses neoliberalism, its origin and relevance as an undergirding theory that influenced the rise of privatisation.

**Chapter Six:** This chapter provides a summary, conclusions and recommendations based on the findings of the dissertation. The chapter will also suggest areas for further research.

## CHAPTER TWO

### THE LEGISLATIVE AND REGULATORY FRAMEWORK FOR SOUTH AFRICAN WATER RESOURCE MANAGEMENT

#### 2.1 INTRODUCTION

Chapter Two of the study centres on the research objective (see section 1.4): **“To discuss South Africa’s regulatory framework for sustainable environmental management in general and water resources management in particular”**. The chapter clarifies specific arguments on sustainable environmental management and water protection in South Africa. The chapter also discusses the processes that led to the institutionalisation of environmental and water policies and frameworks.

Chapter Two highlights the rationale for an integrated approach to resource management that is required to ensure the sustainability of natural resources. This approach to sustainability is needed to support present and future human development. Thus, there should be a clear understanding of managing and mitigating the interconnected activity-impact cycle of utilising natural resources.

In line with this, it discusses the conceptual and contextual variables influencing environmental resource management with specific reference to water resource management. It investigates the State’s responsibility for implementing a regulatory framework to ensure that both the private and public domains adhere to reasonable legislative and policy measures (Braid in Ukwandu 2009:40).

## 2.2 CONCEPTUALISING ENVIRONMENTAL RESOURCE MANAGEMENT

As the supreme rule of law, the Constitution, 1996, is regarded as the general legislation that governs all matters including environmental management. The Constitution, 1996, lays down the all-important principle of constitutional supremacy (Braid in Ukwandu 2009:40). According to Section 2 of the Constitution, 1996, “The Constitution is the supreme law of the Republic; laws or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled”.

The Bill of Rights is the key building block of the Constitution 1996. Encoded in the ‘Bill of Rights’ is the mandate that the State provide those rights. There is a clear distinction between “first-, second- and third-generation rights” (Ukwandu 2009:43). In The Bill of Rights “socio-political rights (e.g., the right to vote) are viewed as first-generation rights. In this instance, environmental rights are regarded as ‘second- or third-generation rights” (Braid 2016:36). Access to water is recognised as a key component to life and is viewed as a primary right. Feris (2008:49) supports this view, by stating that, “The insertion of an environmental right into the Constitution elevates the importance of the environment; it places it on a par with other constitutionally-protected rights such as equality, dignity and the right to life”.

In South Africa, first-generation rights take precedence, followed by the progressive actualisation second- and third-generation rights (depending on budget) (Thompson 2006:200). The term “progressive realisation” suggests that, although these rights cannot be realised immediately, all citizens’ basic needs will be met in due course” (Government of the Republic of South Africa v Grootboom ZACC19 4 October 2000), provided that legislative and other measures are being acted upon (Braid 2016:40). As such, the State is mandated to take reasonable steps to achieve these rights.

With regard to environmental rights, the Constitution, 1996, takes an anthropocentric approach. Embedded in Section 27(1)(b), “...everyone has the right to have access to

sufficient food and water”. The section emphasises “the protection of humans against an environment that is injurious to their health” (Thompson in Ukwandu 2009:137). Within this context, “harm’ can come from any source or conduct – both in the private and public” (Thompson in Ukwandu 2009:137). Section 24 of the Constitution, 1996, clarifies that:

“Everyone has the right:

- (a) to an environment that is not harmful to their health or well-being; and
- (b) to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:
  - (i) prevent pollution and ecological degradation;
  - (ii) promote conservation; and
  - (iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development” (cited in Ukwandu 2009:45).

Section 24 focuses on environmental rights in general. Section 27 is saddled with potable water and sanitation. However, the two Sections are interconnected. This section identifies water as a right to life, this finite resource should be protected and managed by the Government. In this regard, Section 24 of the Constitution, 1996., outlines that: “The State has a duty to protect the environment through reasonable legislative and other measures”. According to Feris (in Paterson and Kotze 2005:133), “The Constitution therefore places a particular mandate on the State and grants the courts the powers to ensure that this directive is complied with”. This gives rise to the following question: What is regarded as ‘reasonable measures’, given that there is no uniform standard for a healthy environment and how are these measures enforced?

## 2.3 CONTEXTUALISING ENVIRONMENTAL RESOURCE MANAGEMENT

In terms of “environmental compliance and enforcement”, the State has a positive duty to ensure broad-scale environmental protection (Feris in Paterson and Kotze 2005:136). Within this context, it has dual responsibility: It must ensure that the regulatory framework is implemented and that it complies with these measures. Feris (in Paterson and Kotze 2005:133) explains that, “Section 24 paragraph (b) also provides protection against any infringement by the State that negates environmental protection or that is in any way harmful to the environment”. The Constitutional Court of South Africa states that, as a minimum, these rights should be “protected from improper invasion” (Thompson in Ukwandu 2009:41). However, the Constitution, 1996, envisages protection as a basic requirement. Section 24 states that “environmental compliance and enforcement are not limited to illegal activities and environmental degradation – rehabilitation must take place to meet the minimum standards”.

### 2.3.1 Structures and guidelines for environmental resource management

South Africa’s finite natural resources are managed and protected according to specific structures and guidelines (Thompson in Ukwandu 2009:137). Specific measures that focus on environmental protection include principles, policies, strategies, objectives, laws, regulations, organisations and institutions, as well as goals, operational plans, procedures, methods, tools, mechanisms, norms and practices (Thompson in Ukwandu 2009:137). The structures and guidelines of environmental management is undergirded in the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA, 1998). This is an umbrella legislation for several Specific Environmental Management Acts (SEMAs). These include: “The National Water Act, 1998 (Act No. 36 of 1998) (NWA, 1998); The National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004); the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003); The National Environmental Management: Waste Act, 2004 (Act No. 59 of



2008); and the Air Quality Act, 2004 (Act 39 of 2004)” (cited in Paterson and Kotze 2005:133). Although the NWA, 1998, is listed as a specific Act under NEMA, it is a national statute of equal measure.

### 2.3.2 The role of Integrated Water Resource Management

The management of water resources in the country is done in the context of Integrated Water Resources Management (IWRM). IWRM promotes “the coordinated development and management of water, land and related resources, in order to maximise the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems” (Global Water Partnership (GWP) 2000:22). IWRM is adopted within the water sector. It plays a role in the control of other natural resources. IWRM is based on a regulatory structure that calls for the effective implementation of good governance in the sector. This regulatory framework is encoded in the provisions of Section 24 of the Constitution, 1996. The framework includes:

- **“The legislative environment:** Creating an enabling environment that includes national principles, policies, legislation and regulations. The department in control of Water and Sanitation is the Department of Water and Sanitation (DWS) This is as per the services outlined in Section 27 of the Water Services Act, 1997 (Act No. 108 of 1997) to broaden access to water and sanitation in the country.
- **The implementers:** The institutional structures (various administrative organisations) tasked with implementing the legislation and measures.
- **The management instruments:** These include the operational instruments of effective regulation, such as plans, procedures, methods, strategies, compliance and enforcement mechanisms, including licenses, directives and compliance information” (Global Water Partnership (GWP) in Ukwandu 2009:30).

As an environmental component, water is governed by habitat-related frameworks (GWP 2000:30). Depending on the geographic location of activities affecting water resources,

other legislation may also apply. To buttress this point, the “Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983), pertains to land mapped out for agriculture” (Braid in Ukwandu 2009:39). Moreover, “governance legislation that regulates the State, such as the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) and the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005) may apply to the regulatory framework” (Braid 2016:40).

### **2.3.3 The Department of Environmental Affairs as a regulatory body**

The “national Department of Environmental Affairs (DEA) is responsible for the implementation of the regulatory and policy frameworks” as well as the management of waste and hazardous substances, trans-provincial activities requiring environmental impact authorisations and the environmental regulation of parastatal organisations (Braid 2016:41). NEMA, 1998, serves guiding legislation for the DEA, while its institutional arrangements align with political boundaries and spheres of government. NEMA, 1998, assigns core competencies across the spheres of government in accordance with constitutionally assigned competencies. Notably, enforcement functions are carried out at both the provincial and national levels.

The following section pertains to NEMA, 1998, and NWA, 1998. These key statutes provide the regulatory framework for Section 24 of the Constitution, 1996. It entails the DEA’s role in monitoring compliance with the environmental regulatory framework and upholding environmental rights.

## 2.4 UNRAVELLING THE CONCEPT OF ENVIRONMENTAL RESOURCE MANAGEMENT

The NEMA, 1998, creates an enabling environment under the Constitution. Its forerunner, the Environment Conservation Act, 1989 (Act No. 73 of 1989, as amended) (ECA 1989), served as a forerunner for this Act.

### 2.4.1 The evolution of modern environmental policy in South Africa

South Africa conceived its environmental policy in the late-1970s. The envisaged policy laid the foundation for sustainable development, which entailed "...that a golden mean between dynamic development and the vital demands of environmental conservation should constantly be sought" (DWAFFEC 1980:7). The White Paper went on to outline several policy instructions that needed to be addressed in future environment-orientated activities. These instructions included:

- environmental impact studies to evaluate new development projects considering environmental considerations;
- environmental education to promote awareness and improve attitudes towards the environment; and
- individual environmental aspects, which included:
  - soil conservation;
  - noise defilement;
  - cultural-historic aspects;
  - air defilement;
  - nature conservation
  - marine pollution
  - radiation pollution
  - solid waste and littering; and,
  - water pollution (DWAFFEC 1980:20).

The White Paper highlighted that all activities and measures to prevent, control and combat water pollution needed to be optimised through effective coordination. Furthermore, it pointed out that the necessary steps needed be taken to identify, protect, conserve and facilitate the utilisation of freshwater ecosystems (DWAFFEC 1980:12). In a bid to coordinate activities, DWAFFEC was given the overall responsibility for environmental conservation and promotion, which included measures to prevent, control and combat water pollution (DWAFF 1997). The ideas that were proposed in the White Paper were eventually proclaimed in the ECA, 1989, and many of these objectives are still reflected in the NWA, 1998 (Braid 2016:45).

#### **2.4.2 The foundation and founding principles of South Africa's environmental policy**

The first formal environmental management legislation in South Africa was the Environment Conservation Act, 1982. It was amended by the Conservation Act of 1989. Certain provisions of this Act, such as the Section 31A Directive (ECA s.31A Directive), are still in effect. The crucial differences “between the Environment Conservation Act’, 1989, and NEMA, 1998 Act is embedded in the encapsulation of ‘environment’ and what it entails” (Braid 2016:46). The ECA, 1989, defined ‘environment’ as “...the aggregate of surrounding objects, conditions and influences that influence the life and habits of man or any other organism or collection of organisms”. Conversely, “Section 1 of NEMA, 1998, defines environment as

...the surroundings within which humans exist and that are made up of:

- (i) The land, water and atmosphere of the Earth;
- (ii) Micro-organisms, plant and animal life;
- (iii) Any part or combination of and the interrelationship among and between them; and

(iv) The physical, chemical, aesthetic and cultural properties and conditions of the foregoing that influence human health and well-being” (cited in Ukwandu 2009:43).

Ukwandu (2009) opines that the ECA, 1989, “is more accommodating as it includes non-natural resources such as health and human resources”. In turn, the definition provided by NEMA, 1998, is restricted to natural elements and is therefore eco-centric. NEMA, 1998, promotes “an anthropocentric concept of ‘sustainable development meaning that the ‘environment’ should also include human interaction” (Ukwandu 2009). It has to be noted that, the principles encoded in Section 2 of NEMA, 1998 are diverse. This means that those principles are more focused on cultural, heritage, social, human and economic aspects, than the ECA, 1989 (Ukwandu 2009).

The ECA s.31A Directive, which focuses on environmental damage and endangerment, forms the cornerstone of the ECA, 1989. Any sphere of government, such as municipalities, that is mandated with environmental management can issue an ECA s.31A Directive. According to “Section 31A (ECA 1989):

(1), If, in the opinion of the Minister or the competent authority, local authority or government institution concerned, any person performs any activity or fails to perform any activity as a result of which the environment is or may be seriously damaged, endangered or detrimentally affected’. In this instance the Minister, competent authority, local authority or government institution, as the case may be, may in writing direct such person:

(a) to cease such activity; or

(b) to take such steps as the Minister, competent authority, local authority or government institution, as the case may be, may deem fit, within a period specified in the direction, with a view to eliminating, reducing or preventing the damage, danger or detrimental effect”.

”(2) The Minister or the competent authority, local authority or government institution concerned may direct the person referred to in subsection (1) to perform any activity or function at the expense of such person with a view to rehabilitating any damage caused to the environment as a result of the activity or failure referred to in subsection (1), to the satisfaction of the Minister, competent authority, local authority or government institution, as the case may be.

(3) If the person referred to in subsection (2) fails to perform the activity or function, the Minister, competent authority, local authority or government institution, depending on who or which issued the direction, may perform such activity or function as if he or it were that person and may authorise any person to take all steps required for that purpose.

(4) Any expenditure incurred by the Minister, a competent authority, a local authority or a government institution in the performance of any function by virtue of the provisions of subsection (3), may be recovered from the person concerned” (Section 31A ECA 1989).

The ECA s.31A Directive is the only enforcement mechanism currently available to municipalities with regard to general national environmental management legislation (i.e. excluding specific SEMAs, such as the National Environmental Management: Waste Act (Act No. 59 of 2008), as amended, or municipal by-laws). Where the party that is responsible for the contravention fails to take the necessary steps, the ECA s.31A Directive enables the organ of state which issued the directive to carry out the required activities and reclaim the costs (Ukwandu 2009:35).

## **2.5 CONTEXTUALISING LEGISLATION RELATING TO ENVIRONMENTAL RESOURCE MANAGEMENT**

It is pertinent to contextualise important legislation relating to environmental resource management before interrogating the idea of water privatisation in South Africa. This will

provide proper clarity for a more nuanced understanding of the complexities of the underlying concept.

## **2.5.1 The National Environmental Management Act as regulatory framework**

NEMA, 1998, includes four sections that are of paramount importance to the regulatory framework governing water resources. Those sections are Chapter One: Principles. Chapter Five: Integrated Environmental Management. Chapter Seven: Compliance and Enforcement. Finally, Chapter 10: General and Transitional Provisions.

### **2.5.1.1 The National Environmental Management Act – Chapter One: Principles**

This NEMA, 1998 identifies key environmental management principles that are to be applied in throughout the country in Section 2 of the Act. Section 2(3) requires that, “Development must be socially, environmentally and economically sustainable”. “Section 2(4)(a) accentuates that: Sustainable development requires the consideration of all relevant factors including the following:

- (i) That the disturbance of ecosystems and loss of biological diversity are avoided, or, where they cannot be altogether avoided, are minimised and remedied;
- (ii) that pollution and degradation of the environment are avoided, or, where they cannot be altogether avoided, are minimised and remedied;
- (iii) that the disturbance of landscapes and sites that constitute the nation's cultural heritage is avoided, or where it cannot be altogether avoided, is minimised and remedied;
- (iv) that waste is avoided, or where it cannot be altogether avoided, minimised and re-used or recycled where possible and otherwise disposed of in a responsible manner;

(v) that the use and exploitation of non-renewable natural resources is responsible and equitable, and takes into account the consequences of the depletion of the resource;

(vi) that the development, use and exploitation of renewable resources and the ecosystems of which they are part do not exceed the level beyond which their integrity is jeopardised;

(vii) that a risk-averse and cautious approach is applied, which takes into account the limits of current knowledge about the consequences of decisions and actions; and

(viii) that negative impacts on the environment and on people's environmental rights be anticipated and prevented, and where they cannot be altogether prevented, are minimised and remedied" (cited in Ukwandu 2009:77).

Rectification, which is a form of rehabilitation, is included in the principles of NEMA, 1998. The principles encompass the duration of the project. This is from inception to completion and operation, or design to decommissioning. Here, the impact of each operation must be identified, mitigated and reconstructed. The principles include "integrated environmental management; equitable access to environmental resources; the well-being and empowerment of communities and workers to refuse labour that is harmful to their health or the environment" (Ukwandu 2009:88). Key templates of NEMA principles are according to Ukwandu (2009:89) as follows:

- "Decisions must take into account the interests, needs and values of all interested and affected parties, and this includes recognising all forms of knowledge, including traditional and ordinary knowledge.
- Decisions must be taken in an open and transparent manner, and access to information must be provided in accordance with the law.
- There must be intergovernmental coordination and harmonisation of policies, legislation and actions relating to the environment.



- Actual or potential conflicts of interest between Organs of State should be resolved through conflict resolution procedures.
- The environment is held in public trust for the people, the beneficial use of environmental resources must serve the public interest and the environment must be protected as the people's common heritage.
- The costs of remedying pollution, environmental degradation and consequent adverse health effects and of preventing, controlling or minimising further pollution, environmental damage or adverse health effects must be paid for by those responsible for harming the environment.
- Sensitive, vulnerable, highly dynamic or stressed ecosystems, such as coastal shores, estuaries, wetlands, and similar systems require specific attention in management and planning procedures, especially where they are subject to significant human resource usage and development pressure”.

Bray (cited in Paterson and Kotze 2005) provides the following summary of Section 2 of NEMA: “Those in authority have to protect the environment and promote sustainable development as a matter of public interest, in a manner that is procedurally fair”. These measures should form part of all regulatory bodies implementation and reporting frameworks to ensure that the objectives of the Act are met...Read together with Section 24 of the Constitution, 1996, these principles suggest that environmental rights are not only limited to promoting sustainable development, but also include the rehabilitation of degraded environments”. In this regard, “Section 2(4)(a)(i) of NEMA, 1998, provides that where environmental damage is unavoidable, it must be mitigated and remedied, while Section 2(4)(p) states that the costs of remedying pollution, environmental degradation and the consequent adverse health effects must be paid by the responsible parties” (cited in Peterson and Kotze 2005).

### **2.5.1.2 The National Environmental Management Act – Chapter Five: Integrated Environmental Management**

Chapter Five of the NEMA, 1998 interrogates the issue of “integrated environmental management”. It highlights that activities which could potentially harm the environment should be assessed and authorised as a function of the specific assessment. The formal environmental authorisation process for applicants, as guided by Sections 23 and 24 of NEMA, 1998, Sections 23 and 24, is thorough and prescriptive in terms of the requirements for specialist studies to identify and mitigate impacts. The following stipulations in Chapter Five of the Act are of specific importance to integrated environmental management:

- **Section 23(2)(b):** The general objective of integrated environmental management is to identify, predict and evaluate the actual and potential impact on the environment, socio-economic conditions and cultural heritage, the risks and consequences and alternatives and options for mitigation of activities, with a view to minimising negative impacts, maximising benefits, and promoting compliance with the principles of environmental management set out in Section 2 of NEMA.
- **Section 23(2)(c):** The general objective of integrated environmental management is to ensure that the effects of activities on the environment receive adequate consideration before actions are taken in connection with them.
- **Section 24(1):** In order to give effect to the general objectives of integrated environmental management laid down in this Chapter, the potential consequences for or impacts on the environment of listed activities or specified activities must be considered, investigated, assessed and reported on to the competent authority.
- **Section 24(1A)(f):** Every applicant must comply with the requirements prescribed in terms of this Act in relation to the undertaking of any specialist report where applicable.
- **Section 24(4)(a):** Procedures for the investigation, assessment and communication of the potential consequences or impacts of activities on the

environment must ensure, with respect to every application for an environmental authorisation:

- Coordination and cooperation between Organs of State in the consideration of assessments where an activity falls under the jurisdiction of more than one Organ of State;
  - That the findings and recommendations flowing from an investigation, the general objectives of integrated environmental management laid down in this Act and the principles of environmental management set out in Section 2 are taken into account in any decision made by an Organ of State in relation to any proposed policy, programme, process, plan or project;
  - That a description of the environment likely to be significantly affected by the proposed activity is contained in such application;
  - Investigation of the potential consequences for or impacts on the environment of the activity and assessment of the significance of those potential consequences or impacts; and
  - Public information and participation procedures which provide all interested and affected parties, including all Organs of State in all spheres of government that may have jurisdiction over any aspect of the activity, with a reasonable opportunity to participate in those information and participation procedures.
- **Section 24(4)(b)(v):** Models for the interrogation assessment and communication of the potential consequences or impacts of activities on the environment must include, with respect to every application for an environmental authorisation. It has to be emphasised that where applicable investigation and formulation of arrangements for the monitoring and management of consequences for or impacts on the environment, and the assessment of the effectiveness of such arrangements after their implementation” (NEMA 1998 Chapter Five).

One of the challenges in enforcing the NEMA, 1998, is being informed about changes in what is listed, as well as the thresholds of listed activities (Braid 2016:46). In terms of Section 31L of the NEMA, 1996, a compliance directive cannot be made for non-

compliance with the provisions. The provision lays out the repealed legislation unless it is specifically stated that activities in the latter legislation are considered as an extension of the former legislation.

The NEMA, 1998, lists several operations that require authorisation before the project can be launched. In turn, the NWA, 1998 focuses on operations that require water licenses. As such, it identifies a general action that will have an impact on water resources. This allows for the merits of context-specific applications and extraordinary circumstances to be considered. As the NEMA, 1998, listed highly detailed activities, there is the risk of creating gaps or excluding cases. Section 24G of NEMA, 1998, makes provision for granting environmental authorisation to rectify an illegal activity, as subject to the 'polluter pays' principle.

The "24G process is a formal environmental authorising process. It is prescriptive in terms of the information to be included in the application:

- **Section 24G(1):** On application by a person who has committed an offence in terms of Section 24F(2)(a), the Minister or Member of the Executive Council (MEC) concerned, as the case may be, may direct the applicant to compile a report containing:
  - (i) An assessment of the nature, extent, duration and significance of the consequences for or impacts on the environment of the activity, including the cumulative effects;
  - (ii) A description of mitigation measures undertaken or to be undertaken in respect of the consequences for or impacts on the environment of the activity;
  - (iii) A description of the public participation process followed during the course of compiling the report, including all comments received from interested and affected parties and an indication of how issues raised have been addressed;
  - (iv) An environmental management programme; and

(b) provide such other information or undertake such further studies as the Minister or MEC, as the case may be, may deem necessary.

- **Section 24G(2):** The civil servant in charge must consider any reports or information submitted in terms of subsection (1) and thereafter may:

(a) Direct the person to cease the activity, either wholly or in part, and to rehabilitate the environment within such time and subject to such conditions as the Minister or MEC may deem necessary; or

(b) Issue an environmental authorisation to such person subject to such conditions as the Minister or MEC may deem necessary. However, it is not compulsory to apply for Section 24G authorisation nor can it be directed in enforcement action, as a person cannot be instructed to make an application since it is a person's right to choose to apply" (cited in Ukwandu 2009).

The Section 24G process is not applicable to non-compliance of activities with existing authorisations. It deals with unregulated issues that should have received approval before work begins. Most of the actions need constant remediation to mitigate the impact on the environment, because the regulations did not prescribe guidelines for ratification.

### ***2.5.1.3 The National Environmental Management Act – Chapter Seven: Compliance and Enforcement***

Chapter Seven of NEMA, 1998, outlines the process and measures relating to compliance and enforcement of key environmental principles. The applicable sphere of government may issue an administrative notice where an activity has commenced prior to authorisation or where there is non-compliance to prescriptions." Local municipalities may issue a ECA s.31A Directive, while the provincial and national DEA could release a report in terms of Sections 28(4) or 31L of NEMA, 1998" (cited in Ukwandu 2009:50).

Section 28(4) of NEMA, 1998, explains that all bodies are subject to specific compliance-related prescriptions. It provides that, "Every person who causes, has caused or may

cause significant pollution or degradation of the environment must take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, in so far as such harm to the environment is authorised by law or cannot reasonably be avoided or stopped, to minimise and rectify such pollution or degradation of the environment”.

Section 28(4) of NEMA, 1998, states that:

“The Director-General or a provincial head of department may, after consultation with any other organ of state concerned and after having given adequate opportunity to affected persons to inform him or her of their relevant interests, direct any person who fails to take the measures required under subsection (1) to:

- (a) investigate, evaluate and assess the impact of specific activities and report thereon;
- (b) commence taking specific reasonable measures before a given date;
- (c) diligently continue with those measures; and
- (d) complete them before a specified reasonable date;

Provided that the Director-General or a provincial head of department may, if urgent action is necessary for the protection of the environment, issue such directive, and consult and give such opportunity to inform as soon thereafter as is reasonable”.

Non adherence with a Section 28(4) Directive (s.28(4) Directive) was not regarded as a criminal offence and therefore this mechanism was rarely used. However, based on legislative amendments that were made in 2009, non-adherence with this type of directive is now viewed as a criminal offence. It is now subject to similar punitive damages as other NEMA-related enforcement mechanisms.

However, this key compliance measure is not as informative as the detailed and prescriptive requirements of Section 24 of NEMA, 1998, and the NEMA s.28(4) Directive. Section 24 provides for environmental authorisations and for identifying activities that may not commence without environmental authorisation from the competent authority. In turn, Section 31L does not require environmental impact assessments, mitigation measures or remedial actions as compulsory activities. It is left to the enforcement official to determine what steps, if any, should be taken. The mandate to issue compliance notices and directives play a fundamental role in environmental protection. In turn, SEMAS provide additional mechanisms measures to broaden the scope of environmental protection. The below section focuses on the key components and responsibilities relating to enforcement mechanisms.

## 2.6 COMPLIANCE NOTICES AND DIRECTIVES

Contrary to the NEMA s.31L Compliance Notice, NEMA s.28(4) and ECA s.31A Directives can be issued without being linked to specific 'listed activities' that might harm the environment. However, these two directives have different objectives. To accentuate the importance attached to the concept, the section was very clear on obligation on every citizen to prevent environmental pollution and degradation: "Every person who causes, has caused or may cause significant pollution or degradation of the environment must take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, in so far as such harm to the environment is authorised by law or cannot reasonably be avoided or stopped, to minimise and rectify such pollution or degradation of the environment" (cited in Ukwandu 2009:70).

In terms of Section 28, the relevant authority must inform the liable parties of their responsibilities, where after adequate opportunity must be given to impose reasonable preventative measures. The competent authority may only issue the directive after the liable party fails to take action. The only relevant authorities that may issue a NEMA s.28 Directive are the National or Provincial DEA. In urgent cases, Section 28 of NEMA, 1996,



makes special provision to forego the pre-directive stage and issue a directive immediately.

The ECA 31A Directive states that compliance measures relates to an activity that could lead to serious environmental damage, as well as the lack of activity to counter potential harm. Competent authorities that can issue an ECA s.31A Directive include the national and/or provincial DEA, municipalities and other government institutions (e.g. DWS, the Department of Agriculture or DWAF) where activities within their mandate may cause serious environmental damage. Like the NEMA s.28 Directive, the ECA s.31A Directive does not give the relevant authority the power to cease activities that contravene legislative requirements. The ECA s.31A makes no provision for urgency and therefore a pre-directive must be issued that gives the liable person the opportunity to respond to the notice of intent” (DAEFEC 1980)

Section 30 of NEMA, 1998, makes provision for ‘emergency incidents’. In this regard, an ‘incident’ refers to “...an unexpected sudden occurrence including a major emission, fire or explosion leading to serious danger to the public or potentially serious pollution of or detriment to the environment whether immediate or delayed”. Subsection 30(6), in particular, includes “enforcement mechanisms to ensure the obligations relating to an emergency incident are carried out. In this regard, Section 30(6) states that:

“A relevant authority may direct the responsible person to undertake specific measures within a specific time to fulfil his or her obligations under subsections (4) and (5): Provided that the relevant authority must when considering any such measure or time period have regard to the following:

- (a) the principles set out in Section 2;
- (b) the severity of any impact on the environment as a result of the incident and the costs of the measures being considered;
- (c) any measures already taken or proposed by the person on whom measures are to be imposed, if applicable;



(d) the desirability of the State fulfilling its role as custodian holding the environment in public trust for the people; or

(e) any other relevant factors”.

Section 30 of NEMA, 1998, and Section 20 of NWA, 1998 both are similar in law and intent. According to Section 48 of Chapter 10: General and Transitional Provisions, In the NEMA, 1998, is binding on the State. With regards to Chapter Two: Institutions, Thompson (2006:137) states that, “...the right to an environment that is not harmful to a person’s health and well-being does not demand differentiation between State and private conduct”. This section has prevented the State from taking criminal action where its own organs had transgressed. While this Section of NEMA, 1998, focused on protecting the country’s tax-paying citizens, organs of state used this loophole to avoid accountability. As this Clause was in direct contradiction to the premise of Section 24 of the Constitution, 1996, it has been repealed by Section 24 of Act No. 30 of 2013 (DAEFEC 1980)

## 2.7 SUMMARY

Chapter Two focused on South Africa’s regulatory framework for the management of the environment in a sustainable manner. It started by conceptualising “citizen’s environmental rights”, as outlined in the Bill of Rights of the Constitution of 1996. It also outlined the State’s responsibility to provide those rights. To contextualise key constitutional rights and mandates, the chapter proceeded to examine the State’s positive duty to ensure broad-scale environmental protection (Feris in Paterson and Kotze 2005:136).

The chapter then further contextualised core legislation and policy relating to sustainable environmental management and protection in South Africa. It explained that the legislation range from the reasons for the rise of the concept and the processes that led to the establishment of contemporary environmental policies and frameworks. The

chapter also interrogated the statutory and regulatory bodies who are responsible for the implementation of these frameworks.



## CHAPTER THREE

### CONCEPTUAL AND CONTEXTUAL VARIABLES INFLUENCING SUSTAINABILITY

#### 3.1 INTRODUCTION

Chapter One undergirded the background and scientific orientation to this study. Chapter Two provided a general overview of South Africa's regulatory framework for sustainable environmental management in general and water resources management in particular. Chapter One of the study dealt with the following research objective (section 1.4). This was posed as part of the problem to be explored: **“To explore the conceptual and contextual variables influencing the dynamics and processes of sustainability and sustainable development”**.

This chapter aims to pursue this research objective deploying a conceptual analysis. This is done by way of a literature study to interrogate the key cornerstones of sustainability. The chapter is undergirded by deploying a holistic interrogation of the three pillars of sustainability. The chapter conceptualises and contextualises the key dimensions of sustainability. The difficulties embedded in utilising integrated sustainability are also discussed. It contained and a rigorous review of the weak and strong aspects of sustainability is presented.

This chapter proceeds to provide in-depth coverage of the changing debates in sustainability discourse from an environmental, social and financial perspective. In conclusion, the concept of 'environmental analysis' and existing metrics of analysis are discussed. This analysis involves a taxonomy and investigation of the various sustainability metrics. The chapter finally explores the concept of sustainable development.

### 3.2 CONCEPTUALISING THE KEY DIMENSIONS OF SUSTAINABILITY

The term 'sustainability' is a belief and value system that is globally recognised in the areas of government and human rights. In recent years, the ever-increasing consumption of finite resources has led to widespread environmental change. As a result, these resources can no longer meet individual needs. The term "sustainability" refers to the utilisation of science to guarantee the efficient management of finite resources" (Adams 2001:45). In an international community where everyone and everything is related, we are all influenced by the actions of others (Thiele 2013:1). "Sustainability" is derived from the Latin term '*sustinere*', which means to 'hold up'... Thus, 'a resource is sustainable if it can continue, endure or 'hold up' for an extended period of time" (Van der Waldt and Auriacombe 2013). Sustainability requires "a blended, holistic and broad method to environmental well-being". This definition also encompasses "monetary welfare and social strengthening" (Thiele 2013:9). Thiele (2013:15) opined that "fears regarding deforestation in the 1700s prompted the origin of the term sustainability".

Sustainability is a vigorous idea. This is because "social orders, societies, innovations and environments are constantly evolving...this supposes that for a community or country be 'sustainable', it should be constantly adaptive and innovative" (Van der Walt and Auriacombe 2013:88). Evidently, the factors and procedures that propel sustainable development are well established and founded. The big conundrum is that the consequences of this transformative process are still unpredictable (Adams 1995:56). Thus, the underpinning norms of "a sustainable society should be sufficiently adaptable and pragmatic to cope with changes...A society that is less innovative may not be able to cope with rapid changes in areas such as climate change and depletion of natural resources" (Thiele 2013:3).

Gray (2010:53) postulates that sustainability is a complex term that is "laden with potential logical inconsistencies". Some of these potential discrepancies come from the

inconsistencies between diverse sustainability measurements. These inconsistencies may occur when endeavouring to actualise all measurements according to a coordinated approach (Gray 2010:54).

The socio-environmental measurement of sustainability may likewise expose hidden tensions within organisations. Some scholars have recommended introducing a sustainability continuum that includes “weak” and “strong’ sustainability” (Gray 2010; Dresner 2002). While weak sustainability depends on the belief that “human capital can substitute ‘natural capital’, strong sustainability holds that human life is incongruent with sustainability” (Gray 2010). Strong and weak sustainability play an influential role in terms of how we view sustainability. However, it must be said that having such a system does not imply that no other differences exist. Moreover, biologists and other associated researchers support the bigger role of solid sustainability “(stressing non-substitutable biological system-capacities), though financial analysts tend to favour weak sustainability, as this gives them room to utilise their respective models” (Pearce *et al.* 1989:31). The most pressing argument against weak sustainability is that it permits cost estimations for safeguarding of natural resources. For example, if the cost of alleviating environmental damage is high, one may choose to invest in land to save the environment (Barbier 1998:30).

### 3.3 CONTEXTUALISING SUSTAINABILITY

A host of scholar’s view sustainability as a panacea to the scourge of environmental despoliation (Ukwandu 2009). To ensure a more responsible approach to environmental management, researchers such as Coatanea, Kuuva, Makkonen, Saarelainen and Solano (2006:81) have focused on decoupling economic development from the management of natural resources. However, increased management could result in increased despoliation of the environmental. The theory of unrestrained economic growth could become constrained by limited resources. As such, many researchers

question the viability of this sustainability hypothesis as it underestimates the long-term implications of limited resources (Adams 1995; Adams 2001).

There is a need to take “sustainable development out of the Earth ‘box’ and conceive it as a more extensive social, financial, and geopolitical motivation” (Drexhage and Murphy 2010:6). In this regard, there is a need for a coordinated approach to sustainability at a policy framework level. The United Nations Conference on Sustainable Development (UNCED) explored the multidimensional nature of sustainability management. Indeed, the main achievement of the UNCED was “The Future We Want Report”. These ideals which attest to three measurements of sustainable development namely, monetary, social and natural. The report alludes to efficient and effective administration as a principal method of ensuring sustainable development. The Sustainable Solutions Development Network (SDSN) suggests four measurements of sustainable development – monetary advancement, social incorporation, ecological sustainability and efficient administration (where peace and security are measured). Through its “Action Agenda for Sustainable Development”, the SDSN stresses the need for a coordinated method of dealing with sustainability where “the difficulties tended to by the proposed Sustainable Development Goals (SDGs) are inalienably incorporated” (SDSN 2013).

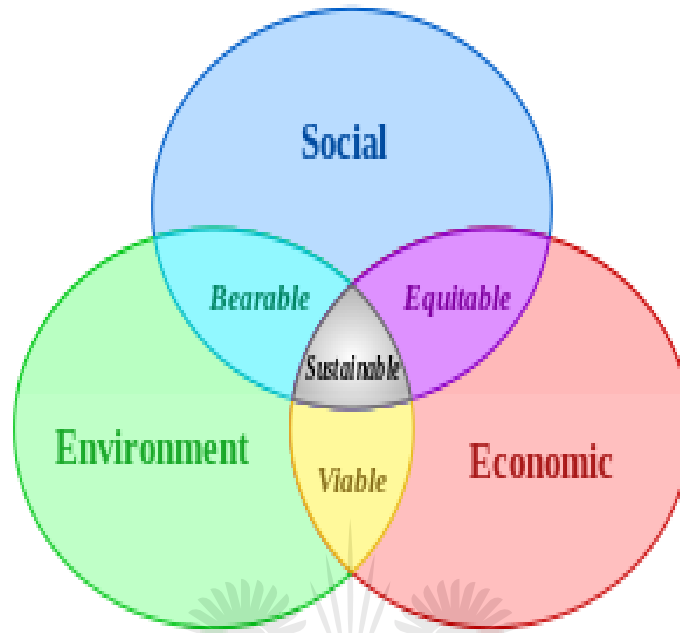
The need for a coordinated approach to sustainability has also been recognised at an organisational level. The Global Reporting Initiative (GRI) featured different measurements of sustainability. Those features include financial, social and ecological. In this regard, companies should provide data regarding the widespread move towards sustainability. Sustainability is a multidimensional concept. The concept was developed from the GRI's G4 Sustainability Reporting Guidelines where it is stated that “a sustainability report passes on revelations on an association's effects – be it positive or negative – on the earth, society and the economy” (SDSN 2013).

The multidimensional nature of sustainability is supported by the International Integrated Reporting Council (IIRC). The IIRC (2013) highlights that companies must provide an incorporated report that contains “a brief correspondence about how an association's methodology, administration, execution and prospects, with regards to its outside condition, prompt the production of significant worth over the short, medium and long haul” (Drexhage and Murphy 2010:10). The IIRC’s Consultation Draft states that a coordinated report is expected to “improve responsibility and stewardship concerning the expansive base of capitals...and advance comprehension of the interdependencies between them”. Furthermore, the IIRC’s Consultation Draft stresses both the need to preserve these different forms of capital but also alludes to the point of merging various elements.

With this approach to sustainability, organisations are required address the following sustainability measurements all levels: Financial measurement, where monetary and budgetary execution are guaranteed; social measurement, where compliance incentives are created for the general public; and environmental measurement, where mindful administration and the redevelopment of common assets are ensured (Giovannoni and Fabietti 2014:28).

Nyfelner (2013:44) outlined “the three pillars of sustainability - the economic, social and environmental pillars as effective instruments to explore sustainability”. Where any one pillar is ineffective, the overall framework becomes unrealistic. The approaches to the three pillars of sustainability are illustrated below:

**Table 3.1: First approach to the three pillars of sustainability**



Source: (Fiorino 2012 cited in Van der Waldt and Auriacombe 2013:89).

Efforts towards sustainability worldwide devote resources to only “a pillar of sustainability at a given moment” (Nyfeler 2013:45). “Most international organisations and non-governmental organisations devote attention to environmental despoliation” (Nyfeler 2013:45). “Those organisations include the United Nations Environmental Programme (UNEP) and the Environmental Protection Agencies (EPAs)” (Nyfeler 2013:45). Some other institutions of global governance like “the World Trade Organisation (WTO) and the Organisation for Economic Co-operation and Development (OECD) primarily pivot towards the economic dimension of sustainability” (Nyfeler 2013:45). The OECD has a dual mandate of been concerned with both the social and economic dimensions.

The United Nations endeavours to strengthen all the different facets of sustainability. It has to be noted that based on the fact that UN operates in a way whereby each member state has a vote on decisions, it has made the fortification process cumbersome. Paucity of funds has also made the fortification process fruitfulness. Most developing countries



of the world views the fight against poverty and unemployment as a more urgent priority than any other issue (Nyfeler 2013:45). It should be explained that few global institutions have approached the sustainability issue in a more holistic manner that incorporates the whole pillars (Cagri 1995).

The global recession of 2008 showed that fault lines embedded in other pillars can make the environmental pillar to deteriorate. Some countries currently undermine laws on unsustainable practices due to financial considerations. Where a country is characterised by high poverty levels, there is almost no focus on sustainable practices. The social pillar of sustainability has also been weakened, as in the event of war, sustainability fulfils no needs. Thus, it is clear that a holistic concept of sustainability should be broad enough to contain all the pillars (Nyfeler 2013:46).

Sustainable development can be conceived as an improved commitment to the environment. It could be viewed as an increased focus on sustainable practices within the fields of Economics, Human Science and Neurocognitive Science, Information and Communication Technology (ICT) and Engineering (Ukwandu 2009). The core of the discipline is strengthened by other interdisciplinary theories. They include “the Unpredictability Theory” (Nyfeler 2013). Practices and procedures that harmonise a nation’s social, economic and ecological requirements should be the main objective of sustainable development. To solidify the feasibility of sustainable development, national governments should encourage collaboration. This collaboration should be done between all partners and role-players and adjust methodologies to reach a suitable level of sustainable adjustment (Auriacombe and Van der Waldt 2016:41).

### **3.4 MAIN THEMES WITHIN THE CHANGING DISCOURSE OF SUSTAINABILITY**

Beder (2002:50) opined that the rise in financial development had a negative effect on long-term sustainability, as it led to the degradation of natural resources. In “the 1972

report *“Limits to Growth”*, Meadows et al. devised a computerised model that was used to demonstrate that the rise in global population and economic growth rates were unsustainable in future” (Van der Waldt and Auriacombe 2013). However, economic growth is necessary, as it stimulates technological innovation, supports enterprise growth, creates job opportunities and allows individuals to fulfil their individual expectations and needs (Beder 2002:50).

### 3.4.1 Pro-economic versus pro-environment arguments

The main argument presented by many who advocate for increased economic growth and development is that it helps address poverty, unemployment and underdevelopment. These problems characterise the lives of those living in developing countries of the world mostly in sub-Saharan Africa (Ukwandu 2009). Neill (1989:106) contends that that most crucial lesson to be learnt from the past few decades is that a more sustainable rate of economic growth is required to address rising poverty rates in developing countries. To address the pressing needs of growing African populations, in particular, a sharp increase in the rate of economic growth is required in the next 50 years. Although the rate of economic growth and development has tripled in the past few decades, wide-scale globalisation has led to growing poverty levels. As such, the gap between the wealthy and the poor has widened.

The WCED (the Brundtland Commission) defines “sustainable development as development that meets the needs of the present without compromising the ability of future generations” (WCED 1987:8). The reported underlined “needs” as a fundamental necessity of life. Embedded in “the needs concept includes food, water, shelter, education, healthcare and employment” (Ukwandu 2009:98).

They are those who view the concept of sustainable development as a good opportunity for developing countries to solve the problems of the past and cooperate in accomplishing

shared objectives rather than competing with each other (Beder 2002:52). Nevertheless, some argue that the “Brundtland Report” manipulated the needs of developing countries to sustain unrestrained economic growth and globalisation. Barkley and Seckler (1972:18) phrased it like this, “The more developed countries of the world have now achieved a state where all sensible and balanced requests for economic goods have been or can be fulfilled...Thus, the temperance’s of included economic growth might be a hallucination since development does not come free...The developed nations may have achieved a level at which the expenses of extra development as far as work and loss of natural quality surpasses the advantages” (1972:18).

Pereira and Seabrook (1991:2) are of the opinion that globalisation can be tempered with equity and fair play and economic growth can be improved with ecological upgrades. This is how he explained it “...if the outflow of contamination is not as much as that which can be acclimatised and changed by the indigenous habitat”. To support environmentally sustainable economic growth, the authors argue that natural assets must be preserved. Furthermore, production practices must focus on using recyclable products and more environmentally sustainable transportation practices (Pereira and Seabrook 1991:2)

Some environmental experts believe that economic development should be controlled to avoid environmental degradation, while others take a more anthropocentric view by stating that economic growth should proceed unhindered due to the widespread poverty in developing countries. However, there exists a middle ground between these extreme eco-centric and anthropocentric views. If implemented correctly, sustainable development can be an avenue to offer fairness and equity to the globe. Crucially, this notion of “fairness could be feasible without destroying the world’s limited natural resources” (Pronk and Haq 1992:5).

### 3.4.2 Three fundamental sustainability discourses

Kidd noted that the idea of sustainability is not recent. He argued that it is deeply grounded in literature (Kidd 1992:2). Kidd (1992:2) maintained that the concept was popularised by many global events both in the academia and international politics (Kidd 1992:3). An analysis of this idea highlights three fundamental discourses, namely environmental, social and economic discourses, that have moulded the intellectual contents and content of sustainability.

#### 3.4.2.1 The environmental discourse

One dominant debate concerning sustainability relates to the connection between human beings and nature. This debate is wrapped within the environmental discourse. The multidimensional and multidisciplinary nature of sustainability has been discussed as a more pivotal issue recently (Drexhage and Murphy 2010). Various books that explored issues of sustainability from a natural perspective are published currently (Kidd 1992; Meadows *et al.* 1972). In this context, global anxiety regarding environmental issues motivated the UN to address these issues as an “obstruction to improvement” (Kidd 1992:16).

A UN conference in Sweden prompted the improvement of “26 standards, the majority of which dealt with ecological issues” (Riddell 1981). It was explained in the third standard that: “The limit of the Earth to deliver essential sustainable assets must be kept up and, wherever practicable, re-established or enhanced” (UN 1972:4). Since its establishment in 1972, the UNEP’s primary goal was to increase the participation of developing countries. In this context, the UNEP focused on the significance of eco-advancement, characterised as the yield of sustainable assets and the consumption of non-renewable resources (Sachs 1984). The UNEP coined the notion of “sustainable yield”. This was done in reference to ecological improvement (Tivy and O'Hare in Ukwandu 2009).

The World Conservation Strategy (WCS) alluded to “development that is sustainable” in relation to human development and the preservation of common assets. The essential goal of the WCS was to advance said development (Drexhage and Murphy 2010) through the “administration of human utilization of the biosphere with the goal that it might yield the best sustainable advantage...while keeping up its capability to address the issues and desires of who and what is to come” (UNEP 1980). The WCED report (the Brundtland Commission), titled *Our Common Future*, defined ‘sustainable development’ as “improvement that addresses the issues of the present without bargaining the capacity of future ages to address their own particular issues” (WCED 1987). In 1992, the Earth Summit presented guidelines on how the world could prepare for sustainable development. This led to the creation of Agenda 21 and the Commission on Sustainable Development. Agenda 21 offered a framework through which to accomplish sustainable development (Drexhage and Murphy 2010). Amid the ensuing Kyoto Protocol in 1997, the poor advances made in the accomplishment of Agenda 21’s objectives were improved considerably.

Berry and Rondinelli (1998) explained that companies behaved in a “responsive’ manner when confronted with environmental problems in the 1970’s”. They only solved environmental despoliations when it occurred. In the 1980s, many partnerships limited their endeavours to be consistent with various laws (Berry and Rondinelli 1998). Companies began to evolve into a more responsive and innovative ways of tackling ecological problems in the 1990’s (Melnyk, Sroufe and Calantone 2003:321). In this way, organisations started to focus on sustainability issues by implementing environmental management systems (Melnyk *et al.* 2003:321). Melnyk *et al.* (2003:332) states that an environmental management system is a framework and database that incorporates techniques and procedures that prepare the workforce for observing, abridging, detailing and disseminating specific natural execution data to internal and external organisational partners. Environmental management systems play a key role in ensuring that environmental quality controls and standards are met. This system laid out guidelines on vitality effectiveness, material proficiency, biodiversity, water utilisation and waste (Melnyk *et al.* 2003:332).

### **3.4.2.2 The social discourse**

Sustainability debates surrounding the environmental discourse occurred alongside the debate on the social discourse. The WCED (1987) framed “sustainable development as pertaining to the necessity of compromising between the needs of the present generation and those of future generations”. Dempsey, Bramley, Power and Brown (2011) explain that fairness between generations is determined by different elements, such as social equity, distributive equity and fairness. In this context, ignoring the social, monetary and political interests of a social group lies at the centre of the idea of social value, as said interests could prompt prejudice and segregation (Pierson 2002; Ratcliffe 2000).

In terms of business, Howard Bowen (in Davis 1960:59) defines the social duty of professionals as “...the commitments of agents to seek after those strategies, to settle on those choices, or to take after those lines of activity which are attractive as far as the targets and estimations of our general public”. While Bowen's commitment is a point of departure from the level-headed discussion on social obligation, the notion of Corporate Social Responsibility (CSR) began to gain traction in the 1960s. In this regard, Davis (1960:70) argues that CSR alludes to “agents’ choices” and actions made for reasons beyond financial or material gain. Frederick (1960) held that social duty is the ability to ensure that specific assets not only benefit private organisations but also society as a whole. In the 1990s, definitions of, and approaches to, CSR were expanded upon. These methods included “the partner hypothesis” (Freeman 1984), “corporate citizenship” (Andriof and McIntosh 2001) and “business morals” (Kilcullen and Kooistra 1999).

A key turning-point concerning sustainable social development occurred with the establishment of the former Millennium Development Goals (MDGs) that were in effect between 2000 and 2015 (Drexhage and Murphy 2010). The authors argued that the concept “...exhibited a noteworthy move in the impression of reasonable improvement – far from natural issues toward social and financial advancement”. Incorporating MDGs

with financial perspectives, the WSSD “made a helpful change by concentrating on improvement issues” (Drexhage and Murphy 2010:9).

In 2012, the UNCED held a 20-year follow-up to the 1992 Earth Summit in Rio de Janeiro. The conference secured the need for an increased political focus on sustainable development. The UN finalised on the template for the SDGs by accentuating the significance of social and environment aspects of humanity. It also pinpointed the need for a broad encapsulating of economic dimension of sustainable development (Drexhage and Murphy 2010:14).

### **3.4.2.3 The business discourse**

The business discourse of sustainable development connects present-day enterprises and organisations with social and environmental issues. Gray (2010:57) states that: “Free enterprise and its ruinous propensities are shown through its most noteworthy creation – the company”. Due to the depletion of natural resources as a result of industrialisation, Dyllick and Hockerts (2002:133) argue that organisations are required to “...utilise just assets used expended at a rate underneath the normal multiplication, or at a rate beneath the improvement of substitutes”. This requirement involves “eco-productivity and eco-viability” (Braungart and McDonough 1998) and “adequate environmental” management approaches (Schumacher 1973).

In a business sense, sustainability refers to the capacity of an enterprise to move towards profit and efficiency while also responsibly overseeing the ecological and social resources that create its capital. Two authors defined business sustainability as the process of “addressing the requirements of a company's immediate and backhanded partners without trading off its capacity to address the issues of future partners” (Dyllick and Hockerts 2002).



The business discourse has also uncovered an innate complexity within organisations in terms of their sustainability (Gray 2010). Given the ability of partnerships to manage societal development, governments progressively view this approach as a viable way to manage sustainable development. However, this also means that partnerships are at the centre of growing anxiety regarding the continued exploitation of natural resources and the subsequent rising inequality in the world (Hawken, Lovins and Lovins 1999:34).

### 3.5 MARKERS AND METRICS FOR SUSTAINABLE ENVIRONMENTAL ANALYSIS

Modern industrial activities have led to wide-scale environmental damage, the depletion of finite natural resources and climate change. Internationally, there is a strong focus on unravelling and remedying these ecological challenges. In a bid to safeguard the future of our species and planet, various metrics and markers have been developed to quantify the current degree of environmental damage and global sustainability levels (Coatanea *et al.* 2006:82).

According to Seagar *et al.* (2007:310-321): “Establishing metrics for complex environmental and ecological systems presents a significant challenge...both natural and human systems are complicated and relate to one another in a myriad number of ways... consequently, any set of metrics is incomplete and could at best be considered only representative of the decision factors that could be brought to bear on the situation”. Notable sustainability metrics and indexes for environmental analysis are discussed below:

#### 3.5.1 Taxonomy and analysis of the sustainability metrics

It is vital to first assess the effects of environmental exploitation before new methodologies can be created to address the issue (Coatanea *et al.* 2006:82). In this regard, Seager, Satterstrom, Linkov, Tuler and Kay (2007:310-321) state that “Effective metrics of all types share qualities such as verifiability, cost effectiveness,



communicability, importance, credibility, scalability, control, relevance, and sensitivity”. Sustainability metrics can be divided into the following six categories:

- **Financial metrics:** “In addition to direct and indirect costs, economic metrics convert nonmarket resources or effects into monetary values to allow comparison with monetary transactions or industrial accounts...Economic estimates of non-market effects are required by benefit–cost analysis for estimating the value of damages caused by an oil spill in terms of fish catch, property damage, clean-up costs, or for prioritizing new investments...Broader economic analysis could include estimates of lost tourism revenues, decreased property values, or opportunity costs” (Loureiro, Ribas, López and Ojea 2006 in Seager *et al.* 2007).

“The thermodynamic metrics do not show the particular environmental effects related with asset utilisation” (Seager *et al.* 2007). “Within this context, exergy focuses on determining whether assets were utilised productively. ...Thermodynamic metrics can be adequate if exogenous substances are prohibited or stored after irreversible procedures” (Coatanea *et al.* 2006:87). These practices are currently in place, and controls are fundamental to the implementation of regular practices in this regard. If these conditions are enforced, “a uniform ecological method within the thermodynamic approach is sufficient. This dissertation contends that the thermodynamic notion of exergy is a viable reason to improve the uniform metric of natural contamination...The accompanying segments expand on the idea of exergy and demonstrate that further investigations can be fruitful” (Coatanea *et al.* 2006:88).

- **Environmental metrics:** “Environmental metrics differ from thermodynamic metrics in that they gauge natural loads or changes, instead of asset requests... These metrics measure elements that may potentially damage the environment... They might be basic measures to determine the composition or reformulation of toxins or measures to determine strength factors, for the quality, reactivity or irregularity of poisonous substances” (Seager *et al.* 2004:12).
- **Ecological metrics:** “While environmental metrics deal with organic procedures, while ecological metrics deal with harmful substances or different perilous

conditions” (Seager and Theis 2004:14). “Ecological metrics attempt to estimate the effects of human intervention on natural systems in ways that are related to living things and ecosystem functions...The rates of species extinction and loss of biodiversity are good examples, and they are incorporated into the concept of ecosystem health” (Rapport 1999 in Seager *et al.* 2007).

- **Socio-political metrics:** “These metrics evaluate whether industrial activities are consistent with political goals like energy independence or ecojustice or whether collaborative relationships exist that foster social solutions to shared problems. Major oil spills undoubtedly have far-reaching social and political effects...However, these are difficult to gauge quantitatively” (Seager *et al.* 2007).
- **Aggregated metrics:** “These metrics combine the metrics of a variety of other categories” (Seager and Theis 2004:16)

### 3.7 CONCEPTUALISING SUSTAINABLE DEVELOPMENT

It is crucial that scholars gain an understanding into the origin of the idea of sustainable development (Meir 1995:16). The idea that a human activity could be sustainable or unsustainable has been documented in development history. This was seen in the writings of the ancient Greeks. The concept of sustainable development has gained global popularity since the end of second world war (WCED 1987:8-9). In international debates concerning the environment and formulating development policies, sustainable development has been a dominant theme (Daly 1990:20). This discourse on the interface between development and the protection of the environment has permeated the top echelons of the public sector in sub Saharan Africa (Ukwandu 2015:165). Most multinational corporations usually commit to adhere to the tenets of sustainable development even though there are few facts to back up those claims.

Sustainable development was introduced “into international thought by the Brundtland Commission Report in 1987 and it was formally endorsed five years later as a policy objective by world leaders at the Rio Summit” (Ukwandu 2015:167). Since then, “the phrase has been absorbed into the conceptual lexicon of international organisations, such

as the World Bank, UN, IMF, the OECD and has been granted its own global secretariat in the form of the UN Commission on Sustainable Development (CSD)” (Ukwandu 2015:167). “It also achieved near-constitutional status in the European Union (EU) after it was incorporated into the Maastricht and Amsterdam Treaties” (Ukwandu 2009:138).

While sustainable development, “with its environmental and development-related ramifications, occupies a unique position in most contemporary discourses, there has been limited intellectual research or agreement on the true catalyst of sustainable development” (Ukwandu 2015:165). Many definitions of this concept have been used in literature, and they allude to different disciplines and persuasions. For instance, sustainable development has often been conceived as “a visionary expression” (Lee 1993 in Gladwin, James, Kennelly and Krause 1995:876); “value change” (Clark 1989:2; Farrel 1999:65); “moral development” (Rolston 1994); “social reorganization” (Gore 1992:269); and a “transformational process” (Viederman 1994 in Ukwandu 2009:139) towards a desired future or better world.

The WCED (Brundtland Commission 1987:8) defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations”. According to the Brundtland Commission, “the ‘needs’ included food, water, shelter, education, healthcare and employment, however, these fundamental human needs are proving to be unattainable for millions of people living in sub-Saharan Africa” (1987:8). Implicit in this Commission’s definition, “one can thus infer that sustainable development remains a work in progress in sub-Saharan Africa” (WCED 1987:10).

This “pioneering definition of sustainable development by the WCED includes the simultaneous satisfaction of three objectives, namely economic efficiency, environmental protection and social justice” (Healey and Shaw and Pearce *et al.* cited in Ukwandu 2009:77). In reality, “sustainable development relies on dynamic relationships between individuals in the same society and from different societies. It also depends on people

and the technology at their disposal, other species and their shared natural environment” (Downs 2000:604).

Ruskin’s (in Douthwaite 1993:1) “stewardship concerns were strengthened by the Brundtland Commission’s definition of sustainable development”, however, “the current generation’s responsibility towards the future, while looking at the future to determine how best to use its inheritance from the past” (Howe 1997:597). Solow (1992:10) appropriated the Brundtland Commission’s definition and used it “to unfold the duty of the current generation with regard to sustainability and development”.

Primarily, “sustainable development should provide fairness and opportunity for the world’s entire population and it should not be designated for the privileged few in the developed countries of the world, without further destroying the world’s finite natural resources and carrying capacity” (Ukwandu 2015:165). According to Briassoulis (1999:228 in Muducumura 2002:141) “sustainable development as a form of development that helps facilitate the well-being of generations, while caring about the legitimate right of future generations to look after their own welfare”. This is particularly relevant “in the developing world (especially sub-Saharan Africa), where millions of people continue to live in poverty and deprivation, while a handful of elites have profited from the benefits of economic growth and development” (Ukwandu 2015:166).

Liou (1999:15) highlights “a more inclusive span of the concept by alluding to the idea of ‘total development’, which encompasses human resources development; balancing environmental protection and economic growth; appreciating cultural differences; cultivating local administrative systems; and focusing on the importance of performance accountability”. Carley and Christie (1992:48) encapsulated “the basic issues of sustainability as a continuing process of mediation among social, economic and environmental needs which results in positive socio-economic change that does not

undermine the ecological and social systems upon which communities and society are dependent”.

The Brundtland Report states “that achieving sustainable development at a global level should be linked and measured to a number of major political and social changes” (WCED 1987:44). These changes, as enunciated by the Brundtland Report, “should include the elimination of poverty and exploitation in most of the developing world, the equal distribution of global resources, putting an end to the current pattern of military expenditure and finding new methods of ensuring just population control” (WCED 1987:44). Brundtland Report “also underscores the importance of associated lifestyle changes; appropriate technology; and institutional changes including democratisation (facilitation effective citizen participation in decision-making)” (WCED in Turner 1988:105). The Report highlights that “sustainable development also implies a concern for both inter- and intra-generational equity in resource usage” (WCED in Ukwandu 2015:165).

The report states “that intra-generational equity underscores the need of meeting present generations’ basic needs, where poverty is seen as both a result and a cause of unsustainable behavior” (Turner 1988:105). Moreover, “intra-generational equity applies to those trapped in poverty in most of sub-Saharan Africa, where natural resources are misappropriated on a daily basis in a desperate bid for survival” (Ukwandu 2015:165). In brief, “the notion of sustainable development was linked to questions on how to eliminate the gap between developed and developing countries in terms of political and economic power” (Brundtland Report 1987:45).

Lawn (2001:20) states that, in contrast to the WCED’s definition of sustainable development, researcher should ask the following different, yet clearly related, questions concerning those definitions:

- “What is meant by economic well-being and how is it related to development?”

- How does one determine a reasonable and equitable distribution of economic well-being? That is, to what extent must economic well-being be redistributed in order to constitute development?
- Is sustainable economic growth possible, and if so, does it necessarily equate to development?
- In what ways do the satisfaction of human needs and improvement in the quality of life constitute development? What about needs and wants?” (Lawn 2001:17).

In terms of considerations relating to sustainability implied by the above definitions and concepts, Beckerman (1994:21) asks the following key questions:

- “What are the minimum conditions required to prevent the endangerment of economic and social benefits in the future? In other words, how can a flow of economic and social benefits be perpetuated for many generations?
- Because ‘many generations’ does not imply all future generations, how much is many?
- If sustainability is a condition of ensuring that future generations are not left worse off, what is meant by worse off? Moreover, once known, what does its prevention entail?
- How does sound environmental management constitute sustainability? In other words, could human management be more important than environmental management?
- What are the minimum requirements for ensuring humankind’s ecologically sustainable interaction with the environment?” (Beckerman 1994:21).

An estimate by the Millennium Ecosystem Assessment shows that “the provision of many crucial ecosystem functions, such as water, biodiversity, fibre and food, is in danger due to the impact of unregulated exploitation of natural resources and economic growth in the developed world” (Hassan, Robert and Neville 2005). In an analysis of the water sector, “it is clear that scarcity of fresh-water resources is a growing concern for many regions in the world, especially in the developing countries and water-scarce countries like South

Africa” (Ukwandu 2009:147). It is projected that, internationally, “50 developed and developing countries are currently facing moderate to severe water stress” (WWF 2008). An analysis of “the impact of climate change and its effects on water stress highlights the need for all national governments and private companies globally take responsibility for mobilising and protecting the environment, as advocated in this dimension” (Ukwandu 2009:99).

One of the challenges facing sustainable development involves some of the priority areas in which actions are demanded from both developed and developing countries are:

- “Improving access to sustainable livelihoods, entrepreneurial opportunities and productive resources.
- Empowering people living in poverty, especially those in developing countries.
- Addressing the disproportionate impact of poverty on women and children globally, and in sub-Saharan Africa, in particular, when compared with the relative wealth of the developed world” (Ginther *et al.* 1995).

This lack of research in sub-Saharan Africa on sustainable development can be ascribed to the fact region faces high levels of poverty, as well as technological capacity to challenge the problem of environmental degradation. Subsequently, it is vital for the developed world to offer more assistance to the developing world. This is not only to confront the evils of poverty and underdevelopment, but also to ensure that sustainability prevails throughout the world.

### 3.8 SUMMARY

Chapter Three conceptualised and contextualised the concept of ‘sustainability’. The chapter provided a synthesis of term ‘sustainability’ before the concept was unravelled in terms of various definitions and issues that gave impetus to the phenomenon. The chapter then proceeded to the rise of the notion of sustainability. In this regard



sustainability was explained and a global picture of the sustainability crisis was provided. It was explained that the concept has received almost universal endorsement in recent years, but opinions and views differ considerably on its actual meaning and application.

Furthermore, the chapter discussed the different dimensions of sustainability and the the relevance of seeking a broader conceptual understanding of the three pillars of sustainability – social, environmental and economic – and how they work together as a system. The challenges of integrated sustainability were highlighted, and a survey of the weak and strong aspects of sustainability was presented. Here after, an in-depth coverage of the changing debates in sustainability discourse from an environmental, social and financial perspective were provided. In conclusion, the concept of 'environmental analysis' and existing metrics of analysis were outlined. This analysis involves a taxonomy and investigation of the various benefits and limitations of economic, thermodynamic, environmental, ecological, socio-political and aggregated sustainability metrics.

The chapter finally conceptualised and contextualised the concept 'sustainable development' by outlining the various definitions and issues that gave impetus to the phenomenon. Here after, it investigated the key events that gave rise of the notion of sustainable development. It became evident that sustainable development does not only refer to development processes in developing countries. It also plays an influential role the development paradigm of the developed world. The reason for this is because economic growth and development in the developed world raised international awareness with regard to the concept.



## CHAPTER FOUR

### CONTEXTUALISING WATER PRIVATISATION IN SOUTH AFRICA

#### 4.1 INTRODUCTION

Chapter Four has two objectives: Firstly, it is specifically concerned with the meaning of privatisation. Secondly, it deals with the issue of privatisation as it pertains to poor countries, such as South Africa. Finally, it interrogates the origins of water privatisation in South Africa. The chapter conceptualises and contextualises 'privatisation' and outlines the merits and demerits of privatisation and explains the role of the Bretton Woods Institutions (the World Bank and IMF) in supporting the idea of privatisation. It is important that scholars in South Africa are aware of the consequences of privatisation in terms of water provision in the country. Chapter Four interrogates the way privatisation affects other aspects of water. It investigates its links with demand management and socio-economic rights in South Africa.

This chapter discusses the apartheid Water Policy of 1956 that was underpinned by the Water Act of 1956 (Act No. 54 of 1956). This is to contextualise the era where water provision and services were provided along racial lines. It outlines the strategic objectives and goals of the 1956 Water Policy. Subsequently, it proceeds to discuss the Water Policy of 1998. It also contextualises the legislative and regulatory framework that governs water privatisation in South Africa. The chapter deals with the study objective as stated in Chapter One (see section 1.4): **“To investigate the merits and demerits of privatisation and gain insight into the origins of water privatisation in South Africa”**.

## 4.2 CONTEXTUALISING PRIVATISATION

The term 'privatisation' conveys a diversity of ideas. Some researchers have termed it as 'denationalisation'. Other researchers view it as entailing transferring the ownership of a public enterprise to a private organisation (Ramanadham 1989:4). Privatisation is also likened to 'liberalisation' and 'deregulation', which implies introducing public enterprises to the realm of market forces and competition (Ramanadham 1989:5). Notably, privatisation should not be understood in a strictly structural sense of who owns and controls a specific public enterprise, as it can also refer to 'the control of a state, a private firm or an individual' (Ramanadham 1989:6). Privatisation should be viewed as a function of how the activities of a particular public enterprise are aligned to the discipline and paradigm of market forces (Chirwa 2003:29).

Concepts like privatisation, liberalisation and commercialisation were essential elements of the futile bid to transform African economies in 1980's. Privatisation is a major subject in the fields of Development Studies, Public Policy and Economics (Mwebe 2004:15). Privatisation is a popular byword in Development Economics and within development experts. It is enthusiastically supported by the bureaucracies of global governance institutions such as the IMF and the World Bank. Hence, the term has received extensive exposure in contemporary literature (Mwebe 2004:20).

The literature review on the subject shows that many scholars, especially proponents from developed countries, have largely supported privatisation. However, the idea in most of sub Saharan Africa elicits a mixed reaction (Chirwa 2003:39). The popularity of privatisation has become a dominant discourse on how best to manage public enterprises in Africa. In this regard African states, under the supervision of the World Bank, IMF and other donor agencies, challenge one another to implement the approach.

However, this assumption is highly debatable as the records of privatisation in developing countries are mixed. Privatisation permeates every facet of the national economy, thus affecting the lives of the poor (Ramanadham 1989). Some scholars from developing countries believe that privatisation is unsuitable for sub-Saharan Africa's socio-economic milieu, as it counteracts sustainable economic growth and development. In many developing countries, especially in sub-Saharan Africa, privatisation has denied the poor and vulnerable members of society basic social services, such as water. In this regard, McDonald and Smith (2004) have conducted extensive research on how privatisation affects the poor. Specifically, it interrogated its concomitant effects on the poor and unemployed in South Africa.

Chunakara (2004:120) opined that global governance institutions usually coerce national governments to privatise their state entities. The rationale usually given is that private entities are expected to create more work and increase production. The author argues that privatisation may lead to more efficiency in the management of state owned enterprises. This may not necessarily lead to levels of employment and prosperity witnessed in developed countries (Chunakara 2004:100). In some developing countries, privatisation is synonymous with high-tech transnational companies that exploit local labour and citizens in a bid to increase shareholders' profits (Bond 2004). These companies are usually protected by the national governments through benevolent taxation and lower levels of social responsibility (Chunakara 2004:115).

Any level of private sector involvement (whether wholly or partially) in the management of public enterprises amounts to privatisation (Mwebe 2004). The concept of privatisation straddles a lot of meanings and conjectures. Those meanings range from denationalisation at the one end and market discipline at the other. It could also signify notions such as unbundling, liquidation and selling shares through a competitive tender. In some instances, competitive sales of assets, direct sales of shares, leases and concessions, pre-emption rights sales, public flotation and management contracts all fall within the ambit of privatisation (McDonald and Smith 2004). Furthermore, it also includes

techniques such as the management or buyout of employees, restitution and transfers to trustees. It also incorporates transfers without remuneration, joint ventures, debt/ equity swaps, equity dilution and open auctions (Mwebe 2004). Water privatisation in South Africa has been usually done through 'outsourcing'. This entails divesting a control function to a third party. An outsourcing transaction is usually for a fixed period. At the end of the fixed period, it goes out to tender again (Auriacombe 2017).

### 4.3 MERITS AND DEMERITS OF PRIVATISATION

Privatisation can help bolster a country's revenue, as its public finances and budget increase once public enterprises are sold or government subsidies are withdrawn from loss-making enterprises (Bond 2004). The new owners of public enterprises are expected to invest more capital, better technology and technical expertise into the public enterprises to make the process more efficient (Chirwa 2003:30). Accordingly, the ANC-led Government has been privatising different sectors of the South Africa's economy since 1994 (Mwebe 2004). Since 1994, the ANC-led Government has fully or partially privatised many public enterprises. The following enterprises were restructured from 1997 to 2002: SABC radio stations (March 1997), Telkom (May 1997), Sun Air (November 1997), Airports Company South Africa (ACSA) (June 1998), South African Airways (SAA) (July 1999), Connex Travel (August 1999), Sasria (February 2000), MTN (June 2000), Transwerk Perway (September 2000). South African Forestry Companies Limited (SAFCOL) Kwazulu-Natal and Eastern Cape (October 2000), South African Railways, Eskom and water services (Mwebe 2004:5).

Centuries of racial discrimination and segregation made South Africa an unequal country. Apartheid had a lasting effect on other non-white races in South Africa. It limited access to crucial resources for non-white races. This can be reflected in the differences in opportunities to education. It includes access to primary healthcare and socio-economic opportunities (South African Workers Union (SAWU) 2004). Moreover, it has led to

uneven economic development between the urban and rural areas of the country (Bond 2004). The following statistics illustrate that inequality, poverty and underdevelopment in the country remain a great challenge: The unemployment rate in South Africa is at 32%. The poorest 20% of the population earn only 3% of the national income. The national share of the top 20% of the population is above 60% (Mwebe 2004).

When the ANC-led Government came to power in 1994, it sought to redress these inequalities by making sure that all of the country's citizens would have access to critical resources, such as water (McDonald and Smith 2004). However, this proved to be a momentous task. The Government subsequently embarked on a process of privatisation, believing that it would support the development of crucial infrastructure and improve service delivery to the people (Mwebe 2004). Water sanitation, energy, housing and a clean environment are crucial in daily life. It also leads to a better-balanced national economy (Terrence 2004). Some state- owned corporations of the economy have been privatised. Many South Africans still have limited or no access to these rights and services. In many parts of the country, little or no water infrastructure is available. 27% of South African households have running tap water inside their residences. 34% have access to flush toilets; and 37% have their refuse removed by a local authority (SAWU 2004).

Privatisation reduces political interference in the management of state- owned enterprises. There is a connection between public ownership and political interference in South Africa. Cadre deployment has meant that some public enterprises in the country are owned and managed by Luthuli House, the official Secretariat of the ANC. Poor achievement of public enterprises can be attributed to continual political interference. The politicisation of key decisions regarding personnel administration and a paucity of managerial autonomy (Mwebe 2004).

Public enterprises have become a vehicle for political patronage. Corruption, nepotism and the misappropriation of public funds all cause the poor performance of state-owned enterprises. In South Africa, privatisation was meant to disengage public enterprises from unnecessary political interference. However, the ANC has been able to benefit from government contracts and tenders through its investment arm, Chancellor House (Bond 2004). In a way, the Government is an indirect beneficiary of the subsidies, which is then appropriated to public enterprises (Terence 2004).

Public ownership reduces the scope to access property rights, thereby minimising the incentives to lower the transaction cost in an economy. Legal protection and private property rights are transferable. Sellers of the rights can use the proceeds for other businesses. Thus, owners have a vested interest in seeking ways to ensure that services in the sector are utilised more effectively (Mwebe 2004). Moreover, solving the principal-agent problem that exists between the state and an owner is very difficult. These issues are better managed through privatisation. When politicians who accessed their positions through political connections manage public utilities, they face no market competition. As such, they have little or no incentive to improve services and management. Privatisation improves efficiency in state-owned enterprises. In other words, they are answerable to shareholders and investors (Mwebe 2004).

#### **4.4 PRIVATISATION AND SOCIO-ECONOMIC RIGHTS AND SERVICES**

The privatisation of public enterprises has implications with regards to service delivery. It also includes socio-economic rights in the country. The goal of socio-economic rights relates to the privatisation process. Was the tendering process transparent? Did public consultation take place before privatisation was embarked upon? Was information disseminated adequately? One benefit of privatisation is its potential to boost efficiency and competition in the economy. It also leads to increased economic growth and development. With privatisation, services can be rendered at a lower cost. Furthermore,

it ensures better access to services, which contributes to socio-economic rights (Mwebe 2004).

In South Africa, many view privatisation as an important component of Black Economic Empowerment (BEE) (Ukwandu 2009). This means that privatisation has a redistributive dimension. This dimension entails motivating employees of an enterprise to buy shares or participate in the privatised enterprise (Mwebe 2004). This is a good benefit for the previously disadvantaged African population. With privatisation, the National Treasury can save on the costs associated with monitoring and subsidising SOEs. The concept has an added financial benefit for the treasury. As proceeds of the exercise can be used for settling foreign debts, it could also be used in balancing the national budget or investing in other priority areas, such as healthcare and education.

However, privatisation can also have a detrimental effect on the lives of the poor segments of the population. It could create an anomaly where the wealthy receive quality public services, while the poor segments of society are subject to underfinanced and unreliable public service delivery. Privatisation can also lead to the loss of crucial skills in the public sector, as more educated and highly skilled professionals will accept jobs in the private sector (Ukwandu 2009).

Those who advocate for the privatisation of public services place enormous confidence in the commercial objectives of the concept. However, this misplaced confidence can undermine the social objective of ensuring that citizens who cannot afford basic services have access to quality healthcare, water and education (Ukwandu 2009). Thus, privatisation should conform to the democratic norms of a country (Mwebe 2004). National governments should not abandon their constitutional obligation of actualising the socio-economic rights of its citizens. Their obligations are not diminished once the privatisation process is finalised. It retains its key regulatory and monitoring mandate as



stipulated in the constitution regardless of whether the entities are government or privately owned.

#### 4.5 CONTEXTUALISING WATER SERVICE MANAGEMENT IN SOUTH AFRICA

One common feature of globalisation and economic development is a tendency to use the Earth's natural resources at a startling rate. The combination of climate change, geographic location and economic development has placed an enormous burden on the water resources of poor countries (Ukwandu 2009). South Africa is the most industrialised country in Africa. It is prone to regular droughts (Ukwandu 2009). Undeniably, there are many challenges in service delivery in the country. The crux of the problems lies in navigating the complex issue of providing access to amenities in rural areas. This is more crucial as it pertains to potable water supply.

It is important to gain insight into the nature and extent of South Africa's post-1994 governance of basic public services within a semi-arid and developing environment. The place and role of potable water supply and the Government's attempts to provide this service in a more effective, efficient, economic, equal, empathetic and environmentally friendly manner is of pivotal importance. After gaining democracy, South Africa joined the international community in adopting international water management guidelines and treaties (Ukwandu 2009). The key aim was to remedy the uneven provision of water resources that characterised the nation before democracy. While some of these international guidelines did not conform to the local realities in South Africa, the national government forged ahead nonetheless.

This section outlines the current challenges with regard to water provision and its organisation in the country. It focuses on the country's informal settlements (townships) where most Black South Africans reside. In this context, the historical apartheid policies which influenced the 1956 Water Policy are interrogated. A crucial integration of sources



showed that the 1956 Water Policy had a detrimental effect on the country's ability to improve access to water (Ukwandu 2009). A framework for future constructive dialogues and reform within the South African water sector is detailed.

#### **4.5.1 Apartheid water policy (the 1956 Water Policy)**

For hundreds of years, the Roman-Dutch Law provided some companies like the Dutch East Indian Company (DEIC) rights in the country. These rights included exclusive and preferential rights to the use of water in the country. The British mining houses and banks also got the rights. This was done after South Africa became a Union in 1910 (Thompson 2006:8).

The water rights they inherited under the Roman-Dutch Law was later ratified by government. Preferential ownership of water rights continued until the 1956 Water Policy was inaugurated. A combination of the Roman-Dutch Law and English legal precedents underpinned the 1956 water policy (Pienaar and Van der Schyff 2007:103). The overarching issue of the 1956 Water Policy was the British Common Law 'riparian rights system'. It allowed the White population to possess 87% of the White areas of the country while excluding Africans (Tewari 2009:694). The 1956 Water Policy was unambiguous on the rights of the White population. It was very silent on the Rights accruable to the non-white races in the country. This was a major negative effect of the policy (Funke, Nortje, Findlander, Burns, Turton, Weaver and Hattingh 2007:21). Non-whites and especially Africans had no rights under the policy (Maphela 2016:61).

The Land Act, 1913 (Act No. 27 of 1913), allocated a paltry 13% of land in the country to the Black population (Munslow, Mclennan and Fitzgerald 1997:169). This means that Africans had no riparian rights in 1956. They also did not have rights to water (Ntsime 2002:70). Like most policies of that era, this policy failed to contribute to sustainable

development in South Africa (Alcock and Craig 2001:18). Under apartheid, racial considerations determined access to resources and opportunities (Ukwandu 2009:150).

The Group Areas Act, 1950 (Act No. 41 of 1950) enforced formal separate residential areas for racial groups. The Government also established various independent native homelands/Bantustans that were differentiated along racial lines to prevent riots and demonstrations (Horowitz 1991:11). Africans were only allowed to own or lease land in these demarcated areas (Reed 2005:21). Bernstein (1998:10) states that the Group Areas Act, 1950, was a well-devised strategy to supply White enterprises, particularly the mining and farming sectors, with a cheap labour force. Through this process of segregation and subservience, the apartheid state created an enabling environment in which mostly white industrial capital could thrive (Duncan 1990:1). During this period of capital accumulation and consolidation, the Government's Commissioner for Mine Safety advised mining companies to replace White miners who were working underground with the oversupply of unskilled Black miners from the homelands to improve profit margins (Duncan 1990:1).

Secondly, apartheid management of water resources were further influenced by racial considerations. This resulted in urban areas usually inhabited by Whites receiving better services versus former homelands, usually inhabited by Africans (DWA 1975:31-32). The Irrigation and Conservation of Water Act, 1912 allowed the White population to lawfully appropriate most of South Africa's water resources (Tewari 2009:693). Tewari (2009:693) explained that political and economic considerations also influenced the formulation of water laws in the country. This was a strategy designed to conquer and dominate the non-White population. Apartheid policies deprived access to water to most Africans (Ukwandu 2009:65).

In the 1970s, wide-scale drought and water scarcity brought about a major shift in the policy directive (South Africa 1997). This resulted into a demand-driven market approach

(South Africa 1997). The “riparian rights” was done under the legislative control of the 1956 Water Act (South Africa 1956). This Act enabled the Government to proclaim key regulations and rules that governed the South African water industry (Ntsime 2002:70).

#### **4.5.2 Water allocation and management under the apartheid water policy**

It is clear in this section that political and ideological postulations influenced water policies in the country. The 1956 Water Policy influenced the establishment of the DWAF (Funke *et al.* 2007:21). The DWAF was responsible for water infrastructure management under apartheid and also in post-apartheid South Africa. They are also in charge of water resource management, community forestry and water service provision (South Africa 1956). The Department’s main mandate was to allocate and manage water resources for the National Party’s electoral base, which was mostly composed of White Afrikaner farmers (Tewari 2009:1). The separate development policy of apartheid allowed the White National Party to easily allocate and distribute most of the country’s water supply to the White population (Funke *et al.* 2007:21).

The main weakness of the 1956 Water Policy, was its lack of fairness, equality and good governance. The Black population in the homelands had few “riparian rights” under the 1956 Water Policy, and they were forced to negotiate for water rights (Tewari 2009:695). Thus, the State’s approach to resource distribution was characterised by widescale exclusion and poor governance (Pavalao 2006:94). When the African population grew exponentially in the 1950s, it further widened the gap between demand and supply (Donkor 2006:1).

At the turn of the 20<sup>th</sup> century, there was a dramatic rise in urban settlements in South Africa as more people were coming to live in the cities in search of job opportunities and better living conditions (Lipton 1985). The South African economy was creating more job opportunities as the areas of mining, agriculture and industry were expanding rapidly

(Wisner 1995:260). During this period of economic growth and development, more Black South Africans, who were mostly unskilled labour workers, moved from the homelands to the cities.

During apartheid, there were two types of migration from the homelands to the cities/townships of Johannesburg, namely first- and second-generation migration (Bonner 1995:115). Bonner (1995:115) states that first-generation migration was undertaken by a Black African who resides in the homelands. Second-generation migration involves the movement of a Black African to the urban areas/townships through a permit system (Bonner 1995).

Philip (2014:13) states that Black hostels in White urban areas emerged in 1901. The houses were meant for a single male migrant. This type of accommodation was specifically meant as a way to control the surge in the population of the Black African. It also meant that the African men were not offered a permanent residence in the city but were expected to go home to their homelands (Philip 2014:13). With time, this type of accommodation developed into a residential unit for families.

According to Wisner (1995:260), in the 1960s, thousands of Black Africans who were migrating from the rural areas to urban areas built illegal shacks close to their workplaces. These urban habitats created health challenges and placed a strain on the city water infrastructure, as they were not being controlled by the Government (Duncan 1990:16). As a possible solution, the government reconsidered its housing policies and provided low-cost housing for the urban poor (Lipton 1985:25). The infrastructure provided in the settlements and the subdivision of locations placed a significant cost on water and sanitation facilities (Simon 1988:89).

As the 1956 Water Policy marginalised the country's non-White population, community needs were not recognised. It also involved policy formulation and implementation of

urban water amenities. Alexandria in Johannesburg serves as clear example of how poorly planned human settlement can impact urban resources (World Bank 2011:2). In 1912, the township was established. It covered an area of 800ha. Its amenities were formulated for a population of 70 000 people. However, at present, its population are approximately 750 000 people (World Bank 2001:1). Due to the overpopulation in the area, the physical and housing infrastructure has been stretched beyond its limit. The rise in the urban population meant that the water supply is no longer adequate (Wisner 1995:262). The water pressure is low and blocked sewers are a constant health hazard for citizens (World Bank 2001:1). In this volatile atmosphere, the reform of South African water policies became an indispensable part of the post-apartheid Government's mandate (Pienaar and Van der Schyff 2007:183).

#### **4.5.3 Democratic policy reforms in the water sector**

It is important to provide a brief overview of the philosophical and political imperatives that influenced policy formulation in the country. The knowledge obtained will help in grasping the rationale behind the new water policy of 1998. Hirsch (2001:94) states that “political reform is a judicial empowerment through the constitutionalisation of rights...An outcome of political efforts by an organised group to demolish the unjust laws and atrocities of the past usually perpetrated by the regime in office”.

The reforms that occurred in the country empowered political rights and freedom to the country's oppressed groups (mostly Black South Africans) who bore the brunt of apartheid laws. The new democratic dispensation made it possible for South Africans of all races to vote. As apartheid racial policies permeated every facet of South African life, the country's political reform dealt with a range of issues, such as discriminatory laws (Ukwandu 2009).

#### **4.5.4 Post-apartheid water policy (the 1998 Water Policy)**

After 1994, the ANC-led Government made a concerted effort to redress the historical legacies of injustices of the past. They included inequality in the provision of amenities brought about by apartheid (Francis 2005:11). Water provision and sanitation was a crucial component of the transformative mission of the new government. of the areas in which these injustices and inequalities were addressed (Maphela 2016:66). The ratified Bill of Rights law (contained in the Constitution, 1996) followed global practices. whereby the provision of water and sanitation were seen as non-negotiable in improving the living standards of people (Maphela 2016:66).

The Constitution, 1996, mandated the National Government to utilise all the resources at its disposal to improve access to this fundamental human right (Mathipa and Roux 2009:253). The Government started a supply-driven approach in the use of water. This entailed large-scale water infrastructure being developed for domestic consumption (South Africa 1997). This change of policy in the water sector in South Africa was specifically designed to be more inclusive. This was because of the exclusionary nature of past water policies. This meant that access to clean and potable basic water became a constitutional and human rights.

#### **4.5.5 Objectives of the 1998 Water Act**

The 1998 Water Policy led to a change of direction for DWAF. The 1956 Water Act primarily concerned itself with the interests of the agricultural elite and the White population. The new post-apartheid water policy provided the Department with a new and wider mandate to serve the entire nation (Maphela 2016:66). The goal of the National Water Act, 1998 (Act No. 36 of 1998), was to ensure that the nation's water resources

were used, managed, conserved and administered sustainably, which include.

- **“Sustainability:** Fulfilling the fundamental needs of both the present and future generations.
- **Equity:** Improving access to water to all, irrespective of race or gender.
- **Political correctness:** ‘Repairing the legacies of discrimination, segregation and apartheid in South Africa’.
- **Governance:** Enhancing efficiency and sustainable use of water in the interests of the citizens (governance).
- **Progressive policy:** Expediting social and economic development in the country.
- **Citizens’ right to water:** Meeting the increasing water demands from a very young and growing population.
- **Protecting ecosystems and the natural environment:** Safeguarding aquatics and associated ecosystems and their biodiversity.
- **Water as an irreplaceable commodity:** Promoting smart use of water and reducing water pollution and degradation.
- **Learning from best practices:** Meeting international obligations.
- **Promoting safety:** Protecting the environment.
- **Ingenuity:** Managing droughts and floods” (National Water Act No. 36 of 1998).

The National Water Act of 1998 was designed by way of best global practices in water policy. A benefit of the Water Act of 1998 was that it created a forum to discuss key aspects in the water sector. All the stakeholders like the Government, civil societies and the communities were consulted and involved in formulating a modern and comprehensive water policy. This Act focused on ensuring that all South African citizens would have access to water. This conversation also served as an avenue to discuss past events, such as how the politics of apartheid influenced water allocation and distribution (Maphela 2016:67). For example, water usage meters were introduced as a result of the Act to enable sustainable use of water.



## 4.6 SUMMARY

Chapter Four was divided into two sections. Firstly, it analysed the privatisation of state enterprises from the perspective of developing countries, such as South Africa. In this regard, the chapter conceptualised and contextualised 'privatisation' and outlined the merits and demerits of this approach. The Bretton Woods Institutions' (the World Bank and IMF) support of privatisation in developing countries was also discussed.

The literature review highlighted that privatisation is not universally welcomed in developing countries. Some scholars from developing countries argue that privatisation is unsuitable for sub-Saharan Africa's socio-economic milieu, as it counteracts sustainable economic growth and development. Trade unions, in particular, believe that privatisation's principle of "no pay, no services" is to the detriment of the poor and the working-class citizens. However, privatisation remains a viable option, as governments are unable to keep up with the mounting need for basic public service delivery.

Here after, the focus shifted to the origins of South Africa's privatisation narrative in general, and water privatisation, in particular. In this regard, the political dimension, as well as aspects relating to socio-economic rights and services were outlined. Within this context, it is worth asking: "Has the privatisation of water services in South Africa denied the poor and vulnerable members of society access to this basic service? Secondly, the chapter outlined the apartheid Water Policy of 1956 (underpinned by Water Act No. 54 of 1956) to contextualise the era where water provision and services were provided along racial lines. Here after, the discussion shifted to the new Water Policy of 1998 (underpinned by the National Water Act No. 36 of 1998). In this regard, the objectives, focus and direction of the new Water Policy of 1998 were outlined and the legislative and regulatory framework that governs water privatisation in South Africa was highlighted.



## CHAPTER FIVE

### THE NEXUS BETWEEN WATER, NEOLIBERALISM AND SUSTAINABLE DEVELOPMENT IN POST-APARTHEID SOUTH AFRICA

#### 5.1 INTRODUCTION

This chapter focuses on the following research objective (see 1.4 in Chapter One): **“To analyse and investigate the meaning, definition, application and relationship between water, neoliberalism and sustainable development in South Africa”**. This chapter interrogates the link between water neoliberalism and sustainable development in South Africa. There are few studies in the literature on the impact of privatisation on South Africa. Hence, the chapter discusses whether the policy of privatisation produced the intended outcome.

This chapter explained that privatisation of water services did not result into a change of ownership from public to private control. It meant an introduction of modern techniques in calculating water services. The research found that this system was not sustainable in the long term due to the absence of required skills and technological expertise to manage municipalities' water infrastructure. The principle of marginal cost accounting in the privatisation process is a product of classical economics. It had a detrimental effect on poor citizens who cannot afford those services.

Before the new democratic Constitution, 1996, was adopted, water policy formed part of apartheid segregation. The improvement of South Africa's water resources focused on supporting the rise of the wealthy agricultural sector. The conditions of the poor, especially those living in rural areas, were ignored. In the new democratic dispensation, water has become a cornerstone of economic industrialisation. This is especially the case

in the mining sector. The sector contributed a large portion to the GDP of the country. It supported the local economy for most of the 20<sup>th</sup> century. Water supplies and water-borne sewage services were provided to wealthy municipalities and towns inhabited by whites. In 1998, the government adopted a privatisation policy in the water sector to build and maintain sustainable water infrastructure and resources for current and future generations.

The aim of the chapter is to discuss the sustainability of government's post-apartheid privatisation policy. It was designed to ensure that all citizens have access to water and sanitation and to determine how water privatisation influences the living standards of the poor. It also analysed its impact on sustainable development in the country. The chapter commences by outlining notable researchers' understanding of the term 'neoliberalism'. Here after, it is contextualised within the framework of water privatisation, with specific reference to the commodification of water and the role of public-private partnerships (PPPs). From a sustainable development perspective, the chapter argues that by viewing water as an 'economic good', strips away the fact that access to this finite commodity is both a constitutional and basic human necessity. Moreover, it becomes a commodity governed by economic principles such as marginal cost-pricing

## 5.2 CONTEXTUALISING NEOLIBERALISM

The emergence of neoliberalism followed the 'Great Depression' and Ludwig von Mises' criticism of socialism (Mirowski and Plehwe 2009). Von Mises was an influential member of the Mont Pèlerin Society. They influenced many contemporary liberal thinkers and philosophers' views for example Friedrich Hayek, Ayn Rand, Israel Kirzner and Murray Rothbard (Gane 2014) and Walter Lipmann, who was opposed to the 'New Deal' that was introduced by US President Theodore Roosevelt (Davies 2014). The French philosopher Louis Rougier organised a *Colloque Walter Lipmann* in Paris in 1938. The use of 'neoliberalism' originated from that gathering (Davies 2014).

### 5.2.1 The dichotomous nature of globalisation

There was an 'anti-globalisation movement' group in 1999. They rose to prominence with the 1999 protests against the WTO in the US city of Seattle. Those protests popularised the term 'neoliberalism'. The 'anti-globalisation movement' and protests in Seattle were driven by the perceived dichotomous nature of globalisation – the contradiction embedded in its simultaneous ability towards inclusiveness and exclusiveness (Ukwandu 2009).

Due to the globalisation agenda, the world has become a global village with a massive integration of economies. However, the globalisation plan has resulted in prosperity for many in the developed world and have impoverished millions in the developing world. The negative forces of globalisation are especially rife in sub-Saharan Africa. The anti-WTO protest was also against neoliberal economic policy. Many viewed this as a form of market fundamentalism that the US government and multilateral institutions had forced on poor countries of the world (Davies 2014).

### 5.2.2 The roots of neoliberalism

Neoliberalism originated from the ascension to power of 'new right' political leaders. The former "British Prime Minister Margaret Thatcher and US President Ronald Reagan, in the late-1970s and early-1980s were the pioneers" (Davies 2014). Different disciplines like Sociology, Politics and Economics that gave rise to the term tend to provide diverse definitions of neoliberalism. However, there are some similarities. Victorian liberalism views neoliberalism as "an inventive, constructivist and 'modernising force" (Davies 2014). Thus, neoliberalism focuses on creating a new social and political model. It is not concerned with recovering an old one (Davies 2014; Mirowski and Plehwe 2009).

Neoliberalism, can be seen as policy targets directed at institutions and activities. Institutions such as universities, households, public administrations and trade unions could be categorised as a market domain. This is done through privatisation, deregulation, downsizing, unbundling, etc. The aim is often to reinvent these institutions in a 'market-like' way or to commodify irreplaceable commodities like water (Burgin 2012; Gane 2014; Phillips-Fein 2009; Stedman-Jones 2012).

The key tenets of neoliberalism can be traced back to liberal thought and philosophy. Two dominant types of liberalism can be identified. Some types are classical while others are rooted in modern liberalism. Classical liberalism is attributed with intellectuals such as John Locke, Adam Smith, Alexis de Tocqueville and Friedrich von Hayek (Ryan 1993:296-297). Classical liberalism is undergirded on the assumption that governments should keep its interference in citizens' affairs to a minimum. This entails that citizens should be allowed to control their own affairs (Thorsen and Lie 2007). Classical liberalism is closely related to economic liberalism. In a way, classical liberalism with its focus on *laissez-faire* economic policies is commonly viewed as neoliberalism (Thorsen and Lie 2007). In the early 1970s, the crisis of Keynesian macro-economic policies was accelerated by the rise of 'stagflation'. In addition, the "Fordist regime" production led to declining productivity, growth and profitability which had a detrimental effect on the economy. According to Humphreys (1996:21) and Nel (2000:1005), Keynesian proponents demand management and welfare policies helped to re-distribute wealth. They were aspects of the "Fordist regime of accumulation". These problems created opportunities for a new perspective of economic policy formulation in the developed world (Mathekganye 2019:87).

### 5.2.3 The rise of neoliberalism

Neoliberal policy was initially implemented in the US and United Kingdom (UK) (Davies 2014). During the Reagan and Thatcher era in the 1980s, policies were not yet extended

to the developing world through multilateral institutions. Before the term 'neoliberalism' became an international buzzword, a team of experts from the University of Chicago School of Economics, with Milton Friedman at the steer, had already shaped the policy regime of Augusto Pinochet, the former president of Chile (Davies 2014).

Harvey (2005) opined that: "Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the State is to create and preserve an institutional framework appropriate to such practices". Harvey explained that the state should:

- "guarantee the quality and integrity of money;
- set up military, defence, police and legal structures and functions to secure private property rights;
- guarantee, by force if need be, that markets function properly;
- create markets if they do not exist (e.g., land, water, education, healthcare, social security or environmental pollution)" (Harvey 2005:2).

Harvey (2005:2) accentuated that, "...beyond these tasks the State should not venture...State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the State cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit".

According to Thorsen and Lie (2005:2), Harvey's proposed definition of neoliberalism conforms to his belief that the world has undergone "an emphatic turn towards neoliberalism in political-economic practices and thinking since the 1970s". Thus, Harvey

sees “neoliberalism not as a continuation of proper liberalism”. This implies that neoliberalism is not an offshoot of political liberalism, which entails fundamental human rights, protecting private property, as well as guaranteeing the right to freedom of political thought, religion, assembly, etc. Instead, Harvey (2005:6) perceives “neoliberalism as something that exist on its own...far removed from mainstream liberal values and policies...thus, leaders and policy-makers who adopt neoliberal economic policies are not necessarily political liberals”. This is illustrated in the fact that Harvey views some anti-liberal political leaders like “Deng Xiaoping of China and Pinochet as vanguards and exponents of neoliberalism” (Harvey 2005:10). Harvey also made an important distinction, by highlighting other brands of political liberals “who spearheaded neoliberalism like Reagan and Thatcher” (Thorsen and Lie 2007).

Harvey’s definition of neoliberalism is a mixture of different forms of political economic systems that embraces ideas like “Thatcherism”, “Reaganomics”, “socialism with Chinese characteristics” and “rampant capitalism in Chile under General Pinochet” (Harvey 2005:10). This implies that there may be “no correlation between liberalism as a political philosophy and neoliberalism as a political economic policy” (Thorsen and Lie 2007). Blomgren (1997) states that neoliberalism is rooted in political theory. This conclusion was “integrated by intellectuals like Nozick, Hayek, David Gauthier, Jan Narveson, David Friedman, Murray Rothbard, James Buchanan and Ayn Rand” (Blomgren 1997:14). The author believes that the economic and political thought of these intellectuals are grounded in liberalism. Notably, Blomgren’s view of neoliberalism bears a striking resemblance to Harvey’s. However, there are certain differences, as Blomgren highlights the various strands of political and economic thoughts that embrace the term. According to Blomgren (1997:224), “Neoliberalism is commonly thought of as a political philosophy giving priority to individual freedom and the right to private property. It is not, however, the simple and homogeneous philosophy it might appear to be. It ranges over a wide expanse in regard to ethical foundations as well as to normative conclusions. At the one end of the line is ‘anarcho-liberalism’, arguing for a complete *laissez-faire*, and the abolishment of all government. At the other end is ‘classical liberalism’, demanding a government with functions exceeding those of the so-called night-watchman state”.

Thorsen and Lie (2007) formulated a meaning of neoliberalism inspired by Blomgren and Harvey's views. This their perspectives are better suited to the modern world. In this regard, "neoliberalism is viewed as a loosely demarcated set of political beliefs, which most prominently and prototypically include the conviction that the State's only legitimate purpose is to safeguard individual, commercial, liberty, as well as strong private property rights" (Hayek 1979 in Blomgren 1997). Neoliberal belief could be applicable in the global arena, "where international trade and markets need to be protected and regulated in the same manner that national commercial trade and activities are regulated in the national markets" (Friedman 2006).

#### **5.2.4 Founded and unfounded assumptions of neoliberalism**

The concept of neoliberalism is embedded in the conviction that an unrestrained free market is the best way of conducting commercial transactions on a national and international level. This idea posits that this system unleashes the creative and entrepreneurial acumen of human beings in every society (Hayek 1973; Rothbard 2004). It is believed that this leads to more individual freedom and well-being and ultimately results in a better distribution of resources in the society (Friedman 1962; 1980; Norberg 2001). This idea posits the notion of individual choices, decisions and consequences (Nozick 1974; Hayek 1976).

Neoliberalism can be viewed "as a combination of ideas on how to coordinate the relationship between the State and the society" (Thorsen and Lie 2007). It is not concerned with entrenching democratic values, rights and freedom in a country that wants to implement neoliberal economic reforms or policies. Moreover, it should not be construed as a political philosophy or ideology (Blomgren 1997; Malnes 1998).

Policies prompted by neoliberalism could be in liberal democracies like South Africa (Harvey 2005). With the implementation of neoliberal economic policy, most commercial



transactions of individuals should be left to the market. Most intellectuals who advocate neoliberal economic policies propagate the idea of demarcating economic and democratic reforms are falsely branded as cynics of democratic culture and values. This is partly due to their belief that, if a country's democratic process threatens individual and commercial liberty, it should be adjusted. This could entail that democracy been ignored and replaced with technocrats who are best equipped for the task of governing a state (Thorsen and Lie 2007).

Beckwith (1955:10) states that "marginal cost-pricing is a product of neoclassical economics". He believes it is firmly rooted in neoliberalism. It is in "reaction to classical price theory that claims that prices equal average cost and socially necessary labour time" (Beckwith 1955:10). Some economists posit that marginal cost accounting focuses on the micro-scale (individual prices) (Rickwood and Piper 1980). This means that "the production cost of a product is considered in the final price of a product" (Ukwandu 2009).

This type of accounting has an influence on prices. "Firstly, prices might be set so that the marginal cost equals the price...for example, the marginal cost of production would determine the price... secondly, it may be set to make a marginal revenue" (Narsiah 2008; Dean 2003). Companies that want to maximise profits mostly follow the second path. Zilberman and Schoengold (2005) state that "short- and long-term marginal costing are mostly associated with the calculation of costs... marginal costing considers fixed and variable costs over a small period...long-term costing looks at future expenditure, such as fixed-capital investments".

Beckwith (1955:14) explains that "long-term marginal costing is always arbitrary". This means that "the nature of lumpy fixed investments makes it extremely unreliable... moreover, water-costing presents added difficulties, such as the quantification of the true value and costs of water, including the environmental value" (Beckwith 1955:15). Beckwith was strongly opposed to quantifying irreplaceable resources such as water. This



is due to the fact, that current and future generations will bear the brunt of depleted finite resources, whether they have used it or not.

### **5.3 CRITICISM AGAINST MARGINAL COST ACCOUNTING IN THE SOUTH AFRICAN WATER SECTOR**

Both intellectuals and civil society have long criticised the neoliberalist approach to, and privatisation of, South Africa's post-apartheid water services sector (Ukwandu 2019). In this regard, no consideration was given to the country's unique racial and equity issues (Narsiah 2008; Michie and Padayachee 1998). In South Africa, affordability and access to water are intertwined with race and geography. In the context of "neoliberal economic policy, full-cost recovery is not an exact science, as the cost of water is based on estimates" (Ukwandu 2009). Instituting a total recovery in the water sector is linked to its current unfixed foundations. It is connected to rent-seeking and profit maximisation. As such, "corporations that invest in the water sector have complete control over prices...this leads to manipulate prices to satisfy certain performance indicators" (Ukwandu 2009).

Narsiah (2008) states that "providing services based on full-cost recovery means that all the production costs are recovered from the consumer". However, how does one address full-cost recovery in a country such as South Africa, with its divided, conflicting and complex history? "It is difficult to countenance full-cost recovery due to the extent of abject poverty in non-White communities and their inability to afford the 'cost of water' due to a legacy of colonialism and apartheid" (Ukwandu 2009). A policy should be designed to include the large number of South Africans who cannot afford basic resources such as water. In this regard, they may need to be buffered from the free market. This is because it is never lenient towards the poor (Rubner 1970; Terreblanche 2002; Henderson 1996).

The drawbacks of marginal cost accounting violate measures of economic efficiency. There is no single objective basis to determine costs. This is because long-term costing

is unreliable (Beckwith 1955). Secondly, apportioning efficiency is also unreliable (Zilberman and Schoengold 2005; Beckwith 1955:14). Marginal cost accounting characterises South Africa's water privatisation policy in terms of consumers usually paying for future costs. Notably, these costs may be linked to external elements in the investment environment (Narsiah 2008). This means there has been no regard for equity and social justice (Ukwandu 2009).

#### **5.4 A NEOLIBERAL APPROACH TO WATER MANAGEMENT IN SOUTH AFRICA**

The World Bank and the IMF promoted a neo-liberal approach among South African municipalities (Bond 2004a). "The privatisation of basic services became a viable option during the 1990s" (Ukwandu 2009). This became a reality because "restructuring at local government level had left municipalities without the resources to render services in a financially sustainable manner" (Ukwandu 2009). These programmes coupled with private sector consultants' influence, created a sub-discourse at a local level (Dean 2003; Narsiah 2008).

Privatisation in South Africa is a form of governance. It entails the practice of new techniques that relate to marginal cost accounting are implemented. However, "pre-paid technology has led to a situation where low-income areas pay more for water services than high-income areas...In addition to their water usage, low-income households also have to pay for the pre-paid metering" (Ukwandu 2009). Thus, "with this privatisation model, the poor now subsidises the rich in society" (Barchiesi 1997). This situation is "not conducive to sustainable development in the country's water sector, as millions of South Africans are being forced to live without a basic constitutional requirement" (Ukwandu 2009). Despite this constitutional mandate, "these 'experts' view access to water as an economic commodity, irrespective of one's income and well-being" (Ukwandu 2009). Ukwandu (2009) warns "against creating a situation where millions of poor and vulnerable members of society are unable to afford this irreplaceable resource".

## 5.5 THE ROLE OF MUNICIPAL RESTRUCTURING

The ANC came into power in 1994. It made significant changes in the way that municipalities are managed (South Africa 1998). The national “Government exercised strict fiscal control, especially with regard to budgetary allocations to municipalities... the Finance and Fiscal Commission reported that intergovernmental transfers to municipalities dropped by 85% between 1991 and 1997” (South Africa 1998). These funding cuts had adverse ramifications. This is because it meant “municipalities relied more on the central government for up to 95% of their funding” (Finance and Fiscal Commission in South Africa 1998).

This led to local authorities to implement stringent fiscal and credit control measures to “ensure financial stability and sustainability” (Ukwandu 2009). This inevitably set the scene for the privatisation of municipal services, as municipalities were facing bankruptcy and a lack of skilled Black water engineers, as stipulated by Employment Equity (EE) regulations (Ukwandu 2009).

### 5.5.1 Public-private partnerships

The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). The Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998). Other “host of other documents relating to PPPs created an opportunity for the private sector to play a role in providing public services like water” (South Africa 1998). The Municipal Systems Act, 2000, explained that, “a municipality may provide services through any business unit established by the municipality. This is provided that it operates within the municipality’s administrative area and is under the control of the council, in accordance with operational and performance criteria determined by the council, or any other institution, entity or person legally competent to operate a business activity” (South Africa 2000:76; Narsiah 2008).

## 5.5.2 Concessions and privatisation

Water privatisation has taken root in the country (Ruiters 2002). Water and sanitation partnerships were established “in Nelspruit in Mpumalanga, in Queenstown in the Eastern Cape and on the Dolphin Coast in KwaZulu-Natal” (Ruiters 2002). In the City of Johannesburg in the Gauteng Province, both water and electricity utilities have been liberalised. The “French multinational company, Lyonnais des Eaux, became an important private-sector player as a water-services provider to the Eastern Cape...It also happened in Johannesburg Water” (Ruiters 2002). “Vivendi, took over water services on the Dolphin Coast and Biwater, won the concession contract in Nelspruit” (Ruiters 2002).

## 5.5.3 The importance of regulatory tools

Since 1997, many South African municipalities have outsourced most of their services (McDonald and Ruiters 2005). Market forces were allowed to intervene in a critical resource such as water and it affected the poor. In this regard, Ukwandu (2009) states that the government sometimes needs to intervene with a strong regulatory tool (e.g., legislation, tax incentives or investing in poor communities) to correct an imperfect market (Ukwandu 2009). This is, due to the fact that private water companies may ignore poor communities. This because they believe they will not make a profit.

Government intervention through regulatory tools is an efficient instrument. It would help to ensure that impoverished communities are not denied access to water and sanitation. In this regard, the government should insist that PPPs employ competent South Africans, regardless of their race, sex and party affiliations to help rescue mostly rural municipalities (Ukwandu 2009).

## 5.6 SERVICE DELIVERY AND COST RECOVERY WITHIN A NEOLIBERAL CONTEXT

Cost recovery is the main building block of the neoliberal notion. This is because failure to pay for services leads to disconnection (Ukwandu 2009). Research by Ruiters (2002) shows that the private sector's entry into the service delivery domain has led to a large-scale disconnection of services and extensive debt. These developments can be ascribed to the liberalisation policy of the Mbeki administration (Ukwandu 2009). Narsiah (2008) states that "experts such as the Water Research Commission (WRC) and the Palmer Development Group are the purveyors of privatisation in the water sector in South Africa". The WRC is a government-mandated institution, but simultaneously influences policy through focused research. In this regard, Narsiah (2008) highlights that "issues such as water for all, quality of life and a sustainable environment are an essential part of the country's national priorities and require considerable attention".

A number of scholars have critiqued the hypocrisy and ambivalence of some of the WRC's postulations (Pillay 2000; Bond 2000; Narsiah 2008). For example, the WRC (2005a:114) views water as a human right and basic need. This is in line with the principles enshrined in the Constitution, 1996. It also envisages "finding unique solutions to problems arising from the application of our trail-blazing Water Act, which provides several opportunities to become world leaders in specialised niches within the economic domain" (WRC 2005a:12).

In this context, the "economic domain means privatisation and it does not deal with equity and justice for impoverished citizens" (Ukwandu 2009). This "strips away the human rights aspect of water...it reconceptualises it as a commodity governed by economic principles" (Ukwandu 2009). Hence, "water is subject to marginal cost pricing" (Ukwandu 2009). According to Bond (2004), "It is important to know the absolute and relative price (or a

surrogate thereof) that users are willing to pay for water in order to assist decision-makers regarding the allocation and development of water resources”.

### **5.6.1 The viability of full-cost recovery**

Critics of the “ANC-led government’s water policy argue that full-cost recovery cannot be implemented as a legitimate premise for sustaining and funding free basic water service delivery” (Narsiah 2008). In a report on cost recovery, the WRC (2005) stated that, “...effective credit control policies and procedures must be developed in order to deal with the problem of poor cost recovery and financial sustainability of municipalities”. To counter poor cost recovery, the WRC (2005b) also advocated for the “development of innovative cost-recovery mechanisms and credit control procedures including best approaches for managing water supply cut-offs”. The research strategy neglected to mention “that water cut-offs is a violation of human rights” (WRC 2005).

### **5.6.2 The downside of a one-size-fits-all approach**

The Palmer Development Group was the second-most powerful expert group that advised the Mbeki administration on water policy (Narsiah 2008). It was founded and is managed by Ian Palmer and Rolf Eberhard, although most of their funding and policies come from North America and Western Europe (Narsiah 2008). A number of studies on the South African water landscape reveal that the Palmer Group showed that the group was crucial in designing a water policy. They also helped in its implementation in urban and rural contexts (Bond 2000; Pillay 2004; Narsiah 2008).

In 1995, the Development Bank of Southern Africa (DBSA) conducted a modelling exercise on water service delivery and the survey included the Palmer Development Group personnel. A World Bank approach to service provision was promoted. This

entailed service levels were linked to affordability (Palmer Development Group 1994). The report thus argued against national full-service coverage and economic considerations influenced this recommendation. This entailed that poor people received little or no service at all (Ukwandu 2009). Bond (2000) explained that eThekweni Metropolitan Municipality has adopted this formula. Roux and Eberhard (1995) state that while areas with poor households are liable to pay full-service costs, they will receive inferior-quality water compared to more affluent areas. In this context, water experts link ability to pay and basic needs. This produces a spatial discourse focused on class and race. It means that White areas enjoy full services and non-White areas are consigned to lower service levels (Narsiah 2008; Gleick 2003).

### 5.6.3 Block tariffs along divided lines

It is evident in the narrated examples that most of those who suffered under the 'apartheid regime' are still suffering under this new 'market-oriented regime' (Bond 2004a). Government policy makes provision for conditional 'free' basic water. This is based on the advice of the Palmer Development Group which recommended that households should receive "the first six kilolitres of water free of charge" (Palmer Development Group 1994). Roux and Eberhard (1995) however, states that, "once more than six kilolitres have been used, the consumer pay for those first six through the fixed charge mechanism".

The "rising block tariff approach is popular because of its purported equity benefits that arise from the cross-subsidy scheme" (Roux and Eberhard 1995; Narsiah 2008). However, many experts view the rising block-tariff approach as problematic (Gleick 2003; Narsiah 2008). Racial inequities dominate the public life in the country. The "derivation of the tariff blocks has no objective basis" (Boland and Whittington 2000). As lower-income households are often larger and their consumption is therefore higher, they may be subsidising smaller, more-affluent households (Beckwith 1955). It is difficult to capture seasonal variations with a rising block tariff. Water consumption will increase during



summer. This means moving low-income households into the higher consumption blocks. The rising block tariffs does not address the concerns of equity and justice. Millions of unemployed South Africans depend on working relatives to survive. This places an enormous burden on poor Black households (Boland and Whittington 2000).

Furthermore, Boland and Whittington (2000) explained that if poor households limit their consumption to “the first block, they will lose part of the subsidy”. This can only be reversed” if they consume the entire six kilolitres” (Ukwandu 2009). This policy does not promote sustainable development, as it neglects issues such as equity, justice and fairness (Ukwandu 2009).

Political apartheid ended in 1994. Economic apartheid still exists in the new and democratic dispensation. Inequalities in terms of access to water persist (Ukwandu, 2009). According to the US economists, Stein and Denilson (in Phelps 1969), “The importance of more rapid (economic) growth depends critically upon how we allocate our output among our needs... If our national product is wisely used, the contribution of a higher rate of growth would be the satisfaction of less critical needs, not of the most critical...If (we) do not allocate (our) output to the most important uses, (we) cannot be sure that any specified rate of (economic) growth or level of output will satisfy (our) critical needs... If we are not wise in the use of our resources, we cannot expect the abundance of our resources always to compensate”.

While this statement focuses on the US, it is equally applicable to a developing country, such as South Africa. In a similar vein, Terreblanche (2002) states that: “When a society is as multicultural and multi-ethnic as [in South Africa], when the different groups and socio-economic classes ‘share’ a divided and conflicting history, and when society is divided between such a variety of groups-some rich and others disparately poor, some powerful and others hopelessly powerless, some highly developed and educated, others



undeveloped and uneducated, some employed and many unemployed”, resource allocation based on profit is complex and not sustainable in the long run.

Terreblanche (2002) argues that the decision about what is in society’s interest is extremely difficult. Profit should not be the sole criteria when decisions about precious and irreplaceable resources like water are made. Terreblanche (2002) states “that decisions on growth and development cannot be left to the allies in Washington, the corporate sector and the media to interpret for us and can certainly not be left to the alleged ‘wisdom’ of the market”. Ukwandu (2009) argues that “the market is never free, and the government has to intervene in certain ways to curb the excesses and greed of capitalists”.

## 5.7 CONCLUSION

This chapter is not postulating against economic realities and subsequent gains of privatisation *per se*. Rather, it argues that much more needs to be done to ensure true sustainable growth and development in South Africa. Chapter Six revealed the market’s inability to address historic injustices and inequalities in the distribution of resources like water in the new South Africa. This prompted both the government and the ruling ANC to consider the concept of a developmental state before and after the ANC’s National Congress in Polokwane in December 2007 (Ukwandu 2009). This was proposed to help the government intervene in the society and economy to “right the wrongs” of colonialism, segregation, apartheid, globalisation and rampant capitalism. It is questionable, however, to which extent this policy has helped in the equitable distribution and use of water in the country.

Furthermore, the chapter highlighted that that most South Africans who suffered under the ‘apartheid regime’ are still suffering under a ‘market regime’ due to the

commodification of water. For sustainable development to take place in the water sector in South Africa, there are many “wrongs to right” at present.



## CHAPTER SIX

### SYNTHESIS, CONCLUSIONS AND PROPOSALS

#### 6.1 INTRODUCTION

The dissertation explored how the South African Government's water privatisation policy framework from 1994 until 2015 has contributed to sustainable development in the country. Prior to South Africa's democratic dispensation, the provision of basic services focused on the White population and a handful of non-White elites. This legacy of marginalisation has led to an unequal society, where the majority of South Africans bear the brunt of poverty and unemployment. The post-1994 ANC-led national Government set out to improve and widen the provision of water services to all South Africans – irrespective of race, creed, religion or gender. As this momentous task required considerable resources, the National Government was prompted to privatise the delivery of water services in the country.

The dissertation explored, described and explained a number of variables and aspects in terms of the theoretical understanding and practical application of the water privatisation policy and sustainable development in South Africa. The concluding chapter aims to consolidate the concepts, context, theories, philosophies and assumptions contained in the preceding chapters of this dissertation. The chapter also aims to illuminate possible solutions to streamline water privatisation policy with a view of offering future-focused proposals.

Chapter Six of the dissertation provides a synthesis of the study. It takes key findings into account to draw conclusions and make proposals based on the problem statement. The study used a qualitative research approach. It brought into play a combination of mixed

unobtrusive research techniques. These methods were then triangulated to validate the research approach. It was then applied by drawing on a number of theoretical approaches and government legislation and policies from official documents and literature on environmental and water policy, privatisation and sustainable development.

In the introductory chapter, the following guiding research question was posed: (see section 1.3). **“What are the merits and demerits of apartheid and post-apartheid water privatisation policy and how does this contribute to sustainable development in South Africa?”**

This research question formed core of the problem statement, as discussed in Chapter One (see section 1.2). To make the research more effective and to interrogate the problems identified in this dissertation, the study was subdivided into several research questions and research objectives (see sections 1.3 and 1.4). These problems of the dissertation were discussed and analysed in the preceding chapters.

## 6.2 SYNTHESIS AND FINDINGS OF THE RESEARCH OBJECTIVES

Information was gathered to address all the research objectives stated in section 1.4 in Chapter One. These are:

- To discuss South Africa’s legislative and regulatory framework for sustainable environmental management in general and water resources management in particular.
- To explore the conceptual and contextual variables influencing the dynamics and processes of sustainability and sustainable development.

- To investigate the merits and demerits of privatisation and to gain insight into the origins of water privatisation in South Africa
- To analyse and investigate the meaning, definition, application and relationship between water, neoliberalism and sustainable development in South Africa.

This was done individually and/or collectively to ensure that the dissertation is also viewed as an interrogation of a process and not only as an analysis based on information from the preceding chapters where these objectives are addressed. New perspectives, information and philosophies will also be provided in this chapter to substantiate the findings made in the previous chapters. This will help draw inferences and conclusions on whether the post-apartheid water policy contributed to sustainable development in the country and, if not, why.

### **6.2.1 Chapter One: General introduction and scientific orientation**

The purpose of Chapter One was to develop the methodological, conceptual, contextual and theoretical framework for the study. This can be seen as, the operationalisation of a generic analytical framework to assess the merits and demerits of the South African water privatisation policy from 1994 to 2015, as well as whether it contributed to sustainable development in the country. The background and rationale in Chapter One attempted to provide the context for the following secondary research question: What is the nature of water resource management in South Africa and what does it entail?

In line with this, Chapter One provided the background, rationale and the problem statement of the study. The primary guiding research question, the secondary research questions and research objectives were provided. Furthermore, the methodological approach, research design and research methods of the study were discussed. To clarify these approaches, the qualitative research design, unobtrusive research methods in

terms of a documentary content analysis and conceptual analysis were discussed. The chapter explained the context of the literature review, as applied in the study. The data collection methods were also highlighted. In addition, terms that were used throughout the dissertation were defined. The chapter concluded with an overview of the chapters contained in the dissertation to underscore the proposed analytical framework for analysis of the envisaged topic.

## **6.2.2 Chapter Two: The legislative and regulatory framework for South African water resource management**

Chapter Two attempted to answer the following secondary research questions:

- What does the legislative and regulatory framework that governs water distribution and management in post-apartheid South Africa entail?
- How did legislation in post-apartheid South Africa improve water services management?

Chapter Two of the dissertation discussed South Africa's regulatory framework for sustainable environmental management in general and water resources management in particular. To shed light on the topic, the chapter examined the contemporary debates on sustainable environmental management and protection in South Africa. This ranged from the reasons for the rise of the concept and the processes that led to the establishment of environmental and water policies and frameworks.

The chapter underscored the importance of following an integrated approach to resource management to ensure the sustainability of natural resources needed to support current and future human development. In this regard, the chapter investigated the understanding of managing and mitigating the interconnected activity-impact cycle of utilising natural resources.

To this end, it investigated the conceptual and contextual variables influencing environmental resource management, with specific reference to water resource management. It investigated the State's responsibility for implementing a regulatory framework to ensure that both the private and public domains adhere to reasonable legislative and policy measures (Braid 2016:40).

This chapter commenced by highlighting that all legislation in post-apartheid South Africa is steered by the Constitution, 1996. In this regard, the Constitution, 1996, lays down the all-important principle of constitutional supremacy (Braid 2016:40). Here after, citizens' environmental rights, as outlined in the Constitution, 1996 as well as the State's responsibility to provide those rights were conceptualised. To contextualise key constitutional rights and mandates, the chapter examined the State's positive duty to ensure broad-scale environmental protection (Feris in Paterson and Kotze 2005:136). According to Feris (in Paterson and Kotze 2005:133), "The Constitution therefore places a particular mandate on the State anants the courts the powers to ensure that this directive is complied with" (Feris in Paterson and Kotze 2005:133).

In his interpretation of 'environmental right', Thompson (2006:137) states that "the right to an environment that is not harmful to a person's health and well-being does not demand differentiation between state and private conduct". This anthropocentric viewpoint focuses on protecting individuals against an environment that is harmful to their health or well-being, where the harm may be from both public and private conduct (Thompson 2006:137). In this regard, the State is responsible for implementing a regulatory framework (composed of both legislative and other measures) that applies to both private and public entities (Braid 2016:40). Accordingly, the State has the dual responsibility of implementing and abiding to the regulatory framework. Feris (in Paterson and Kotze, 2005:133) agrees with this interpretation, "Section 24 paragraph (b) also provides protection against any infringement by the State that negates environmental protection or that is in any way harmful to the environment."

The chapter then proceeded to conceptualise the fundamental legislation and policy relating to sustainable environmental management and protection in South Africa, ranging from the reasons for the rise of the concept and the processes that led to the establishment of contemporary environmental policies and frameworks, as well as the statutory and regulatory bodies who are responsible for the implementation of these frameworks. The chapter outlined the specific structures and guidelines that underpin environmental resource management. It was highlighted that specific measures that focus on environmental protection include principles, policies, strategies, objectives, laws, regulations, organisations and institutions, as well as goals, operational plans, procedures, methods, tools, mechanisms, norms and practices.

In a bid to unravel the concept of environmental resource management, the foundation and founding principles, as well as the evolution of modern environmental policy in South Africa were discussed. Attention was paid to the NEMA, 1998, as umbrella legislation for several sector-specific SEMAs. Here after, the focus shifted to the dimensions of sustainable environmental resource management. In this regard, measures to optimise environmental resource utilisation through compliance notices and directives and SEMAs were outlined.

### **6.2.3 Chapter Three: Conceptual and contextual variables influencing sustainability**

Chapter Three aimed to clarify the following secondary research questions (see section 1.3):

- What does the concept 'sustainability' entail?
- What are the pillars of sustainability?
- What are the main issues in the sustainability debate?
- What are the main areas in the changing discourse on sustainability?
- What does the concept 'sustainable development' entail?



- What is an appropriate definition of sustainable development for the purposes of this dissertation?

Chapter Three of the dissertation investigated the contextual and conceptual variables influencing sustainability on a national, continental and global level. The chapter commenced by conceptualising and contextualising the key dimensions of sustainability. After providing a synthesis of sustainability, the concept was unravelled in terms of various definitions and issues that gave impetus to the phenomenon. In this regard, a global picture of the sustainability crisis was provided. It was explained that the concept has received almost universal endorsement in recent years, but opinions and views differ considerably on its actual meaning and application. Moreover, the challenges of integrated sustainability were discussed, and the weak and strong aspects of this approach were presented.

Furthermore, the chapter investigated the different dimensions of sustainability and the relevance of seeking a broader conceptual understanding of the three pillars of sustainability – social, environmental and economic – and how they work together as a system. According to Nyfeler (2013:44), the three pillars of sustainability are an effective instrument to explore sustainability. Here after, an in-depth coverage of the changing debates in sustainability discourse was provided. Pro-economic versus pro-environmental arguments were analysed, followed by the three prominent sustainability discourses – environmental, social and financial. In conclusion, the concept of ‘environmental analysis’ and existing markers and metrics of sustainable environmental analysis were discussed. This analysis involved a taxonomy and investigation of the various sustainability metrics, namely economic, thermodynamic, environmental, ecological, socio-political and aggregated metrics.

Access to quality water plays a pivotal role in the alleviation of poverty and ensuring an improved standard of living. Decades of discrimination, colonialism and apartheid led to the impoverishment of the majority of the non-White population in the country. Therefore,

water privatisation policy was specifically formulated to improve the living conditions of millions of previously marginalised South Africans. In this regard, there is a clear relationship between the nexus of water availability and use and sustainable development.

Chapter Three contextualised and conceptualised sustainable development as a precursor for the role that it plays in terms of global development, in general, and the privatisation of South African public services, in particular. The chapter investigated sustainable development to provide deeper insight in terms of contemporary and past debates, definitions and viewpoints relating to the concept. According to the World Bank (2013 in Auriacombe and Ackron 2015:80), “the world has witnessed an unparalleled rate of poverty reduction since the early 1980s. During this time, the number of people living in abject poverty was reduced by more than 700 million”. However, the drop in poverty levels were mainly as a result of the economic transformation in China and India. Conversely, “in 2012, 1.2 billion people (mainly in sub-Saharan Africa) remained entrenched in abject poverty” (World Bank 2013 in Auriacombe and Ackron 2015:80).

With regard to the slow tempo of sustainable development, a special session of the UN General Assembly stated that “the overall trends for sustainable development are worse today than they were in 1992” (UNDP 1996:4). This notion is supported by several experts in the developing world. Certain policy-makers associated with global governance institutions like the IMF and the World Bank highlight that macro-economic policy and international free trade alone will not improve the development prospects for the world’s poor – especially those living in sub-Saharan Africa. As such, “poverty and environmental degradation reinforce each other to create increasingly unstable social and ecological systems” (Camadessus 2000 and Sachs 1999 in Muducumura 2002:137).

Concerning the link between social poverty and environmental degradation Porrit (1992:35) states: “Poverty is one of the greatest threats to the environment today. It is

poverty that drives people to overgraze, to cut down trees, to adapt ecologically damaging shortcuts and lifestyles, to have larger families than they would otherwise choose, to flee from rural areas into already over-burdened cities – in short to consume the very seed corn on which the future depends, in order to stay alive today”. Importantly, the concept of sustainable development does not and cannot exclusively refer to the development processes within developing countries. It greatly influences the development paradigm of the developed world, as unregulated economic growth and development in first-world countries placed the concept in the international spotlight. In this regard, Haque (1999:7) explains that “a global reluctance to re-examine a development paradigm based on the logic of industrialism and unrestrained economic growth reinforced the need to focus on sustainable development”. In reality, “sustainable development depends on dynamic relationships between people in the same society and from different societies; between people and their technology; and other species and their shared natural environment” (Downs 2000:604).

In most parts of the developing world – especially sub-Saharan Africa – limited research has been conducted on sustainable development due to high levels of poverty and underdevelopment in the region. Many policy-makers and researchers are of the opinion that the developed world is to blame for the lack of sustainable development in sub-Saharan Africa. This notion is based on the assertion that this region has not benefited from the globalisation and free trade. The reason for limited research in the region can also be ascribed to a lack of technological capacity to address challenges relating to sustainable development. It is therefore crucial that the developed world help alleviate poverty and underdevelopment, as well as help instil a culture of sustainability in developing countries.

Environmental protection and economic growth are often seen as competing aims. This is especially the case when it comes to poverty alleviation in developing countries like South Africa. The chapter underscored the importance of striking a balance between economic growth and environmental protection. The literature review highlighted that no

country can prosper and address the needs of its citizens without a growing economy. However, without protecting the environment, a country's citizens will not have access to clean water, air and soil and enough food resources. As such, governments need to regulate actions to protect the environment and facilitate economic growth simultaneously. This requires a balanced approach and regulatory framework that facilitates sustainable development.

#### 6.2.4 Chapter Four: Contextualising water privatisation in South Africa

Chapter Four aimed to clarify the following secondary research questions (see section 1.3):

- What is privatisation?
- What does the privatisation of state entities entail?
- What are the effects of water privatisation on sustainable development in post-apartheid South Africa?
- What are the arguments in favour and against privatisation?
- What is the relationship between privatisation and socio-economic rights?
- What are the strategic objectives of the apartheid water policy of 1956?
- What did the focus and direction of the apartheid water policy entail?
- What were the focus, direction and strategic objectives of the post-apartheid water policy of 1998?

Centuries of racial discrimination and segregation have turned South Africa into one of the most unequal countries in the world. Because of colonialism and apartheid, “access to infrastructure, education, primary healthcare and socio-economic opportunities were characterised by racial segregation” (SAWU 2004). The conditions of the poor, especially those living in rural areas, were ignored.

Before the new democratic Constitution, 1996, was adopted, water policy formed part of apartheid segregation. The policy and development of South Africa's water resources

focused on supporting the economic growth of the White population, especially the wealthy agricultural sector. Adequate water supplies and water-borne sewage services were provided to wealthy municipalities and towns along clearly defined racial lines. When the “ANC-led Government came to power in 1994, it sought to redress these inequalities ensuring sure that all of the country’s citizens would have access to critical resources, such as water” (McDonald and Smith 2004). However, this proved to be a momentous task. The Government subsequently embarked “on a process of privatisation, believing that it would support the development of crucial infrastructure and improve service delivery” (Mwebe 2004).

Chapter Four of the dissertation had two objectives. Firstly, it investigated how the privatisation of state entities impacts developing countries, such as South Africa. More specifically, it sheds light on the origins of water privatisation in South Africa. Secondly, the chapter drew a comparison between the apartheid Water Policy of 1956 (underpinned by Water Act No. 54 of 1956) and the new Water Policy of 1998 (underpinned by the National Water Act No. 36 of 1998). The introductory section of the chapter conceptualised and contextualised the term ‘privatisation’. The literature review revealed that ‘privatisation’ is used to convey a diversity of ideas. Some researchers have referred to it as “denationalisation, where the ownership of a public enterprise is transferred to private entities” (Ramanadham 1989:4). A related idea is “liberalisation and ‘deregulation, which introduces public enterprises to market forces and competition” (Ramanadham 1989:5). In this regard, Chirwa (2004:29) argues that” privatisation should be viewed as a function of how the activities of a particular public enterprise is brought under the discipline and paradigm of market forces”.

It then proceeded to outline the merits and demerits of this approach. The literature review highlighted that privatisation is not universally welcomed in developing countries. Some scholars from developing countries argue that privatisation is unsuitable within the socio-economic milieu of sub-Saharan Africa, as it counteracts sustainable economic growth and development. However, privatisation remains a viable option, as governments are

unable to keep up with the mounting need for basic public service delivery. Here after, the focus shifted to the relationship between privatisation, demand management and socio-economic rights in South Africa. Socio-economic rights relate to the privatisation process – the ‘how’. Was the tendering process transparent? Was there public discussion on the privatisation process? Was there adequate dissemination of information? Was there public consultation before privatisation was embarked upon? When implemented correctly, privatisation has the potential to enhance efficiency, competition, economic growth and development (Mwebe 2004).

The literature review highlighted the strong relationship between public ownership and political interference in South Africa. Cadre deployment has meant that some public enterprises in the country are owned and managed by Luthuli House, the official Secretariat of the ANC. Thus, much of the blame for the poor performance of public enterprises can be attributed to continual political interference, the politicisation of key decisions regarding personnel administration and a lack of managerial autonomy (Mwebe 2004). In many cases, public enterprises have become a vehicle for political patronage, corruption, nepotism, the misappropriation of public funds and an instrument for furthering the political and material interests of the ruling party. Within this context, it is worth asking: “Has the privatisation of water services in South Africa denied the poor and vulnerable members of society access to this basic service?” In this regard, the chapter critiqued the view of water as a commodity, but rather purported it as a constitutional requirement.

The chapter also highlighted the political rationale undergirding the Water Policy of 1956 and the Water Policy of 1998 as well as the reasons behind formulating both policies. Chapter Four also explained the various mechanisms through which the policies were implemented in the country. The chapter elaborated on the similarities and dissimilarities between water policy under apartheid and post-apartheid South Africa by comparing and contrasting the policies. It was highlighted that the apartheid Water Policy of 1956 ensured that water provision and services were provided along racial lines. In this regard, the strategic objectives, focus and direction of the 1956 Water Policy were outlined. Here

after, the chapter outlined the objectives, focus and direction of the new Water Policy of 1998. The legislative and regulatory framework that governs water privatisation in South Africa, as well as the changed environmental context of public service delivery in the country's local government sphere were addressed. In this regard, it was underscored that the objective of the Act was to gain a complete and holistic understanding of South Africa's water policy during the apartheid and post-apartheid era. In conclusion, this section pointed out that the provisions of the Water Policy of 1998 were undergirded by global best practices in water demand and management. Moreover, the Water Policy of 1998 provided a framework for future constructive dialogues and reform of the water sector in South Africa.

#### **6.2.5 Chapter Five: The nexus between water, neoliberalism and sustainable development in post-apartheid South Africa**

Chapter Five aimed to clarify the following secondary research questions (see section 1.3):

- What is neoliberalism?
- What is the nexus between water, neoliberalism and sustainable development?
- How can neoliberalism and sustainable development be linked in the South African context?

In South Africa's new democratic dispensation, water has become a cornerstone of economic transformation. Within this context, Chapter Five investigated the link between water neoliberalism and sustainable development in South Africa. The chapter analysed whether the South African Government's post-apartheid privatisation policy has reached its goal of ensuring that all citizens have improved access to water and sanitation. The key objective was to determine how water privatisation influenced the living standards of the poor, as well as its impact on sustainable development in the country.



Chapter Five commenced by outlining notable researchers' understanding of the term 'neoliberalism'. The literature review highlighted that the privatisation of water services in South Africa did not entail a change of ownership from public to private management. Rather, modern techniques such as marginal cost accounting based on classical economics were introduced. Here after, the chapter focused on South Africa's water privatisation process, with specific reference to the commodification of water and the role of PPPs. The literature review highlighted that the principle of marginal cost accounting does not support the sustainable development of water usage in South Africa's urban areas. This is mainly due to a lack of required skills and technological expertise to manage municipalities' water infrastructure.

From a sustainable development perspective, the chapter argued that by viewing water as an 'economic good', strips away the fact that access to this finite commodity is both a constitutional and basic human necessity. Moreover, it becomes a commodity governed by economic principles such as marginal cost-pricing.

The chapter revealed that that most South Africans who suffered under the 'apartheid regime' are still suffering under a 'market regime' due to the commodification of water. For sustainable development to take place in the water sector in South Africa, there are many "wrongs to right" at present (Ukwandu 2009). The chapter did not argue against economic realities and subsequent gains of privatisation *per se*. Rather, it argued that much more needs to be done to ensure true sustainable growth and development in South Africa.

#### **6.2.6 Chapter Six: Synthesis, conclusions and proposals**

The final section of the chapter aims to synthesise the context of the previous research questions and chapters above, to draw conclusions and to make proposals to strengthen and improve strengthen and improve the South African Government's water privatisation

policy and strategy from 1994 to 2015, and to promote sustainable development based on the literature and documentary studies of the preceding objectives.

Chapter Six finally addressed the following two research questions:

- What is the impact of the South African Government's water privatisation policy and strategy from 1994 to 2015?
- Did South Africa's water privatisation policy contribute to manage sustainable development in the country?
- If the South African Government's water privatisation policy has not been implemented based on this generally accepted definition of 'sustainable development, what proposals can be made to ensure that the policy is implemented more effectively?

Despite the reach and spread of globalisation, "the majority of people in the developing world still live in abject poverty" (Pezzoli 1997:560). In fact, Goodland *et al.* (1993:298) assert that "poverty is a massive global outrage". Undeniably, poverty and unemployment also characterise the lives of most people living in South Africa. Policy-makers, researchers and governments agree that a concerted effort should be made to alleviate poverty and unemployment – especially in sub-Saharan Africa. However, "there is an ongoing debate as to whether current economic growth and sustainable development models will provide the solutions needed to bridge this ever-widening poverty gap" (Goulet 1997:1160).

The researcher used the definition below of sustainable development as platform to determine whether the South African Government's water privatisation policy is a viable mechanism for sustainable development in South Africa. The UN's Brundtland Report (1987:43) provided a good point of departure for a definition, by highlighting that "sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs".

Further on in the report, it is stated that: “Sustainable development is a process of change in which the exploitation of natural resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance the current and future potential to meet needs and aspirations” (Brundtland Report 1987:46). This leads to the last pivotal question as noted above: If the South African Government’s water privatisation policy has not been implemented based on this generally accepted definition of ‘sustainable development, what proposals can be made to ensure that the policy is implemented more effectively?

Since the ANC came into power in 1994, it has made significant changes in the way that municipalities are managed (South Africa 1998). The national Government exercised strict fiscal control, especially in terms of budgetary allocations to municipalities. In this regard, the Finance and Fiscal Commission reported that “intergovernmental transfers to municipalities dropped by 85% between 1991 and 1997” (Finance and Fiscal Commission in South Africa 1998). As a result, “many municipalities faced bankruptcy which led to privatisation” (Ukwandu 2009). This dissertation highlighted that water privatisation policy has not contributed sufficiently to sustainable development in South Africa, as the resources committed to the policy are not adequate to solve the problems of poverty and unemployment in municipalities. Due to South Africa’s slow economic growth, the Government is unable to generate the needed revenue to solve the challenges that affect the country. As municipalities deal with poverty and unemployment first-hand, it is of pivotal importance to improve funding. The researcher is of the opinion that municipalities need to be kick-started by a massive capital injection.

It is evident that challenges related to service delivery are multi-faceted and complex. Corruption occurs in most municipalities in the country, partly due to party patronage and cadre deployment and employment. Appointing ANC cadres who do not have the required skills for managerial positions in local councils hampers the sustainability of privatisation in South Africa. To ensure that privatisation becomes more sustainable, Government should prioritise efficiency and merit when appointing public officers within local councils.

Ultimately, these officials must ensure that Government fulfils its oversight and regulatory functions with regard to PPPs. Thus, there should be zero tolerance for corruption, as the limited resources allocated for improving the living standards of the poor, weak and elderly are lost through these unsavoury practices.

At a local government level, there is a scarcity of technical experts, such as Black water engineers, to facilitate the sustainability of the country's water privatisation policy. In this regard, Government should channel more funds into programmes to empower the youth with the technical skills needed to improve the current status quo within the water sector. Millions of young people in South Africa do not have access to tertiary education due to financial constraints or competence levels. It is the ANC-led Government's responsibility to implement alternative education institutions and to provide funding to help broaden the skills base available to both the private and public sectors. This future-focused approach will help to ensure that the water privatisation policy becomes an effective instrument to bolster sustainable development in the country. In addition to skills training, the national Government should broaden its budgetary scope to alleviate challenges relating to healthcare, infrastructure provision, social welfare grants and pensions. Moreover, the ANC-led Government should change its policy of cadre deployment.

The dissertation proposes that synergy needs to be created between municipal authorities and private businesses within municipal areas to ensure that South Africa's water privatisation policy becomes sustainable and effective. This would assist municipalities in creating more pragmatic and relevant policies regarding water provision. The researcher is of the opinion that collaboration between politicians and businesses in local municipalities will contribute to socio-economic development in local communities and support the overall growth and development of the country in general.

This dissertation is not against the privatisation of state entities. However, it does question the sustainability of the water privatisation policy framework that the ANC-led Government

implemented from 1994 to 2015. Undeniably, it was a noble endeavour to improve the coverage of, and access to, water resources to the millions of South Africans who were denied this fundamental right in the past. In reality, the ANC-led Government has replaced political apartheid with economic apartheid. While particular sectors of South African society were denied access to water based on their skin colour under the colonial and apartheid policy, today citizens are still denied access to basic services due to their financial disposition. The exorbitant water rates imposed by municipalities due to privatised municipal water companies has placed an enormous burden on the poor, unemployed and vulnerable households in the country.

In this regard, the dissertation calls for the development of a more inclusive sustainable privatisation policy that recognises the high level of inequality that still exists in society. Those who can afford to pay should pay, while provision should be made for the distribution of a substantially higher amount of free kilolitres of water to poor households.



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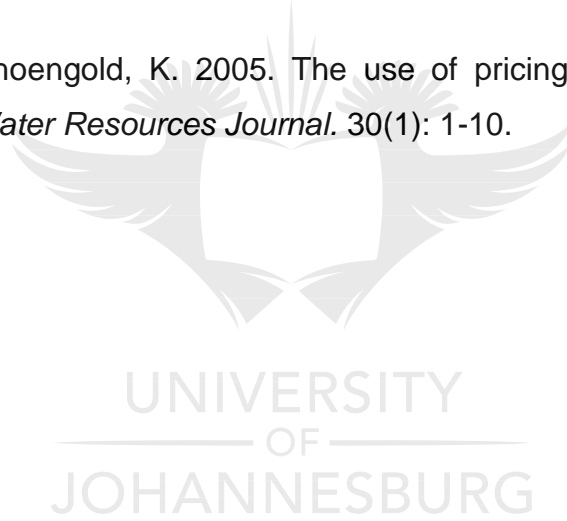
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