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Developing or Managing the Poor: The Complexities and Contradictions of Free Basic Electricity in South Africa (2000-2006)

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Abstract

The new South African government since 2001 developed what might be called a skeletal welfare system that extends social grants, infrastructure and free services to millions of previously deprived citizens. Extending electricity is held up as a major developmental intervention. A free amount of household electricity has been provided specifically to improve the lives of the poor and of women, but also to fortify a payment ethic for services in a country where grassroots, anti-apartheid organizations had long boycotted payments and where citizens expected the African National Congress to provide services for free. However, in the last five years, spiralling illegalities and non-payment have undermined service delivery. Some argue that the current rollout of services is unsustainable when large numbers of people are unemployed and cannot afford the services. The state walks a tightrope between helping without encouraging dependency, providing access yet setting limits, and encouraging entrepreneurialism and household 'good governance'. Located within critical social policy debates, the aim of the paper is to outline, evaluate and analyse the complex process of managing services and managing the poor. I use the prism of the South African government's innovative, free basic electricity (FBE) programme to explore the tensions between helping and controlling the poor, and we explore what this might reveal about the class functions of the South African state. I focus on the tensions within policy, and the gaps between policy intentions and techniques of implementation. I examine the content of the FBE policy, its everyday social technologies and underlying managerial rationales, and problems of protests and illegal access. Although offering a degree of temporary relief for very poor households, FBE re-inscribes social exclusion, and with the procedures of indigent means testing, discourages the poor from seeking access and trusting the state.

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Résumé

Le nouveau gouvernement sud-africain a développé depuis 2001 ce que l'on pourrait appeler un système de protection sociale squelettique qui fournit des subventions sociales, des infrastructures et des services gratuits à des millions de citoyens auparavant démunis. La fourniture d'électricité est présentée comme une intervention de développement majeure. Les ménages ont reçu gratuitement une certaine quantité d'électricité pour améliorer la vie des pauvres et des femmes, mais aussi pour renforcer une éthique de paiement des services dans un pays où les organisations de base antiapartheid avaient depuis longtemps boycotté les paiements, et où les citoyens attendaient du Congrès National Africain la fourniture gratuite de services. Cependant, ces cinq dernières années, le nombre croissant de pratiques illégales et de non-paiements a compromis les prestations de services. D'aucuns soutiennent que le déploiement de services actuel ne peut pas s'inscrire dans la durée, alors qu'un grand nombre de personnes est au chômage et n'a pas les moyens de payer les services. Entre aider sans encourager la dépendance, fournir l'accès tout en fixant des limites, et encourager l'esprit d'entreprise et la « bonne gouvernance » des ménages, l'État marche sur une corde raide. Cet article qui se situe au cœur de débats critiques sur la politique sociale a pour but d'expliquer dans les grandes lignes, d'évaluer et d'analyser le processus complexe de gestion des services et de gestion des pauvres. A travers le prisme du programme novateur de fourniture d'électricité de base gratuite (FBE, ou Free Basic Electricity en anglais) du gouvernement sud-africain, j'explore les tensions entre aider les pauvres et les contrôler, et ce que cela pourrait révéler concernant les fonctions de classe de l'État sud-africain. J'étudie en particulier les tensions au sein de la politique, et l'écart entre intentions politiques et techniques de mise en œuvre. J'examine le contenu de la politique de FBE, ses techniques sociales quotidiennes et les logiques managériales qui la sous-tendent, ainsi que les problèmes de protestations et d'accès illégal. Bien qu'offrant un degré de soulagement temporaire aux ménages très pauvres, le FBE réinscrit l'exclusion sociale, et avec les procédures d'enquêtes sur les ressources des indigents, dissuade les pauvres à chercher l'accès à l'énergie et d'avoir confiance en l'État.

Introduction

As part of its manifesto in the local government elections of 2000, the national office of the ruling African National Congress (ANC) made an unprecedented promise that all poor South Africans would get a quantum of free basic services. This was quantified as a minimum of 6,000 litres of water a month and 50 kWh of monthly electricity per household for qualifying households. The state saw this as 'a significant *step* towards realizing the basic rights and

improving the quality of life of South Africans' (DoF 2004:143). Many non-governmental organisations (NGOs) and commentators welcomed the move as a step in the right direction, although some were critical of the small amount, the methods of implementation and the impact. Making a similar argument in respect of water supply, Hemson and Ampomah (2005) suggest that the state's achievements are real, but they ask: 'how do these (achievements) measure against the expectations of the people, the promise of transformation, and the actual requirements of a modern social democratic state?' They point out that:

Although the trends are in the right direction, taken all in all there has not been a dramatic change in the situation of delivery... The vast differences in the scale of consumption... The ostentatious consumption of water in the suburbs in large swimming pools, water features and sprinklers, compared to women carrying water in buckets in the informal settlements [remain].

The aim of this article is to outline and evaluate the complexities of the South African government's Free Basic Electricity (FBE) programme and the complexities of the management of users/beneficiaries in order to reflect on links between social policy, state-citizen relationships and development debates. Some of these themes are well-rehearsed in social policy literature (Jones *et al.* 1978; Blakemore 1998), but are especially pertinent in the context of renewed attention to pro-poor developmentalism, the Millennium Development Goals, NEPAD, and the upsurge of service delivery 'riots' in South Africa (Desai 2002; Ndletyana 2006).

Research on post-apartheid service delivery has itself become an important and highly politicised activity, unfortunately often reduced to a 'numbers game'. The government's service delivery record is often used in electioneering, annual reviews and municipal performance score-cards. Its failures are also used by critics as a litmus test of the neo-liberal character of the democratic transition (MacDonald and Ruiters 2005), as a test of state (in) capacity and lack of coordination (Atkinson 2006) and as evidence of deepening spatio-social inequity (Makgetla 2006). However, little attention has been given to the underlying rationales of services and specific forms of administration of services for the poor. To this end, I examine the FBE's underlying rationales, its practical implementation, what FBE enables households to do, and who has been excluded. A key concern is how the poor (labelled as the 'indigent' by the government) are 'targeted' and the onerous preconditions and 'social technologies' employed for receiving benefits. Ultimately, the ANC government is caught between being a popular and caring government, and having to manage and discipline its constituency;

it has to 'balance' spending between being 'pro-poor' and promoting 'business friendly' economic growth; it has to roll out access yet also limit access to what is deemed a sustainable amount. I examine four approaches to FBE (or social technologies for implementation): targeted indigents and self-targeting; universal supply and the tariff setting approach' and fourthly, prepaid meters. These modes of service delivery have a great impact on ordinary people's day-to-day lives.

'Free basic electricity' is a strictly limited amount: 50 kWh per household connection per month. This almost nominal amount (less than R20 per month) was deemed 'sufficient to provide basic services for a poor household' (where 'household' means a 'residential premises *customer* with an official point of supply, metered on a domestic tariff') (DME 2003b). FBE therefore represents a very tiny proportion of the total electricity sold in South Africa, but over 3 million households are said to benefit. The amount of FBE is generally inadequate for either meeting basic needs or for meaningful pro-poor development. A large proportion of the poor either do not have any electricity infrastructure or if they do, still do not get access to FBE. In many cases, only when households prove poverty (that they earn less than a specified amount per month) and are registered for a prepaid meter, may they then receive FBE. The majority of poor households that receive FBE do so through prepaid meters, which are problematic devices. Rising tariffs, declining standards of infrastructure, outages, debt and disconnections and geographical distance also tend to erode the already negligible benefit of FBE.

FBE at one level seems to fit with a state caring for the people's welfare. At another level, it is meant to help the state to contain and control the poor and promote a 'culture of payment' for services. Administrative techniques have thus been developed for demarcating (targeting) the poor and South Africa has pioneered special devices to limit the use of services by the poor. Rather than uplifting the poor, the trend is for the individualisation of state-citizen relationships and placing onerous conditions on households that have to self-manage their poverty (through the self-targeted, pre-restriction, 10 amps service or self-disconnecting prepayment). These technologies of statecraft often fail to provide either sustained relief or escape from poverty and social exclusion; instead they eviscerate community, trust and citizenship. The analysis below shows that free services are not only poorly provided at the infrastructure level, but also contribute to frustration and confusion over the administration of benefits. The government has set the level of 'basic needs' so low that it will keep people poor, rather than uplift them. In reality, it is an unstable system for managing the poor.

Theoretical Approach

The management of state local services has a strong role in social reproduction, politics and urban social order. How services (housing, water, sanitation and electricity) are produced, distributed and priced has been complicated by non-payment, protests, riots, theft of property (cables) and illegal connections. Recent political science literature has focused on a technical analysis of state capacity (the weak or strong state) and its institutional reach and good governance. The debate about a developmental, dysfunctional and captured state has also been revived in an African and South African context (Southall 2006). Interest in the ANC's rule as a 'class project' has also re-emerged (Cronin 2006). For some analysts, social movements and civil society have been a key focus as either a negative or positive factor.

Some celebrate the autonomy of social movements (Desai 2002); others see them as a part of social disorder and the promotion of negative social values. Movements may also seek to 'engage', 'reclaim', or democratize the state and services or they may choose to 'exit'. As Hirschman (cited in Osaghae 2001) has argued, the former is a positive option. 'Exit', on the other hand, often leads to parallel economic-social structures, signalling potential 'state failure' and a weakening of the state, a concern for a tradition of scholars who focus on institutional stability and order at the expense of democracy and social justice. However, the opposition between engagement versus exit is not clear-cut: there are cases that may involve both exit and engagement, and there may be degrees of exit. Some forms of exit may be recuperative, i.e., encourage the state to reform its policies, seek a middle path or consensus (Silver 2003) while transformative struggles may seek to reassert anti-capitalist values such as community and solidarity (Desai 2002). Mamdani (1995:610-12) has critiqued the state-centred notions of development and state formation which, he argues, "side-steps popular resistance", has no sense of the class functions of the state, and sees state formation as the 'will of state manager'. This article sees services as part of the 'class functions' of the state rather than within the 'good governance' perspective.

Context of Free Basic Electricity Supply

South Africa is a democratic, multi-party state with a constitution which has strong socio-economic rights components. The state has a constitutional duty to ensure that basic access to services is democratized. Mass unemployment, poverty and racial-geographical inequality remain a major feature of the South African social landscape (Makgetla 2006). Whites enjoy a standard of living equivalent to the highest by world standards and command income.

To the ANC's credit, whereas in 1991 only 38 per cent of households were electrified, by the end of 2002, the figure was 68 per cent. By 2005, electrification increased further to 72 per cent of 11 million households. The deficit is most severe in KwaZulu-Natal (57%), and Eastern Cape (72%), and even in urban Gauteng 22 per cent of households have no access to electricity (National Treasury 2006:25; figures based on 2003 National Electricity Regulator statistics). Backlogs of the order of 70-80 per cent persist in the rural areas, but, crucially, new urban slums and urban informal settlements also suffer backlogs.

Most of the electricity in South Africa is used by commerce and industry; historically cheap energy served the gold mining industry and later drove industrialization. Residential consumers use less than 20 per cent of the country's electricity (DoF 2004:141). But of the 240 billion kWh sold by municipalities in 2004, only 4 billion kWh (1.6%) went into homes as part of 'basic' electricity, i.e., low-amp supply for the poor. Free basic electricity in turns represents an even smaller proportion (National Treasury 2006:27). This mal-distribution of electricity is a barometer of how small a shift the new South Africa has accomplished.

In the early 1990s, Eskom, the state-owned electricity generator and distributor, became the main supplier/retailer to rural areas and black townships; it was for the most part, given the task of mass electrification. Eskom's areas therefore had a very different racial profile compared to municipal consumers: its 3.3 million consumers (half the national consumer base) were also predominantly on prepaid electricity. Compare this to municipal-supply areas (historically white areas) on credit meters using three times more electricity per capita (National Treasury 2006). It is important to distinguish between the two systems of residential electricity in South Africa, namely Eskom and municipal.

The 17th largest global producer of electricity in the world, South Africa generates most of its electricity from cheap coal supplies. Mining and manufacturing pay about half the tariff ordinary households pay (i.e., an average of 16c per kWh compared to 29c for domestic users). The poor, if lucky enough to obtain FBE, find that this is insufficient electricity for cooking, but only helps with lighting. In the predominantly ex-Bantustan areas where half black South Africans live, 25 per cent cooked with electricity in 2003, compared to 10 per cent in 1996. The figures in ex-Bantustans for lighting are higher: 25 per cent and 58 per cent respectively. For piped water on site the figures are 20 and 30 per cent (Makgetla 2006).

Although often celebrated as the cheapest electricity producer in the world, electricity in South Africa is expensive for working class households. The

National Treasury (2006:112) has calculated that on average a 'small' household can expect to pay R213.00 per month on electricity. Interestingly 'small' is defined as 498 kWh per month (with usage ten times the FBE amount). The large household is expected to use 1000 kWh and will pay around R414 per month (National Treasury 2006:135). A three-person family in a three-roomed house using a fridge, heater, stove, colour TV and hot water typically spends between R200-R300 per month, with electricity bills making up a large percentage of disposable income – about 8 per cent if income is R2000 per month and 25 per cent if the income is a pension. Moreover, municipalities make significant surpluses from their electricity distribution and retail activities; these range from 28 per cent at the higher levels to 3 per cent, but average between 10-15 per cent (DoF 2003:246).

FBE needs to be seen in context: almost 47 per cent of South Africans are poor – defined as living in households with less than R800 income per month (based on 2001 Census data) – and cannot afford electricity. R38 billion is owed to municipalities in rates and service charges by indebted households; millions have been cut-off, and problems of illegal re-connections and bypassing meters persist. Since 2001, the state has discouraged cutting off water to households, but electricity can be disconnected if water bills are in arrears. Johannesburg alone has over 100,000 households that are heavily indebted to the municipality. In Cape Town over 400,000 final letters of demand and threats of cut-offs were issued in early 2007 (*Independent Online*, 17 May 2007). The state does not enjoy a very firm grip on its subjects, hence over 1,000 service delivery riots have taken place since 2004. While there is much debate about the exact causes of these riots, the protests, illegalities and social movements represent a worrying trend of communities ready to engage the state with more forceful extra-parliamentary means.

Recent South African scholarship has explored the way the state has evolved innovative techniques to control 'unruly citizens', limit illegalities and negotiate compliance (Ruiters 2006, 2007). The use of the now ubiquitous prepaid meters (3.2 million have been installed) can be seen in this light. The state's modernizing project, it seems, is to teach citizens to be economically rational and to better manage their consumption of services. But as some public-policy analysts argue, the use of economic incentives that appeal to self-interest to shape consumer behaviour may be based on flawed assumptions: 'an insensitive shift in the direction of the market mechanisms may weaken altruism, stifle intrinsic motivations and exhaust citizenship, with the result that public services decline in efficiency' (Mamdani 1995; Clarke and Newman 1997; Taylor-Gooby 2000). These scholars go on to argue that structural adjustment and neo-liberalism's eroding effects on community solidarity have encouraged illegality and uncivil conduct.

The state has been very concerned with creating public values such as a 'payment morality', 'rehabilitating' and drawing the poor into its administrative net (DoF 2003). Along with this, a certain kind of *encadrement* and pedagogic approach to the poor involves promoting a popular understanding of the market duties of 'customer-citizens'. Services play a big role in this political socialization/ disciplinary process while allowing the market (through the state) to reach deeper into the everyday lives of citizens. As Gupta (2001) suggests:

Managing a population involves an immersion in the details and minutiae of people's lives. Here mechanisms of discipline and regulation are important not merely as repressive measures but as facilitators of new modes of accountability and enumeration.

As in the case of 'Free Basic Water', the Water Director-General argued that free basic water was the state's cost recovery 'strategy'. This was reinforced in the Strategic Framework Paper accepted by the Cabinet:

The adoption of free basic water policy has not negated...the principle of user pays. On the contrary, the free basic water policy strengthens the principle in that it clearly requires consumption in excess of the free water supply service to be paid for... (DWA 2003:29).

It is a question, not only of bureaucratic power, but also of the values that underpin policies. The local state has been a key player in trying to reconfigure, formalise and manage the services for poor communities and in the process make these communities less politically threatening and more aware of the 'economic' or commodity value of services as opposed to general social values and solidarity that public services might bring. This may be encapsulated as municipal 'good' governance. We now turn to the specific case study of this paper: FBE.

State Motivations for FBE and Its Definition of 'Basic' Supply

The main policy document for FBE is the 2003 Department of Minerals and Energy, 'Electricity Basis Support Services Tariff Policy, and the Guidelines for Free Basic Electricity'. The state motivated its decision in 2000 to provide FBE as follows:

- To enhance the well being of the poor... in particular women and female children who are mainly responsible for carrying 'firewood'...;
- To maintain functional households;
- To have a positive impact on the 'health and safety' of the communities;
- To reduce the need for fossil-based energy sources (for example, paraffin, which is used mainly for cooking and heating).

It suggested that modern sources of energy will enhance the quality of life of the indigent communities (DME 2001). In a more politicised version of this,

the City of Cape Town (then under ANC control) represented its rollout of FBE to township areas as a 'victory for the people':

For these communities... this is the promise of a better life. Extending free basic electricity to these communities is a victory against poverty in our city. Over the past few years we have experienced many fires in Khayelitsha due to the community's reliance on paraffin, drum fires and other forms of heating and lighting. Now we are creating a better life....They can now look forward to lighting and warmth in their homes, especially during the cold winter months. Children can now study with the comfort of a burning light, rather than by candlelight which is often dangerous. This demonstrates the 'human face' of providing more electricity to those who need it most (*Business Day*, 30 December 2003).

The free amount (50 kWh per month) of electricity, says the government, is 'suitable for basic lighting, TV and radio, basic ironing and basic cooking'. The state argues that as it is, households that are 'poor' generally have low demand for electricity. 'These households would therefore consume the free basic electricity at no cost and pay the approved tariff for all units of electricity consumed above the free allocation' (DME 2003a). Moreover, the state argues, 'on average, 56 per cent of households consume no more than 50kWh per month' (DME 2003a). Surprisingly, the reasons for such low consumption were not probed by the state but accepted as convenient 'fact'. Yet, it is self-evident that low consumption is itself a reflection of the apartheid legacy and poverty and that to change this pattern of under-consumption, *more* than 50 kWh would have to be offered. In fact, municipalities often regard 150 kWh as their cut-off for deciding if households should be seen as poor or not.

But based on this observation that the poor use and therefore need only 50 kWh, the government proceeded with the FBE plan. It allocated an initial annual R300 million to be paid to municipalities for the provision of free basic electricity to the poor – a relatively small amount of money for such a major programme meant to be a development priority for the state (DME 2003a). The average cost of this benefit was a mere R25 per month per household (3% of a monthly state pension), or R300 per year per household (DoF 2003a:234).

We return to the question: what can a household do with 50 kWh per month? Table 1 gives an indication of the energy used by various appliances.

As is evident from Table 1, a small fridge alone (used for six hours – itself an unreasonable assumption, given that fridges generally must be on all the time) would use up the total FBE allotted. A hotplate (of 1,000 watts) for cooking used for two hours a day would on its own use far more than the FBE quota. The FBE amount is, therefore, clearly and entirely inadequate for

basic living needs. This is why many people with access to grid electricity still use firewood or paraffin for cooking (Mapako and Prahad 2005:2). The overall effect of such a minimalist programme is to *keep* the poor in poverty and force the poor to use hazardous forms of energy. FBE cannot therefore be defined as “developmental”.

Table 1: Energy Usage For Household Appliances

Item	Watts	Hours Used	Days Used	kWh
1 x Energy Saver Light	11	5	30	1.7
1 x TV (B&W)	35	6	30	7
1 x Iron	1000	4	6	24
1 x Kettle	1000	0.5	30	15
1 x Hotplate	1000	1	25	25
1 x Regular Light	100	5	30	15
1 x Fridge (small)	250	6.5	30	49

Source: DME 2003

Progress and Development in FBE?

The limits of FBE notwithstanding, let us examine the rollout of FBE. The state claimed that at the end of June 2003, municipalities *and* Eskom were delivering FBE to some 2.4 million households (57.3% of those on the grid), an increase of 48.7 per cent over a year (cited in *Business Report*, 24 March 2005). The amount has steadily increased since: by 2006 well over 4 million were claimed as recipients of FBE.

We will first look at Eskom (which serves 48% of all domestic consumers or 3.3 million households in the country) and then municipalities (which serve 52%).

By 2003, Eskom had not yet provided free basic electricity to the poor in *any* of its distribution areas (mostly former black townships and homelands). By 2004, Eskom had spent a paltry R46m (US \$6.5 million) on FBE. By early 2005 there was some progress, with 322,000 of Eskom’s 1.9 million poor customers receiving the benefit (Ompi Aphane, cited in *Business Day* 19 January 2005). In 2006, Eskom reported that 84 per cent of its qualifying customers had their meters reconfigured for free electricity (Eskom Chairman’s Report 2006)¹ which suggests that they could receive FBE. By 28 February 2006, Eskom said it was providing FBE to 1 million households within its supply areas (National Treasury 2006:28). Eskom claimed 60 million kWh was used in FBE, a minuscule 1.5 per cent.

We now turn to FBE in the municipal sector. In the municipal supply areas progress was not as slow as with Eskom: in the 18 months after FBE's launch, in late 2002, 'only 12 per cent of the poor had received the free electricity benefit, while expenditure on the initiative had ballooned to about R750 million – 2.4 times more than budgeted' according to Ompi Aphane, Chief Director in the Minerals and Energy Department responsible for its rollout (*Business Day* 19 January 2005). As of 30 June 2004, 4.7 million households received electricity from municipalities in South Africa; but only 64.6 per cent of these had access to free basic electricity (Stats South Africa 2004, see Table 3 below). In other words, some 3 million households received FBE from municipalities. But according to the Chief Director (Electricity) in the Department of Minerals and Energy, in the municipal sector 'most of the recipients' of the free basic electricity were not poor (*Business Day* 19 January 2005). Large municipalities were reluctant to undertake expensive targeting exercises and indigence means tests and preferred to supply FBE on an across-the board basis.

Table 2 shows the provincial breakdown of households benefiting from the free basic electricity from municipalities and the rapid increase in the numbers receiving FBE between 2003 and 2004.

Table 2: FBE Supplied by Municipalities by Province (2003-4)

Province	Number of Households with access to electricity (2004)	Number of Households with access to Free Electricity (2004)	Per cent	Number of Households with access to Free Electricity (2003)	Per cent
Western Cape	1 010 620	903 063	89.4	517 696	54.1
Eastern Cape	513 979	250 041	48.6	198 492	44.8
Northern Cape	125 843	48 221	38	46 221	44.6
Free State	403 114	337 928	84	282 280	78.0
KwaZulu-Natal	825 570	47 695	6	22 075	2.8
North West	152 382	73 735	48	29 906	23.6
Gauteng	1 238 414	1 123 346	91	886 650	84.0
Mpumalanga	332 284	199 060	60	166 085	54.1
Limpopo	104 485	56 973	55	42 153	46.3
Total	4 706 691	3 040 062	65	2 191 551	51.8

Among the significant trends, the Western Cape doubled the number of FBE recipients in a year, whereas the Eastern Cape made little headway. Gauteng had the highest percentage of FBE recipients (91%), followed by Western

Cape (90%) and Free State (84%). There is significant variation between provinces in the provision of FBE. KwaZulu-Natal stands out because of the very low 6 per cent level of FBE supplied (but this excludes Eskom's FBE).

Thirty-seven municipalities, many in the KwaZulu-Natal area, could not provide any free basic electricity whatsoever (Reply to written question no. 350, internal question paper no. 9 – 2005. Reply received 30 June 2005). Certain provinces have experienced a high degree of urbanization and growth in informal settlements (Gauteng, Kwazulu-Natal and the Western Cape) hence the proportion of houses with access to electricity has decreased.

The Presidency has criticized FBE because the wrong people are benefiting from it. In February, the President decried the fact that 'the benefits of free basic electricity are accruing to those who are relatively well off', and he blamed this and other deficits on what he termed 'the lack of all-round capacity in technical areas'. As a result, 'the programme to provide a basic amount of electricity free to all poor households has been slower to implement' (*ANC Today* Vol. 6, No. 4, February 2006). In the majority of cases, municipalities cite 'lack of indigent data' for failing to provide free basic electricity (Reply to written question no. 350, internal question paper no. 9 – 2005, 30 June 2005). This shows that a number of gaps still exist between the original noble intentions and implementation. A further set of problems related to the effectiveness of FBE involves the use of prepaid meters as a means of getting FBE to households, along with cut-offs and illegal connections.

Keeping the Poor In and Out: 'Targeted' and 'Broad' Approaches

The general preconditions for FBE are that only homes with a 'legal' connection to the national grid at a metered point of supply qualify for free basic electricity. Households which have a record of non-payment and illegal connections are excluded until all bills are settled (DME, 2003a:13).

In practice, there are a variety of technical-administrative ways that FBE may be received. Targeted approaches may be contrasted with broad or blanket approaches. In the broad approach, all residents of an area get the FBE irrespective of income or circumstances, whereas targeted supply assumes means testing, setting criteria and keeping a beneficiary list of some sort. Another variant is the 'self-targeting' approach whereby an indebted resident approaches the state and agrees to a very low level of supply (10 amps and frequent tripping) and in exchange gets the FBE. We explain two of these approaches.

According to the DME (2003a:12-13) self-targeting is 'suited to municipalities with lower capacity and a large proportion of poorer consumers'. Households consuming less than 150kWh per month could be regarded as poor, and be given the 50kWh per month on low amp supply.

The self-targeting (10 amps) method, says the state, 'will not be suitable for households with many members, since frequent tripping of the control systems will be experienced'. The policy also stipulates that the limitations of 10 amps service should be clearly outlined to consumers before they apply for free basic electricity (DME 2003a:16). 'Customers', the preferred state terminology, therefore have to be aware of choices.

The targeting approach uses an indigent list system. All the poor are identified and then have to register for FBE. Let us look into a case of a city using means testing or targeted approaches and the qualifications needs to receive the benefit. Tshwane (Pretoria) uses an indigent list system.

In Tshwane, potential recipients are subjected to rigorous means testing, and if they qualify, they receive only a 30 amp supply (the norm is 40 amps). Registration takes place through the Social Development Department if the applicant meets 'all' the following conditions:

- If the municipal value of the property on which the household resides does not exceed R150,000 (typically a township or Reconstruction and Development Programme (RDP) house);
- If the gross monthly income of all the members of the household does not exceed that of two old age state pensioners (R1,600 per month);
- If the applicant agrees to accept the limited level of service and agrees to stay in the programme for at least six months;
- If the applicant agrees that the municipality will install a prepayment-type electricity meter free of charge;
- If any consumer misinforms the authorities, all benefits which were accorded to the indigent debtor upon registration will be written back to the services account and appropriate legal action will be considered.²

The Tshwane Municipality, moreover, imposes an 'upper' limit on prepaid electricity purchases a family is allowed in any one month: 'A partial blocking of vending of 150 kWh per month plus the monthly free units quota of prepay electricity (will) encourage payment of moneys for the other services'.³ This will prevent the poor from illegally re-selling electricity to neighbours through extension leads. The Tshwane system imposes an array of controls and offers the poor citizen little room to manoeuvre. Indigents have to re-register every year. There is a strong moral undertone in 'helping the poor' to limit their consumption and manage their finances. In 2007, only 47,000 indigents were registered for free basic services (Pretoria has over 150,000 poor households). These restrictions imply that discrimination is practiced against poor consumers.

In the Cape Town City case, only 5,000 people had come forward to register on its indigent register. However, it believed this figure was too low and said people should not be 'afraid or ashamed' to register for indigent relief where necessary (Cape Town City Council, Media Release, No.119/2007, 25 April 2007). The targeting approach keeps people out, rather than encouraging uptake of FBE. The economic logic is that state can keep control over its welfare budget by making welfare as demeaning and difficult to access as possible. By keeping only the 'deserving' poor on indigent lists, the municipality hopes to send out a strong message that those who can afford to pay should do so and that fraudulent claims will not be tolerated. As Patricia Martin (*Sunday Times* 8 September 2002) has argued regarding social grants:

... means testing is touted by its proponents as a method of ensuring that only those in real need receive assistance while the 'undeserving' are kept out of the system. In fact, the contrary is true. Means testing prevents the needy from accessing social security grants. The Taylor report records what many working in the field know to be true - the means test harms the ability of the poor to access benefits, particularly the child support grant. Many applicants have difficulties obtaining the relevant documentation and struggle to meet the costs of the numerous trips that are an inevitable part of working through the red tape. In the South African context, the tendency of incomes to fluctuate renders application of the means test a complex and often inaccurate exercise...

'Keeping the poor in place' and weeding out the undeserving and the fraudulent are often the corollary of state welfare. These threaten to overwhelm any possible ways in which state concessions might empower the poor. The stigma associated with welfare has both a gate-keeping, and a class pedagogic function. Beneficiaries are expected to learn the 'culture of payment' and the smallness of the benefit, and demeaning aspects of negotiating the bureaucracy to register for benefits meant to push them into looking for 'gainful employment'. And, as Offe (1983:154-6) has suggested, some state concessions require a 'submissive recognition' by claimants of the superior morality of the capitalist order which created these needs. The residual form of welfare initiated by the ANC-led government and exemplified by FBE reflects the ANC's own ambivalent relationship to the 'people' and its continuing commitment to neo-liberalist welfare and capitalist development in South Africa.

We now investigate the 'blanket' or broad approach, used in Johannesburg (excluding Soweto, which is an Eskom area). This approach gives 'all' households the free amount of service but once residents have used up their

free quota, they have to pay higher tariffs for extra services. Johannesburg uses the stepped tariff system. The wealthy have no problem paying the higher steps in the tariff, but the poor get into debt and then face disconnection. The state thus manages its resources and the poor through tariffs and disconnections. But with many pensioners and sick families disconnected, Johannesburg came up as a 'special cases policy'. The city spends R53 million a year on subsidising free basic electricity for 'special case' households. Johannesburg's annual municipal budget is over R19 billion a year (the special cases account for only 0.2% of budget).⁴ Prepaid domestic customers get their free allocations once they buy power at a uniform unit cost from one of the City Power vending stations.

The above methods show that the already limited benefits of FBE are eroded by the onerous terms facing potential beneficiaries. We now move on to a fourth method: the prepaid meter.

The Prepaid Meters Approach to Politico-economic Management

It is important to examine the specific technologies for providing and limiting household consumption because these have both practical consequences for how much households benefit, as well as the ideologies behind services. Eskom was the pioneer of the 'social technology' of prepayment metering (PPM). As noted before, Eskom took over the electricity function from troubled black local authorities in the late 1980s. A senior manager, Hugh McGibbon (2002), explained Eskom's reasons for moving to PPM:

Eskom had a difficult time managing the conventional meters. Eskom used to hire workers whose main task was to read meters and disconnect electricity of those whose payments were overdue. This entailed ...the transportation from house to house and the protection of its employees in the event of conflict with customers. The conventional metering, in the *absence of proper social attitudes* to electricity, became a system demanding very high maintenance. Prepaid metering reduced this cost tremendously⁵ (My emphasis).

This 'technical' explanation is quite revealing: it ignores political or historical factors in service delivery in townships, invoking putative social attitudes (on a racial basis). It exposes how managerial logic for 'dealing with' populations trumps participatory politics. PPM was a way to circumvent the angry citizen and privatize cut-offs. As Drakeford (1998) explains:

Prepayment has removed the public visibility and awareness of disconnections... and has 'privatised' that decision within the lives of the

poorest households. ...Most importantly of all, prepayment systems allow companies to escape the public opprobrium which disconnection brings.

Eskom, having indicated its own interest in PPM, then stresses that PPM is also a good tool for households to manage consumption:

Since the prepayment meter provides a continuous display of how much electricity you have left and also a flashing light showing how fast you are using electricity, many customers find it much easier to budget their electricity usage and to actually save power. Many customers do not understand the accounts for the billed system... With the prepayment system you can be sure you will get a Rand's worth of electricity for every Rand you pay (Eskom PPM FAQs on Eskom website).

The advantages of PPMs and up-front payment cited by Eskom and PPM companies for the supplier are:

1. No postage costs;
2. Improves municipal cash flow;
3. No meter readers needed;
4. Recover other debts (every time a customer buys a prepaid card, s/he pays 15 per cent towards redemption of old debt);
5. No more disconnection and reconnection fees and administrative hassles;
6. No need to access the customer's property, thus eliminating risk to employees' lives;
7. No problems of disputed and inaccurate meter reading;
8. The customer learns to economize;
9. The customer learns to manage a budget;
10. No waiting for reconnection;
11. Empowering customers by giving them responsibility (also see Tewari and Shah 2003:20).

When using prepaid meters, a household will receive a non-interchangeable voucher or token loaded with free basic units per month. When the free units have been used up, consumers need to buy additional units. If people do not claim their free allocation within a calendar month, they lose it (DME 2003a).

In many cases, households are forced into taking a prepaid meter since it is a condition for having debt re-negotiated and for receiving other free services. Johannesburg has special programmes (*Reathusa* for example)⁶ which explicitly demand this, as does Tshwane Municipality. For the more than three million households, the experience of using electricity has been changed radically by the advent of the prepaid meter. By 2003, Eskom and

municipalities had installed 3.2 million prepaid electricity meters, in almost half of South Africa's homes with electricity (Tewari and Shah 2003). The initial target population was clearly residents in the black townships (who, according to McGibbon, lacked the required social attitudes for credit meters). Since then, use of PPM has been generalised. For example, from early 2004, every new domestic customer in Cape Town was required to have a 'self-disconnecting' meter installed, no matter their income level. In that city, by 2003, 73 per cent of residential customers (380,000) had a PPM installed in their home (*ESI* 2004).

South Africa has led the field in the manufacture of prepaid meters with companies such as ABB, Tellumat/Syntell, and Conlog – a subsidiary of the French company Schneider (Ruiters 2006). In 2002, Conlog was renamed Dynamic Cables, a wholesale distributor of exclusive telecommunications infrastructure and cabling, acquired from Alcatel in France. Conlog, by 2004, had made 6 million prepaid meters for South Africa (*Business Report* 4 March 2004) and won a contract to install 300,000 prepaid meters in Khartoum, Sudan. This served as a 'reference site' for planned contracts in Ethiopia, Egypt and Saudi Arabia.⁷ In Sudan, unlike South Africa, the market for prepaid electricity meters is in businesses and high-income groups, as these are the largest consumers (*Business Report* 4 March 2004). The PPM has also been used in Swakopmund (Namibia) where the discourse for justifying its use has been remarkably similar to that employed in South Africa (McDonald and Ruiters 2005).

As already mentioned, PPM can be very inconvenient if a household cannot afford to buy a whole month's supply but must make repeated trips to vendors to buy a few units at a time. Repeated trips add up in transport costs (even more punitive in rural areas); and, running out of power can mean lost food when the fridge goes off. Wendy Annecke's research (2005) showed that, to get to the vending machine, customers have to walk far, sometimes in bad weather, running the risk of being mugged in these areas. They have to stand in long queues and when it is their turn, the machine often goes down, or the vendor goes off duty. In either case they cannot buy electricity and the household reverts to some other energy service. Also, 90 per cent of the customers can afford to buy only small amounts of electricity at least once a week.

An important finding is that even with free units, the poor have to make several transactions because they cannot afford to buy enough electricity for one month. Khayelitsha respondents reported being able to 'skip a week' without power. According to Annecke, households spent an average of R120 (US\$15-18) per month on electricity and another R60 (US\$7-10) on other fuels. Another issue seems to be that with a lack of uniformity in vending

technology across the city, consumers can buy electricity only in their local areas (*ESI Africa* 1 2006).

According to David McDonald (2005), 'All prepaid meters do, is force poor households to consume less by cutting themselves off. So, rather than the city having to go in and cut off water for non-payment, the city lets the technology do it for them. They simply distance themselves from the "structural violence" of cost recovery' (*Metroburger* 2 May 2002). Prepaid meters are thus like remote-controlling households, using money as a disciplinary device. "Prepayment technology has reduced, but not necessarily solved the problem of pilferage; revenue losses from pilferage are still high and run to the tune of an estimated R51 million per annum (*Business Day* 23 March 2001).

Disconnections, Illegal Connections and the State

Much has been written about the ways communities and individual households bypass their meters (Olukoju 2004; Egan and Wafer 2006). Some scholars blame the state for being weak, others blame 'society' for having 'inappropriate values that undermine the state. Illegalities or 'exit from the state' may be pragmatic, survivalist or overtly politicized (Osaghae 2001). Exit may invoke strong moral justifications and popular narratives about the 'corrupt' state or corrupt councillors. Communities may tacitly accept the morality of law breaking with regard to state property while respecting private property rules more generally. They may quietly applaud illegal actions that bring them relief from onerous payment obligations. States may respond to popular exit by using concessions and trying to win back popular trust. As Silver (2004) points out, there are examples of recuperative exit, where popular movements win concessions from the state (such as debt write-offs or free services).

Disconnections in South Africa, carried out *en masse* by municipalities and Eskom, have seriously vitiated the already eviscerated FBE. Disconnections mean households cannot get FBE unless legally re-connected or unless they make it free by criminal means. In this section of the article, we look at disconnections, debt and illegality in residential electricity.

In the second half of 2001, in the six large metropolitan areas, over 183,000 municipal consumers were disconnected in a period of three months. This was *after* FBE was announced. Only 79,000 were reconnected, leaving a balance of 104,000 in limbo or 'un-reconnected'.⁸ In Johannesburg (excluding Soweto), the city disconnected electricity supply from 20 per cent of households in one year between June 2000 and June 2001. Those without official reconnections would often illegally reconnect services. City Power officials noted that many residents who were *legally* connected to the electricity grid, did not pay but illegally supplied neighbours. The utility had

been trying for many years to remove such connections, but 'before our electricians are out of the township, they're already reconnected again'. According to City Power operations manager for Alexandra, Lerato Setshedi, only 16,000 houses were registered for electricity, but the utility's records showed that more than 80,000 houses were actually using the system. '...Those who steal belong in jail. It is not that people can't afford to pay...many inhabitants were resistant to paying for the service'.⁹

Although accurate statistics are hard to come by, there is increasing evidence of wide-scale illegalities in electricity ranging from: illegal extensions; illegal reconnections; tampered meters; meter bypassing and tapping from street lights. These constitute risky but desperate strategies that indicate lack of affordability, political alienation and social exclusion. In Alexandra township, for example, it is estimated that illegal connections make up 80 per cent of households supplied.¹⁰ In Johannesburg South's Ennerdale township, 868 out of 1,132 meters checked (or 77%) were found to be faulty or tampered with.¹¹ While widespread illegal connections in the townships may be understood in the context of mass unemployment and unaffordable tariffs (i.e., economic hardship), these everyday transgressions also have a political or activist element to them. In response to Cape Town's final letters (over 455,000 pink slips or final demand letters) over 6,000 residents marched to the City Council main offices. More than 16,800 houses were cut off (*Mail and Guardian*, online, 16 May 2007; *Independent Online* 17 May 2007).

Eskom has spent R10 million over the past two years trying to eradicate the problem of illegal connections in the Western Cape alone (*News 24* 28 November 2005). Illegal re-selling and extensions have become a means for households to supplement income. Some have 'rented' out lines to neighbours. Police pulled about ten illegal connections from one household's single cable (*Eskom News* 17 March 2005). But when the state intervenes, there have been frequent occurrences since 2000 of municipal riots against council officials who try to disconnect communities (Desai 2002; SAPA 16 July 2004).

Additional Limitations of FBE

Aside from the problems in electricity delivery and its illegal appropriation, many poor households use it *only for lighting*, not for cooking. The 2005 General Household Survey (GHS) shows an overall 33.5 per cent of South Africans use wood and paraffin for cooking, although 80 per cent are connected to mains (*Stats SA* 2006:v). The GHS reports a slight decline in households using wood or paraffin from 2002 to 2005 – the period during which FBE was implemented). National figures also show that only 45 per cent of African households used electricity for cooking (*Stats SA* 2004, October Household Survey), meaning that the majority of African households still

used wood, coal and paraffin. Research in rural KwaZulu-Natal (Hemson *et al.* 2005) found that rural women were still having to walk more than a kilometre to find wood (a distance that is increasing as woodlots become depleted) and spent as long as 205 minutes daily on the task.

A general concern is the reliability of power supply in South Africa. A survey by the NER in 2003 found that 49 per cent of municipalities had no maintenance plans for their electricity distribution networks and lacked awareness of power quality and performance issues. Almost half of the country's municipalities do not carry out routine maintenance checks and do not have contingency measures to deal with power cuts. The survey also found that about 45 per cent of electricity distributors are failing to identify areas requiring corrective action (Creamer 2005).

Conclusion

Despite being trumpeted as a step in the right direction and a pro-poor intervention, FBE is only a tiny proportion of the overall electricity produced in South Africa; the amount is fundamentally inadequate to shift usage away from fossil fuels and wood; and administrative hurdles make it hard to access FBE. Prepayment, the major form of getting FBE to the poor, is effectively a 'periodic' form of supply with self-imposed cut-offs so poor households typically go without electricity for several days within a month. Even when users have the right to access, they have to purchase prepaid units to activate the FBE, usually entailing transport to a vending point and queuing (a process that middle-class people can circumvent). Much frustration, time and money are spent on PPM transactions with vendors. Chronic poverty for about half South Africa's population and high levels of household debt result in thousands of electricity disconnections.

Trying to economise with 50 kWh of electricity makes managing everyday life very complicated for poor households and women. It is also clear from the preceding analysis that FBE in its predominant form (50kWh and prepayment) has not achieved its stated aims (relieving women of drudgery, providing normal access to electricity and reducing health and safety risks). FBE shows that municipal management has a strong disciplinary-paternalistic dimension when implementing pro-poor schemes. The government has imposed its own elitist and implicitly racist construction of what poor people need by insisting that 50 kWh suffices for the poor. It seeks to use FBE as a modernising intervention to change the way households budget and spend, and the way citizens imagine their own sense of needs, rights and their relationship with the state. Services are used to make people think as 'customers'. But managing concessions in urban services has been a 'cat

and mouse' process, with the municipality using both punishments and incentives to control poor citizens. The poor have been very much part of the changing managerial calculus. FBE, while offering temporary relief for very poor households, also re-inscribes social exclusion, and with the procedures and stigma of indigent means testing, discourages the poor from seeking access.

Considering the legacy of white privilege, the still huge development gap between rich and poor and black and white and the extreme poverty and unemployment in South Africa, it would be better to rethink the policy so that that FBE allotment can be considerably increased. Any alternative should recognise the need for redress and social justice and the self-evident, multiple, social and economic benefits of having an adequate free supply of electricity. The FBE policy and manner of implementation reinforces the observation by Jeremy Cronin (2006):

Since 1999, a powerful centre has been forged (in the state) around a privilege axis of key state technocrats and black capitalist stratum. We have had a hybrid of market-friendly austerity on the one hand and, on the other hand, extravagant profligacy when it comes to projects that enrich [a] tiny BEE elite. In the past few years the NEC [ANC National Executive Committee] has evolved to consist of only the middle strata and business.

However, inasmuch as concessions by the state such as FBE may be used to strengthen the state's legitimacy and its administrative reach, these concessions provide an important basis on which social movements can make demands for increased services, real social justice and redress. They strengthen grassroots movements through which the 'poor' may gain confidence to press their own demands and ensure that their demands are met in ways that do not undermine their own collective power and social values.

Notes

1. <http://www.eskom.co.za/annreport06/chairmansreport.htm> (accessed 5 Feb 2007).
2. [<http://www.tshwane.gov.za/documents/finance/SocialPackagePolicy.pdf> accessed 30 October 2006.
3. [<http://www.tshwane.gov.za/documents/finance/SocialPackagePolicy.pdf>] accessed 30 October 2006.
4. 'All domestic customers, single or three phase are eligible for the Life line tariff structure' (see http://www.joburg.org.za/services/citypower_tariffs2.doc (accessed 5 February 2007)).
5. www.eskom.co.za
6. 'Joburg extends helping hand to the poor'. <http://www.joburg.org.za/2006/feb/feb2_reathusa.stm>

7. www.conlog.co.za/PressReleases/pressr_2003, accessed 22 September 2003.
8. "A large difference between electricity disconnections and reconnections ... attributed to illegal reconnections which cannot be quantified in terms of numbers and potential loss of income" (DCD, 1997a).
9. City Power operations manager, www.citypower.co.za/news_archive_2.asp, accessed 30th October 2006.
10. "Illegal connections get City Power heated up," T. Mogotsi, 15/7/2003, http://www.joburg.co.za/2003/july/july15_power.stm
11. Executive Mayors Mid-term report. CoJ, 2003, p.133.

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