Chapter 4

New public management as a mechanism of accumulation by dispossession: The case of a public bulk water provider in South Africa

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Since the 1980s, mainly due to perceptions of state failures, economic crises and fiscal deficits, we have seen changes in the role of the state in many societies. Both the welfare state and the traditional Weberian model of bureaucracy have been the focus of such changes (Batley and Larbi 2004). In the initial phase, or first-generation reforms of rolling-back the state (Peck and Tickell 2002), the reforms included liberalisation, 'deregulation' and privatisation, and, in the later phase, since the 1990s, it involved state re-regulation (Brenner and Theodore 2007; Peck and Tickell 2002) through the introduction of measures such as private-sector management approaches, cost-recovery, efficiency and public–private partnerships (PPPs) (Batley and Larbi 2004). Nickson (2006: 82) has described these second-generation state reforms as focused on the four E's: effectiveness, economic efficiency, equity, and an enabling environment for private-sector development. These do not involve a diminished role for the state as much as a new role in terms of *what* the state does and *how* it does it (Batley and Larbi 2004: 2) – what Bakker (2003) has called re-regulation.

The increased use of private-sector principles and the actual participation of the private-sector in what is 'public' have meant that the boundaries between private and public-sector domains have become somewhat blurred, although distinctions remain (Larbi 2006). Various structural, organisational and managerial changes in the public sector – with national and sectoral differences – have become 'necessary', including the separation of policy making and management functions, the corporatisation of public utilities, the ring-fencing of so-called non-core activities, the outsourcing of non-core services, the introduction of an 'entrepreneurial ethos', etc. (Batley and Larbi 2004). The notion of new public management (NPM) has come to capture much of this shift from government to governance, in which – in the language of the post-Washington Consensus – 'getting institutions right' is obligatory.

In the last few years, however, NPM's hegemony has weakened somewhat, especially in developing countries, through anomalies and paradoxes between theory and practice (Brinkerhoff and Brinkerhoff 2015). Nevertheless, it continues, albeit in new, less one-size-fits-all forms. The tinkering, tweaking, sedimentation and layering of so-called post-NPM goes by an array of names, such as new public governance, joined-up government, network governance or strategic government (Brinkerhoff and Brinkerhoff 2015). However, I concur with Lodge and Gill (2011: 141) who refer to 'the myth of post-NPM' and argue that there is no evidence that post-NPM entails any significant shift away from NPM.

In this chapter, I consider the implementation of NPM within a particular public institution in South Africa (Rand Water), to show why moving 'beyond NPM' is necessary. My research question is: how has NPM been implemented in Rand Water, and what can we learn from this about the nature of 'publicness'? I show how NPM acts as a mechanism for David Harvey's notion of 'accumulation by dispossession', so that through NPM, private-sector interests penetrate and commodify the state and its services (Bakker and Hemson 2000: 10). Consequent changes to the nature of publicness, and the tensions created when public services providers act like private-sector actors hint at what the key foundations for 'beyond NPM' could be.

I draw on data gathered during nine months of fieldwork conducted in 2005 and 2006 at Rand Water. In addition to reading various Rand Water documents, I conducted in-depth formal interviews with senior managers of Rand Water on changes in the organisation since 1994, and had many informal discussions with middle-range managers within Rand Water on this topic. I also conducted formal interviews with local government officials responsible for water services who regularly interacted with Rand Water. Various informal discussions took place with other local government officials and councillors at monthly Water Services Forums arranged by Rand Water. All these interviews and discussions were conducted on condition of anonymity, and I thus use pseudonyms when referring to individuals I interviewed.

In the sections that follow, I first indicate two broad strands of NPM and then turn to the case of Rand Water to show how NPM-type reforms were implemented. I draw on Harvey's (2003, 2004) notion of 'accumulation by dispossession' to argue that NPM acts as a mechanism to enhance accumulation by dispossession. I conclude the chapter with a look at what publicness 'beyond NPM' could possibly mean, given the case of Rand Water.

New public management

In the 1980s to early 1990s, NPM came to the fore, especially in the United Kingdom, New Zealand and Australia, as an approach to public-sector reform (Larbi 1999; Pollitt and Bouckaert 2004; Uneca 2003). It replaced 'public administration', with its hierarchies in a unified bureaucracy, as a form of public governance. Pollitt (in Larbi 1999: 12) defined NPM as a vision, an ideology or a bundle of managerial approaches and techniques imported from the private sector for application in the public sector. NPM approaches advocate a variety of structural, organisational and managerial reforms in the public sector that mirror critical aspects of private for-profit sector modes. The belief is that by cutting costs, efficiency can be enhanced, government's response to public concerns improved, and better quality and cheaper services provided (Uneca 2003).

NPM then provides room for actors other than government to provide public services. However, when other actors become involved, partnerships and relational contracting are expected. These then require the state to play an active role in selective deregulation and re-regulation to create a 'competitive' environment for service delivery (Bakker 2003; McDonald and Ruiters 2005b). As a result, private interests penetrate right into the heart of state bureaucracy (Bakker and Hemson 2000: 10). Much more than a set of new techniques, NPM is about values, and specifically the values of market economics instead of democratic governance (Stoker in Ewalt 2001: 8).

While generic elements exist, this does not mean that there is convergence in how NPM is practised globally. Rather, NPM is implemented in different ways in different states and sectors for diverse reasons and with a variety of impacts (Haque 2007: 181; Larbi 2006: 26). As Manning (2001: 298) puts it, NPM offers 'a menu of choices, rather than a single option'. For the purposes of this chapter, I discuss two broad 'but not mutually exclusive strands' of NPM: one focuses on horizontal managerial improvement and organisational restructuring, and the other on techniques and practices that give prominence to markets and competition in vertical restructuring (Batley and Larbi 2004; Larbi 1999).

Managerial and organisational restructuring

Managerial restructuring includes: a focus on organisational and managerial performance; decentralising the management of public services through devolving financial and human resources management; the professionalisation of staff and more entrepreneurial styles of performance; and the development of new forms of corporate governance (or 'a board of directors' model) for the public sector (Batley and Larbi 2004: 15, 41, 46; Osborne and Gaebler 1992). Bangura and Larbi (2006: 8) found decentralised management to be a key trend in NPM reforms in lower-income countries. They noted that this could take various organisational forms including unbundling, downsizing, corporatisation, and the formation of arm's-length executive agencies (see also Larbi 1999: 17–21). Given the corporatisation that happened at Rand Water, I briefly discuss this type of decentralised management in the public sector.

Corporatisation is a process of *institutional* change whereby management institutions (that is, rules, norms and customs) change to allow for the introduction of commercial principles (such as full cost-recovery and competition), commercial methods (such as cost-benefit analysis, ring-fencing and performance contracts) and commercial objectives (such as achieving short-term financial bottom-lines and profit-making) (Bakker 2007; McDonald and Ruiters 2005b). As McDonald and Ruiters (2005a) explain, corporatisation is about running a public service like a business, without necessarily involving any private-sector actors. To enable corporatisation to take place, a re-regulation of public services has to occur through two organisational shifts, namely financial ring-fencing and managerial ring-fencing (McDonald and Ruiters 2006; Smith 2005).

Financial ring-fencing involves a process of separating all resources *directly* involved in the delivery of a service from all other service functions (McDonald and Ruiters 2006: 12). Ultimately it means that a department making use of a shared resource within a public entity (such as information technology) has to pay the unit providing that resource a full-cost fee for access to that resource. The aim of such financial ring-fencing is to clearly identify all costs and revenues related to the delivery of a specific service to allow managers to identify areas of financial loss/gain (McDonald 2002: 3; McDonald and Ruiters 2005b: 18).

Managerial ring-fencing ensures that these separate business units and entities are managed by appointed officials who work at arm's length from the public authority (McDonald and Ruiters 2006: 12). While elected officials still set service delivery goals and standards, and monitor and evaluate these, day-to-day management and long-term planning is left to the management of the ring-fenced entity (McDonald 2002: 3; McDonald and Ruiters 2005b: 18). This entity has a separate legal status from other public service providers, and its corporate structure mimics that of private-sector companies (McDonald 2014: 1). Further, corporatisation fundamentally alters the underlying managerial ethos of services provision by ensuring that a private-sector ethos is internalised within the public sector (Smith 2005: 168). When economic maximisation (meaning efficiency) becomes the goal, social and political values such as equity, social justice, subsidisation, universal access, integrated and long-term planning, and democracy tend to receive less attention; service delivery becomes increasingly technocratic (McDonald and Ruiters 2005a: 3, 2005b: 17).

Mechanisms for markets and competition

The second broad strand of NPM, closely related to the first, is the introduction of mechanisms for markets and competition in the public sector, supposedly to ensure more 'choice' and 'voice' to users, and to promote efficiency and value-for-money in public service delivery (1999: 16, 2006: 30). The argument is that replacing the hierarchy of the 'old' public administration with markets and contractual relationships (Haque 2007: 180) will help to minimise so-called dysfunctions (Batley and Larbi 2004: 40). Thus, the goal of introducing these mechanisms is to improve efficiency (Uneca 2003: 7), and not to improve services or equity per se (Taylor 2002: 115), although the belief is that improved efficiency will lead to improved services.

Markets and quasi-markets can be introduced in various ways. First, to create markets in the public sector requires a separation of policy from operation, meaning ring-fencing, as discussed above. Then market-type mechanisms can include: contracting out services and other forms of private-sector participation (such as PPPs); the introduction of user charges for public services; an increasing focus on 'the customer'; an emphasis on quality; the widespread use of contracts or contract-like relationships; and performance-based management and benchmarking (Batley and Larbi 2004: 44–49; McDonald 2014: 11).

I now provide some brief background on Rand Water, before illustrating how, in the case of this public utility, NPM became a mechanism for accumulation by dispossession.

Background on Rand Water

Rand Water is the oldest public utility, and the first water board (a bulk potable water provider), in South Africa, having been formed in May 1903 when the state took over private concessions to provide water to Johannesburg and the Witwatersrand area (Rand Water Board 1978). Today Rand Water is the biggest water board in South Africa, providing 62 per cent of all bulk water in the country (Diedricks 2015), and the largest public water utility in Africa (Rand Water 2006: 4). Over the years, it has expanded its area of supply to 18 000 km^2, covering an area that produces more than 40 per cent of South Africa's gross domestic product (Rand Water 2016: 187).

Rand Water's primary function is the abstraction, purification and distribution of bulk potable water. For abstraction, Rand Water withdraws 99 per cent of the raw water it uses from the Vaal Dam (some 70 km away from its headquarters) (Rand Water 2005a: 15). The water is then elevated by about 380 metres as it is sent to two purification stations. Once treated, water is pumped to four booster stations at a head of about 190 metres above the Vaal River, creating high pumping costs. From the booster stations, 90 per cent of the water is elevated a further 200 metres to 58 reservoirs through a network of 3 500 km of large diameter pipelines (Rand Water 2016: 82). A further 13 tertiary pump stations and five tertiary chemical dosing plants clean the water before it gravitates to Rand Water's consumers.

Rand Water distributes bulk water to three metropolitan municipalities (Johannesburg, Ekurhuleni and Tshwane), 24 local municipalities, just under 50 mines, and around 330 industries; it also provides potable water directly to about 600 households. About 92 per cent of its water sales are to municipalities (Rand Water 2016: 82–83). In 2016, the organisation, with its 3 500 employees, indirectly served 19 million people (Rand Water 2016: 187) – this amounts to nearly a quarter of South African's population. Its capacity to supply bulk potable water is 5 300 megalitres per day (Ml/d), of which an average of about 4 684 Ml/d is used (Rand Water 2016: 17). In terms of quality, the water supplied compares with the best in the world. In the 1990s, the World Health Organization rated Rand Water's water quality among the top three in the world (Rand Water 2002), and Rand Water's own quality standard is higher than the South African Bureau of Standards' national standard for drinking water (Rand Water Board December 2004: 701; Rand Water 2016: 96).

Rand Water is a public utility and the South African government is its sole shareholder. In terms of the Water Services Act of 1997 it is accountable to the national Department of Water and Sanitation. Rand Water (1996: 4) defines itself as a not-for-profit public utility, run on strict business lines. It has a non-executive board that is appointed by the Minister of Water and Sanitation (Rand Water 2005a: 3). The board delegates day-to-day management of the utility to a portfolio integrating committee, since October 2005 comprised of the chief executive officer (CEO) and six portfolio heads. This managerial structure is aligned with various portfolios, based on process integration and key organisational outputs, and is supposed to ensure improved organisational performance and facilitate growth in full water services provision (Rand Water 2005b: 32–33; 2016: 20–21).

Rand Water's latest vision statement, formulated in 2012, is 'to be a provider of sustainable, universally competitive water and sanitation solutions for Africa' (Rand Water 2016: 62). The key strategic objectives guiding its activities, budget and business focus are: 'to achieve operational integrity and use best fit technology; achieve growth [in infrastructure, through new areas of supply and through new product streams]; achieve a high-performance culture; positively engage stakeholder base; [and] maintain financial health and sustainability' (Rand Water 2016: 63). For the purposes of this discussion, it is important to note that the word 'water supply' (or 'water' for that matter), the reason for Rand Water's existence, does not appear once in its strategic objectives.

NPM as accumulation by dispossession: the case of Rand Water

Since apartheid was abolished in 1994, Rand Water's organisational activities have become more complex and diverse, as have its structure and staffing. Changes related to policies, structures and activities sped up after the appointment of Simo Lushaba as CEO in 2002. Drawing on Batley and Larbi (2004: 81), the organisational changes that have taken place can be categorised as internal management reforms (related to the increasing corporatisation of the core activity of bulk water provision) and externally oriented market-type reforms (focusing on activities outside of this core role). In the rest of this section I use this categorisation to indicate how NPM acted as a mechanism to enhance opportunities for 'accumulation by dispossession'.

The intensification of corporatisation at Rand Water

Since the 1980s, Rand Water has been transformed from being primarily a public engineering organisation providing bulk water (Laburn 1979: 93) to a state enterprise in which financial sustainability and efficiencies have become prominent. In the 1980s and early 1990s, an early process of corporatisation took place, under Vincent Bath as the first CEO. The implementation of the Water Services Act of 1997 meant that corporatisation deepened between 1997 and 2001 (see Van Rooyen 2012). A third phase of corporatisation began in 2002, with the appointment of Simo Lushaba, Rand Water's first black CEO, and first CEO with a managerial rather than an engineering background. Lushaba was brought into Rand Water to drive business and social transformation within the organisation. Under him, the key business drivers were identified as customer focus, high product and service quality, business growth through partnerships, effective transformation, and creating a high-performance organisation (Rand Water 2005b: 1). Lushaba was expected to create a customer-driven organisation that could take advantage of new business opportunities in South Africa and Africa (Dube 2002: 55).

The key features of the corporatisation of Rand Water are evident in its organisational structure, its focus on efficiency, its customer and business orientation, as well as its prices and profits. In this chapter, I focus only on efficiency, and pricing and profits. Whilst I show that the economic transformations within Rand Water largely followed the model of NPM, I also show how some contestations – both within and outside of the utility – have led to its transformation from a bureaucratic public body to a business-like publicly owned company that is enhancing enclosure of water and dispossession of 'publicness'.

Efficiency drive

Rand Water's corporate business plan of 2005 identified efficiency, effectiveness and innovation (Rand Water 2005c: 21) as the key business drivers around which its activities were planned and conducted. In terms of the water sector, efficiency can take several forms: technical efficiency (maximising throughput and reuse in water production); economic/operational efficiency (the optimal use of resources in the production of water); social efficiency (maximising public benefit and welfare); and environmental efficiency (maximising production of ecological services) (Bakker 2001: 144; Chesnutt 2005; Spronk 2010: 161). During the time of my fieldwork at Rand Water, efficiency essentially referred to operational efficiencies only. The mechanisms used to achieve such efficiencies were to enhance productivity using the accounting logic (Broadbent and Laughlin 2002) of performance management and performance contracts (with financial rewards for staff), reducing costs (for example, reducing staff), technology utilisation and benchmarking (see Van Rooyen 2012 for detailed discussions of each of these).

The reactions from a number of senior managers within Rand Water to this focus on operational efficiencies are captured for me in a quote from one of the senior managers who said: 'We have forgotten that we are actually here to provide water. If you look at our Balanced Performance Management Framework, you probably won't even see anything about producing water.' The idea of attention being diverted away from the core activities of Rand Water was expressed by one of the executive managers as:

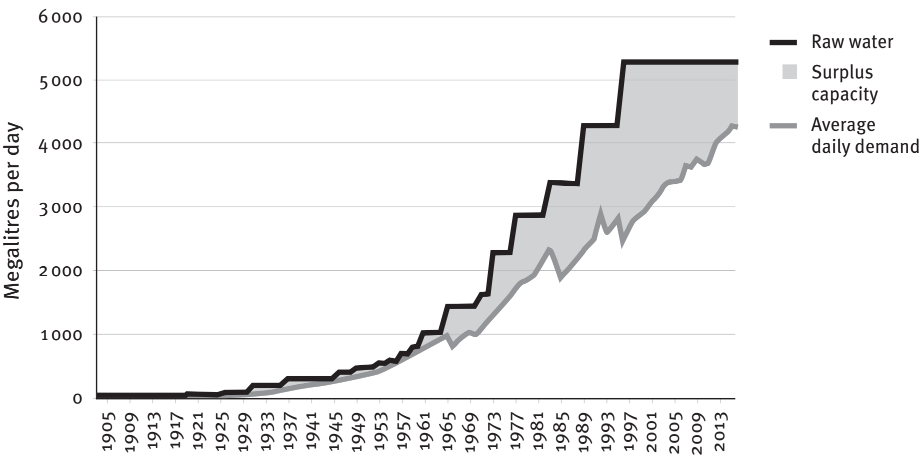
> My supposition is that when Simo [Lushaba] came into the organisation, he embarked on a regime of attempting to get Rand Water competitive in a commercial sense...which I think is a bit inclined to divert us from this non-profit making organisation sort of notion.

In this context, a useful distinction can be made between efficiency and effectiveness. As Therkildsen (2001: 3) argues, 'increased efficiency (maximising outcomes for given inputs) does not always fall in with increased effectiveness (the extent to which the objectives of a policy or programme are achieved)'. An organisation can thus be inefficient (in terms of low ratio of output to input, meaning high cost), but still be effective in achieving the right objectives. And an organisation can be efficient (in terms of high ratio of output to input), but be pursuing the wrong objectives, 'often with more damaging results', argues Israel (1987: 12). One of the executive managers of Rand Water expressed this as:

> I suspect that one of the areas that we haven't really looked at that require a bit of focus would be the notion of over-engineering. Because of the situation that we are in, we could be efficient, but we could be efficient in building a Rolls Royce to do the job of a Mini.

Added to such over-specification is the over-sizing of capacity (Pearson et al. 1998: 1). Figure 4.1 shows Rand Water's installed raw water capacity versus actual water use (measured in average annual daily demand) since its formation. As shown, since the 1970s the gap between surplus capacity and daily demand has been growing steadily. By the mid-2000s only 59 per cent of Rand Water's raw water installed capacity was used, 70 per cent of its treatment capacity, 66 per cent of its primary pumping capacity and 64 per cent of its booster pumping capacity (Rand Water 2006: 17). Rand Water's infrastructure was thus kept well ahead of consumption, leading to large and growing surplus capacity in Rand Water's bulk water supply system.

FIGURE 4.1 Rand Water's installed raw water capacity versus actual water demand



Source: Adapted from Els (2006).

In the context of climate change and the likelihood of increased water scarcity in Rand Water's supply area, priority must be given to reducing water usage. Arguably, this will enable Rand Water to serve the public good far more than its over-specification and over-sizing of supply capacity. Not encouraging a radical reduction in water use in this water-scarce region will enhance enclosure of this common even further in the long run, through inevitable exorbitant cost of water or water cuts/rationing.

Why would Rand Water have continuously invested in infrastructure that led to such over-capacity? Harvey's (2003, 2004) idea of accumulation by dispossession offers one explanation.[1] Harvey showed how capitalism has dealt with its inherent tendency towards crises of over-accumulation and uneven development since the 1970s. The theory of over-accumulation of capital through expanded reproduction states that, due to over-exploitation of labour, surplus capital and commodities are available but cannot be bought or used. Unless ways are found to absorb such surpluses, system-wide devaluations and destructions of capital and labour will occur (Harvey 2004). To avoid the devaluation of surpluses, Harvey (2003) argues that late-twentieth-century capitalism makes use of spatio-temporal fixes. That is,

> surpluses may be absorbed by (a) temporal displacement through investment in long-term capital projects [such as water infrastructure] or social expenditures (such as education and research) that defer the re-entry of current excess capital values into circulation well into the future; (b) spatial displacements through opening up new markets, new production capacities and new resources, social and labour possibilities elsewhere; or (c) some combination of (a) and (b). (Harvey 2004: 2)

Harvey (2003, 2004) goes on to show how capital expands by incorporating those goods, people and activities that have not hitherto been part of capitalism. This can include the commodification of public goods and services, and the conversion of common and collective property rights to private property rights. Drawing on the work of Rosa Luxemburg, Harvey (2003, 2004) calls this 'accumulation by dispossession', and describes it as the dominant form of capital accumulation in the neo-liberal era.

Harvey's arguments seem to explain Rand Water's apparently unrequired 'over'-investment in infrastructure. In the case of a public provider, where would the surplus capital come from that needs investing before it devalues? For this, I turn to pricing and profitmaking in Rand Water.

Pricing and profits

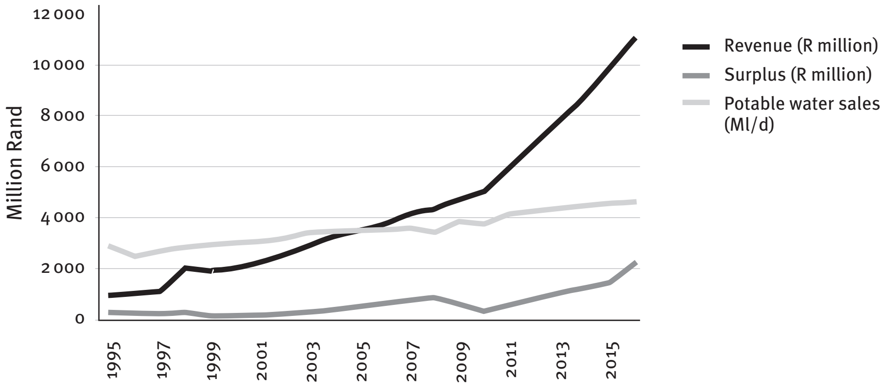
Since its formation in 1903, Rand Water has not been subsidised nor received money from government for its core operations (Rand Water 2005a: 3). Traditionally, its revenue has come from the sale of bulk water, and capital raised in financial markets through bonds and loans, none of which have been government guaranteed. Throughout its history, Rand Water has operated on (at least) a full cost-recovery basis, as well as (they claim) a not-for-profit basis as required by its then statutes (Rand Water Board 1978; Rand Water 2005a: 3). Rand Water's definition of full cost-recovery is noteworthy though; it includes all working costs (including maintenance costs), management costs, costs related to the repayment of loans (so far cost-reflective), *and* an appropriation for surplus (Rand Water Board 1978). Thus, built into its bulk water tariff is a portion for surplus/profit, which in the 2000s was targeted at 15 per cent (Rand Water Board June 2003: 580; personal interviews). This is what I refer to as 'cost-reflective plus' tariff.

A further element of this tariff is that Rand Water receives 886 Ml/d of the raw water it withdraws from the Vaal Dam for free from the Department of Water and Sanitation. This is due to a longstanding agreement dating back to 1938, when Rand Water contributed £1.1 million (of the total cost of £1.7 million) towards the building of the Vaal Dam (Laburn 1979: 23). Thus, by including the cost of this water in its budgets, Rand Water is over-calculating its costs and increasing its profits, which counters its claim of cost-reflectivity. This 'over-pricing' effectively dispossesses citizens by them having to pay more for water.

These kind of predatory practices, as well as the efficiency measures implemented by Rand Water since the early 2000s, combined with continuous growth in water sales and a higher bulk water tariff that has been above inflation since 2003, have led Rand Water to experience many years of net surpluses since 1994. Figure 4.2 shows the utility's potable water sales, annual revenue and surplus from 1995 to 2015. Over this time, revenue has increased, based mainly on increased sales of potable water due to the expansion of Rand Water's supply area and increased water demand from consumers.

Figure 4.2 also reveals that Rand Water has seen increased surpluses (or profits) over the period, and since 2001, surplus growth per year for most of the period has consistently been over 30 per cent. As a public entity, Rand Water is not supposed to make a profit, so the surplus is justified and used as capital for new infrastructure and to pay off debt. The utility refers to such surpluses as 'not profiteering but recovering cost of capital' (Rand Water 2004). But as indicated above, such profits are being used to build a Rolls Royce, where a Mini would do.

Figure 4.2 Rand Water's key business performance, 1995–2015



Source: Rand Water (1996, 2005a, 2006, 2014, 2016).

To sum up, in the case of Rand Water NPM led to the intensification of corporatisation, opening up water provision to capital accumulation by the state, and ultimately being a tool for accumulation by dispossession. While transformations in Rand Water's core services in the late 1990s and the 2000s were extensive, I now describe changes in Rand Water's 'other activities', including extending its scope to new services and to new areas, which have perhaps been more controversial, especially for water activists.

Expansion into other activities

The second category of NPM-led organisational reform that Rand Water underwent relates to externally oriented market-type reforms that led the utility into activities beyond its core role of bulk water provision. Since the mid-1990s the organisation has been slowly expanding these activities. The signing into law of the Water Services Act in 1997, enabled Rand Water to became involved in the full cycle of water services, including bulk and retail water supply, bulk and retail sanitation, and resource protection (Rand Water 2005a: 2; 2005c: 1). In pursuit of expanding its involvement in all water services, and becoming a source-to-tap utility company, Rand Water has both expanded the geographical area of its bulk water supply, and begun supplying a range of other services in South Africa and in other countries. These 'other activities' include corporate social investment, capacity building and commercial activities in retail water services, as well as bulk and retail sanitation services.

In the 1990s, these other activities mainly involved corporate social responsibility activities that were directed through community-based projects in support of the government's Reconstruction and Development Programme. In the 2000s, the focus changed to full cost-recovery and profit-making. Alongside this, a shift occurred which entailed a move away from dealing with these activities in an ad hoc manner through cost centres, to consolidating them via the establishment of a set of ring-fenced subsidiary companies.

Thus, in 2004, as part of Rand Water's corporate social investment, the Rand Water Foundation was founded as a section 21 company,[2] to support communities with water-related projects (Rand Water 2005b: 6). In 2005, another subsidiary, Rand Water Services (Pty) Ltd, started operating to drive commercial engagement in other activities both within South Africa and outside of its borders, in the rest of Africa, the Indian Ocean islands and the Middle East (Rand Water 2005b: 31). In 2010, due to reasons related to not making profits and allegations of corruption (see *NoseWeek* January 2011), the Rand Water Board decided to reintegrate the operations of Rand Water Services back into the utility itself. In 2012, a third entity was formed, the Rand Water Academy, to enhance skills within Rand Water and the broader South African water sector, but especially at local government level (Rand Water 2014: 26).

For the rest of the section, I focus on how Rand Water has used 'public–public partnerships' (PUPs) in carrying out its retail water and sanitation activities,[3] and show how these are enhancing accumulation by dispossession. My engagement with this is a response to the appeal by Boag and McDonald (2010: 2) to counter the 'tendency to uncritically celebrate PUP initiatives'. PUPs have been celebrated by some as an alternative to PPPs and privatisation, as partnerships between public utilities that can enhance access to services and support capacity building, especially for the poor, as well as democratise public utilities and publicness (Boag and McDonald 2010: 2; Xhafa 2013: 4). While I agree that PUPs can achieve these things, they do not necessarily do so, and in fact, they can just as easily enhance the corporatisation of public utilities, and in this case, the commodification of water and the enclosure of the water commons. Rand Water, seen by some as a 'leading exponent' of PUPs in the water sector (Kriel et al. 2003), demonstrates this well.

In their PUPs, Rand Water not only aimed to transfer the business model of running water services to local municipalities both within South Africa and elsewhere in Africa, but also to make a profit in the process of 'support' (Rand Water 2005b: 23). In its own words, the aim was to promote a shift 'from municipal public to corporatised public' (Rand Water 2003: 3). For example, Rand Water defined one characteristic of PUPs as allowing 'for full cost recovery (*including a mark-up*) [cost-plus] or in certain instances for a sharing of profit' (Rand Water 2000: 12, emphasis added). When involved in 'capacity building' through these PUPs, Rand Water also promoted principles such as efficiency and competition to help entrench its corporatised model. It was especially in its contracts outside of South Africa, signed during the 2000s via its commercial arm (Rand Water Services), that Rand Water was being particularly deceptive when highlighting its nature as a public utility and describing these contracts as being in the public interest. Such actions led people such as Al-Hassen Adam (2005) to proclaim that, in Africa, Rand Water runs in the name of the public, but acts in the interest of the private, and uses its 'public' ownership as a smokescreen to hide its profit-making intentions. For some in Rand Water, the PUPs also aimed to ensure that, should any of the public utilities involved in the PUPs be privatised, they would have 'value' for the private sector. As one manager involved in Rand Water's expansion attempts in Africa said:

> It is…generally accepted that in order for a utility to run efficiency, it needs to privatise. Rand Water has proven that this is not the case. There is a role for private sector but we don't believe that it lies in improving efficiency. Utilities should work on increasing their own efficiencies and profitability prior to considering privatisation so as to raise their value to investors…There is no reason why a public-sector entity cannot run on business principles and be efficient – this is the message we plan to take throughout the continent, and we have our own successful track record to back up what we say. Rand Water wants to assist utilities get to this point so that what is on offer to the private sector has value.

The language of PUPs was thus appropriated to legitimate enclosure and dispossession.

The intensification of corporatisation and expansionary activities within Rand Water has not happened without difficulties, however. In fact, these activities highlighted contradictions, tensions, resistances and failures, as can be expected in what Polanyi (1944) described as a 'double movement'.[4] For example, some staff members did not want to manage divisions that were out to make a profit, others were not interested in pursuing projects outside of South Africa, or in working for a company that was 'making a profit out of the problems of local government', as one senior manager put it. In response to a question about how Rand Water Services fits into Rand Water, another senior manager who had been involved in other activities before 2005, responded:

> Well it doesn't. It doesn't help us; in fact it has been a distraction. Again, it has taken our focus off from what we are supposed to be doing. But

> why do we need it? Why do we need to earn profits? We were formed a hundred years ago now. For 95 years, we supplied water; and the money it cost us to supply that water is what we set our tariff at. Now why do we need to have ten million extra coming in? I think we have lost the plot.

Yet another senior manager captured the cynicism felt by several of his peers:

> At the moment, we are heading straight for the iceberg. And if we don't re-plot that course, we are going to hit the iceberg; there's no doubt in my mind.

How do such failures and resistances lead us beyond NPM to publicness?

Publicness beyond NPM

The case of Rand Water warns against uncritical support for PUPs as part of a 'beyond NPM' strategy, and shows that PUPs might actually simply involve a refinement of NPM. In this regard, it is useful to consider what publicness might mean in a 'beyond NPM' context.

For one, we need to unpack what kinds of capacity (types of knowledge and skills) PUPs are supposed to build in what areas, and in whose interests. Unless capacity building extends the capacity of the public sector to act in the interest of the public good, fulfilling both equity and efficiency goals in a transparent and democratic manner, it is not public-sector capacity building but private-sector promotion. In other words, simply having one public-sector entity engaged in building the capacity of another public-sector entity, is no guarantee of the kind of PUP that progressive-minded people should support. The muddied waters surrounding PUPs need to be cleared away and the various guises of 'public' need to be unveiled (so that it is clear to everyone whether the term 'public' is being used to cover up the interests of private capital, and/or nationalist, gendered, or any other kind of interest).

A typology of PUPs that identifies various kinds of partners (who are non-private sector) that can be involved in a PUP might be helpful here. Brennan and colleagues (2004) suggested one that includes public–popular, public–community, public–workers, public–cooperatives and public–public. The typology provided by Hall, Lethbridge and Lobina (2005: 2) builds on this, by adding the objectives of the partnership, such as building capacity, improving services, defending against privatisation, building stronger community support and accountability. Lobina and Hall (2006: 16, emphasis added) advocate PUPs as 'a peer relationship forged around common values and objectives, which *excludes profit-seeking*'.

Swyngedouw (2006: 64) warns against the common fault of equating public ownership with a non-commodified form of service delivery. The case of Rand Water demonstrated this well. In fact, Rand Water asserted its public entity status – partly due to the contestations it faced both inside and outside of its own ranks – to access more easily the many opportunities for money making in capacity building, support activities and management contracts. That is, in many cases, Rand Water used its 'publicness' to promote its commercial interests. Such Janus-faced seemingly contradictory behaviours are part of the hybrid, schizophrenic nature that tends to beset public institutions that implement NPM. 'Publicness' then has to be much more than public ownership; it has to be about public entities – including non-state ones – acting in the interests of the public, performing activities for the benefit of public good in a transparent and democratic manner.

What then should initiatives that aim to look 'beyond NPM' to enhance publicness look like? Some of the efforts at re-municipalisation and re-nationalisation in the water sector since 2000 are certain to be useful as part of this unpacking (McDonald 2015: 1). Other names given to such efforts are new public service (Denhardt and Denhardt 2003), public value management (Stoker 2006), managing publicness (Bozeman 2007), new civic politics (Boyte 2011) and capable government (Brinkerhoff and Brinkerhoff 2015: 223). In these initiatives, the focus is on the principles underlying the delivery of public services such as water supply. Criteria for practices particular to the public domain include service (rather than accumulating profit), equity and co-operation (rather than competition) (Ranson and Stewart 1994), as well as universal provision, accountability, transparency and democracy. Haque (cited in Martin 2003: 3) usefully identified five criteria of publicness:

- The extent of the public sector's distinction from the private sector (such as the public characteristics of openness, equity and representation).
- The scope and composition of service recipients (a higher degree of publicness is necessary if there is a greater number and broader scope of service recipients).
- The magnitude and intensity of its socio-economic role (with wider societal impact a greater degree of publicness is required).
- The degree of public accountability.
- The level of public trust.

Similarly, Cumbers (2017: 216–217) suggested five principles to keep in mind when constructing public democratic ownership:

- Commitment to a 'fuzzy' but still egalitarian notion of the common good.
- The importance of ownership and its use to the benefit of the whole.
- Commitment to dispersed decision-making.

- The importance of diversity, pluralism and tolerance.
- Developing forms of ownership that allow for public discourse and collective learning.

To these McDonald (2014: 5) added that we should anticipate 'publicness… being disassembled and reassembled'.

Conclusion

My starting point in writing this chapter is to acknowledge the crucial role of the public provision of water for achieving SDG 6 (clean water and sanitation). However, I caution that NPM is not the best tool for public utilities to adopt as they attempt to fulfil this goal. Using the case of Rand Water, I showed how an engineering-dominated public utility was transformed into a corporate public entity dominated by professional managers and for-profit approaches, practices and values. Through various NPM-type reforms, such as the prioritisation of efficiency over effectiveness, and profit-making through pricing as well as other (albeit less successful) activities, Rand Water is enclosing the provision of affordable quality water for all in its primary supply area. The story of this public utility offers a clear example of NPM and PUPs working as mechanisms of 'accumulation by dispossession'.

In this process, the ideas, practices and interests of the private sector have invaded thinking about the public sector, raising questions about what is 'public'. In many of its activities Rand Water appears schizophrenic: is it a public utility that acts in the public good or is it a profit-making company? Should a public utility be making profit, as Rand Water does? Can a privatised public utility act in the interest of the public? Not so, I argue.

The case of Rand Water is a good example of the role of the state in accumulation by dispossession as outlined by Harvey (2004). This is not just an economic process in which over-accumulated capital seizes non-market entities and assets, but rather a political process in which the state wields its power to overcome barriers to continued accumulation (Levien 2012: 940). In this process, the expropriation, or 'enclosure of the commons', imposes new social relations of power. Unease about and resistance to the changes occurring in Rand Water as expressed by staff and management during my fieldwork highlight the nature of contestations within state organisations undergoing NPM, and possibly indicate what might be possible with regard to moving 'beyond NPM'.

Crucially, given that public ownership does not guarantee non-commodified forms of service delivery, the notion of 'publicness' beyond NPM must be further explored. How can the principles of equity, inclusivity, collaborative dialogue, efficiency, affordability, quality, social justice, solidarity, sustainability, democracy, citizenship and public accountability be practised? And what is the role of non-state public role players in constructing such 'publicness'?

Notes

1 In a context of growing demand, it is, of course, prudent to have spare capacity; Ramsey and Mobbs (2001:29) indicate recommended 'headroom' of 5–10 per cent. But numerous respondents within Rand Water implied that the surplus capacity was continuously and rapidly expanded in ways that they saw as questionable and unnecessary.

2 In terms of South Africa's Companies Act, Section 21 companies provide services with the intention not to make a profit.

3 For a detailed description of Rand Water's other activities, see Van Rooyen and Hall (2007), and Van Rooyen (2012).

4 Karl Polanyi (1944) predicted that efforts to extend the market economy would be countered by society.

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