

**ADDRESS BY L N SISULU, MP, MINISTER OF HUMAN
SETTLEMENTS, WATER AND SANITATION ON THE
OCCASION OF THE AGRISA CONGRESS
PRETORIA, 11 OCTOBER 2019**

Programme Director,

President of Agri SA, Dan Kriek

Chief Executive Officer of Agri SA, Omri van Zyl

Representatives of Civil Society Groups and Non-governmental Organisations,
Ladies and Gentlemen

It is good to reconnect with yourselves. We have a continuous relationship and although I am not sure if the leadership is still the same, I have always had a very good relationship with AgriSA.

My interaction with the leadership of Agri SA dates back to 24 May 2010, while I was the Minister of Defence and Military Veterans and we had an extremely productive meeting to discuss the return of the military to border patrol duties as well as a partnership to stop cross border crimes. I indicated then that much of South Africa's landward border includes large tracts of farmland and all of us acknowledged that the farming community is therefore a critical party in the maintenance of security on our borders. Both ourselves as the SANDF and the farming communities had a common responsibility.

I am glad to see how far we have moved from discussing farming purely from a physical security concern to the role that agriculture community plays in the economy. To forge stronger links with farming communities, and other land-owners including municipalities, we embarked on an outreach programme to exchange information, identify challenges, threats and share experiences. A great deal has been achieved since that time. We have moved from physical security to food security.

I view this as part of the continuous outreach we started in 2010 to

exchange information, identify challenges and share experiences, but this time on water usage, how we can restructure the industry, how we can both play a constructive role in and ensure equitable distribution of water and identify common win-win programmes that will ultimately result in achieving the rights of everyone to access to food and water, as protected in the Bill of Rights in the Constitution that regulate water distribution and share water. I would also like you to play a role in skilling personnel in municipalities.

We acknowledge and appreciate the continued working relationship that we now have with Agri SA. Together with the department, we concluded a very successful Water Colloquium held in Somerset West on 26 August 2019 where aspects of water use entitlements, pollution of resources, the cost of water, and transformation were discussed at length.

As government we do acknowledge the importance of the agricultural sector in our economy and the role Agri SA is playing in continuously ensuring that matters of food security and challenges attached to them are brought to the fore on a regular basis. In discussions with my advisers, continued engagements with yourselves have been identified as crucial. In fact, one of my advisers characterised the relationship between yourself and myself as a marriage with an ante-nuptial contract. I found that a very apt description, especially if I would imagine myself as the husband in this marriage.

I recognise the strides you have achieved and the respect South Africa has earned as a rich agricultural country. I recognise that in an effort to ensure equitable access to water for all farmers, you have established a Water Desk. I recognise and am grateful that you have established a Drought Disaster Fund and many other programmes. At your last congress you passed a resolution calling for the establishment of Catchment Management Authorities and local management agencies. You have a very interested, committed and engaging partner in ourselves and together we will certainly be able to turn the futures of the country around. You no doubt know the challenges government face in the sector of water and I would briefly like to expand on this.

Within five months that I have been in this very difficult department, I have familiarised myself with the work that you do and I must confess my sincerest appreciation for the incredible work that you do and am grateful for the opportunity to engage with yourselves on the challenges inherent in this job in a period of climate change and also a period where drought is an ever present threat. And to have the opportunity to work out with you how we can have a mutually beneficial relationship built on common understanding of each other's problems and one that is built on a determination to bring out the best in each other.

The United Nations declared that water is a precondition for human existence and for the sustainability of the planet. The physical world of water is closely bound up with the socio-political world, with water often a key factor in managing risks such as famine, epidemics, inequalities and political instability. It further stated that water is also at the heart of adaptation to climate change, serving as the crucial link between the climate system, human society and the environment. Without proper water governance, there is likely to be increased competition for water between sectors and an escalation of water crises of various kinds, triggering emergencies in a range of water-dependent sectors.

Access to water and sanitation are recognised by the United Nations as human rights and in September 2015 the Member States of the UN agreed on the 2030 Agenda for Sustainable Development to address economic, social and environmental dimensions of sustainable development in a balanced and integrated manner. Included are 17 Sustainable Development Goals (SDG) with 169 targets, most of which have a deadline of 2030. SDG 6 deals with the availability and sustainable management of clean water and sanitation for all.

During my Budget Vote on 16 July 2019 I outlined the challenges faced by the water sector and particularly the slow pace of transformation. As with all other socio-economic rights, access to water in South Africa, has historically been linked to race. The lack of access to water amongst those who are landless persists, and any policies to reform land policy, must as of necessity, include the provision of access to water to urban, rural, farming and agricultural

communities.

We have regularly outlined the challenges we face as government and in the hope that we'll be able to work towards a common resolution of these. Briefly here are some of the issues that I think are important for the agriculture sector:

Creating an Enabling Environment for investment in Agriculture

Scarce water resources and poor water infrastructure continues to hamper agricultural activity. Today, 4 June, Statistics SA released data on GDP, showing that the economy had shrunk by 3,2% in the first quarter of 2019. Agriculture research shows that the dramatic decline in agricultural sector, recording -13,2% in the first quarter, is a result of dry conditions in large parts of the country. This was especially so in the central and western part of the country which yields summer produce. This contracted by 3% and is expected to fall by a 29% for this year. This will see the whole industry contract in 2019. This highlights the dire need to work quickly and strategically towards the production of water, water storage and irrigation systems.

One of the most vexed issues that farmers across the spectrum have always been concerned about is the ill-defined relationship between land rights and water rights. This issue is particularly important for the new generation farmers who acquire land but often with no corresponding access to water rights. Yet the relationship between food production and water is interlinked. This lacuna has induced unnecessary failures in the productive use of agricultural land. This is clearly one of the missing pieces in the puzzle for unlocking the potential of arable but under-utilised land in the country. The growth and productivity of the agriculture sector suffered as a result.

There is an opportunity therefore to develop a strategic plan not just to support agriculture, but the transformation and inclusion program set to help black small-holder farmers, many of whom have failed because of access to water.

Access to markets is critical in making success of agriculture, especially to new and small scale farmers. However, farmers now recognize that large and dominant retail chains are not the only markets for their produce. In fact active fresh produce markets now present better opportunities for both farmers and markets to derive better prices and choice. The Tshwane Market, for example, provides access to both local and regional farmers to sell their produce, returning over R10 billion a year in revenue.

Government should thus seek to create such spaces in more places in South Africa. These fresh produce markets provide an important avenue for farmers and consumers, and should also help increase competition with mainstream and closed retail chains.

Access to finance for agriculture, and even for all small business is going to need much more specialist and focused thinking. Given advances in technology in the financial sector, there are now 'bots' that make fairly complex credit and investment decisions far more quickly – and a lot more dispassionately than people. While banks think that these save a great deal of time and money, create improved financial inclusion, and reduce administrative hassle for both customers and banks, they also miss elements of development. Thus, government should seek to provide, in its institution, experienced people who understand the field and challenges of development so as to provide better solutions.

Water Conservation and Water Demand Management (WCWDM)

The National Development Plan Vision for 2030 and the Irrigation Strategy for SA (2015) indicate that about 1.5 million hectares (10% of the cultivated area) is under irrigation and that further 500 000 hectares needs to be developed. This requires more water for irrigation in the already water-stressed country. Improved efficiency is the only viable option to effect any increase in irrigated land without allocating more water to the agriculture sector.

This can only be achieved through the implementation of water Conservation and Water Demand Management strategy.

The department has produced guidelines for the development of Water Management Plans. These Water Management Plans (WMPs) must form the nucleus of water management in the irrigation schemes to give effect to water use efficiency.

In the nineties, the Department through the Water Research Commission developed the Water Administration System (WAS). The Department and WRC are working together with the developer towards finding an amicable solution for all parties concern.

The Department together with the Agriculture Research Council (ARC) and the Water Research Council have agreed to develop regulatory support programme for water use efficiency, named the Irri-drop System to further assist with monitoring and regulation of irrigation in the agricultural sector.

Planning and Infrastructure Development

Based on current demand projections and without effective interventions, the water deficit confronting the country could be between 2.7 and 3.8 billion cubic meters, a gap of approximately 17% of available water resources, by 2030. In response the Department has developed the National Water and Sanitation Master Plan (NW&SMP) to provide key focus areas of intervention by the water sector to avoid the potential deficit. The two pronged approach include reducing the demand and increasing supply through various initiatives which are outlined in the master plan.

Institutional Establishment & Governance

To address the slow transformation of the water sector the Department developed a new water policy in 2013 in order to fast track the transformation

imperatives. One of the policy statements was that the policy reaffirms the 1997 White Paper's policy position on the establishment of Catchment Management Agencies (CMAs) to manage water resource in South Africa. It also states that "a CMA, in consultation with the Minister, will determine the water institutional structures required to manage water within their jurisdiction" and also that "The Minister will specify date by which Water User Associations and Irrigation Boards will cease to exist, with the appropriate functions related to a state-owned schemes being delegated to a CMA or Regional Water Utility".

In order to fully implement the above policy position, a legislative amendment is required, hence in the interim (until an amendment is promulgated) all 205 Irrigation Boards must be transformed to Water User Associations in order to be governed under the current National Water Act, 1998 (Act 36 of 1998), which allows for strong oversight and directive by the Minister to Water User Associations.

The Department is currently developing a transformation charter. The purpose of this charter is to define the transformation requirements of the water sector and how institutions should contribute to progressively achieve transformation in the national interest. It is envisaged as an integrated tool for addressing transformation challenges and equips water management institutions with the necessary instruments and targets to support socio-economic growth and development. The role of the current institutions in managing water resources at a local level is acknowledged and encouraged.

Water Allocation Reform (WAR)

The Department is of the firm view that part of the discussion that should occupy the sector is the transformation in the access and use of water for productive purposes. Whilst the Department is making some gains in allocating water to the previously disadvantaged people, the progress remains minimal. The main limiting factor is the lack of ownership of land by our people and therefore lack of collateral to access financial capital for development. Through the Water Allocation Reform (WAR) Programme, the Department amongst

others has pockets of water set aside for the allocation to previously disadvantaged people. However the uptake of this water has become slower than anticipated owing to the other related resources challenges I have just highlighted.

To this end, the Department encourages the creation of partnership vehicles such as joint ventures to expedite the uptake of water and therefore advance transformation in water use. Our focus as the Department is to sharpen our regulatory instruments and to make sure that equity becomes the central focus of our mandate. We therefore urge the large water users such as many of the members of the Agri-SA to proactively and voluntarily take advantage of our transformation initiatives and extend their hand of support. This will also ensure that we have smooth resource allocation reform and your members are also not adversely affected when we implement the current and other envisaged re-allocation measures.

Pollution

One of the key aspects of water resources management is protecting the water resource by managing and protecting the quality and quantity of that resource. Over the years there has been a decline in the quality of our water resources and water users are constantly blaming the Department for not managing the water resources effectively. The deterioration of water quality in rivers, streams, dams, wetlands, estuaries and aquifers impacts on directly on the agriculture sector.

In response to this, I have formed an Anti-Pollution Task Team that will immediately deal with pollution hot spots in the country. This is aligned with the implementation plan of the Integrated Water Quality Management Policy and Strategy of 2017.

Compliance Enforcement and Monitoring

Most non-compliance cases that the Department deals with are from the agriculture sector and in most cases include unlawful dams, taking of water without authorisation, etc. Due to large number of water users in this sector, it is important to initiate and encourage self-monitoring within the agriculture sector. Promotion of compliance to water legislation is an on-going process with various commodity groups affiliated to Agri SA. The recent regulation on water metering was discussed with Agri SA at higher level to ensure that water taken for irrigation purposes is measured and reported.

Social and Economic Regulation

The Department is in the process of revising the pricing strategy under section 56 – 60 of the National Water Act. The Department is considering improving the resource poor farmer subsidy from the current five year allocation.

The Department is working hard in trying to collect all outstanding debt. Water User Associations withholding the Department's moneys or individual farmer withholding their payments are contributing to constraining the Department from providing adequate service delivery. Where there are disputes, the Department has a dispute resolution process in place to ensure that the relationship between the Department and its clients remain good. Users are also encouraged to participate fully in the raw water use charge consultation processes.

I would like to share the following facts and figures about South Africa's water situation with you, some of which you may be familiar with:

- South Africa is the 30th driest country in the world - with a semi-arid climate and average annual rainfall of about 465 mm which is half the world average;
- South Africa's per capita consumption, at 253 litres a person a day, far exceeds the global average of 177 litres a person a day;
- 3 million households do not have access to reliable drinking water;

- 14.1 million people do not have access to safe sanitation;
- Only 64 % of households have access to a reliable water supply service;
- 56% of waste water treatment works and 44% of water treatment works are in a poor or critical condition - 11% are dysfunctional - is having a significantly detrimental impact on the environment and driving up the cost of water treatment;
- About 50% of South Africa's water resources originate from 10% of the country's land, but many of these "water factories" are under threat
 - Between 1999 and 2011 the extent of main rivers in South Africa classified as having a poor ecological condition increased by 500%, with some rivers pushed beyond the point of recovery
 - South Africa has lost over 50% of its wetlands;
 - 33% of the remaining wetlands are critically endangered - 3.2 million hectares;
- South Africa invests R42 billion per year into water infrastructure, and R13 billion into sanitation; estimated capital investment requirement is R90 billion per year over the next ten years (increase investment: R 33 billion per annum);
- Proportion of water uses per economic sector is as follows:
 - Agriculture and irrigation 61%
 - Municipal and Domestic 27% total of which 24% is urban, 3% is rural
 - Industrial 3%
 - Afforestation 3%
 - Mining 2.5%
 - Livestock watering and nature conservation 2.5%
 - Power generation 2%.
- Even if South Africa applies all government's existing plans and South Africans use less water, estimations are that the country will face up to a 17% water deficit by 2030 – further exacerbated by high frequency of extreme weather events, including longer, more devastating droughts, intense rainfall and flash flooding, and cyclones;
- South Africa's dams, rivers, wastewater systems and water distribution systems are in a dire state - most dams, water treatment facilities and

wastewater systems are over 30 years old and some are 100 years; however with poor maintenance over past 20 years and doubling of the population existing infrastructure cannot cope;

Lastly, I want to share some excerpts from the Final Report on Land Reform, which was issued in May 2019 as far as it relates to water and sanitation:

Access to water

“It is undeniable that land and water are connected concepts both biologically and spiritually. There has been a historical omission, which persists, which separates the linkage between land and water both in law and in policy.

Section 25(8) of the Constitution includes an obligation directing the State to take legislative steps to achieve, amongst others, water reform. The latter means that as land policy is reframed, so too, should focus be placed on the interconnectedness of land and water in the context of land reform. This means that justice in land reform should include not only redress in terms of land, but connected to it, must be consideration and provision of water to those in need of land. This must include strengthened co-ordination amongst the government departments and institutions involved.

Biodiversity

“The current pressures on land are huge and expected to continue growing: there is rapidly escalating competition between the demand for land functions that provide food, water, and energy, and those services that support and regulate all life cycles on Earth. Our ability to manage trade-offs at a landscape scale will ultimately decide the future of land resources – soil, water, and biodiversity – and determine success or failure in delivering poverty reduction, food and water security, and climate change mitigation and adaptation. Indeed, integrated land and water management is recognised as an accelerator for achieving most of the Sustainable Development Goals.”

Land and Water

“Water is the primary medium through which the impacts of climate change are being felt in South Africa according to the National Water Resource Strategy (Department of Water Affairs, 2013). Of concern however is the impact on land reform of climate change, the water crisis and the poor transformation of the water sector.

As the climate change is addressed in other sections of the report, focus here will be on the water crisis, that is, the water shortage due to poor infrastructure, deployment of relevant skills, inefficiencies, poor management, etc. An equally concerning factor is household access to water. The Department of Water Affairs and Sanitation (DWS Masterplan 2018) indicates that only 10,3 million households (64%) have access to reliable water supply. Rural and peri-urban areas (particularly informal settlements) are mostly affected by problems of access and poor quality of water. The poor capacity at municipal level is another contributing factor to water problems. DWS (2019) highlights that another area is the poor transformation of the water sector, particularly in the agricultural sector (e.g. water rights and access for black farmers). Presentations to the Panel by DAFF and DRDLR, as well as consultative processes, gave examples of land transferred with no water access, where water rights still resided with the seller. DWS Masterplan (2018) confirmed that only 5% of the water that is used in agriculture is used by black farmers, out of a total of 61% of water used for agricultural irrigation.

I wish you well in your further deliberations and look forward to a productive working relationship with Agri SA.

I thank you.