

TITLE: "AFRICAN ELEPHANT OF DELIVERY"

"INDLOVU YASE AFRICA YOKUPHAKELA"

ADDRESS BY THE MINISTER OF WATER AFFAIRS AND FORESTRY

MR RONNIE KASRILS, MP

BUDGET DEBATE

NATIONAL ASSEMBLY

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Madam Speaker

"Pula! Nala! Kgotso!" – rain produces the greenery, (the prosperity), that brings peace. "Amanzi ayimpilo" – water is life. We must take care of this precious resource – for if we do not, our planet and all that lives on it is imperilled. Here is a salient thought for international environment week. In 1968, during the student protests in France, a slogan appeared on a wall in Paris: "Forests precede civilisation ... deserts follow them". We must and can avoid such a prophecy being fulfilled in South Africa.

These messages seem to capture what my work is about ... developing and protecting our water and forests for the benefit of this and future generations. Madam Speaker, may I acknowledge the trail-blazing role in this field of my immediate predecessor, Minister Kader Asmal, and ask the House to join me in congratulating him for receiving this year's prestigious Stockholm Institute Water Award.

WATER CONSERVATION

When we think about water in our country, we tend to think of the millions of people who still struggle to obtain the pure, clean water they need to survive. We think of the challenges we still face in meeting our obligations in terms of the Constitution.

But before I discuss these aspects, I would like to talk briefly about the core business of my Department ... the sustainable management of our scarce water resources, which underpins everything else we do and may be able to do in the years to come. Unless we conserve and develop this valuable resource, not enough water will flow from the tap to meet our goals.

Water underpins our entire economy. Nothing happens in industry, mining, agriculture, tourism or in any other sector without water.

A number of things are required to provide the water we need for our people and economy. These include huge and complex engineering works: dams, pump stations, pipelines, reservoirs, tunnels transferring water from one river basin to another.

At the other end of the pipeline, we must manage effluent discharge and pollution in a way that protects our water resources and environment. This is not an altruistic process, but one that is necessary for the future of our economy and people. We need to ensure that the water in our rivers is of an appropriate quality for human, agricultural and industrial use. We must ensure sufficient water of good quality in our rivers and wetlands to protect the aquatic ecosystems.

All this requires a strong legislative framework – which we now have. It also requires considerable skills and expertise, which my Department possesses and continues to develop.

The pollution caused by the ISCOR plant near Vanderbijlpark is cause for considerable concern. While ISCOR has undertaken to spend millions on rehabilitating the land they have polluted they must gain access to the affected land to do this. The residents, both owners and occupiers, whose lives have already been severely disrupted, will thus have to move and must be fairly compensated. This problem has dragged on for far too long. I recently convened a meeting of role players, including the Gauteng MEC for the environment, Mary Metcalfe. I appointed a representative to conclude agreements on my behalf with ISCOR and others before the end of this month. I have ordered that evictions of occupiers on the properties must cease. I expect ISCOR to abide by these instructions. This vexing case needs to be speedily resolved in the interest of all parties. I am looking to ISCOR to respect their clear moral obligations to the public.

WATER DELIVERY

The provision of clean drinking water to thousands of rural communities remains an immediate priority. In this regard, my Department has performed a truly outstanding service these past six years, providing water to millions of our people.

Following my appointment to this portfolio one year ago, I ordered an assessment of the status of our water and sanitation schemes – both in terms of need and current viability. In a nutshell, the programme has served over 5.6 million people with water – 2.6 million to RDP standards – at a total expenditure of R3.6 billion. Despite this really enormous and commendable progress, for which my Director-General and the Department must be applauded, we have to face the fact that there are still probably over 8 million people in our rural areas who do not have access to clean water. People, mainly women, who have to trek every day in search of a few buckets of water and carry it home on their heads. In the absence of formal supply systems, opportunists take advantage of people's desperation and sell water at twenty times the price.

Madam Speaker, over 20 million rural people have no acceptable sanitation. Although the Department and NGOs have established some useful pilot projects, we must acknowledge minimal headway has been made since 1994.

It appears that the original date projected for the fulfilment of our water service target – the year 2007 – may be unrealistic. Indeed, I am concerned that, if we continue at the present rate, it may take us twenty rather than seven years to reach our goals. I took this alarming prognosis to Cabinet, which has asked me to meet with the Ministers of Finance, of Housing and of Provincial and Local Government to investigate how we can speed up our water delivery and tackle the sanitation backlog.

The four-pronged strategy we are considering includes:

- (i) The question of pricing and cross-subsidisation;
- (ii) The promotion of sustainability by capacity building at local government level;
- (iii) The promotion and regulation of partnerships;
- (iv) The need to explore, inexpensive and easy to maintain projects in the remoter areas.

PRICING

The need to look at alternative pricing options was brought home to me after a chance encounter with a young woman at a village near Mount Ayliff on a chilly day last winter.

After visiting the water project in the village, we went down to see the borehole next to a dried-up river bed, from which water is drawn and piped.

Next to the river crouched a young woman, with a three-week old baby on her back. We saw that she had dug a hole and was scooping water out of it into a bucket.

I was surprised and asked her why she did not make use of the village scheme. She couldn't, she said, afford to pay the R10 per month required, so she had come to dig for her own.

This highlights the fact that many of our people are so desperately poor that they cannot afford what may seem to us a very small price for their water, but which may

represent a considerable percentage of a family's meagre income. This conclusion is underlined by comments made by rural women in the course of an NGO investigation in the Northern Province. Should they have to pay ten rand per month for water, they said, their families would have less to eat. And this in a country where nearly one quarter of our children are physically stunted due to lack of food! It is a fine principle to say everybody must pay for services and to stress "cost recovery", but we have to understand that the "poorest of the poor" cannot yet afford to do so.

We need to make a basic amount of safe water available to all South Africans, or at least to the very poor, free of charge. Our model could involve an amount of six kilolitres (6 000 litres) per household per month, equivalent to an average of about 25 litres per person per day.

Let us look briefly at the present pricing of water.

In our big cities, twenty litres of water – captured, stored, treated, delivered to your house, and then taken away as waste-water, treated and disposed of back into the river – costs you about one cent. In the rural areas, villagers served by our schemes pay twice as much. Urban dwellers receive their water in the comfort of their homes! Rural dwellers served by a water scheme queue at a standpipe then carry their water 200 metres home. That is if the scheme is operating according to RDP standards!

Some reasons for this disparity in price are the greater economies of scale in the urban centres and the high capital expenditure required to establish the water infrastructure in the more remote country districts. These circumstances must, I believe, compel us to adjust our pricing structures in a way that benefits the poor. Two examples illustrate how this may be done.

The City of Durban has taken the logical – and socially just and equitable step – of making the first lifeline amount of water (6 000 litres per household per month) free-of-charge. Thereafter, the more you use, the more you pay. In this way, the better-offs with swimming pools, thirsty exotic gardens and some even with the luxury of sleeping on waterbeds, consume water at a higher step in the tariff, thereby helping to subsidise the poor. In greater Durban, water services are paid by 93% of all account holders. The billing system is structured so that any household that uses less than six kilolitres per month – rich or poor, executive or pensioner – is not billed.

The approach has had the additional benefit of decreasing the demand for water in Durban, to the extent that they are back to their 1996 levels. Such conservation generates huge long-term financial savings for the water-users, as the authorities do not need to build augmentation schemes (such as dams) prematurely. It is a win-win situation for all.

Thus, not only does the staggered tariff structure employed in Durban ensure that every household has adequate water. It also contributes directly to conservation and has been accepted without challenge by all sectors of the population.

A second well-known example is the coastal town of Hermanus, which introduced a water conservation package that saw per capita water-consumption figures falling by 30%, revenue from water sales increasing by over 20%, water being more affordable for the poor, and public support for the scheme.

Obviously, different models may need to be developed for different areas. And there will clearly be a need to provide some form of cross-subsidisation in the rural areas. This logically calls for a national model of some kind. I am hopeful that the investigation into the possibility of a zero charge for the first six kilolitres per household per month, all over this thirsty and hungry land, will bear fruit. If we fail to

act, we will continue to face serious repercussions in terms of health and productivity and our noble principles of social justice and equity will be undermined. We cannot deny that resentment would build up as a result.

SUSTAINABILITY AND LOCAL GOVERNMENT CAPACITY BUILDING

The second aspect we need to consider is that of sustainability. Putting in taps and toilets is not enough. According to our Constitution, local government, as service delivery agent, is meant to be the water provider. However, lack of capacity in most cases and inadequate funding at local level has resulted in systems sometimes running dry and tempers running high. If we are to improve performance, as we must, local government structures and emerging water authorities must be trained and empowered. Their capacity as service delivery agent must be strengthened. People on the ground must be educated on how to look after their water systems – to manage, monitor and maintain them. And this can only be achieved by close consultation with the community from the beginning.

Cost recovery on rural schemes is currently less than one percent of operation and maintenance costs, for reasons too obvious to repeat. We must, therefore, consider ways of ensuring that the equitable share allocated to local government for the delivery of basic services is used for its intended purpose. Otherwise the Department's continued funding of the operations and maintenance of local services will affect our ability to establish new projects for the unserved. Cost recovery, too, must not be neglected and we must find ways to separate the "won't pays" from the "can't pays".

PARTNERSHIPS

The partnership principle is, as we all know, an integral part of the philosophy of our government. There are partnerships between government departments; partnerships

between government and public utilities; partnerships between government and the private sector; partnerships with NGOs such as Mvula Trust and Trees for Africa; partnerships with international donors, most notably the European Union, and partnerships with our neighbours in the region.

One such project is the Working for Water Programme, which removes the invasive alien vegetation that has grown like a plague to threaten our country's aquatic system. The Programme currently employs over 20,000 rural people, 60% of whom are women. It has been described by the Minister of Finance as “the most effective and efficient poverty relief instrument of government at present”. The programme has a key role to play in achieving integrated rural development, with a strong partnership between various Departments.

I would like to take this opportunity of saluting the Working for Water Programme, its founder, Dr Guy Preston and its management team and members – some of whom are here today in their famous yellow T-shirts.

Another encouraging partnership venture is the Santam/Cape Argus Ukuvuka campaign, which began in the wake of the January fires along the Table Mountain chain. Together with the Minister of Environmental Affairs and Tourism, we have launched an initiative aimed at reducing the recurrence of such terrible fires. This project will, I believe, provide a public-private-media partnership role model for the rest of the country - a PPMP to coin a new term! And it is a partnership that is not about profit but about civic responsibility, awareness and community action.

I would now like to turn to an example of a public/public partnership. Last week I opened a R260 million water supply and purification plant at the Vaalkop Dam near Rustenburg. The project represents a public/public partnerships undertaken by Rand Water and Magalies Water who together raised the capital. The beneficiaries are the Rustenburg City Council and its outlying townships, the mining industry in the region,

the Royal Bafokeng Administration and scores of villages. This scheme will contribute to economic growth in the Northwest Province and within a few years will be providing water to over three hundred thousand people. The loans that have been raised will have been paid within seven years, so willing are its key customers to pay.

Public/private partnerships have given rise to much heated debate both here and abroad. Having inherited the Nelspruit and Dolphin Coast public/private contracts, I have spent a great deal of time studying this issue. I have had to set aside views from a former millennium and attempt to look objectively at the situation - given current reality. If we are to make headway against the enormous backlog of people without water, we must use the resources available to us – available in the private sector. To invite this sector to do business with us is to recognise that it is driven by the need to earn profitable returns on investments and must, in return, have guarantees of security and clarity about the rules of the game. Government needs to regulate services in ways that ensure that the public good does not become subservient to private gain, that the returns are reasonable and that the consumer's interests are fully protected.

Although the private sector will certainly wish to focus on the profitable urban centres, the infrastructure they develop can serve as a platform farther afield. This will relieve government's capital expenditure costs and allow us to focus funds on rural services. We will also strive to encourage the cross-subsidisation of previously neglected and underprivileged areas.

I am pleased to announce that the draft regulations concerning public/private partnerships are now available for public comment and are being published in the Government Gazette. We have consulted closely with the Development Bank of SA and drawn on the wisdom of experts all over the world.

On the regional front, we continue to be guided by the partnership principle of cooperation and interaction with our neighbours with whom we share the bulk of our

water resources. Apart from the Lesotho Highlands Project, which is a landmark in co-operation, progress is being made on the implementation of a Commission in the Orange-Senqu Basin between Lesotho, Namibia and ourselves. We are also engaged in a number of collaborative projects with Mozambique and Swaziland. We are working with these two neighbours to establish an interim water sharing agreement as a first step towards the implementation of full basin management arrangements as provided for in the SADC Protocol on Shared Rivers. We are also giving specific support to Swaziland to promote the Lower Usutu Irrigation Scheme, which is part of the Lubombo regional SDI.

In the wake of the massive floods that affected our region – including Mpumalanga and Northern Province and in particular Mozambique – we are co-operating with our SADC sister states on a review of the co-operative measures required to forecast, act and mitigate such future disasters. I would like to acknowledge the enormous work members of my department were engaged in round the clock during those critical weeks. This involved emergency repairs to damaged water systems and rushing emergency water supplies to nearly one million rural people in dire straits. It should also be noted that we worked very closely with our Mozambican colleagues in providing flood warnings and technical assistance.

BIG IS NOT ALWAYS BEST

There are a whole range of schemes and technologies for the design and construction of water projects, ranging from the large to the small, and we need to examine their scale and costs. Last month I was at the village of Zingquthu in the Glen Grey district opening a small scale project that delivers water to villages from a protected spring in the hills. This simple scheme cost less than a million rand and works very well. The water tastes very good. There are similar schemes that use appropriate borehole technology and provide quick and simple solutions. I have established close working

relations with the Borehole and Drilling Operators Associations and agree with them that we should be exploiting our groundwater (underground aquifers) more fully.

I have also seen large expensive schemes such as at the Arabie Dam in the Northern Province, which delivers water to a series of reservoirs where the pipelines still end several kilometres from some of the villages they are intended to serve – a project that has been referred to as a "white elephant" by a venerable ANC MP from the area. I will not be a Minister of "white elephants" but will rather ensure that my Department is an "African elephant of delivery". My Director-General reports that work is starting this month and believes that within two years, all fifty-six villages involved will be served.

We need a creative and flexible approach to speed up delivery and control costs. Sanitation needs to be approached in a similar manner. The lack of progress in the interdepartmental National Sanitation Task Team is disappointing and we have revived a process that had, quite frankly, stalled. This process can only proceed with the full co-operation of the departments of Education, Environment, Health, Public Works and Provincial and Local Government. I am glad to say that it is now again on track.

FORESTRY

Ours was never a country blessed with plentiful indigenous forests. This is why, in the nineteenth century, when we still relied on wood for many needs, plantations were planted in many areas. In those days it was a strategic resource and hence a direct concern of government. This is no longer the case.

Governments need not grow pine trees, nor pineapples nor pumpkins for that matter! That is why we are implementing the Cabinet decision that government should not be in the business of farming trees.

We are approaching this in various ways. Our large forests have been put up for lease to large-scale investors. Our medium sized forests will be disposed of in ways that offer empowerment prospects to local business and serve regional needs. And, we are initiating the process of transferring small local "woodlots" to community management.

In November 1999 the Minister of Public Enterprises and I announced preferred bidders for four of the seven forestry packages that we had placed on the market. Sale negotiations are now taking place and every effort will be made to finalise these within the next few months. We are particularly pleased with progress on the Eastern Cape North package and there are also positive indications of progress on the KwaZulu-Natal and Southern Cape transactions.

We have also agreed to re-offer the Mpumalanga and Northern Province packages and a process of short-listing interested parties is now underway. We have decided to re-offer the assets because it has become clear that there is renewed interest from both local and international sources.

Sappi Forest Products has recently announced that it has sold its Novoboard division to Sonae, the Portuguese chipboard manufacturer. Mondi is expected to announce a major joint venture with an American company. We are delighted that South African forestry is attracting such high calibre foreign direct investment and we are determined that our restructuring process should contribute to this trend.

Madam Speaker:

Community management of woodlots constitutes an important contribution to improving rural self-sufficiency. As much as 80 percent of rural people's energy needs are met by firewood, much of it carried daily on the heads of women. It is not

for nothing that the forest is referred to "as the poor person's overcoat". I am determined to ensure that this category of woodlots – of community forests – is made economically viable and a productive part of the rural economy. These woodlots should have an important place in our integrated rural development strategy.

The management of our precious indigenous forests must also receive more focused attention. My Department is making the first inventory of all indigenous forests, which cover less than one percent of our total land area, so that appropriate management standards can be applied to each one. Indigenous forests such as the Nkandla of Shaka, the Amatola of Sandile and Maqoma, and Fundudzi – the Sacred Forest of the Venda people and their Warrior King, Makhado – are revered as spiritual homes. These forests played an important role as sites of resistance to colonial conquest, retain the sacred remains of great ancestors, are the repository of important herbs and medicines and need to be restored as far as is possible. They can become part of our African Renaissance, centres of research and learning and, with proper control, sites for visitors and tourists who bring jobs and income to local people.

I have one final point to make regarding forestry and that relates to the situation at the Dukuduku Forest. As is well known, the forest has been occupied by land hungry invaders since the late 1980s and has suffered considerable degradation. The situation has been drawn out for too long. My Department has acquired two farms for resettlement purposes. Last Saturday I visited the area to meet with the local trust committee representing the foresters. Much progress has been made and it was agreed, amongst other things, that we would move to complete the process of registration that was interrupted by criminal intimidation by a minority. I have sought the cooperation of the Minister of Safety and Security and have met with the security services in the area. We will not allow intimidators bent on criminal pursuits to prevent this process moving forward. We will resettle those prepared to register and we will do everything possible to save the forest for the sake of our environment and our heritage.

TRANSFORMING THE DEPARTMENT

Meeting government's goals and mandates in the business-like way demanded by President Mbeki, depends on our ability to transform in line with the principles of “Batho Pele”.

Not only must we move to representivity at all levels, but our work ethic must be exemplary and our focus geared to the people we serve.

The Department has changed beyond recognition from the one overseen by a certain military gentleman prior to 1994. Its leadership and staff are coming to reflect the population as a whole – although we need more progress at middle management levels and in relation to gender representivity. Its style of work has changed a great deal for the better, although there is still room for improvement, particularly in service levels and speed of response to the public. Although we have some way to go, there is progress. For example in 1994 our Forestry component at management level was 100% white male. It is now 58% black and 15% female.

One of the small, but symbolically important things we have done is to change the names of our buildings in Pretoria. Our head office has been renamed Sedibeng, for it is indeed "the source of water" for the nation. Our other buildings are now known as "eManzini", “Waterbron” and “Zwa Madaka” – the last a Tshivenda name meaning "of the forests".

Crucial to transformation is the way we deal with our funds and resources. Our conduct in this respect must be above reproach.

We cannot tolerate corruption in our public service or indeed, anywhere else in our society. It is a cancer that must be rooted out. Like other government departments, we have had to contend with this problem and I can report that my Department has taken

active steps to do just that. In the past year a handful of members of staff have been dismissed for corruption.

In order to take a bribe, you have, of course, to be offered one. Often these bribes are offered by large commercial organisations, as illustrated by the bribes paid to the former CEO of the Lesotho Highland Development Authority. As the evidence unfolds, I believe it will become obvious that some large multinational concerns systematically used corruption to enhance their profits.

President Thabo Mbeki's government has taken a firm line on corruption and we stand full square behind our colleagues in Lesotho in this regard. I certainly hope that, after this case, there will be a thorough review, internationally, of methods to control corruption. The simple step of holding main contractors responsible for the activities of their sub-contractors and agents would work like magic.

The exchequer budget of my department is 2,6 billion. Of this, approximately:

- R750m (28%) goes to water resource management activities;
- R1.550 million (60%) goes to water services activities, and
- R306 million (12%) goes to forestry.

Looked at another way:

- 15.6% is for personnel expenditure,
- 4% for administrative expenditure, and
- 68% goes to capital expenditure

This division, and especially the last figure, demonstrates good management on the part of the Department.

I trust this overview has helped inform the House of our activities over the past year. In closing, I would like to thank my Director-General, Mike Muller, and all in the Department for their hard work and readiness to take on the difficult challenges of a changing environment. I would also like to thank the Portfolio Committee, ably led by the Honourable Buyelwa Sonjica, for its continuing vigilance in overseeing our work and its energetic support for Arbor Week, Water Week, our year long activities and plans for the future. I look to them as a source of close contact with our people at the grass roots, and keenly listen to their criticism and views. My appreciation to my advisors Dr Eugene Mokeyane and Janet Love and to the staff of my Ministry, all of whom often work long and irregular hours. Thanks to all for helping an erstwhile soldier keep his head above water in a wonderful portfolio and preventing him from at times barking up the wrong tree. Most of you have known me as a "red", but perhaps you have also seen a "green" emerge from the closet.

Together we are creating a better life for all.

Ngokubambisana, sakha impilo engcono ku wonke wonke

Moho re a hela sechaba sarena bokamoso bo botle

Siyabonga Kakhulu. Enkosi. Rea Leboga.

VIVA WATER PURE AND CLEAN! VIVA FORESTS RICH AND GREEN!