

**NATIONAL WORKSHOP
FREE BASIC WATER
27 MARCH 2001
TABLING OF IMPLEMENTATION STRATEGY
MINISTER RONNIE KASRILS**

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Ladies and Gentlemen- partners in the water sector

INTRODUCTION

At an international water conference in The Hague in the Netherlands in March last year I made the statement that world trends and policies still leave poor people without basic water so essential for health and well being. Even when water supply projects are built the water from such projects are often still not accessible to the poor because of high cost.

When I was appointed as the Minister of Water Affairs and Forestry, I instructed the Department to urgently look at ways to make water more affordable to the poor. The most obvious question we tried to answer was that of feasibility, in other words would the country have the financial means to pay for such a basic commodity to all of its poor people. After investigation of the status quo and testing different scenarios, I was informed that a basic quantity of water can be made much more affordable to the poor in most parts of the country using existing subsidies and the equitable share.

This can mostly be achieved by re-directing such funds at the target it was intended for namely the poor. Obviously there were a lot of issues still to be solved and those were recognised right from the start and this is exactly what today's workshop is for, to further discuss an implementation strategy to make it work. We, as a government, decided to be bold and take on this challenge and I must thank you all for participating and contributing to make it work.

President Thabo Mbeki announced the free basic water policy in September 2000. I was subsequently tasked to develop an implementation plan and this plan was presented to Cabinet in January. This plan provided for interim measures, for development of a strategy and development of a support programme to local government.

Since 1994, our government has provided water to 6,5 million people in the country, but millions more, especially in rural areas, are still without

clean water and safe sanitation facilities. There are many of our people whose basic rights in terms of our Constitution still need to be addressed.

My visit to the remote village of Lutsheko - near Mount Ayliff in the Eastern Cape last year made a profound impression on me. At a dried-out river we inspected the borehole from which water is drawn and pumped into the village. I was surprised to find a young woman, with a three-week old baby on her back, scooping water out of a shallow hole to fill her container. I asked why she did not make use of the village scheme. She told me she could not afford to do so.

This, my fellow partners in the water sector, is harsh reality that we all have to acknowledge and come to terms with. The backlog in poverty is a major concern of our government and President Mbeki's address to the nation in February this year reflects the urgency around redressing the current imbalances.

STATUS

In adopting a co-operative sector approach the "Free Basic Water Strategy Task Team" was formed to guide the development of a strategy which has the support of local government. This team is chaired by SALGA and comprises DWAF, DPLG, National Treasury, Mvula Trust, Development Bank of Southern Africa and DMEA. It is crucial that all role players have a platform to contribute towards the implementation of the policy. This workshop is a milestone in the process of establishing committed support arrangements.

The Department of Water Affairs and Forestry last year concluded from a research on a sample of 97 local authorities that 18 at that stage already had a free basic water policy in place. This is indeed encouraging and even more so that local government is talking the initiative in ensuring that all the people residing within their area of jurisdiction have access to basic water supply.

But progress is being made largely in urban areas. In rural areas there are many who are getting free water but it is often the case that free water is being used in large quantities by those who are not poor. This hampers access to water by the poor. Further, it is often the case that rural water services are not sustainable as the local management capacity and local financial arrangements are not sufficiently developed.

First of all emphasis must be placed on the role of local government: it is they who have the constitutional mandate to provide water services. However, in many areas, particularly rural areas, success will be dependent on the establishment of partnerships with community-based, private and public (water boards and DWAF itself) partners. If a free basic water policy is to be successful it must be set up in such a way that it promotes the involvement of such municipal service partners.

National government has announced significant additional allocations to local government over the next three years. Local government's total share of nationally raised revenue will rise by 11% a year, at a faster rate than any other sphere of government. The increase in the equitable share allocation is the most direct contribution to the free basic services challenge. This allocation also rises most rapidly, from R1 867 million in 2000/01 to R2 618 million in 2001/02, and is projected to increase to R3 551 million in 2003/04.

In that financial light, and with regard to subsidy arrangements, funds are being allocated from the national fiscus to local authorities through the 'equitable share', as required by the constitution. While local authorities have the choice to use these funds as they see fit, they need to note the intention that the funds are to be used to provide basic services to the poor. In this regard, research which has been done indicates that these equitable share allocations, once fully phased in, are sufficient to allow local authorities to provide free basic services (including water) to the poor.

However the reality is that this is not happening! Research undertaken by the task team indicates that money is not getting to the places it is needed in order to provide the necessary basic water supply services to the poor in rural areas.

This situation occurs primarily because subsidies are not being transferred to the water services providers who are actually delivering services and incurring the costs. Often these services providers are community based organisations.

Therefore it must be endorsed that for those municipalities with extensive rural areas within their boundaries, a local free basic water policy, will only work if the municipality establishes subsidy rules which allow sufficient funds to be transferred to the water services providers they appoint as partners.

The transfer of such funds will clearly need to be made in such a way that they are targeted at the poor, with the necessary controls. It needs to be seen that the funds are transferred on behalf of poor households to cover the costs incurred by water services providers in providing the service to them.

In this regard it should be noted that the great advantage of a clear set of subsidy rules at a local level is that they will promote the establishment of new water services providers with the capacity both to run water services viably and continue to expand coverage to those who are unserved at present.

CLOSURE

Ladies and gentlemen, the realisation of our governments' aims since 1994, **will** be achieved. The implementation of this strategy **will** succeed with the commitment and co-operation from all stakeholders. Local government since 6 December 2000 is being transformed ten-fold which is one of the reasons that we all need to work together to ensure that local government being closest to the people are supported by the relevant structures.

The Department of Water Affairs and Forestry in partnership with SALGA and DPLG will be providing support to local government through its Provincial Workshops and its Provincial Implementation Assistance Support Teams.

Finally, your contributions at the workshop, both today, and in the future are valued.
