

**PARLIAMENTARY MEDIA BRIEFING BY THE MINISTER OF WATER
AFFAIRS AND FORESTRY, MR RONNIE KASRILS**

17 September 2001

Embargo: 1pm

1. INTRODUCTION

It is almost seven months since I outlined my Department's plans for the 2001/02 financial year. Today I want to tell you about our progress over the past six months and key focus areas for the rest of this year.

With the cholera season upon us again, I will begin by outlining our plans to combat cholera during the coming summer months as well as the delivery of water and sanitation more generally. I will also report on the implementation of government's Free Basic Water policy.

The Department is not just about providing basic water services to our people. We seek to ensure that South Africa can live sustainably with the relatively scarce water we have, well into the future. To illustrate this, I want to explain to you why, in the wettest winter Cape Town has seen for many years, we are planning to build a new dam to increase water availability in the Cape Peninsula and at the same time promoting structured water conservation measures.

At a time when there is a great deal of polemic about the restructuring of State assets as well as about foreign investment, it is important to draw attention to the progress we are making in the forestry sector in this regard.

Finally, because we are gearing up for next year's Johannesburg Earth Summit, I would like to highlight how we view that important event from the perspective of water and forestry.

2. FIGHTING CHOLERA WITH WATER AND SANITATION

Last year's cholera outbreak in KwaZulu/Natal and other parts of the country was a wake-up call in terms of accelerating the provision of water, sanitation and health and hygiene education.

It is expected that we will face another cholera outbreak during the summer months. My department has put several strategies in place and it is anticipated that these strategies will form part of the government's programme with the Department of Provincial and Local Government and the Department of Health. As was the case last year, the government's programme against cholera will be co-ordinated by the National Disaster Management Centre with provincial and local joint operational centres already preparing to respond quickly to new outbreaks.

While the short-term response to cholera focuses on rapid treatment together with massive health and hygiene education to empower people to protect themselves, the longer term response to cholera is to speed up the delivery of basic water and sanitation services.

From June 1994 to July 31, 2001 the government has provided 6,8-million, mainly rural people with water, 182 000 people with sanitation and 550 000 people with health and hygiene education.

We reach a historical milestone next month, when we will be able to report the seven millionth person to have received access to water. This will mark the halfway point in our efforts to wipe out the backlog in the delivery of water.

From April to July this year, the Department has served 234 400 people with water with another 1 083 000 people to be reached by the end of the financial year.

In sanitation, the challenge remains enormous with an estimated 18 million people, around three million households, still lacking adequate sanitation.

In terms of the delivery of sanitation R100 000 of the R1,1-billion available has been allocated to this programme. During the first four months of the 2001/02 financial year, 17 576 toilets were built and 275 270 people given health and hygiene education.

On Wednesday the Cabinet will be considering the new national sanitation policy and implementation strategy to accelerate the delivery of sanitation. As you will realise, I cannot provide details of the policy or strategy until after Cabinet has considered and approved its contents.

One problem I need to share with you relates to the progress of the water supply programme this year. Spending has not progressed as fast as I would have wanted during the first six months of the financial year. A key reason for the slow rate of delivery thus far, is the requirement, in terms of new financial regulations, that municipalities must pass a formal council resolution accepting the grant from national government and taking responsibility for operation and maintenance of the projects once completed.

As you know, local government was completely transformed at the start of the year, with new boundaries, new councillors and officials. The change in the rural areas where the Department's programme focuses has been particularly challenging with uncertainty still remaining over which councils have which powers.

In this context, it is proving very difficult to get council resolutions formally passed in order to accept such grants where councils have not yet been able to get to grips with the plans and budgets of their areas.

My Department is presently reviewing the process, identifying the obstacles and putting in place strategies to overcome the situation. I remain confident that the Department will be in a position to increase the rate of expenditure and delivery, just

as it did when it spent R1,1-billion in the delivery of water and sanitation during the 1998/9 financial year.

3. FREE BASIC WATER

The municipalities are of course correct to seek to get to grips with their budgets and plans because we know that putting pipes in the ground is just the first step – we must ensure that the water continues to flow once the projects are completed.

The free basic water programme is providing a useful focus through which they can proceed. The pace at which the free basic water policy has taken off is encouraging. On 1 July this year, our country reached a historical milestone with more than 51 percent – or 23-million - of the South African population receiving free basic water.

This figure has risen to 55 percent; 25 million people now live in areas where the municipalities are implementing the government's free basic water policy.

A further 15 percent of South Africans (seven million), who live in areas where there is no infrastructure for the supply of water as yet, are being addressed by the department's R1,1-billion capital programme.

Another 31 percent or 12 million South Africans live in local government areas where the municipalities have either not yet decided to implement the free basic water policy or are in the process of implementing at a later stage.

This means that over the past two months, a further two million South Africans are now receiving free basic water.

(As you will see adding 55 percent with 15 percent and 31 percent totals 101 percent. This is due to the rounding off of the decimals.)

A provincial breakdown of the figures show: 90 percent of people living in Gauteng is receiving free basic water; 96 percent in the Western Cape; 56 percent in the North West; 73 percent in the Free State; 46 percent in Mpumalanga; 18 percent in the Eastern Cape; 35 percent in the Northern Province; 53 percent in the Northern Cape and 41 percent in KwaZulu/Natal.

I am very pleased with the significant progress made in ensuring a better life for all our people. This kind of cooperative governance between all spheres of government is a salutary example of unity in action for change.

I have been pointing out since the announcement of the Free Basic Water policy that its implementation will not be without obstacles.

There are only two sources to fund free basic services: the equitable share and internal cross subsidies. In many rural areas with few large consumers, internal cross subsidies are almost non-existent and therefore the implementation of free basic water will depend entirely on the availability of sufficient funds under the equitable share allocation to local government.

The department's interaction with municipalities has shown that the equitable share system is not yet functioning adequately. Unless this is resolved, free basic water will not be implemented in many of the poorest municipalities.

One key issue is the amount of the Equitable Share – in some areas, it is simply insufficient. A further issue is the allocation between the district Category “C” municipalities and the local, or Category “B” municipalities. In many cases the former are the service providers – such as the Ugu District Municipality in KwaZulu/Natal while the latter get the money.

I am already in discussion with my colleagues the Minister of Finance, Mr Trevor Manuel, and the Minister of Provincial and Local Government, Mr Sydney Mufamadi, in order to find a solution to these issues. Meanwhile, the department is now focussing on assisting those local authorities still having to implement the Government's free basic water policy. Provincial support units have been established to help in this regard.

Lessons learnt from five pilot studies, which are underway, will be taking into account in any possible amendments to the Free Basic Water strategy and implementation guidelines. It is hoped that the pilot studies will help the department to assist municipalities which do have the infrastructure but are not yet implementing the policy.

The department has also undertaken a comprehensive information dissemination campaign to municipalities explaining the Free Basic Water strategy and implementing guidelines. In addition, a national educational awareness campaign has begun and will continue for the next three months.

I need to emphasize that consumers should continue paying for water until their respective local governments have informed them of their new arrangements.

4. WATER FOR THE FUTURE AND THE CAPE PENINSULA'S SKUIFRAAM DAM

It might seem strange to be talking about building a new dam for Cape Town and the surrounding areas during this wettest winter for many years when all existing dams are overflowing. Yet it is only a few months since we were anxiously considering intensifying water restrictions and across the Berg in the Hermanus area, drought continued to afflict the communities of the Southern Cape even as we were declaring flood disasters here in Cape Town.

This is precisely the challenge my Department has to address. Rainfall is unpredictable and often unreliable. We have to plan with a long term view to ensure that we can guarantee the supplies to meet the needs of our communities, to keep industries' wheels turning and farmers producing.

The Western Cape System provides water to the Greater Cape Town Metropolitan Area , other smaller urban users and agricultural water users served from a system of dams, tunnels and pumping stations which together comprise the Riviersonderend-Berg River Government Water Scheme.

The system's growing demand for water from domestic, commercial and agricultural sectors has been monitored and investigated in depth since 1985. The risk of water restrictions increased substantially and after considering various alternatives, the best option was found to be a combination of a water demand management programme by the City of Cape Town (CCT) supplemented by the construction of the Skuifraam Government Water Scheme (with Skuifraam Dam on the upper Berg River, about 5 km west of Franschoek, as the main component) at a capital cost (2001 terms) of about R944 million.

In a dry country like South Africa, there is a limit to the amount of water we can capture by building dams. So it is critical that we also ensure that our society and economy adapts to the water we have available. Instilling a culture of conservation, promoting the systematic management of demand is an integral part of this although, as we have seen in Hermanus, conservation and demand management cannot in itself meet the needs of a fast growing area and address the vagaries of our climate.

Our national water policy now provides a framework for this integrated management approach. This is why we say that South Africa will not, as was once predicted, run out of water by 2030. We have put in place mechanisms to ensure that we can live within our means, sustainably into the future, by carefully balancing environmental sustainability against our social and economic development needs.

(In this context, a complete environmental impact assessment (EIA) was done for the Skuifraam Scheme. On 8 August 2000 the Minister of Environmental Affairs and Tourism, Mr Valli Moosa, officially rejected all appeals lodged regarding environmental aspects of the proposed scheme and approved its implementation in terms of environmental legislation. This approval cleared the way for a final decision by myself, as Minister of Water Affairs and Forestry.

The World Commission on Dams (WCD) report of 2000 provides a decision-making framework for dams “in the pipeline”. The Department compared the planning, environmental and public processes undertaken for the Skuifraam Scheme with those recommended the WCD. The overall findings of the review were that the process followed over the past twelve years compared favourably with and in certain instances exceeded the current best practice as promoted by the WCD Report’s guidelines.)

I have in principle approved the construction of Skuifraam Scheme to provide water security and additional water supplies to the City of Cape Town, due to the increasing water stress and insufficient storage capacity in the water system supplying the city. The construction of the dam will go hand in hand with the implementation of a water demand management programme by the City of Cape Town. I understand that such a programme will be discussed by the City of Cape Town’s executive committee shortly and will thereafter be referred to the Council.

Once the City of Cape Town has committed itself to the water demand management programme developed in consultation with my Department, I believe that it will provide the basis for me to give the final go-ahead.

The Skuifraam scheme will be funded off-budget, by the water users not national taxpayers. In terms of the National Water Policy (1997), water resource development projects should be funded by their users, except where there are social or environmental needs to be met which cannot be paid for by the users or where financing is required to enable South Africa to comply with its international obligations. The Skuifraam Scheme is an example of a project that can be funded by its users.

Officials from my department and the City of Cape Town are now involved in negotiations on the financing of the dam.

5. SUSTAINABLE WATER FOR FOOD FOR THE POOR

The Cape Peninsula is of course one of the richest areas in the country and its farmers are highly efficient and productive in their use of water. In other parts of South Africa, many people in our poor rural communities still do not have sufficient food to meet their daily nutritional requirements.

Since the availability of water for irrigation can transform the productivity of poor households, an important focus is on developing programmes to help small farmers gain access to water. The Department of Water Affairs and Forestry already provides a subsidy for bulk water infrastructure of R20 million per annum which supports 400 emerging farmers each year.

This activity is currently being expanded. To further improve rural incomes as well as helping poor families to produce more food for their own consumption, the Department of Water Affairs and Forestry and the National Department of Agriculture have been working very closely on a programme to ensure the promotion and development of resource poor farmers, as well as the development of appropriate technology for subsistence agriculture.

A key element of the programme is to streamline and co-ordinate the support provided by a variety of government departments and parastatal organisations, in order to ensure that resource poor farmers derive the maximum benefit from government resources.

The Department of Water Affairs and Forestry will also be working in partnership with the Global Water Partnership on a study of the relationship between access to water and poverty, and the mechanisms through which access to water can contribute to the eradication of poverty. The challenge of making water available for this kind of economic development while also protecting the environment is an example of the issues likely to be addressed at the Johannesburg Earth Summit next year.

6. FORESTRY RESTRUCTURING

While it is often said that there is no progress in either restructuring of state assets or generating foreign investment in South Africa, the forestry sector belies this. We have restructured, we have attracted foreign investment. What's more we have done this while promoting environmental protection and the expansion of our great network of national parks and conservation areas. This is demonstrating in a very practical way that the objective of the Johannesburg Earth Summit, development which is environmentally sustainable, can be achieved.

Over the last few months we have made major strides in completing the restructuring of our commercial forest assets. This is a joint programme with the Department of Public Enterprises and involves assets of my Department and of SAFCOL which falls under the Minister of Public Enterprises, Mr Jeff Radebe. On 1 August we transferred the Eastern Cape North forestry assets to Singisi Forest Products which is a joint venture between Hans Merensky and the Singilanga Community Trust. This marked the first time that black South Africans, and indeed communities, have owned shares in a forestry and sawmilling company.

The KwaZulu-Natal package which is made up of 25 000 hectares of SAFCOL forests, is almost ready to proceed to final sale and we hope that the transfer will take place on 1 October 2001 or shortly thereafter. The sale price is R100m and in addition the company will pay a rental of R5,4-million per annum which will be passed on to successful land claimants and other community structures. The Northern Forests package which includes forests in both the Northern Province and Mpumalanga, is in the bidding process and we expect to make further announcements before the end of the year.

These forests are being acquired by Siyaqhubeka Forests which is a joint venture between Mondi and a black empowerment group called Imbokodvo Lemabalabala. Following the success of the Singisi model, the company has also agreed to set up a community trust which will involve the traditional leaders and communities living around the forests.

Meanwhile, in an important development, the American firm the Global Environment Fund recently made a substantial investment – valued by independent commentators at around US\$50 million – in forests privately owned by Mondi. We understand that one attraction for them was the South Africa's sound environmental management practices. We hope that this development will result in further downstream investment in the forest industry and my doors remain open to interested parties.

Minister Radebe and I are also delighted to have worked with the Minister of Environmental Affairs and Tourism, Minister Valli Moosa, to ensure that 8 000 hectares have been removed from the KwaZulu-Natal lease area to be incorporated into the Greater St. Lucia Wetland Park. The conversion of the Southern and Western Cape SAFCOL forests from forestry to other land uses, is now under way.

Minister Radebe and I announced last week that the Cabinet has approved a proposal to phase out plantation forests on 40 000 hectares of land in the southern and Western

Cape. This land is currently operated by Safcol, which falls under the Minister of Public Enterprises. These plantations are not financially viable and are not sustainable. The phasing out process will take place over 20 years, of which 22 000 will be made available by 2005.

Of the total area, 29 000 hectares will be made available for conservation and 7000 hectares for community based agriculture and land reform. The Departments of Environmental Affairs and Tourism as well as Land Affairs and Agriculture will be strongly involved in these processes. Cabinet believes this initiative on land conversion is a major step forward in terms of stated policies regarding the transfer of uneconomic forestry plantations to a more acceptable use that will benefit all the people of South Africa.

