

**ADDRESS BY THE MINISTER OF WATER AFFAIRS AND FORESTRY,
MR RONNIE KASRILS, MP
BUDGET VOTE NO. 33: WATER AFFAIRS AND FORESTRY**

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GREETINGS

Madam Chairperson, Honourable members, we are told that Joseph came to the Pharaoh's notice when he interpreted his dreams and warned that the seven fat years would be followed by seven lean years.

I am neither a prophet nor a Pharaoh but let me say that, when the dams are full, as they are now, and the land is fat, as it is, this is when we should begin to prepare for the inevitable drought that will follow for ours is a water stressed country. As the farmers say "if the floods don't get you the drought will".

We have learnt some lessons from our history and we know better than to eat our seed corn. Insofar as it is possible to prepare, we are prepared for the uncertainties that nature may bring.

And, in this year of sustainable development, our preparedness has been recognised. Indeed, South Africa can already claim a major breakthrough in the preparations for the Johannesburg World Summit.

This breakthrough is the fact that it is internationally accepted that the key sustainability challenge confronting us as a world community is poverty. It is acknowledged that the main barriers to achieving a world in which the next generation's inheritance is as good as its predecessors are not narrowly environmental but social and political.

Social, because while people are battling on the breadline, they are not going to restrain their use of the natural resources they depend on for their survival much less allow scarce funds to be used for environmental protection.

Political, because there are limits to what can be achieved to change the way we live and work through the exercise of political power while resources are few and many people are hungry.

There is even a grudging acknowledgement in the corridors of international power that money should not be a barrier to sustainable development. It is increasingly obvious that the world's population can be fed, housed and clothed with the funds presently available. All that is needed is for them to be shared a little more equitably.

If we tackle the challenges of poverty and under-development, the environmental challenges become manageable. Bjorn Lomborg, author of the book "The Skeptical Environmentalist" is not just controversial because he has debunked many scare stories such as "the world is running out of water". He made some statements which were much

more radical. He said, for instance, that water pollution control is a factor of income – rich countries are able to keep their rivers cleaner than poor ones. This is a message that we need to get across to the wealthy world during the Earth Summit as well as an understanding that their development is often achieved at the expense of the poor world's environment.

One reason that South Africa's arguments carry weight in this international debate is that we are talking from practical experience, not armchair theory. This Government is not just committed to the ideal of sustainable development, we are implementing it and in presenting my budget to this House today, I intend to show how we are doing this in the areas of water and forestry.

We have shown that it is possible to provide all South Africans with access to basic water and sanitation within the framework of sustainable development. Many countries talk about the importance of recognising this as a basic human right, we are doing it.

We are demonstrating that we can protect the environment and meet all our peoples' basic water needs for which we need only 1,5% of our nation's available water resources. This has already been reserved in terms of our National Water Act and we have made a great start in providing safe, hygienic, environmentally acceptable sanitation. It is demonstrably within our means to ensure a healthy environment for all our people.

Between 1994 and April this year, my Department spent R5 268 million providing water supply infrastructure to 7.2 million people. In this year, we have allocated from Government's budget a further R888 million to water supply and R159 million to sanitation. The generosity of international donors has made available a further R197 million.

Amanzi impilo! Water is life! Sanitation is not a dirty word, sanitation is dignity!

At this rate of spending, we will wipe out the infrastructure backlog for basic water supply by 2008 and sanitation by 2010. This is a tremendous achievement by a Government that is eradicating poverty and building a better life for all our people! A Government that is delivering and delivering on a massive scale.

The challenge posed by Heads of State in their Millennium Declaration was to halve the proportion of the world's population without safe water by 50% by 2015. Starting in 1994, we had already achieved that rate of progress. We have demonstrated, as a country whose continuing inequalities closely reflects the balance between rich and poor world, that we can achieve these goals. We can and are meeting the challenges of sustainable development !

We are also pushing back the frontiers of poverty. Our policy of Free Basic Water is ensuring that once we provide the infrastructure, everyone served will be able to use it. Already, more than 26 million people, 66% of the total served by water supply infrastructure, live in areas where free basic water is provided. And those numbers are rising. On 1 July, the start of local government's financial year, I expect 24 more local authorities to begin implementing the free basic water policy, benefiting another 3 million people and bringing the total with access to free basic water to 27 million people, 76,5 percent of those who have access to water infrastructure. The outstanding 70

municipalities still to introduce free basic water will be targeted with support to ensure quick progress.

With this policy, we have thus completed the foundations to ensure that the Constitutional right of access to basic water supply and safe sanitation can be met on a sustainable basis.

R130 million is allocated for continued support and capacity building at local government level to help to implement this policy as part of a broader programme of institutional support. We do not provide the operational funds required by local government to provide basic water services to the poor – these are included in the equitable share of revenue of local government paid according to the Department of Finance’s formula. But, through our provincial support units, we help local governments to work out tariff structures so that they use the money they get to implement Government’s policies. And the calls that were made – by myself amongst many others – for an increase in funding for local government were heeded with the equitable share increasing by 47% in the current year and more in the years to come. This is a Government that means business!

But sustainable water and sanitation services are about much more than meeting basic needs. They are also about economic development. The provision of effective, reliable, efficient and safe services to millions of domestic consumers across the country who want and can afford higher levels of service is critical. Similarly, ensuring water services for commercial and industrial consumers keeps our economy moving.

Our municipalities must plan and manage their water services in a business-like way. To support them – and to help us and the citizens of the country to monitor their performance – some capacity building funds will help municipalities prepare their water service development plans. As local government takes greater direct responsibility for providing services in the years to come, my Department will concentrate on ensuring that the interests of the public, of the consumers, are protected and their needs met.

The point I really wish to dwell on in this House today is a different one. To provide reliable water services, we have to have reliable sources of water. We must ensure that we have enough water in our rivers and underground and that those sources are fit to use and are not polluted.

Earlier this year, I inaugurated the Inyaka Dam near Bushbuckridge on the boundary between Limpopo and Mpumalanga Provinces. This will store water to ensure that never again will the million people in that region face the absolute shortages they faced during the 1991-1992 drought. We must store water to see us through such dry periods and recognise the vital role of our dams, a point to which I will return. We must ensure that other users, farmers, and large industries can meet their needs, that there is water to cool the power stations of ESKOM that drive our economy and produce the wealth required to ensure a better life for all.

But dam building is not the only way to achieve our goal of water security. There are many other instruments at our disposal and we must choose and use them well. It used to be said that South Africa would run out of water by 2030. I must again categorically tell you that this is not true. We have more than enough water to build the society of our dreams and to meet the needs of all. This does not mean that we have an abundance of water – we cannot simply sit back and do nothing. On the contrary, we have enough

water because we have the political will and the professional skill to make the most of what we have – even though we have relatively little water per person compared to many other countries and are considered a water-stressed country.

How can I be so confident? The basis for my optimism, the basis for my assertion that we have enough water to live and grow and thrive is the National Water Resource Strategy that we will be publishing in July this year for public comment.

The National Water Resource Strategy is South Africa's "blueprint for survival" a term coined by Edward Goldsmith, a pioneer of sustainable development.

It is the product of four years of intensive work since the passing of the National Water Act in 1998.

The National Water Act's goals of equity, sustainability and efficiency come together in integrated water resources management. Simply put this means that we must use our scarce and precious water resources to meet the needs of all our people - especially those millions who still labour under the crippling burden of poverty. We must use our water to create jobs and to support sustained economic development while ensuring that aquatic ecosystems, on which all life depends, are protected. Integrated water resources management is not, however, the exclusive responsibility of water managers, engineers and scientists. It is successful when everyone in the country is required - and enabled - to play an active part in water management.

The National Water Resource Strategy sets out our strategies, plans and procedures to achieve these aims. It is a remarkable and ambitious document, the first of its kind in South Africa and one of the first in the world. Once again, because we have taken on this ambitious undertaking and look like making it work, South Africa has shown that we can play in the international league with the big teams. But South Africans have proved time and time again that they can rise to the biggest challenges, and this is a challenge to which I am confident that all South Africans will rise together.

The strategy addresses how we will protect our water, allocate the right to use it, develop and manage it. This is the instrument provided by our National Water Act which has now come out of the statute books and gone down to the field, the mine, the power station and the municipalities of our lands.

Some academic commentators from both the ultra-left and the ultra-right have said that we are moving too slowly. They need to come down from their ivory towers and find out what is happening on the ground, engage with Government, work with us and jointly, work out how we as a nation can work better.

The comments of economists Roger Bate and Richard Tren for example do their own profession little good. They must do their homework; they should talk to my officials before they make wild statements. They said in their book "The Cost of Free Water" published by the Free Market Foundation this year, that "it seems apparent that while the admirable goals of social equity, ecological sustainability, financial sustainability and economic efficiency remain, the proposals for achieving them are now caught up in bureaucratic machinery with little prospect of having any impact in the short or medium term."

I say, nonsense, go check your facts. Check what has been done. Then check what is a reasonable time for implementing a policy like this, check what the rich world is doing. The new European Union “Water Framework Directive” covers similar areas to our water strategy. It estimates that it will take six years to prepare draft catchment plans, 8 years to initiate water pricing, 10 years to implement in full, 25 years before good water status is achieved throughout Europe.

We have benchmarked ourselves against this sort of timetable although the details and priorities are different given the very different – often tougher - challenges that we face. When you compare our real progress with Europe’s proposed timetable, you can see that our actual pace of implementation has in some areas exceeded the European targets – for instance in the area of registration of water use and introduction of water pricing.

So I can tell you that already more than 46 000 water users have been registered, 9300 taking advantage of the electronic access we have established, making e-Government a reality in our sector. These users account for about 90% of the country’s water use. New water use is now subject to licensing and already 689 new licences have been issued in terms of the National Water Act. Before a licence can be issued, we must check the environmental requirements of the rivers and streams concerned and more than 350 preliminary determinations of the reserve have been carried out covering almost 25% of the sub-catchments in the country.

In case there are water users who think that because they are far away from Cape Town and Pretoria they will be able to escape the new laws, bad luck ! We did not need Mark Shuttleworth to go into space for us. We are already using satellite images dating back to 1998 when the National Water Act was passed. So when a Mrs S M Fletcher of Tosca, in the far Northern Cape complained that boreholes on her farm are being dried up by neighbours who have started to irrigate new fields I was able to reassure her.

We know that those limestone caverns she relies on can provide a secure reliable source of water if we are not greedy. But if too much water is taken out, they will simply dry up. This cannot and will not be allowed. One objective of the National Water Act is to control the excessive and unsustainable use of water and to ensure that our priceless groundwater is effectively used and protected.

I give notice here to all those who sought to stake a claim as existing users of water by unreasonable expansion of irrigation in dry areas where there is simply not enough water that they are wasting their time and money. Eye-in-the-sky technology is keeping track of you and our satellite images will very quickly prove who is using water lawfully and who is taking a chance. My Department has budgeted R5 million to buy satellite data in the current year and we are going to spend a further R2 million using the data to verify claims of legal entitlement to water use.

Madam speaker, honourable members, I hope I have assured you that your Government has already put in place much of the administrative machinery we need in order to manage our nation’s water use.

There will be an important development this year on the income side. Part of the cost of implementing the National Water Act will come from new revenues, we estimate about R50 million, which will be collected in terms of the national water pricing policy. For the

first time users will begin to see the real cost and value of the water they use and we hope they will use water more efficiently and more wisely in the future as a result.

Before my radical critics rise up in protest and allege that I am privatising water, let me emphasise that I am doing exactly the opposite. As the custodian of South Africa's water, I am ensuring that water is used in the public interest. With this system, we are moving further away from the situation where people who owned land could claim the right to whatever water flowed past them and use it however they wanted to, regardless of the needs of those out of sight away from the river.

Since 1998, our water has been managed for the benefit of all. But it costs money to manage water well and it is only right that those who use most should pay most. So I must praise eThekweni and uMshunduzi municipalities for reaching an agreement with Umgeni Water, under the new leadership of CEO Gugu Moloi, and accepting responsibility for rural communities in their areas and settling their tariff dispute. This has enabled Umgeni to ensure that this year's tariff increases will be kept to within 1% of inflation and already their credit rating, the cost of their money, has improved.

I would also like to celebrate the agreement been reached between Rand Water and the Chamber of Mines that the mines will no longer enjoy preferential tariffs, paying less for their water than their poor neighbours. I am delighted to see the industry accepting its responsibilities to the broader society in this way.

Similarly, the new water resource management charges levied from 1 April will not affect rural households growing a few vegetables or providing water for their grazing cattle. It will affect mines, large industries and municipalities as well as the farmers who are responsible for more than 50% of the nation's water use. As well as ensuring that those who benefit from dams and other large water works pay for the privilege, water pricing will fund the agencies responsible for monitoring water use, implementing programmes of water conservation and infrastructure construction to ensure that our development is not unjustifiably constrained.

It is a price that is worth paying because it will ensure that we can protect our water and ensure that it is available when and where it is needed. Our farmers know that the "right" to take water from a dry river is meaningless. Our new approach will provide them with the assurance that they can get what they are entitled to and that is worth paying for.

So I want to salute the forest industry for two important steps. First, they have recognised the importance of managing water and are support the registering of plantation forestry as a water use, one form of a "stream flow reduction activity" of which more are more are under investigation. They know that environmental protection brings commercial benefits since they have to show the world market that they manage their plantations in a sustainable way.

Second, in order to make the system work more effectively, they are discussing how they can assist us to collect the water management charges that will be levied on their thirsty business. They want to make the system efficient for their members, an initiative that I very much welcome. We need to build this kind of co-operative arrangement to ensure that we support the industry whether by improving our administrative efficiency or working with my colleague the Minister of Transport to help keep their transport costs under control.

And I must emphasise again, as I have done in the past, that this Government regards forestry as a vital component of effective rural development in South Africa.

This past year has seen substantial progress in restructuring the state forests both those of the former homelands, run by my Department and those of SAFCOL. The process of leasing the large forests is now virtually complete. There has been real black empowerment, there have been very tangible community benefits in the form of rentals for land used and shares in the forest companies themselves.

One area which has been of great concern to me has been that of job losses. One consequence of restructuring is that people have lost employment. But this needs close examination. They did not lose productive jobs because we now see that, particularly in the former homelands, many were actually in make-believe jobs. The work continues to be done – and is being better done – with far fewer people. We must not fall into the trap of pretending to create jobs where there really is no work to do, that is not how we will achieve a better life for all. For those who left their jobs, a social plan was put in place to assist with training and advice.

This Government knows that job creation is one of the greatest challenges we face, that we are going to be measured by our achievements in this field. And there are encouraging developments in the forest sector.

A small KwaZulu-Natal company which collected the sap from pine trees which is processed to make speciality chemicals ran into financial trouble. When my Director of Commercial Forestry, Winston Smit learnt of this, he encouraged another company to get into the business. The firm, Associated Carriers recently wrote to us to say:

“At the time Pinechem ceased to trade, 250 people were employed in the industry and were harvesting an average of 110 000 kgs of resin each month. We now employ 575 people and harvest 550 000 kgs per month. We are continuing to expand and hope to have a resin processing factory by January next year. This plant will create another 28 positions. We feel you should be aware that your input into this industry has directly created 315 jobs with a potential for a further 350.”

This is an important example and I salute the effort and enterprise of both my officials and the company concerned. They have demonstrated that opportunities are there to be found. Thus I believe there is scope to afforest a further 100 000 hectares in the Eastern Cape which has not been done because of the complications of using communally-held land. The example of Singisi Forest Enterprises should, over the next few years, lead to a new partnership between communities and their traditional leaders, forest companies, provincial and national government to expand the forests in that area and create more jobs.

But again, I say we are not talking theory. We have plenty more practical examples where jobs have been created as a direct result of our work in managing water and forests.

There are women in the gallery from the Western Cape who have benefited directly from our water projects on the Lutouw project near Vredendal, at the Ceder Citrus venture in Citrusdal where access to water allocations has given women farmers opportunities to

engage in commercial farming which they never had before. I salute them and the white farmers who saw the potential for partnerships.

THE INTERNATIONAL DIMENSION

Our efforts are not limited to South Africa. Following the President's call to make this the African Century, we have focused considerable attention on this continent and in international forums that affect Africa.

As I have indicated, we have gained international acknowledgement for our legislation and policies. From this position we have sought to influence the global agenda on water:

At the Second World Water Forum in 2000 in The Hague representatives of our water sector played a major role in formulating an African Water Vision and Framework for Action. South Africa's participation in the Bonn Freshwater Conference further contributed to the formulation of positions on water and sanitation for consideration at the Earth Summit. What was once a heresy, free basic water, is now recognised as a legitimate way to proceed in our circumstances. In Bonn, we were also honoured when South African official Barbara Schreiner was asked to give the keynote address on gender and water, highlighting our commitment to equity in all its dimensions as celebrated recently at the Amakosikazi Namanzi awards where we recognised the role played by women in the success of our water programmes.

The NEPAD agenda has been strongly promoted. An African Water Task Force has focused on ways in which water can help to eradicate poverty and achieve sustainable development in Africa. A few weeks ago, representatives from Governments, international, continental and regional organisations as well as members of civil society, professionals from the water sector from 41 African countries together with partners from other continents, met in Accra, Ghana to seek ways to ensure that the use of water assists Africa to achieve its sustainable development goals.

This position was carried forward to the African Regional Ministers Conference on Water in Abuja, Nigeria on 29-30 April 2002 which I attended. At this conference we agreed on an African position on water that will see Africa speaking with one voice at the WSSD.

The leading role that water can play in development will be amply demonstrated at the Earth Summit where one of the major supporting events will be a massive exhibition and programme of presentations, debate and entertainment at what will, for the week, be the World Water Dome in Randburg. During the week, progress made on the Framework for Action will be reviewed and actions identified to bridge gaps between commitments, delivery and goals. Commitments made during this process will be taken a step further at the Third World Water Forum in Japan in 2003.

I have personally sought opportunities to discuss WSSD and how water and sanitation link to the broader development agenda with Ministers from countries such as China, Cuba, Mexico, Russia and the United Kingdom, African countries including Algeria, Egypt, Nigeria, Rwanda and Uganda and closer to home, with our neighbours in Botswana, Lesotho, Mozambique, Namibia and Swaziland. My Department has expanded its international projects units to support NEPAD and other initiatives in the SADC region and the continent more generally

One looming uncertainty which we all face is that posed by climate change. It is widely believed that we are entering a phase of increased climatic variability which will affect water availability and pose severe challenges for our development. African water Ministers have noted the potential impact and have called for a "polluter must pay" approach to funding our adaptation to the impact of climate change.

Agriculture will be particularly impacted and, in the framework of NEPAD, we are working with our colleagues looking at water as a key to expanded food production. By improving water use efficiency in agriculture we can not just ensure food security but also produce farm products for the markets of the world.

As I said at the beginning, our influence in the sustainable development debate comes from the fact that we are doing, not just talking and we are engaged in a range of initiatives designed, in part, to ensure our water security as a region.

The Maguga Dam in Swaziland was opened a few months ago by King Mswati III of Swaziland and Deputy President Jacob Zuma. This joint project on a shared river will create 1800 jobs on the citrus and sugar farms of Swaziland as well as opportunities for 1100 black farmers in South Africa. Just yesterday, I met in Swaziland with my counterparts from Swaziland and Mozambique to finalise a shared river agreement that, when ratified, will establish a systematic basis for long term co-operation.

The Lesotho Highlands Water Project is progressing well. In October 2001 the Matsoku Diversion Weir and Tunnel were commissioned and the construction of the 145-m high Mohale Dam is now substantially complete. In October this year the progress on the Intake Works for the Mohale Tunnel will have advanced sufficiently to allow impoundment of the Mohale reservoir to commence without endangering the workers completing the Tunnel Intake.

The contracts for the Matsoku Diversion and Mohale Dam were completed within the original budget. Completion of Mohale Tunnel has been delayed by unexpected inflows of water and rock conditions and the flow of water through the Mohale Tunnel is expected to commence in January 2004, one year later than originally planned. Due to the favourable storage levels in Katse Dam, the one-year delay on delivery from Phase 1B will not have any effect on the water supply from the Lesotho Highlands Water Project to South Africa.

As members know, the South African Government is committed to ensuring that the development of dams benefits everybody concerned, including those whose lives are affected by their construction. In this respect, the implementation of the Environmental Action Plan is well advanced. Recognising that the ending of this phase of the project could have a negative economic impact on Lesotho, we are now working with our colleagues on projects to ensure that water availability is assured for the lowland areas.

The National Water Resources Strategy outlines the future requirements of water for different regions of the country. But I can tell you now that the completion of this project means that the water supply for the industrial heartland of our region has been secured for at least a decade. We can live and thrive within our means.

We will do so by managing our water well, by developing infrastructure where appropriate. As we face the challenges of climate change, I am struck by how poorly Africa is developed to cope with it. In the United States, they store in dams and reservoirs 6 150 cubic metres of water for every American; in South Africa, we store only 746 cubic metres per person; in the rest of Africa, it is only one tenth of that, 40 cubic metres per person in Ethiopia, just four in Kenya. Yet our climate is more uncertain, arguably justifying more not less storage. Despite this self-evident fact, we still have anti-dam lobbyists opposing projects such as the new dam on the Berg river which will secure Cape Town's economic and social development.

I have been lucky to date. Indeed, I have been the Minister of Good Rains. But we cannot rely on luck. Our people understand these issues; they know we should not be seduced by the good years, this is why they say *masibekeni ukudla namanzi anele ehlobo. Silungiselele isikhathi sobusika, indlala nezikhukhula*. (Let's put aside enough water and food during rainy days to use during poverty and drought. It is also why, in good times, we greet each other with the salutation "*Pula ! Nala ! Kgotso !*")

So while we focus on delivering clean water and adequate sanitation to our people, we also develop and manage our water and forestry resources in a sustainable way to secure the well-being of our economy and people for all time to come.

That is a responsible Government. That is a Government of delivery, a Government which is building a better life for our people.

This is a wonderful portfolio and attracts dedicated people. My thanks to the chairperson of the Portfolio Committee Cde Buyelwa Sonjica – with Ma Lydia Ngwenya, two of our recently recognised Amakosikazi Namanzi on whom I had the pleasure to confer our new Women in Water awards; to all members of the Portfolio and Standing Committees, my appreciation for your dedication and insights.

Finally, let me express my appreciation to Mike Muller, my Director-General who has led a Department which delivers and will continue to deliver. They have done a tremendous job and deserve our nation's gratitude. I would particularly like to pay tribute to Dr Paul Roberts, outgoing Deputy Director-General for Water Resources. He has served the Department loyally for 42 years and done much to ensure that the expertise built up over the decades was not lost during the transition to democracy. Paul, the National Water Resource Strategy, our Blueprint for the Future, will stand as a testimony to the progress made during your illustrious career.

I have sometimes been a stern taskmaster and when it appeared that the 2001 Division of Revenue Act might hinder our delivery, I told Mike Muller to break the law if necessary. Well the Department has done a magnificent job without needing to do that and we have no cash unspent in the crucial areas of community water and sanitation. Well done indeed ! Last but by no means least, let me thank my hardworking Ministerial staff for their dedicated service and good humour in the face of many adversities.