

**ADDRESS BY THE MINISTER OF WATER AFFAIRS AND FORESTRY,
MR RONNIE KASRILS, MP
NATIONAL COUNCIL OF PROVINCES
ON THE POLICY DEBATE FOR THE
BUDGET VOTE NO. 33: WATER AFFAIRS AND FORESTRY
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**PREPARING FOR ANOTHER YEAR OF SUCCESS AND
ENTRENCHING LOCAL DEMOCRACY**

Chairperson, Honourable Members: We are a government of delivery and achievement and we are building a better life for all our people in every part of this wonderful country.

A key challenge for grass roots delivery is to make democracy work at local level. So whilst I will report about the continuing remarkable achievements of water and sanitation and the management of our forests, I first want to start by talking about the delivery and management of democracy at local government level. For this is most relevant to this Council and if we do not understand the importance of this, we will not understand what my Department is proposing to do in the coming year.

The experience of the last millennium is that many great civilisations grew from strong local structures. And water has often been the focus for the first attempts at local organisation. So the Dutch invented local government in the 12th century to manage the water that threatened their lives and livelihoods; the British established their local government systems to bring an end to the plague, pestilence and stench of their 18th century cities.

The ANC has always been committed to promoting the full participation of communities in running and organising their lives. The whole structure of local government, the approach to participatory planning, accounting to residents by councillors and municipal executives is designed to reinforce this. But it is one thing to design the system, another to implement it.

We are now entering another important phase in the long process of building local democracy. We have established our new municipalities. Now we have to make sure they do their job of providing services to our people, efficiently, effectively, and affordably. We have to ensure that they play their full role in creating jobs and opportunities. And they must do this in a way, which allows our people to participate in building a better life for all.

That is the challenge of this phase of our struggle. And it is a challenge that is highly relevant to both the water service and forestry portfolios of my Department and what I am going to focus on in this house today.

Achievements and challenges

It is against this background that I want to start by reporting an important success achieved by my Department in the past year. Each year, the implementation of our water services programme has relied more and more on local government. In the past financial year, we warned that, because new local government had only just been established, it would be difficult to spend the available budget and comply fully with the conditions imposed by Treasury, through DoRA (as we affectionately call the Division of Revenue Act) for full local government involvement and ownership of the process.

It was a difficult year to keep delivery going. The exemplary work of my Department together with the sterling support from all concerned, SALGA and the provincial structures of organised

local government, provincial MECs for Local Government and the mayors, councillors and municipal officials themselves made it possible to spend effectively over R1 100 million, the largest budget ever allocated for water services since 1994, including a generous component of external aid.

With this expenditure, we managed to provide basic water supply infrastructure for 1,22 million people and improved sanitation for 49,535 households during the past financial year. Approximately 280 000 people have been given health and hygiene education. 24 450 person years of temporary job opportunities were created for about 98 000 people and training given to 11,300.

What does this mean for each province?

In KwaZulu-Natal, where there was a special effort to address the causes of the cholera outbreak, R304 million was spent to serve 367 321 people with basic water supply and 23,188 households with sanitation.

The Limpopo Province was also threatened by cholera which, fortunately, was contained due to the dedication and hard work of all the structures on the local cholera committees. A total amount of R234 million was spent to serve 475 579 people with basic water supply and 5,637 households with sanitation.

In Eastern Cape an amount of R172 million was spent to serve 128 043 people with basic water supply and 718 households with sanitation.

About R132 million was spent to serve 117 818 people with basic water supply and 364 households in Mpumalanga.

In North West about R91 million was spent to serve 49135 people with basic water supply and 8,797 households with sanitation.

In the Northern Cape and the Free State, programmes focused on sanitation and I am pleased to report that 10,186 and 343 households have improved sanitation facilities respectively. Chairperson, Honourable Members, this is a Department that is delivering! And there is more.

In terms of agreements with the Department of Provincial and Local Government, my Department focuses less on the urban provinces of the Western Cape and Gauteng. But as monitor and co-ordinator of government's sanitation programme, I can tell you that in those two provinces, 113 334 families benefited from improved sanitation, largely as a result of investments associated with the National Housing Programme.

This demonstrates an important point. People are concerned with what Government does, not what individual Departments do. So we must celebrate the fact that, nationwide, the total delivery of sanitation last year was 356 000 units serving 2 400 000 people. That was the combined result of the programmes of the Departments of Housing, Provincial and Local Government as well as Water Affairs and Forestry.

Chairperson, Honourable Members, this is a Government that is delivering!

And our delivery is being recognised. In February of this year, my officials travelled to Austria to receive the first Globe Award for Sustainable Development in Water, chosen as the best programme out of over 1300 selected from 98 countries.

Chairperson, honourable members, this is a Department of a Government which is delivering and will continue to deliver!

In the coming year, I am pleased to announce that the exchequer budget, including poverty and infrastructure allocations made previously, together with donor funding will see the expenditure on community water supply and sanitation rise to an all time record of R1, 215 billion in this current year, including a contribution of R197 million from the International donor community. My Department has budgeted an amount of R888 million for water supply. The R159 million budgeted for sanitation is the highest level ever, double the previous year's allocation and as much as was spent in the previous five years put together. A total of R137 million has been earmarked for Institutional Development at local government level.

These allocations will enable 1 million people to be provided with basic water infrastructure and toilets built, for approximately 150,000 households including the eradication of the bucket system for 10,800 households in the Free State, 5,800 in Northern Cape, 3,300 in Mpumalanga, North West, Western Cape and 2080 in Eastern Cape.

We are already on track to make the Constitutional right of access to basic water supply a reality for all our people. With this year's budget, we have provided the springboard from which to launch the programme to bring safe sanitation to our people. We are taking the lead in ensuring that sanitation is given its rightful priority not just in South Africa but in Africa and beyond. In July together with the United Nations organisations responsible, we are organising AFRICASAN, a working meeting ahead of the World Summit to decide how to improve sanitation in Africa and globally.

Amanzi ayimpilo! Water is life and sanitation is dignity.

Because sanitation is a matter of health and dignity as well as the protection of the environment, we have launched the WASH campaign here in South Africa. Water and Sanitation for Health, izandla ziya gezana – the one hand washes the other - emphasises the importance of health and hygiene education to beat the scourge of cholera and similar diseases. We will continue to work to increase the funds available for delivery of better sanitation through community based projects that create jobs. Izandla ziya gezana emphasises partnership and co-operation to beat the cholera scourge. We intend to expand the programme until we have the capacity to spend the target of R360 million a year which is what we need to address the rural sanitation backlog. Sanitation is not a dirty word. Sanitation means dignity. Amanzi ayimpilo. At the current rate of progress, we will wipe out the infrastructure backlog for water by 2008 and sanitation by 2010. That's a mighty programme of delivery.

Sustainability

I must always emphasise however that the provision of infrastructure for water and sanitation is only a first step. It is only worthwhile putting the pipes in the ground and building the toilets if they are effectively operated and maintained, if the water is carefully used and conserved and the toilets maintained and utilised.

This brings me back to my original point about local government.

In terms of our Constitution, the provision of water and sanitation services is the responsibility of local government. National and provincial should help and support them and monitor their performance, intervening only where absolutely necessary. The approach of my Department has since 1997 been to address water services as a local government support programme.

With the establishment of local government in December 2000 and the passage of this year's Division of Revenue Act by this Parliament, we have established a programme for the transfer of this responsibility.

Within three years, the 334 schemes operated by my Department, inherited from the former homelands, are to be refurbished and transferred to the local governments concerned or to service providers nominated by them which may include the water Boards, the family of regional public water service providers we have established and maintained.

The budget which has been allocated to my Department will progressively be transferred either through the equitable share of revenue for local government responsibilities or to a consolidated Municipal Infrastructure Grant which my Department will help to administer.

As part of the transfer process, a review is underway of all water schemes, those built since 1994 with Departmental funds as well as those inherited from the former homelands to ascertain their sustainability and identify the requirements for refurbishment.

But we must understand that keeping schemes working depends on local government that works and communities that are committed to managing their own lives. We need to create incentives for local governments and communities to organise and manage their service provision effectively.

So I am particularly pleased to be able to welcome to this house today members of the Nhlungwane Village Community in KwaZulu-Natal which won this year's Water Institute of Southern Africa award for Excellence in Rural Water Supply.

They have demonstrated an important point that local government would do well to learn. They did not wait for a distant district municipality to come and establish and run their water scheme, With the help of an NGO, the Mvula Trust, they built a scheme, which they run themselves, using contributions from village members.

I must also congratulate the Mvula Trust for its approach to promoting community self-sufficiency as well as the Water Institute of Southern Africa for instituting these sustainability awards through which they recognise and encourage good management at both community and local government level.

There are three important lessons here. The first is that our development should not have to wait for government – we can all start initiatives ourselves, using the help that is available.

Second, local government must learn that it will not do everything by itself and if a community has the ability and will to organise itself, local government should salute and support their efforts. In this case, they should also formalise the position by recognising the community organisation as a water service provider and ensuring, as part of that agreement, that the community benefits from the funds available from the equitable share for free basic services. They can then use their limited resources to further improve their services, to move from street taps to yard taps for instance.

The third issue is equally important. Local government has the right to choose who its service providers for water will be. Now although it is continually stated by certain critics that this government is in support of privatisation, that is simply not true. The Water Services Act and municipal legislation allows municipalities to choose private service providers but that does not mean that private service provision is a preferred option.

Most important for me is that local government chooses a service provider which can do the job effectively. Speaking as a member of the ANC and the SACP and reflecting what is in the Water Services Act, I would obviously prefer that to be a public provider. The conclusion is simple: those who oppose privatisation must get off the sidelines and put their shoulders to the wheel. In the spirit of Vuk'uzenzele my message is: work with us to help make the public and community sector a viable alternative!

Free basic water

The issues of sustainability and the choice of a competent service provider bring me to another important achievement of the past year and an area in which we expect further progress in 2002. Last year saw the introduction of the free basic water policy, another major challenge to which local government responded with seriousness and dedication.

I was able to report by the end of last year that over 66% of those people served with water by a municipality were already benefiting from the introduction of free basic water.

This year, on 1st July, with the new financial year of local government, I expect 24 more local authorities to begin implementing the free basic water policy. This will ensure that another three

million people will have access to the free basic water bringing the total 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 that we make further progress.

My Department has budgeted an amount of R 40 million , and secured another R 36 million as donor funds for support and capacity building in local government, amongst other things, to help them to implement this and related policies. With this, it will continue to support local government both through the provincial support units established specifically to assist in the introduction of free basic water.

These funds will also be used to support the production of water services development plans. These plans, part of each local government's Integrated Development Plan, are designed to ensure that local government thinks and acts systematically to ensure that their limited funds and management resources benefit all members of their communities. Completion of the plans will assist municipalities to determine tariffs which allow them to remain viable but are also affordable to users.

Water Services Policy Initiative

With all the change that has occurred at the local government level as well as in the financial arrangements nationally, I must acknowledge that many questions have arisen about the policy towards water services specifically and local government more broadly. How should local government organise itself and be supported to ensure that water services, both water supply and sanitation are provided reliably, affordably and efficiently in the future ?

To help answer this question, I can announce that I have initiated a policy review process to bring up to date the 1994 White Paper on Water Supply and Sanitation. Now that we have new local government in place, it is important that we review the policy that was written before local government even existed in many parts of the country.

A discussion document has been provided to members and is being distributed to interested parties throughout the country to address these questions in a structured way. How should financial transfers to local government be made ? Can we require the equitable share to be used to provide free basic services ? How will the water and sanitation services be supported by the new Municipal Infrastructure Grant ? What considerations should guide the choice of service providers ? What is the role of the water boards ? Should there be a National Water Regulator ? These are just some of the questions that will be addressed over the next few months.

This policy review will also focus on the big picture. Sustainable water and sanitation services must do much more than meet basic needs. They must provide effective, reliable, efficient and

safe services to all the millions of domestic and commercial consumers across the country who want and can afford to pay for higher levels of service. They are a foundation on which we will build a better life for all.

Community and Indigenous Forestry and Working for Water

I have talked a great deal today about our achievements and programme for the water services and about the deepening of democracy at local level because I believe it is a matter of great interest and relevance for the representatives in this Council of Provinces.

Let us now reflect on another sector that is vital for the lives of our people, particularly the poorest, and this is the forestry sector. Here too there are important issues of governance, in this case affecting provincial government agencies, communities and traditional authorities, which must be addressed.

We are well aware that there are limited formal job opportunities in our rural areas and that it is hard just to maintain livelihoods, to subsist. We know that 80% of the energy needs of the rural poor are met by using firewood. Even where there is electricity, many of our people cannot afford to use it for cooking and heating their homes and rely on firewood which they collect, with the women often having to carry it over long distances.

We know too that our natural forests are places of great cultural importance; they are the source of herbs and honey as well as material for building and warmth. So I take very seriously my role as custodian of the nation's forests. This is a government that puts the poor first and we are intent on rolling back the frontiers of poverty.

A great deal of attention has been given to the restructuring of the commercial forests over the past few years. And we have made good progress in achieving our objective of handing over to commercial management the operations that by their nature are best run as businesses. This has greatly benefited many rural communities. Commercial forestry plantations contribute to poverty reduction through jobs, business opportunities and income.

The private companies concerned have recognised that they cannot operate effectively in rural areas without good relationships with their neighbouring communities. As a result, they have engaged in innovative partnerships through which rural communities, including traditional authorities, have gained access to the benefits of commercial forestry and exposure to the realities of large-scale commercial forest management.

The restructuring process has also facilitated black empowerment and allowed the previously disadvantaged a share in the ownership and control of the forestry companies. All private sector bidders had to allocate at least 10% of shares to black empowerment interests, and up to 9% to the workers via an Employee Stock Ownership/Option Plan (ESOP), subject to a limit of R10,000 per employee.

The approach towards empowerment has varied in different bids: in some the companies sought communities as partners while in others they have joined with established black-owned companies.

Singisi Forest Products showed how a large private sector company could form a joint venture with community groups to take over and manage 70,000 hectares of commercial forests in the former Transkei (now Eastern Cape Province) and KwaZulu-Natal. The consortium comprised the Hans Merensky Trust with 51% of the shares, Industrial Development Corporation with 14%, Community Trusts with 10% Worker Trust 9%. Government retained 16% of which 10% will be allocated to the National Empowerment Fund. The Community Trusts earn a share of profits and the company also supports the establishment of local contracting businesses, community-

based small-scale saw-millers, agricultural projects and education and training programmes for workers and their families.

The Siyaqhubeka Consortium was the first case where a black company, rather than a community trust, took shares in a forestry company running the KwaZulu-Natal plantations previously managed by Safcol. Siyaqhubeka is a consortium between Mondi Ltd and Imbokodvo Lemabalabala Ltd with Mondi holding 55% of the shares, Imbokodvo Lemabalabala 10%, Community and small timber growers 10,8% the National Empowerment Fund 10% while Government and ESOP took 14,2%

These are important initiatives soon to be joined by the Komatiland bid in which a wholly black owned company, Zama Resources is negotiating as the preferred bidder for the largest block of forests.

But I must also tell you that our initiatives to restructure our management of indigenous forests, to ensure that they are preserved and used for the benefit of local communities, are bearing fruit. I need to tell you about the many ways in which our forests are being developed and used to create livelihoods for our people.

How many know for instance that the Mineworkers Development Agency has developed a programme, with the support of my Department and donor agencies, to use the Marula trees which are widespread in the north of the country as a source of valuable essential oils and other products. 2400 Women from 42 villages are involved in this project, supplementing their income by a small but useful R275 monthly.

In the Eastern Cape, a private company, Storms River Adventures, has initiated a unique Tree Canopy tourism project which allows people to visit Knysna's unique Yellowwood forests from the top of the trees rather than along the ground. This has created a number of useful new jobs and also given the area's youth an opportunity to train to move into other areas of the tourism industry.

Our timber harvesting programme in the Knysna/Tsitsikamma forest has just been recommended for certification by the international Forest Stewardship Council. This is a first for SA and will ensure enhanced export potential for the wood and the furniture that people make from it.

Then there is a new product to absorb spilt oil on the road and in rivers. It is made from the leaves of the Casuarina pine, collected, with assistance from my Department, from the coastal forests of KwaZulu Natal and processed to make a useful contribution both to local employment and to our exports.

Similarly, in the same province more than 500 people have been employed collecting resin by-products from pine trees.

Meanwhile, in the Free State, our community based nursery in Botshabelo has had great success in selling tree seedlings for use in mine reclamation in a joint venture with the local mining companies.

All of these examples help, I hope, to illustrate that our forests and trees are truly a national resource and one that can and is being protected and used for the benefit of our people.

But how do we manage this activity? At present, responsibility is split between my Department, Provincial Nature Conservation Agencies, South African National Parks while there are also valuable forests which no-one is taking responsibility for except the local community.

One of the developments under consideration in this financial year will be the transfer of indigenous forests currently under my Department's management to South African National Parks. If agreement can be reached between the conservation agencies at national and provincial level, I would be happy to delegate the management of these forests if it would result in more efficient management of a function that is presently broken up between a number of different departments and agencies. We need effective management if our communities are to get the full benefits from our forests.

I expect similar developments in my Department's unique Working for Water Programme. This programme, aims to eradicate invasive alien plants to protect biodiversity, improve land use as well as to reduce the amount of water used by these plants. In the present year, Working for Water has cleared 227 400 hectares, done follow up work on 285 000 hectares and created short-term employment for over 17 000 people, at a cost of R331 million.

This includes R30 million spent on the Working for Wetlands Programme, R20m for a Working on Fire programme and R11m for the St Lucia World Heritage Site. An additional R25.494m relating to work done by the South African National Parks was transferred to the Dept of Environmental Affairs and Tourism budget. The budget for this financial year is R357 million.

Working for Water Programme is in many ways a classic nature conservation activity and in some provinces is indeed implemented, under our direction, by provincial nature conservation agencies and parks boards. Working with our national partners, the Departments of Agriculture and Environmental Affairs and Tourism, we intend restructuring the operations of Working for Water so that it better reflects these linkages and ensures that we do not duplicate structures in a way that will hinder our work.

This brings me back to my starting point. For all of these activities to be successful, we need sound local management; if our communities are to prosper, we have to build the capacity of local government to support them, we have to ensure that the capacities and energies of traditional authorities and other community structures are effectively tapped and directed to achieving a better life for all.

Tomorrow, in the National Assembly, I will be addressing some of the broader challenges we face, the challenge of planning to deal with drought, the challenge posed by our engagement with Africa through NEPAD and the coming World Summit on Sustainable Development in Johannesburg. In all these initiatives, the key to success is to think globally, act locally, eradicate poverty and create a better life for all. Vuk'uzenzele!

Masiqede ubuphofu ngokubambisana (let's combat poverty by working together)