



SAAWU

PRESENTATION ON WfG&D
FRAMEWORK
26 March 2009
DWAF CONSULTATION WORKSHOP

Introduction



1. Water for Growth and Development Framework represents the latest in a long line of policies and legislation that redresses the imbalances of the past and recognises the reality of living in a water stressed country.
2. The framework recognises challenges. In the following presentation SAAWU has highlighted those, which it perceives to be the biggest.

Overall Challenges



1. Ensuring that the implementation of policies and application of legislation is developmental (pro-poor) and does not end up subsidising the richer consumers (High consumption consumers do not pay the full marginal cost of water)
2. Working together to ensure that water is delivered in the most economic and equitable manner;
3. Ensuring that sufficient up front investment is made so that water does not end up in the same situation as electricity generation where demand outstripped supply, domestic consumers did not respond to the threat by lowering consumption and above inflation tariff increases were necessary;



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Specific Challenges

A. Tariffs



1. The current cycle has coincided with a tough economic environment and election year. All stakeholders have been asked to reduce tariff increases to below inflation. In the best scenario only capital expenditure will be cut. In the worst operational expenditure will be cut compromising the ability of water boards to supply bulk water.
2. Looking forward, the situation is made more difficult by the forthcoming local government elections in early 2011. This is right in the middle of the tariff negotiating exercise and may require further cuts to capex and opex programmes.
3. There has been contradictory advice within a very short time. National Treasury, DWAF and portfolio committee.

B. Quality of Water



The failure to monitor water quality at municipal level needs to be urgently addressed. This continues to impose a higher cost on purification.

C. Water Demand Management



1. Water demand management, especially at local government, needs special attention. Promises have been made to control water wastage but this has yet to materialize. Examples of successful water demand management are isolated and are the exception rather than the norm. e.g. Butterworth.

C. Water Demand Management



2. There is need to develop a national water pricing strategy that encompasses all water users, especially farmers where the pricing of water for irrigation purposes is not in alignment with domestic and industrial users. Irrigation users needs to take pay the full cost of water resource management.

C. Water Demand Management



3. The continuing unauthorized use of water by farmers, in the Vaal Water Management Area, has necessitated the early introduction of phase 2 of the LHWP. This impacts on the issue of water for growth and development; and results in above inflation tariff increases to pay for the new infrastructure. The current tariff increase needs to allow to increase the resources of the water control and the Blue Scorpions to prevent this.

C. Water Demand Management



4. There is a need to control the effluent discharge, which allows for lower costs on the potable water side.
5. A holistic view is the need to have a closer coordinated response by water utilities to the growing water stress and threat of water pollution.

D. Municipalities



1. DWAF has taken little action against of municipalities where major problems have arisen.
2. The reporting mechanism for local councils is to DPLG, outside the ambit of DWAF. There needs to be closer co-operation between DWAF, as the custodian of the water resource and dplg in dealing with non-performing municipalities

D. Municipalities



3. There is effective control against poor debt repayment and pollution by municipalities.
4. There is a need for pricing strategies that capture the intention of national government policy. Water pricing at local government should aim to reward lower users of water, while punishing higher users. The trend has been to increase drastically the price of water immediately after the free basic water charge. This does not carry the spirit of national government to reduce the impact of the price of water on the poor (see following table).

Comparison of Rising Block Tariffs

(Free State 2007/08)

Municipality	Basic charge	Rising Block Tariff m3/month														
		0-4	4-6	7-10	11-12	12-15	16-18	19-20	21-30	31-40	41-44	44-50	51-70	71-80	81-100	101 and greater
Johannesburg		0.00	0.00	4.79	6.38	6.38	7.98	7.98	9.58	9.58	11.29	11.29	11.29	11.29	11.29	11.29
Lejweleputswa District Municipality																
Masilanyana	27.93	0.00	0.00	2.60	2.60	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85
Matjhabeng		9.12	9.12	11.05	11.05	11.05	11.05	11.05	11.05	11.05	11.05	14.63	14.63	14.63	14.63	14.63
Nala		0.00	0.00	10.62	10.62	10.62	10.62	10.62	10.62	14.39	14.39	14.39	14.39	14.39	14.39	14.39
Tokologo		0.00	0.00	1.56	1.56	1.56	1.56	1.56	1.62	1.87	1.87	1.87	1.87	2.05	2.05	2.05
Tswelopele		3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99
Motheo District Municipality																
Mangaung		0.00	0.00	7.38	7.38	7.38	7.38	7.38	7.38	7.97	7.97	7.97	7.97	7.97	7.97	8.45
Mantsoa	51.30	0.00	0.00	3.88	3.88	3.88	3.88	3.88	4.56	4.56	5.36	5.36	5.36	5.36	5.36	5.36
Naledi	12.54	0.00	5.70	5.70	5.70	5.70	5.70	5.70	5.70	6.10	6.10	6.10	6.10	6.10	6.10	6.10
Northern Free State District Municipality																
Mafube		0.00	0.00	5.28	5.28	5.28	5.28	5.28	5.28	6.27	6.27	6.27	7.57	7.57	10.17	10.17
Metsimaholo		0.00	0.00	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19
Moqhaka		3.00	3.00	3.45	3.45	3.45	3.45	3.45	3.83	3.83	4.20	4.20	4.20	4.20	4.20	4.20
Ngwathe	26.89	0.00	0.00	3.84	3.84	3.84	3.84	3.84	4.09	4.39	4.39	4.39	4.39	4.39	4.39	4.39
Thabo Mofutsanyane District Municipality																
Dihlabeng		0.00	0.00	4.85	6.45	6.45	7.25	7.25	8.06	8.06	8.06	8.06	8.06	8.06	8.06	8.06
Maluti a Phofung		0.00	0.00	5.43	5.43	5.43	5.43	5.21	5.21	5.59	6.40	6.40	6.40	6.40	6.40	6.40
Nketoana	82.99	7.11	7.11	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Phumelela		4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Setso	48.85	0.00	0.00	2.29	2.51	2.51	2.51	2.51	2.76	2.98	2.98	2.98	2.98	2.98	2.98	2.98
Xhariep District Municipality																
Kopanong		6.14	6.14	6.45	6.45	6.45	6.45	6.45	6.63	6.83	6.83	6.83	6.83	6.83	6.83	6.83
Letsemeng		0.00	0.00	3.81	3.81	3.81	3.81	3.81	3.81	5.71	5.71	5.71	7.62	7.62	7.62	7.62
Mohokare	13.68	0.00	0.00	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	6.84	6.84	6.84	6.84

C. Municipalities



5. There is a need to information and education on what is a reasonable amount of water for a household. This assists households in monitoring their consumption.

E. Infrastructure Asset Management and Funding



1. There is a need to improve funding for infrastructure. The document talks about R4 billion per annum. However, the backlog in the country in potable water could well exceed R30 billion. Therefore, more lobbying needs to happen to national treasury. The situation is made more difficult in the current environment where it is proposed that tariff increases are kept below inflation.

E. Infrastructure Asset Management and Funding



2. The continuing backlog in training needs to be addressed. The situation is further compounded by uncompetitive salaries which cannot retain key staff.
3. Alternative water resources need to be considered especially in rural areas, examples include, groundwater and rainwater harvesting. This alleviates the need for major pipe infrastructure especially in sparsely populated areas.

E. Infrastructure Asset Management and Funding



4. The primary responsibility of water utilities is potable water and sanitation. The growth of bulk sanitation needs to be recognized and better coordinated.
5. Improved sanitation will help the quality of water that flows to the rivers.

F. Co-ordination Between Water Utilities



1. There has been a lack of co-ordination on the management of water resources and a lack of recognition that DWAF is the custodian of the country's water resources.
2. The process should be, that Water Service Authorities submit their demands to DWAF who then decides how to allocate the resource and when to build National Water Resource Infrastructure. No consultant, or Water Service Provider, should on behalf of the WSA, undertake feasibility studies, on how to provide water out of the national resource.

F. Co-ordination Between Water Utilities



3. A far stronger regulatory function on the allocation of water is required, especially as the country becomes more water stressed.
4. The concept that political and geographical boundaries can coincide does not match the reality on the ground. Where water falls, and is required, transcends all political and geographical boundaries. Therefore it must continue to be managed as a national resource.

F. Co-ordination Between Water Utilities



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5. With the inter-linkages between the different catchments water boards and the national Water Resource Infrastructure are starting to function as a single unit. Much closer co-operation is required to ensure the most efficient and effective operation



I THANK YOU

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