



Free basic water implementation experiences

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SUSTAINABILITY STARTS WITH ensuring that all people have access to basic services. These basic services are the building blocks, which will reduce poverty and promote sustainable economic development. South Africa, steeped in a history of non-accessibility to basic services by the majority of its people, identified a proactive solution to expedite access of basic water to all with the introduction of the free basic water policy. The phased implementation of this policy is aiding in the identification of institutional and financial areas at local government level that need urgent addressing.

Since the announcement of the free basic water policy, there has been a steady rate of implementation of the policy by local government. Presently almost 67% of the total population with access to infrastructure are receiving free basic water. This is noted as a success taken against the milieu of the transformation that local government has been facing.

However, not all reaction to the implementation of the policy was positive. Due to the lack of infrastructure in many areas across South Africa, predominantly rural in nature, the policy was seen as being premature and unfair as it was not targeting these people who really should be served with free basic water.

The objective of this paper is to identify and share the practical experiences emerging from implementation of the policy in South Africa.

The experiences

Local government

The implementation of the policy has brought with it the need to understand the manner in which local government now works and to align sector processes to ensure that the policy is implemented successfully and most importantly sustainably.

In line with our Constitution, a new democratically elected local government structure was voted into operation in December 2000 which also co-incided with the introduction of the policy. It was quite evident at that stage and presently, that the business of local government is a complex and complicated task. We had in place many "new" local authorities that were still trying to establish themselves, with lack of human resources, lack of skills (financial and technical) and lack of infrastructure. There were many new pieces of legislation impacting on local government, which also resulted in compounding the problems experienced.

One of the steps in the guideline produced to assist local authorities to implement the policy identifies the pre-

requisite of having a sound institutional framework in place. It emerged that only the more established local authorities, which inherited its personnel and infrastructure from the previous transitional local government establishment, would be able to implement the policy sustainably. The Department of Water Affairs and Forestry then introduced provincial support units as a capacity building mechanism to proactively assist those local authorities that were lacking the skills and expertise to implement the policy.

Funding free basic water

There are a number of internal and external revenue options available for subsidizing the cost of free basic water.

■ Internal sources:

Surpluses raised within the water trading account by charging certain (non-poor) consumers more than the cost of providing the service to them

Surpluses raised from other accounts ie municipal tax income

■ External sources:

The S-grant portion of the equitable share of national revenue allocated directly to local authorities

Other transfers from national government, such as payments for services run by local authorities.

The primary source of financing for local government remains local taxes and other revenues levied and collected by municipalities themselves, including property taxes, levies and user charges. The equitable share and other transfers that go to local government supplement these revenues and are targeted at the poorest municipalities that have a limited local tax base and who have the highest numbers of poor households. The primary purpose of the equitable share for local government is to enable municipalities to provide basic services to low-income households and maintain basic administrations. As the equitable share for local government is largely an unconditional transfer, it is the responsibility of individual municipalities to ensure that these funds are used for appropriate purposes, i.e. basic service delivery to low-income households and maintaining basic administrations. It is, therefore, the responsibility of municipalities to develop and implement appropriate targeting mechanisms towards the poor. National government does, however, strongly encourage municipalities to use the equitable share largely for the operational costs linked to the provision of basic services to low-income households.

Table 1. Costs by settlement type

Typical costs for a basic level of service by settlement type for water (per household)					
	Urban core	Dense settlements	Villages	Scattered settlements	Farms
Service level	<i>Yard tank or yard tap</i>	<i>Communal standpipe within 200m</i>	<i>Communal standpipe within 200m</i>	<i>Point source water supply from bore-holes, wells and springs</i>	<i>Point source water supply from bore-holes, wells and springs</i>
	Urban core	Dense settlements	Villages	Scattered settlements	Farms
Typical level of consumption (per household per month)	6kl	2.5kl	2.5kl	1 – 2kl	1 – 2kl
Capital cost	£223.93	£172.74	£217.53	£63.98	£63.98
Monthly operating and maintenance costs	£1.28	£0.77	£1.02	£0.26	£0.90
Monthly O&M per kl consumed.	£0.19	£0.32	£0.38	£0.26	£0.90
Depreciated capital costs plus monthly O&M	£2.05	£1.34	£1.73	£0.45	£1.09

Table 2. O&M costs by settlement type

Total monthly O&M costs for all services by settlement type (per household per month)					
	Urban core	Dense settlements	Villages	Scattered settlements	Farms
Water	£1.28	£0.77	£1.02	£0.26	£0.90
Sanitation (VIP)	£0.38	£0.38	£0.38	£0.38	£0.38
Sanitation (waterborne)	£3.58	£4.73	*	*	*
Electricity	£3.52	£3.52	£3.84	£3.84	£3.84
Solid waste	£0.64	£0.45	*	*	*
Solid waste (kerbside)	£2.56	*	*	*	*
Total (VIP)	£5.82	£5.12	£5.25	£4.48	£5.12
Total (waterborne and kerbside)	£11.58	£9.47	*	*	*

* information not available

Exchange Rate: ZAR/GBP (11.07.2002) 15.63

The cost of water

An investigation into the costs of free basic water was conducted and an extract from the report is tabled below. It is quite evident that the costs of the various basic services from both an urban and a rural scenario must be factored into the formulae for the calculation of the equitable share.

Information management

Prior to 1994, there was no accurate population data recorded. This proved to be problematic as such data is a pre-requisite for political, economic and social decisions. In

the course of implementation of the policy, it emerged that all spheres of government held differing sets of data. This had an impact on finances as one of the fiscal transfers to local government; viz. the equitable share allocation is calculated on the poor population data.

The Department of Water Affairs and Forestry, noting the concerns of local authorities established a free basic water web site that includes a live database that captures the implementation status of free basic water from community level, local council, district municipality, provincial and national levels. This proved effective as local authorities

and all other interested persons and organisations were able to retrieve information directly from the site on a daily basis and most importantly to notify relevant stakeholders of any discrepancies in data.

Water sector support strategy

The lack of a co-ordinated strategy to provide support to local government has resulted in confusion leading to such support initiatives becoming mere futile exercises. There are many capacity building programmes both internally within the Department of Water Affairs and Forestry and other national and provincial departments, which target local government. Local authorities are thus bombarded with the various initiatives, and often the intention behind the establishment of such capacity building programmes is lost.

Non-governmental organisations have a critical role to play in providing support to local governments to implement this policy. In South Africa, we have not only included a leading water sector NGO on the National Free Basic Water Strategy Task Team, but we have also utilised their experience and skills in improving policies and assisting those local authorities that require financial and technical support to implement the policy.

Water sector communication strategy

During 2001, various local government workshops and information sessions with national and provincial politicians were conducted. During September to November 2001, the Department conducted intensive local government workshops on the free basic water policy and the Community Water Supply and Sanitation (CWSS) programme and representatives from local government (Councillors, mayors, engineers, treasurers) attended. The aim of this third series of workshops was to introduce the provincial support units to each local authority across the country and to provide local authorities with knowledge of the infrastructure programme (CWSS) that the department has in place to address the water infrastructure backlog. It was evident from the attendance and the feed-back received after these workshops, that this initiative was a success.

Links to water conservation

The policy is not only about eradicating poverty, but also introduces an opportunity to change the attitudes of the public towards payment, water-use efficiency and ensuring sustainable water resources and water services. The area of water conservation may often become neglected in the pursuit of political and social deliverables resulting in unsustainability. Free basic water provides an opportunity when combined with the introduction of appropriate water demand management measures in promoting sustainable water practices and payment. The Department is committed to working with local government to ensure that water conservation initiatives are linked with any free basic water local strategies to ensure sustainability within the local water sector.

Free basic sanitation policy

The Department of Water Affairs and Forestry published a White Paper on Basic Household Sanitation in 2001, which focuses on the provision of a basic level of household sanitation to mainly rural communities and informal settlements. The development of a policy on free basic sanitation however is still in the infancy stages, due to vast issues around sanitation that are yet to be clarified.

In the interim the following have been identified as possible approaches towards implementing a free basic sanitation policy:- *[Note that these approaches refer to operating subsidies and do not consider the capital costs]*

- a) A rising block tariff linked to water consumption (with a free basic amount to all consumers within the first block)
- b) Setting the sanitation tariff as a proportion of the water bill
- c) Targeted credits or subsidies
- d) Incorporating sanitation with property rates
- e) Service level targeting
- f) Using a charge based on plot size (with a zero rating for properties under a determined threshold)
- g) Geographical (zonal) targeting.

It is recommended that flexibility remain at the local level in the use of these options. It is also likely that a mix of these options may need to be applied in any one municipality.

Farm workers/farm dwellers

A distinction needs to be drawn between a farm worker and a farm dweller. In South Africa, there are millions of people living on farms with no secure tenure but who are presently being addressed by the government's land reform programmes.

Farm workers would be employed on a farm but may choose to live on or off the property. *Farm dwellers* live on farms but may not necessarily be employed on that farm. Unlike farm workers, they are not likely to have adequate water supply infrastructure. A uniform approach towards the implementation of free basic water on farm/rural areas is not possible and each case has to be approached according to its unique circumstances. Farm dwellers are also in the process of securing their tenure via governments land reform initiatives, resulting in them relocating to other properties or closer to the towns. The issue of time and costs involved in resolving the short-term problems of providing farm dwellers access to water is therefore often debated.

Best practices

- Appropriate technology and alternative water control mechanisms

A recent study indicated that although communal standpipes have a short-term capital saving, in the longer term, certain other higher levels of service have financial and other benefits. The most important finding was that for a marginal increase in capital cost, low pressure yard tanks

that are far more acceptable and sustainable, can be provided. It was shown that the total long-term cost is cheaper than the present standpipe system. These systems also lend themselves to the implementation of a free basic water policy. They meter and/or control the volume of water so that people using less than the basic amount can get it free, whilst those using more have to pay. They are also less prone to vandalism and unauthorised connections and reduce the burden on women and children of having to carry water.

- Easy to use models for **financial modelling** of the policy have been developed

It is imperative that guidelines and tools designed and developed for local government need to be user friendly and flexible for use by all types of local authorities ie rural and urban. In South Africa, there are 11 official languages and there is a lack of financial and technical skills in many rural local authorities. Experience has taught us as policy makers and implementers that if these factors are overlooked, the efforts aimed at capacity building are futile. One of the means to ensure that such tools and guidelines are adaptable for local use is to test the products with a sample of local government officials from various types of municipalities, prior to mass production and distribution.

- Using a **rising block tariff** with a zero first block allows for cross subsidisation and promotes water conservation

In terms of water services regulations promulgated in mid 2001, a rising block tariff with a first tariff block or lowest tariff block with a maximum consumption of six kiloliters and which is set at the lowest amount, including a zero amount is prescribed. This clearly indicates one way in which a local authority may ensure that free basic water is made available to users. However, water services authorities may set their own tariffs so long as they meet equity, environmental and sustainability considerations.

- Using targeting as an option, linked with an **indigent policy** aimed at subsidising the costs of basic services to the poor

In South Africa, many local authorities are using an indigent policy as a means of providing free basic water to poor households. The following are key issues on indigent policies, which have been raised by local authorities in South Africa:-

- Administration of the policy is quite expensive
- Local councillors have an integral role to play in monitoring indigent households in their communities to ensure that only the poorest of the poor benefit from the policy.

Programme and way forward

The focus in the third and final stage of the free basic water programme will be on capacity building and ensuring that optimum support is provided to those local authorities that have not yet implemented the policy. The Department of Water Affairs and Forestry is aligning its initiatives with those of the Department of Provincial and Local Government and other national departments, organised local government and provincial government to ensure that a sector approach is adopted and initiatives are not duplicated. A National Task Team has been established and the ring-fencing process has commenced.

Conclusion

This policy will impact and improve the lives of millions of South Africans as water is acknowledged as being the entry point for local economic and sustainable development. The policy must be viewed and appreciated as being South Africa's solution to its unique circumstances. The road ahead will be one of lesson learning and experience sharing but it is also a means to ensure that all South Africans have access to a basic water supply- as endorsed by our Constitution - as "Water is Life"!

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