

Interviews with Water Policy Formers in
Israel - Report by E. Kally

1. General

The following interview reports refer to the task No. 5 of the undersigned as specified in the "Attachment to Analyst Agreement" of 1/11/87. Some of the interview contents were reported verbally to AMER persons in 27/1/88.

The following persons had been interviewed (see attached organization diagram about the location of the interviewed in the system):

- (1) Mr. S. Kantor - Co-Manager of Mekorot Company
- (2) Mr. Y. Kahana - The Head of the Water Economy Department in Water Commission, Manager of the "Equalization Fund" and Chairman of the "Water Schemes Evaluation Committee".
- (3) Mr. Y. Strauss: In charge of the Water Industry in the Finance Ministry.
- (4) Professor U. Shamin: Consultant to the Water Commission on Water Policies (Head of the 4 year study on "New Water Policies", ordered by the Water Commission).

Following summaries of the interviews

2. S. Kantor Interview (7/1/88)

Q. What changes are expected in the management of the Israeli water industry in the next decade?

A. Three main changes are expected:

1. The hydrological balance is to be controled carefully - not as it used to be in the past. The margins of safety of the "one time" reserve" that existed in the past are not available any more and un-balanced exploitation of ground water will, therefore, be very harmful.
2. Matters of water quality and water health aspects are to take bigger part of our concern and efforts. This will happen due to the deterioration of the national water quality, the bigger part of the domestic supply and reclaimed sewage water used for irrigation.

3. Replacement of systems and renewal of structures and equipment will consume bigger part of the water budgets since the effective lifetime of many original water systems has already passed.

Q. Will the above bring changes in the national water policies?

A. The new constraints (namely: limited water budgets, new hydrological restrictions, worse water quality and higher quality demands) will call for a new water policy. The details of this policy are not obvious, are not entirely clear to me, and, I think, not yet clear to any body.

Q. What does it mean about the organization of Mekorot?

A. We need more centralized organization. The "Main Office" should have more control over the "Regional Offices" whose number should be reduced from 4 to 3.

Q. And what it can mean about the organization on the national level?

A. Functions must be more clearly defined. The water commissioner should represent the Water Law but not - for example- deal with planning and operation. The Finance Ministry should control the budgets, but not interfere with operation problems which should be exclusively under "Mekorot". At the same time Mekorot should not deal with the long range planning.

3. Y. Kanana Interview (28/12/87)

Q. You are known to have opposed the demand of the Ministry of Finance (MOF) to price waters in Israel according to their costs. Are you still in that stand?

A. In principle the MOF is right but their demand cannot be implemented because it contradicts government obligations to water users that are located far away and/or high off the water sources. I think that the MOF idea could work only if the water subsidy is transferred to another product - a one that it is desired to promote its use (in contrary to water).

Q. What changes would you recommend to be put in the equal rate policy?

A. One important one is to rate differently the supply to big towns and small ones. The situation now is that the big towns - due to their economy of scale - sell the water to their consumers higher than they buy it from Mekorot and use the gain to finance other activities (not related to water). This is an absurd that the water industry subsidizes the big cities activities.

Q. Does this relate to the small towns as well?

A. No. Their supply expenses are high (per cubic meter of water) so that they have to support the water supply from other sources.

Q. Do the above problems suggest organizational changes in the national water industry management?

A. One thing that should be considered is to shift the Water Commissioner from the Agriculture Ministry to another Ministry.

4. Y. Straus Interview 24/12/88

Q. What general changes can you forecast in the role of the Ministry of Finance (MOF) about the water management in Israel?

A. Fuller control on the water expenses is one thing and higher degree of the implementation of the idea of pricing water according to its cost - is another one. Both are not exclusive to water but reflect the entire economy tendencies.

Q. Will this affect consumer prices of water?

A. Probably it will because, at present, several unreasonable facts exist. For example: the Water Regulators allow Mekorot to sell water to municipalities for 38 agorot (US ¢ 24) for m^3 .. The municipalities sell the water to consumers for 65 ag/ m^3 for the first 8 m^3 , 100 ag/ m^3 for the next 8 m^3 and 45 ag/ m^3 for the rest (for one household). The municipalities have a considerable residual which is not the intention of the Regulations. Also, municipalities that produce their water by themselves by less than 38 ag/ m^3 have to pay the difference to the "Equalization Fund" to subsidize others whose own water is more expensive. This subsidy is not estimated realistically and leave the MOF too much to add.

5. U. Shamin Interview, Dec. 1987

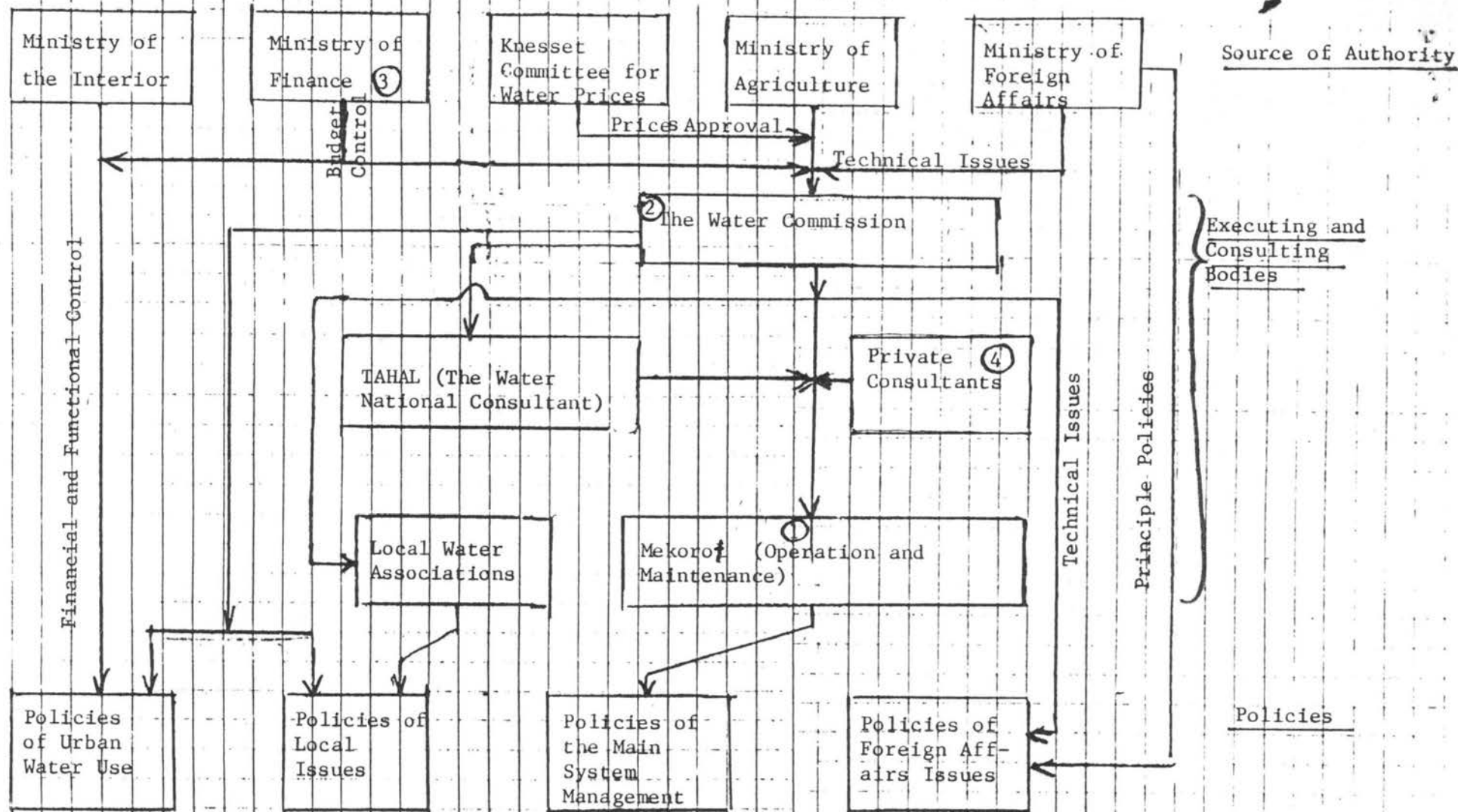
Q. You have suggested the Water Commissioner to consider changes about de-centralization of the water industry management. Did it have any effect?

A. It was suggested that a new reality formed recently in the water industry - is to be taken into account. This referred to the fact of the establishment of "Water User Associations" that aim to manage (plan, construct and operate) their water systems - this -in- some contradiction to "Mekorot" (to some extent -also "TAHAL") government companies duties of doing the same centrally, all over the country. This was suggested about 4 years ago and it had no real affect.

Q. Will you raise this problem again?

A. Now it seems that the momentum of that new trend has weakened and now it seems that the de-centralization demands by the users are decreasing to the degree that organizational changes about this matter are neither obvious nor urgent.

The Water Industry of Israel - Policy Making Organizational Diagram



The numbers relate to the interviewed persons as listed in parag. 1.