

# Managing Water for Public in Indonesia: A Case in Semarang

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*It is more appropriate to say that the state's power lies on its authority to create rules for the economy to function, a rule that forbids the exploitation of the weak by those who own capital.*

Muhammad Hatta,  
Founding Father of Indonesia.  
(Al Afghani 2006: 3)

## Introduction

Water is very important for people. Every day we need at least 5 liters of drinking water and nearly 30 liters for sanitation. Drinking water is very important for people's life because it is fulfilling body liquid, which has many purposes. It is used for transporting food in digestive system, transporting nutrient and oxygen, movement carbon dioxide to the lung and also regulate of body temperature (Moran 1973: 71). If we can provide adequate water and the body lose about 12 % from 5 liters, it will be very dangerous, we will dry and soon died.

About 71 % of earth covers by water which mostly in ocean (liquid salt water) and other large water bodies such as ponds, lakes and rivers. It means that water is available for people but it needs to be proceeded. There are two ways on preceding the water for people interest. First, it is by man-made above the ground known as reservoir. Usually it takes the water from rivers or lakes for daily need and sanitation. Due to the growth of population, the first way is no longer enough. People took the second way, bellow-ground water filled space known as aquifers. It is naturally underground reservoir to make water available in any season. (Re Velle 1981: 173).

Recently, discussion about water not only relies on neither physical nor chemical matters, but also related to wider subject such as environment, economics, culture, health as well as politics. According to Dolatyar (2000: 18-57), water has certain kind of issues since water claimed as a scarcity in all over the world. For instance in security issue, water can be source of conflict and international dispute that provoke strong contribution to armed conflict. It is happen because of many rivers system and large aquifers are shared by several countries. Increasing water scarcity as well as population, dramatically will creates some problems on using the water since the water resources are transnational.

Within economics issue, some people perceive that water is good. It is allowed to be traded and make profit. The rising of global capitalism today is created co modification of the commons areas like seeds and genes, culture and heritage, health and education even air and water (Soron 2006: 17). Co modification refers to transformation from *collective goods*, whose use and allocation are determined, at least in principle, through

democratic decision and common rights, into *privately owned goods*, produced for profit rather than use value. This notion comes from arguments that water need to be managed for its conservation as well as equality to the poor regarding the principles of new public management. The water becomes scarcity in many places over the world because people did not treat water as a valuable thing. According to the seductively simple logic of new public management, it is a conflict of interest for the state to both regulate and provide a service because the state cannot monitor itself (Spronk: 2005:126-131). It follows that the poor does not have water because of bad administration, and it is very obvious that privatization is the magical fix. And now, everywhere in the world we can see many kinds of privatization of water since Margaret Thatcher started it in England and Wales at 1989.

Co modification and privatization of water has bringing catastrophe to the poor for limitation on accessing the water for their life and starting economics conflict between people, states and private enterprises. It also creates new kind of war as stated by vice president of World Bank, Ismail Serageldin in 1995 that the wars of the next century will be fought over water. Vandana Shiva (2002: 19-38) pointed out that water wars is not only about profit and private interests but it is also about people rights to prevent their ecological, social and cultural life through the water as a commons.

Water also becomes legal issue. Since water is an economics good, there is a market mechanism to ensure the balance of supply and demands. It related to private rights and flexibility to its use. Legal factor will determine that operating water for profit making is allowed as well as pricing water into the market. However, there is also another big problem in recognized water as public or private goods. Along with global capital era, there is massive movement of private sector to deal with national and local government for water privatization. In the name of efficiency, public management, and opened era, they are contending the governments for opportunity of managing water in such a way that fulfilling people's demand as well as gaining economic values.

This phenomenon reaped many protests from human rights activists. To them, water is part of human rights because it is embedded with life. Not only human but also another creature within the earth needs water for their lives. Since water is natural gift, there is no reason for pricing the water. Water is social goods which mean that water is goods that serve the needs for communities and not just individuals. Easily accessed and adequate supply of clean water is vital to the livelihood of all living being in the face of earth (Hadad 2006: 5). Water should be treated as common goods because it is belong to common interest.

As technical issue, water is a thing that needs to be obtained since the world population growth vastly. Proper and clean water for people is limited within the earth. So when demand grows, people have to find a suitable skill, technique or method to solve the deficit problem. This notion also related with managing and distributing the water to the people. Technical aspect is about using skills, methods and devices to find out water source, to treat water regarding health standard and to deliver water to the people within territory. The technical issues also binding with management skills because water is also resource that need to be managed, particularly for human being.

Another important issue is water as environment. There are two kinds that pointed

out by environmentalists/Greens. First is about the limits of earth growth. The environmentalists argue that as finite planet, earth has limited capacities (productive capacity for resources, limited absorbent capacity for pollution and limited carrying capacity for population). The water scarcity, climate change as well as fog in the metropolitan-industrial city are some proofs of decreasing earth capacity on automatically handle its burden as effect of human activities. Deforestation has released the best-natural-dam for catching and reserving the water. On the other hands, exploiting water by using technology had taken some pressure off rivers, lakes or aquifers. The imperative desire for economic growth and the single-minded pursuit of technological development has led all countries to disrupt the hydrological cycle on which the renew ability and sustained availability of fresh water depends, and to pollute their water system by agrochemical, industrial and urban waste. It indicates that current engineering-oriented approach on water resource development cannot solve the water crisis, but lowering environmental capacity.

The second one is sustainable development. The notion comes from report of World Commission for Environment and Development – Our Common Future, 1987- which is to unify environment and development and established a new approach on economic growth. It is a kind of moderate compromised according to the economic growth which is usually bringing the loss of human health and well-being which follows the decline often consequential upon economic and/or population growth. This concept widely accepted to drives towards sharing limited resources equitably, using resources efficiently and developing environment sound technologies. It also requires harmonizing economics goal and industrial growth with ecological criteria.

These five water issues reflect that managing the water is not a simple action but tends to be complicated. Moreover, the holistic-environmental-approach is needed for the guidance and solution of managing water in every place of the finite planet.

### **Theoretical framework**

This paper will examine about managing water in Indonesia. Since decentralization era, according to the Law Number 5/1974, state delivering the authority to manage the water for the people into local government. It is also clearly stated on Government Regulation Number 14 in 1987 (PP 14/1987) on decentralization of central government responsibilities, that responsibility of delivering water supply service is in the hand of local government (Shofiani, 2003: 3).

In this world, many governments believe that they have authority to manage public goods. It comes from the fundamental reason that government is representation of the people on managing the country. People choose one who qualified for the job trough election and other recruitments process. Then people put them in the office to run the administration including managing water and other resources for people interests. It is stated in many countries' constitution over the world and that is government has to do.

State and government is perceived as representatives of the people. In term of democratic country, according to Lidblom (1968: 44), Indonesia already made this notion since 1955 by involving political party as well as individual on public decision making. Although in practical this democratic term are reduced by authority for their own sake in the name of political stability and development, but people believe that their government has ability to

force something for the common interest.

Since government is the representatives of the people, they understand that government should make a regulation to ensure their social life is worth. Rules and regulation are important for social life. It determines what should or should not do for the people in the regular basis and also protects people from outside threats. The regulation is also directing people, organization and government to act in certain ways. In short, government is important for people to create social coordination (Stone 2002: 284 – 291).

According to the Indonesian constitution, it perceives water as a part of human rights and as a natural resource that shall be controlled by the State (Afghani, 2006: 4-6). Constitutions adopt socialists approach towards economics by mandating water to be structured as “a common endeavor based on familial principles”. The Founding Fathers of the nation inserted the provision to restructure Indonesia’s economy from the previous colonial economy into an economy based on collectivism. In order to materialize the economy based on collectivism and familial principle, the Constitutions holds that production sectors that are vital to the State and that affect the livelihood of a considerable part of the population are controlled by the State. Oil, gas, geothermal, some mining activities and the water sector are fall within this category. Sectors that are “controlled by State” not open to appropriation by private entities. Water resources stands within two categories, as human rights provision and as natural resource. Furthermore, people put their hope upon constitution and government otherwise they will lose their opportunity to obtain much kind of rights as a citizen in the sovereign-democratic country.

### **The Nature of Water.**

In this planet, many communities perceive water as a natural gift just like air, sea as well as it is shore. Many religions such as Hindu and Moslem believe that water has honorable place to study and to be treat as blessing. Islamic law, the *Sharia* originally connoted “the path of water”. Nature provides the ultimate basis for the right of water for living creature on the earth. Not only human but also plants and animal need water for their lives. Basically, water is common good because ecologically basis of all life and it is equitability and sustainability allocation depend on cooperation among community members of human being.

Water as well as any kind of living creatures such as plants, animals, air and also human has stages during their existence. For instance, water has cycle from source, ditch, rivers, and oceans. Then it is evaporated to the sky and creates a cloud. The wind taking cloud to the higher places and drop them become the rain. Rain water absorbed by soil and distribute under the surface to somewhere place. It goes out the surface through a source and the cycles begin. When one or more stages of cycle disturbed so

the number and quality will be changed and of course it could be getting worse and decrease. That is the natural cycle work of water that should be understood in order to preserve its availability.

Water is also known as public good. Referring to the counterpart definition, private good are things that typically traded in market where buyers and sellers meet through price mechanism (Kaul 2000:1-3). Private good has two distinct aspects, excludability and rivalries consumption. Excludability means that only one who pays for; they can get benefits of the good or services. Rivalries consumption means that those good and services can be provides by others. It is clear that people get water easily; they did not have to go to the market for water and also nobody can provide the water on the market because it flows at the earth surface. Since water is non-excludable and non-rivalries consumption, people can say that water is public good.

State also considered related to public and public good. Since state is a public concession and represents of public, everything that belongs, produced or provided by state consider as public good (Robson 2007: 40).

There are many documents confirmed water as rights for human being. It is based on assumption that water is natural and environmental matter. Many living being depend on its availability. It is clearly stated in many important documents, such as Universal Declaration of Human Rights 1948, Convention on the Right of Children 1986, The Water Supply and Sanitation Collaborative Council's Vision 21, the Cochabamba Declaration 1999 and also United Nation on Economic, Social and Cultural Rights. Those are legitimate the rights of water among the people around the world since the traditional rights is improperly documented. For instance the Riparian Rights which are straighten up on sharing and conserving common water source. It is occurs in India and United States, introduced by Spanish from Iberian Peninsula and adapted in Colorado, New Mexico and Arizona (Shiva 2002: 21). The main point of this right is known as usufructuary rights which mean that water can be used but not owned.

Furthermore, American historian Donald Worster on his book *Rivers of Empire: Water, Aridity and the Growth of the American West* pointed out that riparian rights are exist but erode along with time goes.

*In the ancient times, the riparian doctrine was less a method of ascertaining individual property rights and more the expression of an attitude on noninterference with nature. Under the oldest form of the principle, a river was to be regarded as no one's private property. Those who lives along its banks were granted rights to use the flow for natural purposes like drinking, washing or watering their stock, But it was a usufructuary right only- a right to conserve so long as the river not diminished.*

But men and women who settled the American West rejected the riparian doctrine, they set up over most of the region the doctrine of prior appropriation because it offered them a greater freedom to exploit nature.

Recently, there are two competing worldviews about water (Bakker 2006: 140-154). First, the people that define water as common good. It is related to public values that

water is belongs to public. None can claim that they owned the water and violate the rights of others. In this term, water is priceless and regulated with policy based which is opening opportunity for everybody to participate. The goals of this notion are social equity and livelihoods. Within this perspective water should be managed by community because accessing the water is part of human rights. So, to ensure that water adequate for people, the people have to define and regulate the water.

The second one is the opposite site, it perceives water as commodity. This notion treats water as economic goods. It means that everybody can make profit upon the water because it is costly. There is profit consideration related to obtain, accommodate and deliver water to the needy. The basic assumption on managing water is market based which is influenced by supply and demands. Many proponents on this perspective have fundamental reason for valuing water rather than expelling it. They also managing water based on efficiency management. Those paradigms are contending each other and struggle to influence people with excess and action.

### **The Water Wars. Privatization.**

Privatization inspires by assumption that water is a commodity. It is emerged on 1992 Earth Summit – International Conference on Water and the Environment in Dublin. One of the agreements stated that *water has an economic value in all its competing uses and should be recognized as economic goods*. It is also supported by Water and Environment Ministers meeting in Hague 2000.

Initially, water privatization comes from “cowboy economic” phenomenon in America (Shiva 2002: 23). The doctrine of prior appropriation established absolute rights to property including the right to sell and trade water. Using phrase *he who is first in hand economically powerful could invest in capital-intensive means to appropriate water regardless of the needs of others and limit of water system*, they have justification to govern water resource that they found for economics interest. Since then, there is expanding of property rights that becomes full defined, enforced and transferable.

The main issue in the globalization era is about water wars, term that initiated by Indian activist Vandana Shiva regarding situation in the most country around the world where people and company or organization seeking opportunity to manage water for private. It is start from United Kingdom under Margaret Thatcher’s conservative government to led privatization through Water Act by sold of all water utilities in England and Wales in 1989 (Holland 2005: 8-11).

Privatization by World Bank and other agencies usually labeled as *public-private partnership*, imply that there is public participation, democracy and accountability, but actually privatization of public good. It has a big effect on influencing people’s democracy rights to water as well as employment. For instance, in public management there are 5-10 people handling 1000 water connection but with private management it reduce to 2-3 persons. Of course it will cut off the employment and makes people get suffer.

In the name of efficiency and competitive market, the company enforces government to

privatize their water. Of course they do not work alone. There is a big capital power playing significant role to pressure the government for the ideas of water privatization. On 1976 International Monetary Fund (IMF) demanded that Britain should limit their public loan if they wanted assistance from the fund. They also have to sell unproductive assets to the private sector so that there were no more burdens from public service; instead that financial freedom was gained.

They attacked government role on managing water and other public service through the new public management perspective. There are three (3) criticism regarding government role:

1. Government is unnecessary because anything the government can do, the private sector can do better;
2. Government is ineffective because anything the government do, the private sector can and will undo;
3. The incentive structures inherent in public institutions imply that government actions generally decrease societal welfare, or, at the very least, inhibit productive economic activity by taking resources away from one group and giving them to another, often less deserving group (Stiglitz 1998: 5).

For the sake of their arguments, they made assumption that government is weak because their performance are slow and unsatisfied instead that contain abuse of power such as corruption, crony capitalism (most cases happened in Asian countries) and propensity to enrich their own or their alliance (political parties folks, private partners, etc.). This is the lethal weapon for most third world countries because that is really happened. Their democracy is being consolidated as well as economic development. Putting your clothes into others is not the best consideration because each country has different problems. But this movement seems cannot be determinate. With the intensive action such as research funded by pro privatization companies, seminars and promoting "water to the poor" project, they cross over state limits. By financial supports as well as legitimacy and justification from notable world organization (IMF and World Bank) and pro privatization companies, within the short term they already established in all over the world.

In Britain for instance, government sold off to private business at bargain price, some 22 per cent below market value. The assets were including large properties with significant cultural and natural assets. So, the private company becomes owners of the entire infrastructure and the buildings and also they run the water supply and sewerage system for twenty-five years. Under private management, the company gained more profit, efficient and also client-friendly business (Holland 2005: 9). However, it is also increasing big problem for the worker and union. Due to the automation and increasing use of computer, the company had to cut off 30.000 workers, from 80.000 to 50.000. Also there was pragmatic action for the people who cannot pay the water price they will be eliminated from accessing the water. This condition makes people suffer and moreover limits people rights to access water for their life.

There are many more evidences in all over the world that in practical privatization brings the big problems for people as well as government. In Casablanca consumer saw that since

privatization water price increase threefold. In Johannesburg, South Africa, water overtaken by Lyonnaise des Eaux (French company), since then water become unsafe, inaccessible and unaffordable. Thousands of people were disconnected from accessing water and cholera infection becomes rampant. In Ghana, World Bank and IMF policies forcing the sale of water at market rate required the poor to spend up to 50 % of their earning on water purchase (Shiva 2002: 92). Of course these findings from all over the world indicate that arguments of privatization only good to be discussed within seminars room but not to be operated. According to further research, water privatization has contributed benefits for Water Giant companies. In the first place is a French companies Vivendi Environment and Suez Lyonnaise des Eaux with profit around US \$17.1 billion and US \$ 5.1 billion in 1996.

Once they enter the picture the price went up. This reality is contradictive with the profit for water giant company. In Sibic Bay, Philippines, the price went up to 400 %, where in French 150 % with water was deteriorated; people only received bacterially unaccepted water. In England water price went up to 450 % with controversial result. Service disconnected increase about 50 % and dysentery increased six fold (Shiva 2002: 98).

On the other side, water privatization also bringing good story for people and government in order to convince that this program is not really good at practical level. In Bolivia 1999, government passed Drinking Water and Sanitation Law which ending government subsidizes and allowing privatization. According to the social condition of people does not really good with minimum wages less that US \$ 100 per month, after privatization the water bill increased to US \$ 20 per month. This makes people suffer and then they expresses through Cochabamba Declaration to protect of universal water rights. Many protests held by the people, government responses with martial law which caused some of protesters died and many more detained. At the end, government willing to bringing back the water to the people and cancelled the contract with Bechtel, US water company for managing water for forty-year contract. Cochabamba case proved that private sector can be prevented by people democratic will.

Another issue came along with privatization is marketization. It is means that creating the economic and policy infrastructure for treating water as a market commodity (Conca 2006: 215-216). There are some observable elements of the trend toward water marketization including the following:

- The establishment of private property rights to own or use water.
- Full-cost pricing of water to recover the operating, infrastructure and capital costs for production, treatment and delivery.
- The creation and utilization of market mechanism for the exchange of water-related goods and services.
- The growing involvement of private sector actors in the production, delivery and marketing of water supply and services and the enhancement of private sector investment in water supply maintenance, up grading and expansion
- Policies that liberalize or facilitate bulk water transfers from one basin to another



including the international trade in water

- A declining role for the state in some or all of its traditional function as service provider and system maintenance.

The proponent of water privatization not only tries to take over the water from the government but also wants to change the policy as precondition of taking over the whole public service to their hands. It is getting more complicated since the government performance also unfavorable. Their authority soon will be replaced by private sector in the name of efficiency and new public management that has great desire for public to participate. This notion come to the reason that government and politics are failed to promoting equity upon the people, instead that lots of mismanagement, corruption and abuse power within handling public service. Furthermore they pointed out that the common system of passage by parliament and approval by the Executive, for example, is, again, designed to prevent the abuse of power, but often make decision-making slow and cumbersome (Stiglitz 1998: 4-5). In favor they suggested to open opportunity to the market that already efficient.

Those two paradigms which pro and contra with water privatization has already provide their basic arguments clearly. Those who promote water privatization believe that water as scarcity resources should be handled effectively towards effective conservation and careful use. At the opposite site, treating water as market commodity will inevitably undermine specific and culturally based function of water that cannot be fitted adequately into market logic (Conca 2006: 217).

## **Water Management in Indonesia.**

Indonesia is one of largest countries in the world, which has many resources. Water is easy to be found around the country and as an archipelago, Indonesia has enough water for their people. However, it is interesting to know how Indonesia government managing water to the people regarding the huge of the area and the population spread around the country.

According to Indonesian constitution, water is basic right for the people. The constitution perceives water both as a part of human rights and as a natural resource that shall be controlled by the State. It is adopted from socialistic approach towards the economy by mandating water to be structured as “a common endeavor based on familial principles”. The Founding Fathers of the nation inserted the provision to restructure Indonesia’s economy from the previous colonial economy into an economy based on collectivism. To materialize the economy based on collectivism and familial principle, the Constitutions holds that production sector that are vital to the State and that affect the livelihood of a considerable part of the population are controlled by the State. Sectors “*controlled by State*” are not open to appropriation by private entities (Al Afghani 2006: 4-5). It is clear that on managing water and other resources, state has authority from mandate of the people through constitution. However, it is very important to determine that managing resources on the private entities will eliminate the opportunity of others to pursue water which also opening potential conflicts among the people. Here, the founding fathers confidently decided that the new republic has to protect people interests rather than minority rules based on intrinsic status such as capital, skills or political

power.

Water rights are regulated through two different provisions in the Constitution. The 'right to water' is implicitly included in Article 28 and the 'right to exploit water' by Article 33. (Al Afghani, 2006: 152). It is deduced from (1) the right of children to develop and to be nurtured, (2) the right to the fulfillment of basic needs, (3) the right to a life of well-being in body and mind and to enjoy a good and healthy environment, (4) the right to obtain social security, and (5) the right to cultural identities and the acknowledgment on the rights of traditional communities under Article 28. As an economic good, the 'right to exploit water' is regulated in the economic chapters of the Constitution.

In practical, state that is known as central government, elaborates the constitution into many ways of laws and supported arrangements. Regarding the authority to manage water for people, central government initiated Law No.5/1962 and composed the local government-owned company to handle water management. Under Soekarno administration, managing domestics economic tends to become guided economic as well as political since 1959.

According to the Law 5/1962 local government-owned company is a company that belongs to local government that can be determined from the capital. It could be totally from local government owned or a part with share and participation from others stakeholders. Fundamental arrangement of company determined by local regulation (*peraturan daerah*), including employment, salary, management and supervisor. It means that it is determined by the mayor/regent with local legislative. Local government-owned company has three business cores: provides service, public utility and also local revenue. Local government has authority to determine any kind of businesses regarding their local economics, for instance it could be butcher house, ice companies, traditional handy craft company, and also water company.

Known as the PDAM (Local government-owned water company), it was incorporated through local government regulation (*perda*) and also guided by 1962's Law 5 regarding regional companies. The law stated that they would be a production unit whose objective was to develop the regional economy in particular and the national economy in general within the framework of a guided economy. Local government company was exists to fulfill the people's needs mainly through industrialization, creating a peaceful and happy workplace and leading to a just and prosperous society. In addition, the company consisted of assets paid for by the local government, it was determined that 55% of the profits would be returned to the local government and 30% distributed among the workers.

Most of the local regulation (*perda*) that established regional drinking water companies took their language from Law 5. In 1962, development of PDAMs was conducted mainly by external financing. Thus, full cost recovery was not emphasized and 85% of their profit was to be distributed rather than re-invested in expansion and upgrading service. As constituted by Law 5/1962, PDAMs were government owned businesses with their own budget and a profit and loss statement. In practice, however, they were treated like *dinas*, or government departments. They were assigned responsibility to serve all levels of society through cross subsidies without being allowed to draw on local government funds. Generally, civil servants with no business experience

were chosen as managing director (*direktur utama*) and charged with managing million-dollar water businesses on a civil servant's pay, while owners interfered in the day-to-day managements (World Bank 2006: 58-59).

At the time, like *perda* or local regulations, the managing director of PDAM had to be recommended by the Regent (*Bupati*) or Mayor, and approved by the Ministry of Home Affairs. Thus, managing director was less oriented toward their consumers and more oriented toward the source of subsidies and appointments/approvals.

Article 40 of the Water Resources Law of 2004 stated that provision of drinking water is the responsibility of the central and local governments, with a view to increase efficiency and coverage. The most recent implemented regulation of the Water Resources Law, Ministry of Public Works Regulation 16 of 2005, states that central and local governments must guarantee the right of every citizen to have minimum amount of water per day in order to maintain a clean, healthy, and productive life. The local government's distribution unit (PDAM) has to guarantee continuously 24 hour-a-day water services.

### **Case of Semarang.**

Semarang is the capital of Central Java province and located in the north coast of Java. Historically, Semarang is a part of colonialism since Dutch established the Dandles Road along Java north coast for defense as well as economics activities. Semarang becomes one of trading and administration city in Java after Jakarta (Batavia) and Surabaya in East Java.

Recently, many tourists from Europe and other Asian countries came to Semarang for nostalgia because a lot of old-heritage buildings already exist including water treatment installation which is established since 1912. Those old constructions are very helpful on delivering water to the people. Strong construction with detailed technical aspect is useful heritage from colonizer.

As a growing city with a lot of opportunity in industry and trades, Semarang attracts people from its surrounding to come and make life. Supported by many universities, colleges and vocational schools, Semarang is ready-to-work city for them who had desire to strive the excellence. This opportunity made Semarang a city with rapid growth population; according to National Social Economics Census 2004 Semarang's population is about 1.406.233 increased almost 28.000 people from 1.378.261 on 2003. Of course this is a big job for PDAM Semarang to provide water to the people as stated in the constitution and regulations.

### **Water Management.**

PDAM established since 1911 under Dutch colonizer. At first, it provided water for Dutch official and their family. Dutch government installed water infrastructure such as pipes, water treatments, hydrants and office of the agency around the city. On the other side, many indigenous people lived at hills and only depend on their well.

After the independence, Semarang government took over the agency and

established local-government-owned water company for public service water. They built many infrastructures to serve water for people including those who lived on the hills. The City growth as well as population evoked the service of PDAM becomes more complicated and broader.

According to the regulation, managing director of PDAM is appointed by the mayor and approved by local legislative. A part of it, here is also supervisor body to supervise performance of the director and employers. The supervisor also appointed by the mayor and mostly comes from senior bureaucrat of the mayor office. Rule of the game on managing water for people decided by the mayor as the owner, managing director, the supervisor, and employer only do what the mayor order. For instance, to set the tariff, recruiting employers, treaty with third sector for capital, investment and installment are under the authority of the mayor. Simply defined, managing director's job is only related with technical matters, final and important decision upon the mayor.

Even tough water tariff is decided by the mayor, there is also regulation from Ministry of Home Affairs as guidance to determine the water price. According to the regulation Ministry of Home Affairs No. 23/2006, price of water can be determined with items below:

1. Affordable and just;
2. Excellency of quality of service
3. Recovery cost;
4. Efficiency;
5. Transparency and accountability;
6. Protecting basic water.

Of course there are many considerations in local level to implement this regulation related to social and economical characteristics of the people that are different among areas. Usually, tariff in the small-rural area is cheaper rather than metropolitan area such as Semarang.

### **Water distribution.**

PDAM Semarang depends on some water resources for their services. There are 66 resources consists of aquifers, ground waters and surface waters with capacity installed 3.771 liter/second, but so far it only can reach 2.272 liter/second.

Table

Capacity and Production Average

No	Production source	Location	Contribution (%)	Installed Capacity (liter/second)	Averages Capacity (liter/second)
1	Aquifers	10	15,55	522	353
2	Ground water	48	16,6	819	377,19
3	Surface water	6	67,85	2.430	1.541,97
		66	100	3.771	2.272

Source: PDAM Semarang 2006

PDAM has three water treatment installations (*Instalasi Pengolah Air/IPA*) to treat water before it distributed to the people:

1. IPA Kudu with capacity 800 liter/second
2. IPA Pucanggading with capacity 40 liter/second
3. IPA Kaligarang with capacity 1300 liter/second

IPA is very important to ensure that water meet with quality standard and proper for the people. From each IPA, they flow of the water to household or industrial water connection through the meters in each customer to determine the price they have to pay on the next month.

According to the regulation, PDAM has 5 levels of tariff. It is for the social-religious institution, orphanages and public hydrant in lowest levels, poor household and public hospital at the second levels, low-income household, small-scale domestic business, government and military offices, school, small restaurant, private hospital in the third levels, hotels, motels, beauty salons, factories on the forth levels and Tanjung Emas harbor at the fifth levels. Tariff is set up based on the principle of cross subsidies and a progressive rate, start from Rp 600 – Rp 14.485 /meter cubic (10 cent – 1,5 US \$). This tariff becomes the only revenue for PDAM to manage and maintain the facilities, salary of the employers as well as revenue to the local government.

## Findings

According to the data, PDAM Semarang has 137.000 customers with person to be served about 1.406.233. If each person need 185 liter/day (according to the metropolitan daily needs of water) mathematically PDAM has provide 260.153.195 liter/day. With the optimum operation only 19 hours/day, PDAM only can provide 155.414.800 liter/day, which mean that PDAM willing to supply only for 59 % of people's need. This limitation affects PDAM to make a turn-system for people in certain area (Suara Merdeka, 07/14/2007). Ignoring degree of leakage and technical disruption makes PDAM unable to distribute water for the people. Moreover, the turn-system is getting worse at dry season because the amount of water is decrease. In some case, water can be stocked for almost two months as happened in Ksatrian community (Suara Merdeka, 08/12/2007). PDAM responded that the stocked was occurred because of some trouble with electricity. Since electricity broke down, it need to be repaired and replaced with the new spare parts, it took a lot of time. In fact, a lot of installation are colonizer's legacy that already old and decreasing its performance. PDAM seems unable to arrange modern-brand-new installation because of cash flow problems.

Many people in East and South Semarang protests and complain because the water did not flow for a week during mid of May 2007 and there was nothing they cannot do. About 50.000 customers in both areas had to pay extra cost for the water (Suara Merdeka 06/22/2007). Since water is vital for human being, they have to obtain from

other resources for daily need, of course with extra money of disbursement.

In order to obtain the water connection people have to pay installment cost Rp 700.000 (75 US \$) and it is equal with minimum wage per month for labor in Semarang. Of course a lot of people cannot afford it and they lost opportunity of water from the state. There is no subsidiary or assistance from government at all. So, the poor lost their opportunity to get water for their life.

According to the Finance Examiner Agency, PDAM Semarang had loss 21 billion from customer arrears and mismanagement. There are 10.000 water connection suspended for 2 months arrears (Suara Merdeka, 03/20/2007). It will not be activated unless the customer paid all their debt. The arrears getting worse after government boost up domestic oil price which is affected in the whole aspect of life.

Mismanagement related to the lack of Standard Operating Procedures that should be implemented to eliminate any kind of misconduct. PDAM has 363 billion of debt to domestic and foreign agencies with interest and penalty about 18, 5 billion per month (Suara Karya, 12/4/2007). It is begun in 1994 that PDAM got loan from International Bank for Reconstruction and Development (IBRD) 148 billion rupiah to build water treatment /IPA Kudu. It is planned to be operated in 1999 but unfortunately it was done in 2003. For almost 10 years PDAM have been dealing with uncertainty of loan. The money did not work yet but they have to pay the debt and interests.

Comparing the practical and state assurance regarding water for people, there is something going wrong. The spirit of constitution and regulation does not reflected on state apparatus on managing resources particularly on water. Water is perceive as commodity that make benefit for state or local government. Since then, local-government owned company also seeking for profit regarding dividend from PDAM's profit that should be deposited to local government as revenue. This notion is contradictive since PDAM as a public service on providing water at the same time also seeking benefits. Moreover, mandate to provide water for each people are neglected because actually people have to pay for installment (which is far from lower class incomes) as well as monthly cost for consuming water. Failure to fulfill this term will affect on disconnection of water service. The question raise; where is the constitution assurance works? In fact, water is only for them who can pay the bill.

Lack of water supply and increasing demand of water is contradictive phenomenon. Earth is getting shrinking, more population demanding more area for residential and public facilities (schools, markets, and amusements). Of course it needs more and more area which evokes people to open forest, cutting trees and changing the field for housing. This notion will also change the ecology of water. There will be no more water-catching-area since the soil is covered by buildings and water cannot be restrained by earth surface even infiltrate to the ground. It affects ground water that getting dwindles and water cycle is disrupted.

On the other hand, growing population need more water since water is embedded with living being. If the minimum standard per person per day is 60 liter, we just multiply with the population. Of course it is a big problem, demand for water always increase but the

resources of water are decreased. The phenomenon shows that human is losing their wisdom on managing the natural resources. Human tends to exploit the resources without thinking of its sustainability. For their own sake they look for new area or resources to be exploited without thinking about natural cycle to ensure that resources are available for living being.

Marketization, privatization or co modifying natural resources including water is unavoidable reason for human greedy on taking natural resources for their own sake. Even they did not thinking about another people and also other creatures within the earth who also need water for their life. If demands greater than supply, the economics will works. It means that there is immolation to obtain the resources and opportunity for others to lose it. At the end, it is reflecting the natural selection for water, one who can obtain and occupy the water will live longer.

Within this competition for water, state are failed to guarantee people rights. In this case, Indonesian governments, from central to local did not dedicate their mandate to the people, instead they tone enabling them to get more benefit from their authority given by people consensus (constitution and regulation). Managing water is seen as opportunity to allocate resources for their own interests and there is no such on accountability and responsibility on providing the service for the people.

State also failed on guarantee the sustainability of environment, since supply and demand did not getting balance and occurs with natural disaster such as dryness and famine caused by lack of water in poor community. State as regulator body should be confidence to create environmental balance among the people. It is because they have authority to make such as regulation, enforced and putting it to the people. Without any kind of these, people getting free to exploit anything as well as exploit others for failure to obtain natural resources.

On the management side, state also failed to distinguish between public service and public business. Tariff for water that determined by central government and conducted by local government based on criteria including possibility for state revenue is misconduct. It is also proven by eliminating the poor; one cannot pay the bill will not get water service. If so, what term can determine between public and private when tariff (or money) becomes fundamental consideration on providing the service? In this term, of course state also failed to determine water as social good because there is immolation and selection to obtain the water. Since then water becomes economic goods that not equal for human being.

## **Conclusion.**

Simply define that government's role can be understood from their business towards the people. The main job of government is to serve the people according to the constitution and regulation. Failure to provide services including makes a service profitable for any reasons is unforgiving things in democratic government. Since they choose term democratic, they should realize that there is something has to do relate to the people because they got the power from the people.

Politics of water related with managing water for public in Indonesia is a case whether democratic state are failed to complete their obligation to the people on providing service. Management disorder on managing water (stuck, tariff, lose of assets, leakage, arrears, installment costs) already proofs that something has gone wrong and need to be fixed otherwise that private sector will take over in the name of new public management towards privatization. If so, state is completely failed and people will suffer on their land.

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