1. **Report of the Portfolio Committee on Human Settlements, Water and Sanitation on Budget Vote 36: Water and Sanitation and on the 2019/2020 Strategic Plan and Annual Performance Plan of the Department of Water and Sanitation, dated 10 July 2019**

# 1. Background

The Portfolio Committee on Human Settlements, Water and Sanitation (the Portfolio Committee), having considered the Strategic Plan, Annual Performance Plan (APP) and budget allocations of Vote 36: Water and Sanitation, tabled by the Minister of Human Settlements, Water and Sanitation, and in terms of the Public Finance Management Act of 1999 (PFMA), as well as the Money Bills Amendment Procedure and Related Matters Act, 2009, reports as follows:

# 2. Introduction

The Portfolio Committee considered National Treasury allocations, Budget Vote 36 of the Department of Water and Sanitation; and the Annual Performance Plan for the 2019/20 to 2021/22 financial years. This report details the findings and recommendations of the Portfolio Committee after engaging the Department on 3 and 5 July 2019, respectively.

The purpose of the budget vote of the Department of Water and Sanitation is to ensure the availability of water resources, facilitate equitable and sustainable socioeconomic development, and to ensure universal access to water and sanitation services. The Department’s legislative mandate in terms of the National Water Act, 1998 (Act No. 36 of 1998), is to ensure that the country’s water resources are protected, managed, used, developed, conserved and controlled by regulating and in terms of the Water Services Act, 1997 (Act No. 108 of 1997), to support the delivery of effective water supply and sanitation. This is done in accordance with the requirements of water-related policies and legislation, which are critical for delivering on the constitutional right to have access to water.

The Entities of the Department comprise the Trans-Caledon Tunnel Authority (TCTA); the Water Research Commission (WRC); Catchment Management Agencies (CMAs) namely Inkomati-Usuthu and Breede-Gouritz Catchment Management Agencies and 9 Water Boards.

The legislative and regulatory environment informing planning and budgeting within the Department is underpinned by the Constitution of the Republic of South Africa, 1996, the Public Finance Management Act, 1999 (Act No.1 of 1999) and additional legislation, policies and regulations, such as the Public Audit Act, 2004 (Act No. 25 of 2004), the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), the Public Services Act, 1994 (Act No. 103 of 1994), and Policies and Regulations Government Wide Monitoring and Evaluation policy, National Treasury guidelines and regulations, and policies and regulations in the public service.

The specific legislative mandate underpinning the work of the Department of Water and Sanitation are the:

* Constitution of the Republic of South Africa, 1996, which focuses on water resources as a national competency; the rights of individuals to have access to basic water and sanitation and the role of national and provincial government to regulate local government water services.
* National Water Act, 1998, which focuses on the protection, use, development, conservation, management and control of the country’s water resources in a sustainable and equitable manner for the benefit of all people. National government is determined as the public trustee of the water resources. Through the Minister, it has the power to regulate the allocation, use, flow and control of all water in the Republic.
* Water Services Act, 1997, which prescribes the legislative duty of municipalities as water service authorities to supply water and sanitation according to national norms and standards; as well as to regulate water boards activities as the entities are important water service providers in the country.

At an international level, the Department subscribes and works towards attaining Sustainable Development Goal 6 (Clean water and sanitation), as detailed in the United Nations Development Programme – Agenda 2030 Sustainable Development Goals.

# 3. Work of the Department and its Entities aligned to Government Priorities

A central component of the interrogation of the work of the Department and the Entities is the extent to which the Department and the Entities translated its mandate to align it with the prescripts of the Constitution, 1996, Government priorities and its legislative mandate, such as the National Water Act, 1998 and the Water Services Act, 1997. The translation and alignment of government priorities by the Department and its Entities, is further envisioned in the National Development Plan, Medium Term Strategic Framework 2014 to 2019 (MTSF), phased out Millennium Development Goals (MDGs) and the post-2015 Sustainable Development Goals (SDGs).

# 3.1 National Development Plan and Medium-Term Strategic Framework (2014 – 2019)

Currently, the policy drivers of institutional reform in the water and sanitation sector are the National Development Plan, Outcomes reflected in the Medium-Term Strategic Framework, 2014 – 2019, and the National Water Resources Strategy second edition, 2013. The National Development Plan, Vision 2030, notes the centrality of water for social and economic development in South Africa for job creation, poverty alleviation and investments in infrastructure projects. It calls for the establishment of a water infrastructure agency, water management institutions and water resources strategy, amongst other strategic priorities.

# 3.1.1 National Development Plan

The relevant components related to water within the National Development Plan, Vision 2030, are contained within Chapters 3 (An economy that will create jobs), 4 (Improving infrastructure), 5 (Transition to a low carbon economy) and 13 (Building a capable state) The Plan provides a framework for the relevant priority areas to be undertaken by respective departments.

# 3.1.2 Medium-Term Strategic Framework, 2014 – 2019

The Outcomes emanating from Government’s Medium-Term Strategic Framework (2014 – 2019) in relation to water and sanitation, the work of the Department of Water and Sanitation is contained within Outcome 4 (Jobs); Outcome 6 (an efficient, competitive and responsive economic infrastructure), as well as Output 4 (maintenance and supply availability of bulk water resources) Output 10 (Environment); Outcome 7 (Rural Development) and Outcome 9 (Local Government).

# 3.1.3 National Water Resources Strategy

The objectives of the National Water Resources Strategy comprise the following:

* Water contributes to the economy and job creation;
* Water is protected, used, developed, conserved, managed and controlled sustainably and equitably; and
* Water supports development and elimination of poverty and inequality.

# 4. Water Policy Positions

# 4.1 Water

The detailed and substantive work required by the Department, since the new democracy entailed major ideological shifts in planning, programming and implementing its work. The following aspects had to be prioritised so as to ensure accessibility of all citizens to basic water and decent sanitation:

* **Prioritising social and economic equity in the reallocation of water**, which required that decision-making had to incorporate equity as a primary consideration. Priority was also accorded to water use authorisation, applications that meet the equity requirements, as provided for in the regulatory instruments.
* **A shift toward the multiple use approach in planning infrastructure**, which incorporated all water users in an area, including water supply, which must be adopted in planning of bulk water infrastructure.
* **Water trading between authorised water users** required no form of temporary or permanent trading between authorised water users; and an obligation imposed on any holder of an entitlement to use water, if it is no longer utilised to surrender such use to the public trust.
* **Access to basic water supply to indigent households –** free basic water supply will be provided to indigent households only.
* **Use it or Lose-it** – any unauthorised water use (including existing Lawful use) unutilised for a specific period should be reallocated to the public trust. This water will be reallocated to the public trust.
* **Access to basic water supply -** A water service authority should work progressively or incrementally towards providing higher levels of a sustainable water supply to all households, and public institutions, including rural areas. When planning, a water user authority must consider a basic water supply, which addresses current domestic and productive use requirements, as well as future growth in these requirements.

# 4.2 National Sanitation Policy

To attain a hygienic, sustainable, equitable and efficient sanitation services, the Department of Water and Sanitation identified a number of key pillars to ensure decent sanitation to all citizens of the country. These entail the following:

* Integrated planning of sanitation services.
* Institutional arrangements for sanitation services.
* Participation in sanitation services.
* Capacity and resource development for sanitation services.
* Financial requirements for sanitation services.
* Sustainable sanitation services.
* Regulation of sanitation services.

# 5. Vision, mission and values underpinning the work of the Department of Water and Sanitation

The vision of the Department is to ensure equitable and sustainable water and sanitation that supports socio-economic growth and development for the well-being of current and future generations. The mission of the Department is to:

* Ensure the universal access of all South Africans to equitable water resources and sustainable water and sanitation services, by:
  + Protecting, developing, conserving, managing and regulating water resources.
  + Managing, regulating, and providing efficient and effective water and sanitation services.
  + Providing strategic leadership and providing effective water and sanitation services.
  + Building the skills and capabilities of the sector and enhancing information management to inform decision-making.
  + Enhancing communication and stakeholder partnerships with communities and sector constituencies to advance the national development agenda.

The values of the Department are:

* Promoting and maintaining high standards of professional ethics.
* Utilising resources efficiently and effectively.
* Providing services impartially, fairly, equitably and without bias.
* Responding to people’s needs, citizens are encouraged to participate in policy making.
* Rendering an accountable, transparent, and development-oriented public administration.

# 6. Programme Purpose and Objectives

The Department of Water and Sanitation, as part of its systematic financial and non-financial planning of work over the 2018/19 and 2019/20 financial years organised its work into four programmes – Programme 1: Administration; Programme 2: Water Planning and Information Management; Programme 3: Water Infrastructure Development and Programme 4: Water Sector Regulation. The purpose and objectives of each programme, with outcomes and indicators are listed below.

# 6.1 Overview of programme descriptions, financial resource considerations, outcomes and selected performance indicators and targets

Within the planning phase of allocations delineated for each programme, the Department devised specific objectives and targets for each of its programme. The objectives and targets are discussed under each programme in this report.

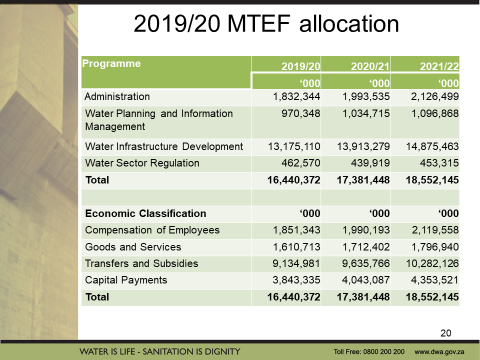
# 6.1.1 Budget allocations over the medium-term in respect of strategic outcome oriented goals

To systematically attain the goals of the Department, the Department categorised its work into the following four (4) programmes: Administration, Water Planning and Information Management, Water Infrastructure Development and Water Sector Regulation. The Department of Water and Sanitation, in its reporting of budget votes delineates the voted funds of Vote 36 (Main Account) to that of the Water Trading Entity (WTE).

Transfers from Vote 36 are given to the Water Trading Entity to carry out the mandate of Programme 3: Water Infrastructure Development. Whilst the Water Trading Entity reports to the Department, the Water Trading Entity can also increase its revenue to undertake its work, by selling bulk water to mines and local government. The Water Trading Entity is also able to raise loans for big projects at favourable rates through the Trans-Caledon Tunnel Authority.

The table below provides an overview of the allocations for each of the programmes over the medium-term. In 2019/20, the Department of Water and Sanitation was appropriated R16.4 billion, allocated as follows:

* Programme 1: Administration receives R1 832 344 billion of the budget.
* Programme 2: Water Infrastructure and Information Management receives R970 348 million.
* Programme 3: Water Infrastructure Development receives R13 175 110 billion, which comprises transfers and subsidies.
* Programme 4: Water Sector Regulation receives R462 570 million.



**Source: Presentation by the Department of Water and Sanitation, 3 July 2019**

An overview of the departmental budget shows that it is largely made of transfers and subsidies. These are mostly related to the department’s two major grants, the Regional Bulk Infrastructure Grant (RBIG) and Water Services Infrastructure Grant (WSIG), transfers to water boards, and the augmentation transfer to the Water Trading Entity for the construction and rehabilitation of water resources projects such as dams, canals and reservoirs. The transfer to four water boards (Amatola, Magalies, Umgeni and Sedibeng) and to the Water Trading Entity amount to R782.9 million and R2.2 billion, respectively in 2019/20.

In addition, the Department has R3.8 billion under payments for capital assets, largely related to the indirect portion of the Regional Bulk Infrastructure Grant, where the department initiates and implements the projects.

Current payments amounting to R3.5 billion in 2019/20 are for salaries (Compensation of Employees) and Goods and Services.

The revenue of the Water Trading Entity is received from the sale of water, construction revenue, lease revenue earned, other non-tax revenue and transfers received. The projected revenue over the 2019 medium term for the Water Trading Entity reflects that for the 2019/20 financial year, the total revenue is R14 684, 8 billion; for the 2020/21 is R16 107,8 billion and for the 2021/22 is R17 700,5 billion.

The expenditure over the 2019/20 medium term is projected at R12 784,7 billion for the 2019/20 financial year, R14 139, 9 billion for the 2020/21 financial year and R15 639,7 billion for the 2021/22 financial year.

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# 6.1.2 Programme 1: Administration

The purpose for this programme is to provides strategic leadership, management and support services to the Department. The programme also develops and promotes international relations on water resources management with neighbouring countries.

The strategic objectives and focus areas for the 2019/20 financial year for this programme are:

* Targeted procurement that support black entrepreneurs in the sector – with a targeted percentage of procurement budget to be spent on – qualifying small enterprises, that is, 15% and exempted micro enterprises, that is, 15%
* An efficient, effective and high performing organisation with 100% compliance with management of performance assessment tool; a 100% budget expenditure; reduction of debtor days to 150 days and vacancy rate for engineers and scientists to be kept at less than 10%.
* Targeted and sustained African and global cooperation in support of the national water and sanitation agenda as well as informed and empowered communities and responsive government securing integrated and sustainable partnerships to support the water and sanitation developmental agenda with its focus area of 95% implementation of the annual communications programme.

# 6.1.3 Programme 2: Water Planning and Information Management

The purpose of this programme is to ensure that the country’s water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, by developing a knowledge base and implementing effective policies, procedures and integrated planning strategies, both for water resources and water services.

The strategic objectives and focus areas for the 2019/20 financial year are:

* Enhancing management of water and sanitation information through water resources monitoring programme, which will entail reviewing and maintaining three (3) programmes; and maintaining six (6) water and sanitation systems.
* Protecting freshwater ecosystems by undertaking eco-status monitoring in 66 rivers.
* Enhancing water use efficiency and management of water quantity by assessing water losses in eight (8) large water supply systems.
* Ensuring a coordinated approach to water and sanitation infrastructure planning and monitoring and evaluation with the development of the National Water and Sanitation Master Plan; drafting master plans for seventeen (17) district municipalities; undertaking municipal strategic self-assessments in fifty-eight (58) water services authorities, assessing the socio-economic benefits of infrastructure on households, and developing a conceptual framework for the National Sanitation Plan.
* To ensure targeted and aligned planning for adequate water availability and the enhanced provision of water supply and sanitation services, the Department will undertake the following:
  + Five (5) feasibility studies for regional bulk infrastructure projects.
  + Five (5) implementation readiness studies for water and wastewater services projects.
  + One (1) reconciliation study for water supply systems.
  + Eight (8) operating rules and specialist strategies for water supply systems.
  + Two (2) climate change risk and vulnerability assessments.
* Creating an enabling environment for the management of water resources and the provision of basic water and sanitation services across the sector by developing the third (3rd) edition of the National Water and Sanitation Resources and Services Strategy; as well as ensuring that the Water and Sanitation Bill is submitted for public comment.

# 6.1.4 Programme 3: Water Infrastructure Development

The purpose of this programme is to develop, rehabilitate and refurbish the raw water resources and water services infrastructure to meet the socio-economic and environmental needs of South Africa. This is a priority programme of the Department, as it receives the highest percentage of the entire departmental budget.

The strategic objectives and focus areas for the 2019/20 financial year relate to the following:

* The construction of 94 regional bulk infrastructure projects and completion of 23 projects.
* The construction of 254 water services infrastructure projects in 91 municipalities and completion of 131 projects in 69 municipalities.
* The implementation of 70 drought relief projects in 49 municipalities.
* The replacing of 12 221 bucket sanitation systems in formal settlements.
* The completion of training through the War on Leaks Programme by 6 566 learners.

# 6.1.5 Programme 4: Water Sector Regulation

The purpose of this programme is to ensure the development, implementation, monitoring and review of regulations across the water supply chain in accordance with the provisions of the National Water Act, 1998 and the Water Services Act, 1997.

The strategic objectives and focus areas for Programme 4 relate to:

* The monitoring of 371 water supply and 327 wastewater non-compliant systems against regulatory standards.
* The monitoring of 309 water users’ compliance.
* The development of the Crocodile (West) Acid Mine Drainage mitigation strategy.

# 7. Overview and analysis of the 2018/19 Budget of the Department of Water and Sanitation

An overview and analysis of the budget for the 2018/19 financial year reflects some of the challenges experienced by the Department in the Main Account and Water Trading Entity. In the Main Account, the following issues were highlighted by the Office of the Auditor-General and National Treasury:

# 7.1 Main Account

# 7.1.1 Underspending

The Department had underspent by R262 million on the schedule 6B (indirect portion) of the Regional Bulk Infrastructure Grant in order to generate savings to commit to the interventions of the Vaal River System due to the pollution that occurred. The Department also underspent on the Bucket Eradication Programme, which was meant to be completed by the end of the 2018/19 financial year.

# 7.1.2 Overall budget issues

The preliminary financial statements of 2018/19 for the Department reported an overdraft of R896.7 million as at 31 March 2019. This is an increase from R119 million in 2017/18. Furthermore, the Department reported a cumulative, unauthorised expenditure of R1.4 billion and accruals and payables to the value of R1.701 billion as at 31 March 2019.

* **Unauthorised expenditure** incurred during 2017/18 amounted to R933.3 million and R1.4 billion in 2018/19. The main drivers for the unauthorised expenditure in 2018/19 include exceeding the budget for goods and services as a result of payments related to the War on Leaks project.
* The main account’s **overdraft** increased form R119.2 million in 2017/18 to R896.7 million in 2018/19 on the Paymaster General Account.
* The Main Account also reported the **accruals** (money owed to service providers for work completed) of R416.3 million in 2018/19 and R1.5 billion in 2017/18. The accruals were R749 million in 2016/17, R631 million in 2015/16 and R1.6 billion in 2014/15. 41 per cent of the 2018/19 accruals were due for more than 30 days. This is in contravention of Section 38(1)(f) of the Public Finance Management Act and National Treasury Regulation 8.2.3, which states that unless determined otherwise in a contract, or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice.
* The Main Account also reported **irregular expenditure** of R8.9 billion in 2018/19 and R6.2 billion in 2017/18.
* At project inception in 2015, the **War on Leaks** programme was estimated at R3.9 billion. However, the Department had not properly budgeted for this programme. As a result, the War on Leaks initiatives has persistently being financed through the other sources of funds that were legally budgeted for other items within the budgets of the Water Trading Entity and Main Account. Since 2015 to date, expenditure on this programme amounts to R2.7 billion, most of which has resulted in unauthorised expenditure.

# 7.2 Water Trading Entity

The main drivers of the Water Trading Entity’s financial position related to the failure to adjust expenditure downwards after mandatory budget cuts, increased spending on municipal water services projects (unfunded mandates), commitments on infrastructure projects without commensurate funding streams, poor financial management and raw water pricing strategy concessions.

Another area of concern is the overdraft incurred by the Water Trading Entity. As of 31 May 2019, the overdraft was at R1.2 billion and this is in conflict with Treasury Regulation 19.2.3, which prohibits trading entities from having overdrafts. The Water Trading Entity’s progress on the overdraft was due to slow, late or non-payments to the Trans-Caledon Tunnel Authority.

# 8. Portfolio Committee Observations

This section summarises the Portfolio Committee’s observations, in engagements with the Department as detailed in the sections above. The section below therefore provides a synopsis of statements made by Members of the Portfolio Committee, and the responses by the Department and Entities to the issues raised. The Portfolio Committee **resolved** that its findings, highlighted below, will form the basis of its oversight on key challenges related to the work of the Department and its Entities.

# 8.1. Financial management of the Department

The financial fiscal challenges plaguing the Department was of concern to the Portfolio Committee on Human Settlements, Water and Sanitation. These relate to the following:

* The material uncertainty relating to the going concern or financial sustainability of the department relating to irregular expenditure, accruals and overdrafts for both accounts.

There was strong emphasis on the need for a clarity of purpose with regard to stabilising the Department of Water and Sanitation.

The Department of Human Settlements, Water and Sanitation, will be providing quarterly reports to the Portfolio Committee in terms of its turnaround strategy to address the financial fiscal challenges experienced. A commitment was made by the Executive authority on strengthening financial capacity by filling vacant posts, and this would be prioritised.

# 8.2 Instability in leadership and the resultant impact on service delivery of water and sanitation services

The main concerns in this regard related to the instability noted in the appointment of a Director-General as well as the number of acting positions in the Department in the last few years. Members noted that this created major problems in government as a whole, and argued that there is a definite need to improve the management of employees, as well as to ensure consequence management mechanisms in place to address transgressions by employees in the Department.

# 8.3 War on Leaks Programme

Questions were raised on why the War on Leaks programme was not formally budgeted for, which resulted in unauthorised expenditure. If this programme was pronounced by the President, why was the programme not budgeted for, which resulted in unauthorized expenditure.

**8.4 Equitable Share and the Municipal Infrastructure Grant**

Despite the significant funding of water services, *inter alia*, the equitable share and the Municipal Infrastructure Grant, there is considerable evidence that a very low proportion of the equitable share is actually spent on water services. In addition, billing and cost recovery are generally poor, with some areas not being billed. As a result, daily operations and especially longer term maintenance are significantly underfunded.

# 8.5 Infrastructure projects being deferred

The committee noted the deferral of projects due to the lack of planning, capacity and leadership within the Department, which impacts on service delivery. The question raised here was whether the Department is able to undertake new infrastructure projects in light of previous projects not being completed.

The Department referred the Portfolio Committee to the relevant information in the Annual Performance Plan, which provided more details of project phases under construction, and project plans that are completed.

# 8.6 Bucket Eradication Programme

Questions were raised on the allocated budget for the Bucket Eradication Programme since its inception to date. At the beginning, no budget was allocated for this programme. For the year under review, the Bucket Eradication Programme is budgeted for, under Programme 3: R607 million. The provinces affected are Free State and Northern Cape. The Department of Human Settlements, Water and Sanitation indicated that it would provide, in writing, a full report on the spending of this project since inception.

# 8.7 Cooperative governance of water and sanitation services management and delivery

The Portfolio Committee expressed its concerns on the many challenges at the municipal level in relation to the delivery of water services. These challenges include poor maintenance and refurbishment of infrastructure, which result in increased interruptions in supply and high levels of unaccounted for water; poor management of wastewater treatment works resulting in deteriorating raw water quality; slow delivery of sanitation services and inadequate cost recovery in the water services sector.

The Department of Water and Sanitation noted these concerns, and maintained that the intergovernmental relations framework of work between the three spheres of government must be strengthened, especially in terms of service delivery of basic services, such as water and sanitation.

# 8.8 Monitoring and Evaluation unit

The Portfolio Committee noted that there is a lack of monitoring and evaluation of the work of the Department.

# 8.9 Grants used by municipalities for other purposes

One of the key aspects noted by the Portfolio Committee is the legislative mechanisms that needs to be strengthened. The conditional grant focuses on the principle that if “one does not use it; one loses it”. However, this impacts on service delivery to communities in need of services.

# 8.10 Lack of oversight over implementing agents

Members of the Portfolio Committee raised a concern, which was highlighted by the Office of the Auditor-General in previous audit findings. The main concern by the Office of the Auditor-General in this regard was the lack of supply-chain management issues in the use of implementing agents (mainly water boards). The Department is not only using implementing agents for emergency work, but awarding multi-year projects to the water boards. This has resulted in irregular expenditure, which raised questions by members of the Portfolio Committee around the standard practice of oversight of and compliance by the implementing agents to supply chain management issues by the Department.

**8.11 Pollution of water systems**

Pollution of our water systems, more especially by industry, affects the quality of water consumed by citizens.

# 9. Recommendations

The Portfolio Committee on Human Settlements, Water and Sanitation recommends that the Minister of Human Settlements, Water and Sanitation should ensure that the Department of Water and Sanitation:

**9.1 Financial management of the Department of Water and Sanitation**

9.1.1 The Department of Water and Sanitation, in consultation with National Treasury should

develop and implement a financial recovery plan for the improvement of the

Department’s financial position and service delivery performance with reference to

accruals, under-expenditure, and fruitless and wasteful expenditure.

9.1.2 The material uncertainty relating to the going concern and financial sustainability of

Department related to fruitless and wasteful expenditure, irregular expenditure, and

qualified audit opinion for both the Main Account and Water Trading Entity should be

resolved.

9.1.3 The Department should establish a monitoring and evaluation to improve financial and

non-financial performance within the Department. In addition, planning and effective

financial management with associated budgets for operations and maintenance must be

prioritised.

**9.2 Monitoring and Evaluation**

9.2.1 The Department should work with the Department of Planning, Monitoring and

Evaluation in the Presidency to enhance monitoring and evaluation systems within the

Department.

**9.3 Instability in leadership and its impact on service delivery**

9.3.1 The Department should provide well-articulated plans to address the management and

leadership shortcomings that were identified.

9.3.2 The Department should provide evidence of consequence management for poor

performance and strategies to improve performance.

**9.4 Concerns around specific projects – War on Leaks and Bucket Eradication**

**Programme**

9.4.1 The Department should submit a report on the total cost of both the Bucket Eradication

Programme and the War on Leaks programmes since their inception to date.

9.4.2 The Minister has committed to ensuring that the Department will eradicate the bucket

system within six (6) months. The Department should furnish the Portfolio Committee

with its implementing plan to realise this commitment, with the R607 million allocated

to this programme.

9.4.3 The Department should submit and provide quarterly reports on the financial and non-

Financial progress of the Bucket Eradication Programme.

**9.5 Use of the Equitable Share Allocations and the Municipal Infrastructure Grant**

9.5.1 The Intergovernmental Relations Framework Act, 2005 should be more effectively

utilised by all spheres of government to ensure allocated funding is utilised for its

purposes.

9.5.2 There should be more effective monitoring of the spend of the equitable share and

grants.

9.5.3 The Department should undertake a rigorous process to systematically monitor the

spending of the grants to ensure legislative compliance.

**9.6 Deferral of infrastructure projects and the use of the construction unit**

9.6.1 Mechanisms should be put in place to ensure that the Department undertakes

oversight at all stages of projects. Furthermore, the Department should consider using

their internal construction unit to assist municipalities that lack capacity to implement

infrastructure projects.

9.6.2 Although the Department has a Learning Academy, there is a need to absorb young

engineers, and technical people within the internal construction unit to ensure that

transformation within the unit takes place.

**9.7 Lack of oversight over implementing agents**

9.7.1 The Department should submit quarterly reports to the Portfolio Committee on the

financial and non-financial performance of the Department, mainly around

supply-chain management, procurement, and use of implementing agents that

undertake work on their behalf.

9.7.2 The Department should strengthen its oversight over their implementing agents and

action should be taken on transgressions and non-compliance.

9.7.3 The Department should consider using its internal construction unit so as to diminish

exorbitant cost overruns associated with using implementing agents on emergency and

other related infrastructure projects.

**9.8 Pollution of Water Systems**

9.8.1 The ‘Polluter pay Principle’ should be much more enforceable on polluting companies and municipalities, and the Department should monitor it.

The Economic Freedom Fighters abstained and the Democratic Alliance reserved their right not to vote on the report.

**Report to be considered.**