**REPORT OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, WATER, SANITATION AND HUMAN SETTLEMENTS ON CONSIDERATION OF THE 2022/23 ANNUAL PERFORMANCE PLAN AND BUDGET ALLOCATION OF THE DEPARTMENT OF WATER AND SANITATION – BUDGET VOTE 41, DATED 13 MAY 2022**

Having interacted through virtual platform with the Department of Water and Sanitation to consider the 2022/23 Annual Performance Plan (APP) and budget allocation, the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlements, reports to the National Council of Provinces (NCOP) as follows:

**1. Introduction and Background**

1.1 The Money Bills Amendment Procedure and Related Matters Act (Act No.9 of 2009)empowers Parliament to recommend, reject or amend budgets of National Departments and Organs of State. The Act also enjoins Committees of Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments and entities on their respective strategic, annual performance plans and budgets.

1.2 On 6th May 2022, Select Committee had a virtual meeting with the Department of Water and Sanitation, to consider the Departmental 2022/2023 APP and Budget Allocation.

1.3 In terms of current legislation, the main purpose or mandate of the Department of Water and Sanitation, is to ensure the availability of water resources, facilitate equitable and sustainable socio-economic development, and ensure universal access to water and sanitation services.

1.4 The main objective of the virtual meeting was to enable executive accountability and parliamentary oversight on performance and financial information related to water and sanitation services, as planned for the 2022/2023 financial period by the Department of Water and Sanitation.

**2. Presentation on 2022/2023 APP and Budget Allocation of the Department of Water and Sanitation**

2.1 The Director-General presented the 2022/2023 APP and Budget Allocation of the Department of Water and Sanitation. The presentation focused on outputs, indicators and annual targets and budget allocation related to programmes such as Administration, Water Resource Management and Water Service Management Programmes.

2.2 The Director–General also presented performance information on grant funded projects for medium-term expenditure estimates per province and benefitting municipalities. The performance information provided included regional bulk infrastructure and water services infrastructure grants.

**3. Programme 1: Administration**

3.1 The purpose of this Programme is to provide strategic leadership, management and support services to the Department. The Programme also develops and promotes international relations on water resources management with neighbouring countries.

3.2 This Programme, which consumes 11% of the overall departmental budget, is allocated R2 billion in the 2022/23 financial year, up from R1.96 billion in 2021/22. This reflects a nominal rand increase of R52.5 million, which is a R34.2 million decrease in real terms between 2021/22 and 2022/23.

3.3 This Programme has six sub-programmes (SPs). SP 3: Corporate Services, dominates allocations under this Programme, consuming R839.5 million, followed by Office Accommodation and Financial Management, with allocations of R561.1 and R279.3 million, respectively. These allocations are in line with the planned targets for the year under review. Through this SP, the Department aims to implement 98% of the annual communication and public participation programme during the year under review. The Department will also aim to keep the vacancy rate for engineers and scientists at less than 1%.

**4. Programme 2: Water Resource Management**

4.1 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. This is done by developing a knowledge base and implementing effective policies, procedures and integrated planning strategies for water resources.

4.2 This Programme, which constitutes 20% of the overall departmental budget, is allocated R3.7 billion in the 2022/23 financial year, up from R3.5 billion in 2021/22. This reflects a nominal rand increase of R166 million, which translates into a real rand increase of R3.4 million between 2021/22 and 2022/23.

4.3 Expenditure under this Programme is dominated by SP 5: Water Resource Infrastructure Management, consuming 75.5% of the total budget allocated to this Programme. This is in line with the Department’s APP which, among others, aims to prepare four bulk raw water projects for implementation; construct four bulk raw water projects (Foxwood, Coerney, Nwamitwa and Zalu dams); complete 25 dam safety evaluations; and create 50 job opportunities from augmentation projects during the year under review.

4.4 Sub-programme 4: Water Resources Information and Management receives the second largest allocation in this Programme. The Department, through this SP, seeks to review and maintain four water resources monitoring programmes on Ground Water, Surface Water, National Chemical Monitoring Programme (NCMP) and National Eutrophication Monitoring Programme (NEMP), and implement River Eco-status Monitoring Programmes at 70 rivers during the year under review. It also plans to maintain six water and sanitation information systems, (namely NIWIS, HYDSTRA, NGIS, WMS, GIS, and FMFS) and construct Bavaria gauging station in the current financial year. All these activities entail or hinge on water information management.

4.5 In as far as SP 6: Water Resources Policy and Strategy is concerned, the Department intends to submit a draft National Water Act Amendment Bill for Cabinet approval of public consultation in the 4th quarter. It also intends to develop the National Water Resources Strategy 3 for Cabinet approval during the year under review.23 All these targets are in line with the Framework for Managing Programme Performance Information.

**5. Programme 3: Water Services Management**

5.1 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.

5.2 This Programme received R12.7 billion in the 2022/23 financial year, which constitutes 69% of the overall departmental budget. This Programme reflects a nominal rand increase of R586 million compared to the 2021/22 financial year, which translates into a real rand increase of R37.2 million between 2021/22 and 2022/23.

5.3 The Regional Bulk Water Grant (RBIG) and Water Services Infrastructure Grant (WSIG), dominates the budget allocations under the Programme, consuming 58.9% and 36.5% of the overall share, respectively. The majority of these funds will be transferred to municipalities for various bulk water infrastructure projects that will be carried out by district municipalities.

5.4 In this regard, 68 large regional bulk infrastructure projects will be under construction at various phases during the year under review, while 450 job opportunities will be created through the implementation regional bulk infrastructure projects. These targets are also in line with the SONA 2022, with respect to the utilisation of the District Development Model (DDM)to fast track service delivery. The development of a 5-year Water and Sanitation Reliability Plans at district municipalities is one of the examples of the DDM initiatives aimed at accelerating service delivery.

5.5 The Department intends to eradicate 10 798 existing bucket sanitation systems in formal settlements during the current financial year. It also plans to continue with the implementation of the Vaal and Giyani BWS interventions, through the WSIG during this financial year.

**6. Overview of the 2022/2023 to 2023/2024 Medium-Term Financial Estimate**

6.1 The Department has been allocated an amount of R59.6 billion over the MTEF, that is R18.5 billion, R20.1 billion and R20.9 billion in 2022/23, 2023/24/ 25, respectively.

6.2 The Compensation of Employees is allocated an amount of R5.4 billion over the MTEF, that is R1.836 billion, R1.741 billion and R1.819 billion in 2022/23, 2023/24 and 2024/25, respectively.

6.3 The Goods and Services is allocated R5.5 billion over MTEF, that is R1.770 billion, R1.819 billion and R1.908 billion in 2022/23, 2023/24 and 2024/25, respectively.

6.4 The Transfer and Subsidies is allocated an amount of R34.9 billion over the METF, that is R10.528 billion, R12.002 billion and R12.393 billion in 2022/23, 2023/24 and 2024/25, respectively.

6.5 The Payments for Capital Asset is allocated an amount of R13.788 billion, that is R4.404 billion, R4.593 billion and R4.792 billion in 2022/23, 2023/24 and 2024/25, respectively.

6.6 The net changes to the Vote baseline amount are R1.1 billion increase in 2022/23, R2.1 billion increase in 2023/24 and R2.1 billion increase in 2024/25.

6.7 This was mainly as a result of additional allocation through the budget facility for infrastructure. An amount of R240.6 million in 2022/23, R510.8 million in 2023/24 and R274.6 million in 2024/25 in the direct component of the Regional Bulk Infrastructure Grant for the George Local Municipality to implement the potable water security and remedial works project.

6.8 An amount of R195 million in 2022/23, R707 million in 2023/24 and R1.2 billion in 2024/25 for raising the Clan William Dam; Olifants Doorn River water resource project. A R422 million in 2022/23, R633 million in 2023/24 and R352 million in 2024/25 is allocated for Lepelle Water Board to upgrade the Olifants and Ebenezer Water Supply Schemes.

6.9 A R193 million is allocated in 2022/23, R269 million in 2023/24 and R351 million in 2024/25 to Umgeni Water Board to implement the Umkomazi bulk water supply scheme.

**7. Observations of the Select Committee**

7.1 The Select Committee has welcomed the 2022/23 APP and budget allocation of the Department of Water and Sanitation. The Select Committee has noted that the APP has been aligned and integrated with the medium-term strategic framework and the 2022 State of the Nation Address (SONA).

7.2 The Select Committee has further noted the main priorities of the Department for 2022/2023 financial year, includes the implementation of projects to augment bulk water resource infrastructure, lead the development of water resource, support the municipalities on water and sanitation services, table the NWRIA Bill and business plan, strengthen regulatory intervention to address pollution of environment and water, improve revenue collection across the water value chain and reduce irregular, unauthorized and waste full expenditure and ensure consequence management for financial misconduct.

7.3 While welcoming the commitment and priorities of the Department, the Select Committee raised concerns regarding the absence of the Minister to lead from the front the presentation of the 2022/2023 APP and Budget Allocation.

7.4 The Select Committee further raised general concerns about the non-implementation of war on leaks, school sanitation, bucket eradication, water pollution, functionality and stability of Water Boards, fight against corruption, implementation of forensic investigations, lack of progress report on concerns raised by the Select Committee during the 2021/2022 financial year, filling of vacant positions, court expenses, roll overs, financial misconduct and spending on water and sanitation infrastructure, lack of time frames on the eradication of bucket system, fruitless, wasteful expenditure and lack of consequence management around the corruption in Giyani Water Project.

7.5 Despite the concerns raised, the Select Committee has noted and generally welcomed the progress made by the Department in stabilizing the Water Boards and ensuring transparency in the appointment of competent, skilled and qualified Board Members.

**8. Recommendations of the Select Committee**

8.1Having considered and deliberated on the 2022/2023 APP and Budget Allocation of the Department of Water and Sanitation, the Select Committee recommends to the NCOP as follows:

8.1.1 The Department of Water and Sanitation should fast-track the process of submitting the National Water Amendment Bill to Cabinet for approval, so as to timeously table it to Parliament during the 2023/24 financial year.

8.1.2 The Department of Water and Sanitation should provide a provincial update report on the status of water and sanitation projects, including the support provided to the municipalities in the entire country.

8.1.3 The Department of Water and Sanitation should provide progress report on war on leaks programmes, including the findings of and recommendations of forensic investigations conducted.

8.1.4 The Department of Water and Sanitation should provide supplementary progress report on support provided to communities affected by floods in areas of KwaZulu-Natal, Eastern Cape and North West, including mechanisms to mitigate corruption and misappropriation of resources allocated.

8.1.5 The Department of Water and Sanitation should provide quarterly progress reports on the achievements of outcome indicators, as contained in the 2022/23 APP and Budget Allocation.

8.1.6 As part of ensuring executive accountability and parliamentary oversight, the Select Committee should align its quarterly programme in line with the 2022/23 APP and Budget Allocation of the Department of Water and Sanitation, in order to monitor the implementation of the priorities developed by the Department during the current financial year.

8.1.7 The Select Committee should prioritise proactive oversight visits, in collaboration with the Portfolio Committees in the Provincial Legislatures, to monitor and assess the status of bulk water and sanitation projects in the provinces.

**Report to be considered.**