



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



BRIEFING OF THE PORTFOLIO COMMITTEE ON WATER AND SANITATION ON THE DWS RESPONSES TO THE RESOLUTIONS OF THE NATIONAL ASSEMBLY

31 JANUARY 2023



WATER IS LIFE - SANITATION IS DIGNITY



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1. Responses to the National Assembly resolutions on the report of the Portfolio Committee oversight visit to the Eastern Cape

- a) Provide concrete measures on the water and sanitation sector to develop an implementation model, which factors and maintenance of schemes, whereby unspent or poorly spent government grants can be managed on behalf of the Water Services Authorities.
- b) Should develop a strategy with Amatola Water Board to improve the timeframes of work payment to contractor on the Nooitgedacht project.
- c) (DWS) Needs to strengthen its oversight on job creation for community members if and when utilising the services of the private sector

a) Provide concrete measures on the water and sanitation sector to develop an implementation model, which factors (in) maintenance of schemes, whereby unspent or poorly spent government grants can be managed on behalf of the WSAs

- The fiscal model of the country is one in which water and sanitation services are self-financing, apart from equitable share allocations to municipalities to enable them to provide free basic services to the indigent, and apart from infrastructure grants to municipalities to enable them to address historical infrastructure backlogs
- This means that municipalities are supposed to fund the operation and maintenance of their water and sanitation infrastructure and schemes from revenues that they receive from selling water to residents and businesses

Equitable share:

- In terms of section 227 of the Constitution, local government is entitled to an equitable share to enable it to provide basic services and perform its allocated functions.
- The equitable share provides funding for municipalities to deliver free basic services to indigent households and subsidizes the cost of administration and other core services for those municipalities with the least potential to cover these costs from their own revenues. Amongst the core functions of the municipalities is to operate and maintain their schemes.
- Allocation of adequate funds by municipalities for operations and maintenance from the equitable share remains a challenge. This challenge is exacerbated by poor revenue collection and management.
- Given that local government is a separate sphere of government with its own elected representatives, the National Government cannot prescribe to local government how it should prioritize and spend its equitable share

Conditional grants for water and sanitation infrastructure (RBIG, WSIG, and MIG)

- The Constitution of South Africa, Act 108 of 1996, assigns responsibility of ensuring access to water services to local government. The role of the national and provincial spheres of government is to support, monitor and regulate local government. One of the roles of DWS is to provide infrastructure grants to municipalities to address historical water and sanitation backlogs
- All projects that are funded through DWS grants are assessed by DWS technical teams to ensure their viability
- DWS, COGTA and National Treasury have collectively formed a task team to closely monitor spending of grants. The task team directly engages WSAs that are performing poorly and is assisting with implementation of controls as guided by the grant frameworks
- The conditions associated with the grants are legislated through the Division of Revenue Act. The conditions of the MIG currently allow municipalities to use their MIG grant for refurbishment of existing infrastructure in addition to building new infrastructure
- While the RBIG and the WSIG allow for allocations for refurbishment, they do not currently allow for allocations for maintenance. DWS has requested National Treasury to change the conditions in future to allow a portion of the RBIG and WSIG to be used for maintenance. This is still being considered by NT

Managing under-expenditure and poor expenditure on DWS grants to municipalities

- DWS closely monitors the progress of all the municipality projects which are funded through DWS grants. DWS requires monthly reports from the municipalities
- Where DWS finds that there are problems with the projects, DWS:
 - Seeks solutions to the problems collaboratively with the municipalities, and offers support to the municipalities to resolve the problems
 - If this is not successful, DWS re-allocates or withhold funding (depending on whether the grants are Schedule 5 or Schedule 6 (of the DORA) grants)
- For some projects, with the agreement of the municipality, DWS appoints an implementing agent from the start to implement the project on behalf of the municipality. This is usually done when the municipality is lacking capacity to implement.
- Without the agreement of the municipality, DWS cannot manage the implementation of the project on behalf of the municipality
- However, to manage the risk of under-expenditure on the grants as a whole, DWS can move money from under-spending projects to fast-moving projects during a particular financial year. It then allocates the money back to the slow-moving project in the following financial year

b) (DWS) Should develop a strategy with Amatola Water Board to improve the timeframes of work payment to contractor on the Nooitgedacht Project

- The Nooitgedacht Project was commissioned on the 29th of September 2022 and a practical completion certificate was issued. All the payments to the contractor are up to date. The contractor is expected to submit final invoices for the remaining minor amounts related to testing and commissioning before the 13th of February 2022.

c) (DWS) Needs to strengthen its oversight on job creation for community members if and when utilising the services of the private sector.

- Municipalities and other Implementing Agents engage in social facilitation prior to the commencement of a project, where employment opportunities are discussed with the community. Social facilitation also takes place during the implementation of projects, to try to ensure a good working relationship between the community and the contractor(s).
- Municipalities and other Implementing Agents are further required to submit labour forms (signed by the participants/ beneficiaries) and certified copies of IDs as portfolio of evidence (PoE). All service providers and contractors assist with ensuring that reports are submitted within the reporting timelines.
- The Department of Water and Sanitation (DWS) monitors and administers the process of job creation for community members on all projects funded through grants. The Implementing Agents and/or Water Services Authorities are required to report monthly on jobs created.
- If DWS site monitoring and report reviewing indicates that there is a problem related to local employment on a project, it will engage with the municipality or Implementing Agent to seek a resolution to the problem.
- DWS is in the process of strengthening its monitoring of this issue through its site visits and review of the monthly reports.
- Local ward councillors are also involved in social facilitation in this regard, and their role also needs to be strengthened

2. Responses of the Department of Water and Sanitation to the National Assembly on Resolutions of the Portfolio Committee on Water and Sanitation sector issues

- a) Develop an institutional framework or guidelines that clearly define roles, responsibilities and accountability within the entire water and sanitation value chain;
- b) Promote good governance in the water sector institutions, thereby ensuring separation of policy-making, shareholding and regulatory functions;
- c) Ensure the Blue and Green Drop assessments comply with statutory requirements, which deal with discharging effluent wastewater into streams and rivers;
- d) Provide a report together with respective water boards with associated timeframes on actions plans that provide concrete and tangible results on debt collection, governance issues, and water boards' amalgamation to establish regional utilities.

Constitutional and legislative imperatives for government support and intervention in municipal water and sanitation services

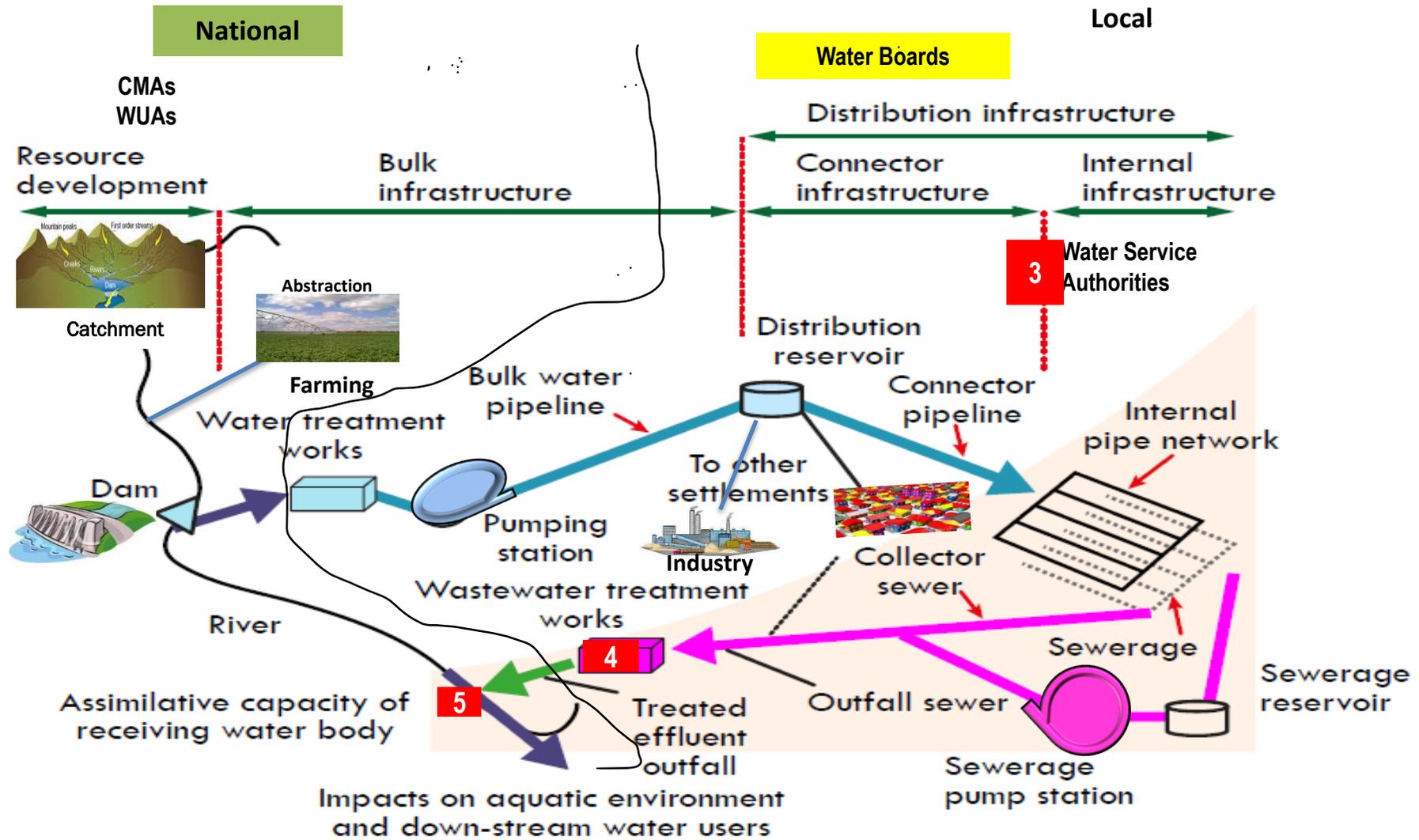
- Local water supply and sanitation services are a function over which municipalities have executive authority in terms of section 156 of the Constitution read together with Schedule 4 Part B
- However, although municipalities have executive authority, other sections of the Constitution and legislation requires government (national and provincial) to support and intervene in municipalities where there is failure of municipal water and sanitation services:
 - Schedule 4 of the Constitution indicates that municipal water and sanitation services are a functional area of national and provincial concurrent legislative competence – therefore national legislation such as the Water Services Act provides for minimum norms and standards for municipal water and sanitation services
 - Section 27 of the Constitution requires government to take reasonable legislative and other measures within its available resources to achieve the progressive realization of the right to water
 - Section 10 of the Constitution provides that everyone has inherent dignity and the right to have their dignity respected and protected – this means that government has a duty to intervene where the provision of municipal water and sanitation services is resulting in people’s dignity not being respected and protected (such as the current situation with sewage spillages into people’s houses in the Vaal)
 - Section 139 of the Constitution enables government to intervene in the affairs of municipalities where there is failure to fulfill their Constitutional obligations
 - Sections 40 and 41 of the Constitution require all spheres of government to work in a cooperative manner
 - Sections 62 and 63 of the Water Services Act enable DWS to intervene in municipalities where monitoring of municipal water and sanitation services by DWS indicates failure to adhere to national norms and standards, subject to section 139 of the Constitution
 - Sections 19 and 20 of the National Water Act enables DWS to intervene and remedy pollution of water resources and to recoup the costs of such intervention from the polluters – this could enable DWS to intervene where municipal waste-water treatment plants are resulting in pollution of the environment, peoples’ homes and rivers

a) Develop an institutional framework or guidelines that clearly define roles, responsibilities and accountability within the entire water and sanitation value chain

- The combination of the Constitution, the National Water Act, the Water Services Act, and other legislation such as the Municipal Systems Act and Municipal Structures Act do clearly define the roles, responsibility and accountability within the entire water and sanitation value chain
- Part 1 of Chapter 2 of the National Water Act (NWA) requires the progressive development, by the Minister after consultation with society at large, of a National Water Resource Strategy.
- The National Water Resource Strategy (NWRS) is a legal instrument that operationalises the National Water Act (NWA) (Act No 36 of 1998) and is binding on all authorities and institutions implementing the National Water Act (NWA), including all government and water sector entities.
- The NWRS provides the framework for the protection, use, development, conservation, management, and control of water resources for the country; and provides the framework within which water will be managed at regional or catchment level, in defined Water Management Areas
- The Department of Water and Sanitation is the process of finalising the Draft NWRS3rd Edition which builds on the NWRS-2. The Minister will then issue a gazette notice to inform the public of the new NWRS-3 for implementation by March 2023

- To further enhance the roles and functions of the department and its entities as provided for in the NWRS and the Master Plan the following is being done:
 - The management of water resources is done by Catchment Management Agencies. There will be six Water Management Areas and corresponding six CMAs. To date, the Inkomati-Usuthu and Breede-Gouritz Catchment Management Agencies are operational.
 - The reconfiguration of water boards has been initiated with the disestablishment of Sedibeng Water. There will be 7 water boards for bulk water services.
 - The National Water Resource Infrastructure Agency is being developed and a Bill has been gazetted for public comments.
 - Irrigation Boards are being transformed into Water User Associations.

WATER AND SANITATION VALUE CHAIN



b) Promote good governance in the water sector institutions, thereby ensuring separation of policy-making, shareholding and regulatory functions

- The Minister is the Executive Authority and shareholder responsible for appointing members of the Water sector institutions in terms of (a) schedule 1 of Water Services Act; (b) the Water Research Act 522 of 1996 and, (c) the Notice of establishment for the TCTA. In terms of the PFMA.
- The Boards of the water sector institutions are Accounting Authorities and are responsible and fully accountable to the shareholder. The Minister and Boards conclude a shareholder compact annually (Treasury Regulation 29.2) and this serves as the “performance contract” between the shareholder (the Minister) and the boards of water sector institutions.
- The water sector institutions submit Corporate Plans and budgets annually to Minister and National Treasury at least one month before the start of financial year.
- The Corporate Plans contain implementation details to attain the key performance measures and indicators outlined in shareholder compact and are tabled in Parliament. The Department continuously updates and benchmarks the shareholders compact models and the quarterly reports for public entities reporting to the Minister of Water and Sanitation to strengthen and monitor the performance of entities as well as to enforce accountability to the Minister.

c) Ensure the Blue and Green Drop assessments comply with statutory requirements, which deal with discharging effluent wastewater into streams and rivers

- The Blue and Green Drop do fully comply with statutory requirements.
- The Blue and the Green Drop assessments are regulatory tools developed within the statutory framework of the Water Services and National Water Act. They assess performance of water supply systems and wastewater systems respectively.
- Section 62 of the Water Services Act mandates the Department to monitor performance of the water services institutions whilst the Department is mandated to authorise water use in terms of section 21 of the National Water Act, Act 36 of 1998.
- Discharge of effluent is a section 21 (f) water use and all water users discharging into a water resource must apply to the Department for an authorisation. The water use authorisation has set conditions and standards that the water user must comply with.
- The Blue Drop and Green Drop assessments have a set of criteria which includes water use authorisation as one of the key performance indicators to assess compliance of water services institutions. The Department also continuously monitors compliance to the water use authorisation.
- The Blue and Green Drop processes assess all the water and waste-water systems of all municipalities and provide the municipalities with details of where there is non-compliance with statutory requirements, the causes of non-compliance and what should be done about the non-compliance
- DWS further requires the worst performing municipalities to submit action plans to address the issues and offers support to them to develop the action plans, and offers support to the other municipalities to address their shortcomings

d) Provide a report together with respective water boards with associated timeframes on actions plans that provide concrete and tangible results on debt collection, governance issues, and water boards' amalgamation to establish regional utilities.

- The Department of Water and Sanitation (DWS) convened a joint workshop with Water Boards; National Treasury; Cooperative Governance and Traditional Affairs and South African Local Government Association on 5 December 2022. The purpose of the workshop was to develop strategies to improve Billing and Revenue Collection in the water sector.
- The Water Boards' debtors' book is growing, and water boards are facing liquidity and financial challenges because of non-payment by the municipalities. The resolution for the workshop was to draft standardised operating processes for debt recovery, covering both the water boards and the Department's Water Trading Entity, including the following key interventions:
 - Bulk prepaid meters to be incrementally installed by water boards
 - Consistent enforcement of water limitations/restrictions for non-paying municipalities
 - The use of incentive-based credit control mechanisms
 - Legal processes to attach municipal bank accounts where necessary
 - Collaboration with National Treasury to withhold equitable share allocations from non-paying municipalities
- The SOP has been drafted and will be workshopped shortly with the Water Boards, after which it will be submitted to all the Water Boards for approval by the CEOs

GOVERNANCE STATUS

	Amatola Water	Bloem Water	Lepelle N Water	Magalies Water	Mhlathuze Water	Overberg Water	Rand Water	Sedibeng Water	Umgeni Water
Board	Interim Board	March 2023	August 2025	1 Dec 2022	December 2022	March 2023	September 2026	Sedibeng Water has been disestablished	April 2023
No. of Board vacancies	None	None	None	None	None	None	None	Sedibeng Water has been disestablished	None
CEO	Acting. Appointment of the new CEO in progress	5 years contract. Contract ends 23 May 2023	5 Year Contract end in July 2027	5 years contract. Contract ends 31 Dec 2022	Interim CEO	5 years contract. Contract ends 31 Dec 2022	5 years contract. Contract ends 31 March 2023	Sedibeng Water has been disestablished	5 year contract. Contract ends June 2027
CFO	5 years contract	5 years contract	5 years contract	Acting	Interim CFO,	5 years contract	5 years contract	Sedibeng Water has been disestablished	5 years contract
2022/23 Corporate Plan submitted on time	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Sedibeng Water has been disestablished	Yes
2019/20 Audit Outcomes	Qualification with findings	Unqualified with findings	Unqualified with findings	Clean audit	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Qualification with findings	Unqualified with findings
2020/2021 Audit Outcomes	Qualification with findings	Unqualified with findings	Unqualified with findings	Clean audit	Unqualified with findings	Clean Audit	Unqualified with findings	Qualification with findings	Unqualified with findings
2021/2022 Outcomes	Qualification with findings	Unqualified with findings	Unqualified with findings	Clean audit	Qualification with findings	Delays in finalisation of AFS by AGSA	Unqualified with findings	Annual report not yet submitted	Unqualified with findings

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Status on the reconfiguration of the Water Boards (1)

PROPOSALS	TIMELINES	PLAN/PROGRESS
Reconfiguration of Umgeni and Mhlathuze Water Boards	Feb 2023	<p>A single water board for KwaZulu-Natal will be established through extending boundary of Umgeni Water and incorporating Mhlathuze Water into Umgeni Water.</p> <ul style="list-style-type: none"> • Due diligence Consultants appointed : Draft Due Diligence Report completed end Nov 2022 • Gazette Notice published for 60 days Consultation comments closed on 04 Jan 2023 • Consultation completed with all WSAs, Investors , Labor. • Investors to study the Due Diligence Report in Jan 2023 • Mhlathuze will be disestablished and incorporated to Umgeni in Feb 2023 (Final Gazette) • New Board will be appointed in March 2023.
Reconfiguration of Rand Water	March 2023	<p>Rand Water boundary will be extended to cover Mpumalanga and entire Gauteng Province.</p> <ul style="list-style-type: none"> • Political Consultations in Mpumalanga : Nov-Dec 2022 • Due diligence process started: Oct-Dec 2022 • Gazette Notice extending boundary to Mpumalanga published (60 days) published, closed 27 Jan 2023 • Final gazette Notice March 2023.
Reconfiguration of Lepelle Northern Water	March 2023	<p>Lepelle boundary will be extended to cover entire Limpopo Province.</p> <ul style="list-style-type: none"> • Technical discussions initiated between Lepelle and Magalies on assets transfers. • Due diligence process to start by end Feb • Final gazette notice March 2023
Reconfiguration of Magalies Water	March 2023	<p>Magalies Water will service the entire North West. They have taken over the staff, assets and liabilities from Sedibeng with effect from 01 Aug 2022.</p> <ul style="list-style-type: none"> • Magalies functions and assets in Gauteng and Limpopo will be transferred to Rand Water and Lepelle respectively. • Due diligence process to start by end Feb, final gazette March 2023

Status on the reconfiguration of the Water Boards (2)

PROPOSALS	TIMELINES	PLAN/PROGRESS
Reconfiguration of Bloem Water	March 2023	<ul style="list-style-type: none"> Bloem Water will service the entire Free State and Northern Cape. They have taken over the staff, assets and liabilities from Sedibeng with effect from 01 Aug 2022. Bloem Water has requested a name change to accommodate Northern Cape customers (Central, ZR Mahambane). A gazette notice in this regard has been published for 60 days (closed 27 January) The process to appoint the new Board has started.
Reconfiguration of Amatola Water	March 2023	<p>The Amatola Water Board will service the entire Eastern Cape.</p> <ul style="list-style-type: none"> Interim Board, process to select new board underway, target date: end March 2023 Gazette Notice for extension of the boundary published in Nov 2022 closed 27 Jan 2023 Due diligence : due to start by end Feb 2023 Gazette for establishment - March 2023
Reconfiguration of Overberg Water	March 2023	<ul style="list-style-type: none"> Overberg Water will also service those areas in the Western Cape which require its services. Gazette Notice for extension of the boundary published in Nov 2022 – closed 27 Jan 2023 Letters of consultation sent to all WSAs Due diligence : Oct 2022 – Feb 2023 Gazette for establishment - March 2023
Transitional Progress– incorporation of Sedibeng into Bloem and Magalies		<p>Final Gazette was published on 26 July 2022 and the interim board’s term of office expired on July 2022.</p> <ul style="list-style-type: none"> Operational funding amount of R130 million was transferred in mid Aug 2022 to both Bloem Water (R108m) and Magalies Water (R22m) Transfer Agreements have been signed Financial statements have been submitted to AG Annual Report will be submitted end March 2023.

3. Responses of the National Assembly on its Resolutions on the Annual Performance Plan of the Department of Water and Sanitation and entities for the 2022/23 financial year

- a) The Portfolio Committee recommended that the Department provide plans/interventions to address this issue and provide details on whether it is considering Public-Private Partnerships to develop mega infrastructure projects
- b) Clarify the slow progress in finalising the National Water Act and the Water Services Act and how these delays will affect the long-overdue water allocation transformation
- c) The Department should provide a progress report on its National Sanitation Framework to ensure that the country's bucket system is eliminated in terms of Norms and Standards
- d) The Portfolio Committee recommended collaboration with government departments such as the Department of Trade and Industry and Competition, and the Department of Cooperative Governance and Traditional Affairs, to ensure the uptake of the Water Research Commission (WRC) research products and technology and develop the industry for the mass production of these technologies
- e) The Portfolio Committee recommended that the Department provide a detailed response on the modalities, including a roadmap with timeframes to establish the National Water Resources Infrastructure Agency

a) The Portfolio Committee recommended that the Department provide plans/interventions to address this issue and provide details on whether it is considering Public-Private Partnerships to develop mega infrastructure projects.

- The Department is partnering with mining houses in Limpopo and in the Northern Cape to implement mega infrastructure projects
- The Olifants Management Model (R24 billion) involves the construction of a bulk pipeline from De Hoop Dam to Olifantspoort as well as from Flag Boshielo Dam to Mokgalakwena. It also includes water distribution infrastructure to 94 villages adjacent to the pipelines, which currently do not have water. An agreement has been signed between DWS and the Lebalelo Water Users Association (LWUA) in terms of which DWS and the LWUA will each fund 50% of the project, which LWUA as the implementing agent. The project is in the construction phase, and negotiations with Mokgalakwena LM and Sekhukhune DM are at an advanced stage regarding the distribution infrastructure
- DWS is also negotiating with mining houses in the Northern Cape to implement a similar joint project to refurbish and expand the Vaal Gamagara water scheme (R10 billion), which will also include distribution of water to communities currently without water services. An agreement is currently being finalised
- DWS is also exploring similar partnerships in the agricultural sector, for the Vaalharts and Oranje-Riet irrigations schemes
- DWS has also established a Water Partnership Office with the DBSA and SALGA, to support municipalities to enter into PPPs for water services

b) Clarify the slow progress in finalising the National Water Act and the Water Services Act and how these delays will affect the long-overdue water allocation transformation

- The Department has been working on the amendments to the National Water Act and Water Services Act for several years
- Progress has in part been hampered by changes in political and administrative leadership in the department, which has resulted in changes in policy positions and priorities
- In about 2019, the former Minister requested that the two acts be amalgamated into one Act, and the Department drafted an amalgamated act
- However, in about 2021 a different Minister changed this decision, and the department was instructed to go back to separate amendment Bills for the two Acts
- The current political leadership of the department is also of the view that separate amendment Bills are required for the two Acts
- Minister Mchunu has increased the focus of DWS in municipal water services and is leading a process of strengthening the department's role in regulating, supporting and intervening in municipalities regarding water services. DWS is working with the WRC to carry out detailed research on possible amendments to the Water Services Act to enable this strengthened role, which might include measures such as licensing of water service providers. This research needs to be completed before amendments to the Water Services Act can be finalized, to avoid piece-meal amendments

- In this context, the legal section of the Department is currently focusing on amendments to the National Water Act:
 - The State Law Advisor has recently given the Department a go-ahead to submit the draft amendment Bill for the National Water Act to Cabinet, to request Cabinet approval for public consultation on the Bill
 - DWS will be submitting the Amendment Bill to the Clusters shortly as the first step to taking it to Cabinet
 - Amendments include measures to increase the equitable allocation of water and the protection of water resource areas that were not previously afforded protection.
- DWS is currently awaiting judgement from the Constitutional Court on the interpretation of Clause 25 of the National Water Act, which will have an impact on the transformation of water use allocations. This judgement may have an influence on the amendments to that section

c) The Department should provide a progress report on its National Sanitation Framework to ensure that the country's bucket system is eliminated in terms of Norms and Standards

- The DWS has developed the National Sanitation Framework (NSF) and submitted it to Cabinet for approval.
- The NSF is on the Agenda of the Cabinet meeting scheduled for February 2023. The NSF provides a policy framework which will form the basis for revising the minimum norms and standards for sanitation to make them more equitable and to align them with technology developments in the sector. The framework also provides for strengthened monitoring of compliance to these norms and standards and strengthening of governance structures in the sector.
- The framework also provides a policy basis for a review of service standards and also clarifies that forms of sanitation such as the bucket system are unacceptable and may not be implemented by municipalities.
- It further sets out measures to improve service delivery such as a range of support measures in various forms to address service delivery lapses. To ensure improved coordination and execution, the various sanitation forums already in existence will be leveraged to achieve the outcomes as outlined in the National Sanitation Framework.
- The Department will also develop an implementation plan over the short, medium, and long term on key aspects emanating from the framework to achieve its objectives.

d) The Portfolio Committee recommended collaboration with government departments such as the Department of Trade and Industry and Competition, and the Department of Cooperative Governance and Traditional Affairs, to ensure the uptake of WRC research products and technology and develop the industry for the mass production of these technologies.

The Water Research Commission (WRC) collaborates with various Departments, Entities, Academia and the general public to ensure that there is uptake on its research development and for the 2022-2023 financial year APP, the WRC strategic collaborations are currently implemented as follows:

- The Corporate Plan of the entity is aligned to the National Development Plan (NDP) objectives as well as the Annual Performance Plan of the DWS. This includes providing scientific support to Government in order to manage, monitor and protect water resources for growth and sustainability; assure water supplies by investment and reuse; and enhance conservation and water demand management.
- The WRC responds to the DWS Strategic Objective: Equitable access to reliable, sustainable and acceptable water resources and sanitation services through increasing knowledge on water and sanitation services, and protection of water across the value chain by initiating new research projects and providing the water sector and the country with supportive knowledge projects.
- The WRC also contributes by improving knowledge by disseminating published research reports, technical briefs and engaging the sector in knowledge-sharing events through public dialogues workshops and conferences in collaboration with the energy, agricultural and mining sectors as well as other stakeholder departments like the (DWS, Department of Science and Innovation, Department of Cooperative Governance and Traditional Affairs, Department of Agriculture, Land Reform and Rural Development.
- WRC and partners (SALGA) are in consultation with CPO in NT to include Innovation Products and an option in public service procurement. This is proposed under preferential procurement regulation.

e) The Portfolio Committee recommended that the Department provide a detailed response on the modalities, including a roadmap with timeframes to establish the National Water Resources Infrastructure Agency.

- The country requires an ongoing and sustained mega water resource infrastructure build programme, in addition to effectively operating and maintained existing assets
- However, due to fiscal constraints, DWS cannot rely on significant fiscal support to develop the required infrastructure. An agency would be better positioned than the department to raise funds from sources other than the fiscus.
- The current financial model used by the TCTA, of raising finance backed by off-take agreements and explicit government guarantees, could be expanded by leveraging the assets on the agency's balance sheet to raise finance without government guarantees.
- The establishment of the NWRIA will address the current fragmentation of asset management and revenue collection functions for national water resource infrastructure. Currently these functions are fragmented between the TCTA, the WTE and the infrastructure branch of the department, and the establishment of the NWRIA will enable them to be integrated into one entity. The national water assets currently owned by the Department (i.e., the dams and associated infrastructure) will also be transferred to the NWRIA

- DWS drafted the National Water Resource Infrastructure Agency Bill which was approved by Cabinet in August 2022 for public consultation.
- Extensive public consultations have taken place since August 2022. The Labour and Business constituents at NEDLAC requested that a NEDLAC task team be established to process the Bill. This process will take until the end of March
- The current lenders to the TCTA also requested an independent legal and financial review of the implications of the Bill for their existing loans. DWS is in the process of procuring this review, which should also be completed by end March.
- The process of establishing the Agency is intended to be as follows:
 - Bill tabled in Parliament by June 2023
 - Passing of the Bill by October 2023
 - Approval of the business case by the Minister of Finance and National Treasury by October 2023
 - Appointment of the Board for the Agency by the Minister by January 2024

END

