

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, WATER, SANITATION AND HUMAN SETTLEMENTS ON THE 2023/24 ANNUAL PERFORMANCE PLAN AND BUDGET VOTE OF THE DEPARTMENT OF WATER AND SANITATION, DATED 30 MAY 2023

Having considered and deliberated on the 2023/2024 Annual Performance Plan and Budget Vote of the Department of Water and Sanitation, the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlement; reports to the National Council of Provinces as follows:

1. LEGISLATIVE FRAMEWORK

- 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 and annual performance plans and budgets.
- 1.2. The Money Bills Amendment Procedures and Related Matters Act (2009) empowers Parliament to recommend, reject or amend budgets of National Departments and Organs of State.
- 1.3. The Act also enjoins Committees of Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments - and Entities reporting to them - on their Strategic Plans, Annual Performance Plans and Budgets.
- 1.4. The Select Committee on Cooperative Governance and Traditional Affairs has a constitutional mandate to exercise oversight over the Department of Water Affairs and

its Public Entities, namely Water Research Commission, Trans-Caledon Tunnel Authority, Breede-Gouritz and Inkomati –Usuthu Catchment Management Agencies.

- 1.5. The mandate of the Department of Water and Sanitation is underpinned by the provisions of the constitution and the Bill of Rights, imperative undertaken in the state of the nation addresses, 2030 vision of the National Development Plan as well as the United Nations Sustainable Development related to water and sanitation .
- 1.5. As part of ensuring executive accountability, strengthening parliamentary oversight and preparing members for the policy debates, the Select Committee considered on 5 May 2023, the Annual Performance plan of the Department of Water and Sanitation
- 1.6. The main objective of the virtual meeting was to ensure executive accountability and perform parliamentary oversight on performance and financial information related to Water and Sanitation as planned for the 2023/2024 by the Department of Water and Sanitation

2. 2023/2024 Annual Performance Plan and Budget Allocation of the Department of Water and Sanitation

- 2.1 The Department of Water and Sanitation presented the 2023/24 annual performance plan and budget allocation to departmental programmes. The presentation focused on outputs, indicators and annual targets and budget allocation related to departmental programmes, namely, Administration, Water Resource Management and Water Service Management Programmes.

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. The 2023/24 output indicators of the administration programme include performance and financial information related to targeted procurement budget spent on youth,

women and people with disability; implementation of financial recovery plan as well as the implementation of 2023/2024 annual international relation programmes

- 3.3. This Programme, which consumes 11.5% of the overall departmental budget, is allocated R1.95 billion in the 2021/22 financial year, up from R1.82 billion in 2020/21. This reflects a nominal rand increase of R135.7 million, which is a R57 million increase in real terms between 2020/21 and 2021/22, refer to Table 1 for details.

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. Some of the output indicators for the METF the development and finalization of National Water Act Amendment Bill, National Water Resources Strategy, Raw water charges, water use authorisations, Water Research Commission Levy and regulation for advancement of water allocation reform, transformation of irrigation Boards into Water User Associations and gazetting of the National Water Infrastructure Agency for the establishment

5. Programme3: Water Service 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. Some of the output indicator for this programme include the completion and implementation of feasibility studies for water and wastewater services projects,

readiness studies for water and wastewater projects, Regional bulk infrastructure projects, Water Services infrastructure grant projects, National Sanitation Integrated Plan, bulk water tariffs

6. Departmental Budget Allocation for the METF Period

- 6.1. The Department has been allocated an amount of R72.322 billion over the MTEF i.e. R22.257 billion, R24.180 billion and R25.885 billion in 2023/24, 2024/25 and 2025/26 respectively.
- 6.2. **Compensation of Employees** is allocated an amount of R5.611 billion over the MTEF i.e. R1.790 billion, R1.869 billion and R1.951 billion in 2023/24, 2024/25 and 2025/26 respectively.
- 6.3. **Goods and Services** is allocated R5.563 billion over the MTEF i.e. R1.755 billion, R1.862 billion and R1.946 billion in 2023/24, 2024/25 and 2025/26 respectively.
- 6.4. **Transfers and Subsidies** is allocated an amount of R46.619 billion over the MTEF i.e. R14.061 billion, R15.618 billion and R16.940 billion in 2023/24, 2024/25 and 2025/26 respectively.
- 6.5. **Payments for capital assets** is allocated an amount of R14.530 billion i.e. R4.650 billion, R4.832 billion and R5.048 billion in 2023/24, 2024/25 and 2025/26 respectively
- 6.6. Additional allocation through the Budget Facility for Infrastructure has significantly increased the departmental budget allocation. These include R692 million in 2023/24, R673 million 2024/25 and R557 million in 2025/26 to Magalies water to implement the Moretele North Klipvoor Bulk Water supply scheme. R608 million in each year of the 2023 MTEF to Magalies water to implement Phase 2: Pilanesberg Bulk Water Supply Scheme.

- 6.7. R150 million in 2023/24, R600 million in 2024/25 and R3.6 billion in 2025/26 to the Water Trading Entity to implement the uMkhomazi Water Project - Raw Water Component (uMWP-1).
- 6.8. R305 million in 2023/24, R593 million in 2024/25 and R481 million in 2025/26 to Drakenstein Local Municipality Sanitation to implement the Sanitation Infrastructure Project. R348 million in 2023/24, R250 million in 2024/25 and R390 million in 2025/26 to Nelson Mandela Bay Metropolitan Municipality to implement the Water Security Programme. R86 million in 2023/24, R492 million in 2024/25 and R574 million in 2025/26 to Sol Plaatje Local Municipality to implement the Integrated Bulk Supply System Intervention

7. Observations of the Select Committee

- 7.1. The Select Committee has welcomed the 2023/2024 Annual Performance Plan and budget allocation of the Department of Water and Sanitation. The committee has noted that the annual performance plan has been aligned and integrated with the medium term strategic framework and the 2023 state of the nation address (SONA)
- 7.2. The Select Committee has also noted that some of the 2023/2024 service delivery strategic priorities of the Department of Water and Sanitation include increasing participation of private sector finance and skills in the water sector, improving turn-around time on water licence, promoting transformation in water use, improving billing and revenue collection across the water value chain, establishing remaining catchment management agencies and transforming irrigation boards into water user associations
- 7.3. The Select Committee has further noted that in terms of internal strategic priorities, the department has committed to eradicate under-expenditure, strengthen financial and HR controls, ensure progress with all financial misconduct disciplinary cases, pursue condonation of historic irregular and unauthorized expenditure.
- 7.4. The Select Committee has furthermore noted that the department has highlighted investment in infrastructure by fast-tracking of the Lesotho Highlands water project, plans to increase the capacity of major dams in the country.

- 7.5. The Select Committee has also noted the significant progress made by the Department of Water and Sanitation in filling post of the Director- General and Deputy Director General. The post of Deputy Director General for Infrastructure Management became vacant in November 2022 due to dismissal of the previous incumbent. The filling of this position is currently on hold, pending the establishment of the National Water Resource Infrastructure Agency
- 7.6. While welcoming the progress in filling of senior management posts over the past financial year, the Select Committee raised concerns about lack of information on progress made on war on leaks programme, turn -around time for water licencing, departmental underspending, water crisis, allegations of corruption, lack of consequence management, lack of information in dealing with historical problems, contingency liability, accruals, abuse of water tendering, financial recovery plan, stealing of money meant for water provision, state of water treatment plant and reticulation, backlogs of sanitation in Free State and Northern Cape Provinces, lack of maintenance of water pumping stations in Mokopane, sewage spillage in Makgalakwena.

8. Recommendations of the Select Committee

- 8.1. 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 country
- 8.2. The Department of Water and Sanitation should provide progress reports on implementations of War on Leaks Programmes, ground water use, financial recovery plan dealing with historical problems of corruption, consequence management, irregular expenditure, investigations by the Special Investigation Unit and plans to mitigate the impact of vandalism, theft, load-shedding on water provision.
- 8.3. The Department of Water and Sanitation should fast-track the process of filling the position of the Deputy Director General for Infrastructure Management
- 8.4. As part of ensuring executive accountability and performing oversight, the Select Committee should align its quarterly programme in line with the 2023/2024 annual performance plan and budget allocation of the Department of Water and Sanitation.

- 8.5. The Department of Water and Sanitation should provide quarterly progress reports on achievements of outcome indicators as contained in the 2023/2024 annual performance plan and budget allocation
- 8.6. The Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlements should undertake proactive oversight visits during the 2023 parliamentary third term to selected municipalities in Free State, Northern Cape and Limpopo Provinces in order to assess the state of water treatment plant, sanitation programmes, war on leaks programmes, water reticulation and turn- around time on water licencing.

Report to be considered