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water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

BRIEFING THE PORTFOLIO COMMITTEE OF WATER AND ENVIRONMENTAL AFFAIRS ON RESOLUTIONS EMANATING FROM ALL MINUTES AND REPORTS (OVERSIGHT)

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**PART 1:
RESPONSE FROM THE CHIEF FINANCIAL OFFICER**

1 A plan to avoid under-spending and roll over in future

- Involvement of the Minister in the compilation of zero-based budgets that have highlighted areas of under-spending.
- Review of expenditure on the monthly basis to determine over/under expenditure, by using the In Year Monitoring (IYM) report which is submitted to the National Treasury.
- Provide expenditure reports in respect of chief directorates are EXCO meeting which is chair by the Minister as well as monthly Top Management meetings. During this exercise savings identified are brought to the attention of Top Management.
- Conduct a midyear review in October. The meeting will be chaired by the Acting Director-General. The purpose of this meeting is to monitor spending and any funds in respect of non performing projects will be transferred to other projects of high priority. During this meeting managers are expected to declare savings on time, to allow early reallocation of funds. During this review, spending will also be monitored on earmarked funding. If funds on these projects will not be fully utilised, the department will approach the National Treasury for approval to utilise funds on other earmarked projects.
- Visit branch heads and regional offices by finance managers from Head Office to discuss budgets and monitor expenditure. Follow up with major service providers such on goods and services already rendered but invoices not yet received by the department.
- Conduct regularly follow-up with major service providers of goods and services to provide the department with invoices for services already rendered.
- Ensure that all managers process invoices on time as soon as goods and services have been rendered.
- All managers to embark on the recruitment drive by ensuring that all critical vacant post are filled. Funds in respect of compensation of employees which will not be utilised will be shifted to other functions.

**PART 2:
RESPONSE FROM THE REGIONS**

2 Report on how water shortages were addressed in the Eastern Cape, Limpopo and Mpumalanga regions

2.1 Eastern Cape

The Eastern Cape Province is experiencing severe water shortages. According to the South African Weather Services, the province is currently in the 4 year of a drought phase. The province's six district municipalities (which are water services authorities) as well as the metropolitan municipality have been declared as drought disaster areas. The province's 2 water management areas' dam levels (namely WMA 12 and WMA 15) are currently at 71% and 31% respectively.

Recognising that the responsibility for the provision of water services falls within the water services authorities, the Department is providing support through the drought interventions i.e. serving in the established provincial Drought Management Technical Task Team and ensuring the preparation of the Provincial Consolidated Drought Relief Funding request totaling R985,060,564.30 which has since been submitted to National Treasury through the Department of Cooperative Governance and Traditional Affairs (CoGTA) for the following needs:

- Short term: purchasing and erection of rain water harvesting tanks, hiring of water tankers and water carting- R102,170,748.30
- Medium: equipping existing /drilling new boreholes, constructing rising mains to the main existing storage tanks- R275,189,816.00
- Long term needs- infrastructure related of drought stricken areas- R607,700,000.00

The following progress to date has been achieved:

- All six district municipalities submitted revised Business Plans as per the confirmed drought.
- Erection of 1400 rain water tanks as per the identified beneficiaries
- Request for funding for the Nelson Mandela Bay Municipality has been submitted to National Treasury through CoGTA.
- Ndlambe Local Municipality under the Cacadu District Municipality is in the process of being declared as a provincial disaster area.
- A total amount of R25,071 million (as first tranche) was transferred on 8 July 2010 (as per district municipalities' specific payment schedules) for short-term emergency water provision i.e. OR Tambo - R5,067 million; Joe Gqabi - R3 million; Cacadu - R3,2 million; Amathole - R6 million;

2.2 Mpumalanga

The Mpumalanga Province currently has a water backlog of 230 978 households which is distributed amongst three district municipalities; namely Gert Sibande (43 995), Nkangala (51 883) and Ehlanzeni (135 101). It should be noted that the Bushbuckridge and Nkomazi Local Municipalities within the Ehlanzeni contribute to more than 70% of the backlog in the province.

As part of the Department's support to local government, a 24km Acornhoek bulk line is in the process of implementation and it is envisaged that such will be completed in 2012. The implementation of the Acornhoek bulk line will assist the Bushbuckridge Local Municipality to cover almost its entire backlog. Further, the Department has provided support through the provision of two water package plants and four boreholes in an area previously impacted by cholera interventions by installing two package plants.

It should be noted that the Department has in total installed 34 boreholes and 800 rain water harvesting tanks in various areas in the province to ensure access to water supply and thus prevent water shortages.

With regard to water related challenges in Nkomazi Local Municipality, Nkangala District Municipality (Dr JS Moroka and Thembisile Hani Local Municipalities) and the Gert Sibande District Municipality, the Department can report as follows:

- Discussions are underway on the shortage of bulk water supply between the provincial government and the Nkomazi Local Municipality to appoint Bushbuckridge Water to assist the municipality in expanding the bulk infrastructure and the operations and maintenance.
- Discussions are underway on how can Rand Water can assist the Dr JS Moroka and Thembisile Hani Local Municipalities in addressing capacity problems.
- Discussions are underway between Rand Water, Mhlathuze Water and the Gert Sibande District Municipality to determine ways of providing assistance as 20% population lives on farm lands.

It should be noted that the National Department of Cooperative Governance and Traditional Affairs has developed a special purpose vehicle to assist the above-mentioned municipalities to deliver basic services and such approach is being negotiated with all the municipalities within the province.

2.3 Limpopo

There have been a number of interventions that seek to alleviate water shortages in Limpopo which are mainly funded through a Regional Bulk Water Supply programme and Accelerated Infrastructure Programme.

2.3.1 Regional Bulk Water Supply programme

The province was allocated an amount of R68,9 million in 2007/08, R134 million in 2008/2009, R228 million in 2009/10 financial years from the Regional Bulk Infrastructure Programme (RBIG) and the funding provides for 9 projects. It is anticipated that the province will be allocated a combined amount of R613 million in the 2011/2012 and 2012/2013 financial years.

PART 3
RESPONSES FROM POLICY & REGULATION

3 Short term and long plan to curb the of problem mines operating without licences

The short term plan is that the Department will instruct the mines operating without water use licence to commence with an application for the water use authorisation. Furthermore, mines that are operating without a water use licence having applied for the water use licence, the Department will fast track those applications. The long term plan is that the Department will engage with Department of Mineral Resources to ensure that mines are not granted mining rights before issuance of water use licence. In addition, the Department will update regulations to ensure mines adequately plan for any pollution emanating from mining operations.

4 A plan to assist the water boards on monies owed by municipalities

The Department was also requested to report back on the financial assistance it offered to Namakwa Water board

It is correct to note that at end of March 2010 the monies owed to Water Boards amount to R 1,4 billion of which 49.5% was the current debt. It is therefore misleading to include current debt into the analysis of what municipalities owe Water Boards because in reality, 90% of the current debt is paid when it is due. In addition, the current amounts billed to municipalities will change monthly due to sales volume and pricing, hence the "total" debt should increase with time due to inflation. The analysis of municipal debt owed to Water Boards should therefore focus on debt that is 30 days or older. This is the amount included in the table below as arrears. This is R 705 million. A breakdown of this debt is provided in the table below:

WATER BOARDS MUNICIPAL DEBT SUMMARY - MARCH 2010							
	OUTSTANDING BALANCE	CURRENT	DAYS 30	DAYS 60	DAYS 90	DAYS 120+	ARREARS
Albany Coast	309,083	309,083	0	0	0	0	0
Amatola	16,925,810	15,521,574	1,404,236	0	0	0	1,404,236
Bloem Water	68,869,111	20,925,227	1,742,590	2,589,185	1,077,609	42,331,200	47,713,881
Botshelo Water	39,976,842	4,587,385	3,875,856	4,581,451	1,111,878	25,823,271	35,389,457
Bushbuckridge Water	184,907,094	7,455,883	7,889,505	7,152,384	3,889,605	155,713,917	177,451,411
Lepelle Northern Water	244,856,005	22,666,650	8,940,899	8,523,125	3,957,373	195,767,758	222,189,155
Magalies Water	6,472,092	5,090,242	1,331,958	21,831	5,821	22,240	1,381,850
Mhlathuze Water	3,873,773	3,873,773	0	0	0	0	0
Namakwa Water	1,493,861	1,493,861	0	0	0	0	0
Overberg Water	732,093	732,093	0	0	0	0	0
Pelladriif Water	227,531	101,115	126,416	0	0	0	126,416
Sedibeng Water	221,495,081	27,534,505	24,501,219	2,203,346	32,687,848	115,563,163	193,960,576
Rand Water	470,088,903	450,739,212	16,985,485	2,784,206	0	0	19,349,691
Umgen Water	135,858,265	130,343,101	5,515,164	0	0	0	5,515,164
TOTAL	1,395,685,544	691,173,704	71,693,129	46,855,829	50,730,134	535,232,549	704,511,840
DEBTORS AGE ANALYSIS	100.00%	49.52%	5.14%	3.36%	3.63%	38.35%	50.48%

The Department of Water Affairs assists Water Boards with the debt owed to them by municipalities through the mechanisms provided in section 44 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003). There have been successes in this regard, notably Bushbuckridge Water, Sedibeng Water, Lepelle Northern Water and Umgeni Water. The Department and National Treasury have been working with these Water Boards, as well as others, and the disputes around payment of debt have been either partially resolved, payments have been made or arrangements for payment agreed upon.

It is also incorrect to state that some Water Boards are being disestablished because of the debt owed to them by municipalities. The only Water Board that is under consideration for disestablishment is Namakwa Water Board due to sustainability challenges. The Department has allocated grant funding of R44 million over three years to Namakwa Water Board for refurbishment of priority infrastructure, that is, R4 million in year one, R15 million in year two and R25 million in year three.

5 Poor Relations between Department and SALGA

The perception of poor relations between the Department of Water Affairs (DWA) and the South African Local Government Association (SALGA) is based on the concern raised by SALGA that DWA is not applying effective regulations to annual pricing increases of potable bulk water by Water Boards. DWA has committed to the establishment of an independent economic regulator to address the concerns raised by SALGA.

6 Climate Change: Mitigation and Adaptation strategies for the Water Sector.

The Department is currently in the process of developing a Climate Change Mitigation and Adaptation strategy for the Water Sector

PART 4
RESPONSE FROM CORPORATE SERVICES

7 Skills audit plan

7.1 DWA Skills Gap Analysis

The analysis focused on the following

- High vacancy rate particularly at middle management and operational levels
- Core, Critical and Scarce skills not readily available in the Department across most occupational classification
- Aging workforce: large percentage of staff approaching retirement
- Line performance management and skills gap analysis as captured in employee Personal Development Plans (PDP's)
- Talent Management is the custodian of the Skills Gap closure process with identified solutions as tabulated in this presentation

7.2 Critical key skills gap identified and solutions

NO	AREA	COMPETENCY GAP	INTERVENTIONS		DATE/ DURATION
			Short term Short courses	Long term Bursaries	
	CS/ DG/ MINISTRY/ ODG	Management: Project Management Strategic leadership Policy development, etc	863	7	31 March 2011/2013
	NWRI	Resources Management Engineering Science Management	763	6 3 3 3	31 March 2011/2013
	Policy and Regulation	Science Environmental Management	337	5 3 4	31 March 2011/2013
	Regions	Community Participation Local Government operations Social, Gender and Equity Studies	3 330	1 1 1	31 March 2011/2013
	CFO	Financial Management Economics Business Economics	395	4 1 1	31 March 2011/ 2013
	International Relations	Management: Programme and project management Report writing Public speaking, etc	5		31 March 2011

7.3 Consolidated vacancy report

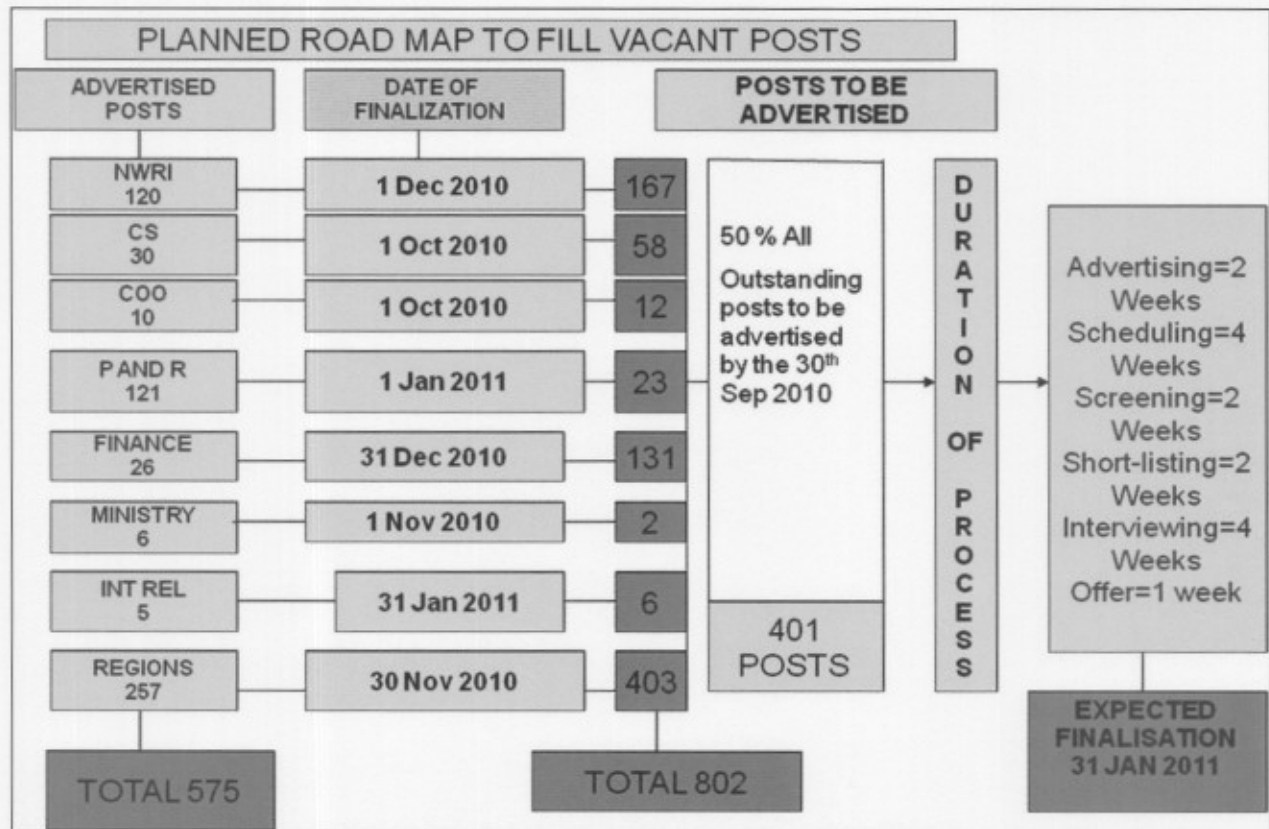
7.3.1. Vacancies per Branch per Salary Level - JULY 2010

BRANCH	SALARY LEVEL																TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
MIN/DG/COO/IA					4	3	3	5	4	6		6	3	3			37
CORPORATE SERVICES		3	14	2	6	25	9	5	9	4	2	7	1	1			88
FINANCE			1	2	2	31	53	32	3	26	1	6					157
REGIONS		52	18	25	36	124	111	123	49	56	31	23	10	2			660
NWRI		21	18	17	47	29	60	42	14	11	10	17	1				287
POLICY & REG.			1		22	9	32	12	15	17	21	10	5				144
INT. RELATIONS					1		2		1	4		1	2				11
GRAND TOTAL	0	76	52	46	118	221	270	219	95	124	65	70	22	6	0	0	1384

7.3.2 Filled and vacant posts per branch with vacancy rate%

BRANCH	FILLED	VACANT	TOTAL	VACANCY %
MINISTER / DG / COO / IA	115	37	152	24.34
CORPORATE S.	598	88	686	12.83
FINANCE	320	157	477	32.91
REGIONS	3413	660	4073	16.20
NWRI	2777	287	3064	9.37
POLICY & REG.	530	144	674	21.36
INT. RELATIONS	26	11	37	29.73
Grand Total	7779	1384	9163	15.10

7.4 Planned road map to fill vacant posts



PART 5:
RESPONSE FROM NATIONAL WATER RESOURCES INFRASTRUCTURE

8 Infrastructure maintenance and rehabilitation programme;

A large number of rehabilitation projects have been identified to commence or continue during the MTEF period (spreadsheets with full details are attached).

If a straight-line expenditure pattern is accepted, expenditure at the end of the first quarter should have been at 25%. The actual expenditure stood at 20%.

The main reasons for falling behind are a lack of technical capacity, long procurement procedures and delays with environmental authorisations.

A large number of technical posts have been advertised recently, it is anticipated that some of these posts will be filled relieving the capacity problem. As an interim measure reliance is placed on consultants.

Maintenance

Currently maintenance work is on programme.

Schedules for routine preventative maintenance work are available at each operational area.

Due to limited technical capacity (artisan, technician and engineers) the Department relies on contractors to assist with maintenance tasks and repairs. Term contracts have been arranged for each operational area.

Additional Information is attached as **Annexure B**.

PART 6:
RESPONSE FROM CHIEF OPERATIONS OFFICER

9 Legislative Review process

9.1 Water Services Act (Act 108 of 1997)

The Department enacted the Water Services Act (referred to as "the Act") in 1997. It was a forerunner in thought in particular with regard to the following:

- it distinguished a service authority from a service provider; and
- it reconstituted the role of water boards.

The Act was the first piece of "new order" legislation which contemplated service providers and gave foundation to the Constitutional perspective that local government is responsible for ensuring service provision, but need not necessarily be the service provider.

There is a need for significant amendment to, and updating of, the Act to align it with the Strategic Framework for Water Services and, in particular the significantly revised local government legislation which came into effect after the Act including specifically the Municipal Systems Act, 2000, (No 32 of 2000) and the Municipal Finance Management Act, 2003 (No 56 of 2003).

The Act must be revised to adequately provide for the following matters:

- for the definitions of the Act to be amended (a number of new definitions and amendments to existing definitions is provided for in the Strategic Framework for Water Services);
- to extend the Minister's authority in respect of norms and standards and to amend the current regulations promulgated under sections 9, 10 and 19 of the Act;
- for the roles and responsibilities of sector role-players (Water Services Authorities, Water Services Providers, the Department of Water Affairs, provinces, other National government departments, water services agents and the like) to be clearly provided for;
- to provide for a number of requirements reflected in the Strategic Framework for Water Services such as consumer contracts, consumer charters, higher levels of service, business plans, asset registers, free basic water services, credit control and debt collection, water sector plans, and the lodging of consumer complaints with Minister, among others;
- for water resources management to be more closely aligned to water services;
- for the planning and reporting requirements of the various sector lead departments to be coordinated;
- for the process of assessing and appointing Water Services Providers to be clarified and simplified (including the section 19 regulations under the Water services Act, 1997);
- to distinguish clearly between local and regional water services and water services providers as the regulatory role of water services authorities and the Department differ in respect thereof;
- to improve the governance and regulation of regional providers, specifically water boards;
- to better provide for measures to ensure legislative compliance (regulatory instruments);
- to simplify the intervention processes and procedures provided for in the Act;
- for the Ministers of the various sector departments to collaborate on the issuing of regulations which impact on water services provision;
- to amend the financial provisions of the Act to better reflect the latest policy and legislative positions in terms of the Municipal Finance Management Act, the Division of Revenue Act, and Municipal Infrastructure Grants, amongst others; and

- to reconsider certain provisions of the Act such as the Chapter on water services committees.

9.2 National Water Act (Act 36 of 1997)

In 1996 the Constitution of the Republic of South Africa, 1996 (act 106 of 1996) ("the Constitution") was promulgated which laid out specific fundamental rights in terms of access to water in the Bill of Rights.

Section 27 sets out the mandate and therefore the national agenda. National Water Act, 1998 (Act 36 of 1998) (from here on referred to as "the Act"), was thus drafted as a legislative measure to enact section 27 of the Constitution in terms of the right to water. This Act repealed the 1956 Water Act and provided a legal framework for the progressive realisation of the right of access to sufficient water.

The objective of the Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all persons. The Act provides that the National Government, as the public trustee of the nation's water resources and acting through the Minister, have the power to regulate the use, flow and control of all water in the Republic of South Africa.

Since the Act's promulgation, over the years of implementation, it has however come to light that in order to improve equity in water resource allocation and water resources management, the amendment of the National Water Act is required to ensure streamlining of legislative and regulatory processes.

The main objectives of the review process are to address all the challenges with regards to the implementation of the Act to ensure that objectives of reform, decentralisation and service delivery are achieved through proper consultation with internal and external stakeholders.

The primary reasons for reviewing the Act are that:

- The regulation to support the implementation of the National Water Act had not been integrated
- The Water Allocation Reform programme has been lagging behind and this had resulted in redress and equity not being effectively achieved
- The establishment of Water Management Institutions has been delayed due to uncertainties around the future and transfer of staff
- Challenges are being experienced with developing a sound asset data base for all the water resource infrastructure in the country
- The issuing of water use authorisations has been a long and complex process due to the fact that delegations have not been completed to proto-CMA's
- Recognition of the importance of Water User Association due to lack of transformation had been a problematic
- The sector did not have a strong communication and marketing strategy for water resources management
- Water resources management has been completely under resourced
- Water quality issues need to be addressed more effectively

The review process will establish, through conducting a Regulatory Impact Assessment, whether these issues are the resultant from gaps in the legislation itself, elements requiring clarification within the legislation and/or issues that requires to be reconsidered in terms of implementability.

9.3 Water Research Act (Act 34 of 1971)

The Water Research Act was promulgated in 1971 and amended in 1996.

During 2006 the Water Research Council Board of Directors requested a task team be established to investigate the need to review the Water Research Act. The task team concluded that there was only the need for minor amendments to the Act in terms of modernising the language used, administrative issues and alignment with specifically the Public Finance Management Act (Act 1 of 1999).

The Department of Water Affairs will however consider whether the Water Research Act is still adequately addressing the research requirements of the Department and the water sector in general in terms of the changing environment and technological and research advances since 1971.

**PART 7:
RESPONSE FROM INTERNATIONAL RELATIONS**

10 International Shared Watercourses Agreements.

10.1 Trans-boundary water co-operation

Three **shared watercourse institutions** have been established with our neighbouring states to promote international trans-boundary co-operation, namely:

- a. Orange Senqu River Commission – ORASECOM
- b. Limpopo Watercourse Commission – LIMCOM
- c. Tripartite Permanent Technical Committee - TPTC

10.2 Agreements on Trans-boundary water co-operation

- **Lesotho Treaty** to implement the Lesotho Highlands Water Project (LHWP) within the Orange-Senqu River Basin, transferring water from Lesotho to South Africa. Statement of Intent signed to demonstrate commitment to implement Phase 2 of the project.
- **Swaziland agreement** South Africa between Pongola Poort Dam to the canal in Shitilo, Swaziland through the Impala Water Users Association signed in 24 July 2010
- **INCOMAPUTO agreement between SA, Swaziland and Mozambique**, to implement the Komati River Development Project between South Africa and Swaziland to develop the water resources of the Komati River within the Incomati River Basin, mainly for irrigation in both countries and to generate hydropower for Swaziland.
- **Namibia/South Africa** on joint irrigation scheme
- **Botswana** Cross border line water supply agreement signed in July 2008 (Tswa-SA agreement)

