

Budget Vote 34 of 2007/08
Speech by Mrs LB Hendricks, Minister of Water Affairs and Forestry
National Assembly, Cape Town
17 May 2007

Madam Speaker
Honourable Members
Representatives from our public entities
Representatives from civil society
Ladies and Gentlemen

1. Introduction

It is an honour for me to stand before you today to present my first budget as the Minister of Water Affairs and Forestry. The 2007/8 budget of the Department of Water Affairs and Forestry (DWAF) that I table before you today is R5.3 billion, a sizable budget that reflects the enormity of the amount of work undertaken by DWAF.

Coming new into this portfolio I have learnt over the past year just how important water, sanitation and forestry are to our society, and the contribution these sectors play in economic development, social upliftment and in our quality of life. By contrast we are well aware of the degradation that results from lack of access to such basic services as clean water and adequate sanitation.

2. Water and Sanitation Targets

The United Nations Human Development Index uses access to clean water as one of the key indicators in determining the rankings on the development index and determining levels of human poverty. Likewise the Millennium Development Goals (MDGs) that South Africa has endorsed, places particular importance on reducing by half the numbers of people without access to sanitation and clean water by 2015.

Since 1994 the Government has recognised the need to address the imbalances of the past and placed great emphasis on access to water and sanitation services. Despite the massive successes we have had in the provision of water and sanitation since 1994, this commitment has in no way lessened - rather it has intensified; and in his State of the Nation Address in February this year President Mbeki mentioned on several occasions the need for our country to expand access to these services. Because of the recognition of the importance these basic services have on the lives of our people, particularly the poor, we have committed ourselves to go beyond the MDGs and provide universal access to water and sanitation.

This has seen a number of targets being set, which include:

1. Bucket eradication in the formal established settlements by December 2007. There are 106 800 buckets remaining in these formal established settlements and after holding sanitation summits with the three provinces most affected by buckets, I remain confident that we will achieve this target.
2. Eradication of the water and sanitation backlog in clinics by 2007 and in schools by 2008/9. An agreement has been reached between the Department of Health, Department of Education and National Treasury for my Department to take responsibility for ensuring the delivery of water and sanitation to the 2346 schools and 719 clinics that remain without adequate services. An amount of R950m has been allocated over a three year period for this function.
3. Eradication of water supply backlog by 2008. With effective implementation of the plans we have in place we should be able to reach the 14% of our population that remain without access to clean water.
4. Eradication of the general sanitation backlog by 2010. Lack of adequate sanitation still affects 27% of our population. A great deal of resources and work will be required to ensure that we supply the estimated 3.2 million toilets over the next four years.

In order to achieve these targets we have an accelerated service delivery plan, which has been endorsed by Cabinet Lekgotla. This commitment is clearly reflected in the DWAF budget, which shows an increased allocation of R400 million to water and sanitation this financial year; and under the medium term expenditure framework we see this allocation growing by a further R620 million in the next financial year. The budget of R1.9 billion allocated in this financial year just on water and sanitation services is in addition to the substantial resources made available to municipalities through the

Municipal Infrastructure Grant (MIG) programme, and will go a long way in ensuring that we meet our targets.

The impact of our activities over the past financial year, in collaboration with municipalities and other partners, saw a further 1.2 million people being given access to basic water supply, 250 000 households receiving sanitation, and 74 000 buckets being eradicated. With the increased budget allocation of 19.9% in this financial year, improved cooperation with municipalities, and the increased drive by my Department, we should see even greater impact being made during 2007/8.

Our Free Basic Water policy continues to have a positive impact with an estimated 76% of households benefiting there from. While some are clamouring for an increase in the amount of free basic water allocated it is imperative that we first address the 7.2 million people who remain without access to clean water.

3. Water Conservation and Demand Management

Honourable Members, with the rapid expansion of our economy there will inevitably be a growth in the demand for water; and while we need to look at new infrastructure for water, which we are doing, we need to be mindful that our water resources are limited. We will therefore need to ensure improved management of our water through effective water conservation and water demand management measures. A large scale programme of this nature may have the potential to defer the construction of new dams and other infrastructure.

There is still unacceptably high levels of water losses, wastages and inefficient use across our country. We have therefore embarked on a major campaign this year to reduce these losses; and have identified a number of interventions that need to be made by all water users. Some of these interventions include:

1. A National Water-wise Campaign;
2. The investigation of the possible development of water conservation and demand management regulations;
3. Establishment of a National Water Use Efficiency Information System to among others facilitate dialogue and interactive sharing of ideas and approaches to improving the state of water use efficiency in our country;
4. During this year we will also be investigating the possibility of introducing a national fund to support municipalities and other qualifying water users to implement water saving; which could be supplemented by an incentive scheme;
5. As a means to encourage water saving and demand management by municipalities and water management institutions, as well as encourage the development of water saving products, I would like to announce that next year I will be holding Ministerial Awards for those that have excelled in this area.

As the Minister of Water Affairs and Forestry, I have, with the concurrence of the Minister of Finance, and in accordance with the National Water Act, 1998 set a new pricing strategy for charges for water use, and this came into effect on 1 April 2007. The new pricing strategy makes provision for, amongst other things, the establishment of a waste discharge charge system that is based on "a polluter pays" principle. This system aims to promote the efficient use of water by recovering costs associated with mitigating resource quality impacts of waste discharge on our water resources.

3.1 Working for Water

A major intervention by DWAF in collaboration with other departments to address the challenge of water scarcity is the Working for Water Programme. Under this Expanded Public Works Programme we use community labour to remove alien invasive species that consume our water resources and cause damage to our environment.

Since its establishment Working for Water has made significant strides in poverty eradication, skills development and skills transfer, gender equality and is instrumental in support to people in the Second Economy. When Julia Mpebe from Mooiplaas informal settlement near Pretoria, joined Working for Water as a general worker in 2000, she knew little about invasive alien plants. A lot has changed since then; Mpebe is now a WfW contractor with her own team. "When WfW came to Mooiplaas and recruited people, I knew nothing about invasive alien plants. Today, when I'm driving and I see invasives, I just want to stop and get rid of these plants because they rob our land of its agricultural productivity and steal our water", she said.

In 2006/07 the WfW programme treated more than 790,000 hectares of invasive alien plants creating more than 1.8 million days of employment (by over 29 000 of people), and in this financial year with a budget of R387 million we look forward to this programme continuing its excellent work. There are also possibilities of expanding this initiative under the Jobs for Growth programme, which will achieve the dual objective of creating employment while also contributing to improved water flows, rehabilitating our environment, and opening up agricultural land for more productive uses.

Part of the Working for Water programme is Operation Vuselela, where DWAF has partnered with the Department of Defence to clear invasive species from more than 5,500 hectares of Defence Force land, and providing 44,000 days of employment to military veterans.

4. Drinking Water Quality

A number of challenges with regard to drinking water quality were identified by municipalities in 2005/06. In response, my Department in consultation with Local Government has made interventions where failures were identified and this contributed significantly to the improved management of Drinking Water Quality. We have also been working with the Department of Health on the collection and testing of drinking water quality.

As sector leader and regulator, my Department has proactive initiatives to ensure that the importance of drinking water quality management is well understood, and the overall quality of drinking water is improved. One of these initiatives is the introduction of the electronic Water Quality Management System to Water Services Authorities as you would have seen at our exhibition outside. To date more than a 100 Water Services Authorities are using this system to good effect and enables them to ensure effective management of drinking water quality. Continuous update and management of these information systems will see that both municipalities and my Department fulfil their respective roles more effectively in future. Water Boards are also assisting municipalities in ensuring drinking water quality standards remain high.

One of the main priorities for the sector is continue assuring the public and give them confidence in the quality of South African tap water as part of our commitment to ensure a successful 2010 Soccer World Cup.

During this financial year my Department will continue to create awareness and to educate on the importance of water quality, and we will continue to focus on educating the South African community and decision makers to understand our rights and our responsibilities, and why the quality of drinking water cannot be compromised. We are currently revising the Framework for Drinking Water Quality Management.

5. Bulk Water Infrastructure

One of the biggest challenges faced by municipalities is the lack of bulk water infrastructure and wastewater treatment capacity. This lack of infrastructure is becoming particularly acute as we roll out water and sanitation services. The optimum solution is often regional works that could supply a number of municipalities. This solution requires the municipalities to co-operatively plan, fund and operate the works. My department has thus decided to establish a special programme for water services bulk infrastructure. This programme will come into operation during this financial year and a grant amount of R1.4 billion has been allocated over the next three years.

6. National Water Resources Infrastructure

In addition to the water services bulk infrastructure programme a significant part of our budget increase over the next three years is to cater for the construction of new dams and pipelines. This budget will also cater for the maintenance of bulk raw water infrastructure, which includes dam safety, weirs, canals, tunnels, pump stations, siphons, concrete pipelines, steel pipes, and related buildings. My Department has completed a preliminary assessment of refurbishment requirements which is estimated at R3.1 billion. While R1.5 billion has been secured we will continue to investigate various avenues for funding the R1.6 billion shortfall.

One of the most exciting developments this year is the commencement of construction of the De Hoop Dam in Limpopo, which was launched on Monday 19th March with a sod turning ceremony. This dam will not only bring much needed water to the Sekhukhune community of about 800 000 people but will also bring economic opportunities and unlock the mining potential in the region. The total investment

required for the construction of the dam and associated infrastructure is R5.1 billion; an amount of approximately R2.2 billion has been allocated to the De Hoop Dam and social components of the project over the medium term expenditure framework; and the balance will be financed off budget.

It is expected that infrastructure developments of this nature will in future be implemented through the envisaged National Water Resources Infrastructure Agency, and during the course of this year we will be bringing legislation to Parliament for the creation of this agency. The work of the agency will also bring together the finance, construction and maintenance of bulk raw water infrastructure under one agency reporting to the Minister of Water Affairs and Forestry.

7. Forestry and Broad-Based BEE Charter

Honourable Members, we are now developing a new vision for the forestry sector, and raising the profile of forestry as an important contributor towards economic growth and as an Asgi-SA programme. To give effect to this increased importance of forestry we have made changes to the structure of the Department by consolidating the different forestry units into a single branch in the Department, and the appointment of a DDG to lead the branch.

This vision and new structure will see the Department playing a more active and leadership role in supporting and facilitating the growth of commercial forestry operations in both the private sector and state owned operations. Alongside our efforts to support the growth of this sector we are also working with industry players to transform the sector, and the Forestry Broad-Based BEE Charter will be an important vehicle for this transformation, as reported in our budget speech last year.

We are now in a position to launch the charter at a Forestry Indaba as it has been aligned with the BEE Codes of Good Practice. I would like to announce that this Indaba will be held on Monday 25 June 2007.

The charter is the most significant achievement in forestry as it incorporates a number of the objectives of our country, and it is both a plan for transformation as well as growth and development for the sector. Once implemented we shall therefore not only see increased numbers of Historically Disadvantaged Individuals and women participating in the forestry sector but also an increase in the forestry resource base and enterprise development. A budget of R40 million has been set aside to implement the charter, which constitutes 8.7% of the forestry budget of R460 million. These developments will have a favourable impact on job creation and economic growth.

Part of AsgiSA is to unlock the binding constraints that inhibit growth in the economy; and it has been identified that one such binding constraint is the slow pace at which water licences for new forests are issued. Because the issuing of these licences involves several government departments and other role-players it is necessary for DWAF as sector leader to drive these changes so that we can achieve our target of 100 000ha of afforestation over the next 10 years. What is important is that we involve rural communities in this afforestation and thereby contribute to supporting the Second Economy, which will need to be done in partnership with provincial government and municipal Local Economic Development (LED) programmes. One of our priorities for this year is to work with the Department of Land Affairs to resolve the outstanding land reform beneficiaries so that we can unlock some of the forestry potential that exists in our rural areas.

An important initiative for the forestry branch in the coming year is to drive greening programmes. These greening programmes will now take on an added impetus that will see this year's Arbour Week campaign launching a programme to plant at least a million trees per year. This programme will include the planting of fruit trees as a means to support sustainable livelihoods, particularly in rural areas. Members should have received their saplings today.

Fire prevention forms an important part of the work of DWAF; to this effect the Department is encouraging municipalities and land owners to form fire protection associations. We are also running the Working on Fire programme in collaboration with DPLG, which has created 300 000 days of employment (1 586 people) - a budget of R56 million has been set aside for this programme.

8. International Co-operation

Honourable Members, the importance of co-operation with our neighbours when it comes to water and forestry cannot be overemphasised. Consequently my Department has established very close relations with our neighbouring states on transboundary water and forestry matters, including the issue of cross border fires. We have already established a number of watercourse commissions to manage rivers we

share with our neighbouring countries. The strengthening of these commissions and our relations with our neighbouring states is the top priority for my department.

We also participate and support the activities of the African Ministers' Council on Water (AMCOW), as well as SADC structures. In line with the objectives of New Partnership for Africa's Development (NEPAD), South Africa is keen to share its experiences and skills with other African countries. We are currently engaging with the Democratic Republic of Congo with a view to supporting capacity building of water officials in the Katanga Province.

In line with the Government's Medium Term Strategic Objective of contributing, not only towards a better Africa, but also towards a better world we will continue with our international engagements in water and forestry during this and the coming years. At the Stockholm Water Symposium held in Sweden on 21 August 2006, I used the occasion of my speech to share with the peoples of the world the SADC and South African experiences in regard to the benefits of sharing in our transboundary waters, pointing to our flagship Lesotho Highlands Water Project as an example.

9. Internal

Madam Speaker, a significant portion of my department's budget goes towards administration. With a department of over 16 000 employees the allocation of R500 million for administration can be put into context. The large size of the department requires extensive Human Resources support and administrative capacity.

My Department is also busy developing regulatory and institutional reform strategies in order to strengthen our regulatory and oversight role as sector leader, while a governance framework for water management institutions is being established to ensure that strategies for these institutions are aligned with my Department's strategic objectives and ensure that our public entities fulfil the mandate for which they were established whilst also maintaining high standards of corporate governance.

DWAF like other organisations that require scientists, engineers and technicians is faced with a general skills shortage as these professions become more marketable with the growth in our economy. To proactively deal with this challenge my Department has a number of strategies, one of which is the establishment of a Learning Academy. This academy will work closely with academic institutions, professional bodies, and other departments with a view to attracting students to offer them experiential training and to contribute to the skills base in the water and forestry sectors.

10. Conclusion

To conclude, honourable members, through the work of my department we look forward to supporting our national efforts to alleviate poverty and create jobs. Water and forestry are also critical sectors in contributing to our target of 6% economic growth by 2010.

I would like to thank my Director General, Jabu Sindane and his management team together with all other staff in the department for their support, and for welcoming me to the department. I would like to acknowledge their hard work and commitment to achieve our objectives and contribute to making a better life for our people. I would like to acknowledge the role of Portfolio Committee on Water Affairs and Forestry for their oversight work.

Madam Speaker, Honourable Members, I request the House to approve my department's budget of R5.3 billion.

I thank you.