

**ADDRESS BY L N SISULU, MP, MINISTER OF HUMAN  
SETTLEMENTS, WATER AND SANITATION ON THE  
OCCASION OF THE DEBATE ON THE HUMAN  
SETTLEMENTS, WATER AND SANITATION BUDGET VOTES  
IN THE NATIONAL COUNCIL OF PROVINCES  
CAPE TOWN, 25 JULY 2019**

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Chairperson,

Honourable Members,

Chairperson and Members of the Select Committee on Co-operative  
Governance and Traditional Affairs

Members of Executive Councils

Executive Mayors, Mayors and Councilors,

Leadership of the South African Local Government Association,

Members of Boards and Councils of Human Settlements Entities

Ladies and Gentlemen

We have a huge challenge against a shrinking budget and to overcome some of our problems, we need a thoughtful, judicious and cost-effective oversight and execution of our work. The combination of the Departments of Human Settlements and Water & Sanitation will greatly assist in this. These are essential, core functions of our government. To cope with this, we would need to latch onto new ways of doing things. To begin with, both Departments would embark on a project to digitise their data and information. This includes dams, water reservoirs, houses, urban land, etc. We'll take advantage of the benefits of the fourth industrial revolution, which will allow us to do things smarter and faster.

Let's contextualise our reality right now to understand the enormity of what still has to be done. We are world renowned for the inequalities in our society and this is graphically illustrated in the patterns of settlements we have. StatsSA indicates that almost half of our population is living in poverty. These are mainly in the rural areas, especially in the Eastern Cape and Limpopo. These are the people who migrate to urban areas at the rate of 2.4 % per annum putting pressure on our infrastructure and on the backlog of people who need shelter, resulting in the scenes that we have seen in Alexandra. We still continue with a skewed development where the developed parts of the country extract cheap labour from rural areas, further under-developing these areas.

We need to drastically find solutions and restructure this Apartheid reality. We need to take infrastructure, houses and jobs to our people where they live and revive our rural towns. We need to work towards a different mode of production. Our people are still largely a labour force that lives far from their jobs. We spend huge amounts of money on roads that take them to their places of work. In our planning, we should urgently find land and places to live where there is work and create work where they live, with all amenities that you find in cities.

Unless we strike some equilibrium we will continue to have the problems of decaying, over-utilised and overburdened cities and decaying, under-utilized and under-serviced rural towns. The faces of capital might have changed over the past 25 years, but the modes of production are the same, creating under-development in rural areas and periphery of towns.

These are the people most in need of huge injections into infrastructure, especially of water and sanitation. Right now, when we talk about the provision

of water for these, we are talking about them going to a local tap and queuing up for water. They have the least protection from society and the economy. In the cities, on the other hand, the poor continue to pay the highest rates for water and we continue to subsidise those in industry while a hefty number of them continue to pollute our water resources.

There is something wrong in our distribution of these essential services and we have a huge transformative responsibility to undertake. I'll depend on the energy and support of the Honourable Members to assist us in this, because you are closest to the problems we are dealing with.

I will now go straight to the allocation of the budget and the most important solutions and the nature of partnership that we want with yourselves in the NCOP. We will empower you with knowledge about projects we have across the country and the problems we are experiencing in each district and we will provide each member with a disk of this information. Twenty five years of democracy is a long time, we have got to find a way. The people who now march on our streets are young people and the explanations of where we come from to get here completely fly over their heads. Their reality is now and they want responses now.

The Constitutional and legislative framework which governs the human settlements and Water and Sanitation sectors, places the Provinces and Municipalities at the core of the delivery of housing, human settlements, water services and sanitation. The Departments must discharge their responsibility of ensuring our policies, macro planning and funding is responsive to the needs and aspirations of citizens and households in each particular Province and Municipality. The Departments, in ensuring that required targets, outputs and outcomes are achieved, also enlists its numerous Human Settlements and Water

& Sanitation entities to provide planning, funding, development, regulatory and compliance support to all Provinces, Municipalities and entities.

Our planning and programme delivery framework is one which is grounded on a platform which ensures accountability, responsibility and value for money. Our collective existence and responsibility is to ensure that all our citizens have the ability to progressively realise the right to housing in a now fully integrated human settlement. This must and should form the basis of everything we do. Whilst we have much to be proud of in what we have done there is even more that we are called upon to do. We have delivered over 4 million housing opportunities in the various Municipalities in all of the Provinces, all with water and sanitation. We have built dams and water resources, all of these against increasing demand and diminishing resources.

The grants of the Department are allocated to the Provinces and Metropolitan Municipalities based on fair and equitable formula's which takes into account amongst other factors population, and the nature of the backlogs.

I must highlight that the Department of Human Settlements has been affected by the expenditure cuts which are totalling R85bn over the MTEF period, R53bn of which has been cut at national level, including large programmes and transfers to public entities. For the 2019/20 financial year the Department of Human Settlements has been allocated a total budget of **R33.8 bn**, which has been allocated as follows:

- **R18.7bn** as Grants to the nine Provinces for the creation of sustainable human settlements that enables improved quality of household life and access to basic services. Linked to this, funds will be reprioritised for the

priorities set out in the 2019-2024 Medium Term Strategic Framework for human settlements.

- **R12bn** as Grants to the eight largest Metropolitan Municipalities to co-fund bulk infrastructure, water, sanitation, refuse removal, roads and storm-water as well as fire stations, libraries and community halls. It further funds acquisition of land and buildings for inner-city improvement precincts and densification.
- **R149.1m** as a Grant to municipalities in respect of emergency housing, while **R276.9m** to provinces also for emergency housing.
- The Title deeds restoration grant has been allocated an amount of **R547.7m**.

The Department of Water and Sanitation (DWS) has been allocated a total budget of R16.4 billion. Of this amount, R9.417 billion is specifically and exclusively appropriated for the infrastructure development programme under Regional Bulk Infrastructure Grant (RBIG) and Water Services Infrastructure Grant (WSIG). The infrastructure grants appropriations are divided into allocations-in-kind to local government

The purpose of the **Regional Bulk Infrastructure Grant (RBIG)** is to assist Water Services Authorities to:

- develop new, refurbish, upgrade and replace ageing water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality;
- implement bulk infrastructure with a potential of addressing Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water

Conservation and Water Demand Management projects that will directly impact on bulk infrastructure requirements.

The purpose of the **Water Services Infrastructure Grant (WSIG)** is to assist Water Services Authorities (WSAs) to:

- facilitate the planning and implementation of various water and on site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities;
- provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection and groundwater development;
- support municipalities in implementing water conservation and water demand management projects;
- support the closeout of existing bucket eradication programme intervention in formal residential areas; and
- support drought relief projects in affected municipalities.

The lack of sufficient bulk and link infrastructure is one of the key factors that has constrained the development of housing in the Provinces. This is due to the inability of Municipalities to keep pace with the increasing pressures of urbanisation.

You have heard of the financial side of the two Departments. We want to concentrate on the interventions and support initiatives that both Departments have undertaken to increase the slow rate of delivery where provinces and municipalities have failed.

The Department of Human Settlements has been involved in the following interventions and support initiatives:

1. National Interventions to improve implementation and delivery in Gauteng, Limpopo, Nelson Mandela Metropolitan Municipality, Ethekwini Metropolitan Municipality and Buffalo City Metropolitan Municipality.

The interventions have achieved mixed levels of success and only Limpopo now is able to function without any assistance. However the Department continues to monitor the performance of the Province.

The Gauteng Province and North West delivery has however regressed and requires continued intervention and this in the case of Gauteng requires a more intensive and intrusive intervention with specific reference to administration and financial matters. It is to be noted that the performance of Gauteng has not shown any improvement and in fact regressed and this places all spheres at risk in meeting the required levels of performance.

2. Emergency Housing Grant: This is a programme for dealing with emergency that has been developed and supported through an emergency grant. As you do your oversight, we are expecting a long period of bad weather, often followed by fires. Please note that municipalities have this grant to provide for this situation.
3. Provision of Service Sites: The programme of upgrading informal settlements prioritises installing engineering services. The sector has set a target of 50% with particular reference to the Urban Settlements Development Grant (USDG) of budget allocation for the upgrading of

informal settlements. This of course is not enough as more land needs to be distributed with the support of other relevant departments such as Rural Development, Public Works, Public Enterprises and CoGTA. The Department has a committee to support various land release interventions to support this work.

4. Support to local authorities and Collaboration between 3 spheres of government: A programme of supporting local authorities has been created with a policy on USDG which was concluded with clear outputs and a condition to use 3% of the USDG to acquire capacity. A panel of experts has been appointed to assist the municipalities with rolling out housing programmes.

The programme of accreditation has been revised but would require further discussion and finalisation by the approval structure and such would be supported by the intergovernmental intersectoral contracting arrangements to ensure that sufficient capacity is available to implement human settlements programmes.

5. Social and Student Housing: The changes were made to the qualification criteria and the funding elements of the social housing policy which now include those who earn R1500 - R15 000 and the revised subsidy increased to R155 000 to assist the construction of units. These changes have been gazetted.

Water insecurity, exacerbated by climate change, presents a profound threat for South Africa, having a detrimental effect on both local and international confidence.



The Department of Water and Sanitation as water sector leader has developed a National Water and Sanitation Master Plan and this plan is inclusive of all our initiatives. The Master Plan points out the priority actions required until 2030 and beyond to ensure the water security and equitable access to water and sanitation services for all in South Africa. It was developed in partnership with all relevant organs of state and water sector stakeholders, to give effect to local, national, regional, continental and international water and sanitation delivery targets and commitments.

The Master Plan, which is driven by a sense of urgency, it is a vital tool for the entire South African water sector in that it strives to improve integrated planning and development across the value chain as well as addressing issues relating to the water and sanitation needs of the country. It furthermore also strives to create the conditions that can accelerate change. Despite the successes achieved since 1994 with the provision of services to those South Africans previously denied these services, we still have significant and unacceptable levels of inequality and poverty.

In order to address these inequalities and also to ensure that our economy can grow, we will have to collaborate and deal with the following potential impacts:

- The current water usage already exceeds reliable yield in many supply systems. Therefore, additional water resources will need to be developed in order to provide for increased water requirements.
- Realising the inequitable water allocation where only 5% of the water that is used in the agricultural sector is used by black farmers, we are looking at ways to transform this.
- Unreliable water and sanitation services: Over 3 million people still do not have access to a basic water supply service and 14.1 million people

do not have access to safe sanitation. Only 10.3 million households (64%) have access to reliable water supply. Our plan is to redress this.

- The plan deals with poor compliance with drinking water and wastewater quality standards: Approximately 56% of the over 963 municipal wastewater treatment works and approximately 44% of the 1 010 water treatment works in the country are in a poor or critical condition and in need of urgent rehabilitation and skilled operators. Some 11% of this infrastructure is completely dysfunctional.
- The plan allows us to intervene in high levels of non-revenue water and poor cost recovery: 41% of municipal water does not generate revenue. 35% is lost through leakage. Our Water Service Authorities are losing about 1 660 million cubic metres (m<sup>3</sup>) per year through non-revenue water. This amounts to R9.9 billion each year. Our plan is to turn this around.
- The plan allows us to have a cost recovery mechanism. Water is severely under-priced and cost recovery is not being achieved. To achieve water security, our estimate is that we need to invest R90 billion per year over the next ten years. The shortfall is R33 billion per year for us to do what is required. Currently the Water Boards and Water Service Authorities owe the Department R9.8 billion in arrear payments).

To solve many of our problems that manifest themselves acutely at municipal and district level, we had to change the complex institutional arrangement that we have. We have been running Operation Phakisa and it has not yielded the required results. We want our operations to be self-descriptive and to live up to the expectations. Maybe a change of name is required.

For the financial stability and the integrity of Water and Sanitation, it is

important that we work together with the private sector and civil society to implement the necessary actions to achieve financial sustainability, functional infrastructure, fair and sustainable water use, and universal water supply and sanitation provision. Gauteng is the largest water user in the country and together with KZN and the Western Cape account for 66% of the total water demand. Working together with National Treasury and the Auditor-General, supported by a strong construction unit, a strong inspectorate and a strong public presence, we need to turn public confidence in ourselves.

## **Conclusion**

We have made strides to provide basic services to a sizeable number of households. In 1994, an estimated 15.2 million people had no access to a basic water supply (defined as 25 litres of safe water within 200 metres of the home), and an estimated 20.5 million people lacked basic sanitation. The democratic government implemented rapid delivery of water services to the population, and reduced the high back-log inherited in 1994.

According to the Stats SA General Household Survey released in June 2018, nationally 88,6% of South African households had access to piped water in 2017. The metros are doing particularly well with access to water off-site and on-site, with Nelson Mandela Bay at 100%, the City of Cape Town at 99,3% and the City of Johannesburg at 98,4%. While generally households' access to water has improved there are 3, 7% of households, mainly in rural areas, that still have to fetch their daily water from water sources.

On sanitation, the Stats SA General Household Survey reveals that nationally an additional 20,5% of households have access to improved

sanitation since 2012, while the use of the bucket system has decreased from 12,6% to 3,1% between 2002 and 2017.

These achievements can partly be attributed to the dams that were constructed post-1994 which include the Bizana Dam in Eastern Cape in 1996, Modjadji Dam in Limpopo in 1997, Inyaka Dam in Mpumalanga in 2001, Nandoni Dam in Limpopo in 2004, the Raising of Vaalkop Dam wall in North West in 2008, Spring Grove Dam in KwaZulu-Natal in 2013, and De Hoop Dam in Olifants Catchment in Limpopo. While there is still much more to be done in providing proper sanitation for all our people, we are satisfied at the progress which has been made thus far.

We still live with apartheid spatial geography, we still have a situation where those who lack rights are those who have been historically deprived of those rights. They are black, they are poor, and they are rural bound, with the rural bound constantly facing evictions from the farms they have lived and worked on for years. Our people still live in far-flung places where the women and the elderly look after children and still have to carry water from the local tap.

I thank you.