

**Address by L N Sisulu, MP,  
Minister for Human Settlements, Water and Sanitation on the occasion of  
the Debate on the Water and Sanitation Budget Vote (41) in the National  
Assembly  
25 May 2021**

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Chairperson

Honourable Members

Acting Director-General, Panel of Advisers and Heads of Provincial Departments

Members of Boards of Water Entities

Ladies and Gentlemen

When we took stock of what we achieved in the past twelve months, it became clear that that which we need to report on is far greater than the time given to us. I therefore resolved to prioritise the following:

- To indicate what resources have been allocated to the Department for this financial year;
- Deal with the concerns raised by Members of the Portfolio Committee in the course of the past year; and
- Discuss the major projects that are currently under way, i.e. the Water and Sanitation Master Plan, the Lesotho Highlands Water Scheme Phase II and the South African Human Rights Commission's Report on the Vaal Sewerage Problem and our response.

We have compiled a comprehensive and detailed report, which will be made available to the Portfolio Committee on all the work done and what we accomplished in the past financial year.

Having said that, I need to start off by thanking the leadership of the Department of Water and Sanitation. Firstly, the Director-General of the Department of Human Settlements, Mbulelo Tshangana, who spent a great deal of time steering the ship back to sea and keeping a steady hand on the rudder in the time that he spent with us. Secondly, to the acting Directors-General, Trevor Balzer and currently, Deborah Mochotli, members of the Advisory Panels and the officials in the Department who stayed the course. And thirdly, the current Water Boards and Catchment Agencies that have not deviated from their mandate. We have had difficulties in this sector and we have braced ourselves for the enormous challenges that lie ahead, but we can confidently declare that we are making progress.

Just yesterday I had the most amazing experience where farmers, the unemployed, representatives of the mining sector and the agricultural sector gathered in Kimberley to thank the Department for an exceptional intervention to deal with the drought in the Northern Cape Province.

The final departmental appropriation budget for the financial year that ended on 31 March 2021 was R16, 999 billion, whose expenditure amounted to R14.503 billion, representing 85% of the total adjusted appropriation. In the coming MTEF period, the estimated budget allocation is as follows:

2021/22	R 16, 9 billion
2022/23	R 17, 4 billion - an increase of 2,9%
2023/24	R 18, 03 billion

The prognosis for the Department is good. To begin with, we have had a number of unqualified audits, against all odds, which is a significant improvement. Further, we established a Disciplinary Committee late last year, to deal with all cases referred to us by the Auditor-General and SIU reports and are making good

progress. Out of these there has been several recent arrests, secured on the irregularities at Lepelle Northern Water. We await further reports on cases currently under investigation by the South African Police Service and will report to the Portfolio Committee on these.

We have also restructured the Department to deal with the many vacancies that the Portfolio Committee has raised concerns about and have received the necessary concurrence of the Minister for the Public Service and Administration. We have progressed to legitimise all Boards of Water entities that had previously not been approved by Cabinet and will soon conclude this process. To all those who served us faithfully on the respective Boards, our gratitude.

We are beginning to see the results of the hard work that we have put in. However, a number of challenges remain and new ones confront us on a regular basis. National Treasury has given a warning that our country will not be able to sustain inclusive economic growth and economic transformation if severe water constraints occur. This puts an enormous burden on us, given the limited financial resources that are available and the state of our infrastructure. It is in this context that I am very glad that we have the TCTA, whose job it is to access financial markets to raise the funding, in order to implement mega water infrastructure projects, which are necessary to keep the country water secure. The sustainability of off budget funding, which the State must increasingly rely on to fund infrastructure given the limited fiscal space, means that we must strengthen and give support to those water sector institutions that raise funding.

I am pleased to announce that the TCTA, which received an unqualified audit opinion, has already amassed a R68 billion pipeline of water resources projects, that will start delivering water to South Africans before the end of the decade. These include LHWP-2, uMkhomazi Water Project, Mokolo-Crocodile Water Resources Development Project, and the augmentation of the Western

Cape water supply system. Together these projects impact 70% of the economy and our major metropolitan areas in Gauteng, KZN and the Western Cape.

After obtaining the concurrence of the Minister of Finance for the Guarantee Agreements, I gave my consent for the TCTA to conclude loan agreements with and approved the issuance of Government Guarantees to the respective lenders. This allowed the TCTA to raise R15,45 billion in the capital markets from investors to continue construction of the Lesotho Highlands Water Project in relation to the Vaal River System. So, we have the resources, we have the guarantees and now we can assure you that we will be hard at work to provide water security.

A few months ago we had a most pleasant and productive engagement with the senior executives of the Johannesburg Stock Exchange and are very proud of this very necessary ally. The Team from the JSE, led by its CEO, Dr Leila Fourie, informed us of the role it can play in funding the water projects that have been proclaimed and we look forward to continue using the funding capacity of the JSE, to finance our capital expenditure and infrastructure development programmes.

However, on the funding side we still have to tighten up a few areas that could improve our economic stability. At the moment, the money lost through non-payment to our Water Boards by municipalities stands at R12,6 billion as at March 2021. In a recent study we discovered that about 41% of our municipal water is non-revenue which means water is not being billed or paid for and we are losing the value of around R9.9 billion down the drain, either because of physical losses and leakage from server connections, or municipalities are not paying their debt, or municipalities are not collecting from our users. That leaves us as a department so much poorer to perform our responsibilities and those owed and lost billions could have been put to good use in maintaining infrastructure.

On the municipal debt, we need to ensure that water tariffs are cost-reflective, fully implemented and can repay debt. Going forward, we must ensure that credit control measures are enforced to arrest increasing debt. We have no choice but to do this because the availability and cost of off budget funding, now and in the future, depends on our ability to overcome these financial challenges. Until then, water sector entities as funders will rely on government guarantees until they get the necessary support, which the fiscus is finding increasingly difficult to accommodate.

As you know, we launched the National Water and Sanitation Master Plan for consultation in 2019 as a “Call to Action”. This sought to rally all South Africans to work together to address the challenges confronting our sector. The Plan has been on our website ever since, inviting comments from interested parties. We have received a great deal of support and responses that have enriched the Master Plan, including, I must add, endorsement from a variety of organisations, such as Agri-SA, the Black Farmers Association of South Africa and to our great surprise - recently from the DRC! I mention the DRC because President Mbeki informed me a few months ago that water from the DRC has been former Namibian President Sam Nujoma’s life-long dream. We will be following up on this to make it a reality for ourselves and President Nujoma.

The Master Plan points out five key objectives that define a ‘new normal’ for water and sanitation development and management in South Africa. It will serve in Cabinet, hopefully within the next month for final endorsement and we will put aside an appropriate date thereafter to formally set it in motion. It is a transformative document and has been well received by all. When we officially launch it, it will no longer be called the Master Plan but the “Water Charter – ensuring water for all”, which will fundamentally change the water environment. It is a redistributive instrument that ensures that there is equitable distribution of

water, which would also result in increased water saving measures. A copy of the draft Plan is available to all Members.

Even though we are doing as much as we can in the provision of sanitation services, there are huge challenges facing this sector. Some of these are as a result of unplanned, rapid urbanisation which is putting increasing strain on our heavily burdened infrastructure, inadequate investment in operation and maintenance and the reprehensible theft of cables and water infrastructure. Our Waste Water Treatment Plants are regularly vandalised by criminal elements that often render our Plants inoperable. We are now required to increase our security and declare essential dam security points. We will also lobby for maximum penalties for all who criminally interrupt our work.

We have made significant progress in addressing access to sanitation. Households with access to sanitation have increased from 49% in 1996 to 83% in 2018 (STATS SA, 2019). However, there is still approximately 2.8 million households, which is 17% of households, without access to improved sanitation services. The Master Plan deals with our commitment in this regard. For the time being, innovative technology is available to assist us and we thank the Water Research Commission that organised the support of the Bill and Melinda Gates Foundation in this regard.

There is a need to embrace technology – in this case, technology that will reduce water demand. While waterborne sanitation system is the first preference in most cases, we should accept the reality that it might not be practical to install a flushing toilet in every household for the foreseeable future. The department is working with the Water Research Commission and Department of Science and Technology to find alternative sanitation solutions.

This brings us to the matter of national concern – the pollution of the Vaal River System. The Deputy President and ourselves have been seized with what has to be done at the Vaal in order to protect the Vaal River System, which spans three provinces and two countries.

What has got us to where we are in the Vaal crisis can be grouped into three pillars: infrastructure, governance & institutional capacity and finance. The problem will not be solved with infrastructure capacity only. There are additional factors, such as other provinces contributing to the crisis, resulting in the continued state of pollution of the Vaal River. Because of its geographic position and flat topography, the Vaal has become a collection point from various sewer points and putting excessive strain on operation and maintenance of pumps at stations. Ideally sewer treatment is a municipal service that requires costs recovery as a minimum. However, the high unemployment and dwindling revenue collection in the Vaal area is making it difficult for the Emfuleni Municipality to recover any costs or generate an income to cover operation and maintenance, let alone expansion of the treatment plants.

My Department and I have spent a great deal of time attempting to solve the problem, attempting to help the municipality and have been greatly assisted by the Vaal community. Our sincerest gratitude goes to all who have come forward to assist – the **local** engineers, the business community and the residents.

But by 17 February 2021 the Human Rights Commission had issued a report on its own investigation and instructed ourselves to intervene in a decisive manner and take overall responsibility to restore the rights and dignity of the people of Emfuleni. We have since been in discussions and received the concurrence of the Minister of COGTA, the Premier of Gauteng, and the support of the Deputy President to intervene in terms of section 63(2) of the Water Services Act, 1997. We are, all three spheres of government, in agreement that this

should be done and we have already put in place steps to implement this, pending Cabinet agreement.

Henceforth the responsibility of the Emfuleni Municipality as a Water Service Authority will be taken over by the national government and Rand Water has been appointed as the Implementing Agent to take full responsibility of operations and maintenance of the municipality's water and sanitation infrastructure. Coupled with this is the refurbishment of the waste water systems. The necessary resources have been secured and to this end an amount of R1.1 billion over the MTEF period has been set aside for refurbishment of the waste water treatment plants. In addition a further amount of R700 million over the MTEF period has been set aside to add more capacity on the sewer network. This is a matter that we have been dealing with together with the community of the Vaal. It has taken up a great deal of our time and we are glad we are at this point.

In the coming weeks, the Department would have finalised the appointment of contractors for them to immediately be on the ground to urgently address the dire situation. We have already started putting out requests and advertising for engineers – only South African engineers. This brings me to this point. No foreign engineers are given tenders by the Department. The Cuban engineers that Solidarity has been obsessed with are here for mentoring our rural municipalities. They are not taking anyone's job, nor are they eligible to tender.

We all know that the country needs to invest heavily in water infrastructure to secure our economic and social wellbeing as a country. Infrastructure investment is key to the country's economic recovery from the devastation of Covid-19. In the past year, these are the projects we worked on and completed.

- 1 bulk raw water project under construction
- 106 regional bulk infrastructure project phases under construction
- 10 regional bulk infrastructure project phases completed



- 382 small water services infrastructure projects under construction
- 112 small water services infrastructure projects completed
- Vaal intervention project implemented
- 39% projects (i.e. 474 of 1203) completed as per Maintenance Plan (Planned Maintenance)
- Unscheduled maintenance projects completed as a proportion of planned maintenance projects was kept at 26%
- 25 dam safety projects evaluated
- 1.9518km conveyance systems rehabilitated
- 1 037 job opportunities created through implementing water infrastructure projects
- 428 non-compliant wastewater systems monitored against the Regulatory Requirements
- 366 non-compliant water supply systems monitored against the Regulatory Requirements

Chairperson, I need to indicate that for the coming financial year, we have prioritised the following water infrastructure projects:

- Mdloti River Development Project: Raising of Hazelmere Dam
- Greatt Letaba River Development Project (GLEWAP): Raising of Tzaneen Dam and Nwamitwa Dam
- Olifants-Doorn River Water Resources Project: Raising of Clanwilliam Dam
- Mzimvubu Water Project
- Olifants River Water Resources Development Project
- Cwabeni Off-Channel Storage Dam
- Stephen Dlamini Dam
- Berg River - Voëlvlei Augmentation Scheme
- Lusikisiki Regional Water Supply Scheme: Zalu Dam

- Mokolo and Crocodile River (West) Water Augmentation Project
- Foxwood Dam
- uMkhomazi Water Project
- Algoa Water Supply System

I am happy to announce that we are now on Phase II of the Lesotho Highlands Water Scheme, which we launched in Lesotho at Polihadi on 13 November 2019. Cabinet has recently endorsed the appointment of a Chief Delegate and Alternate to the Lesotho Highlands Water Commission and these will be in place by end June 2021.

The Lesotho Highlands Water Project (LHWP) is a multi-phased joint water resource development project and is very important for both Lesotho and South Africa's social and economic wellbeing. Phases 1A&B of the LHWP which comprises Katse and Mohale Dams, transfer and delivery tunnels from Lesotho Highlands to the Vaal Dam in South Africa, and Muela Hydropower Station continues to deliver measurable and tangible benefits to both parties. Phase II is now underway and I keenly await the Committee's report on its recent oversight visit to Lesotho.

South Africa currently receives approximately 780 million cubic meters of water per year from Lesotho into its Integrated Vaal River System (IVRS) which supplies water to Gauteng and the surrounding areas. The IVRS needs to be urgently augmented in order for it to cope with the increasing water requirements. This is becoming even more evident as we grapple with more frequent drought situations in this economic hub of our country. No doubt you will have taken note of this from recent television coverage.

Phase II of the LHWP comprises the construction of Polihali Dam, which will provide an additional 465 million cubic meters of water per year and thus

bringing the total to about 1245 million cubic meters of water per year into the Integrated Vaal River System from Lesotho.

The Water Boards play a critical role within the water value chain. In this regard, we have strengthened and improved the governance of the Water Boards. There are permanent boards for the Amatola Water, Bloem Water, Mhlathuze Water, Overberg Water and Rand Water. We finalized the process of appointing boards for Lepelle Northern Water, Magalies Water, Sedibeng Water and Umgeni Water to run for a period of four years from the date of Cabinet concurrence in order to stabilise and improve the governance operations of these entities.

The President indicated in his SoNA that the National Water Resources Infrastructure Agency that has been so long in the making would be established. The enabling Bill will be tabled in Parliament as soon as it has been approved by Cabinet and we hope Parliament would deal with this Bill with the necessary urgency.

We had previously committed to speed up the provision of Water Use Licences. The Department has been able to make the necessary changes to its regulatory regime to give effect to the 90-day turnaround time with effect from 1 April 2021.

Where existing water resources are already fully used, the National Water Act gives the Minister the power to undertake a compulsory licencing process to reallocate water use licences. The process provided in the National Water Act was designed and certified as constitutionally compliant. This is an important provision in the law to redistribute water licences to ensure equal distribution of our water resources for all. The transformation of the water sector is long overdue and our emphasis is to fast-track this particular process – transformation in our lifetime.

With the view of improving service delivery and promoting efficiencies within the Department, I have dealt with a matter that has been of great concern to the Portfolio Committee, i.e. the organisational structure of the Department and the filling of vacancies. A revised macro organisational structure for the Department of Water and Sanitation has been approved, with the concurrence of the Minister for Public Service and Administration. Through a consultative process, all senior managers have temporarily migrated to posts on the revised macro structure to ensure it is fully functional. Within available budgets, the Department is in the process of recruiting competent individuals to fill vacant senior management posts.

The other matter of concern to us and Parliament are the disciplinary cases. A Disciplinary Committee has been working with all the competent legal and investigative support to finalise these. We hope that we will be able to report to Parliament in full on the outcome of these cases as soon as these are concluded. When the Disciplinary Committee briefs the Portfolio Committee it will be clear how much work has been covered. Our emphasis now is clean governance and every effort is put in place to ensure that this bears fruit.

There are two remarkable things that came out of our response to the Covid-19 pandemic - we established the National Water Command Centre, which did incredible work under immense pressure and shows our state of readiness to deal with any crisis. Secondly, we nationalised water and there was no squeak from anyone – not even Solidarity. They were probably in solidarity with us then – oh what a country. We are back to normal now and have learned a great deal from this.

I thank you