

**ADDRESS BY L N SISULU, MP, MINISTER OF HUMAN
SETTLEMENTS, WATER AND SANITATION ON THE
OCCASION OF THE DEBATE ON THE WATER AND
SANITATION BUDGET VOTE IN THE NATIONAL ASSEMBLY
CAPE TOWN, 16 JULY 2019**

Madam Speaker,

Ministers, Deputy Minister Mahlobo and Deputy Minister Tshwete,

Honourable Members,

Chairperson of the Portfolio Committee on Human Settlements, Water and Sanitation

Members of Executive Councils

Members of Boards and Councils of Water and Sanitation Entities

Representatives of Civil Society Groups and Non-governmental Organisations,
Ladies and Gentlemen

In preparation for this Budget Vote, I had to quickly appraise myself of this Water and Sanitation environment. So, in the shortest possible time I had an extremely intensive consultative regime. I spent a whole day with COGTA and the Water Boards in KwaZulu-Natal; more than five workshops with the Department's senior management; two lengthy meetings with the Water Boards and two meetings with former Minister Nkwinti. I am truly grateful for his guidance, generosity and time.

This was a very heavy, intensive induction given the magnitude of the issues that need my most immediate attention, because my job is to find solutions. We have to solve the problems of a sector that no longer enjoys the public confidence that it once had in the early days of our democracy. I believe

that I am on sufficiently firm ground to deal with the matter before us and the proposals I shall make have been well thought through. And they will work.

The advantages of merging the two Departments of Human Settlements and Water & Sanitation have been elaborated on in a previous debate. It is long overdue and exceedingly logical. This is what makes me optimistic that we will be able to lift the cloud over the Department. However, the responsibility is enormous, because this Department requires urgent and intense attention. It may take some time, but we will get it right. We may possibly continue to enjoy negative publicity for some time, but alongside it should be a message that we are working on it and will get it right. The Deputy Ministers and I have enough energy for the task ahead.

We will start by settling the senior staff who are in acting positions. A solidly structured staff complement is crucial to solve the financial crisis on our hands due in large part to irregular expenditure. Therefore our first priority is to stabilise the Department and allow the officials to regain their confidence. Because much is to be done, we will operate in seven day shifts for the foreseeable future.

Within the first five years of our democracy we had grasped the nettle and sought to democratise the right to access to water as a basic human right. Groundbreaking legislation, such as the Water Services Act of 1997 and the National Water Act of 1998 was enacted. These laws affirm that everyone has the right to access to water. They affirm that all three spheres of government have a responsibility to take reasonable steps to achieve every citizen's basic right to access to water. The government further acknowledged that the lack of these basic rights was the key indicator of underdevelopment of certain sectors of our people and the manifestation of poverty. However, the reality of our

time is that we had not moved from that point. This is a shameful situation of a right we had declared so long ago.

In 1994 an estimated 15.2 million people had no access to basic water supply and an estimated 20.5 million people lacked basic sanitation, and the total population then was around 40 million, of which over 27 million were black. With the population growth and migration we have not moved far from that.

Within the first five years the issue of water, its unequal distribution and its absolute necessity was elevated in the consciousness of the people and rightly understood as a human right, which our people had been denied to us by Apartheid. We acknowledge that the lack of this basic right, together with that of sanitation, were key indicators of the level of underdevelopment amongst the majority of our people.

We have built fourteen (14) new dams since at huge cost. We recognise that we are the 30th driest country in the world and we acknowledge the need to increase capacity speedily as we need to transform access to water. The irony of the infrastructure we have so heavily invested in, in the dams is that none of these dams are accessible to the local population that lives around the dam. Unless we transform access to water, we will not be able to uphold the right of every South African to access water as a basic right. A right cannot be pushed aside because it is inconvenient for us.

We govern the country on behalf of all the people of the country, who all have a right to access to clean, drinking water. But even if we say so, we should be mindful of how the manner of how we have structured ourselves has continued the inequality that we have. The biggest problem is that we work

through a very complex structure where municipalities are the direct line of access to water and they are struggling with this huge responsibility.

Leaving us still with an untransformed sector with the most unequal distribution. Currently 2.5% of our water is directed to mining, 3% to industrial use, 2% goes towards power generation and 61% is taken up by agriculture – leaving 27% for consumption for a population of over 60 million. The primary objective of the National Water Act is to transform the system and democratise the water sector but 95% of the licensed water volume is still in the hands of white commercial farmers leaving 5% currently allocated to emerging black farmers. We have to transform the sector to do away with the glaring inequalities.

Against this totally untransformed background we have our own gross failings as the current compulsory licensing regime demonstrates. Agricultural consumption is largely unmetered, and there are concerns about unauthorised abstraction and water wastage in the sector. In addition, agricultural users pay a much lower tariff than other users of untreated water and it is relatively cheap.

Most of the enormous challenges we have, have been discussed with the Portfolio Committee and the rest are in the public domain, on television every second day. We have just emerged from a four year drought that has caused a great deal of distress in Cape Town last year, as well as many other areas in the country. This has tested our capacity, our ability and the logic of our governance structure and in particular our management of our resources.

Briefly here are some of the problems we have to confront and deal with with urgency if we are to regain the confidence of the people:

- We have an ageing infrastructure, without the necessary skills and support at the right time or the right place to manage our problems on time. This has resulted in a great deal of reliance on consultants and as you all know these services don't come cheap;
- We have a misaligned three tier system for the provision of water, that does not lend itself to easy coordination. Most of the skills required at municipal level are not available, resulting in our reliance on over-priced consultants;
- Our water management is poor. The Constitutional responsibility for water supply and sanitation lies with 144 municipalities that are Water Services Authorities (WSAs). Of these WSAs at least 33% are regarded as dysfunctional; more than 50% have no, or very limited technical staff. The IMTT on Basic Services has subsequently identified 57 Municipalities which account for over 87% of all households living in informal settlements or backyard dwellings, constitute over 50% of all backlogs and are the epicentre of recorded public service delivery protests.
- The mines, a major consumer of water, are non-compliant with their water license conditions;
- Even when we have solid working infrastructure, we have instead an increase in vandalism and theft;
- Non-payment for services is a perennial problem;
- Our management of projects is poor, resulting in delays. This, coupled with poor communications has caused a great deal of harm to perceptions about us;
- And of course the biggest problem: huge financial mismanagement, with the result that so many of our top officials at national and municipal levels are under investigation.

It is not a good story, it is not a situation anyone should be proud of and it is not a situation we should tolerate. I intend to detail for you what steps will be taken to turn this around in the shortest possible time, within the resources made available to us in this financial year.

Sanitation is yet another blight on our screen. If we are in dire straits with water provision we are in even more dire straits in sanitation, because we are dependent on water to flush away our problems! Without proper management of our sanitation we face a dire situation of effluent flowing into our rivers. Examples of these have been circulating in social media. With ageing and inadequate drainage systems effluent flows onto the streets of our townships, an unsightly hazard to our people. I could go on with the problems we are experiencing. What I have enumerated above is just the tip of the iceberg.

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. South Africa invests R42 billion per year into water infrastructure, and R13 billion into sanitation. Yet the estimated capital investment requirement is R90 billion per year over the next ten years.

We cannot continue bemoaning our plight. We have to provide solutions, to provide guidance and support where needed. Most of all, to give hope that it is in our power to sort this sector out. Our people need to hear what we intend to do.

The best we can do right now is to acknowledge where we may have erred, and this will include the lack of transformation within this sector, and of course the vast financial problems we have. But we have to move beyond that, indicate what is to be done and set timeframes against which we can be

measured. And we quickly have to restore our people's confidence in us.

South Africa has more dams and water licences in private hands than those owned by the State and authorities. Thus, unlike with ESKOM and the supply of electricity from a state sponsored monopoly, the supply and management of the nation's water resource has many constituents. This means that a knowledgeable, always informed and transparently constituted regulator is required to manage both state and privately owned water resources and to optimise in a fair and judicious manner the nation's water resource as a strategic asset and in the interest of all who live in South Africa. Therefore, the Department will deliberate intensely about the establishment of a Water Regulator supported by the appropriate legislation.

What we commit to/ Remedial steps

1. We need to urgently address the matter of our finances. The Department has been allocated a total budget of R16.440 billion in the 2019/20 financial year, of which conditional grants to local government are R3.669 billion and R2.066 billion for the Water Services Infrastructure Grant and the Regional Bulk Infrastructure Grant respectively. The Department has however, entered the current financial year with the accruals and payables of R1.701 billion from the previous financial year. These accruals and payables has had a carry through effect on the budget available for the current needs.

The Department is engaging National Treasury on the significant budget shortfalls of more than R2 billion affecting key projects such as the Emfuleni intervention project and Mzimvubu Water Project. I will be having discussions with the Minister of Finance on the possibility of

funding or partnering with the private sector to revive the Mzimvubu dam, currently not catered for in our budget and also the possibility of a new dam.

Even though municipalities have the responsibility of channeling water to the people, they do not have the infrastructure to deal with the multiplicity of what is required of them. You can therefore understand why municipalities are unable to do what they have to do. As we stand here and have to gauge whether we are able to provide every citizen with this right, it should be clear that we are not doing well at all. The high levels of debt that municipalities have impacts on the value chain and on the overall financial sustainability of the sector. The 9 Water Boards and the Department combined are currently owed R14 billion by the Municipalities for raw water and other water services. We have to find a way to recover this.

In terms of Section 41 (1)(b) of the Municipal Finance Management Act (MFMA), National Treasury has to monitor payments by municipalities for bulk services. Accordingly in terms of Section 41(2)(b), the water boards submit a report of debt owed including the arrear owing and the age profile of such arrears. It is thus prudent that the National Treasury effectively top slice the equitable share and grants for the debt owed as submitted to put into effect the provisions of the MFMA as outlined above.

This, in simple language, means that the Departments of Finance, Human Settlements, Water and Sanitation must put measures in place to top slice the municipal grants to service the debt owed to the Department and its entities before the grants are paid to Municipalities.

This will ensure the sustainable provision of water supply for both bulk and reticulation.

2. We would like to make a proposal to the Department of Cooperative Government and Traditional Affairs that municipal employees must be required, as is the case with other public servants, to undergo compulsory training so that they are equipped to manage our resources. They are our frontline and closest link with problems as they occur. If they are trained, they will have faster responses and we can look forward to a time when our efficiency will meet the requirements of our people quicker – saving us money and rescuing our reputation in the process.
3. We will review our tendering process. This has been identified as a major problem, therefore we have to stop the processes underway so that we can apply rigorous standards. While we review our tender processes, this responsibility will be given to National Treasury. We will investigate what has gone wrong in order that we can create a system that is leak resistant.
4. We will revive our construction unit who will, together with members of the construction industry, establish maintenance task teams and attend to much needed maintenance intervention, especially in the water treatment and recycling stock. This will allow us to have a highly skilled stand-by capacity to deal with all eventualities.
5. We will request cabinet to declare all major dams national key points.
6. The Department will embark on an intensive campaign to digitise all its stock holdings, data and documentation. For Water and Sanitation it means all dams, reticulation networks, treatment and recycling plants and

water licences. This will also mean that the Department will be ready with their database to join the designs of the Fourth Industrial Revolution and the use of Blockchain technology. Digitised data and its manipulation are base loads for the development of that revolution. For all the water infrastructure built and campaigns implemented, there is no culture, which is conscious of maintenance. To maintain what had been put down new or repaired from old. Maintenance is like conservation: It is an integral part of protecting resources and preventing damage and neglect.

7. There will be new regulations on the conservation of water.
8. We will appoint river, dams and sewerage inspectors from 1 August 2019.
9. As we have indicated, we will be taking action against Inxuba Yethemba Local municipality for pollution.
10. The Department has good technical capacity, kept the relationship and supplies to ESKOM going without fail and has many well designed projects and regulatory proposals. Therefore the daily activities only need inspirational support and encouragement. However, there will be a special focus on two dam projects which had been promised many years ago and which will be executed without further delay:
 - Umzimvubu - the Mandela promise. Here we need a strategic partner to invest in us. We have already run up a huge deficit, and
 - Vioolsdrift with our staunch ally and neighbour Namibia.
11. All my senior managers will be required to have been vetted, which is a requirement of the public service, but one that has not been followed

through in our case. We need to lift the fog of negative perception around this sector.

12. All current investigations will be fast-tracked and concluded in order that we may move forward. We will appoint an investigative partner approved by National Treasury to deal with all outstanding investigations, fast-track all the drawn out cases, study the reports of the Auditor-General and ensure there will be follow-through consequences. If needed we will also call in forensic investigators to assist us to identify where there might be loopholes in our systems.
13. All blocked projects will be reviewed by a panel of experts, headed by a retired judge to propose a way forward.
14. We will put forward a Bill that will transform the sector. As we talk about transformation of land ownership, we should understand that land ownership with no access to water will take us nowhere. I therefore hope that this water use bill will be given priority.
15. We will eradicate the bucket system within six months. We will partner with the private sector and work with our provinces and municipalities to ensure we are at one in the direction we are taking.
16. A number of senior officials are in acting positions in critical areas. The general health of the Department needs to be restored by ensuring that critical posts have permanent DDGs and Chief Directors.

Conclusion

I would like to thank the acting DG of Water and Sanitation, Mr Squire Mahlangu for keeping the ship on course. I have asked him to return to his post as DDG: Corporate Management to restore the morale of the staff and ensure the proper functioning of the Department. We need to expedite the outstanding investigations.

I have therefore decided to assign the DG of Human Settlements, Mr Mbulelo Tshangana as acting DG for Water and Sanitation. These are just the immediate, brief turn-around strategies that we need to adopt to recover.

I would like to thank all the dedicated staff of the Department, the Water Boards and our other entities, as well as our partners in the private sector. I would like to say to you that it will not be business as usual, so if you find yourself outside of your comfort zone, it is only because we are trying to rescue this Department from a very precarious situation. While some of us have time to wonder and ponder, others have to solve the problems.

I would also like to thank Gift of the Givers for their support in Makhandla and Touws River, where two boreholes were drilled, producing 84000 litres of water each per day.

It is heartening to know that the private sector and individuals continue to partner with government in ensuring that the dignity of our people particularly our children is restored through the provision of proper sanitation.

I have learned that one of the media personalities, Ms Anele Mdoda, working with Unilever has raised over R1,2 million since October 2018 towards the building of proper toilets for one of the schools in Lusikiki, Eastern Cape. This project has been completed and toilets are expected to be handed over

before the end of this month. Seeing the need for more toilets in schools she has now decided to continue with this project to raise more funds for other schools. It is initiatives like these that make one to be proud of being a South African. There are so many people and companies that are doing their part in an effort to assist government to provide basic services to our people.

We call upon the private sector, NGOs and ordinary South Africans at large to work with us to provide proper sanitation facilities for our children. Working together we can achieve more for the benefit of all South Africans, young and old.

I would like to congratulate two pupils from Star College in Westville who won the 20th National South African Youth Water Prize Competition (SAYWP) recently. Kiaran Chetty, 16, and Calden Gounden, 16, will represent South Africa in Stockholm at the Annual Stockholm Junior Youth Water Prize at the end of August. The two won the national competition, which took place in Gauteng and saw pupils from all over the country competing on innovations relating to water and sanitation. The pupil's project, the Hydro- Conservation, intends to reduce the quantity of water that is wasted in households across South Africa daily during showering and hand-washing.

I thank you.