

Budget Vote 34 of 2008/09
Speech by Mrs LB Hendricks, Minister of Water Affairs and Forestry
National Assembly, Parliament, Cape Town, Western Cape
23 May 2008

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

It is an honour for me to stand before you today to present my second budget as the Minister of Water Affairs and Forestry. During the current financial year, under Vote 34, my Department has been allocated the amount of R6.69 billion.

The 2004 ANC Election Manifesto made a commitment to the people of South Africa that if elected the African National Congress would provide more households with water, and speed up the provision of water and sanitation; provide free basic water; invest in infrastructure to enhance the competitiveness of our economy; facilitate broad-based Black Economic Empowerment; create jobs through the Expanded Public Works Programme, and create a better life for our people. I believe that the Department of Water Affairs and Forestry has gone a long way to achieving these policy objectives and through this budget allocation we will continue to meet these objectives.

As it flows through the landscape water brings a variety of benefits to a range of users. It sustains us and our families; it waters the wide fields of commercial farmers; it nurtures the crops and stock of rural communities; it provides recreation for our children; it supports power generation, our mines and industry; and it nourishes the plants, trees and animals that make up our ecosystems. Water gives life - the amount and nature of the available water determines the extent and nature of that life.

Forests contribute to the health of our ecosystems, provide ecological stability to water catchments areas; contribute to the reduction of the potential impacts of global warming; create opportunities for economic development, are a feature of the SA rural landscape providing tangible communal benefits and remain an integral part of our natural heritage.

Water and Forestry are two natural resources which contribute significantly to the alleviation of poverty, providing a way for the poorest of our people to survive and sustain themselves. We must take up our responsibility to ensure that our water and forest resources are used wisely in South Africa's search for social justice – we also need to cater for the competing needs and demands of industry, agriculture, cities and towns and ordinary people. The goals of sustainability and efficiency as well as the responsibility of South Africans and Africans to share and use water and to conserve our forests, can however, not be divorced from these needs.

In 2004, we recommitted ourselves to build on the achievements since 1994 in ensuring that we speed up the provision of water and sanitation. One of the achievements of my department that I am extremely proud of is the progress made in improving services in our schools and clinics. We have achieved the target of providing water and sanitation services to all 91 clinics that had no access to basic water supply and the 110 clinics without access to basic sanitation. A further 254 clinics that had facilities below required standards had their infrastructure upgraded to acceptable standards. All clinics in South Africa now have water and sanitation services. We are now implementing the programme to remove the backlog in services to schools and have to date serviced 69 schools which had no access to basic water supply and 51 schools which had no basic sanitation.

Part of our commitment is to deliver water and sanitation to all our people, and from 1994 to date we have now serviced 18,7million people with water and 10,9 million people with access to basic sanitation. We are proud to have exceeded the MDG's in respect of both water and sanitation.

In January this year, Cabinet took a decision to align the water and sanitation targets with the 2014 target for sustainable human settlements, which will ensure that there is alignment and better coordination between water, sanitation, electricity and housing targets and this will lead to attainment of sustainable human settlements by 2014.

Having achieved this MDG milestone, we must guard against becoming complacent, and we have committed ourselves to a “business unusual” approach to ensure that we indeed achieve the 2014 target of universal access to basic services. This target requires that we marshal all of our available forces and ensure that everybody in the sector “puts their hands on deck” and work towards a “better life for all” by eradicating the remaining backlogs.

As part of our commitment to creating a better life for our people we had set a target of eradicating the bucket system in established formal settlements by the end of 2007, and although we did not achieve the target by that date we have made very significant progress and work is ongoing to remove the remaining backlog of 23 083 buckets in the Free State, Northern Cape and Eastern Cape by September 2008. I would like to congratulate all those involved in this programme. We must also take note of the other very important benefits that have accrued from this programme, for example additional bulk infrastructure that will support future developments such as housing; the jobs that were created; and the critical lessons learnt on the complexity of service delivery. Following from these lessons we will be applying a similar integrated and programmatic approach in working with municipalities to accelerate universal access to water and sanitation.

While the annual budget of approximately R5,2 billion to address the backlog of water and sanitation services does not fall under the DWAF budget allocation, as it resides with DPLG Municipal Infrastructure Grant allocations. My Department will continue to provide capacity support and technical advice to municipalities; and in recognition of the effectiveness of our collaborative Masibambane initiative, my department won the ‘Vuna Award’ from the Centre of Public Service Innovation for the second successive year! We express our gratitude to the European Union and other donor countries for their continued support to our programmes, and during Water Week this year we signed a three year R1.2 billion extension of the Masibambane programme. This achievement certainly illustrates the importance that my Department attaches to building and enhancing the capacity of local government to accelerate service delivery.

Despite this support it has become apparent that there are municipalities that clearly cannot perform their functions, and my Department is working with the Department of Local Government on the revision of the White Paper to re-examine the powers and functions allocated to such municipalities.

As part of our oversight responsibility the Department has, in partnership with the Institution for Municipal Engineers of South Africa (IMESA) and SALGA, developed and implemented an Electronic Water Quality Management System (eWQMS) for drinking water. This is a “Proudly South African” innovation which has been internationally recognised and won an award from the International Water Association for its originality, creativeness and its ability to deal with the unique situation of our country.

Through this effective monitoring system we are able to confirm that 94% of our municipalities comply with the health aspects of the national standard of drinking water quality. What is of major concern and totally unacceptable is the 6% of municipalities, mainly in the rural areas, who do not comply with the minimum health standards for drinking water. I have written to the Mayors of municipalities that fail to comply and they have been given 30 days to respond and indicate mechanisms they will put in place to address the situation. We as the department are now looking at the legislation and regulatory framework to identify the means of taking over their water quality management function, and where water boards can be used to perform some of these functions in the event that municipalities are found wanting.

Madam Speaker, another area of great concern for us is large number of municipal small and medium size sewage treatment plants in South Africa which do not comply with the set standards. As my Department is the custodian of the water resource we are dealing with the threat posed by the pollution of our rivers from these and other sources.

I also have a responsibility to protect our water resources against illegal water users, those who abstract more water than they have been authorized, those who construct illegal dams and related structures, and those

who violate their water use license conditions. Whilst strengthening our working relations with the mines, industries and other sectors of the economy, we are stepping up our efforts in combating non-compliance and we are increasing the capacity of our enforcement unit whose focus will be on dealing with these challenges. We are also collaborating with the Department of Environmental Affairs and Tourism to strengthen our legislation to ensure a more coordinated approach to enforcement in our efforts in fighting environmental and water crimes. I would like to assure this house that I will not tolerate any activities which may in any way compromise our water security in terms of both quality and quantity.

I will soon announce details of our campaign of Zero Tolerance for non-compliance which will be launched during an Enforcement Week which will focus on illegal water use and pollution. As part of this campaign I will be convening a Municipal Indaba to engage municipalities on further collaboration, areas of improvement and non compliance challenges. Through this platform we will be intensifying our efforts to protect our precious resources.

Madame Speaker, as we deal with the challenges of food security, poverty, climate change and living in a water scarce country, we as South Africans need to appreciate even more the importance of conserving and protecting this important resource. During the past year, my Department has been hard at work inculcating a culture of water conservation to all users of water in our society. Last year I launched the Water Conservation and Demand Management programme as part of efforts to curb water losses, and create greater awareness that we must be water wise. Findings of a study which was conducted last year indicated that the extent of water losses on our economy is estimated to be in the order of R3.2 billion per annum. These losses of both water and revenue are of concern to us and we have subsequently implemented water conservation and demand management interventions in 50 municipalities. Our reports show that the municipalities' raw water bills have been reduced by up to 40%. In essence, this intervention resulted in savings of 1,5 million cubic meters of water, which can be used for other purposes. From these savings, municipalities will be able to reinvest more money into operations and maintenance, thereby ensuring that our communities get more reliable services. In achieving these savings we are also ensuring the sustainability of our Free Basic Water policy. We recently held Ministerial awards during Water Week to recognise the achievements of 8 municipalities who participated in the water conservation and demand management pilot project. We are also taking water conservation awareness to learners and 15000 schools participated through the departmental schools based education programme called 2020 Vision.

As our economy grows and the standards of living of our communities improve, so does the demand for water. If this country is to achieve its aspirations of growing this economy by 6%, my Department has a responsibility to ensure that there is enough water to support this growth, which will mean the development of new infrastructure and the rehabilitation and upgrading of our existing infrastructure. In support of this growth trajectory we will spend R 1.2 billion on the establishment of new water resource infrastructure and R 415 million on rehabilitation of existing bulk infrastructure. In addition, "off-budget" water resources infrastructure projects to the value of R9.04 billion are also being implemented. This demonstrates my department's commitment to ensure that sufficient water is available for economic and social development. I am also pleased to announce that the South African National Water Resources Infrastructure Agency Bill was approved by Cabinet and will be introduced during the current sitting of Parliament. The main aim of this Bill is to facilitate the development of "bankable" water resources infrastructure for socio-economic development and to address the operations and maintenance of existing infrastructure projects.

We are making progress in the development of new infrastructure, and in this respect the Berg River Water Project Supplement Scheme (Berg River Dam) has been completed and water is being impounded. This dam, which will be fully commissioned and officially opened later this year, increases the water supply to the City of Cape Town by 18%. This is a significant additional water supply to support both social needs and economic growth in the Western Cape.

Progress has been made with the construction of the De Hoop Dam in the Limpopo Province. The project aims to unlock the mineral wealth in the Middle Olifants River Catchments whilst also bringing relief to thousands of people currently do not have safe and reliable sources of water. My Department and ESKOM are also investigating how best the proposed Project Lima, a new pumped storage scheme which is part of the Olifants River Water Resources Development Project (Phase 2: De Hoop Dam) to provide an additional 1500 MW of electricity to the national grid, could be utilized for pumping water to about 800 000 people on the

Nebo Plateau in the Greater Sekhukhune District Municipality. This coming Monday (26 May 2008) a Memorandum of Agreement ("MoA") will be signed between my department, individual mines and the Joint Water Forum (JWF) on the water supply agreements with the mines. The MoA will provide the necessary secured revenue flow to make this project bankable for private sector finance for the phases after the De Hoop Dam.

Other important water resource infrastructure under construction are the Hluhluwe, Inyaka and Nandoni Government Water Works which will provide 2.4 million people with drinking water in the rural communities in KwaZulu-Natal, Mpumalanga and Limpopo Provinces. Furthermore, the water pipeline from the Vaal Dam to Secunda, known commonly as the VRESAP, is scheduled to commence with the delivery of water in October this year.

Infrastructure projects that are to commence this financial year are: the Mdloti River Development project; raising of the Hazelmere Dam; the Komati Abstraction Works and Pipeline for water supply to the ESKOM's Duvha Power Station; and the Mooi-Mgeni system, building of the Spring Grove Dam, and the augmentation of water supply to the Ethekeweni Metro-Municipality.

Madame Speaker, our infrastructure development programme has a multi-pronged objective, whilst we are building big infrastructure to improve our water resources, we are also creating economic opportunities. For example, during the construction of the De Hoop Dam about 460 jobs were created for historically disadvantaged individuals living in the area. About 600 jobs were generated for the local community around the Berg Water Project which had more than 95% HDI labour component. On the Vaal River Eastern Sub-system Pipeline an HDI labour target of 75% was exceeded by 15%. We continue to ensure that the national construction of water infrastructure includes local labour and the inclusion of HDIs.

Good progress is being made on our Dam Rehabilitation Project and amount of R310 million was spent during the last financial year and we intend to spend a further R1 billion on this programme during the MTEF period. In addition the rehabilitation of the Vlakfontein canal is proceeding well at a cost of R300 million. This canal supplies water to ESKOM's Thuthuka Power station. Contrary to the media reports on the state of infrastructure, South Africa received the highest accolade from the International Commission on Large Dams (ICOLD) last year (2007) for technical excellence for the Wolwedans Dam, a Roll-Compacted Concrete (RCC) Dam.

Honourable members, South Africa has extensive water infrastructure and as you have heard today there are many more projects either under construction or in the advanced planning phase. This infrastructure will help to prepare South Africa for a growing and developing future as well as contribute to us being able to deal with the possibilities that may arise from factors such as climate change.

A few years ago, the Water Research Commission initiated very important research focusing on climate change and its impact on water resources in Southern Africa: this research included studies on scenarios, impacts, vulnerabilities and adaptation measures. As a result of that research, which was conducted together with a number of other partners we now have a much better sense of the impacts of climatic change in Southern Africa and have factored climate change scenarios into all of our reconciliation planning studies, for example the Vaal River augmentation for Gauteng, more water storage augmentation for the City of Cape Town, and Mooi-Mgeni for Ethekeweni Metro. Given the challenges that South Africa already faces by being a water scarce country we need to carefully manage water supply and water demand, and during the course of this year we will be starting the process of updating our National Water Resources Strategy.

Also, we are responding to irrigation water needs and other challenges by implementing our policies that allow us to support small-scale and emerging farmers. Already, regulations have been gazetted and more than R27 million has been spent on the pipeline to supply water to small-scale farmers in Hoedspruit - which we are doing jointly with the Department of Agriculture. This intervention will contribute immensely to food security, job creation and promotion of livelihoods in our rural communities.

Madame Speaker, another important contribution that we are making to improve the livelihoods of people in rural communities is by transforming the forest sector. This transformation will be achieved through the Forest Sector Broad-Based Black Economic Empowerment Charter, which I am pleased to report was signed

yesterday with the representatives from government, industry and labour. The implementation of this Charter will bring to fruition the hopes of many, particularly rural people, of this country. Forestry South Africa; Amahlathi Entrepreneurs Forum; saw millers; pole producers; are but some of the stakeholders who have committed themselves to the implementation of the Charter. We have recognized that through this process many smaller players will be brought into the industry and by so doing we will help to enhance economic growth. As part of our commitments in the Charter we will increase the amount of land that can be used for afforestation and this will ensure that we respond to the growing shortage of timber.

We are also making progress with the transfer of earmarked plantations currently managed by my Department to their rightful owners - the communities; with good progress being made in the finalisation of the transfer of the plantations to the Mbazwana and Manzengwenya communities.

The Department is also involved in supporting communities to realize enterprise opportunities from forestry resources. This is done through the provision of programme and technical support, especially where communities benefit from forestry assets through land reform or the transfer of land and forestry assets.

With the earmarked allocation of R446 million for the Forestry Programme, Honourable members; we will continue to ensure the duty of care of our indigenous forests, woodlands and commercial plantations giving emphasis to our policy commitment to strengthen rural development. With the employment of about 170 000 people in the sector, we can confirm that indeed Forestry is a key contributor to rural livelihoods.

Madame Speaker, last year during our National Arbor Week, President Mbeki launched the Million Tree Campaign; and I am pleased to announce that since the launch 501 000 fruit and 145 000 ornamental indigenous trees have been planted country wide. We will continue with our campaign to plant more trees throughout the year and are co-operating with the private sector, municipalities and other community based organizations in this initiative. The Plant a Million Trees campaign will continue and it is expected to contribute to sustainable livelihoods by providing people with food, and initially concentrated on the Integrated Sustainable Rural Development Programme (ISRDP) nodal areas. Furthermore, this project makes a contribution to mitigation against climate change. Through the Million Trees Programme my Department has been able to support small and emerging nurseries.

One of the dangers faced by the forestry industry, as we saw last year, is that of fires. My Department will during the course of this year be rolling out the National Fire Danger Rating System in collaboration with the South Africa Weather Service to serve as an early warning system for the likelihood of the occurrence of veld and forest fires. This system is an important tool for integrated fire management and a budget of R400 000 has been set aside for technical support.

Furthermore, the National Veld Fire Information System (NVIS) that will provide fire statistics in the country will be operational this year and the veld-fire risk profile of the country will also be updated. In addition, a country-wide fire wise awareness campaign costing about R3 million will be run this year.

Madam Speaker, Honourable Members, to effectively spend our budget and provide the necessary support and oversight to the water and forestry sector the department needs to have the right capacity. The scarcity of skills especially in the technical fields has been identified as a risk area for both government and the private sector, and for the achievement of our economic growth goals. According to a study conducted by the South African Institute of Civil Engineers, there is an average of less than 3 civil engineers per 100 000 households. It has also been found that at least one civil engineering professional is needed for every 4000 to 5000 households.

Madam Speaker, as part of our efforts to overcome this challenge and as promised in 2007, the Department established the first Water and Forestry Academy with an enrolment of 122 young graduates. These graduates, who have immensely benefited from workplace experience, will be able to register as professional engineers or technicians. To complement these efforts, partnerships have been forged with 9 higher education institutions and 2 professional bodies with the view of awarding bursaries to students studying towards qualifications in the technical fields. To date 105 bursaries have been awarded. Sustainability of the Academy and Bursary scheme is dependent on the awareness created amongst the youth for careers in water and forestry. Through our Baswa Le Meetse programme and awards, which focuses on primary school

children, as well as the South African Youth Water Prize, which encourages scientific projects by high school students, my Department has reached out to an estimated 460 000 learners.

Human resource development of the sector would be incomplete without the Department's support to Energy and Water SETA, with my Department providing financial support for the creation of the Water Chamber within the SETA.

Madam Speaker, as I present this budget to the house, members are aware that my Department has received qualified audits in past years. As part of efforts to remedy this undesirable situation we have instituted a turn around strategy, as promised in my address of May 2007. This strategy will enhance sound financial management practices in the department; in particular, the strategy aims to address audit queries around asset, revenue management and related policies.

Honourable members, I am pleased to report that during the last financial year, I launched the Sakhile project, which focuses on immovable asset verification and valuation; and the Siyanqoba project, which focuses on revenue function reorganisation and reengineering. Flowing from the Sakhile project, the Department has been able to verify and value 12 500 asset types situated in our 240 water schemes. This outcome places the Department in a position to more effectively manage bulk water supply infrastructure. The Siyanqoba project has enabled the Department to develop policies, systems and process for the management of water trading activities thereby putting the department in a position to improve its service to water users.

The deliverables of the two projects are managed as part of the implementation of the action plan the Department submitted to the National Treasury on 28 February 2008. My Department will continue to work closely with the Office of the Auditor-General in the implementation of the action plan.

Honourable members, before concluding I must mention that 2008 has been declared 'The International Year of Sanitation' by the United Nations. South Africa was honoured to host an Africa Sanitation Conference in February this year. This was a very successful event attended by a number of African countries and it culminated in the adoption of a Ministerial Statement on health and hygiene now known as the eThekweni Declaration. This declaration will no doubt contribute to delivery of sanitation in Africa. Next week (from 26th to 30th May) South Africa will be celebrating our Sanitation Week. Let me take the opportunity to invite honourable members to join my department in the celebration of this important week.

There are a number of other international and regional water and forestry events that the Department will participate in during the upcoming year.

To conclude Madam Speaker, I welcome Ms Pam Yako who has recently joined us as the Director-General of the Department. Ms Yako is a very capable leader who will be working very closely with me in driving the commitments we are making today. I would like to thank the staff of the department for their support and dedication to realising the Department's strategic goals.

I therefore present the Budget of the Department of Water Affairs and Forestry for 2008/2009 which is R6.69billion, for approval.

I thank you.