



**MINISTER  
WATER AND SANITATION  
REPUBLIC OF SOUTH AFRICA**

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**SPEAKING NOTES FOR MINISTER FOR WATER AND SANITATION**

**PRE-BUDGET VOTE 36**

**GCIS IMBIZO CENTRE, CAPE TOWN**

**22 MAY 2018**

1. This Budget Vote is presented in the Centenary of the first democratic President of South Africa, Nelson Rolihlahla Mandela, and Mrs. Albertina Sisulu, both revered icons of the struggle for the emancipation of **all** South Africans.
2. Our Budget Vote for 2018/19, totaling R15 571 518 000 – 00 (fifteen billion, five-hundred and seventy-one million, five-hundred and eighteen-thousand rand), is based on a Five Pillar Turn-Around Strategy, whose other aspects will be realised the next Medium-Term Strategic Framework (MTSF) period, i.e. 2019 – 2024.
3. The Five Pillars are: ***a National Water Resources and Services Authority, a National Water Resources and Services Regulator, a Water Resources and Services Value Chain, a Water Resources and Services Master Plan, and an Institutional Rationalisation and Organisational Alignment.***

4. To give effect to these Pillars, we have streamlined the organogram of the Department as follows: ***Office of the Director-General (including a Chief operation Officer), Branch Planning, Monitoring and Evaluation, Branch Infrastructure Build and Maintenance, Branch Water and Sanitation Resources and Services Reform Regulator, Branch International Obligations and Integrated Governance, Branch Finance Management Services, as well as Corporate Support Services.***
5. We also have to deal with the realities of budgetary constraints that are influenced by challenges emanating from previous financial years, as some historical commitments were not adequately budgeted for. In certain instances, contracts without value have been entered into, thus posing difficulty in accurate budgeting. A perfect example in this regard is the Bucket eradication Programme that led to unauthorised expenditure through overspending. This will still reflect in the finalised DWS financials for 2017/18. This can be overcome through proper project management.
6. Some funds that are meant for municipalities come through the department under Schedule 5B of the Division of Revenue Act (DORA). This inflates the budget figures for the department as these are essentially grants meant for “fully functional municipalities” who can dispense of such funding on their own. This is notwithstanding whether the said municipalities are capable of spending the funds or not.
7. Schedule 6B of the DORA also has an implication on the perceived budget of the department yet these are funds for municipalities in distress; also notwithstanding whether these municipalities can spend. These two sections indicate that there exists some form of mismatch in allocations.

8. We have had to reprioritise some of our major infrastructure projects, with a particular emphasis on the Giyani Water Project, raising the Clanwilliam Dam wall, as well as the critical Mzimvubu Water Project.
9. We have resolved to reduce some of our construction costs by in-sourcing some of these projects to the department's Construction Unit.
10. The reality is that the department must continue to deliver on its mandate. To achieve this we have agreed to:
  - Reprioritise and streamline spending to the Annual performance Plan (reducing unauthorised, irregular, fruitless and wasteful expenditure);
  - Review delegation of powers – activate and rebuild the Construction Unit to a form of a State-Controlled Construction Company (State=51%, HDIs=30%, Direct Investment=19%);
  - Hasten transformation of the Water trading Entity (WTE) into a Water Trading Agency;
  - Hasten the establishment of the Catchment Management Agencies in the remaining seven provinces;
  - Approach a Court of Law to declare as null and void all open-ended contracts and deals;
  - Engage national treasury and COGTA on the billions of municipal grants unspent or irregularly spent at local level;
  - Institute relevant disciplinary/consequence management, inclusive of engaging law enforcement agencies where necessary;
  - Establish a National Water Resources and Services Advisory Council: with emphasis on Planning, Finance, Design, Construction and Maintenance;
  - Lastly, approach Cabinet for condonation of accruals that remain after every measure has been taken to reduce and ultimately eliminate them.

This ship has to find a means of turning. As the leadership thereof we must ensure this happens. We believe that the consideration of the matters before us and the focus on the resolution thereof can and must achieve the desired outcomes.

**I thank you.**