

# Water Stewardship – a Treasury Perspective

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

- National Treasury's role is to support the optimal allocation and utilisation of financial resources. In the Water Sector this broadly includes:
  - Budget allocations to DWS
  - Guarantees and Borrowing limit approvals for State Owned Entities
  - Budget allocations to Local Government
  - Municipal budget analysis and tariffs
  - Inter-governmental Relations
  - Public private partnerships
  - Policy analysis
- Key risks to sustainability in the water sector:
  - Ageing, poorly maintained and often ill-equipped infrastructure
  - General under-pricing of water across the value chain

# Public- sector Infrastructure

**Table B.1 Public-sector infrastructure expenditure and estimates, 2011/12 – 2017/18**

R billion	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	MTEF Total
	Outcomes			Estimates				
Energy	67.1	75.1	69.5	69.2	71.1	56.0	39.2	166.3
Water and sanitation	19.2	22.6	26.2	34.8	37.3	39.8	40.3	117.4
Transport and logistics	70.1	69.5	76.4	93.7	104.3	113.5	121.3	339.2
Other economic services	11.5	8.9	11.8	17.5	15.4	15.5	14.7	45.6
Health	7.7	9.7	10.6	9.7	9.3	9.9	10.3	29.5
Education	7.8	9.8	12.3	13.5	14.5	14.5	14.8	43.7
Other social services	15.7	10.7	10.3	11.5	10.6	11.3	11.6	33.5
Justice and protection services	2.8	4.4	4.0	3.9	4.5	5.2	5.5	15.2
Central government, administration services and financial services	6.5	6.9	5.8	8.6	6.9	7.7	8.2	22.7
<b>Total</b>	<b>208.3</b>	<b>217.7</b>	<b>226.9</b>	<b>262.4</b>	<b>274.0</b>	<b>273.3</b>	<b>265.8</b>	<b>813.1</b>
National departments	6.6	9.6	10.6	11.2	13.8	16.0	15.4	45.3
Provincial departments	43.4	36.4	39.5	44.0	45.0	47.7	47.4	140.1
Local government	33.2	41.7	47.1	58.3	55.9	59.0	62.0	177.0
Public entities <sup>1</sup>	15.4	14.1	13.0	27.5	26.1	26.0	26.9	79.0
Public private partnerships	10.7	2.6	3.0	3.1	2.9	3.3	3.4	9.7
State-owned companies <sup>1</sup>	98.9	113.4	113.7	118.3	130.1	121.3	110.7	362.2
<b>Total</b>	<b>208.3</b>	<b>217.7</b>	<b>226.9</b>	<b>262.4</b>	<b>274.0</b>	<b>273.3</b>	<b>265.8</b>	<b>813.1</b>

1. Public entities are financed by capital transfers from the fiscus and state-owned companies are financed from a combination of own revenue, borrowings and private funding

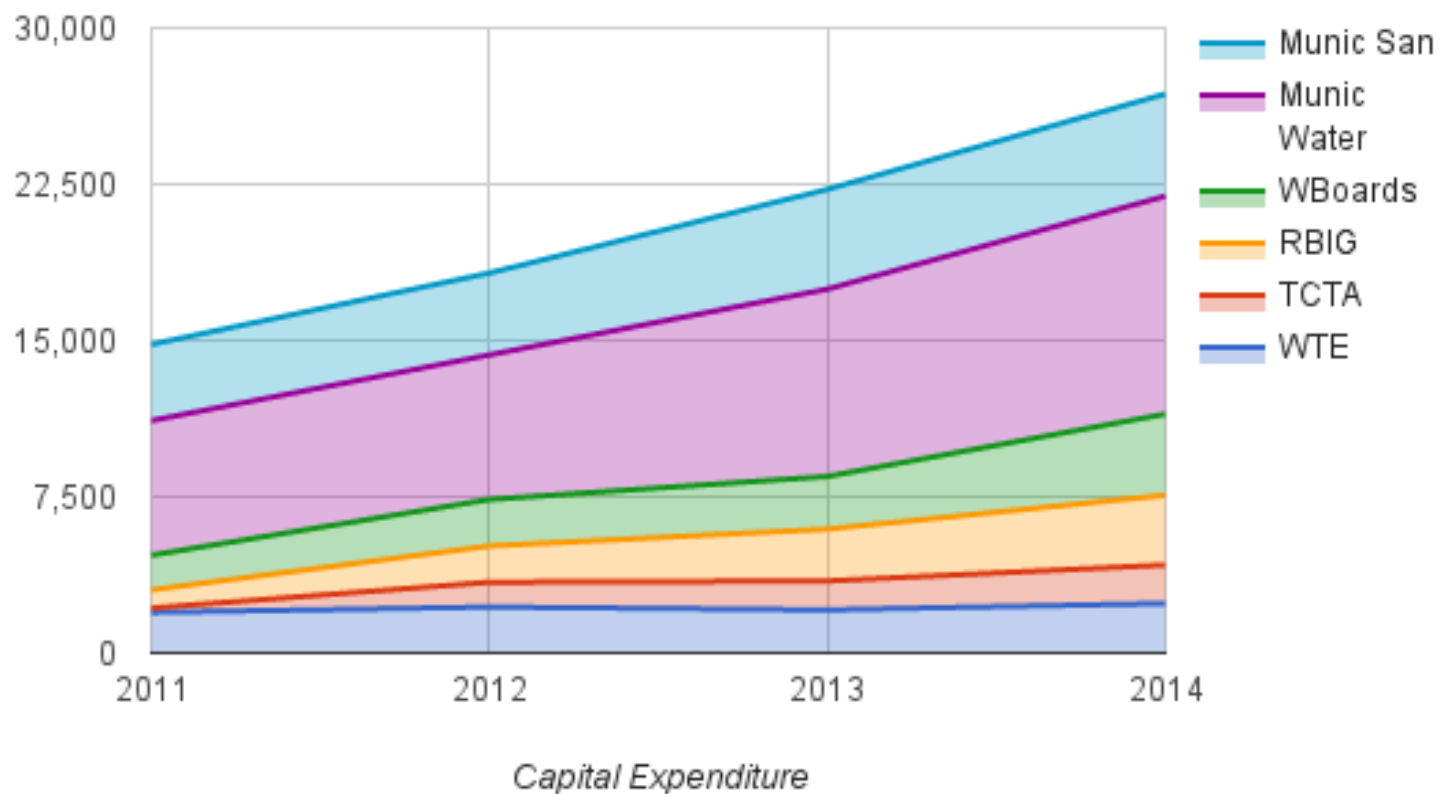
Source: National Treasury



# Water Infrastructure

- Water resources infrastructure: WTE and TCTA
- Bulk and Reticulation: Water Boards, Regional Bulk Infrastructure Grant (RBIG) and Municipal Infrastructure Grant, Municipal own revenue (tariffs, loans), Direct user contributions (e.g. mines)
- Grant funding provided for 'social' infrastructure and co-funding required for 'economic' infrastructure
- *Social Component*: infrastructure cost that provides for basic domestic use, associated social requirements (such as schools and clinics)
- *Economic Component*: infrastructure cost that provides for services higher than basic and/ or commercial/ industrial use

# Water Infrastructure Expenditure




# DWS Infrastructure Reporting in Budget

- Infrastructure Table of 200+ DWS projects included in Budget: Estimate of National Expenditure

**Table 36.B Summary of expenditure on infrastructure**

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-
				2011/12	2012/13	2013/14	2014/15	2015/16
Departmental infrastructure								
Sedibeng bulk regional sewerage scheme: Sebokeng and Meyerton wastewater treatment works	Upgrading of existing wastewater treatment works	Tender	1,456,000	31,298	5,940	32,174	200,000	292,000
Ndlambe bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	879,000	31,926	12,897	71,200	143,464	81,500
Mbizana regional bulk water supply	Construction of new bulk water scheme and upgrading existing bulk water scheme	Construction	780,000	85,674	121,363	160,132	70,000	83,189
Westonaria/Randfontein regional bulk wastewater treatment works (Hannes van Niekerk)	Upgrading of existing wastewater treatment works	Handed over	266,000	44,918	172,137	67,026	–	–
Umgeni Water Board: Lower Thukela bulk water supply scheme	Construction of new bulk water scheme	Construction	965,000	–	43,636	106,992	120,000	415,428
Umshwathi bulk water supply scheme	Construction of new bulk water scheme	Tender	373,920	–	–	–	200,000	–
Mooihoek/Tubatse bulk water supply	Augmentation of existing bulk water scheme	Construction	807,000	48,000	30,299	49,104	–	73,000
Amatola Water Board: Refurbishment of 6 existing plants and downstream infrastructure	Upgrading of existing bulk water scheme	Feasibility	500,000	–	–	–	70,000	350,000
Infrastructure transfers to other spheres, agencies and departments								
Olifants River water resources development project (phase 2C)	Bulk distribution works from Flag Boshielo to Mokopane, De Hoop to Steelpoort, Steelpoort to Mooihoek, Mooihoek to Olifantspoort and Nebo Plateau to Roossenekal	Construction	3,400,000	468,683	566,874	521,000	546,060	11,400
Mokolo River and West Crocodile River water augmentation project (phase 2A)	Augmentation of domestic and industrial water supply to the new Eskom/Independent Power Producer power stations to extend associated mining activities and accommodate the fast	Construction	11,267,000	–	–	–	171,000	114,000



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# Water tariffs

- Raw water tariffs are capped through policy for agriculture sector
- Further reduced through consultations for all users
- Domestic and industrial users in only four of nine catchments pay full cost for water resource management
- Infrastructure charge: Irrigators pay from an average 25% - 85% of budget requirement
- For domestic and industrial users: from 65% to 97% of full cost.
- Water Boards costs increase from 12% to 19% over past three years whereas tariffs increases have only been on average 10%
- Similarly municipal tariff increases are lower than cost increases

# Action and Engagement

- Leverage grant funding for infrastructure through Water Boards, municipalities and DWS regional offices
- Representation and inputs at tariff consultations
- Support existing Programmes: WCDM, War on Leaks, No Drop
- Services-in-kind, non-financial returns
- Promote transparency and accountability mechanisms, not ring-fencing
- Strengthen partnerships and coordination
- Shifting Budget priorities: sustainability, reducing losses, pollution control



# Thank you