

The Medium Term Budget Policy Statement and the water crisis

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On Wednesday 1 November 2023, the Minister of Finance will table the Medium Budget Policy Statement (MTBPS) in the National Assembly. Lesedi Seforo, Project Director: Tax Advocacy at the South African Institute of Chartered Accountants (SAICA), will attend the statement proceedings. He gives more insight on what the country can expect.



Lesedi Seforo

One of the key things for citizens to look out for in the MTBPS is the amount budgeted for addressing the current water crisis.

When the 2023 Budget was tabled before Parliament in February earlier this year, SAICA submitted its comments thereto as part of the public consultation process. In the section of our [submission](#) dealing with “items omitted from Budget 2023”, we discussed ‘the ‘National Water Disaster’, noting the government’s R40 billion annual allocation over three years, for ‘water resources and bulk infrastructure’. The amount appears adequate to the casual observer, until one looks at the [National Water and Sanitation Master Plan 2019](#), for more context, which asserts that South Africa needs at least R89 billion per annum for 10 years to fund water infrastructure. This amount excludes the R36 billion needed to address the backlog in repairs and maintenance of existing infrastructure.

While these facts were mentioned by SAICA to Parliament’s Standing Committee on Finance (SCoF) in February 2023, SAICA could not have predicted just how soon afterwards the crisis would begin to unfold. There has subsequently been a cholera outbreak in Hammanskraal and water restrictions are becoming more and more of a feature of South African life. Even more disturbing is the report from the nonprofit Save the Vaal Environment (‘SAVE’), that the collapse of the Emfuleni local municipality’s wastewater treatment system results in about 170 million litres of raw or partially treated wastewater entering the Vaal River daily.

The water crisis mirrors our nation’s struggles with electricity and loadshedding. The government was warned in the 1990s that failure to improve the electricity infrastructure would result in a shortfall in electricity supply vs demand, resulting in loadshedding in the mid-2000s.

In a November 2022 article by Cape Talk, water expert Dr Anthony Turton stated that experts have known for 20 years that South Africa would face a water shortage in the 2020s. Loadshedding has unfortunately persisted for 16 years. One hopes the country will not follow a similar fate as far as water is concerned.

To be fair, billions of rands worth of megaprojects for the building and improvement of dams, pipes, and wastewater treatment facilities are currently underway. But as has already been mentioned, the amounts allocated to these will have to be at least

doubled. Furthermore, unfortunately, not all the projects are in the construction phase; with some still at the feasibility, planning or procurement stage. Delays also continue to plague some of these efforts.

While there is also a temptation to put some of the blame on waterboards such as Rand Water, this is misplaced, especially considering the significant fact that various municipalities owe them billions of rands for water provided, thereby undermining ability to fulfill its mandate.

To illustrate the interrelated nature of our water/electricity systems, Rand Water has admitted that intermittent water outages across Gauteng are caused by extended periods of loadshedding. Although water is primarily the responsibility of the Department of Water & Sanitation, the funding element is the responsibility of the Finance Minister.

It is likely that he will upwardly revise the current projected spending for water and sanitation infrastructure. The question is whether the revision will be adequate. More importantly, will the necessary projects be launched and completed fast enough ensure the crisis does not persist longer than it has to?

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