30 October 2026

The Minister of Water and Sanitation
Ndinaye Building, 4034
178 Francis Baard Street, Pretoria
Private Bag X131,
Pretoria
0001

Email: SFWSSComments@dws.gov.za

RE: THE DRAFT STRATEGIC FRAMEWORK FOR WATER AND SANITATION SERVICES FOR COMMENT

INTRODUCTION

1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make submissions on the Draft Strategic Framework for Water and Sanitation Services (the Framework).

2. SAICA is South Africa's pre-eminent accountancy body and is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 65 000 members and associates who are chartered accountants [CAs(SA)], associate general accountants [AGAs(SA)] and accounting technicians [ATs(SA)] whom amongst them hold positions as chief executive officers, managing directors, board members, entrepreneurs, chief financial officers, internal and external auditors, risk officers and leaders in their respective spheres of operation.

3. Our work in the public sector goes beyond member support but also includes a significant focus on advocacy and capacity building to support and encourage an improvement in public finance management.

EXECUTIVE SUMMARY

4. SAICA recognises the fundamental importance of reliable, safe and sustainable water and sanitation services to South Africa. Given the significance of the sector, SAICA welcomes the development of a strategic framework intended to provide direction for the management, financing, regulation, monitoring and delivery of water and sanitation services in a sustainable manner (including climate resilience).

5. SAICA supports the overall objectives of the Framework. We are particularly encouraged by its focus on equity and inclusion, full value-chain costing, lifecycle infrastructure management and outcome-based monitoring.

6. Notwithstanding this support, SAICA believes that the Framework requires greater specificity to facilitate consistent implementation and effective accountability. In particular, it is suggested that sector targets should be clearly defined, measurable and time-bound; the respective mandates of the Department of Water and Sanitation (hereafter referred to as "The Department"), the proposed independent regulator and other sector institutions be clearly delineated; and contractual arrangements with Water Service Providers provide for appropriate consequences for non-performance, dispute resolution and termination.

7. SAICA further recommends that the proposed regulatory and fiscal arrangements be supported by a comprehensive business case, clear institutional design and credible implementation mechanisms. The Framework, it is proposed, should explain how the proposed national water regulator will address cost determination, data quality, transparency, public participation, affordability and the differing financial circumstances of institutions across the water value chain, while avoiding unnecessary duplication and ensuring that the benefits of additional regulation justify its cost.

8. The fiscal framework should explicitly recognise that water is a scarce and permanently constrained resource, and ought to address the financial effects of droughts, floods, pollution, water losses, theft, infrastructure failure and other negative fiscal events. It should also provide for differentiated pricing and funding approaches that reflect geographic and source-related cost differences, municipal capacity, the current dependence of municipalities on water-service revenues, and the need for an effective intergovernmental debt-settlement mechanism to support cash flow throughout the water value chain.

9. Infrastructure funding arrangements, it is proposed, would need to be assessed for adequacy, design and effective utilisation, with appropriate verification and assurance mechanisms to confirm that expenditure is supported by work performed and aligned with approved plans and service-delivery outcomes. Alternative financing instruments, including green and blue bonds, could be applied on a differentiated basis, taking account of each municipality's financial position, institutional capacity and ability to meet the associated obligations.

10. SAICA further recommends that the monitoring and evaluation framework should draw on reliable and independently verifiable evidence and be aligned with the Framework's digitalisation strategy to improve the timeliness, quality and reliability of performance information. More broadly, the Framework can establish a clear accountability and enforcement chain, including responsibility for corrective action, defined remediation timeframes, transparent monitoring, escalation and appropriate consequences where material or recurring failures are not addressed.

OVERALL CONCLUSION

11. SAICA supports the objectives and overall direction of the Framework and considers it an important basis for strengthening the governance, financing, regulation and delivery of sustainable and quality water and sanitation services. Its effectiveness will, however, depend on translating its strategic commitments into clearly assigned responsibilities, measurable targets, credible funding arrangements and enforceable accountability mechanisms.

12. We therefore believe that the Framework should strengthen the link between accountability and enforceability. This is particularly important in light of AGSA's findings, which demonstrate that weaknesses in the water and sanitation environment are not necessarily attributable to an absence of responsibilities or reporting requirements, but due to failures to act when deficiencies are identified. AGSA's 2023-24 National and Provincial General Report identified water and sanitation as the ministerial portfolio with the highest number of material irregularities. It was also noted that the AGSA raised material findings on compliance with legislation at all entities within the water and sanitation portfolio. The high levels of non-compliance in the areas of consequence management and procurement and contract management are of particular concern in a portfolio dependent on suppliers for delivery on projects and operations.

13. We therefore recommend for the Framework to move beyond assigning responsibilities and monitoring performance to establishing a clear accountability and enforcement chain. Where material or recurring failures are identified, there could be clear responsibility for corrective action, defined remediation timeframes, transparent monitoring of implementation, escalation where corrective action is not implemented, and appropriate consequence or enforcement mechanisms. This would help ensure that accountability translates into improved water and sanitation outcomes for communities rather than remaining primarily a reporting obligation.

14. SAICA recommends that the Framework be refined to incorporate the matters raised in this letter, with particular emphasis on clearly defined and time-bound targets, institutional role clarity, proportionate and cost-effective regulatory arrangements, stronger contractual safeguards, effective oversight of infrastructure funding, and reliable verification of reported performance. Addressing these matters will strengthen the Framework's implementation, support transparent and evidence-based decision-making, and improve accountability for sustainable service-delivery outcomes.

15. Our detailed comments on the Framework are included in **Annexure A** to this letter.

16. SAICA would welcome the opportunity to engage further on the matters raised in this letter if required. Please do not hesitate to contact Odwa Benxa at odwab@saica.co.za in this regard.

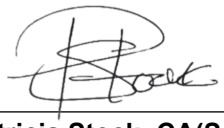
Kind regards,



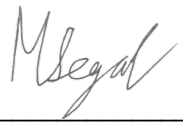
Natashia Soopal CA(SA)
Head of Public Sector and Ethics



Pieter Faber
Head of Tax



Patricia Stock CA(SA)
Chief Executive Officer
Committee



Milton Segal CA(SA))
Executive: Standards



Mariska McKenzie CA(SA)
Chairperson: National Public Sector Committee

Annexure A – Detailed Comments

Chapter 2 – Sector Vision, Goals and Targets

Sector Targets

Discussion

17. SAICA supports the establishment of sector-wide targets as an important mechanism for aligning the activities of Water Services Authorities and other institutions contributing to the water and sanitation sector. However, the usefulness of these targets ultimately depends on whether achievement can be objectively and consistently measured.

18. We have, however, noted that certain targets are not sufficiently specific. In particular, targets “All schools have adequate and safe water supply and sanitation services” and “All clinics have adequate and safe water supply and sanitation services” do not specify what constitutes adequate service. Questions arise regarding continuity of supply, frequency of access and the applicable measures for determining whether water is safe. The lack of clearly defined indicators and targets creates a risk that performance may be interpreted differently across institutions and reporting periods. It may further constrain the independent verification of reported performance information. It is also important that the targets measure not only service-delivery outcomes but also their tangible impact on citizens’ lived experiences.

19. We have noted that timelines for certain targets in the Framework are described as "ongoing", particularly targets “100% of water services projects obtain required environmental approvals before implementation and comply throughout the project lifecycle” and “100% of WSAs prepare Climate Change Adaptation Strategies and train staff on climate governance”. We caution that open-ended timeframes for targets may make it difficult to establish whether adequate progress is being made and whether institutions can be held accountable for implementation. This is particularly relevant to climate adaptation and infrastructure-related interventions where ongoing responsibilities may nevertheless require defined implementation milestones.

Recommendations

20. SAICA recommends that the sector targets be reviewed to ensure that they are specific, measurable and time-bound. Terms such as "adequate" and "safe" should be clearly defined or referenced to appropriate standards, including measurable requirements regarding quality, continuity and reliability of services. In addition, the targets should measure tangible impact on citizens’ lived experiences in addition to service delivery outcomes.

21. We further recommend that targets currently with timelines that are described as "ongoing" be supported by defined milestones with related target at every stage towards and at the 100% achievement and reporting intervals to enable progress to be objectively assessed.

Chapter 4 – Regulatory Framework

Independent Water Regulator

Discussion

22. SAICA acknowledges the rationale for considering an independent water regulator capable of exercising regulatory functions separately from executive policy making and operational functions as this could strengthen objective oversight of the water sector and provide a central reference point for its regulation.

23. We caution, however, that establishing an additional entity may impose further costs on the state, including costs related to; legal and regulatory expenses, governance establishment, systems and infrastructure expenditure, human capital, and the board of directors. it is therefore necessary to determine whether functions assigned to the proposed regulator overlap with existing responsibilities of the Department or other institutions in the water sector to avoid unintended duplications and consider the transfer of some of the functions to the regulator. It is further important that the proposed independent regulator's institutional design should demonstrate that the benefits (qualitative and quantitative consideration) of establishing a separate regulator justify the associated costs.

Recommendations

24. SAICA recommends that, before the proposed independent water regulator is established, a comprehensive business concept case and costing exercise be undertaken. The assessment should clearly establish the following:
    a. the mandate and responsibilities of the proposed regulator;
    b. its relationship with the Department and existing sector institutions;
    c. potential areas of duplication or overlap;
    d. staffing, governance and institutional requirements;
    e. the financial implications of establishing and operating the regulator; and
    f. how the proposed institutional arrangements will ensure appropriate regulatory independence.

25. We further recommend that the respective mandates of the Department and the regulator should be clearly delineated to ascertain that accountability remains identifiable and regulatory independence does not result in unnecessary duplication of functions.

Chapter 5 – Institutional Framework

Water Service Providers

Discussion

26. SAICA supports the Framework's intention that Water Service Providers operate under clearly defined contractual arrangements with Water Services Authorities that include performance indicators, tariff structures, reporting obligations, risk allocation and consumer protection provisions.

27. We, however, believe that the Framework and proposed contractual provisions may inadequately address circumstances where a service provider fails to perform in accordance with its contractual obligations. Specifically, the contractual arrangements inadequately address provisions for consequences for non-performance, dispute resolution mechanisms and contract termination provisions. Furthermore, the Framework does not appear to include provisions to ensure the continuity of services following the termination of a contract with a Water Service Provider.

Recommendations

28. SAICA recommends that service delivery agreements with Water Service Providers explicitly address poor performance by the Water Service Providers. At a minimum, appropriate contractual provisions should address non-performance consequences, penalties for non-delivery or inadequate delivery, dispute resolution and arbitration mechanisms, and circumstances in which the contracts may be terminated. SAICA further recommends that, where a Water Service Provider is unable to fulfil its obligations or a service delivery agreement is terminated, the Framework requires appropriate transitional arrangements to ensure the uninterrupted provision of essential water and sanitation services until an alternative service delivery arrangement is established.

Investing in water and sanitation services infrastructure

Discussion

29. SAICA acknowledges the important role envisaged for the Municipal Infrastructure Grant, Water Services Infrastructure Grant and Regional Bulk Infrastructure Grant in supporting water and sanitation infrastructure. However, the effectiveness of the current grant funding mechanisms is undermined by persistent underspending and the use of grant funding for operational expenditure rather than its intended capital purposes. As reported by the Auditor-General of South Africa in the 2024-25 General Report on Local Government, not all municipalities spent the grant funding that they received in compliance with the Division of Revenue Act (Dora), resulting in material non-compliance at 25 municipalities (11%). At 21 municipalities (9%), the non-compliance related to the utilisation of municipal infrastructure, regional bulk infrastructure and water services infrastructure grants.

30. These grants were spent on operational costs or not in accordance with the business plan and/or spending information and evidence were not provided for audit purposes. Accordingly, even if the level of grant funding allocated to Water Services Authorities for basic water and sanitation services is adequate, as envisaged in the Framework, persistent non-compliant use of these grants may undermine their effectiveness in delivering and maintaining adequate and functional water and sanitation infrastructure.

31. SAICA supports the Framework's emphasis on lifecycle costing and the integration of maintenance and renewal into infrastructure planning as the failure to adequately maintain water infrastructure may ultimately necessitate extensive rehabilitation or replacement, potentially contributing to prolonged service disruptions.

32. SAICA acknowledges that the substantial investment required to develop and maintain infrastructure, as envisaged in the Framework, will necessitate consideration of alternative funding sources and partnerships given constraints on government resources. The Framework identifies instruments such as Green and Blue Bonds as potential funding options for municipalities. However, the feasibility of applying these instruments across all municipalities requires careful consideration, as municipalities differ significantly in their financial and institutional capacity. In addition, accessing and servicing these instruments may exacerbate the issue of the DoRA allocate grants not used for their intended purpose; increase municipal debt and impose additional compliance obligations.

Recommendations

33. SAICA recommends that the Department of Water and Sanitation, in collaboration with National Treasury, evaluate whether the existing infrastructure funding arrangements are sufficient to achieve the objectives of the Framework. The evaluation should consider the adequacy and design of the funding arrangements, as well as the extent to which allocated resources are effectively and appropriately utilised.

34. SAICA further recommends that infrastructure funding arrangements incorporate appropriate verification and assurance mechanisms to confirm that reported expenditure is supported by work performed and is aligned with approved plans and agreed service-delivery outcomes.

35. SAICA recommends that the Framework provide for a differentiated approach to infrastructure financing. The suitability of green bonds, blue bonds and similar instruments should be assessed with reference to each municipality’s financial position, level of DoRA grant allocations; institutional capacity and ability to meet the associated obligations. The Framework should therefore recognise that these financing instruments may not be equally suitable for all municipalities or may not be required if grand funding is adequately utalised.

Chapter 7 – Fiscal Framework

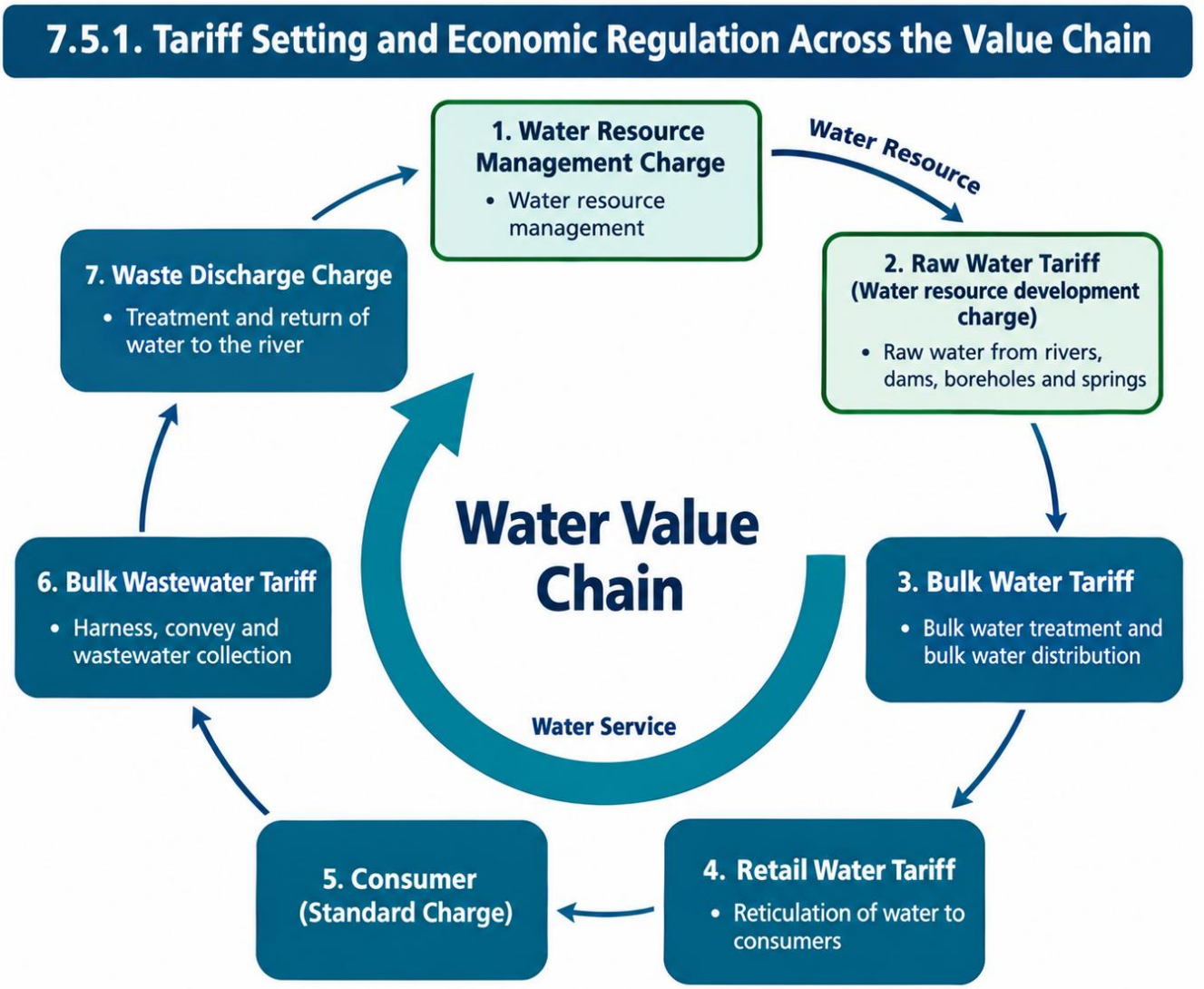
National Water Regulator

36. The Framework states that:
"*The financial framework for water and sanitation services must enable universal, equitable, and sustainable access while ensuring the long-term financial viability of the sector.*"

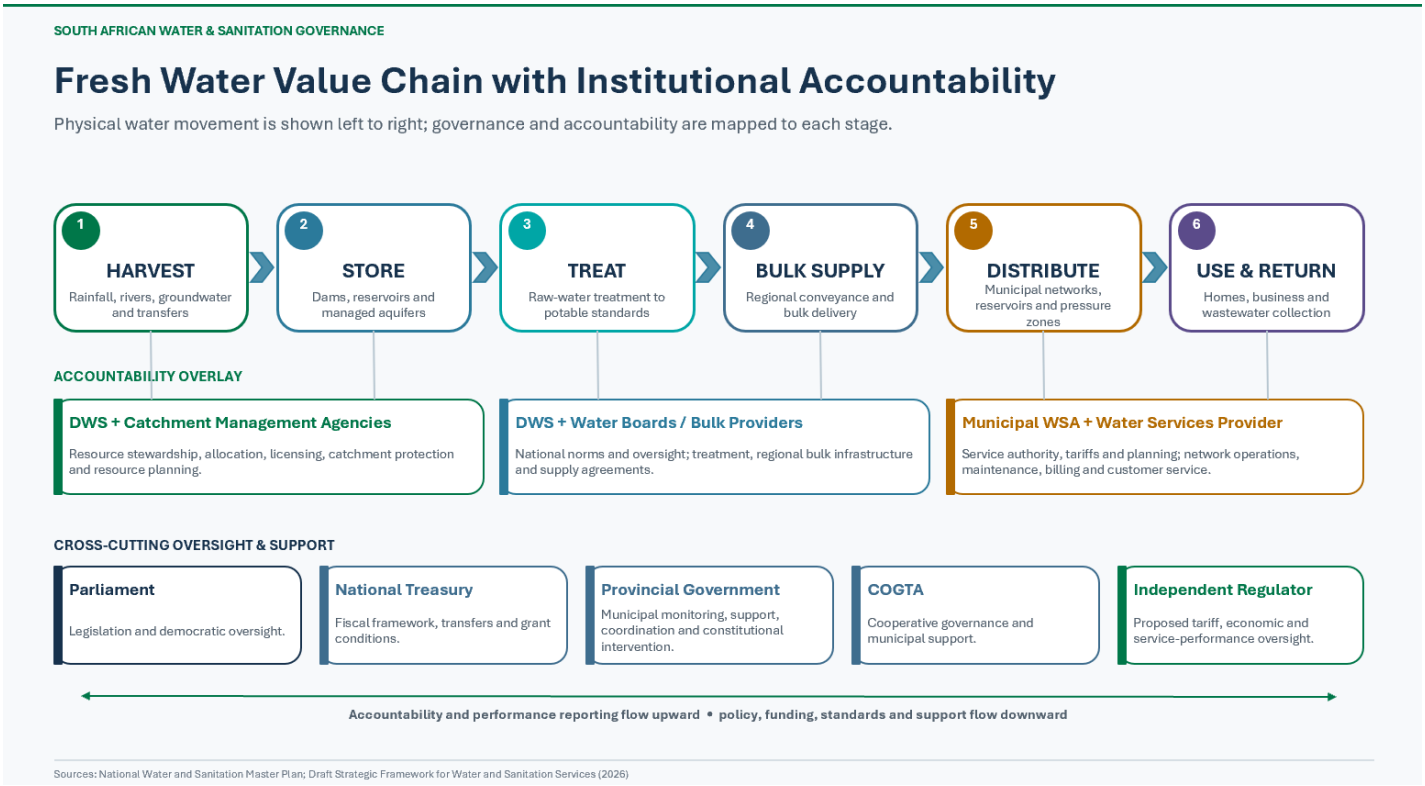
37. It sets out 6 fiscal principles namely:
    a. Equity and inclusion
    b. Full value chain costing
    c. Integrated and transparent funding
    d. Climate and risk responsiveness
    e. Circular economy innovation
    f. Institutional Accountability

38. The Framework proposes that tariff setting must be elevated from a municipal administrative function to a nationally regulated, economically rational, and socially just process by the creation of a national water economic regulator.

39. This regulator would set prices across the value chain below where it's currently set by those separate institutions:



40. When overlaid with the accountability framework which includes the determination of cost and fiscal sustainability it can be reflected as follows with the proposed Independent Regulator added:



41. The model is similar to that used in electricity through the National Energy Regulator of South Africa (NERSA) and is likely, therefore to face similar challenges namely:
    a. Determining true "efficient: cost base of all these role players[1] (see concerns of negative costs below)[2]
    b. Data quality is current lacking at particularly local government and would be same for water. The Regulator would need capacity to factually validate and manage data quality issues[3] as well as data timing.
    c. Transparency and public participation has been problematic at NERSA and the Water Regulator will face the same challenges[4]
    d. Financial sustainability vs objective affordability for the water value chain providers. Each water value chain provider will have its own business case irrespective the segment e.g. local government have different business cases to align to their unique circumstances. Central pricing can create comparatives but dilute unique circumstances.

[1] Industrial Gas Users Association of SA v National Energy Regulator of SA and Another (032727/2024) [2024] ZAGPPHC 643 (8 July 2024)
[2] Afriforum NPC v National Energy Regulator of South Africa and Others (2024/061993) [2024] ZAGPPHC 638 (8 July 2024)
[3] City of Tshwane Metropolitan Municipality and Another v National Energy Regulator of South Africa and Others (2023-072548) [2026] ZAGPPHC 530 (8 June 2026)
[4] Afriforum NPC v National Energy Regulator of South Africa and Others (2025/137620) [2025] ZAGPPHC 1305; [2026] 1 All SA 338 (GP) (4 December 2025)

e. Regulatory overlap and boundary challenges[5].[6] [7]
f. Objective affordability studies and comparatives have been lacking at NERSA with affordability usually determined only with reference to general access and Eskom/Local Government costs. This would need to be specifically included. See our comments below on "Affordability".[8]
g. Accounting (Costing) for losses etc. and who should pay for these and how this is balanced, especially in the transition period (See below on negative fiscal events).

Recommendation

42. It is recommended that the Framework specially address the above-mentioned

Fiscal Framework for a permanently limited resource

43. It is highly recommended that the Fiscal Framework start with the core principles that water is a scarce and limited resource in South Africa. Freshwater resource increase opportunities are very limited (e.g. desalination) and mostly focused on better catchment and better use. Such limitation has a practical limit to how much revenue can be generated and that the same or declining resource has to be provided to a growing population and expanded industrial need under very specific economic realities.

44. South Africa is the 30th driest country in the world[9].

45. The revenue generation chain will also be cyclically disrupted by droughts, floods or increased evaporation etc or even be destroyed such as through e.g. mining activities that deviate ground water or pollutes with acids/heavy metals.

46. As seen in electricity, this is likely to disrupt the fiscal model as well and "smoothing over" through instruments such as the Contingency Reserve Fund has proven ineffective by either being slow or being depleted before relief is provided[10].

47. Agriculture is the largest user (+- 64%)[11] and as a primary industry that ensures food security, remains a priority though is also subject to challenge to use water more efficiently though modern farming technologies do add costs to especially smaller farmer.

48. New technologies such as AI data centres which have become a government strategic industry[12], also consume large amounts of water- up to 25 million litres a day per data centre[13]. Though this creates a cross-funding opportunity, it does not remove the reality of transferring use from people's consumption to industry, impacting accessibility.

[5] Cape Gate (Pty) Limited v Emfuleni Local Municipality (CRP162Jan22; PIL201Feb22) [2023] ZACT 24 (3 May 2023)
[6] Tetra4 (Pty) Ltd v National Energy Regulator and Another (60924/21) [2025] ZAGPPHC 425 (2 May 2025)
[7] City of Cape Town v National Energy Regulator of South Africa (51765/17) [2020] ZAGPPHC 800 (11 August 2020)
[8] Afriforum NPC v National Energy Regulator of South Africa and Others (2025/137620) [2025] ZAGPPHC 1305; [2026] 1 All SA 338 (GP) (4 December 2025)
[9] CSIR water experts warns against excessive water usage in South Africa | CSIR
[10] South Africa: Disaster Risk Finance Diagnostic - South Africa | ReliefWeb
[11] 10. CSIR CGA_A1_HIGHRES_South Africa.pdf
[12] Eskom to facilitate construction of more data centres in South Africa, Ramokgopa tells Windaba delegates
[13] Data Centers and Water Consumption | Article | EESI

49. The resource is currently already under strain especially in metros with current drawdowns already unsustainable[14] with Johannesburg already 270 million litres per day over its allocation and Tshwane 40 million litres per day. Notably both these metros also lose +40% of processed fresh water drawn down.

50. As the SA population increases and water resources stagnate or reduce, pricing will be impacted by more than inflation adjustments. Furthermore, ad hoc events such as droughts can last from a few months to few years (Millenium Drought last 2000-2005 for WC and EC) reducing revenue collection.

Recommendation

51. It is recommended that the framework should specifically address water as a limited and scarce resource and how this impacts the financial framework.

52. In addition, the framework ought to address how "smoothing over" in negative fiscal events will be achieved which will financially impact not only consumers but all the institutions in the fiscal value chain.

53. Lastly the framework should address how pricing and funding would operate given the product is not only subject to inflationary increases for catchment, storage, processing and distribution, but that more and more people will need access to the same amount of water and new news such as data centres, further increasing pricing pressures.

Negative fiscal events

54. The Financial Framework should as a point of departure acknowledge that the current reality is that in addition to cross subsidisation and inefficiency, material costs are being incurred for no value and those costs cannot all be recoverable from consumers. These include the cost of theft, water losses due to leaks and lack of maintenance, increase of cost of raw water treatment due to pollution, especially by local government, corruption, inherent inefficiencies and cost sabotage for self-interest (i.e. water tanker mafia[15][16]). These realities will not change in the medium term.

55. The Giyani Water project[17] which started in 2014 and was projected to be completed in 2017 remains incomplete. It was planned to cost R100m and has cost "more than R48bn yet is unlikely to never deliver water at affordable prices to recover such

[14] Rand Water to restrict water supply to Johannesburg and Tshwane | Mail & Guardian
[15] Weaponizing Water: Mafias in South Africa - New Lines Institute
[16] THE WATER TANKER MAFIA IS THE NEW FACE OF STATE CAPTURE - FW de Klerk Foundation
[17] R48 billion and still unfinished: MPs question ballooning costs of Giyani water project | The Citizen

Revenue Model	Base Tariff Rate	Theoretical Gross Revenue (Annual)	Adjusted Revenue (45% Net Losses)
Institutional / Flat Business	R46.64 / kl	**R511,057,800**	**R281,081,790**
Mid-Tier Residential (Conventional)	~R43.00 / kl	**R471,172,500**	**R259,144,875**
High-Volume Residential (>30kl)	~R93.00 / kl	**R1,019,047,500**	**R560,476,125**

Revenue Layer (Split)	Proportional Annual Volume	Weighted Gross Revenue (Annual)	Weighted Net Revenue (45% Network Losses)
Institutional / Business (30%)	3,287,250 kl	R153.32 million	R84.32 million
Mid-Tier Residential (50%)	5,478,750 kl	R235.59 million	R129.57 million
High-Volume Residential (20%)	2,191,500 kl	R203.81 million	R112.09 million
Total Annualized Blend	**10,957,500 kl**	**R592.71 million**	**R325.99 million**

For the project to achieve full capital recovery over a standard 30-year lifecycle at a 7.25% funding rate, the system would need to generate approximately **R3.96 billion in net billable revenue every year**

Local Government Funding Dependency – Service Profits

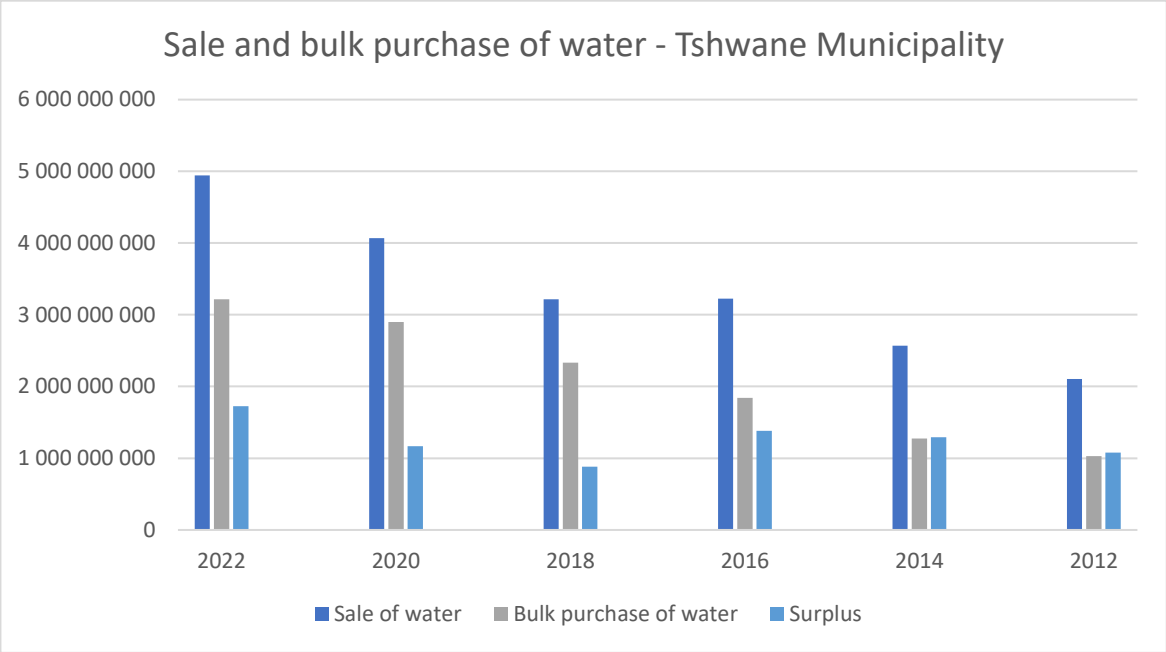
56. Government has issued the White Paper on Local Government that proposes funding changes for local government as it relates water and electricity services.

57. Changes proposed in the White Paper may take time given that some of the changes require Constitutional amendment.

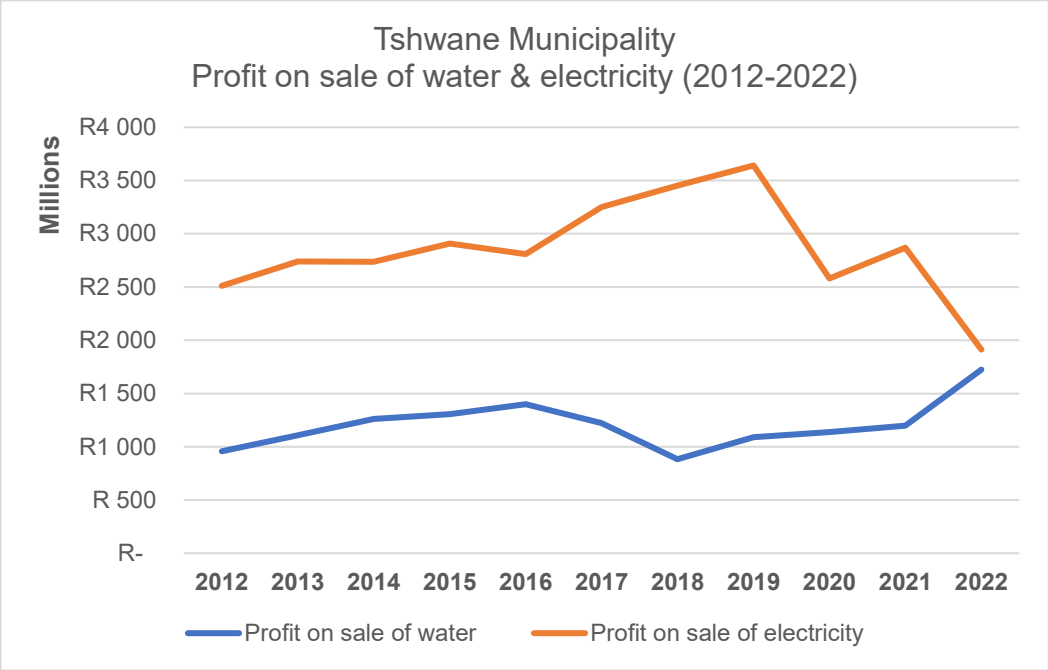
58. It is questionable whether SA Inc has the time to wait for these changes before wholesale changes are made to water resource and sanitation management at local government.

59. The reality is that municipalities have become very dependent on the profits from water and electricity sales even though the sales are declining and the water losses increasing.

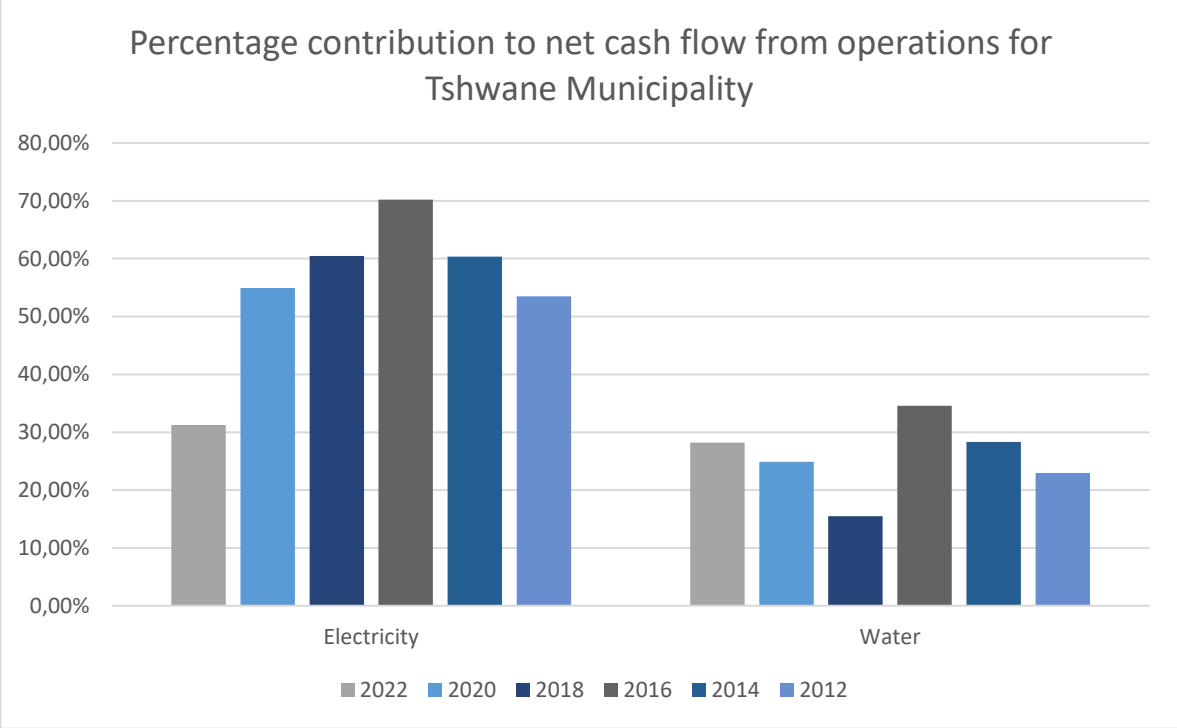
60. In the graph below for Tshwane this is clearly demonstrated.



61. Profit on water sales forms a significant part of revenue.



62. It also forms a significant party net cash flow which in 2022 was 22%.



63. Disconnect between municipal pricing and cost of supply due to how municipal funding models work.

Recommendation

64. The Financial Framework should consider the current state of affairs to local government funding as well as what a transition would look like in future without placing too much reliance on total reform of local government first.

Affordability

65. Affordability seems to be defined with reference to access pricing, especially for the poor rather than objective comparative pricing that all users can objectively afford and is comparatively benchmarked. Affordability should also ensure in principle that local government does not have an open mandate to increase prices which is what has been happening and happened at Eskom.

66. A cursory comparison of pricing of water use at Johannesburg with average price for peers and OECD countries (excluding fixed charge and sanitation which Johannesburg also has separately) seems to indicate as follows:

Comparison of Residential Water Prices

Country	Typical water charge (local currency/m³)	Approx. Rand equivalent (R/m³)	Johannesburg high-block tariff as % of country price
South Africa (Johannesburg >50 kL)	R100.40	**R100.40**	100%
Germany	€1.83/m³	~R38.4	**261%**
Netherlands	€1.50/m³	~R31.5	**319%**
United Kingdom	£2.20/m³	~R53	**189%**
France	€2.10/m³	~R44	**228%**
Canada	C$2.40/m³	~R31	**324%**

Sources include official utility and statistical pricing publications, including Germany's federal statistics office for average household water charges. [destatis.de]

Comparison with Selected Emerging-Market / Peer Countries

Country	Typical residential water tariff	Approx. Rand equivalent (R/m³)
South Africa (Johannesburg >50 kL)	R100.40	**100.40**
Brazil	~R18–R35/m³	18–35
Mexico	~R10–R30/m³	10–30
Türkiye	~R20–R45/m³	20–45
Chile	~R25–R50/m³	25–50
Malaysia	~R3–R10/m³	3–10

67. The reality is that the consumers, which the framework seeks to rely on most for revenue, namely high water users and commercial, already pay very high water use fees.

Recommendation

68. The framework ought to recognise this, which is an ongoing failure of the electricity framework werein Eskom could just continue to increase costs and prices at 2-4 time inflation. This has come back to create a further financial risk to Eskom and will do same for water if this approach is followed.

Inter-Governmental Debt and Settlement

69. Though the framework proposes a national regulator, it does not control money flows between the various parts of government.

70. This may seem just an administrative matter, but the current situation means that it's a core financial reality for all parties in the water value chain.

71. Municipalities are owed R27,8Bn by national and provincial departments and municipalities in turn owe Water Boards R28 billion[18].

72. Settlement of debts between government entities within the agreed period e.g. 30 days, requires particular intervention to ensure that the framework and the financial framework succeed.

Recommendation

73. It is recommended that the Framework include an inter-governmental settlement mechanism and enforcement thereof through National Treasury or another Institution that is timeous to free cash flow rather than delay settlement further.

Location of water and cost

74. Water in SA is not located where it is most used. E.g. Gauteng, which is the most populous area, transfers nearly all its water from other geographical areas, and not necessary nearby catchment areas.

75. SA and Gauteng in particular (60% of its water) are dependent on imported water from Lesotho in terms of the Lesotho Highlands project, thus decreasing physical and fiscal control of supply. This arrangement has also faced historical cost discrepancies and are more difficult to exercise control over[19].

76. SA is also bordered by salt water that has the ability for conversion to fresh water but at a financial and even ecological cost. Desalination is seen as a solution for water scarcity especially when droughts occur, though would require a different financial framework than inland water resources.

Recommendation

77. The financial framework should specifically address cost and planning differences between SA inland water sources, imported water sources and possible emergency/backup desalination water sources.

Chapter 10 – Monitoring And Evaluation Framework

[18] R28 billion | The staggering amount municipalities owe to the country's water boards
[19] How SA's Lesotho water project costs ballooned by R45-billion | GroundUp

78. SAICA generally supports the proposed indicators and targets for Water Services Authorities, as these can strengthen accountability for the delivery of water and sanitation services. However, we note that the verification of certain targets relies substantially on reports submitted by Water Services Authorities, without sufficient consideration of the reliability, accuracy and completeness of the underlying information. The Framework also appears to rely on manual reporting processes rather than making full use of the digital platforms it proposes. This may limit the value derived from investments in these platforms and weaken the efficiency and reliability of performance monitoring.

Recommendations

79. SAICA recommends that the monitoring and evaluation framework draw on multiple sources of evidence rather than relying predominantly on institutional self-reporting. Where appropriate, if the Water Services Authorities' reports are not independently assured, the evidence should include independent verification, customer surveys and social audits. The means of verification for each indicator should also be clearly specified to support consistent, credible and reliable performance reporting.

80. We further recommend that the Framework clearly align its digitalisation strategy with the monitoring and evaluation framework and enable integrated reporting of considering the financial spend in line with the related water and sanitation service delivered. Where appropriate, digital investments should enable timely and proactive monitoring, enhance the quality and reliability of performance information, and reduce reliance on manual processes.